

***COMPARATIVE STUDY OF SERVICE QUALITY OF SELECTED
BANKS FROM CUSTOMERS' SATISFACTION PERSPECTIVE:
(IN CASE OF BANKS IN CHIRO TOWN, ETHIOPIA)***

***A Thesis Submitted to the School of Graduate Studies of Jimma University for
the Partial Fulfillment of the Requirement for the Award of Degree in Masters
of Business Administration (MBA)***

BY:

WONDWESEN SHAWEL YEMIRU



**JIMMA UNIVERSITY
BUSINESS AND ECONOMICS COLLEGE
DEPARTMENT OF MANAGEMENT
MBA PROGRAM**

**DECEMBER 2018
JIMMA, ETHIOPIA**

***COMPARATIVE STUDY OF SERVICE QUALITY OF SELECTED
BANKS FROM CUSTOMERS' SATISFACTION PERSPECTIVE:
(IN CASE OF BANKS IN CHIRO TOWN, ETHIOPIA)***

BY:

WONDWESEN SHAWEL YEMIRU

Under the Guidance of

Mr. SEID HUSSIEN (Assistant professor)

And

Mr. BELAY CHEKOL (MBA)



***A Thesis Submitted to the School of Graduate Studies of Jimma University for
the Partial Fulfillment of the Requirement for the Award of Degree in Masters
of Business Administration (MBA)***

**JIMMA UNIVERSITY
BUSINESS AND ECONOMICS COLLEGE
DEPARTMENT OF MANAGEMENT
MBA PROGRAM**

**DECEMBER 2018
JIMMA, ETHIOPIA**

Declaration

I hereby declare that this thesis entitled “*Comparative Study of Service Quality of Selected Banks from Customers’ Satisfaction perspective: In Case of Banks in Chiro Town, Ethiopia*”, has been carried out by me under the guidance and supervision of Mr. Seid Hussien (Assistant Professor) and Mr. Belay Chekol(MBA)

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

Researcher’s Name

Date

Signature

Certificate

This is to certify that the thesis entitled “*Comparative Study of Service Quality of Selected Banks from Customers’ Satisfaction perspective: In Case of Banks in Chiro Town, Ethiopia*”, submitted to Jimma University for the Award of the Degree of Masters in Business Administration (MBA) and is a record of valuable research work carried out by Mr. *Wondwesen Shawel*, under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

Main Adviser’s Name

Date

Signature

Co-Advisor’s Name

Date

Signature

Abstract

Banks play a very important role in the economic life of a nation. Although the banking industry is growing and offering various types of financial services to the public, their mere existence does not do any good unless they deliver a quality service. This study is set out to examine and compare the level of service quality performance of selected banks in Chiro Town from the customers' satisfaction perspective. Four banks (CBE, CBO, AIB and OIB) found in Chiro Town included in the study. To attain the objectives, structured questionnaire was designed under five dimensions of SERVEQUAL model. The sample consists of 398 respondents' selected based on non-probability convenience sampling with 98 % response rate. Quantitative means of data collection method is employed to collect the data through structured questionnaire. A descriptive statistical analysis (mean and standard deviation) was used to see the gap between customers' expectations and their actual perceptions. A Pearson Correlation and linear regression analysis were also used to see the relationship between service quality and customer satisfaction. The collected data was analyzed with the help of SPSS version 20. Among the five dimensions of service quality responsiveness score highest gap, while empathy score the lowest gap. Among the four banks CBO score highest gap, while CBE score lowest gap. While ranking the five dimensions respondents rated Responsiveness as the most important service quality indicator, while assurance rated the least. The correlation results indicate that there is a positive and strong relationship between all service quality dimensions and customer satisfaction. The results of the regression test showed that offering quality service has positive and significant impact on overall customer satisfaction i.e. 55.3% of the variation in customer satisfaction is explained by service quality dimensions. The findings reveal that the performance of bank in providing quality service is not in a position to meet the expectation of the customer. Low service quality leads low customer satisfaction. Based on the findings of the study, the researcher suggested that, the bank should prepare complaint handling mechanisms, relevant training for its customer service officer, and need to become more responsive to their customers as well as increase their accessibility.

Key words: Assurance, Customer Satisfaction, Empathy, Reliability, Responsiveness, SERVEQUAL model, Tangibility.

Acknowledgements

This study is made possible by a great deal of support from a number of people who have been kind enough to stand beside me every step of the way through my stay in the program. Yet, it would not be in its current shape if it hadn't been for God's enormous will and support. Therefore, the highest gratitude goes to my glory God.

First and for most, I am grateful to my advisors , Mr. Seid Hussien (Assistant Professor) and Mr. Belay Chekol (MBA) for their valuable advice, constructive comments and suggestions during the course of this study.

I would like to thank 'Jimma University' and 'Oromia Ethics and Anti-Corruption Commission' for their collaborative sponsoring of the program. I am also grateful, to Oromia Ethics and Anti-Corruption Commission Easter Branch Office staffs for their moral and different kinds of support during my research endeavor. Moreover, I would like to extend my gratitude to all bank customers who have sacrificed their valuable time in responding my questionnaire from banks of CBE, CBO, AIB and OIB Chiro Branches.

Finally, my utmost gratitude goes to my beloved family, wife, son, daughter, relatives and friends for their unreserved support and encouragement throughout the research development. Thank You Very Much and God Bless You All!!

Table of Contents

Declaration.....	i
Certificate	ii
Abstract.....	iii
Acknowledgements.....	iv
List of Tables	vii
List of Figures.....	vii
CHAPTER ONE	
INTRODUCTION	1
1.1. Background of the Study	1
1.2. Statement of the Problem.....	3
1.3. Basic Research Questions.....	5
1.4. Objectives of the Study.....	6
1.4.1 General Objective of the Study	6
1.4.2 Specific Objectives of the Study	6
1.5. Significance of the Study.....	6
1.6. Scope of the Study	7
1.7. Limitation of the Study.....	7
1.8. Organization of the Paper	8
CHAPTER TWO	
REVIEW OF RELATED LITERATURES.....	9
2.1 Theoretical Framework.....	9
2.1.1 Definition of the Services.....	9
2.1.2. Characteristics of Services	10
2.1.3. The Meaning and Concept of Service Quality	11
2.1.4. The Gap Model of Service Quality	13
2.1.5. The Service Quality Dimensions of Service Industry	15
2.1.6 Measuring Service Quality Using SERVQUAL Model.....	17
2.1.7. Customer Satisfaction and Service Quality in Banking Industry.....	19
2.1.8. Measuring Service Quality in Banking Industry.....	20
2.1.9. History of Modern Banking in Ethiopia.....	21
2.2 Review of Empirical Studies	23
2.3. The Conceptual Framework of the Study	25
CHAPTER THREE	
RESEARCH DESIGN AND METHODS.....	26
3.1. Description of the Study Area	26
3.2 Research Design	26
3.3 Sampling Design.....	27
3.3. 1 Target Population	27

3.3.2. Sample Size	28
3.3.3 Sampling Technique	29
3.4. Types and Sources of Data	30
3.5 Data Collection Instrument Design and Procedure.....	30
3.5.1 Data collection instrument.....	30
3.5.2 Method of Data Collection	31
3.5.3 Research Variables	32
3.6. Validity and Reliability of Instrument	33
3.7 Method of Data Analysis	34
3.8 Ethical Consideration.....	37
CHAPTER FOUR	
DATA PRESENTATION, ANALYSIS AND INTERPRETATION	38
4.1. Background Information of Respondents	38
4.2 Descriptive Analysis of Service Quality Gap (Gap 5).....	40
4.2.1. Total Gap Analysis of All Sample Banks	40
4.2.2. Service Quality Gaps Analysis of Each Studied Banks	45
4.2.3 Comparative Analysis of the Four Banks Service Quality Performance (CBE, CBO, AIB and OIB).....	48
4.2.4 Relative Importance Analysis of the Five Service Quality Dimensions.	50
4.3 Correlation Analysis between Service Quality Dimensions and Customer Satisfaction.....	51
4.4 Multiple Linear Regression Analysis	53
4.4.1 Multiple Linear Regression Assumptions Test	53
4.4.2 Overall Regression Analysis	56
CHAPTER FIVE	
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	59
5.1 Summary of the Major Findings.....	59
5.2. Conclusions.....	60
5.3 Recommendations.....	61
5.4. Suggestions for Future Research	64
References.....	65
Appendices	70

List of Tables

<i>Table 1: how the ten service quality dimensions reduced to five dimensions.....</i>	16
<i>Table 2: Number of saving customers of selected banks in chiro Town.....</i>	28
<i>Table 3: Summary of Sample and response rate</i>	29
<i>Table 4 : Result of Reliability Test.....</i>	33
<i>Table 5: Characteristics of the respondents</i>	38
<i>Table 6: Gap score concerning Tangibility Dimensions of all sample banks (n=390)</i>	40
<i>Table 7: Gap score concerning Reliability Dimensions of all sample banks (n=390).....</i>	41
<i>Table 8: Gap score concerning Responsiveness Dimensions of all sample banks (n=390).....</i>	42
<i>Table 9: Gap score concerning Assurance Dimensions of all banks (n=390)</i>	43
<i>Table 10: Gap score concerning the Empathy Dimension of all banks (n=390)</i>	44
<i>Table 11: The gaps between customers expectations and perceptions of CBE (n=180).....</i>	45
<i>Table 12: The gaps between customers expectations and perceptions of CBO (n=110)</i>	46
<i>Table 13: The gaps between customers' expectations and perceptions of AIB (n=60).....</i>	46
<i>Table 14: The gaps between customers expectations and perceptions of AIB (n=40)</i>	47
<i>Table 15: Comparison of Service quality gap among CBE, CBO, AIB and OIB</i>	48
<i>Table 16 : Relative importance of the five service quality dimension.</i>	50
<i>Table 17: Pearson's correlation Matrix</i>	52
<i>Table 18: Collinearity Statistics.....</i>	55
<i>Table 19 : Pearson Correlation Matrix among Independent variables</i>	55
<i>Table 20: Model Summary of Service quality dimensions.....</i>	56
<i>Table 21 ANOVA for service quality dimensions and customer satisfaction</i>	56
<i>Table 22: Regression Results Coefficients^a.....</i>	57

List of Figures

<i>Figure 1 : The Gap Model of service quality</i>	13
<i>Figure 2: Conceptual framework</i>	25
<i>Figure 3: Regression Model Assumption of Linearity Test</i>	54
<i>Figure 4: Regression Model Assumption of Normality Test.....</i>	54

List of Acronyms and Abbreviations

ATM = Automated Teller Machines

SPSS = Statistical Program for Social Students

CSA = Central Statistical Agency

NBE = National Bank of Ethiopia

CBE = Commercial Bank of Ethiopia

CBO = Cooperative Bank of Oromia

AIB = Awash International Bank

OIB = Oromia International Bank

E = Expectation

P=Perception

SERVQUAL = Service Quality Measurement Tool

PEDO=Planning and Economic Development Office

CHAPTER ONE

INTRODUCTION

This chapter deals with background of the study, statement of the problem, basic research questions, objectives of the study, significance of the study, scope of the study, limitation of the study and finally organization of the paper are the major areas discussed in this chapter

1.1. Background of the Study

Banks play an important and active role in the financial and economic development of a country. An effective banking system greatly influences the growth of a country in various sectors of the economy. Practitioners in the banking industry face a large number of complex challenges in the global market place. It is crucial for banks to better understand changing customer needs and adopt the latest information technology system in order to compete more effectively with global organizations (Malhotra and Mukherjee, 2004).

In recent years, it is essential for banks to establish a sturdy and solid loyal customer base to weather tougher economies and more intense competition. Now a day, to be able to survive the prevailing intense competition in the banking industry, what most of the bank attempt to do is to create convenient banking activities for their customers. Such activities include the Automated Teller Machine (ATM), Money Transfers, Banking via Mobile Phone, etc. Though these services are virtually duplicated by most banks, what is the focus now is the quality of the service which is provided. The practice of excellent service quality integrated with consumer products is a powerful generator to cater to customers' needs and engage with them. Considering that many banks offer undifferentiated products in a rival market place, banks are paying more attention to Service quality in order to gain a competitive advantage. Banks that master service quality can gain a competitive edge in terms of higher revenue, customer loyalty and customer retention (Kumar et al., 2010).

Services are different from goods because they are intangible as they cannot be seen, touched or felt; perishable as we are unable to store them; inseparable because they are attached with a service provider, and insubstantial due to heterogeneity (Hoffman and Bateson, 2002).

To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction. As service quality improves, the probability of customer satisfaction increases. Quality was only one of many dimensions on which satisfaction was based; satisfaction was also one potential influence on future quality perceptions (Clemes, 2008).

Customer satisfaction is also crucial in the banking sector because of the special nature of the service which is characterized by intensive contact with customers who have different needs and require customized solutions and it is known to be one of the most important and serious issues towards success in today's competitive business environment, as it affects company market shares and customer loyalty (Clemes, 2008).

