

*Addis Ababa*  
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**Addis Ababa University**  
**School of Commerce**  
**Department of Marketing Management**

**Factors Influencing Customer Satisfaction In Banking services: A  
Case of Dashen Bank Share Company**

**By: Misker Berhanu**

**A Thesis Submitted to Addis Ababa University School of Commerce in  
partial Fulfillment of the Requirements for the Degree of Masters of Arts  
in Marketing Management**

**June, 2016**

**Addis Ababa**

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## **Statement of certification**

This is to certify that MiskerBerhanuYemaneberhane has carried out her thesis on the topic entitled ‘Factors influencing customer satisfaction in banking services: A case of Dashen Bank Share company’. The work is original in nature and is suitable for submission for the award of Master’s Degree in Marketing Management.

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**Research Advisor: Temesgen Belayneh (PHD)**

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

## **Statement of declaration**

I hereby declare that this research work entitled “**Factors influencing customer satisfaction in banking services: A case of Dashen Bank Share company**” is wholly the work of Misker Berhanu Yemaneberhane. I have carried out the present study independently with the guidance and support of the research advisor, Temesgen Belayneh (PHD). All sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this University or any other University. It is offered for partial fulfilment of MA degree in Marketing Management.

**Misker Berhanu Yemaneberhane**

**Signature:** \_\_\_\_\_

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

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## **Acronyms**

DB – Dashen Bank share company

A.A – Addis Ababa

POS – point of sale terminals

ATM – Automatic Teller Machine

CPO – Cashier Payment Order

## **Abstract**

*Customers are looking for the best service for the amount of money they are spending. Therefore it became essential for banks to meet or surpass the target customers' expectations. The general objective of the study was to identify factors influencing customer satisfaction in Dashen Bank S.C Addis Ababa. The study used quantitative research approach to achieve the study objectives. A survey was made by taking 423 samples of Dashen Bank customer from eighteen branches. The customers were selected by using convenience sampling technique. Through the development of a conceptual model that contains four independent variables, this study tried to analyze customers satisfaction in Dashen Bank S.c. It was hypothesized in this study that service interaction, service delivery process, service recovery process and customer compliant handling process significantly influence customer satisfaction of Dashen Bank customers in Addis Ababa. Structured questionnaires were used to collect primary data from customers. The study used descriptive and inferential statistics techniques to analyze the data and arrive at its findings. The findings of the study showed that all the variables affects customer satisfaction positively and significantly. The finding of the study also showed that the customers are not satisfied with the service they are obtaining from the bank.*

**Key Words:** *Banking services, Customer satisfaction, Dashen Bank S.C*

# CHAPTER ONE

## INTRODUCTION

This chapter consists of background of the study, history of Dashen Bank S.C. statement of the problem, research questions, objectives of the study, significance of the study, delimitations of the study, operational definitions and organization of the paper.

### 1.1 Background of the study

Services are increasingly becoming a larger portion of any organizations', like bank's regional, national, and global operation and are being considered as an indispensable tool for revenue streams (Angur et al., 1999).

Rapid rise of alternative financial service institutions with some other regulatory, structural and technological factors have significantly changed the environment of banking industry throughout the world and led it into the red ocean of competition. It is well known fact that success of a service provider depends on the long term relationship with customers which is determined by customer satisfaction and loyalty (Mosahab et al., 2010).

Customer Service is the set of behavior that a business undertakes during its interaction with its customers. It can also refer to a specific person or desk which is set up to provide general assistance to customers. In competitive environment, there is a need for banks to plan their strategies that will match with another. This can be achieved through the delivery of high service quality which will significantly lead to customer satisfaction (Caruana, 2002).

In order to cope with the current competitive market situation, companies need to make sure that they are meeting or exceeding the requirements and wishes of their customers. When these requirements and wishes are met, customers are satisfied. This is why customer satisfaction is one of the operational objectives for many companies. If a company is not aware of the factors that contribute to the level of satisfaction, it is difficult for it to improve in the areas that are most important to their customers (Juvonen, 2010). Organizations are building to respond the needs of their environment. One of the most important environmental factors is customer. If organizations can satisfy customers and maintain or improve their satisfaction, they will be successful

accordingly. Therefore, developed organizations always look for assuring customers satisfaction (Khodakhah, 2013).

In banking sector customer satisfaction is considered as a big challenge to maintain the customer loyalty through satisfied services. Banking sector is expanding its hand by different activities every day. At the same time the banking process is becoming faster, easier and the banking arena becoming wider. As the demand for the better service increase day by day, they are coming with different innovative ideas and products. In order to survive in the competitive field of the banking sector, all banking organizations are looking for better service opportunities to provide their fellow clients.

Maintaining customer satisfaction is very crucial to bank continuous existence since no bank can remain in business without loyal customers. Where there is little or no differentiation of the products offered.

Customer satisfaction should be perceived as the basis of the financial performance of a bank. It is probable that satisfied customers will continue purchasing its products or even recommend this bank to other potential clients (Tsoukatos & Rand, 2006).

Customer satisfaction is the act of just doing enough to be acceptable to a customer. It is simply meeting basic expectations. It is the fact that when bank provide its services to customers more efficiently its profitability increases. Customer's satisfaction has great influence upon the performance and profitability of the banks. On the other side, customer's satisfaction has strong influence on the efficiency and financial performance of banks (Muhammad et al., 2013).

According to Kim et al. (2004) customer satisfaction is customer's reaction to the state of satisfaction, and customer's judgment of satisfaction level. Customer satisfaction is an ambiguous and abstract concept. Actual manifestation of the state of satisfaction will differ from one person to another, from one product/service to another.

Satisfaction can also be a person's feelings of pleasure or disappointment that results from comparing a product's perceived performance or outcome with their expectations (Kotler & Keller, 2009, p. 789).

Banking sector is in critical situation of meeting customer's requirements because the fact is that customers always assess and investigate the standards after use of available services and business depends on client services. Customers are satisfied when quality services of banks meets their expectations and the level of dissatisfaction occurs when banks are unable and failed to fulfil their expectations (Aqeel et al., 2014).

Customer satisfaction is very important in today's business world, the ability of a service provider to create high degree of satisfaction is crucial for product differentiation and developing strong relationship with customers (Muhammad et al., 2013).

### **1.1.1 Dashen Bank S.C**

Dashen Bank was established as per the intent of the new policy and the Ethiopian investment code. It came into existence on September 20, 1995 according to the commercial code of Ethiopia, 1960, and the licensing and supervision of banking business proclamation No. 84/1994.

The first founding members were 11 businessmen and professional that agreed to combine their financial resources and expertise to form this new private bank.

Dashen Bank coined its name from the highest peak in the Country, mount Dashen, and aspires to be unparalleled in banking. Headquartered in Addis Ababa, the Bank is the biggest private Bank in Ethiopia. It operates through a network of 175 Area Banks, five dedicated Forex Bureaus, 220 plus ATMs and 873 plus Point-of-Sale (POS) terminals spread across the length and breadth of the nation. It has established correspondent banking relationship with 454 banks covering 70 countries and 166 cities across the world. Wherever business takes customers around the world, Dashen Bank is already there. Dashen is the most reputable brand in the domestic banking market; a reputation earned through consistent delivery of values and preeminence unmatched by its competitors. The Bank also works in partnership with leading brands in the electronic payments industry (VISA, MasterCard & UnionPay) and prominent money transfer operators (Western Union, MoneyGram, Express Money & Dahabshiil.) (www.Dashen Bank SC.com Jan, 2016).



## **1.2 Statement of the problem**

Customer satisfaction is the outcome felt by buyers who have experienced a company performance that has fulfilled expectations. Customers are satisfied when their expectations are met and delighted when their expectations are exceeded. Satisfied customers remain loyal longer, buy more, are less price sensitive and talk favorably about the company (Kotler et al., 2005).

Customer satisfaction is the sense of fulfillment of needs, contentment response of a customer, feelings of pleasure associated with happiness, delight, and sense of relief (Zeithaml, 2003). The bank system is facing the challenges with stiff competition and advancement of technology, the services provided by banks have become more easy and convenient.

Customer's satisfaction is one of the most important aspects of both public and private sectors. In marketing, satisfaction of customer is one of the key factors to keep customer. (Golchinfar, 2007).

The banking sector plays a fundamental part in the financial progress of an economy and establishes the base of the money market in established country. Banks have to provide numerous types of financial services every day to its customers. It's really a fact that customers are compulsory for the survival of any business (Aqeel et al., 2014).

As per the pilot study conducted by the researcher on forty customers of Dashen Bank about their level of satisfaction with the service provided by the bank, it was found that 55% of the respondents were dissatisfied. Customer's dissatisfaction is a serious problem in any bank. Satisfying customers has become more important than ever, it is because of a highly increasing competition in banking sector in Ethiopia. In order to satisfy the customers, the bank should know factors influencing customer satisfaction. Keeping this in mind, this study aims to identify factors influencing customer satisfaction in banking service of Dashen Bank S.C Addis Ababa.

In this case after reviewing different literatures; service interaction, service delivery process, service recovery process and customer compliant handling process was taken as factors influencing customer satisfaction in banking service.

### **1.3 Research Questions**

According to the above stated problem the following research questions were raised

- How does service interaction influence customer satisfaction?
- How does service delivery process influence customer satisfaction?
- How does service recovery process influence customer satisfaction?
- How does customer complaint handling process influence customer satisfaction?

### **1.4 Objectives of the study**

#### **1.4.1 General objective**

The general objective of the study was to identify factors influencing customer satisfaction in Dashen Bank S.C Addis Ababa.

#### **1.4.2 Specific objectives are**

- To assess the overall level of customer satisfaction in Dashen Bank S.C.
- To examine how service interaction influences customers satisfaction.
- To identify how service delivery process influences customers satisfaction.
- To examine how service recovery process influences customers satisfaction.
- To identify how customer complaint handling process influences customers satisfaction.

### **1.5 Definition of terms**

**Service** is any activity of benefit that one party can offer to another that is essentially intangible and doesn't result in the ownership of anything. Services are those activities which satisfy wants.

**Customer** is an individual or business that purchases the goods or services produced by a business.

**Banking service** any activity involved in accepting and safeguarding money owned by other individuals and entities, and then lending out this money in order to earn a profit.

**Customer satisfaction** is a marketing term that measures how products or services supplied by a company meet or surpass a customer's expectation.

**Dormant account** is an account on which no transaction were made for the last six months.

## **1.6 Significance of the study**

This study will help the bank to identify major factors influencing customer satisfaction and identifying those factors will help the bank to satisfy its customers. In addition the study lets the bank know area which requires due attention. In today's business world, the ability of a service provider to create high degree of satisfaction is crucial for product differentiation and developing strong relationship with customers. This study can also be used as a reference by other researchers for further study in this area.

## **1.7 Scope of the study**

The main reason behind the research is to identify factors influencing customer's satisfaction in Dashen Bank S.C Addis Ababa. Specifically in the survey, eighteen branches were taken out of all different graded branches in Addis Ababa. This limits the area of the study by discriminating those branches of Dashen Bank found outside A.A. After reviewing different literatures concerning the consumers' satisfaction, the researcher identified the important factors to be considered in the study. As a result the variables included in the study were service interaction, service delivery process, service recovery process and customer compliant handling process.

## **1.8 Organization of the study**

Presentations of the research results have five chapters. There is an executive summary, list of tables and figures, and definition for acronyms. The first chapter introduces the research topic and the purpose of the study, the research gap identified, significance of the study, general information about the scope of the study and organization of the study.

The second chapter presents a related literature reviews. In the third chapter the methodology used in undertaking the study is presented. In the fourth chapter, results of the study are presented. The fifth chapter is all about summarizing the findings, conclusion and presenting recommendations based on survey results.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Introduction**

This chapter presents literatures of the study area and provide a theoretical framework of the study. The chapter begins by presenting literatures about service, banks, customers' satisfaction and conceptual framework.

#### **2.2 Theoretical framework**

##### **2.2.1 Definition of service**

A service is a process consisting of a series of more or less intangible activities that normally, but not necessary always, take place in interactions between the customer and service employees and/or physical resources or goods and/or service provider, which are provided as solutions to customer problems (Christian 2007, p.52). Services are deeds, process, and performance (Valarie & Mary 2003, p. 3).

A service is any act or performance 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 (Kotler, 2000).

Service is an activity or series of activities, take place in interactions between the customer and the service employees or physical resources or goods or systems of the service provider, which are provider as solutions to customer problems. Businesses offer products for sale to customers but selling a combination of products and services. Sometimes services constitute a big percent of total value of the product. For instance, service is an activity or series of activities, take place in interactions between the customer and the service employees or physical resources or goods or systems of the service provider, which are provider as solutions to customer problems (Gronroos, 1990, p.27).

There are many different definitions of services in literature. Definitions of services focused on the difference between products and services but the purpose of both are same, to satisfy human needs and wants as explained by (Raza et al., 2012,).

For services in general, three basic and more or less generic characteristics can be identified:

1. Services are processes consisting of activities or a series of activities.
2. Services are at least to some extent produce and consumed simultaneously.
3. The customer participates as co-producer in the service production process at least to some extent. (Christian 2007, p.53).

### **2.2.2 Attributes of service**

#### **Intangibility**

Services are performances or actions rather than objects, they cannot be seen, felt, tasted, or touched in the same manner that we can sense tangible goods (Valarie & Mary, 2003).

#### **Heterogeneity**

Services are performances, frequently produced by humans, no two services will be precisely alike. The employees delivering the service frequently are the service in the customer's eyes, and people may differ in their performance from day to day or even hour to hour. Heterogeneity also results because no two customers are precisely alike; each will have unique demands or experience the service in unique way. Thus the heterogeneity connected with services is largely the result of human interaction (between and among employees and customers) and all of the vagaries that accompany it (Valarie & Mary, 2003).

#### **Simultaneous production and consumption**

Whereas most goods are produced first, then sold and consumed, most services are sold first and then produced and consumed simultaneously. This means that the customer is present while the service is being produced and thus views and may even take part in the production process. This also means that frequently customers will interact with each other during the service production process and thus may affect each other's' experiences (Valarie & Mary, 2003). This interaction between customer and service provider defines a critical incident. Critical incidents represent the greatest opportunity for both gains and losses in regard to customer satisfaction and retention (Vochen Wirtz etal, 2012).

## **Perishability**

Perishability refers to the fact that services cannot be saved, stored, resold, or returned. A primary issue that marketers face in relation to service perishability is the inability to inventory. Demand forecasting and creative planning for capacity utilization are therefore important and challenging decision areas. The fact that services cannot typically be returned or resold also implies a need for strong recovery strategies when things do go wrong (Valarie & Mary, 2003).

