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FACULTY OF BUSINESS AND ECONOMICS

ANALYSIS OF CUSTOMER SATISFACTION IN ABYSSINIA BANK

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Analysis of Customer Satisfaction in Abyssinia Bank

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Declaration

The Thesis entitled “Analysis of customer Satisfaction in Abyssinia Bank” is the outcome of my Owen Study. And it is produced independently by me based on the guidance and comments of my Adviser. All other supported materials used for this study have been also indicated the Sources and the paper have not been presented any of the university before.

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Letter of Certificate

Frehiwot Samuel has carried out this thesis on the topic “Analysis of Customer Satisfaction in Abyssinia Bank” under the supervision of me. This research paper is suitable in partial fulfillment of the requirement for the Award of Master of Business Administration in Management.

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Abstract

Customer satisfaction is essential for the success of service firms like banks. Thus, the issue of enhancing the level of customer satisfaction has become the prime focus of service giving firms. The purpose of this study was to know the level of customer satisfaction in the services provided by bank of Abyssinia and it is also to identify the factors that influence customer satisfaction on the banking sector of BOAs, based on customer satisfaction regarding service quality. Five dimensions in service quality such as tangibility, reliability, responsiveness, empathy, and assurance are considered as the base for the analysis of this study. A structured questionnaire with 5 point Likert scale has been used to collect the data by conducting survey. The questionnaire has been personally administered on a sample size of 110 customers who were willing to fill the questioner from a total population of 478,436 BOA customers in 183 branches by taking 10 branches based on convenient sampling method. From 110 sampled respondents taken from 10 branches, 11 for each, a total of 106 respondents were returned the questionnaire. Data has been analyzed by using SPSS software (version: 20). Result of the study showed that 64% of customers in bank of Abyssinia are satisfied with the service of the banks and Tangibility, Assurance, Empathy, sex and number of years as a customer of BOA are significantly and positively influenced customer attitudes in terms of satisfaction that is the three service quality dimensions and the two control variables are crucial for customer satisfaction in bank of Abyssinia. Based on the findings also the researcher recommends the bank to focus on its tangible natures while this dimension have lest mean score when it compared from the others. As well as recommends that the bank to further investigate the main reason of unsatisfied customers and also to focus on the customers who not taking a side weather on satisfied or dissatisfied groups. This paper makes a useful contribution in updating the current customer satisfaction levels of Ethiopian banks.

Key words: Customer satisfaction, Bank of Abyssinia, service quality, SERVQUAL Model, BOA Customers

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List of Acronyms and Abbreviations

BOA-	Bank of Abyssinia
T-	Tangibility
R-	Responsiveness
RE-	Reliability
A-	Assurance
E-	Empathy
S.S-	Service Satisfaction
SPSS-	Statistical program for social students
SERVQUAL	Service Quality

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

Banks play an important and active role in the financial and economic development of a country. An effective banking system greatly influences the growth of a country in various sectors of the economy. Practitioners in the banking industry face a large number of complex challenges in the global marketplace. It is crucial for banks to better understand changing customer needs and adopt the latest information technology system in order to compete more effectively with global organizations (Malhotra and Mukherjee, 2004). In recent years, it is essential for banks to establish a sturdy and solid loyal customer base to weather tougher economies and more intense competition. Now a day, to be able to survive the prevailing intense competition in the banking industry, what most of the bank attempt to do is to create convenient banking activities for their customers. Such activities include the Automated Teller Machine (ATM), Money Transfers, Banking via Mobile Phone, etc. Though these services are virtually duplicated by most banks, what is the focus now is the quality of the service which is provided. The practice of excellent service quality integrated with consumer products is a powerful generator to cater to customers' needs and engage with them. Considering that many banks offer undifferentiated products in a rival marketplace, banks are paying more attention to Service quality in order to gain a competitive advantage. Banks that master service quality can gain a competitive edge in terms of higher revenue, customer loyalty and customer retention (Kumar et al., 2010).

Success in enhancing customer satisfaction and winning the competition is related to maintaining the level of service quality (e.g., Duncan and Elliot, 2002). This means that success of a service provider depends on the consistent provision of quality service and maintaining relationship with customers (Panda, 2003). This in turn is expected to determines customer satisfaction and loyalty for a service proving firm (Lympelopoulos et al., 2006). Research has shown repeatedly that service quality influences organizational outcome such as performance superiority (Poretla & Thanassoulis, 2005), increasing sales profit (Levesque & Mc. Dougal, 1996; Kish, 2000; Duncan & Elliot, 2002) and market share (Fisher, 2001), improving customer relations, enhance corporate image and promote customer loyalty (Newman, 2001; Szymigin & Carrigan, 2001; Caruana, 2002; Ehigie, 2006). Furthermore, service quality and customer

satisfaction were found to be related to customer loyalty through repurchase intentions (Levesque & Mc. Dougall, 1996; Newman, 2001; Caruana, 2002). Delivering quality service to customers is a must for success and survival in today's competitive banking. To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction (Anderson 1994; Cronin and Taylor, 1992).

On this regard this research aims to investigate the influence of service quality dimensions (tangibility, responsiveness, reliability, assurance and empathy) on the level of customer satisfaction among the Bank of Abyssinia customers.

1.2. Statement of the Problem

It is imperative that service companies measure and monitor service quality and satisfaction with a view of influencing the behavioral intentions of their customers (Saha and Theingi, 2009). In the present competitive environment, consumers are increasingly aware of alternatives in relation to services and organizations providing services. Consequently, expectations rise and consumers become more critical of quality of services.

Banks today operate in a fast changing environment, the changes fuelled by intensifying competition, rapid innovation in financial instruments, products and services, changing consumer demands and the explosive growth in information technology. Banks that perform well on all trend fronts will survive the innovation of banking by technology that has created an era of informative commoditization of banking services. Technology provides customers seamless route to accessing the banking products to entry created by the huge capital investments required to meet the internal challenges. However banks have to serve not only what customers want, but also when and how they want it is the major issue. But under such circumstances, especially in Ethiopia, the perceived quality of services provided by the banks do not meet customer expectations. This is true for overall services as well as for all measures of service quality in general evidenced by the problem of Absence of well trained and professionally qualified banking staff, Offensive and poor attitude and behavior on the banks staff in their dealings with actual and potential customers, Inadequate facilities and equipment required to provide modern banking services, Unduly long processes in responding to customer's needs, Lack of infrastructure and unsuitable location of branches have been considered as poor both at public

banks and private banks.(Tigineh et al, 2012). Updating the knowledge with respect to the customer satisfaction level in terms of the quality of the services among the banks in general and Abyssinia bank in particular is thus crucial for identifying the factors that influence customer satisfaction.

1.3. Research Question

1. What are the major service quality factors that influence the customer satisfaction for Abyssinia bank customers?
2. Which service quality dimension have dominant role in affecting level of customer satisfaction?
3. What is the current level of customer satisfaction for bank of Abyssinia?
4. What is the current level of service quality in BOA?
5. How does the level of service quality affect customer satisfaction?

1.4. Objective of the study

1.4.1. The General objective of the study is:

To analyze customer services satisfaction for Abyssinia bank with the help of service quality dimensions.

1.4.2. The Specific objective of the study is:

The following are specific objectives of the study.

1. To identify the major factors of service quality that influences the satisfaction of BOA customers.
2. To identify which service quality dimension have dominant role in affecting level of customer satisfaction.
3. To assess the current level of customer satisfaction for bank of Abyssinia.
4. To assess the current level of service quality.
5. To analyze how service quality affect customer satisfaction on BOA.

1.5. Significance of the study

Since Currently Bank of Abyssinia provides excellence domestic, international and special banking services to its esteemed and valuable customers, this kind of research out comes will be made to serve different purposes of the Bank by Contain the information most useful to service quality improvement decisions. Also

- It helps the bank to take corrective actions on the basis of suggested recommendations and
- The study will provide a starting ground to other researchers in order to undertake intensive study on the influential factors of customer Satisfaction of B.O.A.

1.6. Scope of the study/ Delimitation of the study

To come up with effective research results, it can be better if the researcher conducted the paper over all the 183 branch of 4478,436 customers of the bank; but due to many problems the study only confined by ten convenient branches by taking 110 customers who were willing to fill the questioners. this study also focused on by factors that influences the satisfaction of customer based on the five service quality dimensions only also the satisfaction level of customers also measure on the these dimensions.