Delivering high quality service has become a strategic approach for satisfying and retaining customers, as well as building and sustaining profitable and long-term relationships with them (Cronin and Taylor, 1992). The service industries are mostly customer driven and their survival in competitive environment largely depends on the quality of service they provide.

Stafford and Wells (1998) suggested that service quality is a critical issue in the service industry and of particular importance for financial service providers who characteristically offer products that are homogeneous in nature. Banks seeking to improve profitability are, thus, advised to monitor and make improvements to their service quality on an ongoing basis. On the other hand, Murthy (2010) stipulated that banks have to be efficient in dealing with individual customers, traders and companies. It is also necessary for banks to strive hard to retain the existing customers' in the face attracting new customers.

Therefore, service quality becomes more critical for banks because they are challenged by many factors such as, the pressures of globalization, customers' sophisticated demands and expectations, and competition from non-banking financial institutions (Zeithaml, Parasurmn and Berry, 1990). By considering these factors, banks should constantly seek new ways to improve their service quality in order to attract new customers, satisfy and retain current customers, and maintain their market shares.

The other important factor that cause banking industry to rethink their strategies for services offered to both commercial and individual customers is the technological changes which take place in global market place. It is within this rapidly changing marketing environment that customer satisfaction and service quality are compelling the attention of all banking institutions because, perceived quality of services tends to play an important role in high involvement industries like banking services (Dick, 2005).

In Ethiopia Continuous establishment of commercial banks leads to fierce competition in terms of maintaining the existing customers and attracting potential customers. Therefore provision of quality customer service is mandatory to sustain profitability and growth. So ensuring service quality can have positive contribution towards maintaining the existing customers and attracting potential ones (Yassin et al., 2015).

On the other hand, defining and measuring quality in services might be difficult due to the unique characteristics of services. But the researcher decided to measure service quality performance of commercial banks which are currently operating in Chiro Town through service quality dimensions from customers' point of view. It is clear that this method is the most relevant approach in defining and measuring service quality in banking and other financial institutions as suggested by Parasuraman et al. (1988).

Even if customers' services provided by the banks are modified and improved time to time, structured and more facilitated day to day, there is still customers' compliance and dissatisfaction in the service delivered to them. For this reason, the researcher is motivated to compare the service rendered by the selected banks from customers' point of view.

1.2. Statement of the Problem

Commercial banks play a significant role in the Ethiopian economy, making up one of the biggest providers of financial services in the country. Hence, providing better service quality has a potential impact on satisfying and retaining customers for a long period of time. This in turn contributes to the increment of the profitability of the organizations. For banking sector to play the roles that is expected of them by owner(s), customers, and governments, its service quality performance must be given a priority and due attention (Yonatan, 2010).

According to Tigineh et al. (2012) it is known that in Ethiopia, Commercial banks whether Public or private form the largest financial institutions operating in the country. The current stiffer competition among them, lead the commercial banks operating in Ethiopia to know the importance of improving the quality of their services to attract new/potential/ customers and retain the current/existing/ customers for a long period of time. In order for these banks to provide high quality services, they initially need to investigate the level of customers' expectations and perceptions to their service quality performance from the customers' perspectives.

Even though all banks provide the same types of services, they do not provide the same quality of services. Furthermore, customers, who are living in today competitive marketing environment, are more aware of alternatives which increase their expectations of service they wish for. Therefore, in banking industry, where there is difficult to differentiate services from each other, service quality can be used as a strategic tool to build a distinctive advantage over competitors. Although quality cannot be improved unless it is measured, it can be defined from several perspectives, like the ability to satisfy the needs and expectations of the customer (Yonatan, 2010).

Due to stiffer competition among commercial banks in terms of maintaining the existing customers and attracting potential customers, it is important for all banks to improve the quality of their services because there are still complaints on the service quality performance of their respective banks.

Frequently measuring customers' expectations and perceptions with respect to different service quality dimensions may help the banking industry to understand the difference between expectation (E) and perception (P) that means (P-E) which in turn enables them to improve their service quality. As the researcher seen from the background of the study, there are many government and private banks operating in Ethiopia to serve customers, even though their services cannot be to the best level of customers' satisfaction. Gaps are existed related to service quality performance of all banks currently operating in Chiro Town; as the researcher regularly hear complain from clients of the banks. Therefore, the researcher

initiated to conduct study to measure and compare service quality performance of selected banks rather than making difficult conclusion in terms of complains.

There were different researches conducted to analyze the relationship between service quality and customer satisfactions in different country including Ethiopia, still there is a need to conduct more researches to fill the service quality gap and to examine its effect on customer satisfaction. Moreover, Particular to the target area under study, the conducted researches in different area can be served as a reference rather than using for making a judgment, since they were not particular to the target area specifically. So that, making judgment based on the research conducted in different area leads to missing the context. Because, the study conducted in the context of one country may not be applicable in other countries as the institutional, economic and socio-cultural factors may different from region to region or from one sector to another within the same region.

It is clear that the relationship between customers' perception and expectation of service quality performance of service organization reflects the level of their service quality performance. Therefore, the main purpose of this study is to measure and compare the service quality performance of public and private banks located in Chiro Town, namely, CBE, AIB, OIB and CBO from customers' satisfaction point of view.

To conceptualize what is stated in the above research gap, it is written in the following research question and objective form.

1.3. Basic Research Questions

The following basic research questions are addressed in this study:

1. Is there a significant difference between customers' expectations and perceptions of service quality performance of the target banks?
2. Which bank is better in providing quality services for customers based on the examined SERVQUAL gap Score?
3. Which of the five service quality dimension(s) do customers of the bank favor most?
4. To what extent service quality dimensions determine customer satisfaction?

1.4. Objectives of the Study

1.4.1 General Objective of the Study

The general objective of this study was to examine and *Compare* the level of service quality performance of selected banks in Chiro Town from the customers' satisfaction perspective and assessing the service quality gaps by comparing customers' expectations and their actual perceptions.

1.4.2 Specific Objectives of the Study

The specific objectives of the study are;

- i. To examine the gaps or discrepancies between customers' expectations and their perceptions of service quality performance of target banks.
- ii. To analyze and compare the level of service quality gap score across the selected banks in five service quality dimensions.
- iii. To identify the service quality dimension (s) that customers of the bank favor most.
- iv. To examine the casual relationship between service quality dimensions and customer satisfaction.

1.5. Significance of the Study

It is important to measure and evaluate the service quality performance of commercial banks and then compare the findings in order to help the respective bank's professionals in setting effective service quality strategy. This in turn enables them to adjust themselves to changes in marketing environment currently taking place in the banking industry.

The study intended to help the respective banks become aware of the discrepancies between their customers' expectations and perceptions toward their service quality performance. It could be a good indicator for management of the bank to know the gaps and taking actions to close these gaps.

The study also identify the significant service quality dimension that matter most to their customers ;which enables the management of the bank to prioritize their attention and resources on the dominant dimension to provide quality service perceived by their customers. Finally, the study identifies future research areas that will have advantage for future researcher to conduct further study.

1.6. Scope of the Study

Though there are many public and private banks operating in the country, the study were limited to selected banks of CBE, AIB, CBO and OIB that are found in Chiro Town and holding relatively higher number of customers.

Among the service rendered in each banks, the study will focuses only on saving accounts which holds major customers of banks, and that is more important in the development of individual's capital.

Even though there are basically five different service quality gaps according to parasuraman et al. (1985), this study focuses only on gap five, that is the difference between customers' perception and expectation. In this gap: Reliability, Responsiveness, Tangibles, Assurance, and Empathy dimensions of the SERVQUAL are treated.

1.7. Limitation of the Study

Despite researcher sincere effort to keep flawless in the survey, some limitations cannot be ruled out like:

This project report is the result of “Comparative study of service quality of selected banks in Chiro Town” and can therefore not be considered as a representative of the whole service quality of banks; that is the generalization of the finding and the conclusion drawn will be limited to banks of Chiro Branches.

The study employed cross-sectional survey method which collects the relevant data at a point in time. Hence, the researcher result may differ if conducted in (longitudinal) time series link across variables.

1.8. Organization of the Paper

The paper is organized into five chapters. The first chapter deals with introductory part consisting of introduction/background of the study, history of banking in Ethiopia, statement of the problem, basic research questions, objective of the study, significance of the study, delimitation /scope/ of the study, limitation of the study and organization of the paper. The second chapter deals with reviews of relevant literatures related to the study. In this chapter various theoretical, empirical and conceptual concepts that relates with service quality and its measurement and dimension of service quality and issues related with quality service has been discussed. The third chapter presents the methodology of the study. It covers research design, Sampling design, types and source of data, data collection instrument design, research variables, method of data analysis and ethical considerations. The fourth chapter presents data presentation, analysis and interpretation of the collected data. The last chapter presents summaries of major findings, the conclusions, and the possible recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

This chapter covers the literature reviewed of theoretical, empirical and conceptual framework which serves as evidence of the Variables of the study - Service Quality and Customer Satisfaction. Definitions of service, quality, customer satisfaction, the concept of service quality, gap model of service quality and the relationship between service quality and customer satisfaction are briefly highlighted.

2.1 Theoretical Framework

2.1.1 Definition of the Services

Services were defined as: *“Those economic activities that typically produce an intangible product such as education, entertainment, food and lodging, transportation, insurance, trade, government, financial, real estate, medical repair and maintenance like occupations”* (Parasuraman et al., 1985; Heizer and Render, 1999;). Unlike manufacturing and merchandizing businesses that supply tangible products, service organizations deliver intangible products.

Services are also an economic activities offered by one party to another. In exchange for money, time, and effort, service customers expect value from access to goods, labor, professional skills, facilities, networks, and systems; but they do not normally take ownership of the physical elements involved (Lovell & Wirtz, 2011).

Service is intangible in nature, it cannot be mass produced and it cannot be inventoried and stored after production. Due to the fact that services and consumers of services are inseparable, they cannot be produced until the consumer is ready to consume them. Providing consistent quality is difficult for service because of the characteristic of variability (Zeithaml and Bitner, 2004). It is apparent that services are produced not only by service businesses but also are integral to the offering of many manufactured goods producers.

Philip Kotler (2000) defines services as “ *A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership or anything, it’s production may not be tied to a physical product.*”

The concept of service is used and defined in various perspectives by many scholars. A service is a commodity with no physical existence, usually created and consumed at the same time. Gronroos (2001) described service as a process resulting in an outcome in a partly simultaneous production and consumption process. This definition points to the fact that service provision and consumption are simultaneous activities.

Services are different from goods because they are intangible as they cannot be seen, touched or felt; perishable as we are unable to store them; inseparable because they are attached with a service provider, and insubstantial due to heterogeneity (Parasuraman *et al.*, 1985); Hoffman and Bateson, 2002).

2.1.2. Characteristics of Services

It is generally accepted that services have four main characteristics that differentiate them from goods: intangibility, inseparability, variability, and perish ability (Kotler & Armstrong, 2011) these characteristics create unique challenges for services.

Service Intangibility: Refers to the fact that services cannot be seen, tasted, felt, heard, or smelled before they are bought. For this reason, customers try to evaluate the quality of a service by looking at tangible components such as the place, people, price, equipment, and communications apparent (Kotler & Armstrong, 2011).

Service Inseparability: Refers to the fact that services cannot be separated from their providers, whether the providers are people or machines. This means that the employee providing the service becomes part of the service, in most cases, the customer is also present at the time of providing the service. Therefore, the provider-customer interaction becomes important in determining the outcome of the service (Kotler & Armstrong, 2011)

Service Variability: Refers to the fact that the quality of services depends on who provides them as well as when, where, and how they are provided (Kotler & Armstrong, 2011). This

means that the quality of a service provided is not just determined by the company but by the service provider too. Therefore, understanding the role of service providers is crucial to understand perceptions of service quality.

Service Perish ability: Refers to the fact that services cannot be stored for later sale or use (Kotler & Armstrong, 2011), although Lovelock and Wirtz (2011) argue that “not all service performances are perishable” like video recordings of events and concerts. One problematic situation that accompanies this characteristic is when demand exceeds supply (Kotler & Armstrong, 2011). This can be applied to the banking sector when there is high traffic at the counters and no enough service providers, thus the service in that case cannot be stored for later use. In this case, banks should think of better ways to match the service supply with the demand. For this reason, understanding perish ability of services is important in the context of current study.

2.1.3. The Meaning and Concept of Service Quality

Quality is an ability of any product to meet customers' expectations and requirements. It is a set of features, characteristics or attributes that are required or expected by the customers. There are several studies that found a relationship between the service quality offered by banks and its consequences as satisfaction level among customers. It is reported that quality is observed as a major factor in reference to customer acquisition and retention (Galloway and Ho, 1996).

In today's increasingly competitive business environment, service quality is essential for the success of any organizations. Service quality is an important aspect that affects the competitiveness of business organizations. Banks should always increase the quality of service continuously since there is no assurance that the current outstanding service will be suitable for future. So, banks should build up new strategy to satisfy their customers and to get competitive advantage over rivalry (Siddiqi, 2011).

There is no universally accepted definition of service quality and most writers in this area support customer centered definition because, as suggested by Peters (1998), quality like a beauty is in the eyes of the beholder.