Service marketers need to be able to close the customer gap between expectations and perceptions. To achieve this objective, service providers need to understand how consumers choose and evaluate their service offerings.

### **2.2.3 The Eight Components of Integrated Service Management**

Integrated service management: the coordinated planning and execution of those marketing, operations, and human resources activities that are essential to a service firm's success.

When discussing strategies to market manufactured goods, marketers usually address four basic strategic elements: product, price, place (or distribution), and promotion (or communication). Collectively, these four categories are often referred to as the "4Ps" of the marketing mix. However, the distinctive nature of service performances, especially such aspects as customer involvement in production and the importance of the time factor, requires that other strategic elements be included. To capture the nature of this challenge, we will be using the "8Ps" of integrated service management, which describe eight decision variables facing managers of service organizations (Lovelock, 1999).

**Product elements:** all components of the service performance that create value for customers. Managers must select the features of both the core product and the bundle of supplementary service elements surrounding it, with reference to the benefits desired by customers and how well competing products perform (Lovelock, 1999).

**Place, cyberspace, and time:** management decisions about when, where, and how to deliver services to customers. Delivering product elements to customers involves decisions on both the

place and time of delivery and may involve physical or electronic distribution channels (or both), depending on the nature of the service being provided (Lovelock, 1999).

**Process:** a particular method of operations or series of actions, typically involving steps that need to occur in a defined sequence. Creating and delivering product elements to customers requires the design and implementation of effective processes. A process describes the method and sequence in which service operating systems work. Badly designed processes are likely to annoy customers because of slow, bureaucratic, and ineffective service delivery. Similarly, poor processes make it difficult for front-line staff to do their jobs well, result in low productivity, and increase the likelihood of service failures (Lovelock, 1999).

**Productivity:** how efficiently service inputs are transformed into outputs that add value for customers. **Quality:** the degree to which a service satisfies customers by meeting their needs, wants, and expectations. Productivity and Quality these elements, often treated separately, should be seen as two sides of the same coin. No service firm can afford to address either element in isolation. Service quality, as defined by customers, is essential for product differentiation and for building customer loyalty. However, investing in quality improvement without understanding the trade-off between incremental costs and incremental revenues may place the profitability of the firm at risk (Lovelock, 1999).

**People:** customers and employees who are involved in service production. Many services depend on direct, personal interaction between customers and a firm's employees. Customers often judge the quality of the service they receive largely on their assessment of the people providing the service. Successful service firms devote significant effort to recruiting, training, and motivating their personnel, especially—but not exclusively—those who are in direct contact with customers (Lovelock, 1999).

**Promotion and education:** all communication activities and incentives designed to build customer preference for a specific service or service provider. No marketing program can succeed without an effective communication program. This component plays three vital roles: providing needed information and advice, persuading target customers of the merits of a specific product, and encouraging them to take action at specific times. In service marketing, much communication is educational in nature, especially for new customers. Companies may need to teach these customers about the benefits of the service, where and when to obtain it, and how to

participate effectively in service processes. Communications can be delivered by individuals, such as salespeople and trainers, or through such media as TV, radio, newspapers, magazines, billboards, brochures, and Websites (Lovelock, 1999).

**Physical evidence:** visual or other tangible clues that provide evidence of service quality. The appearance of buildings, landscaping, vehicles, interior furnishing, equipment, staff members, signs, printed materials, and other visible cues all provide tangible evidence of a firm's service style and quality. Service firms need to manage physical evidence carefully because it can have a profound impact on customers' impressions (Lovelock, 1999).

**Price and other user outlays:** expenditures of money, time, and effort that customers incur in purchasing and consuming services. This component addresses management of the outlays incurred by customers in obtaining benefits from the service product. Responsibilities are not limited to the traditional pricing tasks of establishing the selling price to customers, which typically include setting trade margins and establishing credit terms. Service managers also recognize and, where practical, seek to minimize other costs and burdens that customers may bear in purchasing and using a service, including additional financial expenditures, time, mental and physical effort, and negative sensory experiences (Lovelock, 1999).

#### **2.2.4 Service encounters**

Service encounter or the “moment of truth” is termed as the foundations or building blocks for satisfaction and service quality. It is where promises are kept or broken and where the proverbial rubber meets the road some-times called “real-time marketing.” It is from these service encounters that customers build their perceptions (Valarie & Mary, 2003).

From the customer’s point of view, the most vivid impression of service occurs in the **service encounter** or “**moment of truth,**” when the customer interacts with the service firm. It is in these encounters that customers receive snapshot of the organization’s service quality, and each encounters contributes to the customer’s overall satisfaction and willingness to do business with the organization again. From the organization’s point of view, each encounter thus presents an opportunity to prove its potential as a quality service provider and to increase customer loyalty (Valarie & Mary, 2003).



## **Types of service encounters**

A service encounter occurs every time a customer interacts with the service organization. There are three general types of service encounters: remote encounters, phone encounters, and face-to-face encounters.

**Remote encounters:** occur without any direct human contact such as when a customer interacts with a bank through the ATM system, with Ticketron through an automated ticketing machine, with a retailer through its Internet website or with a mail-order service through automated dial-in ordering. Although there is no direct human contact in these remote encounters, each represents an opportunity for the firm to reinforce or establish quality perceptions in the customer. In remote encounters the tangible evidence of the service and the quality of the technical processes and systems become the primary bases for judging quality (Valarie & Mary, 2003).

**Phone encounters:** almost all firms rely on phone encounters in the form of customer service, general inquiry, or order-taking functions. The judgment of quality in phone encounters is different from remote encounters because there is greater potential variability in the interaction. Tone of voice, employee knowledge, and effectiveness/efficiency in handling customer issues become important criteria for judging quality in these encounters (Valarie & Mary, 2003).

**Face-to-face encounters:** occurs between an employee and a customer in direct contact. Determining and understanding service quality issue in face-to-face contexts is the most complex of all. Both verbal and nonverbal behaviors are important determinants of quality, as are tangible cues such as employee dress and other symbols of service (equipment, informational, brochures, physical setting). In face-to-face encounters the customer also plays a role in creating quality service for herself through her own behavior during the interaction (Valarie & Mary, 2003).

### **2.2.5 Customer satisfaction**

In banking, customer is the person who executes transaction and efficiency of the institution relays on the quality of services delivered by that institution. To sustain in this competitive environment, satisfied customers are the key element which one can attain by continuous improvement in the quality of their services. To retain market share it is necessary for the organization to beat/outperform its competitors which could be done by ensuring quality of

products and services to attract and retain customers by keeping them satisfied (Tsoukatos & Rand, 2006).

Customer satisfaction is a term used in business explaining about the quality of product and service that are being provided by companies to fulfill the need of their customers. For some, it is also a Key Performance Indicator (KPI) of company (Jayaraman et al., 2010).

Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations (Kotler 2003, p. 36). Customer satisfaction is defined as the result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance. If the perceived performance is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customers will be satisfied. Otherwise, if the perceived expectations are met with performance, customers are in an indifferent or neutral stage.

Customer satisfaction is defined as a customer's overall evaluation of the performance of an offering to date. This overall satisfaction has a strong positive effect on customer loyalty intentions across a wide range of product and service categories (Gustafsson, 2005).

Customer satisfaction can't be limited to short term strategy it's a long term strategy of any firm. It has been increasingly popular due to its helpful attribute towards judgment of the customer preferences and choices. It simplifies the decision maker role and helps to take any major or minor decision to cater customer (Schnaars, 1991).

When expectation of customers is matched the resultant feeling is satisfaction and when expectation does not match than the resultant feeling is dissatisfaction. Some of the scholar believes that it can also be called as motivation (Engel et al., 1990).

Customer satisfaction can be improved by strong communication to customer. A firm should know what customer expectation are and implement their expectation to make the customer satisfied (Customer Satisfaction 2007). There should be a broad level of surveys, customer feedback collected to random set of people in a frequent interval time. Customer satisfaction is an innovative process as product differentiation and presenting it in a unique flavor thus add more value towards the mind of customer (Jayaraman et al., 2010).

It is always expensive to make new customers than to keep existing customers. Rust and Zahorik (1993) believes that financial implications of attracting new customers may be five times as

costly as keeping existing customers. Therefore, it is very important for firms to keep focusing on designing new and standard products to satisfy customers at high level.

Good customer value can be achieved only when service quality, product quality and the value-based prices exceed the customer satisfaction. If one of these is neglected the customer satisfaction will suffer a tremendous setback. Even if price and the product are good but the service is bad, the entire "image" of the company product will be bad and the customer will certainly not be happy (McNeil 2006, p.38).

The satisfaction judgment is related to all the experiences made with a certain business concerning its given products, the sales process, and the after-sale service. Whether the customer is satisfied after purchase also depends on the offer's performance in relation to the customer's expectation. Customers form their expectation from past buying experience, friends' and associates' advice, and marketers' and competitors' information and promises (Kotler, 2000). Factors which determine the extent of expectations are: customer needs, total customer value and total customer cost. It is mentioned by researchers who study customer choice that choosing a product or service is only one of the stages customers go through. A purchase decision is influenced by the buyer's characteristics. These include cultural, social, personal and psychological factors. In addition to the buyer's characteristics, a purchase decision is influenced by the buyer's decision process. The typical buying process develops through five stages: 1 new recognition; 2 information search; 3 information evaluation; 4 purchase decision; and 5 post-purchase evaluation (Chaston, 2001).

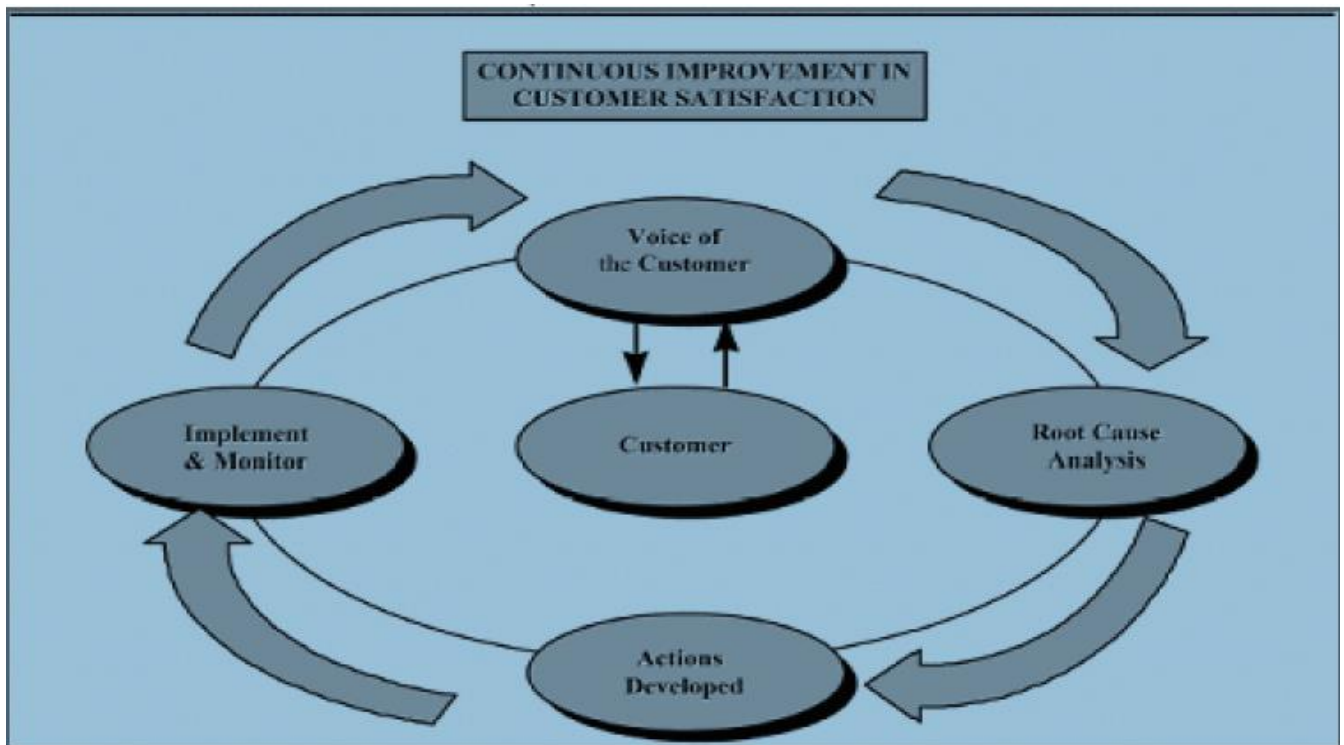
Searching for information is a key stage of a consumer's decision-making process and may include a search for both internal and external information. As the perceived risk of a purchase decision increases, consumers search for more information in order to cope with uncertainties about the potential positive or negative consequences (Jihye, 2005).

Although buyers may skip or reverse some stages, basically they pass sequentially through all five stages in buying a product. Value reflects what customers do in evaluating, obtaining, using and disposing of the product or service. Values can be defined as principles or standards of an individual as a whole. They reflect an individual judgment as to what is valuable or important in life. Customer delivered value is a result of comparison of total customer value with total customer cost.

Information about the opinion of the customer regarding a product or service is of essential importance, and can be obtained in several ways, such as customer surveys, phone interviews, and customer panel discussions. It is also important to measure customer orientation continuously (Rampersad, 2001).

Alomaim (2000) developed figure 2.1 which shows in order to have a continuous improvement of customer satisfaction there should be a cycle which starts with listening to voice of customers then analyzing their comments, developing actions and at the end implementing.

Figure 2.1: Customer satisfaction continues improvement



Source: Alomaim 2000

### **2.2.5.1 Importance of Customer Satisfaction**

Customer satisfaction is the most important priorities of organizations and a basic guarantees to seek to achieve its survival. It starts with identification of customer needs and achievement of their satisfaction to enables organizations to maintain a competitive position. We can highlight the importance of customer satisfaction in the following points:

- 1- Enable the organization to survive in the market by earning customer satisfaction.
- 2- Customer satisfaction from bank services weakens the possibility of customers to switch to other banks.
- 3- Customer satisfaction leads to repeat purchase, which creates loyalty of customer to the bank.
- 4- Customers with higher satisfaction are less sensitive to price.
- 5- Customer satisfaction representing feedback to the level of services provided, enables the bank to develop services provided to customers. (Marwan &Serdar, 2014).

### **2.2.5.2 Dimensions of customer satisfaction**

According to Berry et al. (1985), customer satisfaction has ten dimensions as enumerated below:

Access- it refers to the how easily a service can be obtained. That is flexibility of working hours of the service provider, method of contact, and waiting time.