1.7. Organization of the Paper

This study has five chapters. The first chapter contains the introduction part of background of the study, statement of the problem, objectives of the study, scope and limitation of the study, significance of the study. Chapter two review of related literature , chapter three the research methodology, chapter four data analysis and interpretation , and the fifth chapter contain also conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Customer Satisfaction

Customer satisfaction provides an essential link between cumulative purchase and post-purchase phenomena in terms of attitude change, repeat purchase and brand loyalty (Churchill and Surprenant, 1982). Customer satisfaction is defined as the attitude resulting from what customers believe should happen (expectations) compared to what they believe did happen (performance perception) (Neal, 1998). Satisfaction reinforces quality perception and drives repeat purchases. Yi (1990) defined customer satisfaction as “an emotional response to the experiences provided by, associated with particular products and services purchased, retail outlets, or even molar patterns of behavior such as shopping and buyer behavior, as well as the overall market place” (Yi, 1990, p. 69).

Customer satisfaction has become a key intermediary objective in service operations due to the benefits it brings to organizations (Saha and Theingi, 2009). The importance of customer satisfaction is derived from the generally accepted philosophy that for a business to be successful and profitable, it must satisfy customers (Bitner and Hubbert, 1994). Previous research has demonstrated that satisfaction is strongly associated with re-purchase intentions (Fornell, 1992).

Customer satisfaction also serves as an exit barrier, helping a firm to retain its customers (Fornell, 1992, Halstead, 1992). Several studies have concluded that it costs more to gain a new customer than it does to retain an existing one. In addition, customer satisfaction also leads to favorable word-of-mouth publicity that provides valuable indirect advertising for an organization (Halstead 1992; Fornell, 1992). In many industries, having satisfied customers also means that organization receives fewer complaints (Fornell, 1992), hence reducing costs in handling failures. Bitner and Hubbert (1994) concluded that, through satisfying customers, organizations could improve profitability by expanding their business and gaining a higher market share as well as repeat and referral business.

2.2. Service Quality

Service quality is considered an important tool for a firm's struggle to differentiate itself from its Competitors (Ladhari, 2008). Service quality has received a great deal of attention from both academicians and practitioners (Negi, 2009. Duff et al. British Journal of Marketing Studies Vol.2, No.2, pp.1-11, June 2014 Published by European Centre for Research Training and Development UK (www.ea-journals.org)) (2008) pointed out that, by defining service quality, companies will be able to deliver services with higher quality level presumably resulting in increased customer satisfaction.

Akroush (2008) also pointed out that service quality is the result of the comparison made by customers about what they feel service firms should offer, and perceptions of the performance of firms providing the services. Gronroos (2007) also defined service quality as the outcome of the comparison that consumers make between their expectations and perceptions.

Customer's expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation (Athanasopoulos et al., 2001). Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature.

It is very vital to note here that, service quality is not only assessed as the end results but also on how it is delivered during service process and its ultimate effect on consumer's perceptions (Duncan & Elliot, 2004). Service quality has a strong correlation with customer satisfaction, financial performance, manufacturing costs, customer retention, customer loyalty, and the success of marketing strategy (Cronin et al., 2000; Wong et al., 2008). Organizations operating within the service sector consider service quality to be a strategic component of their marketing plan (Spathis et al., 2004). Through service quality, organizations can reach a higher level of service quality, a higher level of customer satisfaction, and can maintain a constant competitive advantage (Meuter et al., 2000).

Service quality also defined as the degree of discrepancy between customer normative expectations for service and their perceptions of service performance (Parasuraman et al., 1985). Service quality can be defined as meeting the needs and expectations of the customer (Smith, 1998). The definition of service quality can be extended to the overall evaluation of a specific service with ten service quality dimensions: tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding/knowing the customer

(Parasuraman et al., 1985, 1988). These ten dimensions were yielded from a questionnaire with 97 items (Parasuraman et al., 1988). Zeithaml, Parasuraman and Berry (1990) refined the ten dimensions into five to measure customer's perceived value of service quality, which is known as SERVQUAL. This SERVQUAL adopts the meeting expectations paradigm to measure service against firms (Ladhari, 2009).

2.2.1. SERVQUAL scale

SERVQUAL scale is a principal instrument in the services marketing literature for assessing customer service quality (Parasuramanvd, 1991; Parasuraman et al., 1988). This instrument has been widely utilized by both managers (Parasuraman vd., 1991) and academics (Babakus and Boller, 1992; Carman, 1990) to assess customer perceptions of service quality for a variety of services (e.g. Banks, credit card companies, repair and maintenance companies). The results of the initial published application of the SERVQUAL instrument indicated five dimensions of service quality emerged across a variety of services.

These dimensions include tangibles, reliability, responsiveness, assurance and empathy (Zeithaml at al, 1990: 176; Brensinger and Lambert, 1990; Crompton and MacKay, 1989).

Tangibles are the physical evidence of service, reliability involves consistency of performance and dependability, responsiveness concerns the willingness or readiness of employees to provide services, assurance corresponds to the knowledge and courtesy of employees and their ability to inspire trust and confidence, and finally, empathy pertains to caring, individualized attention that a firm provides it customers (Lassar at al., 2000:245-46).

In its original form, SERVQUAL contains 22 pairs Likert scale statements structured around five service quality dimensions in order to measure service quality (Cronin and Taylor, 1992). Each statement appears twice. One measures customer expectations of a particular service industry. The other measures the perceived level of service provided by an individual organization in that industry. The 22 pairs of statements are designed to fit into the five dimensions of service quality. A seven-point scale ranging from "strongly agree" (7) to "strongly disagree" (1) accompanies each statement. The "strongly agree" end of scale is designed to correlate with high expectations and high perceptions. Service quality occurs when expectations are met (or exceeded) and a service gap materializes if expectations are not met. The gap score for each statement is calculated as the perception score minus the expectation score. A positive gap score implies that expectation have been met or exceeded and a negative score implies that

expectations are not being met. Gap scores can be analyzed for each individual statement and can be aggregated to give an overall gap score for each dimension (Parasuraman et al., 1988).

Researchers conducted are of the sorts that support SERVQUAL scale. Common result of the relevant researches can be summarized as such that, perceived service quality is the result of comparison of service performance with customer expectations and the evaluation of service quality does not only depend on final output but also on the way of how the service is provided (Juran et al., 1988: 336).

2.3. Development of service quality models

It is evident from the review of literature that there has been a sequential development in the field of service quality and it seems that the development is still continuing owing to the increasing importance of the concept of service quality in order to survive in today's competitive world. Each and every step of the ladder of the service quality development seems to be an updating of the previous findings or observations. From the review, no well-accepted conceptual or operational definition of service quality measurement could be identified. However, most of the measures of service quality support the SERVQUAL model. Since the development of SERVQUAL by Parasuraman, Zeithaml, and Berry (1985), service quality has been widely researched and applied in different types of industries.

SERVQUAL is a „diagnostic tool that uncovers a firm's broad weaknesses and strengths“ in service quality (Hoffman and Bateson, 2006). The SERVQUAL model (performance minus expectation) focuses on the five „gaps“ affecting the delivery of excellent service quality.

The five dimensions of the SERVQUAL scale include (see Parasuraman, Zeithaml, and Berry, 1988):

- (a) The physical facilities, equipment, and the appearance of the staff (Tangibles);
- (b) The dependability and accuracy of the service provider (Reliability);
- (c) The ability to know and willingness to cater to customer needs (Responsiveness);
- (d) The ability of the staff to instill confidence and trust in the company (Assurance);
- (e) The ability of the staff to provide a caring service to customers (Empathy).

The service quality literature initially focused on measurement issues. Following the introduction of the SERVQUAL, attention centered on the determinants of perceived service quality with particular emphasis on the service delivery process.

SERVQUAL is designed to measure service quality as perceived by the customer. Consumers in the focus groups discussed service quality in terms of the extent which service performance on the dimensions matched the level of performance that consumers thought a service should provide. A high quality service would perform at a level that matched the level that the consumer felt should be provided. The level of performance that a high quality service should provide is termed as consumer expectations. If performance is below expectations, consumers judged quality to be low. To illustrate, if firms responsiveness was below consumers expectations of the responsiveness that a high quality firm should have, the firm would be evaluated as low in quality in responsiveness. Parasuraman et al (1985).

2.4. The Relationship between Satisfaction and Service Quality

The exact relationship between satisfaction and service quality has been described as a complex issue, characterized by debate regarding the distinction between the two constructs and the casual direction of their relationship (Brady, Cronin and Brand, 2002). Parasuraman, Zeithaml, and Berry (1994) concluded that the confusion surrounding the distinction between the two constructs was partly attributed to practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult.

Interpretations of the role of service quality and satisfaction have varied considerably (Parasuraman, Zeithaml, and Berry, 1988). Parasuraman et al. (1988) confined satisfaction to relate to a specific transaction as service quality was defined as an attitude. This meant that perceived service quality was a global judgment, or attitude, relating to the superiority of the service. Cronin and Taylor (1992) argued against Parasuraman et al.'s categorization. Cronin and Taylor (1992) found empirical support for the idea that perceived service quality led to satisfaction and argued that service quality was actually an antecedent of consumer satisfaction. Cronin and Taylor (1992) asserted that consumer satisfaction appeared to exert a stronger influence on purchase intention than service quality, and concluded that the strategic emphasis of service organizations should focus on total customer satisfaction programs. Rust and Oliver (1994) maintained that while quality was only one of many dimensions on which satisfaction was based, satisfaction was also one potential influence on future quality perceptions.