On the other hand, quality may refer to different things based on the criteria set by different individuals, groups or organizations. It can be stated and described by customers, manufacturers, designers, service providers, sellers, and others. Like services, there is no an accepted or best definition for service quality. The most popular definition of service quality relates to ‘meeting or exceeding customers’ expectations (Bennington & Cummane, 1998).

“Service quality is the degree and direction of discrepancy between customer’s perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future purchasing behaviors”, or “A Customer’s assessment of the overall excellence of the service”. Parasurman et al. (1985; 1988; 1991)

Bolton and Drew (1991) describe service quality as: “a form of attitude that results from the comparison of expectations with performance”.

From these different definitions given by different scholars, we can understand that service quality is the result of the discrepancy between customer’s expectations and perceptions on the service quality received. Parasuraman et al. (1985; 1988; 1991) suggested that services differ from goods in terms of how they are produced, consumed, and evaluated because quality in services often occurs during service delivery, with the interaction between a customer and a service provider. Therefore, service quality performance of any service providers highly depends on the customers’ expectations and perceptions of their own service experience.

Given the differences between services and goods, quality of service is more difficult for customers to evaluate than quality of goods. As suggested by Parasuraman et al. (1985, 1988) customers evaluate service quality not only on the outcome of the service but also on the process of service delivery, and from how well a service provider actually performs, given their expectations of service performance.

2.1.4. The Gap Model of Service Quality

The gap model of service quality serves as a concise frame work for understanding, measuring and improving service quality (Parasurman et al., 1985; 1988).They identified five discrepancies in the service delivery process affecting a customer’s evaluation of the service experience as shown in the figure below. This gap analysis model can be used as a management guide to determine the service quality gap and discovering appropriate ways to close the gaps (Parasurman et al., 1985, 1988).

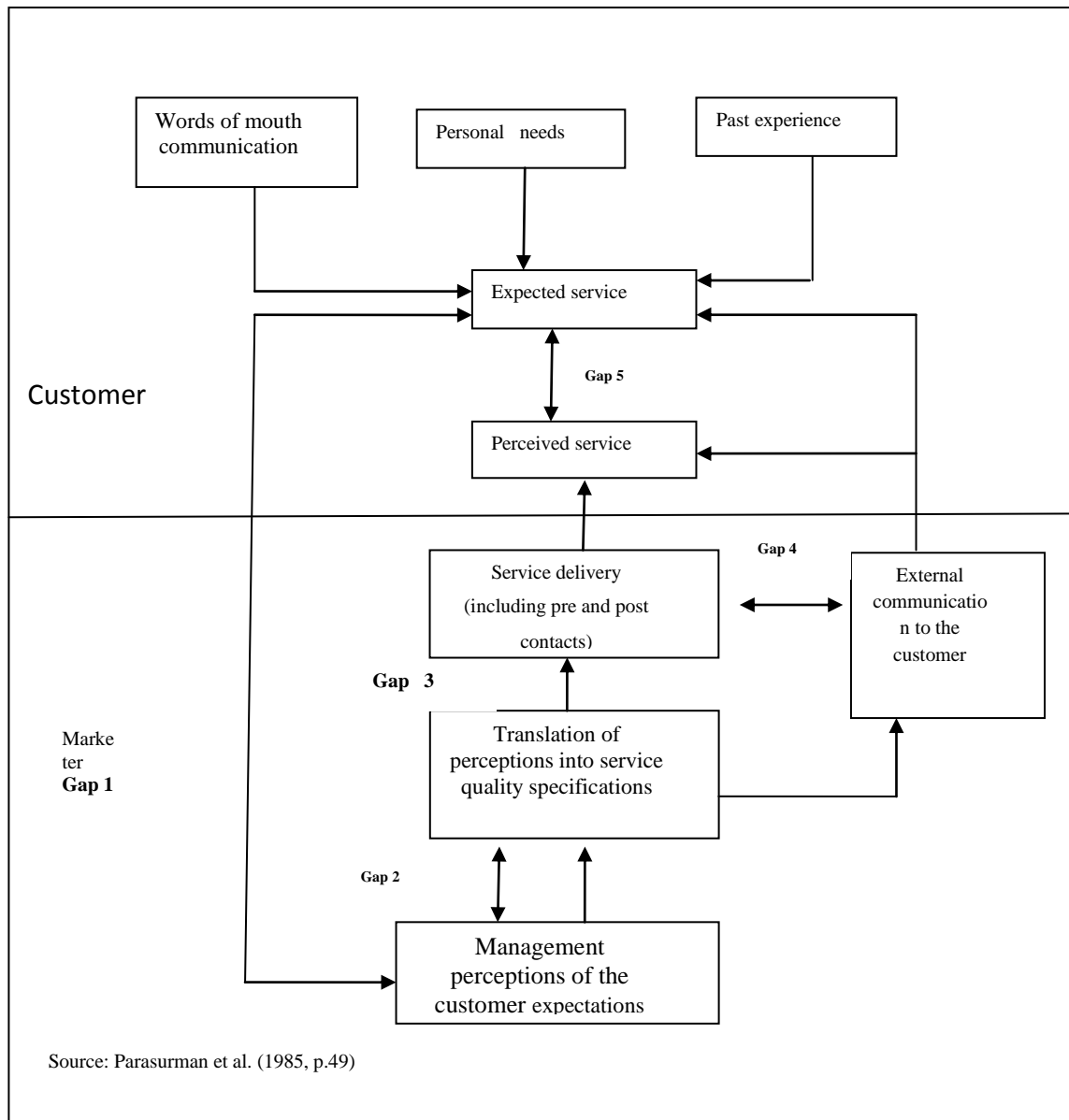


Figure 1 : The Gap Model of service quality

These five discrepancies or gaps of service quality are explained as follows:

Gap 1 (The knowledge gap): The gap between customers' expectation and management perceptions. The difference between what service providers believe customers expect and customers' actual needs and expectations. Major reasons for this gap are lack of marketing research orientation evidenced by insufficient marketing research, inadequate use of research findings, and lack of interaction between management and customers.

Gap 2 (The standard gap): The gap between management's perceptions of customer expectations and the firm's service quality specifications. The difference between managements' perceptions of customer expectations and the quality standards established for service delivery. Management might correctly perceive the customers' wants but not set quality standards clearly.

Gap 3 (The delivery gap): The gap between service quality specifications and service delivery. The difference between specified service delivery standards and the actual service provided. In general, this gap appears when employees are unable and /or unwilling to perform the service at the desired level. Various reasons are: role ambiguity, role conflict, poor employee-job fit, inappropriate supervisory control systems leading to inappropriate evaluation/compensation system, lack of perceived control on the part of employees and lack of team work.

Gap 4 (The communication gap): The difference between what a firm promises about a service and what it actually delivers is described as Gap 4. The main factors contribute to this gap are inadequate communication among operations, marketing, and human resources as well as across branches; and also propensity to over-promise in communications.

Gap 5 (The service gap): The gap between perceived service and expected service. The difference between what customers' expect to receive service and their actual perceptions of the delivered services. Gaps 1 through 4 contribute to the emergence of gap 5. It is the most important gap, if perceived service falls short of the customer's expectations ($P < E$), she/he will be disappointed and dissatisfied. Conversely, if the perceived service exceeds the customer's expectations ($P > E$), the customer will be not only satisfied but also delighted. When the perceived service becomes equal to customer's expectations ($P = E$), the customer will be satisfied (Parasurman et al., 1988).

To close these gaps Zeitmal et al. (1988) forwarded the following main strategies:

To close Gap 1, the knowledge gap: The management understand customer expectations through marketing research orientation, complaint analysis, customers' panel discussion, upward communication from contact personnel to management and increase direct interactions between managers and customers.

To close Gap 2, the standard gap: Ensure top management displays ongoing commitment to quality as defined by customers, establish clear service quality goal that are challenging, realistic, and explicitly designed to meet customer expectations and communicate and reinforce customer oriented service standards for all tasks .

To close Gap 3, the delivery gap: Ensure that all employees understand how their jobs contribute to customer satisfaction, match employees to job by selecting for the abilities and skills needed to perform each job well, Provide employees with the technical training needed to perform their assigned tasks effectively through team work, enhance performance by selecting the most appropriate and reliable technology and equipment and finally, measure performance of employee's frequently.

To close Gap 4, the communication gap: Seek inputs from operations personnel when new advertising programs are being created, allow service providers to preview advertisements before customers are exposed to them, communication specialists in the firm need to pretest all advertising content before they are published.

To close Gap 5, the service gap: This gap is the most critical and the goal is to narrow it. To close or narrow this gap, the four other gaps must be reduced or closed by identifying causes of each gap and then develop strategies to close or narrow them.

2.1.5. The Service Quality Dimensions of Service Industry

The service quality gap concept that has received the most attention is the connection between customers' expectations and perceptions of service quality (*Gap 5*). From this gap analysis, (Parasurman et al., 1985; 1988) developed a perceived service quality model (SERVQUAL)

which revealed that regardless of the type of service; customers use basically similar criteria in evaluating service quality.

In order to promote financial services effectively, a provider must first identify the dimensions used by customer to evaluate the quality of service prior to a customer (Parasuraman et al., 1985; 1988). This is because if service quality dimensions can be identified, service managers should be able to improve the delivery. Therefore, it is very important to know the key service quality dimensions among the different groups of service organizations in order to formulate effective strategy for future. On the other hand, the service provider should know how far they are discriminated from their competitors and in which aspects, because it is good for future planning.

A number of researchers have provided a list of quality determinants, but the best known determinants emanate from Parasuraman and colleagues from the USA, is the ten dimensions of service quality in their research which contributes a lot to the level of service quality that a firm provides to its customers. After refining their research through rigorous field testing, (Parasuraman et al., 1985, 1988) these ten dimensions were reduced to five principal dimensions through some overlapping data reduction techniques and used these dimensions as the basis for their service quality measurement instrument as shown in the table below.

Table 1: how the ten service quality dimensions reduced to five dimensions

Ten Dimensions	Five Dimensions
1. Tangibles	1. Tangibles
2. Reliability	2. Reliability
3. Responsiveness	3. Responsiveness
4. Competence 5. Courtesy 6. Credibility 7. Security	4. Assurance
8. Access 9. Communication 10. Understanding	5. Empathy

Source: Parasuraman et al. (1985, pp.47-48; 1988, p.23)

As shown in table above, the reduced five dimensions which are related to the importance of people in the service organization are explained as follows:

Reliability: The ability to provide the promised service dependably and accurately. Customers expect the services providers to have the ability to perform the desired service dependably, accurately and consistently. This involves keeping the service promise and the reputation.

Responsiveness: The willingness to help customers and provide prompt service. Keeping customers waiting, particularly for no apparent reason, creates unnecessary negative perceptions of quality. In the event of service failure, the ability to recover quickly with professionalism can create very positive perceptions of quality.

Assurance: The knowledge and courtesy of employees and their ability to inspire trust and confidence. The assurance dimension includes competence to perform the service, politeness and respect for the customer, and effective communication with the customers.

Empathy: The provision of caring, individualized attention the organization provides its customers. Empathy includes approachability, sense of security, and the effort to understand the customer's needs.

Tangibles: The appearance of physical facilities, equipments, personnel, and communication materials. The condition of the physical surrounds is tangible evidence of the care and attention to details exhibited by the service providers.

2.1.6 Measuring Service Quality Using SERVQUAL Model

Measuring service quality is quite different from measuring product quality because service is an experience. To date, probably the most significant contribution toward the development of a quantitative yardstick for assessing a firm's service quality is the work conducted by (Parasuraman et al., 1985, 1988, 1991).

They developed a measuring instrument called SERVQUAL, to measure customer perceptions of service quality by using five major dimensions of service quality based on the

gap model. It is widely accepted and tested model to measure the quality of services (Bennington and Cummane, 1998).

The central idea in this model is that service quality is a function of the difference scores or gaps between expectations and perceptions. An important advantage of the SERVQUAL methodology is that it has been proven valid and reliable across a large range of service contexts. SERVQUAL has been used to measure service quality by collecting information on both the perceptions and expectations of customers. This model has been widely adopted by both managers (Parasuraman et al., 1985, 1988, 1991) and academics (Babakus and Boller, 1992; Cronin and Taylor, 1992) to evaluate customer perceptions of service quality for a variety of services.

SERVQUAL was developed to measure the gap between customers' expectations and perceptions by using five service quality dimensions to examine service quality performance of any organization. It has been one of the most important contributions to the quality field in the services industry over the last decade and forms the central part of the gap model for measuring customer focused quality (Parasuraman et al., 1985, 1988, 1991). As suggested by these famous scholars in the area, customers routinely use these five dimensions as a way of evaluating service quality and for each dimension of service quality SERVQUAL measures both the expectation and perception of the service.