Communication- addresses how information is conveyed and received from customers among others, it entails empathetic listening, the use if common language, explanation of the service, its advantages and disadvantages.

Competence – it deals with the level of skills and knowledge of the service provider

Courtesy- it is indicated by friendliness and politeness of service provider(s).

Credibility- it is the trust that customers repose in the organisation and the staff providing the service.

Reliability- it implies the consistent performance or rendering of the right service at the right time, done right the first time.

Responsiveness-willingness and readiness of employees to provide immediate service.

Security- absence of danger, doubt and risk. It implies physical safety and confidentiality.

Tangibles-is the evidence that the service and the organisation are credible and trustworthy.

Understanding- refers to how well the organisation understands the expectations of its customers in their feeling about services being provided.

## **2.2.6 Positive and Negative aspects of customer satisfaction**

### **2.2.6.1 Positive Aspects**

Anderson et al. (1994) say that companies that strive for high customer satisfaction are more likely to receive larger economic returns. They also recognize that these economic returns are not immediately realized. Matzler et al. (1996) argue that customer satisfaction act as an indicator of future business opportunities, where a satisfied customer is loyal to the company, which implies a stable future cash-flow. This is strengthened by Anderson, Fornell et al. (1994) who acknowledge the fact that there is a positive relationship between customer satisfaction and profitability.

### **2.2.6.2 Negative Aspect**

Rust and Oliver (2000) say that a customer that is satisfied with a product or service will raise their repurchase frequency and future expectations. Due to the customers higher expectations it will become more difficult for the firm to satisfy the customers in the next purchase cycle. According to Rust and Oliver (2000), this might damage the company in the long run. A company that raises customer's expectation too high will get problem with retaining the same customer satisfaction in the future. The company would be better of reducing the expectations and then deliver more than expected (Ciavolino and Dahlgaard 2007). Furthermore, Rust and Oliver (2000) wonder if satisfactions are a suitable goal and argues that companies do not gain advantage by seeking a high level of customer satisfaction when it just raises expectations that are hard to reach and, in turn, increases cost for trying to reach these higher expectations. Anderson et al. (1997) further argued that, productivity within the company will be damaged because of the cost and the search after customer satisfaction. Furthermore, in addition to higher cost, the company must add more effort in improving product attributes or overall product design to keep satisfaction at desired level (Anderson et al., 1997).

### **2.2.7 Effect of Customer Satisfaction on Profitability**

Customer satisfaction does have a positive effect on an organization's profitability. According to Hoyer and MacInnis (2001), satisfied customers form the foundation of any successful business as customer satisfaction leads to repeat purchase, brand loyalty, and positive word of mouth.

Zairi (2000): "There are numerous studies that have looked at the impact of customer satisfaction on repeat purchase, loyalty and retention. They all convey a similar message in that:

- Satisfied customers are most likely to share their experiences with other people to the order of perhaps five or six people. Equally well, dissatisfied customers are more likely to tell another ten people of their unfortunate experience.
- Furthermore, it is important to realize that many customers will not complain and this will differ from one industry sector to another.
- Lastly, if people believe that dealing with customer satisfaction/complaint is costly, they need to realize that it costs as much as 25 percent more to recruit new customers".

### **2.2.8 Consequences of Customer Satisfaction and Dissatisfaction**

The consequences of not satisfying customers can be severe. According to Hoyer and MacInnis (2001), dissatisfied consumers can decide to: -

- discontinue purchasing the good or service,
- complain to the company or to a third party and perhaps return the item, or engage in negative word-of-mouth communication.

Customer satisfaction is important because, according to (La Barbera and Mazursky 1983), "satisfaction influences repurchase intentions whereas dissatisfaction has been seen as a primary reason for customer defection or discontinuation of purchase".

### **2.2.9 Service interaction**

Communication between employees and customers is termed service encounter or service interaction. Service interactions play indeed a central part in our lives (Ford 2001).

Service encounter between customer and service provider in most cases contain a series of interactions (Anh 2011). In addition, each service encounter interaction is considered as performance in which employees must act to show their values to customers (Durvasula et al.,

2005). Conversely, interactions in service encounters would also be opportunities for customers to assess the quality of service provided by organizations (Anh, 2011).

### **2.2.10 Service delivery process**

Processes are the construction of services, describing the scheme and sequence in which service operating systems work and how they link together to create the service experiences and outcomes that customers will worth. In high-contact services, customers themselves become an integral part of the operation. Badly designed processes, often result in slow, frustrating, and poor-quality service delivery and are likely to annoy customers (Morel et al., 2014). A full-fledged service delivery to the customer by the bank secures the bank's survival.

Roth and Menor (2003) specify the boundaries of service operations management as a field of study to the design, the delivery, and the evaluation of services. Service design is an important strategic issue since it allows a company to transpose its strategy onto the operational level (Roth & Menor 2003) and that the effectiveness of operations strategy is contingent upon making the right design choices (Heskett, 1987).

### **2.2.11 Service recovery**

Service recovery has been defined as actions undertaken by service providers to address service failures and the set of processes that firms employ to attempt to provide a remedy for those failures (Battaglia et al., 2012).

Service recovery can be defined as actions initiated by a service provider in rectifying the problem that leads to a service failure (Sheth et al., 2000).

According to Sheth et al. (2000), service recovery refers to actions taken by a service provider in an attempt to resolve the problem that caused a service failure.

Service recovery is especially important in the banking sector as highlighted by Younas and Jan (2012) "Customers may avoid complaining about minor service failures, however, in the financial institutions like banks there are no minor service failures as it is the dealing of money". Press, Ganey, and Hall (1997) revealed that service recovery is one of the most important issues to banking customers and that "well-handled problems or complaints produces customers who are actually more loyal than those experiencing no problems at all" (as cited by Fredy et al., 2013).



Service recovery refers to the actions taken by an organization in response to a service failure. Failure occur for all kinds of reasons-the service may be unavailable when promised, it may be delivered late or too slowly, the outcome may be incorrect or poorly executed, or employees may be rude or uncaring. All of these types of failures bring about negative feelings and responses from customers. Left unfixed, they can result in customers leaving, telling other customers about their negative experiences, and even challenging the organization through customer rights organizations or legal channels (Valarie & Mary, 2003).

Research has shown that resolving customer problems effectively has a strong impact on customer satisfaction, loyalty, and bottom-line performance. That is, customers who experience service failures, but are ultimately satisfied based on recovery efforts by the firm, will be more loyal than those whose problems are not resolved. Those who complain and have their problems resolved quickly are much more likely to repurchase than are those whose complaints are not resolved. Those who never complain are least likely to repurchase (Valarie & Mary, 2003).

### **2.2.11.1 Service recovery strategies**

The first rule of service quality is to do it right the first time. In this way recovery is unnecessary, customers get what they expect, and the costs of redoing the service and compensating for errors can be avoided.

#### **Welcome and encourage complaints**

A critical component of a service recovery strategy is thus to welcome and encourage complaints. Complaints should be anticipated, encouraged, and tracked. The complaining customer should truly be viewed as a friend (Valarie & Mary 2003, p. 199).

#### **Act quickly**

Complaining customers want quick responses. Thus if the company welcomes, even encourages, complaints, it must be prepared to act on them quickly. This requires systems and procedures that allow quick action, as well as empowered employees (Valarie & Mary 2003, p. 201).

#### **Treat customers fairly**

In responding quickly, it is also critical to treat each customers fairly. Customers expect to be treated fairly in terms of the outcome they receive, the process by which the service recovery takes place, and the interpersonal treatment they receive (Valarie & Mary 2003, p. 203).

## **Learn from recovery experiences**

Problem-resolution situations are more than just opportunities to fix flawed services and strengthen ties with customers. They are also a valuable-but frequently ignored or underutilized-source of diagnostic, prescriptive information for improving customer service. By conducting root-cause analysis, firms can identify the sources of the problems and modify processes, sometimes eliminating almost completely the need for recovery(Valarie & Mary 2003, p. 203).

## **Learn from lost customers**

Formal market research to discover the reasons customers have left can assist in preventing failures in the future. This type of research is difficult, even painful for companies, however. No one really likes to examine their failures. Yet this is essential for preventing the same mistakes and losing more customers in the future(Valarie & Mary 2003, p. 203).

### **2.2.12 Customer Compliant handling process**

A complaint is an “expression of dissatisfaction made to an organisation, related to its products, or the complaints handling process itself, where a response or resolution is explicitly or implicitly expected” (Ombudsman 2010).

If customers initiate actions following service failure, the action can be of various types. A dissatisfied customer can choose to complain on the spot to the service provider, giving the company the opportunity to respond immediately. This is often the best-case scenario for the company because it has a second chance right at that moment to satisfy the customer, keep his or her business in the future, and potentially avoid any negative word of mouth. If they don't complain immediately, customers may choose to complain later to the provider by phone or in writing, or even to write or call the corporate offices of the company. Again, the company has a chance to recover. Some customers choose not to complain directly to the provider but rather spread negative word of mouth about the company to friends, relatives, and coworkers. This negative word of mouth can be extremely detrimental because it can reinforce the customer's feelings of negativism and spread that negative impression to others as well(Valarie & Mary, 2003).

Finally, customers may choose to complain to third parties such as the better business bureau, to consumer affairs arms of the government to a licensing authority, to a professional association,

or potentially to a private attorney. No matter the action (or inaction), ultimately the customers determine whether to patronize the service provider again or to switch to another provider (Valarie & Mary, 2003).

As cited by Nofal et al.(2015), Every organization which has orientation to the customers (customer oriented) need to provide easy and comfortable chance and access to their customers to deliver their suggestion, critics, opinion and complaint (Tjiptono, 2005).

### **2.2.12.1 Types of complainers**

According to Valarie & Mary (2003, p. 191-193) people can be grouped into four categories based on how they respond to failures. These are passives, voicers, irates, and activists.

**Passives** this group of customers is least likely to take any action. They are unlikely to say anything to the provider, less likely than others to spread negative word of mouth, and unlikely to complain to a third party. They often doubt the effectiveness of complaining, thinking the consequences will not merit the time and effort they will expend. Sometimes their personal values or norms argue against complaining.

**Voicers** these customers actively complain to the service provider, but they are less likely to spread negative word of mouth, to switch patronage, or to go to third parties with their complaints. These customers should be viewed as the service provider's best friends! They actively complain and give the company a second chance. They tend to believe complaining has social benefits and therefore don't hesitate to voice their opinions.

**Irates** these customers are more likely to engage in negative word of mouth to friends and relatives and to switch providers than are others. They are about average in their propensity to complain to the provider. They are unlikely to complain to third parties. They are less likely to give the service provider a second chance and instead will switch to a competitor, spreading the word to friends and relatives along the way.

**Activists** these consumers are characterized by above average propensity to complain on all dimensions: they will complain to provider, they will tell others, and they are more likely than any other group to complain to third parties. Complaining fits with their personal norms. In the extreme cases these consumers can become "terrorists".

When they take the time and effort to complain, customers generally have high expectations. They expect to be helped quickly. They expect to be compensated for their grief and for the hassle of being inconvenienced. And they expect to be treated nicely in the process.

## **2.3 Empirical review**

According to Rajasekhara and Mangnale (2011) on Critical Factors of Customer Satisfaction in Ethiopian Service Sector the findings of the study showed that service interaction, service delivery process, service recovery process, and customer complaint handling process were the most important variables in influencing customer satisfaction. The analysis result revealed that 36% customers of Ethiopian service sector were dissatisfied with employees' interaction skills. Furthermore another 47% of the customers were also disappointed with service delivery system and 52 and 61% customers were not pleased with the service recovery process and complaint handling procedure, respectively. And 49% of the customers expressed overall dissatisfaction on the services provided by Ethiopian service sector.

According to Uppal (2010) study on Customer complaints in banks: nature, extent and strategies to mitigation the maximum complaints are in the public sector banks and are continuously increasing, and as such, they adversely affected customers' satisfaction and performance. The complaints and all the activities performed by banks are in deposit, credit cards and housing loans. It is necessary to mitigate these complaints to make the customer satisfied.

According to Mabel (2012) Effects of service recovery on customer satisfaction and loyalty Findings had a significant relationship with service recovery and that higher levels of redress independently increase positive consumer responses. The findings also show that the interaction of employee have a positive impact on consumer evaluations. Satisfaction was highest and negative word-of-mouth intentions lowest only under conditions of high service interaction.

A study by Belay & Ebisa (2013) on evaluation of customer satisfaction on bank services: an empirical analysis the findings of the study suggest that there are a number of problems hindering the smooth delivery of the banking services. The network problem for instance is the major obstacle in the check clearing operations. Besides, in the loan operations the delays of the loan approval is the major problem. In the electronic banking services, customers responded that

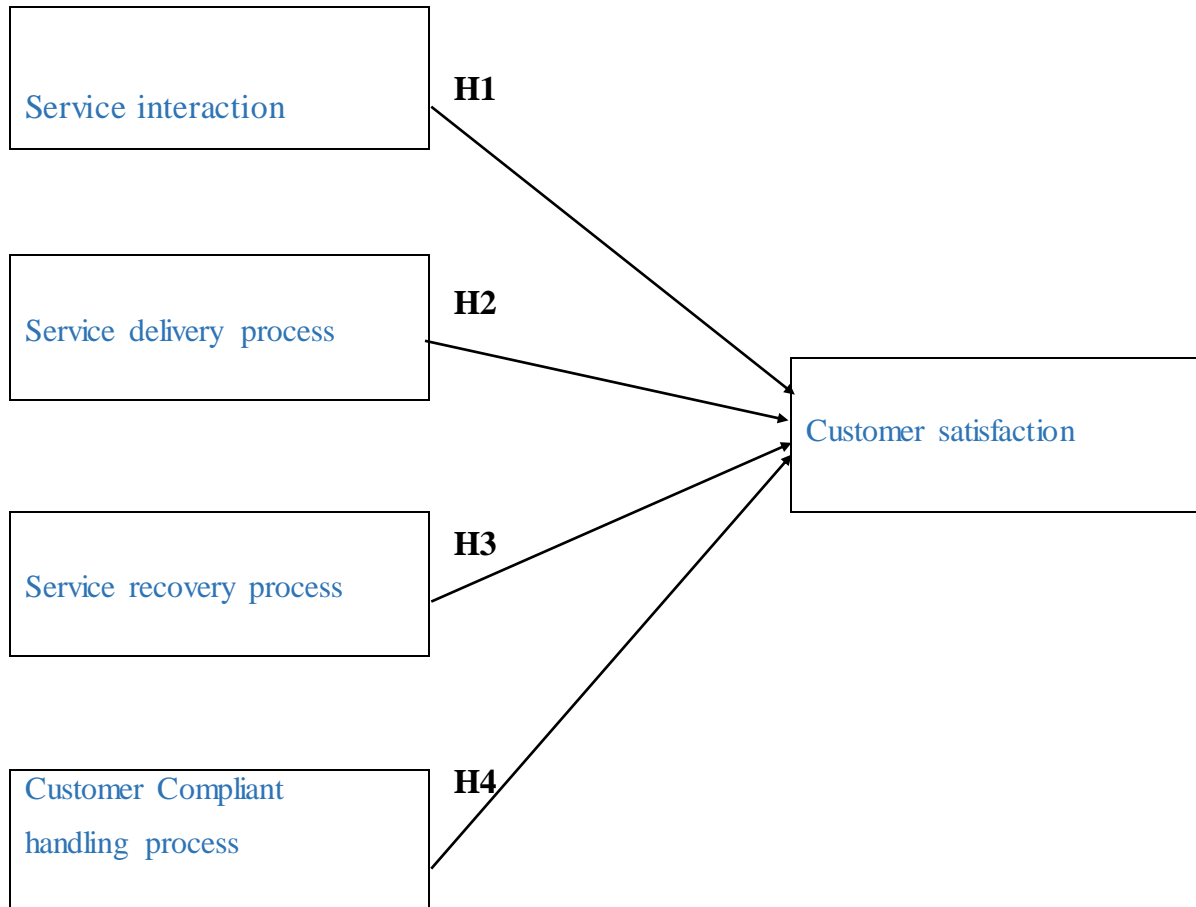
the benefits they obtained are limited. Therefore, the bank should handle its customers so well to achieve its organizational aims.