2.5. Customer Satisfaction in Banking Sector

In line with Tsoukatos and Rand (2006), customer satisfaction is a key to long-term business success. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers. In proportion to Magesh (2010), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation.

Customers compare their expectations about a specific product or services and its actual benefits. As stated by Kotler & Armstrong, (2010), satisfaction as a person's feelings of pleasure or disappointment resulting from the comparison of product's perceived performance in reference to expectations. Customer's feelings and beliefs also affect their satisfaction level. Zeithaml (2009) satisfaction or dissatisfaction is a measure or evaluation of a product or service's ability to meet a customer's need or expectations. Razak et al. (2007) also reported that overall satisfaction is the outcome of customer's evaluation of a set of experiences that are linked with the specific service provider. It is observed that organization's concentration on customer expectations resulted into greater satisfaction. If the customers of an organization are satisfied by their services the result is that, they will be loyal to them and consequently be retained by the organization, which is positive for the organization because it could also mean higher profits, higher market share, and increasing customer base (Karatepe et al., 2005). Customer satisfaction has become important due to increased competition as it is considered very important factor in the determination of bank's competitiveness (Berry et al., 2002).

Continuous measurement of satisfaction level is necessary in a systematic manner (Chakravarty et al., 1996). Because satisfied customer is the real asset for an organization that ensures long-term profitability even in the era of great competition. Cronin et al., (2000) mentioned in their study that satisfied customer repeat his/her experience to buy the products and also create new customers by communication of positive message about it to others. On the other hand, dissatisfied customer may switch to alternative products/services and communicate negative message to others. Customer satisfaction is a set of feeling or outcome attached with customer's experience towards any product/ service (Solomon, 1998). Hence, organizations must ensure the customer satisfaction regarding their goods/services.

2.6. Empirical studies on customer satisfaction in banking industries

Among the many studies in literature dedicated to customer satisfaction in banks, Albro's (1999) study in the context of Washington, U.S., utilized a benchmark involving bank customers from all geographic areas and bank assets. The study involved asking customers various questions concerning their satisfaction with the banks. Data collected was utilized to benchmark customer satisfaction scores of banks participating in the financial client satisfaction index. The findings revealed that the most significant attributes that results in satisfaction include, human interaction issues like „correcting errors promptly“, „courteous employees“ and „professional behavior“. Moreover, the findings also revealed that the provision of good, personal service is considered by the clients as more important more than convenience or products.

The above findings were consistent with Wan et al.'s (2005) findings. The latter study was also conducted in Washington and it revealed that customers taking the customer satisfaction survey bought more products compared to the control group that were not participants to the survey. According to the authors, survey participation is what led the customers to develop more positive perceptions towards the company and it convinced them that the firm values and cares about its customers and their feedback.

Krishnan et al. (1999) conducted various studies and put forward that satisfaction with perceived product quality was the prime driver of overall customer satisfaction. Furthermore, their studies also found and recommended that the impact of service delivery factors varies considerably on customer satisfaction. To further exemplify, they became aware of the fact that for customers who traded heavily and had high investable assets, the effect of an automated telephone service was elevated than that of the other drivers of satisfaction.

Johnston (1997) promoted the notion that banks, in general, were to all intents and purposes barking up the wrong tree by enhancing service quality and these efforts in turn had little or no effect on improving customer satisfaction. The study by Johnston (1997) suggested that satisfaction or dissatisfaction with retail banking did not arise from the same factors. To be more precise, some elements of service quality, if improved, enhance the satisfaction levels of the customers, while on the other hand, other elements may not improve satisfaction but simply function to keep dissatisfaction at bay or at best, reduce dissatisfaction alone. This line of accepted wisdom stems from the hygiene factors of Herzberg's motivation theory.

According to Portela and Thanassolis (2005), not only the relationship between service quality and customer satisfaction in banking system are limited, but also the existing studies on bank branches efficiency is so much important. Service quality is of utmost importance in analyzing the performance of bank branches, since service quality is the reason for survival for any bank. Excellence in service quality is a key to achieve customer satisfaction which is the primary goal of business organizations, due to the advantages of customer retention (Ehigie, 2006).

Several studies evidenced that by concentrating on and delivering excellent customer satisfaction outcome, firms achieve superior profitability. Hence, improving customer service may entail training procedure or enhancement of computer information systems of the bank. While improving customer service may lead to increased tangible accounting costs, it may also steer clear of the occurrence of intangible costs. Bankers can develop quantitative data through researching customer satisfaction, in the hopes of stressing that the emphasis and delivery of exceptional customer satisfaction can lead to improved revenues that are higher than increased costs. Mothey (1994) revealed that in order to achieve customer satisfaction, it is imperative for banks to make use of different tools that varies from re-engineering of service to focusing on specific tasks. In addition, Albro's (1999) study involved a national survey of the customers patronizing 814 banks in an attempt to determine customer satisfaction. He revealed that cross selling hinges on high level of customer satisfaction. The study also revealed a very high correlation between satisfaction scores and customer's predisposition to repurchase. In short, for happy customers to provide recommendations through word-of-mouth to others, they must be satisfied. On the contrary, if the firm is derelict in serving the customer, they will not hesitate to switch to another financial institution. It is important for current financial institutions to shift towards customer management for their satisfaction of the services provided. It is also imperative for banks to develop a system that continuously measures customer satisfaction (Chitwood, 1996).

In Ethiopia, exploratory study were made by Yonatan Gebre (2010) to assess customers' perception of service quality in the banking sector in Ethiopia. Three banks (Commercial Bank of Ethiopia, Awash International Bank and United Bank) included in the study. The SERVQUAL model was used to determine customers' perception of service quality at each of the three banks. The findings reveal that there the customers' expectations are not

meet. Among the five dimensions of service quality Tangible and Responsiveness have higher gap scores at CBE and AIB. The Reliability dimension shows a negative gap score at all three banks showing that the customers do not perceive the banks provides consistent service. Farther, the Empathy dimension has a higher negative gap at AIB and UB suggesting that the banks need to train their staff on proper customers' service techniques. While ranking the five dimensions respondents rated Reliability as the most important service quality indicator at the three banks. The study also indicates that the banks need to become more responsive and assuring to their customers as well as increase their accessibility.

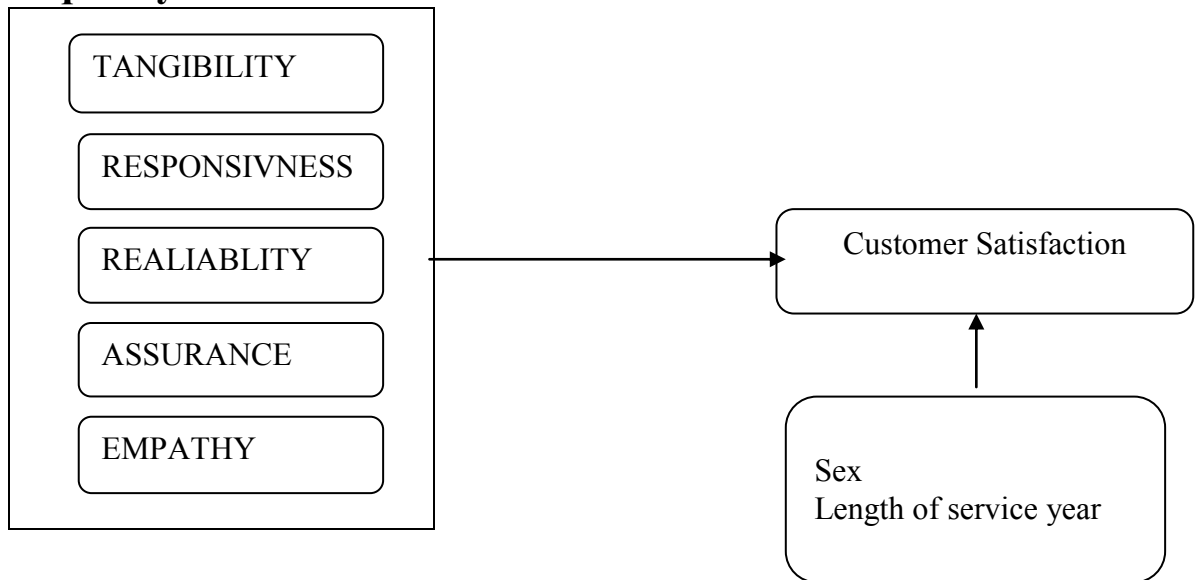
Shifera Bekele (June 2011) findings, show that relationship marketing dimensions (Trust, Commitment, Conflict Handling, Empathy,) have impact on customer loyalty. All the independent variables are positively and directly related to customer loyalty particularly in Bank of Abyssinia and in general in banking industry. The relationship between relationship marketing and customer loyalty is significant. Therefore, banks should make the whole system on work with customers, not in opposite of customers. And also they are expected to invest more on attracting new customers and retaining the existed ones with regard to relationship marketing to increase customer loyalty.