Although SERVQUAL has been widely used to measure service quality across industries, no two providers of service are alike. Therefore, we can use SERVQUAL to serve only as a frame work. Despite the criticism of SERVQUAL, no viable measurement techniques or approaches have been put forward as serious alternatives. On the other hand, SERVQUAL remains the most widely applied measure of service quality by academics and practitioners. The 5th Gap, the difference between customers' perceptions of what a service should deliver and how well that service meets idealized expectations is the conceptual basis for SERVQUAL. Parasuraman et al. (1985; 1988; 1991) designed SERVQUAL as a generic instrument that could be slightly modified for use in any particular service industry. It is the most popular method for the measurement of the 5th Gap.

2.1.7. Customer Satisfaction and Service Quality in Banking Industry

Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival of any business organization in today's competitive market place. It is known that customer satisfaction is an evaluation by the customer, after buying and using their goods and services. The most popular view of customer satisfaction in academia is that "customer satisfaction is the judgment borne out of the comparison of pre-purchase expectations with post purchase evaluation of the product or service experience (Oliver, 1981)".

Customer satisfaction is also widely recognized as a key pressure in the formation of customers' future purchase intentions (Taylor, 1992). Service being intangible in nature and their production and consumption take place simultaneously with customers' involvement; much care should be taken to maximize customer satisfaction. As suggested by Fournier and Mick (1999) customer satisfaction is an important theoretical as well as practical issue for the marketers and marketing researchers. Especially it can be considered as the essence of success in today's highly competitive environment of financial marketing.

In today's world of intense competition, a firm's ability to deliver high quality service that result in satisfied customers is the key to a sustainable competitive advantage because customer satisfaction is considered to be one of the most important competitive factors for the future, and will be the best indicator of a firm's profitability (Dick, 2005). They further suggest that customer satisfaction will drive firms to improve their reputation and image, to reduce customer turnover, and to increase attention to customer needs. Such actions will help firms create barriers to switching, and improve business relationships with their customers.

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. (Beliyu Girma, 2012)

To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally

considered an antecedent of customer satisfaction. As service quality improves, the probability of customer satisfaction increases (Mesay, 2012).

Even though, the banking Industry is becoming a good investment opportunity, a highly competitive marketing environment of this Industry forced the Industry to consider its service quality management as the key to gaining competitive advantage over its competitors. Therefore, service quality is a critical issue in the service industry and of particular importance for banking service providers who characteristically offer services that are homogeneous in nature because it directly and indirectly related to bank's loyalty via satisfaction (Stafford and Wells, 1998). Furthermore, it is commonly noted as critical prerequisite for satisfying and retaining valued customers (Bloemer, De Ruyter and Peters, 1998, AL. Fawzan, 2006). It is true that customer retention has a significant impact on bank profitability and customer loyalty, which is a crucial output to a firm's resource allocation strategy and quality improvement efforts.

2.1.8. Measuring Service Quality in Banking Industry

In fact the definition of service quality is changing; the concept of service quality is evolving to mean uniformity of the service output around target value determined by the customer. However, as Buzell and Gale (1987) suggested the common element in service quality, whatever the service is, quality is based on the customers' comparison between their expectations and perception, which is one of the most influencing factors in a customer's purchase decision process.

It is known that the success of any economic system largely depends on the performance of financial institutions operating in the system. Within financial institutions, banks play their own important role, being the back bone of an economic system and as financial intermediaries involved in channeling funds from those having surplus to those having its shortage (Lockett, 1994). In Ethiopia, all banks are involved in fund channeling, and they earn profits through funds-channeling. In order to reach maximum customers, all banks develop a network of branches in the country. Branches are the points where they offer their products. Therefore, continues improvement in service quality is becoming the most important requirement in the banking industry to deliver services effectively and efficiently.

2.1.9. History of Modern Banking in Ethiopia

It was in 1905 that the first bank, the “Bank of Abyssinia”, was established based on the agreement signed between Ethiopian Government, Emperor Minilik II and Mr. Ma Gillivray, representative of the British owned National Bank of Egypt marked the introduction of modern banking in Ethiopia. Following the agreement, Bank of Abyssinia was inaugurated on the 16th February 1906 by the Emperor and totally managed by the Egyptian National Bank. This bank was liquidated and replaced by Bank of Ethiopia shortly after Emperor Haile Selassie came to power in 1931. It took over the commercial activities of the Bank of Abyssinia and was authorized to issue bank notes and monitor coins successfully until the Italian invasion in 1935 (NBE, 2017).

After liberation, as the development of the banking business is progressing; the country established the State Bank of Ethiopia, which went operational on the 15th of April 1943, having a status of central and principal commercial bank with powers to issue bank notes and coins as agent of the then Ministry of Finance and to engage in all commercial banking activities. However, the new banking proclamation issued in 1963 splits the functions of the State Bank of Ethiopia into central and commercial banking as the National Bank of Ethiopia and the Commercial Bank of Ethiopia respectively. Both were government-owned. The banking law also allowed the formation of private domestic banks and the entry of foreign banks through joint ventures with maximum foreign ownership of forty nine percent (Keatinge, 2014).

From the year 1974 onwards the growth of the banking businesses in Ethiopia came down due to the coming into power of the Dergue Regime which adopted socialism as the guiding ideology. Accordingly, during the early ages of the socialist government, some major economic measures have been taken such as to nationalization of all private banks. Accordingly, the three private owned banks, Addis Ababa Bank, Banco di Roma and Banco di Napoli were merged in 1976 to form the second largest Bank in Ethiopia called Addis Bank with a capital of Eth. birr 20 million (Habtamu, 2015).

Following the demise of the Dergue Regime in 1991, Ethiopia re-opened its doors to private investors (limiting to Ethiopian nationals) to participate in the financial sector based on the economic policy reform i.e. changed to market oriented; by the Monetary and Banking proclamation No.83/1994 and the Licensing and Supervision of Banking Business No.84/1994 which laid down the legal basis for investment in the banking sector (Habtamu, 2015).

Consequently, shortly after the proclamation the first private bank, Awash International Bank was established in 1994 by 486 shareholders and by 1998 the authorized capital of the bank reached Birr 50.0 million. Dashen Bank was established on September 20, 1995 as a share company with an authorized and subscribed capital of Birr 50.0 million. 131 shareholders with subscribed and authorized capital of 25.0 million and 50 million, respectively founded Bank of Abyssinia. Wegagen Bank with an authorized capital of Birr 60.0 million started operation in 1997. The fifth private bank, United Bank was established on 10th September 1998 by 335 shareholders. Nib International Bank that started operation on May 26, 1999 with an authorized capital of Birr 150.0 million. Cooperative Bank of Oromia was established on October 29, 2004 with an authorized capital of Birr 22.0 million. Lion International Bank with an authorized capital of Birr 108 million started operation in October 02, 2006. Zemen Bank that started operation on June 17, 2008 with an authorized capital of Birr 87.0 million. Oromia International Bank that started operation on September 18, 2008 with an authorized capital of Birr 91 million. Bunna International Bank was founded at 2009 with 312 million birr subscribed capital and 11,200 shareholders. Abay Bank was established in 2010 with a subscribed capital of 174.5 million Br and a paid-up capital of 125.8 million Br. It has 823 funding shareholders. Berhan International Bank established in 2010 with capital of birr 300 million and 6700 shareholder. Addis International Bank established in 2011 by diversified groups with shareholder owning Birr 152,723,000 and 106,324,040 subscribed and paid up capital respectively. Dehub Global Bank which was joined the banking industry in August 2012, with capital of birr 150 million and 5481 shareholders. The last bank to be established to date is Enat Bank that joins the banking sector in 7 March, 2013 as the 16th private bank of the country. These shareholders number 7208, of which 64% are women (Keatinge, 2014).

2.2 Review of Empirical Studies

In Ethiopia, exploratory study was made by Yonatan Gebre (2010) “to assess customers’ perception of service quality in the banking sector in Ethiopia”. Three banks (CBE, AIB and UB) included in the study. The SERVQUAL model was used to determine customers’ perception of service quality at each of the three banks. The findings reveal that there the customers’ expectations are not meet. Among the five dimensions of service quality Tangible and Responsiveness have higher gap scores at CBE and AIB. The Reliability dimension shows a negative gap score at all three banks showing that the customers do not perceive the banks provides consistent service. Farther, the Empathy dimension has a higher negative gap at AIB and UB suggesting that the banks need to train their staff on proper customers’ service techniques. While ranking the five dimensions respondents rated reliability as the most important service quality indicator at the three banks (Yonatan, 2010).

According to Tibebe Zeleke finding on the topic “*Impact of service quality on customer satisfaction at the public owned National Alcohol and Liquor Factory in Addis Ababa*” states that the impact of five service quality dimensions on customer satisfaction was significant in all factors of service quality. More specifically, customers indicated high satisfaction with the five service quality dimensions examined in the study (Reliability, Responsiveness, Empathy, Assurance, and Tangibles). The researcher used a quantitative methods and a self completion with closed questionnaire was conducted (Tibebe, 2012).

According to Mesay Sata finding on the topic ‘*Bank Service Quality, Customer Satisfaction and Loyalty in Ethiopian Banking Sector*’ by using Convenient sampling procedure to obtain 260 responses from customer of banking services in Hawassa City and statistical tools of Correlation and multiple regressions were used to investigate the relationship between dependent and independent variables. The research finding states that there is a significant positive relationship between the five dimensions of service quality(assurance, responsiveness , tangibility, empathy and reliability) and customer satisfaction, the highest correlation is between empathy and customer satisfaction whereas the weakest is between reliability and customer satisfaction (Mesay, 2012).

In Ethiopia, the study was made by Tigineh et al. (2012) ‘*to Assess Perceived Service Quality in Ethiopian Retail Banks*’. This study uses the SERVQUAL method to assess perceived service quality in selected Ethiopian banks based on customer surveys of 256 respondents conducted in three private and the largest public bank in Addis Ababa. For all banks, service expectations were not matched by perceived performance. While there were only a few differences in service expectations between public and private banks. The findings also indicate that perceived service quality falls short of customer expectations in all the five dimensions of service quality—tangibles, reliability, responsiveness, assurance and empathy—with the largest perception-expectation gap observed for the empathy dimension. As the banking sector becomes increasingly more competitive in Ethiopia, these findings can provide valuable insight to bank managers regarding the specific customer service issues (Tigineh et al., 2012).

According to Endalkachew Abebe finding on the topic “Assessing the impact of Core Banking and service quality on Customer Satisfaction in CBE (A case of Bishoftu Branch)”. A sample of 220 customers was selected using stratified sampling technique, and among these 200 was considered. Primary data were collected using likert scale based questionnaire. And the data was analyzed using descriptive statistics and inferential statistics. The result of this study shows that, there was significant relationship between all service quality dimension and customer satisfaction in CBE (Endalkachew, 2013).

In Pakistan the study was carried out by Usman Ahmad Qadri (2015) with the objective of understanding the level of gap exists between expectation (excellent bank) and perception (experience bank) among the banking customer in Pakistan with the content of service quality. The study was measuring service quality by using SERVQUAL method. A sample of 250 public and private bank’s account holders in Pakistan was selected using convenience sampling method. The finding of the study showed that there is very huge service quality gap exists between excellent bank (expectation) and account holder experience (perception) bank in Pakistan with regards to service quality dimension (Qadri, U.A., 2015).

In Nepale the study was made by Shrestha Sajeeb Kumer (2018) on the topic “*Measuring Service Quality and Customer Satisfaction: Empirical Evidence from Nepalese Commercial*

Banking Sector”. The study attempts to measure service quality and customer satisfaction with respect to the service quality dimensions using 364 sample customers who have been dealing currently with the commercial banks in Kathmandu valley. It has used descriptive statistics, correlation, and regression analysis to measure relationship among variables. The result revealed that all the service quality dimension (*i.e. tangibles, reliability, responsiveness, assurance and empathy*) are important for forming customer satisfaction of commercial banks in Nepal and Customer satisfaction is also highly affected by service quality (Shrestha, 2018).

2.3. The Conceptual Framework of the Study

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. The study shows the relationship between Independent variable which is the five service quality dimensions (tangible, reliability, responsiveness, assurance and empathy) and Dependent Variable (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. The following conceptual frame work has been developed for data operation and draw conclusion in this study:

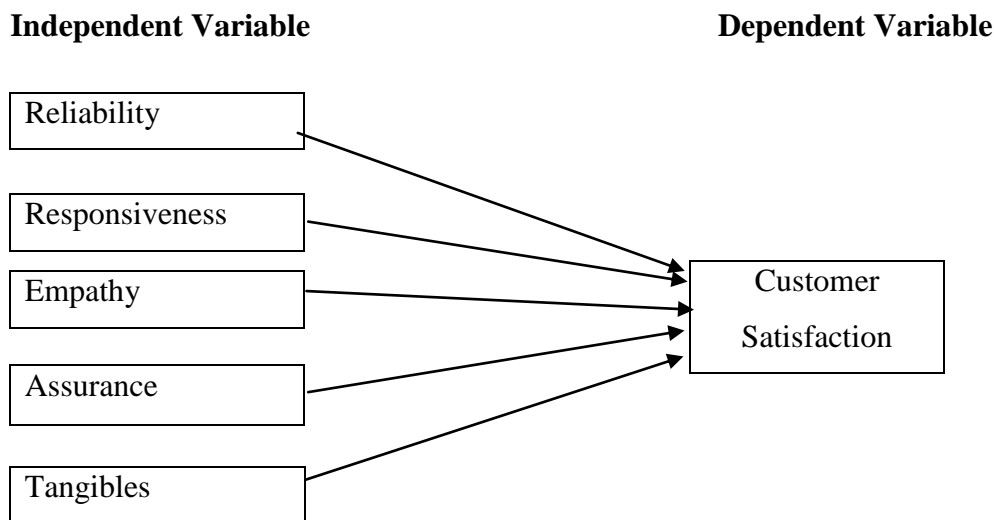


Figure 2: Conceptual framework

Source: Formulated by researcher based on the Service quality dimension model of Parsurman et al.(1985)

CHAPTER THREE

RESEARCH DESIGN AND METHODS

This chapter deals with the methodology used to carry out the study. The contents included in this methodology are research design, sampling technique, sample size, sample size determination, source of data and method of data collection, dependent and independent variables, instrument used for data collection, validity and reliability of instrument, data analysis techniques and finally the ethical consideration are the major areas discussed under this chapter.

