ASSESSMENT OF SERVICE QUALITY AND CUSTOMER SATISFACTION IN CASE OF SOME SELECTED BRANCHES OF "CO-OPERATIVE BANK OF OROMIA" IN ADDIS ABABA.

By: Bikila Debela

A Research paper Submitted to Jimma University Business and Economics College for the Partial Fulfillment of the Requirements for the Degree of Masters in Business Administration (MBA).

Advisor: Wondosen Seyoum (Assi. Professor)

Co-advisor: Yoseph Tilahun

JIMMA UNIVERSITY

BUSINESS AND ECONOMICS COLLEGE

DEPARTMENT OF MANAGEMENT

Jimma, Ethiopia

June, 2015

ASSESSMENT OF SERVICE QUALITY AND CUSTOMER SATISFACTION IN CASE OF SOME SELECTED BRANCHES OF ''CO-OPERATIVE BANK OF OROMIA''IN ADDIS ABABA.

By: Bikila Debela

Approved by Examining Board

………………………………………   ………………………….

Chairperson   Signature

………………………………………   ………………………….

Advisor   Signature

………………………………………   ………………………….

Co-advisor   Signature

………………………………………   ………………………….

Examiner   Signature

………………………………………   ………………………….

Examiner   Signature

Declaration

I, the undersigned graduate student, hereby declare that this thesis is my original work, and it has not been presented for a degree in any other university and all sources of the materials used for this thesis have been duly acknowledged.

Name: Bikila Debela

Signature: …………………..

Date………………………………

Advisor: **Wondosen Seyoum (Assi. Professor)**

Signature …………………….

Date…………………………

Co-advisor: Yoseph Tilahun

Signature ………………

Date………………………

Master of Business Administration Program

College of Business and Economics

Jimma University

Acknowledgement

I am indebted to the Almighty God and many other people for their support throughout the conduct of this study.

I thank my advisor Wondesen seyoum (Assi.Prof) and my co- advisor Mr. Yoseph Tilahun for their unreserved support and guidance in ensuring successful completion of this study. Your support, supervision, motivation, constructive criticism and guidance resulted in coming out with this final paper.

Finally my appreciation goes to all those who have contributed in diverse ways in ensuring the successful completion of this work. I say God richly bless you all.

Contents

List of Acronyms

CBO   Co-operative Bank of Oromia

SERVQUAL   Service Quality

ABSTRACT

The aim of this study is to assess of service quality and customer satisfaction. It described the relationship between service quality dimensions and customer satisfaction in selected branches of Co-operative bank of Oromia in Addis Ababa and identifies the most important dimension of service quality for the bank customers. Also, it shows the gaps between customer's expectation and perception on the quality of service delivery system in the bank.

The research was carried out through the use of descriptive research design and primarily based on data collected through structured questionnaire developed based on SERVQUAL instrument. Convenience sampling technique was used to select 150 respondents from five selected branches of Co-operative bank of Oromia in Addis Ababa. The data has been analyzed through descriptive statistics, Pearson's correlation and gap analysis.

Among the five services quality dimensions reliability shows the highest positive relation with customer satisfaction and tangibles demonstrates the least positive relation with customer satisfaction. The result also indicates that the overall service quality perceived by consumers was not satisfactory meaning: expectations exceeded perceptions and all the dimensions showed higher expectations than perceptions of services. This implies that the selected branches of CBO in Addis Ababa are not providing the level of service quality demanded by customers. The findings suggest that the CBO need to improve all the dimensions of service quality.

CHAPTER ONE: INTRODUCTION

1.1   Background of the Study

Service quality and customer satisfaction are unarguably the two core concepts that are at the root of the marketing theory and practices (Spreng and Mackoy, 1996). In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality services that will in turn result in satisfied customers. When competition increases and environmental issue becomes dynamic, the importance of service quality is increased (Asubonteng, 1996).

In today's world, the existence of all human being is related with different services including bank, food, communication, medical, transportation, and emergency services to list some. In general, our economy is founded on service (James, 1998).

"Today customer's takes good customer service for granted and customers are now the rulers and that goes for business as much as customer market. All business customers want the same thing; better access to service, more competitive price, better customer service and compliant handling process"(Douglus and Basto, 2002).

Though the ultimate goal of every service giving industry is satisfying customers, more often, many of the service delivering organizations are failed to satisfy customers as a result of not understanding customers' interest well. Hence, this dilemma creates job difficulty to most business organizations that focus on customer relations (Munusamy et al., 2010). Service plays a major role in building and maintaining the development and growth of a country's economy, hence the size of the service sector is increasing around the world. On the other hand, the quality of service supplied by banks and other service provider is not fulfilling customers' wants consistently. "People complain about late deliveries, incompetent personnel, inconvenient service hours, needlessly complicate procedures, long queues and a lot of other problems" (Lovelock and Wirtz, 2004).

The banking industry is highly competitive, with banks not only competing among each other; but also with non-banks and other financial institutions (Kaynak et al., 2002). Most bank product developments are easy to duplicate and when banks provide nearly identical services, they can only distinguish themselves on the basis of service, term and tariff. Therefore, customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment.

Therefore, this study focuses on the SERVQUAL model's dimensions i.e. reliability, tangibility, responsiveness, assurance and empathy and their effects on customer satisfaction in five selected branches of Co-operative Bank of Oromia service.

In short, the focus of this paper is to assess the impact of service quality on customer satisfaction in five selected branches of cooperative Bank of Oromia in Addis Ababa.

1.2.   Statement of the Problem

In today's world of intense competition, a firm's ability to deliver high quality service those results in satisfied customers is the key to a sustainable competitive advantage (Shemwell et al., 1998). This satisfaction makes customers to be loyal to a firm. Customer satisfaction enormously influences company performance and survival Negi, (2009, p.33).

Financial institutions across the globe are re-examining how they are meeting their customer's needs today and developing business plans needed to align them strategically to remain competitive and profitable in the future. Mainly, Service quality in banking has recently become a topic of interest for academicians and researchers alike despite being considered markedly important over the years. Such interest may be the result of a reduced customer base and decreased market share affecting a portion of the banking industry (Bowen and Hedges, 1993). Banks that excel in quality service can have a distinct marketing edge since improved levels of service quality are related to higher revenues, increased cross-sell ratios, higher customer retention (Bennett and Higgins, 1988), and expanded market share (Bowen and Hedges, 1993).

Peters and Waterman, (1982, P.171), report that successful organizations are obsessed by service quality. This has become a critically important factor in the buying decision of the customer. An organizations strategy can be described as its overall plan or policy to achieve its goals (Hilton et al., 2006). Amongst the organization goals is the goal to satisfy customers. Likewise, provision of high quality services enhances customer retention rates, helps attract new customers through word of mouth advertising, increases productivity, leads to higher market shares, lowers staff turnover and operating costs, and improves employee morale, financial performance and profitability (Julian and Ramaseshan, 1994; Lewis, 1989, 1993). Therefore, delivering quality service to customers is a must for success and survival in today's competitive banking environment (Samli and Frohlich, 1992).

In current circumstances of commercial banking particularly in the Ethiopian; the industry become booming, the opening of branches at proximity, the product offered nearly identical and the advent of electronic banking.

In Ethiopia, many customers voice concerns about inefficiency and lack of quality excellence in the banking sector. However, there are inadequate published studies which demonstrate if indeed the quality of banking service in Ethiopia is poor. There is persistent complaint of long waiting at the banking hall, failure of network system and absence of adequate Automatic Teller Machines.

The emerging situation calls for the assessment of impact of service quality in relation to customer expectation and service performance to help CBO to improve its service quality and enhance satisfaction so as to ensure customer retention. That is why the researcher was interested to assess the service quality and customer satisfaction towards service quality of Co - operative Bank of Oromia by using the SERVQUAL model.

1.3. Research Hypotheses

The following hypotheses were tested:

H1o: Reliability does not have positive relationship with customer satisfaction in the selected
     Branches of Co-operative Bank of oromia in Addis Ababa.

H1a: Reliability has positive relationship with customer satisfaction in the selected branches of

CBO in Addis Ababa.

H2o: Responsiveness does not have positive relationship with customer satisfaction in the Selected branches of CBO in Addis Ababa.

H2a: Responsiveness has positive relationship with customer satisfaction in the selected Branches of CBO in Addis Ababa.

H3o: Assurance does not have positive relationship with customer satisfaction in the selected Branches of CBO in Addis Ababa.

H3a: Assurance has positive relationship with customer satisfaction in the selected branches Of CBO in Addis Ababa.

H40: Empathy does not have positive relationship with customer satisfaction in the selected Branches of CBO in Addis Ababa.

H4a: Empathy has positive relationship with customer satisfaction in the selected branches Of CBO in Addis Ababa.

H50: Tangibles does not have positive relationship with customer satisfaction in the selected Branches of CBO in Addis Ababa.

H5a: Tangibles has positive relationship with customer satisfaction in the selected branches of CBO in Addis Ababa.

1.4. Objective of the study

1.4.1. General Objective

The main objective of the study is to assess service quality and customer satisfaction in the selected branches of Cooperative Bank of Oromia in Addis Ababa.

1.4.2. Specific Objectives

i. To identify the dominant service quality dimension that has strong relation with customer satisfaction in Cooperative Bank of Oromia.

ii. To examine customer's expectation and perceptions of service reliability provided by the bank.

iii. To examine customer's expectation and perceptions of service reliability provided by the bank.

iv. To examine customer's expectation and perceptions of service responsiveness provided by the bank.

v. To examine customer's expectation and perceptions of service assurance provided by the bank.

vi. To examine customer's expectation and perceptions of service empathy provided by the bank.

vii. To examine customer's expectation and perceptions of service tangibility provided by the bank

1.5. Significance of the Study

Considering the high costs of acquiring new customers and the high customer turnover in banks, it is very important to study the determinants of customer satisfaction. Customer satisfaction is the key factor for the successes of the company; therefore it is very important to measure it.

Thus, the study has the following importance:-

 -The study is expected to provide knowledge on the importance of quality service on customer satisfaction to the bank.

 -The findings will enable the banks to understand the relation between service quality delivery and customer satisfaction and helps them to know the most important dimension used to satisfy customers.

 -Finally, this enables the bank to minimize the gaps and to meet customers' expectation.

1.6. Scope of the Study

Thus, the study was delimited on assessing the quality of the current service delivery system of the five selected branches of Cooperative Bank of Oromia (Finfinne, Merkato and Kersa main, Sheger and Mesalemia branches) and customer satisfaction. The study was conducted on regular customers of CBO of these branches in Addis Ababa, who have used multiple services of the bank. Furthermore this study was delimited to the cited branch offices as well as particularly on customers who are served more than five years in the bank.

1.7. Limitation of the Study

Due to time and financial constraints in taking large sample size, it is difficult and unmanageable to include all branches of the bank in Addis Ababa.

Focusing only on five selected branches of the bank or not including all branches and SERVQUAL model which has weak points both theoretically and operationally can be seen as a limitation.

1.8. Operational definition of terms

CBO: Co-operative Bank of Oromia

Independent variables: the five service quality dimensional namely (Responsiveness, Reliability/Service quality, Tangibility/Physical design and Appearance, Empathy, and Assurance.

Dependent Variable: Customer satisfaction

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

SERVQUAL is an instrument for measuring service quality, in terms of the discrepancy between customers& expectation regarding service offered and the perception of the service received; Respondents are required to answer questions about both their expectation and their perception.

Customer expectation means uncontrollable factors including past experience, personal needs, word of mouth, and external communication about bank service.

Customer perception means customer's feelings of pleasure /displeasure or the reaction of the customers in relation to the performance of the bank staff in satisfying / dissatisfying the services.

Reliability: Delivering on services dependably and accurately.

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

Responsiveness: Being willingness to help customers and provide prompt service.