According to Hoang (2011) a study on Employees' Perception of the Role of Communication with Customers in Service Encounters Case studies at Bank Customer Services in Vietnam, the findings of the study show that in the context of service, the bank tellers are aware of that communication is important in service encounter and in building relationship with customers. According to them, communication impacts directly on customers' satisfaction and decides the success of encounters. In addition, they consider that good perception about the role of communication in service encounters and in establishing relationships with customers helped the bank tellers to cope with problems in emotional displays and to avoid discriminatory service.

A research by Nofal (2015) on "The Effect Of Complaint Handling Towards Customers Satisfaction, Trust And Loyalty To Bank Rakyat Indonesia (Bri)Southeast Sulawesi", Findings showed that : (1) The better of customers' complaint handling will increase customers satisfaction of Bank BRI in Southeast Sulawesi. (2) The better of customers' complaint handling will increase customers trust of Bank BRI in Southeast Sulawesi. (3) The better customers' complaint handling will increase customers loyalty of Bank BRI in Southeast Sulawesi. (4) The higher customers satisfaction makes customers loyalty of Bank BRIin Southeast Sulawesi higher. (5) the higher customers satisfaction makes customers trust of Bank BRI in Southeast Sulawesi higher. (6) The higher customers trust makes customers loyalty of Bank BRI in Southeast Sulawesi better.

## **2.4 Conceptual model and hypotheses**

The conceptual model is proposed to show the direction of the study. The study shows the relationship between the four independent variable (service interaction, service delivery process, service recovery process and customer compliant handling process) and customer satisfaction.



**Figure 2 conceptual model**

The above figure depicts the conceptual model of this study. Customer satisfaction is the dependent variable.

### 2.4.1 Research Hypotheses

**H1<sub>0</sub>:** *Service interaction does not have significant influence on customer satisfaction.*

**H1<sub>a</sub>:** *Service interaction has significant influence on customer satisfaction.*

**H2<sub>0</sub>:** *service delivery process does not have significant influence on customer satisfaction.*

**H2<sub>a</sub>:** *service delivery process has significant influence on customer satisfaction.*

**H3<sub>0</sub>:** *service recovery process does not have significant influence on customer satisfaction.*

**H3<sub>a</sub>:** *service recovery process has significant influence on customer satisfaction.*

**H4<sub>0</sub>:** *customer compliant handling process does not have significant influence on customer satisfaction.*

**H4<sub>a</sub>:** *customer compliant handling process has significant influence on customer satisfaction.*

# CHAPTER THREE

## RESEARCH METHODOLOGY

### 3.1 Introduction

The purpose of this chapter is to describe about the methodology of the research. In the chapter the research approach, the research type, sample and sampling techniques, source of data collection, data collection instruments, reliability & validity of the study and the method of data analysis are discussed.

### 3.2 Research approach

The research can be classified in to two research approaches. These are qualitative research and quantitative research.

Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior. Research in such a situation is a function of researcher's insights and impressions. Such an approach to research generates results either in non-quantitative form or in the form which are not subjected to rigorous quantitative analysis. Generally, the techniques of focus group interviews, projective techniques and depth interviews are used (Kothari, 2004).

Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. It usually starts with a theory or a general statement proposing a general relationship between variables. Quantitative researchers favor methods such as surveys and experiments, and will attempt to test hypotheses or statements with a view to infer from the particular to the general. Quantitative research approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion (Kothari, 2004).

Therefore the researcher chose quantitative research to describe customer satisfaction in Dashen Bank by collecting quantitative data from customers of the bank. In addition the effect of the independent variables (service interaction, service delivery process, service recovery process and

customer compliant handling process) on the dependent variable customer satisfaction is quantitatively measured by this study.

### **3.3 Research design**

The study employed a mix of research designs to attain its objectives. The designs were descriptive, explanatory and exploratory.

Descriptive research includes surveys and fact-finding enquiries of different kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. Exploratory research is conducted when there are few or no earlier studies to which references can be made for information. It provides insights into and comprehension of an issue or situation for more rigorous investigation later. Explanatory research is conducted when we encounter an issue that is already known and have a description of it, we might begin to wonder why things are the way they are. The desire to know “why”, to explain, is the purpose of explanatory research (Kothari, 2004).

Descriptive analysis were used on primary data collected through questionnaires to present the customers background. In addition Causal analyses between the dependent and independent variables were undertaken on the primary data collected. Which makes the research explanatory and this led to the confirmation and rejection of the hypotheses and revealed a detailed analysis of the relationships between customer satisfaction and the underlying factors. As a result this study is both descriptive and explanatory.

### **3.4 Target population**

According to Zikmund (2010), a population is any complete group that shares some set of characteristic. Dashen bank has ninety branches which are operating in Addis Ababa. However the study focused on eighteen branches in Addis Ababa of which two branches were from grade A, two branches were from grade B, five branches from grade C and nine branches from Sub grade proportionately. As a result the target population of the study was eighteen branches’ customers of DB in Addis Ababa. Currently there are 117,113 customers in these eighteen branches (portal of DB at January, 2016).



The reason behind choosing Addis Ababa for the study was that Addis Ababa consists of almost half of the total branches of DB. Another reason for selecting Addis Ababa is that it was relatively easier for the researcher to conduct the study with a given limited time and financial resources.

### **3.5 Sample method and Sample size**

A sample is a subset or some part from a larger population. By using sample, researchers save lot of time and money, get more detailed information, and they are able to get information which may not be available otherwise (Bluman, 2009).

#### **3.5.1 Sampling method**

In this study stratified random sampling method was applied in selecting branches where research was conducted. In this technique, the sampling frame was grouped based on their grade level and the branches to be studied was selected randomly from each stratum.

In stratified sampling the population is stratified into a number of non-overlapping subpopulations or strata and sample items are selected from each stratum. If the items selected from each stratum is based on simple random sampling the entire procedure, first stratification and then simple random sampling, is known as *stratified random sampling* (Kothari, 2004).

The required number of samples from each branches were selected by using a nonprobability sampling approach or a convenience sampling method. Convenience sampling was applied because of the banks policy of keeping its customer's list confidential and also to reach the walking customers. The customers were asked to fill the questionnaire as they appear to the branches.

#### **3.5.2 Sample size**

Sample size refers to the number of items to be selected from the universe to constitute a sample. The size of sample should neither be excessively large, nor too small. It should be optimum. An optimum sample is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility (Kothari, 2004).

To get a representative sample for the population under this study the following sample technique was used which is developed by (Kothari, 2004).

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N - 1) + z^2 \cdot p \cdot q}$$

Where,

P = sample proportion,

q = 1-p;

z = 1.96 as per the table of area under normal curve for the given confidence level of 95%

e = acceptable error (the precision) in which the researcher takes 0.05

N = number of total population;

n = sample size required; (Source: Kothari, 2004)

The resulting sample size in this study will be determined as follows:

A 95% confidence level is used to select the appropriate sample size and the value of Z is 1.96.

e = 0.05 which is acceptable sample error;

p = 0.5, where q is 1-p;

N = 117,113

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N - 1) + z^2 \cdot p \cdot q}$$

$$n = \frac{1.96^2 (0.5) (0.5) (117,113)}{0.05^2(117,113-1) + 1.96^2 (0.5) (0.5)}$$

$$n = 384$$

Based on the above information, the sample size (n) was calculated for the target population of 117,113 and it was 384. But the researcher added (39)  $\approx 10\%$  of the sample size to compensate unreturned or non-usable questionnaires. Therefore, the study's sample size of 423 is considered to represent the population. By using the sample size obtained from the above formula, the proportion is determined for each branch. However, after data collection the sample size was reduced to 350, due to non-response and missing values. The sample proportion is presented in the following table

**Table 3.1 Sample size determination**

Branches	Grade level	Target population		Sample size
		Number	Percentage	
Kality	A	27,500	23.5%	99
piassa	A	27,039	23.1%	98
<b>Total</b>		<b>54,539</b>	<b>46.6%</b>	<b>197</b>
Gurdsholla	B	20,847	17.7%	75
Bisrate gebreal	B	8,129	7%	29
<b>Total</b>		<b>28,976</b>	<b>24.7%</b>	<b>104</b>
Meskel flower	C	6,658	5.7%	24
Mehal gebeya	C	1,780	2%	8
Alem bank	C	3305	3%	13
Adewa adebabay	C	5,910	5%	21
Cmc	C	8,000	6.2%	26
<b>Total</b>		<b>25,653</b>	<b>21.9%</b>	<b>93</b>
Kotebe	Sub	1,644	1%	6
Sarbet	Sub	1,231	1%	4
Lebu ertu	Sub	1,521	1%	5
Edna mall	Sub	692	0.01%	3
Moenco	Sub	834	0.01%	3
Lamberet	Sub	590	0.01%	3
Tele medhaniale m	Sub	302	0.001%	1

Sholla gebeya	<b>Sub</b>	651	0.01%	2
Sheger	<b>Sub</b>	480	0.001%	2
<b>Total</b>		<b>7,945</b>	<b>7%</b>	<b>29</b>
<b>Grand Total</b>		<b>117,113</b>	<b>100%</b>	<b>423</b>

### 3.6 Source of data collection

Both primary and secondary sources of data were used in the study. Primary data was obtained from selected respondents using questionnaire while the secondary sources of data were books, journals, previous research works, websites, company portal, company brochures etc. secondary data was also used to primarily construct the basic framework of the study before proceeding to primary data.

The primary data are those which are collected afresh and for the first time, and thus happen to be original in character. We collect primary data during the course of doing experiments in an experimental research but in case we do research of the descriptive type and perform surveys, whether sample survey or census survey, then we can obtain primary data either through observation or through direct communication with respondents in one form or another or through personal interviews. Secondary data means data that are already available i.e., they refer to the data which have already been collected and analyzed by someone else. When the researcher utilizes secondary data, then he has to look into various sources from where he can obtain them (*Kothari, 2004*).

### 3.7 Method of data collection

To fulfil the purpose of the study, the researcher used structured questionnaire. Questionnaire was selected because, firstly, it is economical in terms of researcher time, effort and cost than most other methods. Secondly, it is found to be more appropriate to gather the feelings and responses of respondents. It keeps away from interviewer bias, guiding and cues that can impact the legitimacy and reliability of the data collection. Thirdly, it is through questionnaires that standardized responses are gathered (*Bhattacharjee, 2012*).

The questionnaire had two parts the first part is intended to understand the personal information of respondents using nominal scale. The second part consisted the perception of respondents

regarding the constructs of the model. The questionnaire consist a set of 31 descriptive items that measure the dimensions of the hypothesized factors which have been developed from comprehensive literature review related studies of Rajasekhara & Mangnale 2011, Enyonam 2011, David et al 2010, Fredy 2013 and Hummam & Olena 2014. These items are characterized by high reliability and validity in measuring the constructs they are supposed to measure as demonstrated in earlier research studies. In the questionnaire a 5 points Likert scale rating technique was employed. Which starts with 1= strongly disagree to 5= strongly agree.

Summated scales (or Likert-type scales) are developed by utilizing the item analysis approach wherein a particular item is evaluated on the basis of how well it discriminates between those persons whose total score is high and those whose score is low. Thus, summated scales consist of a number of statements which express either a favorable or unfavorable attitude towards the given object to which the respondent is asked to react. The respondent indicates his agreement or disagreement with each statement in the instrument (Kothari, 2004).

### **3.8 Method of data analysis**

By using the Statistical Package for Social Science (SPSS) version 20.0 software the study processed different types of raw data which were collected through questionnaires. The study used both descriptive and inferential statistical analysis techniques.

By using the descriptive analysis technique percentages, means, standard deviations and frequencies have been calculated. This analysis showed the demographic characteristics of Dashen Bank customers and the list of most influential variables on customer satisfaction.

With regards to inferential statistics, correlation as well as a regression analysis was used. The correlation analysis were calculated to observe the relationships between the various variables influencing customer satisfaction and to see the internal consistency of the measures.

A multiple linear regression analysis was employed to examine whether the hypothesized independent variables have any influence on the dependent variable, and to estimate the magnitude of their contribution.

### 3.9 Reliability and Validity

Reliability estimates the consistency of the measurement or more simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. Reliability is essentially about consistency. That is, if we measure something many times and the result is always then we can say that our measurement instrument is reliable (John et al., 2010).

In order to test the internal consistency of variables in the research instrument Cronbachs alpha coefficient was calculated. Cronbach-alpha is widely used in educational research when instrument for gathering data have items that are scored on a range of values, i.e. different items have different scoring points or attitude scales in which the item responses are in continuum (Oluwatayo, 2012). This coefficient varies from 0 to 1, and a value of 0.6 or less generally indicates unsatisfactory level of internal consistency (Malhotra & Birks, 2007). This coefficient was calculated for all items under each variable and the results show an acceptable level of reliability as shown in table 3.2.