3.1. Description of the Study Area

Chiro Town is one of the towns found under the West Hararghe Zone Administration, which is using as the administrative center (placement) of the zonal administration. The town was established in 1915 by Fitawerari G/Hawariat. The name Chiro comes from the person whose name is Chiro Sireye that cultivates the wide area of the present day Chiro Town.

It is located at a distance of 326km to the east of Addis-Ababa the capital city of Ethiopia and situated along the Addis Ababa–Dire Dawa route between Mi'esso and Hirna Town. Chiro Town is surrounded in all direction by Chiro rural woreda's kebeles, in eastern Alowagora kebele, in western Medicho Number 2, southern Chiro Kela and northern Wedeyti kebele.

It has got a '2nd B' rank urban grade level as per the classification of Urban Center of Oromia Region. According to the base map prepared by Oromia Urban Planning Institute (OUPI) the town has covered a total area of 30.7 square kilometers (3070.21hek.) of land. Based on CSA, 2007 population and housing census, the total population of Chiro Town for the year 2016/17 is estimated at about 78,526 of which 37,421 are male and 41,105 are female (PEDO, 2017).

3.2 Research Design

A research design is simply the frame work of the study. From different types of research designs descriptive and explanatory type of research design was employed as a main research design for this study to the realization of the intended objectives. The reason behind using descriptive research design is because the researcher is interested in describing the existing

situation under study. 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).

This study also used explanatory research design to explaining, understanding, predicting and controlling the relationship between variables i.e. independent variables (service quality dimensions) and the dependent variable (customer satisfaction).

The Cross-sectional field survey study method used to assess the relationship between service quality and customers' satisfactions i.e. relevant data was collected at a point in time, using quantitative approaches from respondents through questionnaire.

3.3 Sampling Design

According to Kothari (2004) a sample design is a definite plan for obtaining a sample from a given population. It refers to the technique or the procedure the researcher would adopt in selecting items for the sample.

3.3. 1 Target Population

According to (Zikumund, 2003) the target population is defined as the entire group a researcher is interested in. In each banks, there are three different types of accounts. Those are: demand deposit account (a current or checking account), special-demand deposit account (non-interest-bearing account) and savings account (interest-bearing deposit). For the purpose this study Chiro Town has totally 6 types of banks as of November 30, 2017 i.e. CBE, AIB, OIB, CBO, BA & DB. From these 6 banks, the researcher selected four banks purposively based on the large number of customers they hold and the remaining two banks are recently established in case of Chiro Town. The selected four banks totally holds **60,420** active saving clients out of which CBE holds **28,300** saving customer, CBO holds **17,017**, AIB **9,090** and OIB holds **6,013** active saving account customers. Then **60,420** had been considered as the target population for this study as described in the table below.

Table 2: Number of saving customers of selected banks in chiro Town

S.N	Name of Selected Banks In Chiro Town	number of Saving customers in Chiro Branch		
		Male	Female	Total
1	Commercial Bank of Ethiopia (CBE)	20,093	8,207	28,300
2	Awash International Bank (AIB)	5,560	3,530	9,090
3	Cooperative Bank of Oromia (CBO)	12,117	4,900	17,017
4	Oromia International Bank (OIB)	4,149	1,864	6,013
Total		41,919	18,501	60,420

Source: Data from banks, 2017

3.3.2. Sample Size

Sample size is actually the total number of units which are to be selected for the analysis in the research. According to Kothari (2004, p.56) sampling can be defined as, *the number of items to be selected from the universe to constitute a sample and the size of the sample should be neither excessively large, nor too small. It should be an optimum to fulfill the requirements of efficiency, representativeness, reliability and flexibility.*

In order to determine the Sample size from the target population of 60,420 customers of the selected four banks; the researcher used Taro Yamane (1967) formula with 95% Confidence level for calculating the required sample size in four sample banks.

The Calculation formula of Taro Yamane is presented as fallows;

$$n = \frac{N}{1 + N(e)^2}$$

Where; n=required sample size=?

N=total number of target population=60,420

e=margin of error or sampling error 5 % = (0.05)

$$n = \frac{N}{1 + N(e)^2} = \frac{60,420}{(1 + 60,420 (0.05)^2)} = \frac{60,420}{152} = 397.5 = \mathbf{398}$$

Therefore, from the total target population size of **60,420** saving customers of selected banks **398** samples of respondents had been taken from the study area of the selected banks.

Since the number of people/customer in each sample bank will not be the same, this needs to be proportionate for each selected banks and calculate using the following formula.

$$n_i = (n/N)N_i$$

Where; n = the total number of sample

N = the total number of target population in four banks

N_i =the total number of target population in each bank

n_i =the proportional sample from each bank

- n_1 =sample size of CBE= $(n/N) N_1 = (398/60,420) * 28,300 = 186.42 = \mathbf{186}$
- n_2 = sample size of AIB= $(n/N) N_2 = (398/60,420) * 9,090 = 59.87 = \mathbf{60}$
- n_3 = sample size of CBO= $(n/N) N_3 = (398/60,420) * 17,017 = 112.09 = \mathbf{112}$
- n_4 = sample size of OIB= $(n/N) N_4 = (398/60,420) * 6,013 = 39.60 = \mathbf{40}$

Therefore, the sample customers of the respective banks of CBE, CBO, AIB and OIB were **186, 112, 60, and 40** respectively as of summarized in the table below.

Table 3: Summary of Sample and response rate

S.N	Name of selected Sample banks in Chiro Town	Total number of saving customers	Questionnaire distributed	Questionnaire returned	Response rate (%)
1	Commercial Bank of Ethiopia	28,300	186	180	96.8
2	Awash International Bank	9,090	60	60	100
3	Cooperative Bank Of Oromia	17,017	112	110	98.2
4	Oromia International Bank	6,013	40	40	100
Total		60,420	398	390	98

Sours: Owen computation, 2018.

3.3.3 Sampling Technique

According to Kothari (2004, p.58), *while selecting sampling procedure, researcher must insure that the procedure causes relatively small sampling error and helps to control the systematic bias in a better way.* There are two types of sampling method: namely probability (random) sampling methods and non-probability sampling methods (Bless and Higson-Smith, 2000). According to Bless and Higson- Smith (2000) probability sampling occurs when the

probability of including each element of the population can be estimated. In other words, a researcher can estimate the accuracy of the generalization/induction/ from a sample to population. Bless and Higson-Smith (2000) refers to non-probability sampling method as "the case where the probability of including each element of the population in a sample is unknown". Here, the researcher used Purposive type of non probability sampling in selecting the four banks based on the relatively larger number of active saving account customers they hold. Proportionate stratified sampling technique had been used to determine the sample from each of the four stratified bank and from each branch customers were drawn using a convenience (non-probability) sampling method based on their willingness to respond the questionnaire. The researcher decided to employ convenience sampling technique because it is actually impossible to carry on a probability sampling because there is no point in time during which all customers are available and it may not possible to contact everyone who may be sampled within scheduled time.

3.4. Types and Sources of Data

In order to achieve the objective of the study, the research approach used in this study were quantitative. Quantitative research focuses on determining the relationship between variations of independent and dependent variables. The reason for choosing quantitative research approach was to meet the purpose of examining how independent variables (service quality) affect a dependent variable (customer satisfaction).

With regard to the sources of data, the study mainly depends up on primary source of data because customers can tell the current situation of the bank services if we ask them either in face to face or in questionnaire. It was collected from customers' of the four selected banks in Chiro Town through questionnaire.

3.5 Data Collection Instrument Design and Procedure

3.5.1 Data collection instrument

The data of the study would be obtained by means of questionnaires. Because questionnaires as one of the most practical and easiest for collecting data out of the population. So, structured questionnaire prepared both in English and Amharic was used through survey method. The

service quality model developed by Parsuraman et al. (1985, 1988, and 1991) has been used as a base in the present study.

The instrument were developed by modifying the 22 pairs Likert scales by adding “convenience of branch location” to the list of elements included in the tangibles dimension. This is due to the fact that convenience is one of major concern for bank customer’s particularly in Ethiopian context and tested by (Yonatan, 2010; Tigineh et al., 2012). Then, based on the modified SERVQUAL model which is assumed to contain the five dimensions namely tangibility, reliability, responsiveness, assurance and empathy with 23 statements to assess the quality of services in five-point likert scales ranging from one to five; where 1 represents strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 represents strongly agree. The level of customer satisfaction also measured similarly using a five point Likert scale which ranges from ‘very high’ to ‘very low’.

The questionnaires contain three parts: The first section was about the general information of respondents, the second section designed to measure the customers’ expectation and perception about the bank service delivery system and the last part asked respondents about their level of satisfaction. “The Likert scale method was preferred to make questions interesting to respondents and thereby enhance their cooperation” (Robinson Colin, 2002).

3.5.2 Method of Data Collection

For the proper achievement of the objectives of the study; among different primary data collection methods, structured questionnaire were used through survey method. Convenient sampling process has been used to collect data for this research.

The respondents who are the clients of the sampled branch banks were asked for cooperation to establish a friendly atmosphere and given the structured questionnaire when they were receiving the service of specific branch. Primary data were collected through survey method by using structured questionnaire developed based on SERVQUAL instrument which could be easily understood for the respondents. Respondents were contacted personally by researcher in order to seek true response of quality of service in banks.

3.5.3 Research Variables

In accordance with the developed conceptual framework of this study, service quality and customer satisfaction are the two basic concepts which will be guided in the whole study. This framework has been developed based on the Parasuraman (et al) SERVQUAL model. SERVQUAL Model comprises with basically five dimensions such as Reliability, Responsiveness, Assurance, Empathy and Tangible. These dimensions represent how customers organize information about service quality in their mind and how customers could judge satisfaction using these five SERVQUAL dimensions.

3.5.3.1 Independent Variables

Service Quality: Is the independent variable. As mentioned earlier Service quality is generally perceived to be a tool that can be used to create a competitive advantage and further it can be define as “the consumers’ overall impression of the relative inferiority/superiority of the organization and its services”. The most common definition of service quality is the discrepancy between consumer’s expectations and perceptions of the service received. Accordingly, service quality is defined as how well the delivered service level matches customer’s expectation. Service quality also involves the degree of customer satisfaction attained by business organization while meeting the needs and expectations of the customers. SERVQUAL model is selected to use here. The five identified dimensions of service quality were represents: tangibles, reliability, responsiveness, assurance and empathy.

3.5.3.2 Dependent Variable

Customer Satisfaction: In accordance with the conceptual framework, Customer satisfaction becomes the dependent variable, because of it’s behave or depends on the service quality. Customer satisfaction measures how well a company's products or services meet or exceed customer expectations. These expectations often reflect many aspects of the company's business activities including the actual product, service, and how the company operates in the global environment.

3.6. Validity and Reliability of Instrument

Validity of Instrument: it refers to the extent to which a measurement instrument actually measures what it is intended to measure rather than measuring something else, Andy Field,(2013).To maintain the validity of study instruments, care was taken during questionnaire development so as to make the set of items to be clearly understood by respondents. The researcher first checked whether respondents could easily understand the items in the questionnaire by taking feedback from professionals in the study area, colleagues and by distributing sample questionnaires to selected respondents. Then actual questionnaires were distributed to respondents after incorporating feedbacks.

Reliability of Instrument: as stated by Field (2013) reliability indicates the extents to which a variables or set of variables is consistent in what it is intended to measure across different situations. In order to test the reliability of the instrument the researcher used Cronbach’s Alpha values of multi-item scale. Alpha normally has values between 0 and 1; the higher the value the greater the internal consistency of the scale. Scales were considered reliable if their Cronbach alpha value reached at least 0.70 as suggested by Andy Field.