Empathy: Treating customers as individualized.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

This chapter looks at the literature review, specifically it reviews the literature on the concept of service, types of service, characteristics of service, service quality, customer satisfaction, relation between customer satisfaction and service quality, managing service quality, impact of service quality on customer satisfaction and service quality model will be introduced in order to give a clear idea about the research area.

2.2. Definition of Service

A service is any activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything. The advance economies of the world are now dominated by services and virtually all companies view services as critical to retaining their customers today and in the future. Even manufacturing companies that, in the past, have depend on their physical goods for their existence but now their come to see and recognize that service provides one of their few sustainable competitive advantages (Zeithaml& Bitner, 2003).

Many writers define 'service' in different ways: for example (kottler, 2003, 128) defined service as "any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product". Any intangible actions that are performed by person or machines or both to create good perception within users called service. Although services are performed by service providers and consumer together its quality results in perception and value assessment by the customer (Rao, 2007).

2.2.1. Types of Services

Schmenner (1986 cited in Fitzsimmons, 2001) develops a service process matrix and categorizes service along two dimensions that significantly affect the character of the service

delivery process. The vertical dimension measures the degree of labour intensity, which is defined as the ratio of labour cost to capital cost while the horizontal dimension measures the degree of customer interaction and customization, which is a marketing variable that describes the ability of the customer to affect personally the nature of the service delivered. The matrix indicates four types of services labeled as service of factory, mass service, service shop and Professional service.

Gronroos (2001) perceives services to be either high-touch or high-tech. High-touch services are mostly dependent on people in the service process producing the service, whereas high-tech services are predominantly based on the use of automated systems, information technology and other types of physical resources. Gronroos maintains that high-touch also includes physical resources and technology-based systems that have to be managed and integrated into the service process in a customer-oriented fashion (Gronroos, 2001). In this case, banking services include both high-tech and high-touch services. For example, high-tech services include Internet/Telephone/Short Messaging Service (SMS), ATM machines whereas high-touch services consist of instructions and personnel assistance in using the services.

2.2.2. Characteristics of Service

Johns (1999) argues that services are mostly described as intangible and their output viewed as an activity rather than a tangible object, but also admits that some service outputs have some substantial tangible components like physical facilities, equipments and personnel. Gummesson (1994) suggest that, a service design which consists of a service, service system and the service delivery process considers customers, staff, technology, the physical environment, and the consumption goods. The physical aspects are important for high quality service delivery.

Bateson (1985) outlines four unique characteristics of a service to be intangibility, heterogeneity, inseparability and perishability. Unlike a product where tangible cues exist to enable consumers to evaluate the quality of the product, the quality of the service is ascertained by parameters that largely come under the domain of experience and credence properties and are as such difficult to measure and evaluate (Parasuraman et al, 1985 and Zeithaml and Bitner, 2

2.2.3.   Banking Services

Basically, banking is a business that is registered to accept deposits from the pubic and make out loans. Technically, banks mobilize funds from the surplus units and channel it to the deficit units of the economy (Luckett, 1994). The objective of this fund channeling is to earn profit. This function makes banks one of the most important financial intermediaries in every economy and also assists Central Banks in achieving their monetary policies. Banks earn money in servicing beyond selling money. Banking services are about the money in different types and attributes like lending, depositing and transferring procedures. These intangible services are shaped in contracts. The structure of banking services affects the success of institution in long term. Besides the basic attributes like speed, security and ease in banking services, the rights like consultancy for services to be compounded are also preferred.

2.3. Service Quality

In today's increasingly competitive business environment, service quality is essential for the success of any organization. Service quality is important aspect that affects the competitiveness of business. Banks should increase the quality of service constantly since there is no assurance that the current outstanding service is also suitable for future.

Consequently, banks should "develop new strategy" to satisfy their customer and should provide quality service to distinguish themselves from rivalries (Siddiqi, 2011).
The challenge in defining quality is that it is a subjective concept, like beauty. Everyone has a different definition based on their personal experiences. Crosby (1979) defined quality as "Conformance to requirements". This definition implies that organizations must establish requirements and specifications. Once these specifications are established, the quality goal of the various functions of an organization is to comply strictly with them. Juran (1982) defined quality as "Fitness for use". As indicated on www.qualitygurus.com quality also defined from different point of views: - From customer point, from process point of view, from product point of view and from the cost point of view. From customer point of view: "quality means fitness for use and meeting customer satisfaction." From process point of view: "quality means conformance with the process design, standards and specifications." From product point of

view: "quality means the degree of excellence at an acceptable price." From the cost point of view: "quality means best combination between costs and features."

Quality evaluations derive from the service process as well as the service outcome. As stated by (Gronroos, 1982) there are two types of service quality these are technical quality and functional quality. Technical quality is - what the customer is actually receiving from the service (outcome) while functional quality is the manner in which the service is delivered (process).

"A vague exhortation to customer contact employees to "improve quality" may have each employee acting on his/her notion of what quality is. It is likely to be much more effective to tell a service contact employee what specific attributes service quality includes, such as responsiveness. Management can say, if we can improve our responsiveness, quality will increase" (Asubonteng et al, 1996:63).

2.3.1. Customers' Expectation of Service Quality

Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zeithaml et al., 1993); which customer thinks a service provider should offer, rather than on what might be on offer (Parasuraman et al., 1988).This is influenced by their personal needs, past experience, word-of-mouth and service provider's communications. Literature explains expectation as predictions made by consumer about what is likely to happen from a transaction.

2.3.2. Customers' Perception of Service Quality

Customers" perception of performance is what they experienced (Parasuraman et al., 1988). Literature maintains that customers" total perception of a service is based on their perception of the outcome and the process; where the outcome is either value added or quality and the process is the role undertaken by the customer (Edvardsson, 1998).The customer's perception of quality of service is based on the degree of agreement between expectations and experience (Kandampully, 1998).

The result of this comparison is perceived service quality (Gronroos, 1982, 1984; Takeuchi and Quelch, 1983; Parasuraman et al., 1985, 1988). Parasuraman et al, (1988) define perceived quality as a form of attitude, related but not equal to satisfaction, and results from a consumption of expectations with perceptions of performance. Therefore, having a better understanding of consumers attitudes will help know how they perceive service quality in banking operations.

The pivot to the concept of service quality is gap model, which stipulates that service quality is a function of the difference scores or gap between expectations and perceptions (P – E). The gap between expectation and performance can be positive (satisfactory), when performance exceeds expectations or negative (dissatisfaction), when performance falls short of expectations (Anderson, 1973).Service quality is low, if what is perceived is below expectation, and is high, if what is perceived meets or exceeds expectation. The result of this comparison is perceived service quality (Gronroos, 1982, 1984; Takeuch).

2.3.3. Determinants of the Service Quality Construct

In recent years, it is commonly agreed that service quality is the outcome of evaluations made by the customers. The general logic is obvious, since the customer's own evaluation influences his/her future behavior such as returning next time or positive accounts to relatives (Zeithaml et al., 1990; Grönroos, 1984; Brown et al., 1991). This fact indicates that service companies cannot solely deliver service according to internal standards which might not match the customers' expectations. Moreover, most service quality writers agree that the customers evaluate service quality by the outcome of a comparison between their expectations of the service performance and their perception of the actual service received.

This is consistent with Garvin's definition on value-based quality (Garvin, 1988), and the condition can also be seen in Grönroos's definition of service quality: *"...the perceived quality of a service will be the outcome of an evaluation process where consumers compare expectations with the service they perceive they have got" (Grönroos, 1983)* Furthermore, Zeithaml et al. (1990) support that service quality is evaluated by comparing customer expectations with customer perceptions of the service delivered: *"Perceived service quality is a form of attitude, related but not equivalent to satisfaction, and results from a comparison of*

expectations with perceptions of service performance" (Zeithaml et al., 1990) Looking at the definition above, Zeithaml et al. go further than saying that service quality is only a comparison of expectations and perceptions. They state that service quality is a form of attitude, meaning that customers can have a perception of a specific service even though they have never used it before. Further, it indicates that service quality is an overall perception that is not transaction specific. Although a single interaction between customer and the service provider influence the service quality, service quality is not based on one specific interaction but merely is a compound of several exchanges. This means service quality is evaluated by the customers who compare the expectations of the service with the perceived service performance experienced in a given service process. Service quality can thus be considered a form of attitude and consequently an overall perception made up by several transactions.

2.3.4. Dimensions of Service Quality and Measurements

The SERVQUAL scale is the principle instrument widely utilized to assess service quality for a variety of services. Parasuraman et al, (1988) have conceptualized a five dimensional model of service quality such as: reliability, responsiveness, empathy, assurance and tangibility. Their measurement instrument is known as SERVQUAL, which has become almost the standard way of measuring service quality. Further, each item of SERVQUAL has been used twice: to measure expectations and perceptions of service quality. The central idea in this model is that service quality is a function of difference scores or gap between expectations and perceptions.

The five dimensions SERVQUAL are described as follows:
o **Tangibles:** "Appearance of Physical facilities**,** equipment and appearance of personal and communication materials". This includes organization's physical facilities, their equipments and appearance of their personnel and communication materials used to promote their products/services.
o **Reliabilities:** "Ability to perform the promised service dependably and accurately". It means that the service organization performs the service right the first time and honors all its commitments.
o **Responsiveness:** "willingness to help customers and provide prompt service". This refers timeliness and promptness in providing service.

- **Assurance:** "Knowledge, competence and courtesy of employees and their ability to inspire trust and confidence in customers towards to the service firms". Competence refers to the possession of required skills and knowledge performs the service. Courtesy involves the politeness, respect friendliness, honesty and trust worthiness of contact personnel.
- **Empathy:** "Caring and individualized attention that the firm provides to its customers". It includes approachability, ease of contact of service providers and making of efforts to understand the customer's needs.

2.3.5. Measures of Service Quality and its Concepts

Measuring service quality is difficult due to its unique characteristics: Intangibility, Heterogeneity, Inseparability and Perishability. Service quality is linked to the concepts of perception and expectations (Parasuraman et al, 1985, 1998). Customers' perceptions of service quality result from a comparison of their before-service expectations with their actual service experience. The service will be considered excellent, if perceptions exceed expectations; it will be regarded as good or adequate, if it only equals the expectations; the service will be classed as bad, poor or deficient, if it does not meet them. Based on this perspective, Parasuraman et al developed a scale for measuring service quality, which is mostly popular known as SERVQUAL. This scale operationalizes service quality by calculating the difference between expectations and perceptions, evaluating both in relation to the 22 items that represent five service quality dimensions known as 'tangibles', 'reliability' , 'responsiveness', 'assurance' and 'empathy'.

Always there exists an important question: why should service quality be measured? Measurement allows for comparisons before and after changes for the location of quality problems and for the establishments of clear standards for service delivery. In their experience the starting point in developing quality in service is analysis and measurement. Identifying the underlying dimensions of the service quality construct in banking industry is the first step in the definition and hence provision of quality service. The paper has drawn upon the findings of the service quality dimensions to contend the initiatives that bank managers can take to enhance their employees' skills, attitudes and instill a customer service culture. Sandip Gosh Hasra and BL Srivastava (2009) in their study indicated that the bank should pay attention to

these dimensions of service quality and pay more attention to dimension of assurance-empathy to increase loyalty to a company, willingness to pay, customer commitment and customer trust. Joshua A J and Moli.P.Koshi (2005) in their study on 'Expectation and Perception of service quality in old and new generation banks', observed that the performance of the new generation banks across all the service quality dimensions are better than those of old generation banks. The study found that the bank should concentrate on accessibility dimension. He stated that the particular bank should take maximum efforts to raise the level of services to meet out the expectations.