Table 3.2 Reliability of Measurement Items

Variables	Cronbach's Alpha	Number of items
Service interaction	.896	6
Service delivery process	.939	12
Service recovery process	.930	4
Customer compliant handling process	.908	4
Customer satisfaction	.878	5
Over all scale	.968	31

Source survey data (2016)

Validity is the strength our conclusions, inferences or propositions. It involves the degree to which you are measuring what you are supposed to, more simply, the accuracy of your measurement. (John et al, 2010)

In order to ensure the quality of this research design content and construct validity of the study was checked. The content validity was verified by the advisor of this research, who was looking into the appropriateness of questions and the scales of measurement. Peer discussion was also another way of checking the appropriateness of questions. Moreover, the pilot test that was conducted prior to the actual data collection have helped to get valuable comments.

### **3.10 Ethical considerations**

In doing any research there is an ethical responsibility to do the work honestly and with integrity. Fraud must be avoided in research and this can come in several forms: being selective in sampling, not reporting survey response/participation rates, deliberately biasing the data collection instruments, making up data, falsifying results, trimming and biased or inappropriate analysis. (John et al., 2010)

Therefore taking the nature of the study under consideration, participants was told about the nature of the study to be conducted and they were given the choice of either participating or not participating because any participation should be voluntary.

Information collected from the customers are kept confidential and will not be used for any other purpose than this study.

Anonymity of individuals who participated in filling the questionnaires remain anonymous throughout the study.

Literatures cited for the purpose of the research are properly acknowledged.

Ethical issues relating to the researcher: the researcher avoided being selective in sampling, deliberately biasing the data collection instruments, making up data and other unethical deeds.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

#### **4.1 Introduction**

In this chapter, the collected data from the customers of the eighteen branches of Dashen Bank S.C are summarized and analyzed. The data analysis was made with the help of Statistical Package for Social Science (IBM SPSS version 20).

The demographic profile of the sample study and the underlying factors behind customer satisfaction are discussed in this chapter. This chapter is organized in a format to present the characteristics of the sample population, the most important findings of the study within Dashen Bank Addis Ababa branches. To test the hypotheses and achieve objectives of the study, a multiple linear regression analysis was employed. Pearson's Correlation Coefficients were calculated to observe the relationships between the various variables influencing customer satisfaction and to see the internal consistency of the measures. By using One way ANOVA the mean difference between different grade branches respondents and underlying factors of customer satisfaction were analyzed.

A total of 423 questionnaires were distributed to customers of DB in eighteen branches (which is 20% of the total branches) that are located in Addis Ababa. Out of the 423 distributed questionnaires, 357 were collected. During data editing, the collected questionnaires were checked for errors and completeness. As a result 7 incomplete questionnaires were identified and discarded. Therefore 350 questionnaires were found to be valid and used for the final analysis.

#### **4.2 Back ground of respondents**

Before starting the analysis of the data some background information such as demographic data, is useful in order to make the analysis more meaningful for the readers. The samples of this study have been classified according to several background information collected during the questionnaire survey. The purpose of the demographic analysis in this research is to describe the characteristics of the sample such as the number of respondents, proportion of females to males in the sample, range of age, educational background, occupation, monthly income, and types of service respondents use from Dashen Bank S.C.



Results of the demographic characteristics of respondents are shown in table 4.1 below. From the total of the respondents male customers constitute the highest percentage 53.1% of respondents while the female constituted 46.9% of the respondents.

The age group 18 – 25 which account 32.6% of the total study sample constitutes the largest percentage, the age group 26 – 35 consisting of 32%, the age group 36-45 accounts 21.4% and while the age group above 46 is the least with 14% of the respondents.

Concerning the educational background 40.6% of the respondents were degree holder, diploma holders were 37.1%, followed by high school and Master’s degree and above which consists of 18.6% and 3.7% of respondent respectively.

Regarding to occupation 68.3% of the respondents were employee, 27.7% were self-employed, 2.3% unemployed, 1.1 % student and the rest 0.6% were retired. The Income level of the respondents 28.1% were those who earn monthly income between birr 5,001-10,000 followed by 3,001-5,000 then 1,001-3,000 then below 1,000 and then above 10,001 birr consists of 25.1%,18.3%,17.1% and 11.4% respectively.

When it comes to service usage majority of the respondents were saving account holders which were 58.9%, followed by 21.7% current account holders, 14% more than one service users, 4% Hybrid account holders and 1.4% modified youth account.

**Table 4.1 Background characteristics of the respondent**

	<b>Demographic characteristics</b>	<b>Frequency</b>	<b>Percentage</b>
<b>1</b>	<b>Gender</b>		
	Female	164	46.9
	Male	186	53.1
<b>2</b>	<b>Age in years</b>		
	18-25	114	32.6
	26-35	112	32.0
	36-45	75	21.4
	Above 45	49	14.0
<b>3</b>	<b>Educational background</b>		
	High school	65	18.6
	Diploma	130	37.1
	Degree	142	40.6
	Master’s degree and above	13	3.7

<b>4</b>	<b>Occupation</b>		
	Student	4	1.1
	Employee	239	68.3
	Self employed	97	27.7
	Unemployed	8	2.3
	Retired	2	.6
<b>5</b>	<b>Monthly Income in birrs</b>		
	Below 1,000	60	17.1
	1,001-3,000	64	18.3
	3,001-5,000	88	25.1
	5,001-10,000	98	28.1
	Above 10,001	40	11.4
<b>6</b>	<b>Service used</b>		
	Saving account	206	58.9
	Current account	76	21.7
	Hybrid account	14	4.0
	Modified youth	5	1.4
	More than one service	49	14.0

Source: survey 2016

### 4.3 Normality Testing

The first thing you usually notice about a distribution's shape is whether it has one mode (peak) or more than one. If it's unimodal (has just one peak), like most data sets, the next thing you notice is whether it's symmetric or skewed to one side. If the bulk of the data is at the left and the right tail is longer, we say that the distribution is skewed right or positively skewed; if the peak is toward the right and the left tail is longer, we say that the distribution is skewed left or negatively skewed. If a distribution is symmetric, the next question is about the central peak: is it high and sharp, or short and broad? You can get some idea of this from the histogram, but a numerical measure is more precise. The height and sharpness of the peak relative to the rest of the data are measured by a number called kurtosis. Higher values indicate a higher, sharper peak; lower values indicate a lower, less distinct peak. (Stan, 2011).

According to Hair J.B (2010) when kurtosis divided by skewness if the result lies plus or minus of 2.58, then the data is assumed normal. Similarly, the data met this criterion so that regression analysis can be run in order to observe the impact of the model dimension on the customer satisfaction level.

**Table 4.2 skewness and kurtosis****Descriptive Statistics**

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
service interaction	350	3.1620	.83524	-.675	.130	.692	.260
service delivery process	350	2.8067	.82772	-.093	.130	.877	.260
service recovery process	350	2.6382	1.02377	-.042	.130	-.516	.260
customer compliant handling process	350	2.8514	.89877	.084	.130	.033	.260
customer satisfaction	350	2.6411	.89687	.312	.130	-.169	.260
Valid N (listwise)	350						

Source: survey 2016

As depicted in the above table the result of normality test by using skewness and kurtosis revealed that the distribution is normal.

#### **4.4 Underlying factors and Customer satisfaction**

Dashen Bank has four level of branches currently applied to differentiate one branch to another based on their working progress. Namely Grade A, Grade B, Grade C and Sub grade branches as a result the researcher studied the four grades collectively.

To assess the Dashen Bank customer's satisfaction level from customer's perspective a five point Likert scale were used. Within which six items were used to represent the dimension of service interaction, twelve items were used to represent the dimension of service delivery process and four items were used to service recovery process and customer compliant handling process for each. The table below shows the level of agreement depending on the size of the mean figure. The higher the mean, the higher the level of agreement, and the lower the mean, the higher the level of disagreement with the particular item being tested.

**Table 4.3 Descriptive Analysis of Variables**

Measurement items and Variables	Mean	Std. Deviation
I am satisfied because the employees are friendly	3.45	1.136
I am satisfied because customer service agents are knowledgeable	2.43	1.110
I am satisfied because contact personnel's are responsive to enquiries	3.09	1.122
I am satisfied because I get attended immediately when I walk in to the counter	3.07	1.163
I am satisfied because the communication skill of the people that serves is excellent.	3.08	1.194
I am satisfied because there is Willingness or readiness of employees to provide the bank services	2.77	1.091
<b>Service interaction</b>	<b>3.02</b>	<b>.286</b>
I am satisfied because the bank applies latest banking technology	3.59	1.277
I am satisfied because I can get different services through one window system	2.59	1.077
I am satisfied because the dormant (inactive) account activation process is simple	2.42	1.037
I am satisfied because the time gap for an account to get dormant is fair	2.58	.959
I am satisfied because there is consistent application of policy & procedures in different branches	2.74	1.064
I am satisfied because I can get loan easily	2.50	.920
I am satisfied because the procedure for opening an account is simple	3.14	1.280
I am satisfied because I can get foreign currencies	2.44	1.002
I am satisfied because the newly applied vouchers, checks and CPOs are easy to use	2.66	1.020
I am satisfied because I can get whatever service I need from other branches than the account maintaining branch	2.70	1.184
I am satisfied because there is short waiting time to get LC	2.39	1.000
I am satisfied because there are enough Number of tellers in the branch	2.80	1.151
<b>Service delivery process</b>	<b>2.71</b>	<b>.345</b>
I am satisfied because whenever there is service failure it is going to be recovered immediately.	2.63	1.157
I am satisfied because there is quick response and help if there is a problem or question.	2.62	1.145
I am satisfied because if any erroneous transaction occurs during usage of ATM, it will be reversed immediately.	2.43	1.112
I am satisfied because whenever the POS or ATM malfunctions it will be repaired immediately	2.42	1.034
<b>Service recovery process</b>	<b>2.53</b>	<b>.118</b>

I am satisfied because I am allowed to complain	2.98	1.092
I am satisfied because my objection or complaint is handled well	2.61	1.050
I am satisfied because Complaint is resolved by the customer's first point of contact	2.45	1.008
I am satisfied because customer complaints are resolved quickly	2.59	.988
<b>Customer complaint handling process</b>	<b>2.66</b>	<b>.226</b>

Source: own survey 2016

This analysis shows that service interaction plays the most important role in influencing consumers' satisfaction. The result of service interaction observed from the above table depicted the highest mean of 3.02. As it can be seen from the table above in service interaction variable, the output of the sample statistics shows that the employees are friendly score highest mean of 3.45 and customer service agents are knowledgeable has the lowest mean score of 2.43. The above mean scores can be interpreted as customers of DB are neutral with the friendliness of the employees whereas the customers are not satisfied with the employees' knowledgeableness.

The second most important variable is service delivery process with the mean score of 2.71. The result of service delivery process observed from the above table depicted the highest mean 3.59 recorded for DB applies latest banking technology while the waiting time to get LC permit has least mean of 2.42. It can be interpreted that the customers are satisfied with that DB applies latest banking technology whereas they are not satisfied with the waiting time period to get LC permit.

Next to service delivery process customer complaint handling process comes with a mean of 2.66. As observed from the above table on the variable customer complaint handling process the highest mean figure 2.98 is recorded for I am allowed to complain while Complaint is resolved by the customer's first point of contact score has least mean figure of 2.45. Therefore from the analyzed data it is possible to say that customers are allowed to complain but the Complaint is not resolved by the customer's first point of contact which causes customers to be dissatisfied.

As shown above service recovery in the variable with least mean i.e. 2.43. In service recovery process whenever there is service failure it is going to be recovered immediately has a mean of 2.63 and whenever the POS or ATM malfunctions it will be repaired immediately has a mean score of 2.42. From the above data it can be said that the customers of DB branches are dissatisfied with the service recovery process of the bank.

#### 4.4.1 Customer satisfaction

In the following descriptive statistics table the customer response on customers satisfaction level of Dashen Bank is presented.

**Table 4.4 Dashen Bank customers satisfaction**

	I am satisfied with the service interaction		I am satisfied with the service delivery process		I am satisfied with the service recovery process		I am satisfied with the customer compliant handling process		I am satisfied with the overall service of the bank	
	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age	Freq.	%age
Strongly disagree	74	21.1	88	25.1	68	19.4	50	14.3	35	10.0
Disagree	72	20.6	72	20.6	108	30.9	72	20.6	134	38.3
Neutral	119	34.0	116	33.1	126	36.0	129	36.9	109	31.1
Agree	65	18.6	54	15.4	35	10.0	88	25.1	55	15.7
Strongly agree	20	5.7	20	5.7	13	3.7	11	3.1	17	4.9
<b>Total</b>	<b>350</b>	<b>100.0</b>	<b>350</b>	<b>100.0</b>	<b>350</b>	<b>100.0</b>	<b>350</b>	<b>100.0</b>	<b>350</b>	<b>100.0</b>

Source: survey data 2016.

The level of customer satisfaction in service interaction showed only 24.3% of the respondents are satisfied and 34% are neutral and 41.7 % of customers are dissatisfied. Generally it shows customers are dissatisfied.

The level of customer satisfaction in service delivery process of grade A branches showed 21.1% of the respondents are satisfied and 33.1% are neutral and 45.7 % of customers are dissatisfied. It shows that customers are dissatisfied.

The level of customer satisfaction in service recovery process showed only 13.7% of the respondents are satisfied and 36% are neutral and 50.3 % of customers are dissatisfied. Generally it shows customers are highly dissatisfied with the service recovery process.

The level of customer satisfaction on customer compliant handling process showed 28.2% of the respondents are satisfied and 36.9% are neutral and 34.9 % of customers are dissatisfied. Generally it shows customers are neutral with regard to customer compliant handling process.

As presented in the above table only 20.6% of customers of Dashen Bank are satisfied with the overall service of the bank. And 31.1% are neutral and 48.3% of customers are dissatisfied with the overall service. In general it shows that customers are dissatisfied with the overall service they are obtaining from the bank.

## **4.5 Linearity**

As cited by Helen (2014), the relationship between the variables should be linear and it is a problem if the dispersion of points indicates otherwise (Burns & Burns 2008). The study checks for patterns in scatter plots of independent variables against customer satisfaction whether they have linear relation. The graph (annex 1) shows that customer satisfaction and the underlying variables have linear relation.

## **4.6 Homoscedasticity**

As cited by Helen (2014), there should be homoscedasticity before running multiple regression analysis, this means that the residuals (the differences between the values of the observed and predicted dependent variable) are normally distributed, and that the residuals have constant variance (Burns & Burns 2008). The graph (annex 2) has demonstrated homoscedasticity of the study.