Table 4 : Result of Reliability Test

SERVQUAL Dimension	Number of attributes	Crombach alpha’s for Expectation	Crombach alpha’s for Perception
Tangibility	5	0.865	0.769
Reliability	5	0.878	0.827
Responsiveness	4	0.850	0.771
Assurance	4	0.867	0.818
Empathy	5	0.911	0.850
Customer Satisfaction	5		0.787

Source: SPSS reliability result output, 2018

As indicated in table above, all items show consistency and its constructs indicated by values of Cronbach’s alpha higher than 0.70(in between 0.769 and 0.911).To meet the reliability of instrument, the questionnaire was first distributed and collected from 40 respondents and the Cornbach’s alpha for all items after analyzing through SPSS ver.20 shows consistency as shown in the above table.

3.7 Method of Data Analysis

The data analysis involves both descriptive and inferential statistics. The data collected through questionnaire were changed and interpreted in to meaningful information, figure and statement. So it was analyzed, processed and interpreted according to the nature of data. Statistical Package for Social Science (SPSS) software version 20 was employed to analyze and present the data through the statistical tools used for this study, namely descriptive analysis, correlation and multiple linear regression analysis.

Descriptive analysis

The descriptive statistical results were presented by tables, frequency distributions and Percentages to give a condensed picture of the data. This was achieved through summary of statistics, which includes the means and standard deviations values which are computed for each variable in this study. The gap score for each dimension with respect to each bank will be calculated by subtracting the expectation score from the perception score. A negative service quality gap will indicates that respondents' expectations are greater than their perceptions. A comparative study among the four banks will conducted by subtracting the expectations mean score from the perception mean score with respect to the five service quality dimensions. Based on the obtained mean score differences for each dimension, the level of service quality performance of each bank will be compared by using the following SERVQUAL gap model of Parasuraman et al.(1985;1988;1991).

$$\text{SERVQUAL Gap Score} = \frac{\sum_{i=1}^n (PA_i - EA_i)}{[n]}$$

Where, P= Perception score

E= Expectation score

A_i= Attribute number and

n = it can be number of respondents/ attributes in a dimension/
dimensions depending on the level of gap to be measured.

The SERVQUAL gaps can be calculated at three levels as follows:

The first step in the assessment of service quality is the calculation of the SERVQUAL (*SQ*) scores of the matching pairs of expectations (E) and perceptions (P) for each respondent and each statement:

The second step is to total up the scores obtained in step (1) for each dimension and then divide by the number of statements in the corresponding dimension.

Finally the overall SQ can be obtained by taking the average SQ of each of the five dimensions. Therefore, by using SERVQUAL model, service providers can obtain an indication of the level of quality of their service provision, and highlight areas requiring improvement.

Pearson Correlation analysis

In this study Pearson's correlation coefficient was used to determine the relationships between service quality dimension (Tangible, reliability, responsiveness, assurance, empathy) and customer satisfaction. (Field, 2013)

Multiple linear Regression Analysis

According to (Hair et al., 1998), multiple linear regression analysis was used to investigate the effect of service quality dimensions (tangible, reliability, responsiveness, assurance and empathy) and customer satisfaction. In regression model the relationship between the dependent variable and the independent variables is expressed as a linear combination of the independent variables plus an error term. Following Andy Field (2013), the multiple linear regression model (after its linearity, normality and multicollinearity is tested) specified as follows:

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

Where,

- Y is the dependent variable(out-come)- customer satisfaction
- B_0 is the intercept term- it is the average value of Y when the stated independent variables are set equal to zero.

- Tangible = X_1 , reliability = X_2 , responsiveness = X_3 , assurance = X_4 and empathy= X_5 are the explanatory variables (or the regresses).
- B_1 , β_2 , β_3 , β_4 and β_5 refer to the coefficient of their respective independent variable which measures the change in the mean value of Y, per unit change in their respective independent variable. ϵ - Is the standard error term.

Multiple linear Regression Assumption Tests

Before applying multiple linear regression analysis for testing the effect of service quality dimension on customer service satisfaction at bank; the following tests were conducted in order to ensure the appropriateness of data to the assumption regression analysis:

First, multiple linear regression requires the relationship between the independent and dependent variables to be linear. It can best be tested with scatter plots. Second, the multiple linear regression analysis requires that the errors between observed and predicted values (i.e., the residuals of the regression) should be normally distributed. It can be checked by looking at a histogram or a Q-Q-Plot.

Third, multiple linear regression assumes that there is no multicollinearity in the data. Multicollinearity occurs when the independent variables are too highly correlated with each other. Multicollinearity may be checked in multiple ways as follows:

- 1) Correlation matrix – When computing a matrix of Pearson’s bivariate correlations among all independent variables, the magnitude of the correlation coefficients should be less than .80.
- 2) Variance Inflation Factor (VIF) – The VIFs of the linear regression indicates the degree that the variances in the regression estimates are increased due to multicollinearity. VIF values higher than 10 indicate that multicollinearity is a problem.

Therefore, the collected data were analyzed through SPSS Ver. 20 and the result indicates that there were no linearity, normality and multicollinearity problems in this study.

3.8 Ethical Consideration

Since the researcher was used the data from customers of the bank which was collected through questionnaire; permission was obtained from the customers before directly going to questionnaire distribution. To maintain the confidentiality of the information provided by the respondents, the respondents were instructed not to write their names on the questionnaire and assured of that the responses would be used only for academic purpose and kept confidential. Brief description of the central objectives or purpose of the study and the potential benefit of the research outcome to respondents was clearly given in the introductory part of the questionnaire so as to motivate them and participate in the study and provide relevant information about the company under study. Texts belonging to other authors that have been used in any part of this study have been fully referenced with reference page.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The contents included in this chapter, demographic findings of the respondents, descriptive analysis of service quality gaps of selected banks, comparative analysis of selected banks, relative importance analysis of the five service quality dimensions, correlation and regression analysis between service quality dimension and customer satisfaction are the major areas discussed under this chapter.

4.1. Background Information of Respondents

The table below shows the detail characteristics of the respondents:

Table 5: Characteristics of the respondents

Demographic factors		Frequency	%
Gender	Male	214	54.9
	Female	176	45.1
	Total	390	100
Age group of respondents	18- 29	102	26.2
	30-39	182	46.7
	40-50	94	24.1
	Above 50 years	12	3.1
	Total	390	100
Educational qualification of respondent's	9-12	25	6.4
	Certificate	37	9.5
	Diploma	100	25.6
	First degree and above	228	58.5
	Total	390	100
Length of years as a customer of bank	1-3 years	80	20.5
	4-7 years	226	57.9
	8-11 years	42	10.8
	More than 11 years	42	10.8
	Total	390	100
Frequency of using the bank's service	Once per week	92	23.6
	More than once per week	99	25.4
	Once per Month	86	22.1
	Twice per month	90	23.1
	Once per year	23	5.9
	Total	390	100

Source: Own survey, 2018

As it can be observed from the above table, the sample respondents consisted of 214 (54.9%) males and 176 (45.1%) females. The result indicates that male customers are relatively more frequently visit the bank than female customers.

With regard to age of the respondents, more of the customers 276(70.8%) are the age between 30-50 years, other customers 102(26.7%) are between 18-29 and the rest 12(3.1%) are above 50 years old. This result may also indicate that this questionnaire was responded by adult and matured bank customers.

In case of educational qualification, customers who hold first degree and above 228 (58.5 %) are participated more than other categories of diploma 100 (25.6%), Certificate 37 (9.5%) and 9-12 grade 25(6.4%). This indicates that most of the banks customers are educated and have a good understanding of quality banking service so that they can easily understand and properly respond this questionnaire.

In order to understand the Customers' experience with the banking service the responses collected and presented in the above table. It can be noted 226 (57.9%) of the respondents have used the bank services between 4-7 years and 80(20.5%), 42(10.8%) and 42(10.8%) have used the branch between 1to 3years, 8 to11years and for more than 11 years respectively. Thus from the above data it can be seen that majorities of the customers 310(79.6%) are using the bank services for more than four years so that they had provided more experience and idea concerning the quality of services given by the banks.

Finally, the above table showed how frequent customers have used the bank services. It can be noted that 99(25.4%) of the whole customers have used the bank for more than once per week, 92(23.6%) once per week, 90(23.1%) twice per month, 86(22.1%) once per month and 23(5.9%) uses the bank service once per year. This result indicates that, most customers 281(72%) have frequently visited the bank more than once per month so that they could observe a lot of actions in the bank's services

4.2 Descriptive Analysis of Service Quality Gap (Gap 5)

4.2.1. Total Gap Analysis of All Sample Banks

The following tables' gives a breakdown of the descriptive measures of the five dimensions of service quality (Tangibility, Reliability, Responsiveness, Assurance and Empathy) that were tested by the questionnaire at four selected banks found in Chiro Town.

1. Tangibility

Table 6: Gap score concerning Tangibility Dimensions of all sample banks (n=390)

SERVQUAL	AL	Attributes	N	Customers' expectation (E)		Customers' Perceptions (P)		Gap (P-E)*
				Mean	S.D	Mean	S.D	
Tangibility	1	The bank maintains modern-looking equipment	390	4.82	.472	3.08	.861	-1.74
	2	Physical facilities at the bank are visually appealing	390	4.58	.598	3.08	.861	-1.50
	3	Well dressed & neat appearance of employees	390	4.49	.586	3.91	.715	-0.58
	4	Materials associated with the service are visually appealing	390	4.66	.568	3.31	.898	-1.35
	5	The bank has branches at convenient location to its customers	390	4.84	.404	3.11	.864	-1.73
			Mean of Tangibility Dimension		4.68	.345	3.30	.536

*E = Expectation, P = Perception, Source: Own survey, 2018

According to the result in the above table tangibility has a service quality gap score of (-1.38). Among all the attribute “modern looking equipments” and “convenience location of the branches” has comparatively high gap score than other attributes by scoring -1.74 and -1.73 respectively. However, the bank has a relatively lower gap in relation to “Physical facilities at the bank are visually appealing” and “Materials associated with the service are visually appealing” with a score of -1.5 and -1.35 respectively. The bank has a relatively lowest gap (-0.5) in relation to “Well dressed & neat appearance of employees”.

As a result negative difference between perceptions and expectations of the customers related to the tangibility dimension was recorded. Hence, the overall service quality performance related to tangibility dimension is below customers' expectations.

2. Reliability

Table 7: Gap score concerning Reliability Dimensions of all sample banks (n=390)

SERVQUAL Dimensions	Attributes	N	Customers' expectation (E)		Customers' Perceptions (P)		Gap (P-E)*
			Mean	S.D	Mean	S.D	
Reliability	1 Staffs keeping promise	390	4.72	.547	3.43	1.001	-1.29
	2 Bank shows a sincere interest in solving customers' problems.	390	4.75	.477	3.26	.883	-1.49
	3 Bank performs its services right the first time.	390	4.76	.548	3.33	.927	-1.43
	4 Bank delivers all its services within the promised time.	390	4.71	.595	3.30	.887	-1.41
	5 Bank insists on error- free (accurate) records.	390	4.67	.657	3.60	.907	-1.07
	Mean of Reliability Dimension			4.72	.438	3.38	.768

Source: Own survey, 2018

Customers' expectations and perceptions on the Reliability dimension of the banks were sought based on five attributes as shown in the table above. Reliability dimension mean score perceptions ranges from (mean 3.26 to 3.60) and expectations (mean 4.67 to 4.76); the data shows that Customers' expectation levels vary in this dimension according to which service attribute was being evaluated. However, in all the statements in this dimension customers' expectations exceeded their perception of the service quality at the studied banks having gap score of (-1.34). The gap score for each attribute "sincere interest in solving customers' problems", "performs its services right the first time", "delivers all its services within the promised time", "Staffs keeping promise" and insists on error- free (accurate) records has gap score -1.49, -1.43, -1.41, -1.29 & -1.07 from higher to lower respectively.

These finding indicates that the overall service quality on studied banks, promised service dependably and accurately was below customers' expectation on this dimension.

3. Responsiveness

Table 8: Gap score concerning Responsiveness Dimensions of all sample banks (n=390)

SERQUAL Dimensions	Attributes		N	Customers' expectation (E)		Customers' Perceptions (P)		Gap (P-E)*
				Mean	S.D	Mean	S.D	
Responsiveness	1	Staff telling customers exactly when services will be performed.	390	4.67	.625	3.39	.981	-1.28
	2	Staffs provide prompt services to their customers.	390	4.77	.437	3.13	.865	-1.64
	3	Employees are always willing to help customers.	390	4.72	.524	3.30	.951	-1.42
	4	Staffs are never being too busy to respond to customers' requests.	390	4.68	.562	3.16	.903	-1.52
	Mean of Responsiveness Dimension				4.71	.438	3.25	.722

Source: Own survey, 2018

According to the information in the above table the customers' expectations and perceptions were sought on four attributes coming under the Responsiveness dimension. In the statement of responsiveness dimension customers' perceptions range from (mean 3.13 to 3.39) and expectations (mean 4.67 to 4.77) results in service quality gap of (-1.47). In all items of responsiveness such as "Staffs provide prompt services to their customers", "Staffs are never being too busy to respond to customers' requests", "willingness of employees to help customers" and Staff telling customers exactly when services will be performed" scores service quality gap of -1.64,-1.52,-1.42 and -1.28 respectively from highest to lowest gap.