2.7. Conceptual Framework

Based on Service quality and Customer satisfaction theory there are relational factors such as Tangibility, Responsiveness, Reliability, Empathy and Assurance on the Satisfaction of customers as shown on figure 1. In addition the framework considers sex, and length of years as a customers of BOA as control variables. This is because in literature gender is one of the key factors influencing customer satisfaction (e.g. Mokhlis, 2012). Also length of years as a customer of BOA with the bank was considered as a second control variables because there is a strong support in literature (e.g. Kanyurhi, 2013) that number of years spent as customer with a service provider such as banks positively influences customer satisfaction.

Figure 1: Conceptual Framework

Service quality



Source: Adapted from SERVQUAL model Parasuraman, Zeithaml, and Berry (1985).

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter briefly describes and answer the questions of where the study focused on and what are the population and how the sample drawn from and what techniques of the data collections used and also what methods have been used to analyze and interpret the data's. And finally, the chapter discusses reliability and ethical issues to be followed to the quality standard of the research.

3.1. Description of the study area

This study focused on the bank of Abyssinia which is now set in as one of the competitive banking service provider industries in Ethiopia.

Bank of Abyssinia was established on February 15, 1996 with a subscribed capital of Birr 25 million, an authorized capital of Birr 50 million and a paid-up capital of Birr 25 million. The bank now boasts above 183 branches and over 3,290 employees and, most importantly, over 478,436 customers-which is no mean feat, considering the fact that it is only 20 years old.

Goals and Aspirations of BOA

Vision

“To be a bank of choice for customers, employees and shareholders”

Mission

“To provide customer-focused financial services through competent, motivated employees and modern technology in order to maximize value to all stakeholders”

Core Values

- Putting Customers First
- Being Honest and Accountable
- Committed to Excellence
- Working together as a team
- Caring for our Community

3.2. Research Design

This study used survey research using a questionnaire to collect pertinent data. The questionnaire based survey type of research method useful since the objective of the study is to analyze customer satisfaction in banking industry by Bank of Abyssinia as a case.

3.3. Target population and sampling

The study was undertaken to examine the level of customer satisfaction and the factors that influence on the customer satisfaction by the customers of the bank of Abyssinia. The bank has 183 branches in Ethiopia with total population of over 478,436 customers. Convenience sampling is used in this research to collect the data from Abyssinia Bank customers. Convenience sampling chosen because it can be carried out conveniently as customers for the study is easily available for the researcher to participate as respondents (Farrokhi, 2012). Among the 183 branches of Abyssinia Bank 10 branches from Addis Ababa were selected for this study. The selection of the 10 branches in Addis Ababa are based on issues of logistics and travel for data collection, and willingness of branch managers to cooperate for data collection by liaising with customers at the counter. Since it is difficult to collect data from all branch customers in Addis Ababa, 10 branches are selected by using convenient sampling expecting that the researcher will get the necessary data. The 10 selected branches are: Aba Mella, Negadras, Abinet, Lebu, Bole, Gerji, Aratkilllo, Legahr, Aba Koran, and Filwuha. From each branch 11 customers were drawn using a convenience sampling based on their willingness to spend some time in filling the questionnaire. This has resulted a total of 110 sample respondents.

3.4. Data collection

The study depends on primary data, which is collected through survey method by using a questionnaire developed based on SERVQUAL instrument. A survey method of data collection through questionnaire was used to collect data for this study According to Krishnaswami and Ranganatham (2007), the advantage of this method is that it is less expensive, permits anonymity and may result in more responses that are honest. The respondents are asked to rate each statement using Likert scales of 1 to 5 (1 strongly disagree, 5 strongly agree) (see Appendix 2).

All questions are closed-ended because all possible answers were given to the respondents. The questionnaire was pre-tested to check its appropriateness for gathering all the required information. After pre-testing, the structured survey questionnaire was administered started from March 25/2016 up to April 10/2016 for 110 customers of BOA who were drawn based on there conveniences. Finally, 106 customers returned the questionnaires with a 95% response rate. In addition Secondary Data of Available of bank reports, internet, thesis, journals and international publications used to use on the reviews of the literature.

3.5. Operational Meaning of Variables

a) Dependent variable

Customer satisfaction: customer satisfaction is defined as delivery service performed more than of the customers' expectation. customers satisfaction was measured using a 5 point Likert scale (1=highly dissatisfied and 5= highly satisfied) to identify the overall level of respondents' satisfaction

b) Independent variables

The following are the dimensions of service quality used as independent variables in this study:

Table 1 :- Operational definition of the independent variables

Variable	Attributes	Expected effect on Customer satisfaction
Tangibility	Comfortable store designs, up-to-date equipment for customers use and sufficient staff to provide service.	+
Responsiveness	Has incorporated the statement due date on SMS alerts sent to cardholders (HSBC, 2011)	+
Reliability	Understanding the needs of each individual customer, such as knowing the customers' expected retirement age, annual income, and hobbies.	+
Assurance	Clear explanation of each product to customers	+
Empathy	Friendly customer service pleases customers when they walk into a bank	+
Gender		+/-
Number of years as customer of BOA		+/-

Thus, this study used tangibility, responsiveness, reliability, assurance and empathy as the main independent variables. In addition, sex and the length of years as a customer of BOA are used as control variables.

3.6. Factor Analysis and Reliability test results

3.6.1. Factor analysis

Factor analysis was employed for all variables with multi-item scales. During all factor analysis procedures, principal axis factoring was employed. The factors extracted for each of the scales, which had factor loading value greater than 0.5, were used in a subsequent analysis. Items with factor loadings of less than 0.5 were excluded from further analysis (For detailed factor analysis, see Table 3.2 below).

Table 2 :-Construct items and loadings

Item	Tangibility	Factor loadings
1	Modern looking equipment	.712
2	The physical facilities visual appealing	.861
3	Facility and design comfortableness.	.752
4	The reception desk employee’s neatness in appearance	Dropped
5	Attractiveness of credit cards, check and similar materials	Dropped
Item	Responsiveness	Factor loading
1	Existence of precise personal service	.640
2	Helpfulness of employees.	.794
3	Responsiveness for customer’s questions,	.651
4	Understandability of customer needs.	.689
5	Employees awareness when each the service will be performed	Dropped
Item	Reliability	Factor loadings
1	The service confidentiality and trustiness	.624
2	The personal attention	.735
3	The service rightness at the first time	.746
4	Timeliness of the service as of it promises to do so,	.695
5	The insistence of error free records.	.674
Item	Assurance	Factor loadings
1	Employee’s insistency for confidence	.814
2	The provision of sufficient trust	.773
3	Knowledgeableness of employees to answer customer questions	.576
4	The accuracy of the service	.591
5	The honorability of commitments	Dropped

Item	Empathy	Factor loadings
1	The provision of customer individual attention	.639
2	The suitability of working hours	.624
3	Sympathetic and reassurance for customer's problem	.826
4	Understandability of customer needs in first places	.744
5	Understandability of customer specific needs	.876
Item	Service Satisfaction	Factor loadings
1	Closeness of service level with service expectations	.751
2	Excellency of the service	.717
3	Satisfactoriness of the service	.874
4	Existence of impotencies in all the visits of customers and	.778
5	Less performance of services with expectation	.651

Scale adaptation for use in a specific application area is common in marketing, with items being added or dropped from a scale to reflect a context specific view of the dimensions of a variable (e.g. Finn and Kayande, 2004). To drop items from a scale factor loadings are used as a selection strategy which may be used to maximize the internal consistency and validity of items in multi-dimensional Likert scales by means of factor loadings. Factory loadings are equivalent to correlation between factors and variables when only a single common factor with multi-items is involved (for example responsiveness with five items in the case of this study). If the correlation is high, then the item is valid as one of the items comprising the variable; but if the correlation is low, we could drop the item from the scale (Raubenheimer, 2004). A cutoff of less than 0.5 for deleting items with low loadings on the factor is usually recommended (e.g., Wymer, 2012).