## **4.7 Correlation Analysis**

This study employs the correlation analysis, which investigates the strength of relationships between the studied variables. Pearson correlation analysis was used to provide evidence of convergent validity. Pearson correlation coefficients reveal magnitude and direction of relationships (either positive or negative) and the intensity of the relationship (-1.0 to +1.0). Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk, Dematteo and Festinger, 2005). The correlation matrix for the Overall sample is provided below.

As per Marczyk, Dematteo and Festinger, (2005) general guidelines correlations of .01 to .30 are considered small, correlations of .30 to .70 are considered moderate, correlations of .70 to .90 are considered large, and correlations of .90 to 1.00 are considered very large. Depending on this assumption, all basic constructs were included into the correlation analysis and a bivariate two tailed correlation analysis was done.

**Table 4.5 Correlation**

		Service interaction	Service delivery process	Service recovery process	Customer compliant Handling process	Customer Satisfaction
Service interaction	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	350				
Service delivery process	Pearson Correlation	.448**	1			
	Sig. (2-tailed)	.000				
	N	350	150			
Service recovery process	Pearson Correlation	.467**	.507**	1		
	Sig. (2-tailed)	.000	.000			
	N	350	350	150		
Customer compliant Handling process	Pearson Correlation	.337**	.490**	.546**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	350	350	350	350	
Customer Satisfaction	Pearson Correlation	.562**	.588**	.580**	.577**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	350	350	350	350	350

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

Table 4.12 shows that all the independent variables in Dashen Bank are significantly and positively correlated with customer satisfaction. The most correlated dimensions were service delivery process ( $r=.588$ ) followed by service recovery process ( $r=.580$ ), customer compliant handling process ( $r=.577$ ) and finally service interaction ( $r=.562$ ).

In addition, the inter-correlations between independent variables also show a positive and significant relationship among the independent variables. The highest inter-correlation exists between customer compliant handling process and service recovery process ( $r=.546$ ) followed by service recovery process and service delivery process ( $r=.507$ ).

## 4.8 Regression Analysis

Regression analysis is a tactical process for estimating the relationships among variables. In this study regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable explains the dependent variable that is customer satisfaction.



### 4.8.1 Multi-Collinearity

Before running regression, the researcher examined the existence of multicollinearity of data as a whole. One should check for the problem of multi co linearity which is present if there are high correlations between some of the independent variables. The study checks this with the Variance Inflation Factor (VIF) which calculates the influence of correlations among independent variables on the precision of regression estimates. The VIF factor should not exceed 10, and should ideally be close to one. Tolerance should be higher than 0.1 (Greene, 2000).

**Table 4.6 Multi-collinearity**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
service interaction	.721	1.386
service delivery process	.633	1.579
service recovery process	.579	1.728
customer compliant handling process	.640	1.562

Dependent variable customer satisfaction

Since it can be seen from the above table the lowest tolerance is .579 (i.e. >.1) and the highest VIF is 1.728 (i.e. <10) there is no problem of multicollinearity.

### 4.8.2 Multiple Regression Analysis (hypotheses testing)

To examine whether the hypothesized independent variables have any influence on the dependent variable, customer satisfaction Dashen Bank in Addis Ababa and to estimate the level or magnitude of their contribution, a multiple linear regression analysis was employed.

The result of regression analysis on independent variables indicates existence of positive and statistically significant effect on customer satisfaction. The model summary table (presented in annex4a), R-Square value is 0.558 which means that 55.8% of the customer satisfaction was explained by the variation of the independent variables.

The ANOVA tells us whether the model, overall, results in a significantly good degree of prediction of the outcome variable (Field, 2005). Since the significance result on the ANOVA

table (presented in annex 4b) is 0.000 which is  $p < 0.05$ , the regression analysis proved the presence of a good degree of prediction of customer satisfaction.

In order to confirm a basic assumption of multiple linear regressions, which is the absence of high correlations between independent variables, Tolerance should be higher than 0.1 and Variance Inflation Factor statistics should be lower than 10 (Greene, 2000). Since it can be seen from the table below the lowest tolerance is .579 (i.e.  $>.1$ ) and the highest VIF is 1.728 (i.e.  $<10$ ) there is no problem of multicollinearity.

**Table 4.7** **Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-.217	.147		-1.482	.139		
1 Service interaction	.301	.045	.280	6.648	.000	.721	1.386
Service delivery process	.261	.049	.240	5.345	.000	.633	1.579
Service recovery process	.161	.041	.183	3.897	.000	.579	1.728
Customer compliant Handling process	.264	.045	.264	5.908	.000	.640	1.562

a. Dependent Variable: Customer Satisfaction

From the above multiple regression analysis it can be noted that all the independent variables significantly and positively affects customer satisfaction. Standardized coefficient (Beta value) indicates the degree of importance of each variables towards customer satisfaction as a result, the dimensions can be ranked in the following manners on the basis of their contribution. First, service interaction  $B=.280$  second, customer compliant handling process  $B=.264$  third, service delivery process  $B=.240$  and finally service recovery process  $B=.183$ .

The beta value on the coefficient table indicates level of effect each variable has on the dependent variable. The highest beta level is for service interaction  $B=.280$ . This means that for every additional point or value in the service interaction one could predict a gain of 0.280 points on the customer satisfaction provided that other variables being constant. Therefore, from among the four variables, service interaction has the strongest effect on customer satisfaction and should

be given the highest focus. Whereas service recovery process has the lowest effect on DB customer's satisfaction.

**Regression Equation** customer satisfaction = .280 (SI) + .264(CH) + .240 (SD) + .183(SR)

Where; SI= service interaction, SD= service delivery process,  
 CH= customer compliant handling process, SR= service recovery process

## Hypotheses testing

Table 4.8 Summary of the Overall Outcome of the Research Hypotheses

Hypotheses	Result	Reason
<b>H1o:</b> Service interaction does not have significant influence on customer satisfaction. <b>H1a:</b> Service interaction has significant influence on customer satisfaction.	H1o rejected H1a accepted	B=.280, p<0.05
<b>H2o:</b> Service delivery process does not have significant influence on customer satisfaction. <b>H2a:</b> Service delivery process has significant influence on customer satisfaction.	H2o rejected H2a accepted	B=.240, p<0.05
<b>H3o:</b> Service recovery process does not have significant influence on customer satisfaction. <b>H3a:</b> Service recovery process has significant influence on customer satisfaction.	H3o rejected H3a accepted	B=.183, p<0.05
<b>H4o:</b> Customer compliant handling process does not have significant influence on customer satisfaction. <b>H4a:</b> customer compliant handling process has significant influence on customer satisfaction.	H4o rejected H4a accepted	B=.264, p<0.05

Source survey data (2016)

For all the independent variables, coefficients of the predictor variables are statistically significant at less than five percent indicating that there is a significant and also positive relationship of these variables to the dependent variable. Therefore, all the alternative hypotheses are accepted and the null hypotheses are rejected.

## 4.9 One Way ANOVA Testing

Table 4.8 one way ANOVA testing

		Sum of squares	Df	Mean square	F	Sig
Service interaction	Between groups	2.683	3	.894	1.285	.279
	Within groups	240.788	346	.696		
	Total	243.471	349			
Service delivery process	Between groups	8.017	3	2.672	4.001	.008
	Within groups	231.089	346	.668		
	Total	239.106	349			
Service recovery process	Between groups	15.942	3	5.314	5.256	.001
	Within groups	349.847	346	1.011		
	Total	365.79	349			
Customer compliant handling process	Between groups	16.206	3	5.402	7.034	.000
	Within groups	265.714	346	.768		
	Total	281.919	349			

Source survey data (2016)

ANOVA result in table above shows that the three variables are perceived differently among respondents in different grade branches. The variables are service delivery process with a significant level of (.008), service recovery process with a significant level of (.001) and customer compliant handling process with a significant level of (.000), which is less than 0.05.

Post-hoc comparisons using Tukey HSD test (see annex 7 ) indicated that respondents of sub grade branches are more influenced by customer compliant handling process with the highest mean score (M=3.35, SD=.575) and service delivery process with mean score of (M=3.21, SD=.859) when compared to other branches respondents. On the other hand Service recovery process in grade C branches influences customers with the highest mean score of (M=2.99, SD=.835), whereas service recovery process in grade B branches has the least mean score of (M=2.42, SD=1.052).

#### **4.10 Discussion of Findings on customer satisfaction**

Based on demographic profile of the Dashen Bank customer's it was found that majority of the customers are male and middle aged in Addis Ababa. In addition most of the respondent were educated once and also they are employee.

Another important issue arises from the service provided by the bank. Saving account, current account, more than one service (a combination of saving account, current account, mobile banking, foreign currency exchange, and fund transfer local as well as foreign) and hybrid account, modified youth account were identified as the service used by the customers. This indicates to the bank management even though the bank provides unique service than the ordinary service, which differentiate this bank from the others the customers are not using those services. In the meantime there was large number of saving account users than the other services.

The customer satisfaction level of Dashen Bank S.C customers found in Addis Ababa branches were significantly influenced by all the independent variables hypothesized so far. However the degree of importance of each variables showed some difference. The variables were service interaction, service delivery process, service recovery process, and customer compliant handling process.

The finding of the analysis showed that service interaction is the most important variable which influences customers' satisfaction of the bank located in Addis Ababa significantly and positively. According to Enyonam (2011) findings interaction of employee have a significant positive impact on consumer evaluations. Satisfaction was highest and negative word-of-mouth intentions lowest only under conditions of high service interaction. Another study by (Anh 2011) also showed that Service encounter between customer and service provider has the most important impact on customers' satisfaction level.

The second most important variable influencing customer satisfaction in Dashen Bank is customer compliant handling process. The bank's customer compliant handling process influences customer satisfaction positively and significantly. This finding was in consistent with the finding of Uppal (2010) study on Customer complaints in banks: also found that the customer compliant handling process of the bank has significant impact on customer's satisfaction level.

The third important customer satisfaction influencing variable in Dashen Bank Addis Ababa branches identified by this study was service delivery process. A study by Don et al (2010) titled “The Impact of Service System Design and Flow Experience on Customer Satisfaction in Online Financial Services” confirmed the fact that service delivery process has a significant influence on customer satisfaction.

As per the result of the study the fourth important influencing variable of customer satisfaction of Dashen Bank Addis Ababa branches was service recovery process. This result is also in line with the finding of Mabel (2012) on which the study finding of service recovery process had a significant relationship with positive consumer responses.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Introduction

In this chapter, the researcher presents summary of major findings, concluding remarks and also highlights recommendations that might be useful to the bank and other researchers.

#### 5.2. Summary of major findings

This study is designed and carried out in order to identify factors influencing customers satisfaction in Dashen Bank S.C Addis Ababa. Descriptive and inferential statistical techniques were used to analyze the primary data collected by using structured questionnaires from the customers. According to the study findings, four factors: service interaction, service delivery process, service recovery process, and customer compliant handling process were identified as critical to customer satisfaction. However, the influence of service interaction to customer satisfaction of Dashen Bank S.C was the most important. This finding is consistent with the findings of other researcher Morel et al. (2014) who concluded that service interaction has great influence on customer satisfaction. In fact service interaction is the most important factor which gives greatest opportunity for both gains and losses in regard to customer satisfaction and retention.

The Pearson correlation result indicates that all the independent variables were significantly and positively correlated with customer satisfaction. The most positively correlated variable being service delivery process ( $r=.588$ ) followed by service recovery process ( $r=.580$ ). There is also statistically significant inter-correlations between the four independent variables. The highest inter-correlation exists between customer compliant handling process and service recovery process ( $r=.546$ ). The study also finds that the most important factor in influencing customer satisfaction is organizational image.

The one way ANOVA test revealed that sub grade branches respondents are influenced by customer compliant handling process and service delivery process. This finding is in consistent with the finding of Uppal (2010) that the customer compliant handling process of the bank has significant and positive impact on customer's satisfaction level. And in consistent with Mabel(2012) the study finding of service recovery process had a significant relationship with

positive consumer responses, Grade C branches respondents were influenced by service recovery process of the bank.

The study also depicted that the customers of Dashen Bank Share Company Addis Ababa branches are not satisfied with the service they are obtaining from the bank. Meaning as per the result of the analysis only 20.6% of customers of Dashen Bank are satisfied with the overall service of the bank. And 31.1% are neutral and 48.3% of customers are dissatisfied with the overall service. In general it was found that all the variables in this study were significantly and positively influencing customers' satisfaction in the Addis Ababa branches of the bank.

### **5.3 conclusion**

This study was initiated to examine factors that influence customer satisfaction in Dashen Bank Share Company. More specifically, in this study four factors, these are service interaction, service delivery process, service recovery process and customer compliant handling process were assumed to be more important in influencing customer's satisfaction in banking service.

In addition the results of regression analysis indicated that there is a significant and positive effect of service interaction, customer compliant handling process, service delivery process and service recovery process, depending on their order of importance from most determinant factor to the least. From this finding, it can be concluded that the more consumers acquire better service interaction, their tendency to be satisfied will increase. Currently the role of service interaction has great value due to increasing competition of providing more customer focused service in banking sector. Customer satisfaction has become a major concern of banks in order to retain existing customers and attract new customers.

On the basis of the hypotheses testing result, service interaction, service delivery process, service recovery process, and customer compliant handling process are factors that significantly influences customer satisfaction. In addition, the relationship between service delivery process and customer satisfaction also has the highest correlation coefficient at 0.588 which is considered as a strong positive relationship. Moreover, service recovery process, customer compliant handling process and service interaction also have positive relationship with customer satisfaction at the coefficient correlation of 0.580, 0.577 and 0.562 respectively.



Furthermore, it is very vital for every business firm to evaluate the level of customer satisfaction. Since, as Smith (2007) said customer satisfaction is critical to any product or service, because it is a strong predictor of customer retention, customer loyalty and product repurchase. One of the specific objective of this study was to assess the overall level of customer satisfaction in Dashen Bank S.C and the resulted showed that the bank's customers are dissatisfied with the service they are provided.

In general on the questions raised at the beginning of this study; how does service interaction, service delivery process, service recovery process and customer compliant handling process influences customer satisfaction, the result of the study showed that all these variables influences customer satisfaction significantly and as well as positively.

#### **5.4 Recommendations**

Based on the findings of the study and conclusions made, the researcher came up with some important recommendations that can be used to influence customer satisfaction. Even though the overall findings of the study revealed that customer satisfaction is significantly influenced by the aforementioned variables in the bank, the different degree of importance should also be considered by the bank to take appropriate measure.