The importance of service quality in Banks has been emphasized in many studies and perceived quality advantage leads them to higher profit (Parasuraman and Berry 1991) holds the view that high quality service gives credibility to field sales force. Observed that the longer a company keeps a customer, the more money it stands to make. There is enough evidence that demonstrates the strategic benefits of quality in contributing to profit, market share and returns on investment and lowering cost and improving productivity (Garvin 1983; Kotler 2003; etc.). Maximizing customer satisfaction through quality customer service has been described as the 'ultimate weapon' (Davidow & Uttal 1989).

Banking is also high in credence quality, meaning that it cannot be evaluated confidently even immediately after receipt of the goods/services. In addition, an extended period of time may be required in this industry for a fully informed evaluation. Hence, customer satisfaction in banking is both difficult to measure and ascertain. Although researchers have studied the concept of service for decades, there is no conceptualization of service quality (Cronin & Taylor, 1992) and (Rust & Oliver, 1994). Different researchers focused on different aspects of service quality. The most common definition views of quality as the customers' perception of service excellence (Parasuraman et al. 1985). Banking services worldwide can broadly classified into investment banking and commercial banking is primarily concerned with helping corporate bodies raise funds at the best possible rates from various markets. Commercial banking is concerned with channeling savings to productive uses. Banking in an intermediary function but one that is very essential for sustained economic growth. The underling meaning of service definition is that customers form the perception of service quality

according to the service performance they experience in the past. Therefore, the service quality is dependent on customer's perceptions of the service.

Poor quality places a firm at a competitive disadvantage. If customers perceive quality as unsatisfactory, they may be quick to take their businesses elsewhere. Thus, it is clear that service quality offers a way of achieving success among competing services, particularly in the case of firms that offer nearly identical services, such as banks, where establishing service quality may be the only way of differentiating oneself. Such differentiation can yield a higher proportion of consumers' choices and, hence, mean the difference between financial success and failure.

In the changing banking scenario of 21st century, the banks have to have a strong identity to provide world class services. The banks are now have to be of world-class standard, committed to excellence in customers, shareholders and employees' satisfaction and to play a leading role in the expanding and diversifying financial sector (Balachandran, 2005). Customers have also rightly demanded world class quality services from the banks. With multiple choices available, customers are not willing put up with anything less than the best. Banks have recognized the need to meet customers' aspirations. So it is an urgent drive to move the bank up in the tech leader.

2.4. Managing Service Quality

Service quality has been defined differently by different people and there is no consensus as to what the actual definition is. We have adopted the definition by Parasuraman et al., (1988, p.5), which defines service quality as the discrepancy between a customers' expectation of a service and the customers' perception of the service offering.

One of the critical tasks of service companies is service quality management. It is commonly said that "what is not measured is not managed" (Anonymous). Without measurement managers will not be sure weather service gaps exist, let alone what types of gaps and where they exist.

Many organizations are eager to provide good quality services, but fall short simply because they do not accurately understand what customers expect from the company. The absence of well-defined tangible cues makes this understanding much more difficult than it would be if the organization were making manufactured goods. Services organizations should ask the following key question: - (Cole, 1995:147)

- What do customers consider the important features of the service to be?
- What level of these features doe's customers expects?
- How is service delivery perceived by customers?

In service marketing the quality of service is critical to a firm's success. Service providers must understand two attributes of service quality: - first quality is defined by the customer not by producer or seller. Second, Customer assesses service performed (Stanton; 1987). Consequently, to effectively manage quality, a service firm should:

- **Help customers formulate expectation** Expectations are based on information from personnel and commercial sources promises made by the service provider and experience with the particular service as well as other similar services.

- **Measure the expectation level of target market** a service firm must conduct research to measure expectations. Gathering data on the target market's past behaviour, existing perceptions and believes and exposure of information can provide the bases for estimating expectation.

2.5. The Service Quality Models

Several models have been identified in the literature for measuring service quality. Among the approaches or models are: expectancy-disconfirmation approach, performance-only approach, technical and functional dichotomy approach, service quality versus service satisfaction approach and attribute importance approach.

The expectancy-disconfirmation model focuses on identifying customer expectation versus what they actually experienced. It compares the service performance with the expectations of the customers, which is assessed after the services encounter (Oliver, 1980). The performance-only approach assesses service quality by enquiring from the customers about their level of satisfaction with the various features following a service encounter (Babakus and Boller, 1992; Cronin & Taylor, 1994).

According to the formulation of Parasuraman et al (1985) there are five gaps that cause unsuccessful service delivery.

1. Gap between Customer Expectation and Management Perception (Knowledge Gap):- management does not always perceive correctly what customers' want. Electricity company manager might think that consumer's judge the company service by the quality of employees' performance in the technique department, whereas customers may be more concerned with the courtesy and responsiveness.

2. Gap between Management Perception and Service Quality Specification (The Standard Gap):- management might correctly perceive the customers' wants but not set a specified performance standard. For example hospital administrators may tell the nurses to give "fast" service without specifying it quantitatively.

3. Gap between Service Quality Specification and Service Delivery (The Delivery Gap):- The personnel might be poorly trained or in capable or unwilling to meet the standard or they may be held to conflicting standards such as taking time to listen to customers and serving them fast. For example a bank officer who is told by the operations department to work fast and by the marketing department to be courteous and friendly to each customer.

4. Gap between Service Delivery and External Communication: - Consumer expectations are affected by standards made by company representatives and advertising. If a hospital brochure shows a beautiful room, but the patient arrives and finds the room to be cheap and tack looking, external communications have distorted the customers' expectations.

5. Gap between Perceived Service and Expected Service: - This gap occurs when the consumer misperceives the service quality. The physician may keep visiting the patients to show case, but the patient may interpret this as an indication that something really is wrong.

2.6. SERVICE QUALITY IN BANKING

Service quality is gaining more importance in the banking industry and the value of improving service quality should be determined. Riadh et al., (2011) suggest that developing strong relationships between customers and financial institutions serve as incentives for customers to remain loyal and thus provide financial institutions with a source of differential advantage. Similarly, Kazi Omar Siddiqi (2010) finds that a centrally important aspect of a commercial

customer's dealing with a bank is the quality of the long-term relationship that develops with the bank.

The results of their research indicate four potentially important aspects of the retail bank service delivery systems, general bank personal service, teller personal service, reaction capacity, and location convenience. The research results support the hypotheses that retail bank customer's perceptions of these issues may be related to customer satisfaction and intentions to do business with the bank in future. These include intentions to purchase additional products and intentions to give the bank a larger percentage of the customer business. LeBlanc, & Nguyen (1988) as cited in Kazi Omar Siddiqi (2010) focused on service quality in financial institutions and discussed 6 factors that explain perceived service quality, (a) degree of customer satisfaction, (b) contract personnel, (c) internal organization, (d) physical environment and instruments, (e) corporate image, and (f) personnel-customer interaction during the service encounter, contribute to service quality.

2.7. Criticisms of SERVQUAL

Notwithstanding its growing popularity and widespread application, SERVQUAL has been subjected to a number of theoretical and operational criticisms which are detailed below:

(1) Theoretical: • Paradigmatic objections: SERVQUAL is based on a disconfirmation paradigm rather than an attitudinal paradigm; and SERVQUAL fails to draw on established economic, statistical and psychological theory.

- Gaps model: there is little evidence that customers assess service quality in terms of P -E gaps.

- Process orientation: SERVQUAL focuses on the process of service delivery, not the outcomes of the service encounter.

- Dimensionality: SERVQUAL's five dimensions are not universals; the number of dimensions comprising SQ is contextualized; items do not always load on to the factors which one would a priori expect; and there is a high degree of inter correlation between the five RATER dimensions.

(2) Operational:

- Expectations: the term expectation is polysemic; consumers use standards other than expectations to evaluate SQ; and SERVQUAL fails to measure absolute SQ expectations.

- Item composition: four or five items cannot capture the variability within each SQ dimension.

- Moments of truth (MOT): customers' assessments of SQ may vary from MOT to MOT.

- Polarity: the reversed polarity of items in the scale causes respondent error.

- Scale points: the seven-point Likert scale is flawed.

- Two administrations: two administrations of the instrument cause boredom and confusion.

- Variance extracted: the over SERVQUAL score accounts for a disappointing proportion of item variances. Parasuraman *et al.* (1988) have claimed that SERVQUAL: *Provides a basic skeleton through its expectations/perceptions format encompassing statements for each of the five service quality dimensions. The skeleton, when necessary, can be adapted or supplemented to fit the characteristics or specific research needs of a particular organization.*

2.8. Customer Satisfaction

As indicated by Lovelock (2004) many researchers conceptualize customer satisfaction as "an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation."

Service companies have since recently focused on customers in order to improve competitiveness. Customer satisfaction is one of the important outcomes of marketing activity (Mick and Fournier, 1999). In the competitive banking industry, customer satisfaction is considered as the fundamental of success. Satisfying customers is one of the main objectives of every business. Businesses recognize that keeping current customers is more profitable than having to win new ones to replace those lost.

Management and marketing theorists emphasize the importance of customer satisfaction for a business's success (Kennedy & Schneider, 2000).

Good customer satisfaction has an effect on the profitability of nearly every business.

For example, when customers receive good service, each will typically tell nine to ten people. However, customers who receive poor service will typically relate their dissatisfaction to between fifteen and twenty others (Naik: 2010). Anderson and Zemke, 1998) stated that "Satisfied customers improve business and dissatisfied customers impair business". Therefore, customer satisfaction is an asset that should be monitored and managed just like any physical asset.

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). 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).

Higher customer satisfaction leads to greater customer loyalty which in turn leads to higher future revenue. As a result, many market leaders are found to be highly superior customer-service orientated. They have been rewarded with high revenue and customer retention as well. For that reason, organizations in the same market sector are forced to assess the quality of the services that they provide in order to attract and retain their customers. Because satisfied customers are key to long-term business success (Zeithaml et al., 1996).

2.8.1. Factors that Affect Customer Satisfaction

Matzler et al., (2002) classify factors that affect customer satisfaction in to three factor structures:-

1. **Basic factors: -** these are the minimum requirements that are required in a product to prevent the customer from being dissatisfied. They do not necessarily cause satisfaction but lead to dissatisfaction if absent. These are those factors that lead to the fulfillment of the basic

requirement for which the product is produced. These constitute the basic attributes of the product or service. They thus have a low impact on satisfaction even though they are a prerequisite for satisfaction. In a nutshell competence and accessibility

2. **Performance factors: -** these are the factors that lead to satisfaction if fulfilled and can lead to dissatisfaction if not fulfilled. These include reliability and friendliness.

3. **Excitement factors**: - these are factors that increase customers' satisfaction if fulfilled but does not cause dissatisfaction if not fulfilled which include project management.

2.8.2. Reasons of Customer Dissatisfaction

Sometimes customers become dissatisfied, as indicated on www.qualitygurus.com some of the reasons for this dissatisfaction are:-

• **Not knowing the Expectations** Customer remains dissatisfied unless the company knows what the customer actually expects out of their product.

• **Not Meeting the Expectations** a customer may become dissatisfied because the service does not live up to expectations. In addition to that as a result of the rapid improvement in the technology, customer may compare the services provided by a company with those of the competitors, which may lead to dissatisfaction and customers over expectations and their changing needs may lead them for dissatisfaction.

2.9. The Relationship between Service Quality and Customer Satisfaction

The relationship between customer satisfaction and service quality has received a good deal of attention in the literature (Bolton and Drew, 1994). Parasuraman et al (1988) defined service quality and customer satisfaction as "service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction". Satisfaction is a "post consumption experience which compares perceived quality with expected quality, whereas service quality refers to a global evaluation of a firm's service delivery system" (Parasuraman et al., 1985).

Iacobucci et al., (1995) conclude that the key difference between service quality and customer satisfaction is that quality relates to managerial delivery of the service while satisfaction

reflects customers' experiences with that service. They argue that quality improvements that are not based on customer needs will not lead to improved customer satisfaction. Bolton and Drew (1994:176) pointed out "customer satisfaction depends on pre-existing or contemporaneous attitudes about service quality". Anderson et al. (1994) also point out that improved service quality will result in a satisfied customer.