3.6.2 Reliability Test

In order to prove the internal reliability, this study has performed Cronbach's Alpha Test of Reliability. Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively related to one another. This test specifies whether the items pertaining to each dimension are internally consistent and whether they can be used to measure the same construct or dimension of service quality. It is computed in terms of the average inter correlations among the items measuring the concept. Reliability is calculated in such a way that it represents

the reliability of the mean of the items, not the reliability of any single item for instance as shown in The above factor loading table, tangibility factor is comprised of Three items such as modern looking equipment, the physical facilities visual appeal, facility and design comfortableness. Responsiveness is composed of four items: the existence of precise personal service, helpfulness of employees, responsiveness of customer's questions, understandability of customer need. Reliability is composed of five items: the service confidentiality and trustiness, the personal attention, the service rightness at the first time, timeliness of the service as of it promises to do so, the insistence of error free records. Assurance is composed of four items: employee's insistency for confidence, the provision of sufficient trust, knowledgeable of employees to answer customer questions, the accuracy of the service and the honorability of commitments. Empathy is composed of five items: the existence of customer individual attention, the suitability of working hours, sympathetic and reassurance's for customer's problem, an understandability of customer need in the first place and understandability of customer specific needs. Finally the dependent variable of service satisfaction is composed of five items: the Closeness of service level with service expectations, the Excellency of the service, satisfactoriness of the service, the existence of impotencies in all the visits of customers and the less performance of the service with expectation. According to Nunnally (1978) Cronbach's alpha should be 0.700 or above. But, some of studies 0.600 also considered acceptable (Gerrard, et al., 2006). In this study, the value of Cronbach's alpha is between 0.781 and 0.863 which is greater than the standard value, 0.7. Thus it can be concluded that the measures used in this study are valid and highly reliable. See table 3.3 for the summary.

Table 3 :- Summary of Reliability Test Result of the variables

Independent Variables	Cronbach' Alpha	Number of Items
Tangibility	.818	3
Responsiveness	.785	4
Reliability	.823	5
Assurance	.781	4
Empathy	.857	5
Dependent Variable	Cronbach' Alpha	Number of Items
Customer Satisfaction	.863	5

3.7. Method of Data Analysis

The survey questionnaire data was encoded to SPSS version 20. The results of the survey are presented in descriptive and in quantitative forms.

3.7.1. Descriptive analysis

Descriptive statistics frequency and percentage, mean, and standard deviation were used to present socio-economic factors, independent variables and for the level of customer satisfaction.

3.7.2. Quantitative analysis

Ordinary least squares regression model was used to indicate the major factors that influence the satisfaction of customers. Ordinary least squares regression model (OLS) regression is a generalized linear modeling technique that may be used to model a single response variable which has been recorded on at least an interval scale. According to Pohlman (2003) OLS models the relationship between a dependent variable and a collection of independent variables. The technique may be applied to single or multiple explanatory variables and also categorical explanatory variables that have been appropriately coded (Hutcheson, 2011).

Before estimating any model, it is a must to check the validity of the model properly. To this respect, as necessary, tests for multicollinearity were made. Tests for multicollinearity is done using variance inflation factor (VIF). As a rule of thumb, if the VIF of a variable exceeds 10, there is a serious multicollinearity problem. But the mean VIF result of this study is 1.84 (see Appendix 1). Therefore, there may not be a problem of multicollinearity in the data.

In regression model the relationship between the dependent variable and the independent variables is expressed as a linear combination of the independent variables plus an error term. Following Greene (2003), the multiple linear regression models is specified as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \epsilon$$

Where: Y= Customer Satisfaction in BOA

β_0 = Constant term

X1= Sex of respondents (1=Female, 0=Male)

X2= Length of years as a customer of BOA

X3= Tangibility

X4= Responsiveness

X5= Reliability

X6= Assurance

X7= Empathy

Where the β s are coefficients of independent variables, Xs are column vectors for the independent variables in this case; tangibility, responsiveness, reliability, assurance, empathy, gender and length of years as a customer of BOA and ϵ is a vector of errors of prediction. The errors are assumed to be normally distributed with an expected value of zero and a common variance. Implication

3.8. Ethical Consideration

When the researcher performed the thesis, name and other identifying information were not used. the questioner explained the study benefits well and it safes the convenience of respondents. The researcher also safeguarded all information related to the participants. Their privacy, identity and confidentiality were maintained by assigning them code numbers instead of names (anonymity). The completed questionnaires were filed safely and were accessible only to the researcher and thesis advisor During the data analysis also the imputed data`s are directly obtained from the responses of the customers so that the result of the study is fully represents the banks of Abyssinia.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Introduction

During the survey a total of 110 questionnaires that prepared in both the language of Amharic and English were distributed to customers and 106 of the distributed questionnaires were returned. So the analysis was made based on 106 responded questionnaires. The questionnaire were developed by modifying the 22 pairs Likert scales by adding some additional items and based on the modified SERVQUAL model which is assumed to contain the five dimensions with 25 statements to assess the satisfaction of customers in five scales ranging from five to one; where 5 represents strongly agree, 4 agree, 3 neutral, 2 disagree, and 1 strongly disagree. All questionnaires were filled by the customers of Bank of Abyssinia. Descriptive statistics were used for demographic factors *also correlation and linier regression analysis were conducted for scale typed questionnaires In order to know the current information of the bank with regard to the factor that influences customer satisfaction.

4.1. Descriptive analysis

Descriptive statistics were used for demographic factors of are gender, education qualification, Length of years as a customer of BOA, age, and the respondents uses services on other banks and from how many banks customers got services.

4.1.1. Demographic characteristics of Respondents

Table 4:- Demographic characteristics of Respondents

Demographic Factor		Frequency	%
Gender	Male	60	56.6
	Female	46	43.4
	Total	110	100
Educational Qualification	PHD	2	1.9
	Masters	11	10.4
	Bachelor	57	53.8
	Diploma	24	22.6
	Other or Certificate	12	11.3
	Total	110	100
Length of years as a customer of BOA	Less than 1 Years	21	19.8
	1-5 Years	54	50.9
	6-10 Years	23	21.7
	11-15 Years	8	7.5
	Total	106	100
Age group of respondents	Below 18	1	.9
	18-35	78	73.6
	36-45	21	19.8
	46 and above	6	5.7
	Total	106	100
Relationship of customers with other banks	Yes	18	17
	NO	88	83
	Total	106	100
Number of banks customers of BOAs used	Only 1 Bank	14	3.2
	2 Banks	37	34.9
	3 and Above Banks	37	34.9
	Total	88	100

As we can see from the table, sample of 106 assessing the factors that influence customer satisfaction on bank of Abyssinia included more males (56.6 percent) than females of 43.4 percents. The result indicates that the possibility to visit the bank is relatively low for female than males. More Customers who have educational level of bachelors (53.8 percent) are participated than other categories of PHD (1.9%), master (10.4%), diploma (22.6%), and certificate or other (11.3%) . this implies that the bank more retained customers who have a middle educational qualification than of wither the higher or the lower level of educations. Most of sampled respondents also have a Length of years as a customer of BOA, between 1-5 years (50.9%) and other also has a service year of less than 1 year (19.8), 6-10 years(21.7%), 11-15 years(7.5%) and no customers participated who have a Length of service years as a customer of BOA more than 16 years. This result also implies that, customers who passed a Length of years as a customer of BOA between1-5with BOA are frequently used the bank products when we compare from the customers categories. On the other hand also the result shows that the probability that the bank make a transaction with customers who have length of years as a customer of BOA above 15 years is very low. From 106 participant customers again, more of the customers are the age of between 18-35 (73.6).and other customers are below 18 (.9%), 36-45(19.8%) and 46 and above (5.7). This result also may indicate the ways of the Services given by BOA may be more comfortable to customers who are the age of between 18-35. Finally the relationship of customers with other banks also assessed. As a result a total of 83% of respondents are served by the other 1 bank(13.2%), 2 banks(34.9%) and 3 and above banks(34.9%) before BOAs .The remaining 17% customers also have a banking service relationship with only BOAs. From this result, we can say that also most of the customers have a power to compare and identify the best service provider banks within the banks. This also lead customers to be sensitive in related to the quality of services given by the banks.

Table 5:- Overall satisfaction level of Respondents on banking services

Table.4.2. Summary Satisfaction level of respondents

Satisfaction Level	Frequency	percentage
1-1.5	-	-
1.6-2.5	9	8.5
2.6-3.5	29	27.3
3.6-4.5	53	50
4.6-5	15	14.2
Total	106	100

Table4.2 Shows that, Based on a scale ranging from 1 (strong dissatisfaction) to 5 (strong satisfaction), from 106 respondents“9 of customers fails in the average scores of 1.6-2.5 values, which shows that 8.5% of customers are not satisfied by the services provided by Abyssinia banks. And 29 customers also have score values of between2.6-3.5. This also indicates 27.3 % of customers restricted whether to say I satisfied by the service or not. the remaining respondents of bank of Abyssinia customers also satisfied by the service provided by the banks at 50% of satisfied and 14.2% with strongly satisfied scores of 53 and 15 respondents respectively. Based on the findings in general 64.2 % of customers are satisfied by the service provided by the banks.