The study showed service interaction is found to be the most important element in determining customer satisfaction among the four factors. Which implies that the bank has to utilize service interaction properly because most customers stated that the bank's service interaction is good at; first employees are friendly and second the contact personnel's are responsive to enquiries which makes customer to be satisfied. Thus, when Dashen Bank makes investment decision the highest priority should be given to the tasks related to service interaction improvement. Since service interaction contributes highly to customer satisfaction, it is also believed that customer satisfaction contributes to positive word of mouth, customer retention, increased market share and profitability. On the contrary the bank is not good at the customer service agents are knowledgeable, therefore the researcher also recommends the bank to strive for improving its employees skill and knowledge about the service the bank offers by providing different seminars, workshop, and job rotation within the bank different posts.

The second most important factor that influences the satisfaction of Dashen Bank customers is customer complaint handling process. Which the researcher would also like to recommend the bank to execute desirable service by welcoming complaints and as much as possible by resolving the complaint by customers' first point of contact. There by the bank increases the customers' satisfaction.

The third factor which is influencing customers satisfaction of Dashen Bank is service delivery process. The bank is good at applying latest banking technology, since the majority of this banks customers are educated and middle aged who are looking for new technologies, the bank is advised to bring new updated technologies to its customers, where by the bank can assure its customer satisfaction.

The fourth and the last important factor influencing customer satisfaction is service recovery process. The bank is seen as good at recovering service failure immediately, whereas it's not good at repairing malfunctioning ATMs and POS machines. Dashen Bank as a pioneer to introduce ATM machines in Ethiopia, the ATMs were in operation for a number of years. As a result it's obvious that the machine malfunctions, so the bank is recommended to repair the ATMs and POS machines as fast as possible.

To increase customer satisfaction, the bank should met or exceed customers' expectation. A number of studies confirmed that customer satisfaction is the basic factor that directly influences customer tendency to be loyal and also recommend this bank to others. Customer loyalty increase profitability and market share. In the study it is found that the majority of the Customers are dissatisfied with the service the bank provides. In this competitive environment unless and otherwise the bank meets or surpasses its customers expectation it can't survive in the business therefore the bank is recommended to provide an excellent customer service.

## **5.5 Limitations and directions for future research**

This study has some limitations which offers opportunities for future researchers.

Since the study focused on DB Addis Ababa branches customer satisfaction, it is difficult to generalize the findings to other branches located out of the capital city and also to other banks.

In addition this study was conducted only on one private commercial bank in Addis Ababa and researchers might rather consider either all private commercial banks or all governmental commercial banks or instead the researchers can study the industry as a whole. It is also possible to study different companies other than banks.

The other limitation of this research is regarding the variables considered as factors influencing customer satisfaction, in this study four variables were considered these are service interaction, service delivery process, service recovery process, and customer compliant handling process. Future researchers can investigate other factors that might influence customer satisfaction. For instance the impact of employee satisfaction can be considered as influencing factor to the customers satisfaction.

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# APPENDIX



# APPENDIX I

Addis Ababa University School of commerce

School of graduate studies

Masters in Marketing Management

Dear respondents,

I am currently attending a postgraduate program at Addis Ababa University School of commerce, department of Marketing Management. As a partial fulfillment of the requirement for the award of Master's Degree in Marketing Management, I am conducting a research study on Factors influencing customer satisfaction in banking service the case of Dashen Bank S.C.

The objective of this questionnaire is to gather information on the above mentioned issue. I would like to assure you that the information you are providing: will be kept strictly confidential, will not be transferred to any third party and will be used for the stated purpose only. The researcher sincerely requests you to answer each and every question carefully so that your responses will be valuable input for the findings to meet the purpose of the study being undertaken.

If you have any question or concerns about the research, please contact me with the following address: Misker Berhanu

Tel: +251 913 10 04 90

Email [misker21@gmail.com](mailto:misker21@gmail.com) or [misker123@hotmail.com](mailto:misker123@hotmail.com)

General instruction:

- There is no need of writing your name
- Please put (✓) Mark to indicate you preference

*Thank you very much for your cooperation and timely response in advance!!!*

## Part 1 General information

1. Gender

Female

Male

2. Age

18 – 25 years

36 – 45 years

26 – 35 years

above 45

3. Educational background

Secondary school

Degree

Diploma

Master's Degree and above

4. Occupation

Student

Unemployed

Employee

Retired

Self employed

5. Monthly Income (in birr)

Up to 1,000

5,001 – 10,000

1,001 – 3,000

Above 10,001

3,001 – 5,000

6. Which type of account or service do you use (you can select more than one choice)

Saving

internet banking

Current account

mobile banking

Hybrid account

foreign currency exchange

Modified youth

fund transfer (local)

Saving plus

fund transfer (foreign)

Agent banking

Other \_\_\_\_\_

## Part 2 Determinant factors

This part of the questionnaire collects information to identify the most important factors influencing the consumers' satisfaction of Dashen Bank S.C in Addis Ababa.

1= strongly disagree, 2= disagree, 3= neutral, 4= agree, and 5= strongly agree

1. Service interaction	1	2	3	4	5
1.1 I am satisfied because the employees are friendly					
1.2 I am satisfied because customer service agents are knowledgeable					
1.3 I am satisfied because contact personnel's are responsive to enquiries					
1.4 I am satisfied because I get attended immediately when I walk in to the counter					
1.5 I am satisfied because the communication skill of the people that serves is excellent.					
1.6 I am satisfied because there is Willingness or readiness of employees to provide the bank services					
2. Service delivery process	1	2	3	4	5
2.1 I am satisfied because the bank applies latest banking technology					
2.2 I am satisfied because I can get different services through one window system					
2.3 I am satisfied because the dormant (inactive) account activation process is simple					
2.4 I am satisfied because the time gap for an account to get dormant is fair					
2.5 I am satisfied because there is consistent application of policy & procedures in different branches					
2.6 I am satisfied because I can get loan easily					
2.7 I am satisfied because the procedure for opening an account is simple					
2.8 I am satisfied because I can get foreign currencies					
2.9 I am satisfied because the newly applied vouchers, checks and CPOs are easy to use					
2.10 I am satisfied because I can get whatever service I need from other branches than the account maintaining branch					
2.11 I am satisfied because there is short waiting time to get LC					

2.12 I am satisfied because there enough Number of tellers in the branch					
<b>3. Service recovery process</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
3.1 I am satisfied because whenever there is service failure it is going to be recovered immediately					
3.2 I am satisfied because there is quick response and help if there is a problem or question					
3.3 I am satisfied because erroneous transaction occurred during usage of ATM will be reversed immediately					
3.4 I am satisfied because whenever the POS or ATM malfunctions it will be repaired immediately					
<b>4. Customer Compliant handling process</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
4.1 I am satisfied because I am allowed to complain					
4.2 I am satisfied because my objection or compliant is handled well					
4.3 I am satisfied because Compliant is resolved by the customer's first point of contact					
4.4 I am satisfied because customer compliant are resolved quickly					

### **Part 3 customer satisfaction**

<b>5. Customer satisfaction</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
5.1 I am satisfied with service interaction of the bank					
5.2 I am satisfied with the bank's service delivery process					
5.3 I am satisfied with the service recovery process of the bank					
5.4 I am satisfied with the bank's customer compliant handling process					
5.5 I am satisfied with the service am obtaining from the bank					

በአዲስ አበባ ዩኒቨርሲቲ የንግድ ስራ ትምህርት ቤት

የድህረ ምረቃ ትምህርት ክፍል

የማርኬቲንግ ማኔጅመንት ማስትሬት ዲግሪ

የተከበራችሁ የጥናቱ ተሳታፊዎች

በአሁኑ ጊዜ በአዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ትምህርት ቤት የማርኬቲንግ ማኔጅመንት ዲፓርትመንት የድህረ ምረቃ ትምህርት እየተከታተልኩ እገኛለሁ። የማርኬቲንግ ማኔጅመንት ማስትሬት ዲግሪ ማሙያ ይህን ዘንድ የዳሽን ባንክ አ.ማ ደንበኞች የአገልግሎት እርካታ ተፅእኖ ፈጣሪ መንስኤዎች ላይ ጥናት እያደረኩ እገኛለሁ።

የዚህ መጠይቅ አለማ ከላይ በተጠቀሰው ጉዳይ ዙሪያ መረጃ ማሰባሰብ ነው። የምትሰጡት መረጃ ሚስጥራዊነት እጅጉን የሚጠበቅ ሲሆን ለማንኛውም ሶስተኛ ወገን የማይተላለፍ እና ለታለመለት ጥናት ብቻ እንደሚውል አረጋግጥላችኋለሁ። ለታለመለት የጥናት አለማ ምላሻችሁ ጠቃሚ ግብአት ይሆን ዘንድ ሁሉንም ጥያቄዎች በጥንቃቄ ትመልሱ ዘንድ አጥኝው በአክብሮት ይጠይቃል።

ጥናቱን በተመለከተ ማንኛውም አይነት ጥያቄ እና ሀሳብ ካለዎት በሚከተለው አድራሻ ሊያገኙኝ ይችላሉ።

ምስክር ብርሀኑ

ስልክ ቁጥር +251 913 10 04 90

ኢሜል [misker21@gmail.com](mailto:misker21@gmail.com) or [misker123@hotmail.com](mailto:misker123@hotmail.com)

አጠቃላይ መረጃ

- ስምዎትን መጻፍ አያስፈልግም።
- ምርጫዎትን ለማሳያት ይህን ምልክት (✓) ይጠቀሙ።

ለትብብርዎ እና ወቅታዊ ምላሽዎ በቅድሚያ አመሰግናለሁ!

ክፍል 1 አጠቃላይ መረጃ

- ጾታ  ሴት  ወንድ
- እድሜ  18 — 25 አመት  36 — 45 አመት  
 26 — 35 አመት  ከ45 አመት በላይ
- የትምህርት ደረጃ  ሁለተኛ ደረጃ  ዲግሪ

ዲፕሎማ

ማስትሬት እና ከዚያ በላይ

4. የስራ ሁኔታ

ተማሪ

ስራ ፈላጊ

ተቀጣሪ

ጡረተኛ

የግል ሰራተኛ

5. ወርሀዊ ገቢ (ቡብር)

እስከ 1,000

5,001 — 10,000

1,001 — 3,000

10,001 በላይ

3,001 — 5,000

6. የትኛውን የተቀማጭ ሂሳብ አይነት ወይም አገልግሎት ይጠቀማሉ (ከአንድ በላይ አማራጭ ሊመርጡ ይችላሉ)

መደበኛ የቁጠባ ሒሳብ

ኢንተርኔት ባንኪንግ

ተንቀሳቃሽ ሂሳብ

ሞባይል ባንኪንግ

በቼክ የሚንቀሳቀስ የቁጠባ ሒሳብ

የውጭ ሀገር ገንዘብ ምንዛሪ

የተሻሻለ የወጣቶች የቁጠባ ሒሳብ

የሀገር ውስጥ ሀዋላ

ተጨማሪ ጥቅም የሚያስገኝ የቁጠባ ሒሳብ

የውጭ ሀገር ሀዋላ

እንደ ባንክ

ሌሎች \_\_\_\_\_

**ክፍል 2 ተፅእኖ ፈጣሪ ዋና ዋና ምክንያቶች**

በዚህ የመጠይቅ ክፍል የሚሰበሰበው መረጃ የሚያተኩረው በአዲስ አበባ ዳቨን ባንክ አ.ማ ደንበኞች እርካታ ላይ ተፅእኖ የሚፈጥሩ ምክንያቶችን ለመለየት ነው

- 1 በጣም አልስማማም
- 2 አልስማማም
- 3 ገለልተኛ
- 4 እስማማለሁ
- 5 በጣም እስማማለሁ

1.የአገልግሎት አሰጣጥ ግንኙነት	1	2	3	4	5
1.1የሰራተኞች አቀራረብ ወዳጃዊ ስለሆነ እረክቻለሁ					
1.2 የደንበኞች አገልግሎት ባለሙያዎች በቂ እውቀት ያላቸው በመሆኑ እረክቻለሁ					
1.3 ለጥያቄዎቹ ፈጣን ምላሽ ስለሚሰጠኝ እረክቻለሁ					
1.4 በአገልግሎት መስጫ መስኮቱ ጋር እንደደረሰኩ የምፈልገውን አገልግሎት ወዲያውን ስለማገኝ እረክቻለሁ					
1.5 የአገልግሎት ሰጭ ባለሙያዎቹ የተግባባት ክህሎት እጅግ በጣም ጥሩ ስለሆነ እረክቻለሁ					
1.6 ሰራተኞቹ የባንክ አገልግሎት ለመስጠት ፍላጎቱ እና ዝግጁነቱ ስላላቸው እረክቻለሁ					
2.የአገልግሎት አሰጣጥ ሂደት	1	2	3	4	5
2.1 ባንኩ ዘመናዊ ቴክኖሎጂ ስለሚጠቀም እረክቻለሁ					
2.2በአንድ መስኮት ስርአት የምፈልገውን ሁሉንም አገልግሎት ስለማገኝ እረክቻለሁ					
2.3 የተዘጋ ተቀማጭ ሒሳብ የማስከፍት ሂደቱ ቀላል በመሆኑ እረክቻለሁ					
2.4 የተቀማጭ ሂሳብ እንዳይዘጋ በቂ ጊዜ ስለሚሰጥ እረክቻለሁ					
2.5 ወጥነት ያለው የፖሊሲ እና ፕሮሴጅር አተገባበር በተለያዩ ቅርንጫፎች በመኖሩ እረክቻለሁ					
2.6 የብድር አገልግሎት በቀላሉ ስለማገኝ እረክቻለሁ					
2.7 የተቀማጭ ሂሳብ የመክፈቻ ፕሮሴጅሩ ቀላል ስለሆነ እረክቻለሁ					
2.8 የውጭ ሀገር ምንዛሪ ስለማገኝ እረክቻለሁ					
2.9 አዲስ የተተገበረው የደረሰኝ፣ቼክ እናሲ.ፒኦ ለአጠቃቀም ቀላል በመሆኑ እረክቻለሁ					
2.10 ተቀማጭ ሂሳቤ ከማይገኝበት ከየትኛውም ቅርንጫፍ የምፈልገውን አገልግሎት ማግኘት ስለምችል እረክቻለሁ					
2.11 የብድር ደብዳቤ (LC) ለማግኘት ያለው ወረፋ አነስተኛ በመሆኑ በአገልግሎቱ እረክቻለሁ					
2.12 በቂ ገንዘብ ከፋዮች በየ ቅርንጫፎቹ ስላሉ እረክቻለሁ					
3.የአገልግሎት አሰጣጥ ስህተት ማስተካከያ ሂደት	1	2	3	4	5
3.1 አገልግሎት በሚቋረጥበት ወቅት በፍጥነት ስለሚስተካከል እረክቻለሁ					