Service quality has found as one of the significant factors in distinguishing services and products. Service quality is an important tool to measure customer satisfaction (Pitt et. al, 1995). There is a close relationship between service quality and customer satisfaction. Customer satisfaction can be protected by providing products or services with high quality. In addition, as service quality increases, satisfaction with the service and intentions to reuse the service increase.

Based on the survey result Siddiqi (2011) described that all the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings. Kumar et al (2009) also stated that high quality of service will result in high customer satisfaction and increase loyalty. Furthermore Parasuraman et al (1988) found that customer satisfaction is the outcome of service quality.

2.10. Impact of Service Quality on Customer Satisfaction

with the ever increasing competition in the marketplace resulting from trade liberalization and free economy model, it is imperative for banks to achieve customer longevity, through excellence service delivery (Lassar et al., 2000).Service quality is recognized as potential for ensuring customer satisfaction and retention, operational efficiency and profitability of an organization (Cronin, 2003). File and Prince (1992) argue that satisfied customers are comfortable repeating business with the firm and even recommend it to others. The customers sell the company to others by word-of-mouth when they are satisfied with the services (Gee et al., 2008) and thus increase firm's customer-base. Parallel to this, is the 25 study by Martins and Toledo (2000), which maintains that service quality increases market share by maintaining current customers and acquiring new ones. Krishnan et al (1999) establish that the cost of

retaining existing customers by providing high quality products and services is significantly lower than the cost of winning new customers.

Literature establishes that customer satisfaction has a strong positive correlation with customer retention in the retail banking (Siddiqi, 2010) and Kandampully and Suhartanto, 2000). The strong positive correlation means the customers will recommend the bank to other people. As a consequence, the bank can be assured of repeat and stable customer base. Cohen et al. (2007) found that a loyal customer takes less of the company's time during transactions and are less sensitive to price changes. Reichheld (2006) states that companies with higher customer loyalty experience growth in revenue twice as much as their competitor.

2.10. Conceptual Framework

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. The study shows the relationship between the five service quality dimensions (reliability, responsiveness, assurance, empathy and tangible) and customer satisfaction. Also the study focuses on gap 5 which represents the difference between customers' expectation and perceptions which is referred to as the perceived service quality.

Figure 2. Conceptual frame work of the study
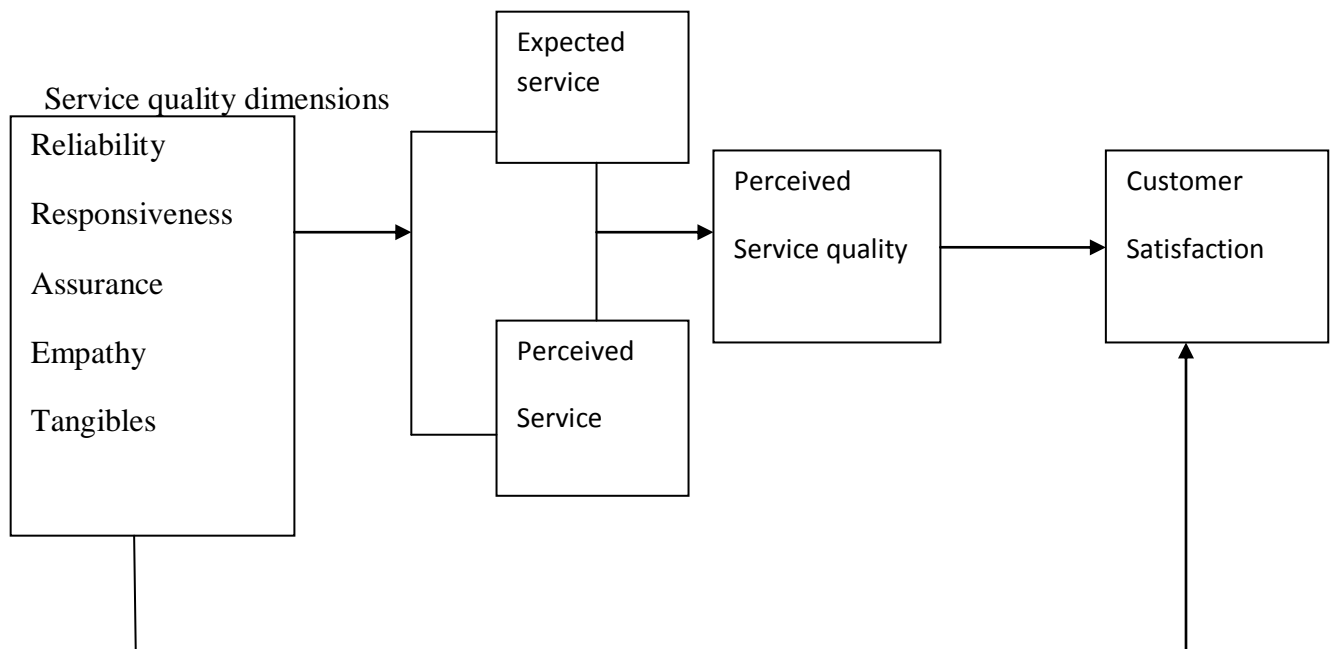
The difference between expectations and perceptions is called the gap which is the determinant of customers' perception of service quality.

2.11. Empirical Review

Few studies have investigated the link between each of the service quality dimensions and satisfaction and have reported some mixed results. For instance, Arasli et al. (2005) reported that assurance, reliability, empathy and tangibles dimensions of service quality were predictors of customer satisfaction in the Cyprus banking sector. Similarly, Yavas et al. (1997) found empathy and responsiveness to be important predictors of customer satisfaction among bank customer in Turkey.

Jamal and Khattak (2003) on their Study revealed that quality of services leads to customer satisfaction and the tangible aspects of service environment have no impact on customer satisfaction. Yoo and Park (2007) the study was designed to analyze relationship among employees, customers and financial performance. Results showed that employee training and understanding has a significant impact on service quality.

Huseyin and others (2005) studied on analysis and comparison of service quality in commercial banks of Cyprus. Results revealed that customer expectations are not fulfilled because of the gap found in empathy part of the SERVQUAL model.

Additional support comes from Zhou (2004), who reported that reliability and assurance were important predictors of satisfaction for bank customer in China. Previous research has suggested that the quality of customer's service experience aids them develop positive value perceptions about the service provider. The cognitive evaluation of the different service quality dimension will lead to a favorable behavioral response from the customer (Brady et al., 2002; Carrillat et al., 2009).

CHAPTER THREE: RESEARCH METHDOLOGY

This chapter deals with the methodology adopted for the study. It includes: design, data sources, population and sampling, sampling technique, research instrument, and method of data analysis.

3.1. STUDY AREA AND PERIOD

The research was conducted in branches of Co-operative Bank of Oromia which is found in Addis Ababa. The data collection period was 26 days of working hours of the bank from April 1-30, 2014. The researcher selected five branches among twelve in the city, Finfinne, kersamain, Sheger, Mesalemia and Merkato branches. The reason why the researcher selected the above branches are the first five branches while the bank was commenced operation. Besides the selected branches are big and they have prominent customers in which half of the customers of the bank are served in those branches and they contributes great profit amount over all for the bank. As a result it represents all.

3.2. Research Design

The research was carried out through use of descriptive research design. Descriptive research was employed as a main research method of this study is to describe the service quality and its impact on customer satisfaction. As described by Suryabrata, (2003) descriptive method is a method that describes the study systematically, factually and accurately utilizing facts, behaviors and relationship between the phenomenon being studied(as cited by Naik et al; 2010).

3.3. Data Sources

The study used both primary and secondary data. The primary data was collected from customers who get bank services from Cooperative Bank of Oromia of selected city branches of Finfine, Kersa main and Merkato, Sheger and mesalemia branches. The source population was all customers served in CBO of the above listed branches. And the study population was sample of customers who have served in CBO and fulfilled the inclusion criteria. In addition

secondary sources such as bank annual bulletin published, internet, various journals and articles were explored to develop the study.

3.4. Sampling Method and Sample Size

The study used convenience sampling (non probability sampling) method to select the sample from the available population during the study period. The researcher was used convenience sampling method because it is impossible to carry on a probability sampling. This is because there is no point in time during which all customers are available due to different reasons and it is not possible to contact everyone who may be sampled.

Accordingly, out of the total population of customers who have served in the selected branches of the bank total of 150 customers were selected who were coming during the data collection period and fulfilled the inclusion criteria from the five selected branches. This number is in accordance with the views of Dillman (2000) and Hill et al. (2003), who reported that a sample size of 100 and above is sufficient to present good concise research findings and also, provide good representation of the population or organization or any subject investigated.

3.5. Research Instrument

In this study structured questionnaire was used to collect primary data. The questionnaire has four parts. The first part of the questionnaire used about the demographic characteristics of respondents. The second section is designed to measure the customers' expectation about the bank service delivery system. The third part of the questioner is about customers perceptions and the last part is about customers' satisfaction. The researcher used Likert scale to measure the variables:-

➢ Service quality was measured by using SERVQUAL items developed by Zeithaml, Berry, and Parasuraman.

➢ "Customer satisfaction is measured by using a single scale item. The single scale item adapted from Jamal and Naser, 2002; Mittal and Kamakura, 2001 and Cronin and Taylor, 1992" (Siddiqi, 2010).

3.6. Data Analysis & Interpretation

The data were analyzed with the help of SPSS version 20 that used to tabulate and analyze the valid responses. The data that was gathered through structured questionnaires were summarized using descriptive statistics through tables, frequency distribution and percentages, mean and standard deviation. Mean score is used identify the highest and the lowest of the variables. Pearson's Correlation analyses is used to come up the compress picture of the data and also useful to know degree and nature of the effect of independent variables over the dependent variable. Accordingly, the summarized data were interpreted through theoretical frame work of the study to be arrived at meaningful conclusion.

3.7. Variable Measurements

3.7.1. Independent variables

The independent variables are the SERVQUAL dimensions: Tangibles, Responsiveness, Reliability, Assurance and Empathy developed by Parasuraman et al. (1988). These dimensions measure customer satisfaction by taking into account the performance of the service and the expectations of customers on the service provided. Several varying number of items were developed to measure each dimension.

3.7.2. Dependent variable

Customer satisfaction is the dependent variable that the study measure with the independent variables. The customer satisfaction is an indicator of customers being satisfied with the services rendered by the bank.

3.8. Ethical considerations

In order to keep the confidentiality of the data given by respondents, the respondents were not required to write their name and assured that their responses were treated in strict confidentiality. The purpose of the study was disclosed in the introductory part of the questionnaire. Furthermore, the researcher tried to avoid misleading or deceptive statements in the questionnaire. Lastly, the questionnaires were distributed only to voluntary participants.

CHAPTER FOUR: ANALYSIS, PRESENTATION, AND INTERPRETATION

This chapter consists of the analysis, presentation and the interpretation of data gathered through structured questionnaire. The data considered in this chapter is obtained by using SERVQUAL model. Under this section result of reliability test, the relationship between the five service quality dimensions and customer satisfaction, the service quality gap score of Co-operative bank of Oromia of the five selected branch's and the overall customer satisfaction rating were presented and analyzed respectively.

4.1. Reliability test

As stated by "Hair et al., (2007) reliability indicates the extents to which a variables or set of variables is consistent in what it is intended to measure (Siddiqi, 2011:20).

Reliability analysis used to measure the consistency of a data. There are different methods of reliability test, for this study Cronbach's alpha is considered to be suitable. Cronbach's alpha is the most common measure of reliability. For this study the Alpha coefficient for the overall scale calculated as a reliability indicator is 0.95. The individual Alpha coefficients for the scales were presented on the following table. As described by Andy (2006) the values of Cronbach's alpha around 0.8 is good. The alpha values in this study are around 0.8 and above therefore it is acceptable.