4.1.3. Satisfaction level of Respondents on each of the five dimensions of service qualities.

Table 6:- Mean and standard deviation of independent variables

Dimension	Measurement items	Mean	S.D
Tangibility	Modern looking equipment	3.4151	1.00
	The physical facility visual appealing	3.0283	1.06
	Facility and design comfortableness	3.4151	1.03
		3.28	.885
Responsiveness	Existence of precise personal service	3.151	.967
	Helpfulness of employees	4.0189	.904
	Responsiveness for customers questions	3.8113	.996
	Understandability of customer needs	3.7925	.963
		3.88	.747
Reliability	the service confidentiality and trustiness	3.434	.860
	the personal attention	3.8868	.969
	the service rightness at the first time	4.019	.872
	timelines of the service as of it promises to do so	3.5849	.954
	the insistence of error free records	3.339	.955
		3.65	.744
Assurance	employee's insistency for confidence	4.0755	.812
	the provision of sufficient trust	3.943	.944
	the knowledge of employees to answer customer question	3.877	.764
	the accuracy of the service	3.943	.753
		3.95	.639
Empathy	the provision of customer individual attention	3.7264	1.09
	the suitability of working hours	3.7453	1.10
	sympathetic and reassurances for customer problems	3.6415	1.07
	understandability of customer needs in first pace	3.6132	.911
	understandability of customer specific needs	3.6415	1.02
		3.7	.853

Table 4.3 has shown that the statistical description of service quality where it has found that banks customers perceived Assurance (with the better mean scores, i.e. $M = 3.95$, $SD = 0.639$) to be the most dominant service quality and evident to a considerable extent, followed by Responsiveness ($M = 3.88$, $SD = 0.747$), the second dominant factor, Empathy ($M = 3.7$, $SD = 0.853$) the third and Reliability ($M = 3.65$, $SD = 0.744$) the fourth and which were rated as moderate practices of their bank. Tangibility ($M = 3.28$, $SD = 0.885$) with the lowest

mean score was perceived on the overall as least dimension of service quality in bank of Abyssinia.

4.2. Correlation and Regression Analysis

For the scale typed questionnaires for all variables mean or average response of respondents was used. The mean response for all independent variables and dependent variable is between 3-4 which was stated as neutral and agree but not strongly.

4.2. 1. Correlation Analysis

Correlation analysis conducted to measure the strength of the association between relationship marketing dimensions and customer satisfaction. After the scale typed questionnaire entered to the SPSS software version 20, the following correlation analysis was made and interpreted based on:

R value greater than .5 indicate a strong correlation

R value around .3 indicate moderate correlation and

R value less than .2 indicate weak correlation

Table 7:- Correlations of variables

Variables	Mean	S.D	S.S	T	R	RE	A	E	G	LSY
S.S	3.67	.789	1							
T	3.28	.885	.600	1						
R	3.88	.747	.553	.380	1					
RE	3.7	.744	.560	.495	.595	1				
A	3.95	.639	.626	.448	.578	.673	1			
E	3.65	.853	.639	.317	.647	.555	.663	1		
G	.434	.497	.256	.152	.130	.147	.085	.131	1	
LSY	2.16	.833	.313	.132	.208	.100	.187	.200	.027	1

Pearson correlation test was conducted to know the degree of relationship between the dependent variable of customer satisfaction with the independent variables of Tangibility, responsiveness, Assurance, Empathy and Responsiveness also with the control variables of gender and length of years as a customer of BOA. The results of the correlation between these variables are shown in table 4.9. As it is indicated in the table there is significant correlation between the all variables with the dependent variables of customer satisfaction.

The correlation coefficient (r), which shows the different relationship between variables, like strong, moderate and weak relation as well as also show that there is no relationship between variables because they are not correlated each other. In this case The value of relationship between Tangibility, responsiveness, reliability, assurance and empathy are 0.6, 0.553 , 0.560, 0.626 and 0.639 respectively and they are strongly correlated with dependent variable of customer satisfaction .whereas the control variables of gender and length of years as a customer of BOA also moderately correlated with the dependent variable of service satisfaction .The direction and strength of these associations indicate preliminary support for the conceptual framework.

4.2.2. Regression analysis

Regression analysis was used to know by how much the independent variable i.e. Service quality models explain or influences the dependent variable which is customer satisfaction. The results of the regression analysis are presented as follows.

Table 8:- Coefficients of the variables

	Parameter coefficient (B)	Std. Error	T-value	Sig
(Constant)	0.29	.318	.093	.926
Responsiveness	0.70	.089	.787	.433
Reliability	-009	.102	-089	.929
Assurance	.231	.117	1.982	.050
Empathy	.262	.086	3.047	.003
Tangibility	.322	.062	5.179	.000
Gender of the respondent	.222	.096	2.313	.023
Length of service year on BOA	.163	.058	2.818	.006
F-statistics		(7, 98) = 26.02		0.00
R ² (R ² Adj.)		0.650 (0.625)		

From table 4.5, it has been seen that R value is 0.806. Therefore, R value (.806) for the overall service quality dimensions namely tangibility, reliability, responsiveness, assurance and empathy and control variables of gender and length of years as a customer of BOA suggested that there is a strong effect of these variables on customer satisfaction. It can also be observed that the coefficient of determination i.e. the R-square (R²) value is 0.650, which represents that 65% variation of the dependent variable (Average Customer Satisfaction) is due to the control variables and independent variables (Service quality) and the, which in fact, is a strong explanatory power of regression. In other words, service quality models which is entered into the regression model on SPSS has a relationship with customer's satisfaction with a correlation coefficient of 0.806. The R square is the explained variance and it is actually the square of the multiple R (0.806)². Therefore, it is pointed out that 65.00 percent of service quality has the power to explain the dependent variables of customer satisfaction.

Table 4.5 also identifies that the value of F-stat is 26.019 and is significant as the level of significance is less than 5% ($p < 0.01$). This indicates that the overall model was a reasonable fit and there was a statistically significant association between service quality dimension and customer satisfaction. Overall, service quality models predict the customer's satisfaction of BOAs significantly well as a result, overall the regression model statistically significantly predicts the outcome variable of customer satisfaction.

In table 4.5 again, the beta coefficients indicated that how and to what extent service quality dimensions such as tangibility, reliability, responsiveness, assurance and empathy influence customer's satisfaction of a bank. It has been found that assurance ($b = .231, t = 1.982, p < 0.05$), tangibility ($b = .322, t = 5.179, p < 0.001$), empathy ($b = .262, t = 3.047, p < 0.005$), Length of years as a customer of BOA ($b = .161, t = 2.818, p < 0.05$), and gender of the respondents ($b = .222, t = 2.313, p < 0.05$) significantly influence customer satisfaction; whereas, responsiveness ($b = 0.070, t = 0.787, p > 0.05$) and reliability ($\beta = -0.009, t = -0.089, p > 0.05$) were found insignificant to influence customer satisfaction of the bank.

Therefore, it may indicate that customer satisfaction is influenced by Tangibility, Assurance, and Empathy and by the control variable of gender, in view of the fact that a customer being

female influences the satisfaction level of the banks. Similarly the fact that a customer has relatively a long Length of years as a customer of BOA has significant and positive relation with the level of customers' satisfaction. The result also helps us to understand which variables among the five independent variables and two of the control variables are statically significant and mostly determinant in explaining the variance in customer's satisfaction. And the significant variables with P value less than 0.05 are likely to be meaningful addition in customers' satisfaction of BOAs because a change in their values is related to changes in the satisfaction of customers.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary of Findings

The study presents the interrelationships among service quality and customer satisfaction in the banking sector in order to assess the level of satisfaction and to identify the influential factor of customer satisfaction on the case of bank of Abyssinia. For this finding 106 of different types of customer have participated as a respondent. Based on the 106 participants 56.6 % of participants are males and 43.4 % of females , (73.6%) of participants are age between 18-35, (.9%) age below 18 (19.8%) are of age between 36-45 and 5.7% of participants also has age of 46 and above. In terms of educational qualification bachelor (53.8 %),P HD (1.9%), master(10.4%), diploma(22.6%), and certificate or other (11.3%), in terms of length of years as a customer of BOA have got a service for a year less than 1 are 19.8%, and between 1-5 years (50.9%) , 6-10 years (21.7%), 11-15 years(7.5%) and customers have a relationship for a long like above 15 years are not participated in this studies. Customers also participated 83% of are served by other banks and the remaining 17% customers served only by BOAs. From the 83% of customers those served by other banks, 34.9% of participants are served by 2 banks and the same percentage of 52 % of customers are served by 3 and above banks and the remaining of 15.9% customers also served by only 1 bank other than of BOAs.