3.2 ጥያቄ እና ችግር በሚያጋጥምበት ወቅት ፈጣን ምላሽ እና እርዳታ ስለሚሰጥ እረክቻለሁ					
3.3 በገንዘብ መክፈያ ማሸናፊ የአከፋፈል እክል በሚያጋጥምበት ወቅት በፍጥነት ስለሚስተካከል እረክቻለሁ					
3.4 የገንዘብ መክፈያ ማሸናፊ በሚበላሹበት ወቅት በፍጥነት ስለሚስተካከል እረክቻለሁ					
<b>4. የደንበኞች ቅሬታ ማስተናገጃ ስርአት</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
4.1 ቅሬታ እንዳቀርብ ስለሚፈቀድልኝ በአገልግሎቱ እረክቻለሁ					
4.2 ቅሬታዎቼ በአግባቡ ስለሚስተናገዱልኝ እረክቻለሁ					
4.3 ቅሬታዎች መጀመሪያ በማገኛቸው የደንበኞች አገልግሎት ሰጭ ባለሙያዎች ስለሚፈታልኝ እረክቻለሁ					
4.4 የደንበኞች ቅሬታ በአፋጣኝ ስለሚፈታ በአገልግሎቱ እረክቻለሁ					

**ክፍል 3 የደንበኞች እርካታ**

5. የደንበኞች እርካታ	1	2	3	4	5
5.1 በባንኩ በአገልግሎት ግንኙነት እረክቻለሁ					
5.2 በባንኩ አገልግሎት አሰጣጥ ሂደት እረክቻለሁ					
5.3 በባንኩ የአገልግሎት አሰጣጥ ስህተት ማስተካከያ ሂደት እረክቻለሁ					
5.4 በባንኩ የደንበኞች ቅሬታ ማስተናገጃ ስርአት ሂደት እረክቻለሁ					
5.5 ከባንኩ በማገኘው አገልግሎት ደስተኛ ነኝ					

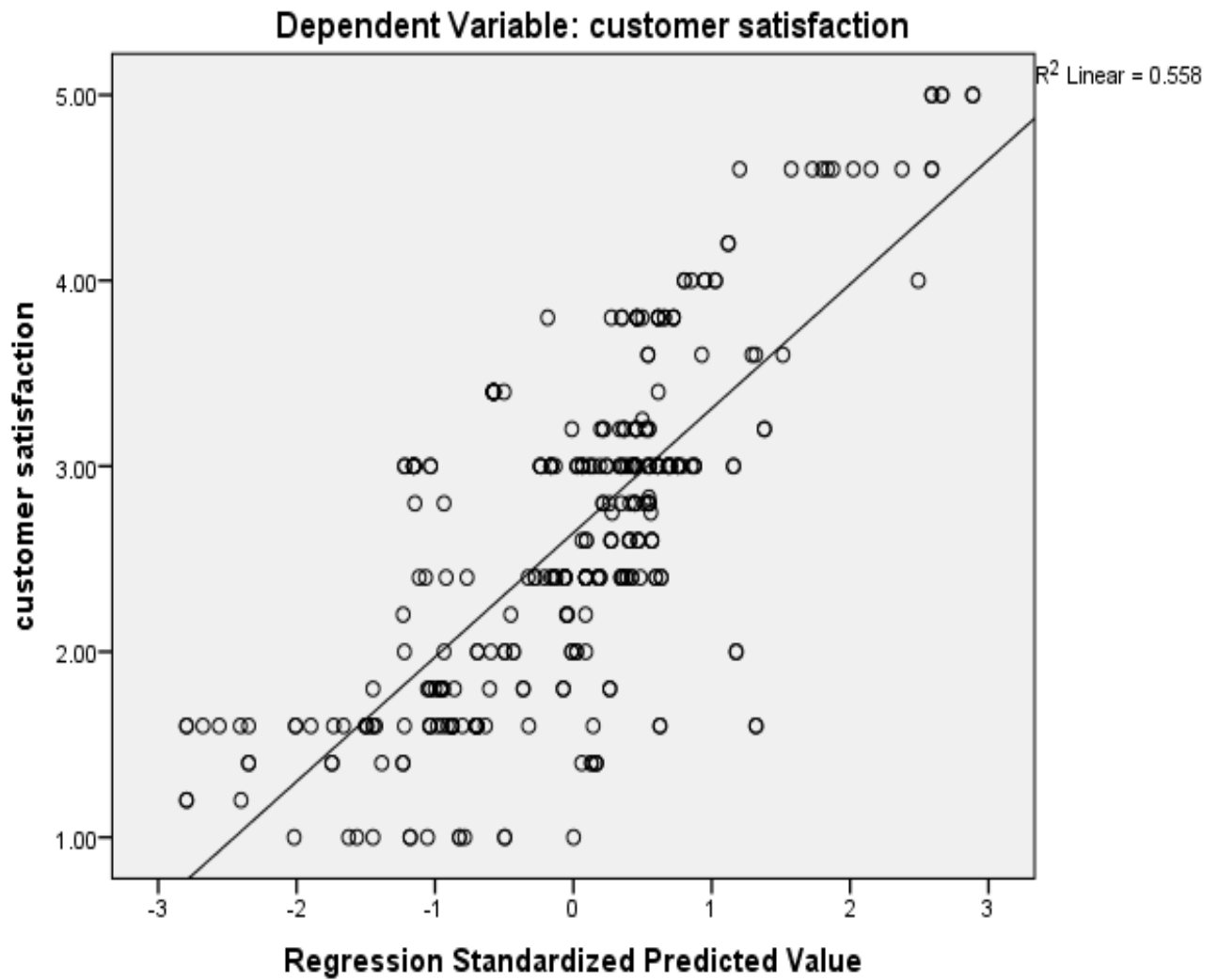


## Appendix II

SPSS Output

Annex 1 Linearity

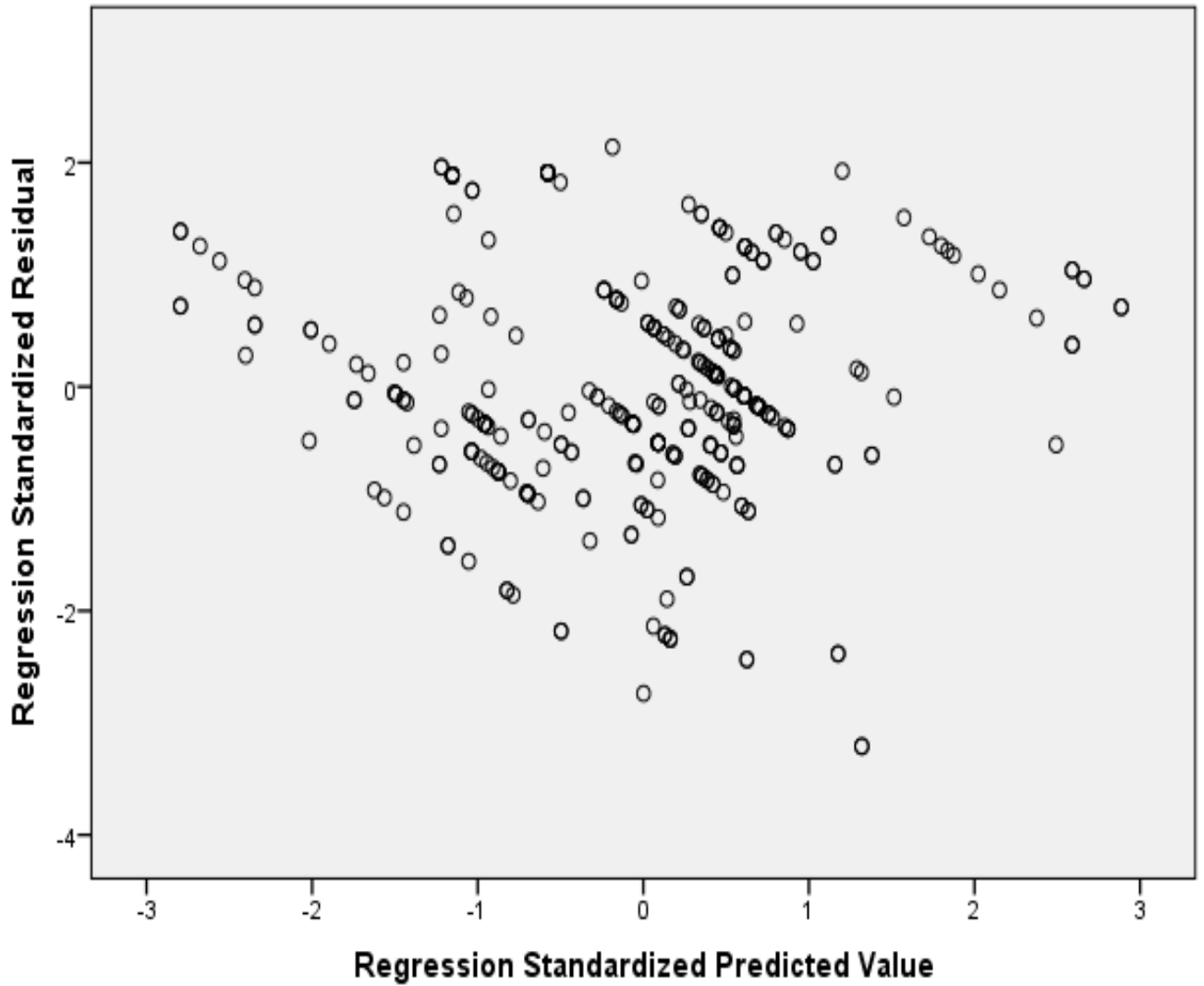
### Scatterplot



Annex 2 Homoscedasticity

Scatterplot

Dependent Variable: customer satisfaction



### Annex 3 Correlation out put

#### Correlations

		Service interaction	Service delivery process	Service recovery process	Customer compliant Handling process	Customer Satisfaction
Service interaction	Pearson Correlation	1	.448**	.467**	.337**	.562**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	350	350	350	350	350
Service delivery process	Pearson Correlation	.448**	1	.507**	.490**	.588**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	350	350	350	350	350
Service recovery process	Pearson Correlation	.467**	.507**	1	.546**	.580**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	350	350	350	350	350
Customer compliant Handling process	Pearson Correlation	.337**	.490**	.546**	1	.577**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	350	350	350	350	350
Customer Satisfaction	Pearson Correlation	.562**	.588**	.580**	.577**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	350	350	350	350	350

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

### Annex 4 Regression output

#### Annex 4a Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.747 <sup>a</sup>	.558	.553	.59977

a. Predictors: (Constant), Customer compliant Handling process, Service interaction, Service delivery process, Service recovery process

**Annex 4b ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	156.623	4	39.156	108.848	.000 <sup>b</sup>
	Residual	124.106	345	.360		
	Total	280.730	349			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Customer compliant Handling process, Service interaction, Service delivery process, Service recovery process

**Annex 5 Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	-.217	.147		-1.482	.139		
	Service interaction	.301	.045	.280	6.648	.000	.721	1.386
	Service delivery process	.261	.049	.240	5.345	.000	.633	1.579
	Service recovery process	.161	.041	.183	3.897	.000	.579	1.728
	Customer compliant Handling process	.264	.045	.264	5.908	.000	.640	1.562

a. Dependent Variable: Customer Satisfaction

**Annex 6 Collinearity Diagnostics<sup>a</sup>**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	Service interaction	Service delivery process	Service recovery process	Customer compliant Handling process
1	1	4.807	1.000	.00	.00	.00	.00	.00
	2	.073	8.097	.17	.06	.01	.62	.02
	3	.051	9.748	.00	.24	.01	.19	.70
	4	.040	10.946	.11	.05	.98	.02	.10
	5	.029	12.797	.71	.65	.00	.17	.17

a. Dependent Variable: Customer Satisfaction

**Annex 6 One Way ANOVA (Factors influencing customers' satisfaction Based on branch's grade level)**

		Sum of squares	Df	Mean square	F	sig
Service interaction	Between groups	2.683	3	.894	1.285	.279
	Within groups	240.788	346	.696		
	Total	243.471	349			
Service delivery process	Between groups	8.017	3	2.672	4.001	.008
	Within groups	231.089	346	.668		
	Total	239.106	349			
Service recovery process	Between groups	15.942	3	5.314	5.256	.001
	Within groups	349.847	346	1.011		
	Total	365.79	349			
Customer compliant handling process	Between groups	16.206	3	5.402	7.034	.000
	Within groups	265.714	346	.768		
	Total	281.919	349			

**Annex 7 Descriptives**

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	
					Lower Bound	Upper Bound			
Service interaction	A	150	3.1005	.87544	.07148	2.9592	3.2417	1.00	5.00
	B	91	3.1145	.89223	.09353	2.9287	3.3003	1.00	5.00
	C	81	3.2596	.66680	.07409	3.1122	3.4071	1.00	4.83
	sub	28	3.3636	.84717	.16010	3.0351	3.6921	2.50	5.00
	Total	350	3.1620	.83524	.04465	3.0742	3.2498	1.00	5.00
Service delivery process	A	150	2.7729	.87119	.07113	2.6324	2.9135	1.00	5.00
	B	91	2.6460	.82174	.08614	2.4749	2.8172	1.00	5.00
	C	81	2.9089	.68261	.07585	2.7580	3.0598	1.00	5.00
	sub	28	3.2143	.85964	.16246	2.8810	3.5476	2.33	4.75
	Total	350	2.8067	.82772	.04424	2.7197	2.8937	1.00	5.00
Service recovery process	A	150	2.5479	1.07252	.08757	2.3749	2.7210	1.00	5.00
	B	91	2.4258	1.05244	.11033	2.2066	2.6450	1.00	5.00
	C	81	2.9869	.83458	.09273	2.8024	3.1715	1.00	5.00
	sub	28	2.8036	.92385	.17459	2.4453	3.1618	2.00	5.00
	Total	350	2.6382	1.02377	.05472	2.5306	2.7459	1.00	5.00
Customer compliant Handling process	A	150	2.8673	.97740	.07980	2.7096	3.0250	1.00	5.00
	B	91	2.5593	.75181	.07881	2.4028	2.7159	1.00	4.00
	C	81	2.9753	.89146	.09905	2.7782	3.1724	1.00	5.00
	sub	28	3.3571	.57505	.10868	3.1342	3.5801	2.75	4.00
	Total	350	2.8514	.89877	.04804	2.7569	2.9459	1.00	5.00