TABLE: 1 Result of Reliability test

SERVEQUAL Dimension	Number of Attributes	Cronbach's Alpha of Perceived performance	Cronbach's Alpha of Expectation
Reliability	5	0.748	0.750
Responsiveness	4	0.781	0.818
Assurance	4	0.817	0.883
Empathy	5	0.797	0.806
Tangibles	4	0.859	0.885

Source: SPSS reliability result output

4.2. Correlation

Correlation analysis provides insight into the extent to which variables are associated, and whether they are positively or negatively associated. The strength of the association is indicated by an r value, or correlation coefficient, which ranges between −1 and 1. A perfect negative relationship is denoted by a correlation coefficient of −1, and a perfect positive relationship by 1. A positive relationship indicates that the values of one variable increase as those of the other variable increase, and vice versa. For a negative relationship the opposite is true (Sham, 2002). A significant relationship is denoted by a p-value smaller than or equal to 0.05 (StatSoft, 2002).

On the top of this, the Pearson's Product Moment Correlation Coefficient was computed for the purpose of determining the relationship between variables in selected branches of Co-operative Bank of Oromia in Addis Ababa. In order to obtain the relationship between the variables (reliability, responsiveness, assurance, empathy and tangibles) with that of customer satisfaction correlation were computed and presented below.

Table: 2 Relationships between Service Quality Dimensions and Customer Satisfaction

	Reliability	**Responsiveness**	**Assurance**	**Empathy**	**Tangibles**
Customer satisfaction	.698**	.594**	.506**	.539**	.385**

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

Source: SPSS Correlation output

H1: Reliability has positive relationship with customer satisfaction in the selected branches of CBO in Addis Ababa.

The result in the table 2 attempted to clarify the correlation between the reliability as independent variable and the dependent variable of customer satisfaction. As it is already indicated through the table, the two variables have significantly positive relationship. This implies that the two variables have positive relationship. In addition, the r=.698 value indicates that reliability of the bank maintains a large positive correlation relationship with the customer satisfaction in the context of Co-operative Bank of Oromia.

This shows that when there is an increase in the reliability of banks' there is an increment in customers' satisfaction. Therefore, the null hypothesis is rejected.

H2: Responsiveness has positive relationship with customer satisfaction in the selected branches of CBO in Addis Ababa.

Result reported in the table 2 shows that the responsiveness is also significantly and positively correlated with customer satisfaction in CBO which support the hypothesis that responsiveness is positively and significantly correlated with customer satisfaction rejecting the null hypothesis. This indicates that both responsiveness and customer satisfaction has direct relationship.

H3: Assurance has positive relationship with customer satisfaction in the selected branches of CBO in Addis Ababa.

The result in the table 2 shows that the correlation (r) of assurance is .506 at 0.01 significant levels. The result indicated that the p-value is .000, which is less than the significant level. This indicted that there is large positive relationship between assurance and customer satisfaction in the selected branches of co-operative bank of oromia in Addis Ababa. As a result we reject the null hypothesis.

H4: Empathy has positive relationship with customer satisfaction in the selected branches of CBO in Addis Ababa.

As per table 2, the correlation (r) of empathy is .539 and the significant level is 0.01. The p-value is .000 which is less than the significant level. As a result, null hypothesis is rejected and the conclusion would be that, there is a large positive relationship between empathy and customer satisfaction. Meaning, the more employees of the bank increase the level of empathy, the more they can satisfy their customers.

5: Tangibles has positive relationship with customer satisfaction in the selected branches of CBO in Addis Ababa.

As indicated on table 2, the correlation (r) of tangibles is .385 and the p-value is .000 which is less than0 .01. From this one can understand that there is small positive relationship between tangibles and customer satisfaction. Therefore, the null hypostasis is rejected. Siddiqi (2011) also found that there is a medium positive relationship between tangibles and customer satisfaction in the selected branches of CBO.

4.3. GAP ANALYSIS

Parasuraman et al. (1985) defined service quality as "a measure of how well the service level delivered matches customer expectations; delivering quality service means confirming to customer expectations on a consistent basis". This definition clearly shows that as service quality is what customers' assess through their expectations and perceptions of a service experience.

The researcher calculates the gap between perceived performance and customer's expectation by subtracting the mean score of customers' expectation from the mean score of perceived performance.

Table 3. Mean of Perceived Performance, Expectation and Gap Score of Service Reliability

Reliability Perception			Reliability Expectation			
Attributes	Mean	Std. Devi.		Mean	Std. Deviat.	GAP
When the bank promises to do something by a certain time, it does so.	3.68	.830	When excellent bank promise to do something by a certain time, they will do so.	4.27	.766	-0.59
When you have a problem, the bank shows a sincere interest in solving it.	4.58	3.403	When customers have a problem, excellent bank will show a sincere interest in solving it.	4.33	.798	0.25
The bank performs its service right first time.	3.63	1.014	Excellent bank will perform the service right first time.	4.27	.895	-0.64
The bank provides its service at the time it promises to do so.	3.52	.880	Excellent bank will provide their services at the time they promise to do so	4.35	.803	-0.83
The bank insists on error-free records	4.65	.948	Excellent bank will insist on error-free records	4.43	.717	0.22
4.012			4.33			
			Average GAP score - 0.318			

On the issue of reliability of the services delivered by CBO, five items were measured. The mean scores of the items in Table 3 for both expectation and perception indicate that the

services of CBO are reliable. Customers are provided with the services as promised and when there are problems, the bank shows interest and the preparedness to deal with the problems customers are encountered with. Out of the five items measuring service reliability, item when you have a problem, the bank shows a sincere interest in solving it." yielded highest score of 4.58 for its perception. This means that CBO keeps in showing sincere interest in solving customer interest.

Cumulatively, irrespective of the higher means for both expectation and perception, the cumulative mean score were4.33 and 4.012 respectively. It indicated that, as customers were expecting a service quality level of 4.33 (86.6%), the bank was rather delivering a service quality level of 4.012 (80.24%) with a service gap of 0.318(6.36%) falling short of the expectations of the customers. This indicates that, service delivery was unsatisfactory to the customers in terms of service quality dimension on reliability and there is a room for improvement of the Bank.

Table 4: Mean of Perceived Performance, Expectation and Gap Score of Service Responsiveness

Responsiveness Perception			Responsiveness Expectation			
	Mean	Std. Deviation		Mean	Std. Deviation	GAP
Employees of bank tell you exactly when the service will be performed	4.62	.992	Employees of excellent bank will tell customers exactly when services will be performed.	4.35	.794	0.27
Employees of the bank give you prompt service.	3.91	.951	Employees of excellent bank will give prompt service to customers.	4.50	.673	-0.59
Employees of the bank are always willing to help you.	4.70	.993	Employees of excellent bank will always be willing to help customers.	4.50	.610	0..20
Employees of the bank are never too busy to respond to your requests.	3.59	1.005	Employee of excellent bank will never be too busy to respond to customer requests.	4.25	.744	-0.66
4.21			4.4			
			Average Gap Score			- 0.19

By some extent, the total service quality level of the responsiveness fails to meet the expectation of the customers of bank as well. As shown in table 4, as they were expecting a service quality level of 4.4 (88.0%), the bank was delivering a service quality level of 4.21 (84.20%) which falls short of 0.19(3.8%) on the expectation of the customers and represents an unsatisfactory level of service delivery for the responsiveness.

Table: 5 Mean of Perceived Performance, Expectation and Gap Score of service Assurance

Assurance Perception			Assurance Expectation			
	Mean	Std. Deviation		Mean	Std. Deviation	GAP
The behavior of the bank's employees instills confidence in you	4.49	.897	The behavior of employees of excellent bank will instill confidence in customers	4.30	.801	0.19
You feel safe in your transactions with the bank.	4.73	.917	Customers of excellent bank will feel safe in their transactions.	4.55	.701	0.18
Employees of the bank are consistently courteous with you.	3.82	.920	Employees of excellent bank will be consistently courteous with customers	4.49	.621	-0.67
Employees of the bank have the knowledge to answer your questions.	4.10	.772	Employees of excellent bank will have the knowledge to answer customer questions.	4.49	.721	-0.66
4.285			4.457			
			Average Gap score			-0.172

The descriptive statistics on the assurance shows that, the expectation of the customers is greater than its perception; this show that customers agree that there is an assurance to transact banking business with CBO. An item, you feel safe in your transactions with the bank" yielded the highest mean score of 4.73 for the perception factor. Meaning employees of CBO exhibit professionalism in their dealings with customers, because they know their work. The grand mean score of 4.285 is also an indicator of customers having assurance in CBO.

On the gap analysis for satisfaction, respondents were expecting a service quality level of 4.457 (89.14%); they were of the opinion that, they were receiving a service quality of 4.285 (85.70%), a service quality gap of 0.172 (3.44%) lower than their expectation. This shows a general dissatisfaction on the assurance dimension.

Empathy Dimension

Empathy Dimension deals with the caring, individualized attention the firm provides to its customers.

Table: 6 Mean of Perceived Performance, Expectation and Gap Score of Empathy

Empathy Perception			Empathy Expectation			
	Mean	Std. Deviation		Mean	Std. Deviation	GAP
The bank gives you individual attention.	4.62	.854	Excellent Bank will give customers individual attention	4.31	.785	-0.5
The bank has operating hours convenient you	3.74	.937	Excellent Bank will have operating hours convenient to all their customers.	4.42	.582	-0.68
The bank has employees who give you personal attention.	4.01	.798	Excellent bank will have employees who give customers personal attention.	4.42	.707	0.25
The bank has your best interest at heart	3.76	.825	Excellent bank will have the customers' best interest at heart.	4.47	.692	-0.71
Employees of the bank understand your specific needs	4.22	.754		4.53	.635	
4.07			4.43			
					Gap score	-0.36

For empathy dimension, five items were used. Generally, the results shows a higher mean score for perception and expectation which indicate that customers are treated in a good manner. CBO understands the needs of its customers and tries all effort to give equal attention to all customers without any partiality as shown by the item "the bank gives you individual attention" with the highest mean score of 4.62 for its perception.

As indicate in table 6, as customers were expecting a service quality level of 4.43 (88.60%), they were rather giving a service quality level of 4.07 (81.40%), falling short of 0.36 (7.2%) of their expectations.

Tangibility Dimension

Tangibility deals with the appearance of physical facilities, equipment, and appearance of personnel, and communication materials, descriptive statistics were taken based on the expectation and the perception of the customers of the bank.

Table: 7 Mean of Perceived Performance, Expectation and Gap Score of Tangibles

Tangibility Perception			Tangibility Expectation			
	Mean	Std. Deviation		Mean	Std. Deviation	GAP
The bank has modern -looking equipment	3.71	.907	Excellent banks will have modern-looking equipment	4.34	.847	-0.48
The bank's physical facilities are visually appealing	3.69	.876	The Physical facilities at excellent bank will be visually appealing.	4.55	.825	-0.5
The bank's employees are well dressed and neat in appearance.	4.46	.981	Employees of excellent companies will be well dressed and neat in appearance.	4.19	.915	0.27
Materials associated with the service (such as pamphlets or statements) are clear and visually appealing at the bank.	3.63	.966	Materials associated with the service (such as pamphlets or statements) will be clear and visually appealing in an excellent banks.	4.34	.713	-0.71
3.873			4.355			
					Average Gap score	-0.482

From Table 7, the average scores (mean) are so high in relation to the scale of measurement. This means that customers consider visually appealing physical facilities, efficient equipment and good-looking workers. Out of the items, customers are very much interested in the equipment used to deliver the services. With tangibles, the mean results of the items in Table 7

indicate that customers agree that CBO has no modern-looking facilities to perform the banking services. Among the tangibles, the item, 'the bank's employees are well dressed and neat in appearance 'produced the highest mean.