From the 106 participated customer's majority of the customers are satisfied by the service of BOAs. When we compare the results, 21.7 % of customers are strongly dissatisfied by the service of the banks while the 14.2% of customers are also strongly satisfied by the service given by BOA. From the remaining customers 14.1% of customers are neutral to respond the answer.50% of the customers also simply satisfied by the banks.

On this study, all variables used to find the most influential factor of customer satisfaction are stands on the mean of different items. For instance the independent variables of, tangibility dimension stands with the mean of its three item of (modern looking equipment, the physical facilities visual appeal , facility and design comfortableness) , Responsiveness variable stands with the mean of its four items: (the existence of precise personal service, helpfulness of employees, responsiveness of customers' questions, understandability of customer need), the Reliability variable stands with the mean of its five items(the service confidentiality and trustiness, the personal attention, the service rightness at the first time, timeliness of the service

as of it promises to do so, the insistence of error free records), Assurance is also stands with the mean of five different items: (employees insistency for confidence ,the provision of sufficient trust, knowledgeable of employees to answer customer questions, the accuracy of the service and the honorability of commitments) and the final independent variable of Empathy is also stands with five items of (the existence of customer individual attention, the suitability of working hours, sympathetic and reassurance“s for customers problem, an understandability of customer need in the first place and understandability of customer specific needs). On the other hand the dependent variable of service satisfaction is stands with its five items of (the service level closeness with expectation, the Excellency of the service, satisfactoriness of the service, the existence of impotencies in all the visits of customers and the less performance of the service with expectation).

From the five service quality dimensions, relatively the highest the mean score of 3.95 is an Assurance. This shows that customers of BOAs almost satisfied by the assurance of the banks followed by Responsiveness mean score of 3.88, Empathy mean score of 3.7 and Reliability with a mean score of 3.65 while the final dimensions of Tangibility has the low mean score of 3.25. As a result the customers of BOAs are not satisfied by the tangible nature of the banks.

According to the correlation analysis result, the independent variables of Tangibility with the R value of 0.6, responsiveness (0.553), Assurance (0.626), Empathy (0.639) and Responsiveness (0.560) are strongly correlated with the dependent variable of customer“s satisfactions. The all R values between the dependent and independent variables has a result of above .5 , this indicated that the satisfaction of customers strongly influenced by the all service quality factors. Whereas the control variables of Gender and Length of years as a customer of BOA has R values of 0.256 and .313 respectively . as a result the control variables have a moderate relationship with customer satisfaction of BOA.

After the analysis of correlations between each variables, further analysis of regression of the variables are tested, based on the overall regression analysis model summary indicates, the service quality dimensions and the two control variables has a relationship with customers satisfaction with correlation coefficient of 0.806 and the explained variance of square of the multiple R $(0.806)^2$ pointed out that 65.00 percent of service quality and control variables can

explain the dependent variable of customer satisfaction which in fact, is a strong explanatory power of regression. As of ANOVA results, the overall model was reasonable fit and there was a statistically significant association between service quality dimension, control variables and customer satisfaction. The total Service quality models predict the customer's satisfaction significantly well at $P < 0.05$.

Finally in order to achieve the main objective of finding the factors that influences satisfaction of customers, the coefficients of service quality dimensions has been discussed. The beta coefficients indicated that how and to what extent servqual dimensions such as tangibility, reliability, responsiveness, assurance and empathy influence customer's satisfaction of a bank. It has been found that, tangibility ($b = .322, t = 5.179, p < 0.001$) and empathy ($b = .262, t = 3.047, p < 0.005$), length of years as a customer of BOA ($b = .161, t = 2.818, p < 0.05$), gender of the respondents ($b = .222, t = 2.313, p < 0.05$ and assurance ($b = .231, t = 1.982, p < 0.05$) have the highest influence or significant impact on customer's satisfaction, whereas, responsiveness ($b = 0.070, t = 0.787, p > 0.05$) and reliability ($\beta = -0.009, t = -0.089, p > 0.05$) have no impact on customers satisfaction of a bank. Therefore, it is pointed out that customers satisfaction is influenced by Tangibility, Assurance, Empathy, gender and the length of years as a customer of BOA more and this factors are a meaningful addition in customers satisfaction of BOAs because a change in their values are related to changes in the satisfaction of customers. Whereas the other service quality factors of responsiveness and reliability are not an influential factor for the satisfaction of BOA customers. Changes in the two variables are not associated with the satisfaction of customers so that the dimensions are not as such the important concerns for BOAs.

5.2. Conclusions

Customer satisfaction is a critical business requirement. Customer value is an asset to the organization. While, quality service is essential in today's competitive market. The objective of this study was to find out customer satisfaction on service quality with respect to service quality dimensions. From the findings, the research objectives were achieved by identifying the determinants of service quality as reliability, assurance, responsiveness tangibles and empathy. By analyzing the service quality factors that influences on Customer satisfaction of bank of Abyssinia, it is observed that out of five service quality dimensions, responsiveness is having a high Mean score and Tangibles has the least mean score. The finding from the study led the researcher to conclude that the combination of tangibility, assurance, empathy gender and length of years as a customer of BOA together have significant effect on customer satisfaction. Therefore, service quality has positive effect on customer satisfaction. These variables should work hand in hand to ensure success and survival of the private sector banks. The study accomplished that quality service is an important factor to satisfied customer satisfaction. In the world of global economy, banking sector needs has become more diverse and exotic than ever before. So, Banks should focus in service quality to satisfy their customers in every dimension of service quality.

5.3. Recommendation

Based on the results from the study and conclusions drawn from it, the following recommendations are spelt out:

The researcher recommends that BOA needs to give more emphasis to improve customer satisfying power for tangibility's. Because currently this variable has relatively low mean values. the bank should concentrate on Tangibles as it has the least mean score. Continuous improvements and follow ups might enhance future customer satisfaction levels with respect to this variable. The bank in particular can conduct further customer opinion services regarding the status of customer views on the tangible nature of the bank.

While currently only 64.2% of customers are satisfied, Bank of Abyssinia still need to maintain the level of customer satisfaction evidenced by service quality as a whole. The bank should focus on why the 27.3 of customers of BOAs make Silence to respond about the service quality of the banks and the bank should also investigates the brief causes of 8.5% of customers said strongly dissatisfied by the service provided by BOAs.

BOA still need to maintain the level of services based on different customer segments. As of evidenced by this findings , sex and number of years as a customer of BOA have found to influence significantly and positively the banks' service provision to customer satisfaction. So that differentiated the ways services are provided by the banks can render superior customer services and enjoy the benefit in the long run.

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Appendix 1

Variance inflation factor Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Mtangibility	.716	1.397
	Mresponsiveness	.494	2.023
	Mreliability	.417	2.397
	Massurance	.391	2.560
	Mempathy	.425	2.351
	Length of years as a customer of BOA	.934	1.071
	Gender of the respondent	.956	1.046

a. Dependent Variable: Mservicesatisfaction

Appendix 2

Questionnaire
Addis Ababa University
College of Business and Economics
MBA Program

Dear Participants, the purpose of this question is to collect data that are important to analyze “Customer satisfaction for banking industries: The case of Abyssinia bank” and the collected data will be applied for the study of leading to master’s thesis requirement in Business Administration. The information you provide in this question will be kept confidential and will be utilized only for the purpose of this study. Your genuine interview response is highly valuable for the achievement of the objectives of this research.

(ወደ ተሳታፊዎች፣ የዚህ መጠይቅ አላማ በባንኩ ኢንዱስትሪ፣ በተለይም በአቢሲንያ ባንክ ለደንበኞች እርካታ ዋና የሚባሉ ነገሮችን በተመለከተ መረጃ ለመሰብሰብ ሲሆን የተሰበሰበውም ዳታ በቢዝነስ አመራር በማስተርስ ፕሮግራም ለመጨረስ ለሚያስፈልገው ጥናት ብቻ የሚውል ሲሆን ሚስጥራዊነቱም የተጠበቀ ነው። የእርስ ትክክለኛ ምላሽ የዚህን ጥናት አላማ ለማሳካት ከፍተኛ ዋጋ አለው።)

Thank you in advance for your cooperation for answering. (በመመለስ ላደረጉት ትብብር በቅድሚያ አመሰግናለሁ)

Name of the researcher: Frehiwot Samuel

Please circle your answer only (እባክዎን የመረጡትን መልስ ብቻ ያክብቡ)

Part I

I-Gender (ፆታ)

1. Male (ወንድ)
2. Female (ሴት)

II-Educational qualification (የትምህርት ደረጃ)

1. Doctorate degree (የዶክትሬት ድግሪ)
2. Masters degree (የማስተርስ ድግሪ)
3. 1st degree (የመጀመሪያ ድግሪ)
4. Diploma (ዲፕሎማ)
5. Certificate or other (ሰርተፊኬት ወይም ሌላ)

Part II

NB- “BOA” represents Bank of Abyssinia

1-Tangibility:-The following questions are related to the level of your satisfaction on the tangible nature of Abyssinia Bank.