The above result showed that the overall service quality performance related to responsiveness dimension is below customers' expectations. This implies that employees of the banks are not providing prompt service as expected by customers, employees are not willing to respond the question of the customers as expected, employees are not always willing to help customers and employees are not telling the exact time when they perform the service to their customers as expected by customers

4. Assurance

Table 9: Gap score concerning Assurance Dimensions of all banks (n=390)

SERVQUAL Dimensions		Attributes	N	Customers' expectation (E)		Customers' Perceptions (P)		Gap (P-E)*
				Mean	S.D	Mean	S.D	
Assurance	1	Behavior of employees instills confidence in customers.	390	4.67	.753	3.54	.816	-1.13
	2	Customers feel safe in their transactions.	390	4.75	.516	3.74	.820	-1.01
	3	Staffs consistently courteous / polite/ with customers.	390	4.71	.620	3.46	.797	-1.25
	4	Staffs have adequate knowledge to answer customers' questions.	390	4.61	.743	3.64	.805	-0.97
	Mean of Assurance Dimension			4.69	.549	3.60	.558	-1.09

Source: Own survey, 2018

Customers' expectations and perceptions on the Assurance dimension of the banks were sought based on four attributes as shown in the table above. Assurance dimension mean score perceptions ranges from (mean 3.46 to 3.74) and expectations (mean 4.61 to 4.75) and has a service quality gap score of (-1.09). Among the entire attribute "Staffs consistently courteous / polite/ with customers" and "Behavior of employees instills confidence in customers" has comparatively higher gap score than other attributes by scoring -1.25 and -1.13 respectively. However, the bank has a relatively lower gap score in relation to "Customers feel safe in their transactions" and "knowledge of employees to answer customers' question" with a score of -1.01 and -0.97 respectively.

As a result negative difference between perceptions and expectations of the customers related to the assurance dimension was recorded. Hence, the overall service quality performance related to assurance dimension is below customers' expectations.

5. Empathy

Table 10: Gap score concerning the Empathy Dimension of all banks (n=390)

SERVOQUAL Dimensions	Attributes		N	Customers' expectation (E)		Customers' Perceptions (P)		Gap (P-E)*
				Mean	S.D	Mean	S.D	
Empathy	1	Banks giving customers individual attention	390	4.64	.665	3.33	.929	-1.31
	2	Banks have convenient operating hours to all their customers.	390	4.71	.595	3.29	.808	-1.42
	3	Staffs giving customers personal attention	390	4.59	.650	3.22	.897	-1.37
	4	Bank giving its customers' best interest at heart.	390	4.63	.719	3.21	.966	-1.42
	5	Staffs understand the specific needs of their customers.	390	4.63	.614	3.19	.949	-1.44
	Mean of Empathy Dimension				4.64	.438	3.25	.703

Source: Own survey, 2018

Finally, Customers were asked five questions to ascertain their level of expectations and perceptions on the empathy dimension as in the table above. Dimension of empathy perceptions ranges from (mean 3.19 to 3.33) and expectations (mean 4.59 to 4.71). A negative difference (-1.39) on the dimension of empathy was noted between the customers' expectations and perceptions. In this dimension, the widest gap (-1.44) was found in the item "Staffs understand the specific needs of their customers". The next big gap examined in this dimension is "having convenient operating hours to all their customers" and "having its customers' best interest at heart" both scores same service quality gap of (-1.42); which shows the bank doesn't consider the specific need of customers, convenient operating hours and best interest of the customer.

The overall Gap 5 score of all dimensions of banks in Chiro Town branche is (-0.72). These findings indicate that the customers still expect more in the quality of service given by the service providers. Because service delivered by all banks found at Chiro Town are not match with their expectations. This shows that, the overall quality of service provided by this bank is below customers' expectations.

When the researcher ranked the gap founded in all dimensions for all banks according to gap scores, it is clear that the biggest gap (-1.47) was pertaining to responsiveness followed by empathy dimension (-1.39), tangibility (-1.38), reliability (-1.34), and assurance (-1.09).

4.2.2. Service Quality Gaps Analysis of Each Studied Banks

This part shows the difference between mean score of customers' perception (P) and customers' expectation (E) that is service quality gap (P-E) based on the five service quality dimensions (Tangibility, Reliability, Responsiveness, Assurance and Empathy) under each selected banks.

4.2.2.1 Gap Analysis of Commercial Bank of Ethiopia (CBE)

Table 11: The gaps between customers expectations and perceptions of CBE (n=180)

No.	Service Quality Dimensions (SERVQUAL)	N	Customers' expectation (E)		Customers' Perceptions (P)		Gap (P-E)*
			Mean	S.D	Mean	S.D	
1	Tangibility	180	4.64	.36707	3.38	.55503	-1.26
2	Reliability	180	4.65	.49810	3.46	.73400	-1.19
3	Responsiveness	180	4.64	.49299	3.32	.68086	-1.32
4	Assurance	180	4.59	.66150	3.75	.55019	-0.84
5	Empathy.	180	4.59	.46530	3.30	.69167	-1.29
Overall combined Mean gap of 23 attributes			4.62	0.49699	3.44	0.64235	-1.18

Source: Own survey, 2018

The above table depicts that relatively the largest gap on the responsiveness dimension score (-1.32) and relatively the least service quality gap on the assurance dimension score (-0.84).

All the above analysis for the five dimensions indicates that the customers' perceptions fall short of their expectations. In other words, the levels of service quality that the customers receive are lower than their expectation, i.e. there is negative disconfirmation.

4.2.2.2. Gap Analysis of Cooperative Bank of Oromia (CBO)

Table 12: The gaps between customers expectations and perceptions of CBO (n=110)

No.	Service Quality Dimensions (SERVQUAL)	N	Customers' expectation(E)		Customers' Perceptions(P)		Gap (P-E)*
			Mean	S.D	Mean	S.D	
1	Tangibility	110	4.69	.32132	3.21	.58212	-1.48
2	Reliability	110	4.79	.30465	3.12	.79968	-1.68
3	Responsiveness	110	4.77	.39134	3.02	.76261	-1.75
4	Assurance	110	4.76	.39848	3.44	.58673	-1.32
5	Empathy.	110	4.70	.36622	3.06	.69859	-1.64
Overall combined Mean gap of 23 attributes			4.74	0.3564	3.17	0.68595	-1.57

Source: Own survey, 2018

As illustrated in the above table; relatively the highest gap on the dimensions of responsiveness score (-1.75) and relatively the least gap on the dimensions of assurance score (-1.32).

So, the finding indicates that CBO service delivery doesn't match with the customers' expectations in all service quality dimensions as the gap shows negative disconfirmation.

4.2.2.3 Gap Analysis of Awash International Bank (AIB)

Table 13: The gaps between customers' expectations and perceptions of AIB (n=60)

No.	Service Quality Dimensions	N	Customers' expectation(E)		Customers' Perceptions(P)		Gap (P-E)*
			Mean	S.D	Mean	S.D	
1	Tangibility	60	4.73	.30801	3.32	.38496	-1.41
2	Reliability	60	4.74	.47771	3.54	.75921	-1.20
3	Responsiveness	60	4.75	.36386	3.45	.68550	-1.30
4	Assurance	60	4.77	.47805	3.55	.46599	-1.22
5	Empathy.	60	4.67	.44182	3.45	.63098	-1.22
Overall combined mean gap of 23 attributes			4.73	0.41389	3.46	0.58533	-1.27

Source: Own survey, 2018

The above table illustrates that the highest service quality gap on the tangibility dimension score (-1.41) and the least gap on the reliability dimension score (-1.20) indicating that customers' expectations are not met.

Identifying any existing service quality gaps will help the bank sector to develop necessary strategies to narrow and close them. Therefore, the above discussions portray that the banking service of AIB does not provide a banking service desired by the customers.

4.2.2.4 Gap Analysis for Oromia International Bank (OIB)

Table 14: The gaps between customers expectations and perceptions of AIB (n=40)

No.	Service Quality Dimensions (SERVQUAL)	N	Customers' expectation(E)		Customers' Perceptions(P)		Gap (P-E)*
			Mean	S.D	Mean	S.D	
1	Tangibility	40	4.75	.34715	3.15	.52963	-1.60
2	Reliability	40	4.84	.34756	3.52	.67768	-1.32
3	Responsiveness	40	4.79	.36201	3.23	.71024	-1.56
4	Assurance	40	4.76	.36668	3.43	.46754	-1.33
5	Empathy.	40	4.60	.47068	3.25	.77325	-1.35
Overall combined Mean gap of 23 attributes			4.75	0.37882	3.32	0.631668	-1.43

Source: Own survey, 2018

As indicated in the above table; the highest service quality gap on the tangibility dimension score (-1.60) while the least gap on the reliability dimension score (-1.32).

All the above analysis for the five dimensions indicates that the customers' perceptions fall short of their expectations. In other words, the levels of service quality that the customers receive are lower than their expectation, i.e. there is negative disconfirmation.

4.2.3 Comparative Analysis of the Four Banks Service Quality Performance (CBE, CBO, AIB and OIB)

The gap scores for the expected and perceived level of service quality for each bank for a number of service attributes considered of importance to the respondents presented by grouping all attributes into five service quality dimensions, and for each of the service quality dimensions the average difference (gap) between E and P ($SQ = P - E$) measures the service quality for each bank.

Table 15: Comparison of Service quality gap among CBE, CBO, AIB and OIB

SERVQUAL Dimension		“CBE” Service Quality Gap (P-E)*	“CBO” Service Quality Gap (P-E)*	“AIB” Service Quality Gap (P-E)*	“OIB” Service Quality Gap (P-E)*	Overall Service Quality Gap (P-E)*
1	Tangibility	-1.26	-1.48	-1.41	-1.60	-1.38
2	Reliability	-1.19	-1.68	-1.20	-1.32	-1.34
3	Responsiveness	-1.32	-1.75	-1.30	-1.56	-1.47
4	Assurance	-0.84	-1.32	-1.22	-1.33	-1.09
5	Empathy	-1.29	-1.64	-1.22	-1.35	-1.39
Average		-1.18	-1.57	-1.27	-1.43	-1.334

Source: Own survey, 2018 *E = Expectation, P = Perception

As depicted in the table above the overall performance as perceived by customers (P) was below their expectations (E) across all service quality dimensions for all target banks. It is worthwhile to note that the gap score for all target banks on the average were (-1.334), which indicates that all customers generally rated banks' performance below their expectation and it shows that there is a significant gap between customer perceptions and their expectations. The prior empirical findings (Qadrii, U.A., 2015; Yonatan, 2010; & Tigineh et al., 2012) indicated that perceived service quality falls short of customer expectations in all the five dimensions of service quality—

tangibles, reliability, responsiveness, assurance and empathy. Even though the largest and smallest gap scores among the dimensions are not similar, the outputs of the study support the overall perceived service quality is below customers' expectations.

The above table also presents a comparative analysis of perception-expectation gap among the four banks based on customers' survey. A negative value for all banks indicates shortfall in service quality. However, the gap score of CBO (-1.57) is higher than the other three banks. As it can be observed from the above table OIB has the highest gap for the dimension Tangibles (-1.60), indicating the customers didn't get what they expect in this dimension at OIB. Reliability dimension has the highest gap at CBO (-1.68) illustrating CBO is less reliable as compared to CBE, AIB and OIB by customers.

On the other hand, Responsiveness has high gap score at CBO (-1.75), followed by OIB, CBE and AIB which shows that all the four banks are less responsive for customer request with a gap score of -1.56,-1.32 and-1.30 respectively. CBE has better ability to convey trust and confidence with its employee's knowledge and courtesy with a low gap score in Assurance dimension (-0.84). But OIB has higher value in this dimension (-1.33) than CBO (-1.32). All the four banks have a higher negative score gap for Empathy dimension. With this fact in mind CBO has the highest negative gap of this dimension (-1.64) followed by OIB (-1.35), CBE (-1.29) and AIB (-1.22). From these values of Empathy; one can infer that the four banks lack caring, individualized attention for their customers. Standard deviations are significant since all the coefficients of the standard deviations are greater than 5%. This indicates that the negative score for each dimension could potentially be even higher than the mean score.

As we can observe from the above table, Bank "CBE" is comparatively rated highest in service quality performance, then Bank "AIB", followed by Bank "OIB", and Bank "CBO" assumed to be the least in service quality performance.

4.2.4 Relative Importance Analysis of the Five Service Quality Dimensions.

One of the valuable elements of the study is to analyze the relative importance of the five Service quality dimensions to improve service quality performance from the banks customers' perspectives as determined by them. The purpose of analyzing was run to determine the relative contributions of each dimension in influencing the overall service quality perceptions of the customers and to identify the critical dimensions influencing overall service quality, recommend bank managers to prioritize their efforts and resources, and organize them to improve the dimensions that matters most.

Table 16 : Relative importance of the five service quality dimension.