4.5. Overall Customer Satisfaction

Table: 8 Frequency of Customer Satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly dissatisfied	2	1.3	1.3	1.3
	Dissatisfied	4	2.7	2.7	4.0
	Somewhat satisfied	75	50.0	50.0	54.0
	Satisfied	69	46.0	46.0	100.0
	Total	150	100.0	100.0	

Table:9 Descriptive Analysis of Customer Satisfaction

	N	Minimum	Maximum	Mean	Std. Deviation
Customer satisfaction	150	1	4	3.41	.614
Valid N (list wise)	150				

In order to generate the overall score of customer service, respondents were asked to rate the level of their satisfaction on Likert's 4 point Scale. The responses of the question are shown on table 8. The overall satisfaction of the respondents indicates that only 1.3% was very satisfied and 46% were satisfied, 50% were somewhat satisfied and 2.7 % were dissatisfied. The mean score of the satisfaction 3.41 (85.25%) out of maximum of 4 indicates that there is a lot of room for improving in the level of satisfaction.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This chapter gives a summary of key findings of the study presented according to the objectives of the study, Conclusions are drawn from the findings and recommendations are given to help improve the quality of the services delivered by Co-operative Bank of Oromia.

5.1. SUMMARY OF FINDINGS

The main objective of the study was to assess the quality of service and its impact on customer satisfaction in the selected branches of CBO in Addis Ababa. The study wanted to identify the most important service quality dimensions in the selected branches of CBO and to show the gap between customers' perceived performances and expectation. The study uses the SERVQUAL instrument to measure the service quality perceptions in some selected CBO branches in Addis Ababa.

- There is a large positive correlation between customer satisfaction and the four service quality dimensions namely reliability, responsiveness, assurance and empathy in the selected branches of CBO in Addis Ababa. Also there is a medium positive relationship between tangibles and customer satisfaction.

- The five factors used to measure reliability aspects of customer expectation and perceived performance scores "the bank provides its service at the time it promises to do so'' of the perceived performance is by far less than customer expectations and the factor that "When you have a problem, the bank shows a sincere interest in solving it'' of the perceived performance is better than expectation of customers.

- Perceived performances about the employees of the bank are always willing to help Customers' and employees of the bank tell exactly when the service will be performed was greater than customer expectations.

- Out of the four factors used to measure perceived performance of assurance, the factors "the behaviour of employees inspires confidence in customers", yielded the highest mean score while the least average score was an item employees of the bank are courteous with you. The average scores of all the factors were almost more than 4.0, making it high and agree by customers that the bank gives assurance to customers.

- Perceived performance regarding the ability of the bank in providing its service the bank has operating hours convenient to you was less than customers' expectation.
- Customers" expectation on service empathy measures the relationship and interactions between the Bank and the customers. The results indicate that customers expect CBO Bank to understand individual needs, since they may not be same and treat each as such.
- Perceived performance about the nature of the bank's equipments was less than the expectation of customers.
- Customers' expectation was greater than perceived performance concerning to the ability of the bank in giving personal attention.
- Customers' expectation was greater than perceived performance with regard to "the understanding of banks the best interest at heart and specific needs of customers."
- Perceived performance about the employees of the bank are well dressed and neat in appearance is greater than customers' expectation
- Perceived performance about the nature of the banks' equipments was less than the expectation of customers.

5.2. CONCLUSIONS

This study used SERVQUAL framework to model and analyze the service gap between expected and perceived service with respective to Co-operative Bank of Oromia of selected branches at in Addis Ababa. In this paper the five dimensions and their respective attributes of the model are expressed using a five point Likert scale in the following manner: strongly disagree, disagree, No comment, agree and strongly agree. Hence satisfied customers must have received perceptions equal to or more than expectations and vice versa.

Accordingly, in the all dimensions: reliability mean difference of-0.318, responsiveness with a mean difference of -0.19, assurance with a value of -0.172, empathy with a value of -0.372 and tangibility with a mean difference value of -0.482 the customers' perceived services were lower than what customers' expected.

This is measured by taking the overall mean difference from the test value which enables to compute the performance of the selected branches of CBO in Addis Ababa.

Thus in most dimensions the CBO customers' are dissatisfied with the services which they perceive

But with respect to each attributes, they had better satisfaction than expectations in eight out of twenty two attributes that have been considered in the questionnaire and in the remaining fourteen attributes they were dissatisfied.

5.3. RECOMMENDATIONS

Based on the analysis and the findings, the following are recommended to help improve service performance so that SERVQUAL dimensions measuring customer perception will exceed the expectations of the customers.

- It is recommended that since the service quality dimensions did not meet the customer's expectation; certain service quality dimensions like tangibility needs a continuous effort in the bank to ensure its improvement. In these dimensions, the bank has to equip the offices of the branch with modern equipments and visually appealing physical facilities which adds immense value in facilitating service delivery system that in turn increases the satisfaction of customers.

- A comparison between expectation and perception indicate a gap. Thus, customer expectations scores are higher than the scores of customer perceptions. CBO is required by this revelation to consider repackaging and redesigning of its service operations to match up with customer expectation. This can be done by finding out from customers what they expect from the Bank and provide accordingly. By this customers will be compelled by virtue of superior service to stay than switching to a competitor.

- Since, providing excellent customer service increases the satisfaction level of the bank's customers, which results in the growth and the profitability of the company, so the employees of the bank should give prompt service by increasing their commitments to provide efficient services to satisfy the Bank's customer.

- Also it is required to capacitate the employee's by providing timely off job and on job customer service delivery training and development which help them to increase their level of understanding about customer service and to effectively meet the changing needs of customers.

- Evidence from the study show that, bank has to improve performance on all the dimensions of service quality in order to increase customer satisfaction since consumers expect more than what is been offered by these provisions. This will enable them maintain level of competitiveness.

- In general, delivering a quality service for customers has a tremendous effect on customers' satisfaction that in turn determines the existence and success of the bank. Thus, it's a must that the bank should attempt to maintain dependable service quality by making regular assessments on service delivery and by creating awareness about providing excellent customer service delivery among employees by assessing all the service quality dimensions regularly.

References

1. Anderson, E.W., Fornell, C., and Lehmann, D.R. (1994) Customer Satisfaction, Market Share and Profitability: Findings from Sweden. Journal of Marketing,

2. Andersson T.D (1992) Another Model of Service Quality: a Model of Causes and Effects of Service Quality Tested on a Case within the Restaurant Industry", in Kunst, P. and Lemmink, J.eds, Quality Management in Service, Van Gorcum, the Netherlands pp, 41-58.

3. Andy Fild (2006) Discovering Statistics Using SPSS, 2nd edition, SAGE Publications, London.

4. Annual reports of Co-operative Bank of Oromia S.C. June 30, 2013

5. Babakus, E. and Boller, G.W. (1992) "An empirical assessment of the SERVQUAL scale", Journal of Business Research, Vol. 24, pp. 253-68.

6. Bolton, R.N. and Drew, J.H. (1994) Linking Customer Satisfaction to Service Operations and Outcomes, in Rust, R.T. and Oliver, R.L. (Eds), Service Quality: New Directions in Theory and Practice, pp. 173-200.

7. Catherine Cole and Adrian Palmer (1995) Service Marketing Principles and Practice, Prentce   Hall, Englewood Cliffs, New Jersey

8. C.N. Krishna Naik, Swapna Bhargavi Gantasala and Gantasala V. Prabhakar (2010) Service Quality (Servqual) and its Effect on Customer Satisfaction in Retailing, European Journal of Social Sciences – Volume 16, Number 2

9. Dillman, D. (2000) Mail and internet surveys: the tailored design method, 2nd edition, New York.

10. Fikre E/Silassie, Eshetu Gurmu and Ato Silesh Fanta (2009) SPSS for Windows;

11. Fitzsimons, James A. (1998) Service Management, 2nd edition Mc Crowltill Companies

12. Francis Buttle,(1996) SERVQUAL: review, critique, research agenda UK; European Journal of Marketing, Volume. 30 Number 1, pp. 8-32.

13. Gronroos, Christian (1982) Strategic Management and Marketing in the Service Sector.

14. Gummesson, E., (1994) Service Management: An Evaluation and the Future, International Journal of service Industry management, Vol. 4(1), pp.77-96.

15. History of Banking and other Financial Institutions in Ethiopia (2000). National Bank of Ethiopia. *http://www.nbe.gov.et/History/history.htm*.

16. Hill, N., brierley J., and MacDougall, R. (2003) How to measure customer satisfaction, Gower publishing Ltd., England.

17. Huseyin, A. and others (2005) A Comparison Of Service Quality In The Banking Industry: Some Evidence From Turkish- And Greek-Speaking Areas In Cyprus, International Journal Of Bank Marketing, Volume: 23, Issue: 7, pp. 508 – 526

18. Jamal, A. and Khattak, N. (2003) Factors influencing Customer Satisfaction in Retail Banking Sector in Pakistan. International Journal of Commerce and Management, Volume: 13 Issue: 2 , pp. 29 – 53

19. Hofman K. Douglas and Johan E.G Batson (2002) Essentials of Service Marketing, 2nd edition.

20. Hubert Rampersad, (2001) 75 Painful Questions about your Customer Satisfaction, The TQM Magazine, volume 13, Number 5 http://www.emerald-library.com

21. Iacobucci, D., Ostrom, A. and Grayson, K. (1995) Distinguishing Service Quality and Customer Satisfaction: the voice of the consumer, Journal of Consumer Psychology, Vol. 4 No. 3, pp. 277-303.

22. Johns, N. (1999) What is this thing called service?, European Journal of Marketing, Vol. 33 (9/10), pp. 958-973.

23. Jayaraman Munusamy, Shankar Chelliah and Hor Wai Mun (2010) Service Quality Delivery and Its Impact on Customer Satisfaction in the Banking Sector in Malaysia International Journal Of Innovation, Management and Technology, Vol. 1, No. 4, October 2010 ISSN: 2010-0248

24. Juran, J.M. (1982) Upper Management and quality (New York): Juran institute

25. Kaynak, E., &Kucukemiroglu, O. (1992) Bank and Product Selection: Hong Kong. *The International Journal of Bank Marketing*, 10(1), pp. 3-17.

26. Kazi Omar Siddiqi (2011) Interrelations between Service Quality Attributes, Customer Satisfaction and Customer Loyalty in the Retail Banking Sector in Bangladesh, International Journal of Business and Management Vol. 6, No. 3:pp12-32

27. Kotler, Philip (20003) Marketing Management; 10th edition; New Jersey, Prentice-Hall.

28. K. Rama Mohana Rao (2007) Service Marketing, Baba Barkha Nath Printer, New Delih.

29. Lewis, Robert C. and Bernard H. Booms (1983) The Marketing Aspects of Service Quality in Emerging Perspectives on Services Marketing, L. Berry, G. Shostack, and G. Upah, eds., Chicag: American Marketing, 99-107.

30. Lovelock H. Christopher and Jochen Wirtz, (2004) Service Marketing People Technology

31. Magi, A. & Julander, C. R. (1996) Perceived Service Quality and Customer Satisfaction in a Store Performance Framework. An empirical study of Swedish grocery retailers, *Journal of Retailing and consumer services*, Vol. 3, Number 1 p.33 41.

32. Manoj Kumar Dash and Mahaptra (2009) Measuring Customer Satisfaction in the Banking Industry

33. McColl-Kennedy, J., & Schneider, U. (2000) Measuring customer satisfaction: why, what and How. Total Quality Management, 11 (7), 1-14.

34. Mick, D. and Fournier, S. (1999) Rediscovering Satisfaction, Journal of Marketing. 63(4), 5

35. Negi, R. (2009) Determining customer satisfaction through perceived service quality: A study of Ethiopian mobile users, *International Journal of Mobile Marketing*, Vol. 4(1), pp. 31-38.