(የሚከተሉት ጥያቄዎች አቢሲንያ ባንክ ላይ ያሉትን የመገልገያ ዕቃዎች በተመለከተ እርካታችሁን የሚለኩ ናቸው።)

Items	Strongly Disagree (ፈጽሞ አልሰማማም) = 1	Disagree (አልሰማማም) = 2	Neutral አስተያየት የለኝም = 3	Agree (እስማማለሁ) = 4	Strongly Agree በጣም እስማማለሁ = 5
-BOA have modern looking equipment (አቢሲንያ ባንክ ዘመናዊ መገልገያዎች አሉት)	1	2	3	4	5
- BOA physical facilities are visually appealing (የአቢሲንያ ባንክ መገልገያዎች ለአይን የሚስቡ ናቸው።)	1	2	3	4	5
- BOA reception desk employees are neat in appearance (ፊት ለፊት ያሉ የአቢሲንያ ባንክ ሰራተኞች ጽዱ ናቸው።)	1	2	3	4	5
- BOA credit cards, check and similar materials are visually appealing (የአቢሲንያ ባንክ የብድር ካርዶች፣ ቼኮች እና ተመሳሳይ መገልገያዎች ለአይን የሚስቡ ናቸው።)	1	2	3	4	5
- BOA facilities and designs make customers feel comfortable (የአቢሲንያ ባንክ መገልገያዎች እና አሰራሩ ተገልጋዩ ምሻት እንዲሰማዉ ያደርጋል)	1	2	3	4	5

2-Responsiveness: The following questions are related to the level of your satisfaction on the Responsiveness of Abyssinia bank employees.

(የሚከተሉት ጥያቄዎች ለፈለጉት አገልግሎት ፈጣን ምላሽ ከማግኘት አንጻር ያሉትን ዕርካታ ይለካሉ)

Items	Strongly Disagree = 1	Disagree = 2	Neutral = 3	Agree = 4	Strongly Agree = 5
-Employees in BOA tell you exactly when the service will be performed (የአቢሲንያ ባንክ ሰራተኞች የሚፈልጉትን አገልግሎት የት እንደሚያገኙ በትክክል ይናገራሉ)	1	2	3	4	5
-Employees in BOA can provide customers precise personal services (የአቢሲንያ ባንክ ሰራተኞች እርሶ በግሉ የሚፈልጉትን ትክክለኛ አገልግሎት መስጠት ይችላሉ)	1	2	3	4	5
-Employees in BOA are helpful to customers (የአቢሲንያ ባንክ ሰራተኞች ተገልጋዩን የሚረዱ ናቸዉ)	1	2	3	4	5
-Employees in BOA are never too busy to respond to customers' questions (የአቢሲንያ ባንክ ሰራተኞች የተገልጋዩን ጥያቄ ለመመለስ አይደክሙም)	1	2	3	4	5
- Employees in BOA can understand customers' needs. (የአቢሲንያ ባንክ ሰራተኞች የደንበኞችን ፍላጎት ይረዳሉ)	1	2	3	4	5

3-Reliability: The following questions are related to the level of your satisfaction on the Reliability of BOA.

(የሚከተሉት ጥያቄዎች ባንኩ ላይ ካሉት እምነት አንጻር ያሉትን እራካታ የሚለካ ይሆናል)

Items	Strongly Disagree = 1	Disagree = 2	Neutral = 3	Agree = 4	Strongly Agree = 5
- BOA Banking service can increase customers' confidence and trust in quality services so that I feel a sense of secure. (የአቢሲንያ ባንክ አሰራር የደንበኛውን እምነት የሚጨምር በመሆኑ የመጠበቅ ስሜት ይሰማኛል)	1	2	3	4	5
- BOA has employees who give customer personal attention (አቢሲንያ ባንክ ለደንበኞች ትኩረት የሚሰጡ ሰራተኞች አሉት)	1	2	3	4	5
-BOA performs the service right the first time (አቢሲንያ ባንክ ሰርቪስ የሚሰጠው በተገቢው ሰአት ነው)	1	2	3	4	5
- BOA provides its services at the time it promises to do so (አቢሲንያ ባንክ ቃል የገባውን አገልግሎት ቃል በገባበት ሰአት ይሰጣል)	1	2	3	4	5
-BOA bank insists on error-free records (አቢሲንያ ባንክ ከስተቶች የጸዳ መረጃዎች አሉት)	1	2	3	4	5

4- Assurance: The following questions are the level of your satisfaction on the assurance of Abyssinia bank employees.

(የሚከተሉት ጥያቄዎች የባንኩ ሰራተኞች ለአገልግሎቱ ጥራት ከሚያሳዩት ማረጋገጫ አንጻር ያሉትን ዕርካታ ይለካሉ)

Items	Strongly Disagree = 1	Disagree = 2	Neutral = 3	Agree = 4	Strongly Agree = 5
- Employees in BOA insist confidence in customers (የአቢሲንያ ባንክ ሰራተኞች ደንበኞች እምነት እንዲኖራቸው ያደርጋሉ)	1	2	3	4	5
- Employees in BOA provide sufficient trust to customers placing confidence in Heart. (የአቢሲንያ ባንክ ሰራተኞች ተአማኒነት በደንበኛው ልብ ወለጥ መተማመንን ይፈጥራሉ)	1	2	3	4	5
- Employees in BOA have necessary knowledge to answer customers' questions. (የአቢሲንያ ባንክ ሰራተኞች የደንበኞችን ጥያቄ ለመመለስ በቂ እውቀት አላቸው)	1	2	3	4	5
- BOA can provide accurate service to customers. (አቢሲንያ ባንክ ትክክለኛ ሰርቪስ ለደንበኞች መስጠት ይችላል)	1	2	3	4	5
- BOA can honor their commitments (አቢሲንያ ባንክ ቃል የገባውን ስምምነት ያከብራል)	1	2	3	4	5

5-Empathy: the following questions are related to the level of your satisfaction on the empathy of Abyssinia banks.

(የሚከተሉት ጥያቄዎች ባንኩ የደንበኛውን ችግር እንደራስ ከማየት አንጻር ያሉትን እርካታ ይለካል)

Items	Strongly Disagree = 1	Disagree = 2	Neutral = 3	Agree = 4	Strongly Agree = 5
- BOA gives customer individual attention (አቢሲንያ ባንክ እንደ ደንበኛው አይነት ልዩ ትኩረት ይሰጣል)	1	2	3	4	5
- BOA has working hours suitable for all customers (የአቢሲንያ ባንክ የሰራ ሰአት ለሁሉም ደንበኞች ምቹ ነው)	1	2	3	4	5
- When customers have problems, employees in an BOA will be sympathetic and reassuring (ደንበኞች ችግር ሲያጋጥማቸው የአቢሲንያ ባንክ ሰራተኞች የድጋፍና የማረጋገጥ ስሜት ያሳያሉ)	1	2	3	4	5
-BOA Staffs consider customer needs in the first place (የአቢሲንያ ባንክ ሰራተኞች የደንበኞችን ፍላጎት የሚያገናዝቡበት በመጀመሪያ ነው)	1	2	3	4	5
-The employees of BOA can understand customer specific needs (የአቢሲንያ ባንክ ሰራተኞች የደንበኞችን ልዩ ፍላጎት መረዳት የሚችሉ ናቸው)	1	2	3	4	5

6- Customer Satisfaction: The following questions are the level of your satisfaction on the Service of Abyssinia Bank.

Items	Strongly Disagree = 1	Disagree = 2	Neutral = 3	Agree = 4	Strongly Agree = 5
-In most ways the service level of Abyssinia bank close to my expectations (በተለያዩ መንገዶች የአቢሲኒያ ባንክ አገልግሎት አሰጣጥ ደረጃ ከኔ ግምት ጋር ይሄዳል)	1	2	3	4	5
-The service conditions of this bank are excellent (የአቢሲኒያ ባንክ አገልግሎት አሰጣጥ ሁኔታ በጣም ጥሩ ነው)	1	2	3	4	5
-I am satisfied with the service of this bank (በዚ ባንክ አገልግሎት አሰጣጥ እረክቻለሁ)	1	2	3	4	5
-So far I have gotten the important services I want in all my visit to this bank እስካሁን ባንኩ ላይ በነበረኝ ቆይታ ጠቃሚ አገልግሎቶችን አግኝቻለሁ	1	2	3	4	5
-In most ways the Service level of the bank is less than my expectations (በብዙ ነገሮች የዚህ ባንክ አገልግሎት አሰጣጥ ደረጃ ከግምቴ በታች ነው)	1	2	3	4	5

***** Thank You *****