36. Patrick Asubonteng, Karl J. McCleary and John E. Swan (1996) SERVQUAL revisited: critical review of service quality, The Journal of Service Marketing, Vol. 10 No.6, pp. 62-81

37. Park Jihye, and Stoel Leslie, (2005) Effect of Brand Familiarity, Experience and Information on. Online apparel purchase; International Journal of Retail & Distribution Management, Vol. 33, No. 2, pp. 148-160

38. Parasuraman, A., Berry, L. L. and Zeithaml, V. A. (1988) SERVQUAL: A multiple-item scale from ensuring consumer perceptions of service quality. Journal of Retailing. 64(1), 12.

39. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985) A Conceptual-Model of Service Quality and Its Implications for Future-Research. Journal of Marketing, 49(4): 41-5

40. Peters, T., & Waterman, R. H. (1982) In Search of Excellence: Lessons from America's Best Run Companies. New York, United States of America: Harper and Row Publishers.

41. Philip B. Crosby (1979) Quality Is Free, New York: McGraw-Hill: 17

42. Pitt, L.F., Watson, R.T. and Kavan, C. (1995) "Service quality: a measure of information Systems effectiveness" MIS Quarterly, Volume 19, Number 2, pp. 173-187.

43. Salman Khalid, Babak Mahmood, Muzaffar Abbas and Shabbir Hussain (2011) Customer Satisfaction with Service Quality in Conventional Banking in Pakistan: The Case of Faisalabad; International Journal of Marketing Studies Vol. 3, No. 4; November 2011

44. Samli, F., (1992) delivering of quality service. Vol. 8, Holland: Nowell Publishers

45. Spreng, R.A., and Mackoy, R.D. (1996) An empirical examination of a model of perceived Service quality and satisfaction. Journal of Retailing, 72, 201-214

46. Stafford, M.R. (1996) Demographic discriminators of service quality in the banking industry. The Journal of Services Marketing, ttp://dx.doi.org/10.1108/08876049610124554

47. Stanton, William J. and Futrlell (1987) Fundamentals of Marketing, 8th edition Singapore Strategy, 15thedition, Pearson Edition, India.

48. Vazquez (2001) "Expectations: a comparison standard in measuring service quality: an Assessment of a reassessment", Journal of Marketing, Vol. 58 No. 1,

49. Yavas, U. and others. (1997) Service Quality In The Banking Sector In An Emerging Economy: A Consumer Survey. International Journal of Bank Marketing, Volume: 15, Issue: 6 pp. 217 – 223.

50. Yoo, K. Y. and Park, J. A. (2007) Perceived Service Quality: Analyzing Relationships Among Employees, Customers, And Financial Performance, International Journal of Quality & Reliability Management, Volume: 24 Issue: 9. I, pp. 316-326

51. Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1988) Communication and Control Processes in the Delivery of Service Quality. Journal of Marketing, 52(April): pp. 35-

52. Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996) The Behavioral Consequences of Service Quality. Journal of Marketing, 60(2): pp. 31-46.

53. http:// www.qualitygurus.com/courses/mod/forum/discuss.php?d=204; accessed 20 February 2012

54. http:// www.qualitygurus.com/courses/mod/forum/discuss.php?d=91; 20 ;accessed February 2012

Annex I: Questionnaires

Jimma University

Business and Economics College

Department of management- MBA program

Questionnaire to be filled by Customers

Dear Respondent,

The purpose of this questionnaire is to collect primary data for conducting a study on the topic,
" Assessment of Impact of service Quality on Customer Satisfaction in Cooperative bank of
Oromia in some selected branches of Addis Ababa " for the partial fulfillment of the Masters
of Business Administration (MBA) Program at Jimma University. I kindly request you to
provide me reliable information. Your responses will be kept confidential.

Thank you in advance for your cooperation

N.B
_ No need to write your name
_ Put (√) inside the box or table for an alternative you think is right.

Part I. Personal information

1.1 Gender ☐ Male ☐ Female ☐

1.2 Age ☐ 18-29 years old ☐ 30-39 years old ☐ 40-49 years old ☐ 50 years old and
above

1.3 Marital Status ☐ Single Married ☐ Divorce ☐

1.4 Educational level ☐ Primary school ☐ Secondary school
☐ High school
☐ First degree
☐ Second degree and above

Part II. Customers Expectations

Directions: Based on your experiences as a consumer of bank services, please think about the kind of bank that would deliver an excellent quality of service. Please show the extent to which you think such a bank would possess the feature described by each statement. **If you feel a feature is not at all essential for excellent Bank such as the one you have in mind, circle the number 1**. If **you feel a feature is absolutely essential for excellent bank, circle 5(1=strongly disagree, 2= Disagree, 3= No Comment 4= Agree and 5= strongly Agree**. **If your feelings are less strong, circle one of the numbers in the middle.** There is no right or wrong answers – all I am interested in is a number that truly reflects your feelings regarding company that would deliver excellent quality of service.

	Variables					
2.1	**Reliability**					
2.1.1	When excellent banks promise to do something by a certain time, they will do so.	1	2	3	4	5
2.1.2	When customers have a problem, excellent bank will show a sincere interest in solving it.	1	2	3	4	5
2.1.3	Excellent bank will perform the service right first time.	1	2	3	4	5
2.1.4	Excellent bank will provide their services at the time they promise to do so.	1	2	3	4	5
2.1.5	Excellent bank will insist on error-free records.	1	2	3	4	5
2.2	**Responsiveness**					
2.2.1	Employees of excellent bank will tell customers exactly when services will be performed.	1	2	3	4	5
2.2.2	Employees of excellent bank will give prompt service to customers.	1	2	3	4	5
2.2.3	Employees of excellent bank will always be willing to help customers.	1	2	3	4	5
2.2.4	Employees of excellent companies will never be too busy to respond to customer requests	1	2	3	4	5
2.3	**Assurance**					
2.3.1	The behaviour of employees of excellent bank will instill confidence in customers.	1	2	3	4	5
2.3.2	Customers of excellent bank will feel safe in their transactions	1	2	3	4	5
2.3.3	Employees of excellent bank will be consistently courteous with customers	1	2	3	4	5
2.3.4	Employees of excellent bank will have the knowledge to answer customer questions.	1	2	3	4	5
2.4	**Empathy**					
2.4.1	Excellent bank will give customers individual attention	1	2	3	4	5
2.4.2	Excellent bank will have operating hours convenient to all their customers.	1	2	3	4	5
2.4.3	Excellent bank will have employees who give customers personal attention.	1	2	3	4	5
2.4.4	Excellent bank will have the customers' best interests at heart.	1	2	3	4	5
2.4.5	The employees of excellent bank will understand the specific needs of their customers					

2.5	**Tangibles**					
2.5.1	Excellent banks will have modern-looking equipment.	1	2	3	4	5
2.5.2	The physical facilities at excellent bank will be visually appealing	1	2	3	4	5
2.5.3	Employees of excellent companies will be well dressed and neat in appearance.	1	2	3	4	5
2.5.4	Materials associated with the service (such as pamphlets or statements) will be clear and visually appealing in an excellent banks.	1	2	3	4	5

Part III. Customers Perceptions

Directions: The following set of statements relate to your feelings about the bank. For each statement, please show the extent to which you believe the bank has the feature described by the statement. **Circle 1 if you strongly disagree that bank has that feature**, and circle 5 that if you strongly agree. **You may circle any of the numbers in the middle that show how strong your feelings are** (2= Disagree 3= No Comment and 4= Agree). There is no right or wrong answer – all I am interested in is a number that best shows your perceptions about the bank.

3.1	**Variables**					
3.1.1	When the bank promises to do something by a certain time, it does so.	1	2	3	4	5
3.1.2	When you have a problem, the bank shows a sincere interest in solving it.	1	2	3	4	5
3.1.3	The bank performs its service right first time.	1	2	3	4	5
3.1.4	The bank provides its services at the time it promises to do so.	1	2	3	4	5
3.1.5	**The** bank insists on error-free records.	1	2	3	4	5
3.2	**Responsiveness**					
3.2.1	Employees of the bank tell you exactly when the service will be performed	1	2	3	4	5
3.2.2	Employees of the bank give you prompt service.	1	2	3	4	5
3.2.3	Employees of the bank are always willing to help you.	1	2	3	4	5
3.2.4	Employees of the bank are never too busy to respond to your requests.	1	2	3	4	5
3.3	**Assurance**					
3.3.1	The behavior of the bank's employees instills confidence in you.	1	2	3	4	5
3.3.2	You feel safe in your transactions with the bank.	1	2	3	4	5
3.3.3	Employees of the bank are consistently courteous with you.	1	2	3	4	5

3.3.4	Employees of the bank have the knowledge to answer your questions.	1	2	3	4	5
3.4	**Empathy**					
3.4.1	The bank gives you individual attention	1	2	3	4	5
3.4.2	The bank has operating hours convenient to you.	1	2	3	4	5
3.4.3	The bank has employees who give you personal attention.	1	2	3	4	5
3.4.4	The bank has your best interests at heart.	1	2	3	4	5
3.4.5	Employees of the bank understand your specific needs	1	2	3	4	5
3.5	**Tangibles**					
3.5.1	The bank has modern-looking equipment	1	2	3	4	5
3.5.2	The bank's physical facilities are visually appealing.	1	2	3	4	5
3.5.3	The bank's employees are well dressed and neat in appearance.	1	2	3	4	5
3.5.4	Materials associated with the service (such as pamphlets or statements) are clear and visually appealing at the bank.	1	2	3	4	5

Part IV. Customer Satisfaction

1. The following statement relates to your feeling about the bank please respond by circling the number which best reflects your own perceptions.

My feelings towards the bank's services can best be described as

        1. Highly dissatisfied   2. Dissatisfied

        3. Somewhat satisfied   4. Satisfied

        5. Highly satisfied

የጥናት መጠይቅ

ጅማ ዩኒቨርሲቲ

የቢዝነስና ኢኮኖሚክስ ኮሌጅ

የቢዝነስና አስተዳደር ትምህርት ክፍል

የክረምት ድህረ ምረቃ ፕሮግራም

Ãህ መÖÃቅ ¾ተ²ÒẼዉ Ï ማ ¿ኒቨርሲቲ የቢዝነስና አስተዳደር የድህረ ምረቃ ተማሪ ሲሆን አለማውም ¾ኦሮሚያ ህብረት ስራ ባንክ አገልግሎት አሰጣጥ ጥራት እና በደንበኞች እርካታ ላይ ያለውን ተፅዕኖ በሚል ርዕስ ለሚደረገ ጥናት የመጀመሪያ ደረጃ መረጃ ለመሰብሰብ ነው የሚሰጡት መልስ የሚ¬ለው ለዚህ ጥናት አለማ ብቻ ነው ።። ስለሆነም ከዚህ በታች ለቀረቡት ጥያቄዎች ትክክል ነው የሚሉትን መልስ ይስጡ ዘንድ በትህትና እÖÃቃለሁ ።።

ስለ ትብብሮ በቅድሚያ አመሰግናለሁ ።።

መመሪÁ

- ስምዎን መጥቀስ አያስፈልግም
- ትክክል ነው የሚሉትን መልስ በተዘጋጀው ሳጥን ውስጥ / √ / ምልክት አስቀምጡ ።።

ክፍል አንድ፡ Óላዊ መረí መÖÃቅ

1.1 ••ï ታ	☐ ወንድ		☐ ሴት				
1.2 ዕድሜ	☐ ከ 18-29		☐ ከ 30-39		☐ ከ40-49		☐ ከ 50 በላይ
1.3 የጋብቻ ሁኔታ	☐ ያላገባ/ች		☐ ያገባ/ች				
1.4 የትምህርት ደረጃ	☐ አንደኛ Åረí		☐ ሁለተኛ ደረጃ		☐ ሰርተፊኬት		
	☐ Ç.ኘሎማ		☐ ¾መጀመሪÁ Ç.Óሪ እና በላÃ				

ክፍል ሁለት

እንደ አንድ የባንክ አገልግሎት ተጠቃሚ የባንክን አገልግሎት በከፍተኛ የጥራት ደረጃ ይሰጣል ብለው የሚገምቱትን ባንክ ያስቡ :: እንደዚህ ያለ ባንክ ሊኖረው ይገባል ብለው ርሶ ከሚያስቡት መለያዎች ከዚህ በታች የተጠቀሱትን ጉዳዮች ያስፈላጊነታቸውን ደረጃ ከ 1-5

የቀረቡትን ቁጥሮች በመክበብ እባክዎትን ያመልክቱ ::

1. በጣ ራሽ አልስማማም 2. አልስማማም 3. አስተያየት የለኝም 4. እስማማለሁ
   5. በ× ም እስማማለሁ

2.1						
2.1.1	∅ሩ የሆኑ ባንኩች ዘመናዊ የሆኑ እቃዎች ይኖራቸዋል::	1	2	3	4	5
2.1.2	³∅ሩ ባንክ መገልገያዎች ለአይን ሳቢ ናቸው::	1	2	3	4	5
2.1.3	³∅ሩ ባንክ ሰራተኞች ፅዱ ናቸው	1	2	3	4	5
2.1.4	∅ሩ በሆነ ባንክ ውስጥ ከአገልግሎት ጋር የሚያያዙ እቃዎች ወይም ማስረጃዎች /አነስተኛ / መፅሄቶች ና አርፍተነገሮች የመሳሰሉት/ ለአይን ማራኪ ናቸው::	1	2	3	4	5
2.2						
2.2.1	∅ሩ ባንክ አንድ ነገር በተወሰነ ጊዜ ውስጥ ለማድረግ ቃል ከገባ የገባውን ቃል ይፈፀማል ::	1	2	3	4	5
2.2.2	∅ሩ ባንክ ደንበኞቹ ችግር በሚገጥማቸው ጊዜ ችግራቸውን ለመፍታት ያለውን ፍላጎት በቅንነት ያሳያል ::	1	2	3	4	5
2.2.3	∅ሩ ባንክ አገልሎቱን ከመጀመሪያ ጀምሮ በትክክል ይተገብራል	1	2	3	4	5
2.2.4	∅ሩ ባንክ አገልግሎቱን ቃል በገባበት ሰዓት ይፈፀማል::	1	2	3	4	5
2.2.5	∅ሩ ባንክ ከስህተት የፀዳ ሪከርድ ይኖረዋል ::	1	2	3	4	5
2.3						
2.3.1	³∅ሩ ባንክ ሰራተኞች ለደንበኞቻቸው አገልግሎት የሚሰጡበትን አመች ሰዓት ይወስናሉ::	1	2	3	4	5
2.3.2	³∅ሩ ባንክ ሰራተኞች ለደንበኞቻቸው ፈጣን አገልግሎት ይሰጣሉ::	1	2	3	4	5
2.3.3	³∅ሩ ባንክ ሰራተኞች ሁልጊዜ ደንበኞችን ለመርዳት ፈቃደኞች ይሆናሉ::	1	2	3	4	5
2.3.4	³∅ሩ ባንክ ሰራተኞች የደንበኞችን ጥያቄ ለመመለስ ጊዜ አያጡም ::	1	2	3	4	5
2.4						
2.4.1	³∅ሩ ባንክ ሰራተኞች በሀርይ በደንበኞች አዕምሮ ላይ መተማመንን ይፈጥራል::	1	2	3	4	5
2.4.2	³∅ሩ ባንክ ደንበኞችከባንኩ በሚያገኙት አገልግሎት ላይ የመተማመን ስሜት ይሰማቸዋል ::	1	2	3	4	5
2.4.3	³∅ሩ ባንክ ሰራተኞች ሁሌም ለደንበኞች ትሁት ናቸው::	1	2	3	4	5

2.4.4	³Øሩ ባንክ ሰራተኞች የደንበኞችን ጥያቄ ለመመለስ የሚያስችል ዕውቀት ይኖራቸዋል ::	1	2	3	4	5
2.5						
2.5.1	³Øሩ ባንክ ሰራተኞች የደንበኞቹ ግለሰባዊ ትኩረት ይሰጣል	1	2	3	4	5
2.5.2	Øሩ ባንክ ለሁሉም ደንበኞቹ ምቹ የስራ ሰዓት ይኖረªል ::	1	2	3	4	5
2.5.3	Øሩ ባንክ ለደንበኞቹ ግለሰባዊ ትኩረት ሊሰጡ የሚችሉ ሰራተኞች ይኖሩታል	1	2	3	4	5
2.2.4	Øሩ ባንክ የደንበኞቹን የውስጥ ፍላጎት ያውቃል ::	1	2	3	4	5
2.5.5	³Øሩ ባንክ ሰራተኞች የደንበኞቻቸውን የተለየ ፍላጎት ያውቃሉ ::	1	2	3	4	5

ክፍል ሶስት

የሚቀጥሉት አርፍተነገሮች ስለ ባንክ ያለዎትን አመለካከቱ የሚመለከቱ ናቸው :: በእያንዳንዱ አርፍተነገሮች ባንኩ በምን ያህል መጠን አለው ብለው ያምናሉ ባንኩ በአርፍት ነገሮቹ የተጠቀሱት ነገሮች በምን ያህል ደረጃ • እንዳለው ከ1-5 የቀረቡትን ቁጥሮች በመ¡ በብ እባኮትን ያመልክቱ::

1. በ፪ ራሽ አልስማማም 2. አልስማማም 3. አስተያየት የለኝም 4. እስማማለሁ
   5. በ×ም እስማማለሁ

2.1						
2.1.1	ባንኩ ዘመናዊ የሆኑ ዕቃዎች አሉት ::	1	2	3	4	5
2.1.2	የባንኩ መŊ፩Ŋ፩ ክቃዎች ለአይን ሳቢ ናቸው::	1	2	3	4	5
2.1.3	የባንኩ ሰራተኞች ዕዱ ናቸው	1	2	3	4	5
2.1.4	ባንክ ውስጥ ከአገልግሎቱ ጋር የሚያያዙ እቃዎች ወይም ማስረጃዎች /አነስተኛ / መፅሔቶች እና አርፍተነገሮች የመሳሰሉት/ ለአይን ማራኪ ናቸው::	1	2	3	4	5
2.2						
2.2.1	ባንኩ አንድ ነገር በተወሰነ ጊዜ ውስጥ ለማድረግ ቃል ከገባ የገባውን ቃል ይፈፀማል ::	1	2	3	4	5
2.2.2	ባንኩ ችግር በሚገጥምዎ ጊዜ ችግርዎን ለመዖ ታት ያለውን ፍላጎት በቅንነት ያሳያል ::	1	2	3	4	5
2.2.3	ባንኩ አገልግሎቱን ከመጀመሪያ ጀምሮ በትክክል ይተገብራል ::	1	2	3	4	5
2.2.4	ባንኩ አገልግሎቱን ቃል በገባበት ሰዓት ይፈፀማል::	1	2	3	4	5
2.2.5	የባንኩ የአገልግሎት አሰጣጥ ከስህተት የፀዳ ሪከርድ ላይ የተመሰረተ ነው ::	1	2	3	4	5
2.3						
2.3.1	³፬ባንኩ ሰራተኞች በምን ሰዓት አገልግሎት እንደሚሰጡት ይንልፀሎ ·ታል::	1	2	3	4	5
2.3.2	ባንኩ ፈጣን አገልግሎት Ãሰ፱ ·ታል:::	1	2	3	4	5
2.3.3	³፬ባንኩ ሰራተኞች ሁልጊዜ እርሶን ለመረዳት ፈቃደኞች ናቸው ::	1	2	3	4	5

2.3.4	³ባንኩ ሰራተኞች ∅ሯቄዎን ለመመለስ ጊዜ አያጡም ::	1	2	3	4	5
2.4						
2.4.1	³ባንኩ ሰራተኞች በህርሃ በእርሶ ላሃ መተማመንን ይፈጥራል::	1	2	3	4	5
2.4.2	ከባንኩ በሚሃኛኑት አገልግሎት ላይ የመተማመን ስሜት ይሰማዎታል ::	1	2	3	4	5
2.4.3	³ባንኩ ሰራተኞች ሁሌም ለእርስ- ትሁት ናቸው::	1	2	3	4	5
2.4.4	የባንኩ ሰራተኞች ∅ሯቄዎን ለመመለስ የሚያስችል ዕውቀት አላቸው ::	1	2	3	4	5
2.5						
2.5.1	ባንኩ ግለሰባዊ ትኩረት ይሰጣታል	1	2	3	4	5
2.5.2	የባንኩ የስራ ሰዓት እርስዎ ምቹ ነው:: ::	1	2	3	4	5
2.5.3	ባንኩ ግለሰባዊ ትኩረት ሊሰጡት የሚችሉ ሰራተኞች አሉት ::	1	2	3	4	5
2.2.4	ባንኩ የርስዎን የልብ መሻት ያውቃል ::	1	2	3	4	5
2.5.5	የ ባንኩ ሰራተኞች የተለየ ፍላጎቶን ይረዳሉ ::	1	2	3	4	5

ክፍል አራት

የሚከተለው አርፍተ ነገር ስለ ባንኩ ያሎትን ስሜት ይመለከታል :: እባክዎን ³ሔርሶን አመለካከት በትክክል የሚያሳየውን ቁ∅ር Áᵢ ብሉ::

በኦሮሚያ ህብረት ስራ ባንክ አገልግሎት :-

1. በጭራሽ አልተደስትኩበትም   2. አልተደስትኩበትም   3. በመጠኑ ተደስቼበታለሁ
    4. ተደስቻለሁ   5. በጣም ተደስቻለሁ

Annex II. Demography of Respondents

Sex of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
	Male	80	53.3	53.3	53.3
Valid	Female	70	46.7	46.7	100.0
	Total	150	100.0	100.0	

Source: Survey questionnaire, 2014

There were a total of 150 respondents representing 53.3% were male and the remaining 70 respondents representing 46.7% were female.

Educational Level of the respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
	Primary School	3	2.0	2.0	2.0
	Secondary school	11	7.3	7.3	9.3
Valid	High School	25	16.7	16.7	26.0
	First Degree	96	64.0	64.0	90.0
	Second degree and above	15	10.0	10.0	100.0
	Total	150	100.0	100.0	

Source: Survey questionnaire, 2014

From the above table no.2, the majority of the respondents were grouped under the educational level of First degree covering 64% of the total respondents. The rest of the respondents were categorized under the educational level of High school completed, second degree and above and primary school with covering 16.7%, 10% and 3% respondents respectively.

Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
	18-29 years	68	45.3	45.3	45.3
	30-39 years	61	40.7	40.7	86.0
Valid	40-49 years	14	9.3	9.3	95.3
	50 years above	7	4.7	4.7	100.0
	Total	150	100.0	100.0	

Source: Survey questionnaire, 2014

As indicated on the above table no. 3, among the total distributed questionnaire, 45.3% of the respondents were found to be in the age category of above 18-29 years. The rest of the respondents composes of 40.7%, 9.3%, and 4.7% are clustered in age the categories of 30-39, 40-49, and 50 years above respectively. This concentration indicated that most of the respondents categorized under age of more than 30 years.

Marital status of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
	single	61	40.7	40.7	40.7
Valid	Married	89	59.3	59.3	100.0
	Total	150	100.0	100.0	

Source: Survey questionnaire, 2014

It can be seen from the above table no.4, among the total respondents which constitute 59.3% were married whereas the rest respondents covering 40.7% respondents were claimed to be as single.