No.	SERVQUAL Dimensions	Overall Average Point Score	Weighted Score (100 %)	Ranking
1	The appearance of the banks physical facilities, equipment, personnel and communication materials(Tangibility)	1824.40	19.65	4 th
2	The bank's ability to perform the promised service dependably and accurately(Reliability)	1837.25	20.04	2 nd
3	The banks willingness to help customers and provide prompt service (Responsiveness).	1842.40	21.04	1 st
4	The knowledge and courtesy of the bank's employees and their ability to convey trust and confidence (Assurance).	1825.75	19.89	3 rd
5	The caring individual attention the bank provides its customers (Empathy).	1808.80	19.39	5 th
	Total	9138.6	100	

Source: Own survey, 2018

This table provides a summary of the rankings for the five dimensions across the four banks as perceived by their customers. With regards to the quality improvement, the most important dimension to which highest weighted score (21.04%) was assigned to **Responsiveness** dimension which has the highest negative SERVQUAL score in this study as perceived by

customers. This suggests that willingness to help customers and how much the employees are efficient in service delivering; it is the most important dimension that customers expect from all banks. However, as you can observe from the above table, the negative gap rated for the responsiveness dimension by customers of all banks is the largest one of all service quality dimensions.

The second highest weighted score (20.04%) was assigned to **Reliability** dimension. This indicates that the ability of bank employees to provide the promised service dependably and accurately. Besides, it shows that customers expect the services providers to have the ability to perform the desired service dependably, accurately and consistently by keeping the service promise and the reputation.

Assurance is the third important dimension, followed by **Tangibility** as the fourth important dimension as perceived by all customers. In this paper, it appears that **Empathy** is relatively the least important service quality dimension from the banks customers' point of view.

4.3 Correlation Analysis between Service Quality Dimensions and Customer Satisfaction

To find out the relationship between service quality dimensions and customer satisfaction, Pearson's correlation coefficient (r) which measures the strength and direction of a linear relationship between two variables is used. Values of Pearson's correlation coefficient are always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive sense; a correlation coefficient of -1 indicates that two variables are perfectly related in a negative sense, and a correlation coefficient of 0 indicates that there is no linear relationship between the two variables. A low correlation coefficient; 0.1-0.29 suggests that the relationship between two items is weak or small. If r is between 0.3 and 0.49 the relationship is moderate or medium. A high correlation coefficient i.e. >0.5 indicates a strong relationship between variables. The direction of the dependent variable's change depends on the sign of the coefficient. If the coefficient is a positive number, then the dependent variable will move in the same direction as the independent variable; if the coefficient is negative, then the dependent variable will move in the opposite direction of the independent variable (Field, 2013). Hence in this study both the direction and the level of

relationship between the dimensions of service quality and customer satisfaction are conducted using the Pearson's correlation coefficient. The table below presents the result of the correlation analysis for all variables using bivariate correlation.

Based on the table below Pearson's correlation matrix coefficients; we can say that Tangibility and customer satisfaction ($r = 0.542^{**}$, $p < 0.05$), reliability and customer satisfaction ($r = 0.667^{**}$, $P < 0.05$), responsiveness and customer satisfaction ($r = 0.667^{**}$, $P < 0.05$), assurance and customer satisfaction ($r = 0.561^{**}$, $p < 0.05$), empathy and customer Satisfaction ($r = 0.661^{**}$, $P < 0.05$) are positively correlated.

Table 17: Pearson's correlation Matrix

	Correlations					
	Tangibility	Reliability	Responsive ness	Assurance	Empathy	Customer Satisfatio
Tangibility	1					
Reliability	.570 ^{**}	1				
Responsiveness	.575 ^{**}	.768 ^{**}	1			
Assurance	.490 ^{**}	.604 ^{**}	.615 ^{**}	1		
Empathy	.572 ^{**}	.702 ^{**}	.690 ^{**}	.612 ^{**}	1	
Customer Satisfaction	.542 ^{**}	.667 ^{**}	.667 ^{**}	.561 ^{**}	.661 ^{**}	1

** Correlation is significant at the 0.05 level (2-tailed).

Source: Own survey result, 2018

From thus results it can be noted that reliability and responsiveness are highly correlated to satisfaction (0.667) followed by empathy (0.661), assurance (0.561) and tangibility (0.542) in descending order respectively. The results of correlation analysis also proved that there is a positive and strong significance relationship between all service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) and customer satisfaction. This result is consistent with prior empirical literatures (Shrestha, 2018; Tibebe Zeleke, 2012

& Endalkachew Abebe, 2013). Mesay Sata(2012) also described that ‘there is a significant positive relationship between the five dimensions of service quality and customer satisfaction. The highest correlation is between empathy and customer satisfaction whereas the weakest correlation is between reliability and customer satisfaction’. Even though the highest and weakest correlations are not similar, the output of this researcher also supports the overall relation between service quality and customer satisfaction.

4.4 Multiple Linear Regression Analysis

Multiple regression analysis employed to examine the association between service quality dimensions and customer satisfaction. It is a constructive statistical technique that can be used to analyze the association between a single dependent and several independent variables (Hair et al., 1998).

4.4.1 Multiple Linear Regression Assumptions Test

Before applying multiple linear regression analysis for testing the effect of service quality dimension on customer service satisfaction at bank; some tests were conducted in order to ensure the appropriateness of data to the assumption regression analysis as follows.

4.4.1.1 Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the dependent variable which is customer satisfaction and the independent variable which includes Tangibility, Reliability, Responsiveness, Assurance, and Empathy is linear or not. So by analyzing the collected data through SPSS Ver.20 software; Scatter plots of the regression residual shows a linear relationship. As a result there is no linearity problem between these variables as depicted in the figure below.

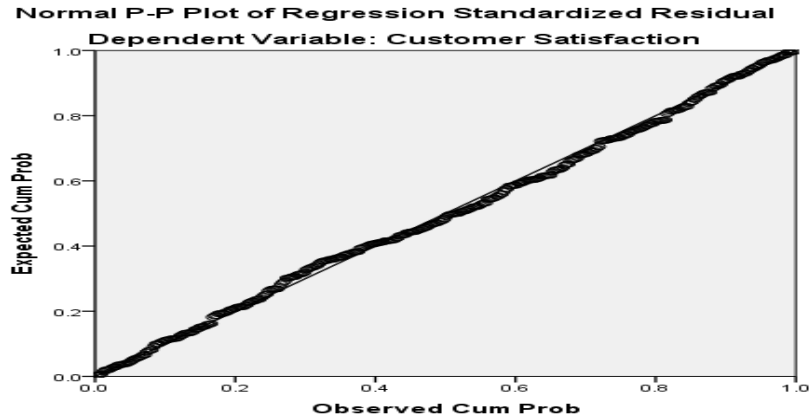


Figure 3: Regression Model Assumption of Linearity Test
Source: Own survey result, 2018

4.4.1.2 Normality Test

In statistics, normality tests are used to determine if a data set is well-modeled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed. (wikipedia.org/wiki/)

Multiple linear regression analysis requires that the errors between observed and predicted values (i.e. the residuals of the regression) should be normally distributed. This assumption can be checked by looking at a bell shaped histogram. So for this study the dependent variable is normally distributed for each value of the independent variables as depicted in the figure below.

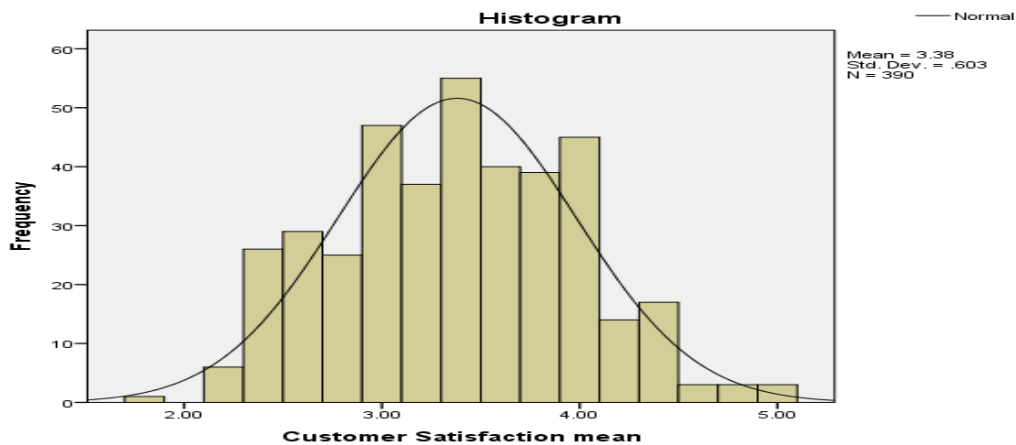


Figure 4: Regression Model Assumption of Normality Test
Source: Own survey result, 2018

4.4.1.3 Multicollinearity

Multicollinearity is a statistical problem which occurs when the explanatory variables (independent variables) are much more correlated with each other (Hair, et al., 1998). It means when the strong correlation among predictors and the existence of r value greater than 0.80, tolerance value below 0.10, and Variance Inflation Factor (VIF) greater than 10 in the correlation matrix (Field, 2013). Tolerance in this case defined as a statistical tool which used to indicate the variability of the specified independent variables from other independent variables in the model (Pallant, 2007).

Based on collinearity table below, the tolerance levels for all variables were greater than 0.10 and the Variance Inflation Factor (VIF) value for all variables were less than 10. According to Pearson correlation matrix table below, which shows Pearson's bivariate correlations among all independent variables, the correlation coefficient matrix value of all variables among the predictor was also less than 0.80. Therefore, correlation coefficient value, tolerance level, and VIF value indicates that there were no multicollinearity problems in this study.

Table 18: Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
Tangibility	.590	1.696
Reliability	.339	2.952
Responsiveness	.341	2.928
Assurance	.534	1.871
Empathy	.405	2.468

Source: Own survey result, 2018

Table 19 : Pearson Correlation Matrix among Independent variables

	Correlations				
	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Tangibility	1				
Reliability	.570 ^{**}	1			
Responsiveness	.575 ^{**}	.768 ^{**}	1		
Assurance	.490 ^{**}	.604 ^{**}	.615 ^{**}	1	
Empathy	.572 ^{**}	.702 ^{**}	.690 ^{**}	.612 ^{**}	1

** Correlation is significant at the 0.05 level (2-tailed).

Source: Own survey, 2018

4.4.2 Overall Regression Analysis

The regression result explores the necessary indicators of customer satisfaction using the variables identified in the model (Hair et al., 1998). Based on the table below the appropriate indicators of the variables were explored. It means the overall contribution of independent variables (tangibility, reliability, responsiveness, empathy and assurance) to dependent variable (customer satisfaction) accounted for 55.3% (Adjusted $R^2=0.553$) of the variation on customer satisfaction. Based on the ANOVA table below; the significance of the model by the value of F-statistics ($F = 97.253$ and Sig. is .000) which indicates that service quality dimensions have significant impact on customer satisfaction. So it becomes at the best fit of the model to predict the customer service satisfaction at banks.

Table 20: Model Summary of Service quality dimensions

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.747 ^a	.559	.553	.40321

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

Source: SPSS data output, 2018

Table 21 ANOVA for service quality dimensions and customer satisfaction

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	79.055	5	15.811	97.253	.000 ^b
	Residual	62.429	384	.163		
	Total	141.484	389			

a. Dependent Variable: Customer Satisfaction

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

Source: Own survey result, 2018

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

Table 22: Regression Results Coefficients^a

Coefficients ^a							
Model	Un standardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.770	.151		5.106	.000		
Tangibles	.126	.049	.113	2.564	.011	.590	1.696
Reliability	.165	.046	.210	3.604	.000	.339	2.952
Responsiveness	.179	.048	.215	3.700	.000	.341	2.928
Assurance	.108	.050	.100	2.154	.023	.534	1.871
Empathy	.205	.046	.239	4.494	.000	.405	2.468

a. Dependent Variable: Customer Satisfaction mean

Source: SPSS data output, 2018

The coefficient table for service quality dimensions indicates the beta values of the independent variables. From this the regression equation is derived as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$$

$$CS = 0.770 + 0.113TAN + 0.210REL + 0.215RES + 0.100 ASS + 0.239 EMP$$

Where;

Y=CS =is the dependent Variable: Customer satisfaction

X₁=TAN = Tangibility

X₂=REL = Reliability

X₃=RES = Responsiveness

X₄=ASS = Assurance

X₅=EMP = Empathy

β_0 is the intercept term - constant which would be equal to the mean if all slope coefficients are zero. $\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 are the coefficients associated with each independent variable that measures the change in the mean value of Y, per unit change in their respective independent variables .

The results of multiple regressions, as presented in table above revealed that taking all other independent variables constant ; a unit increase in tangibility will lead to a 0.113 unit increase on customer satisfaction; In similar manner a unit increase in reliability, responsiveness,

empathy and assurance will lead to increase customer satisfaction at Chiro Bank by 0.210,0.215,0.100 & 0.239 units respectively.

The beta (β) sign includes a sign of positive (+) and negative (-). It shows the effect of independent variables over the dependent variable (Field, 2013). Based on the table above beta sign of all the independent variables shows positive (+). Thus, independent variables (Tangibility, Reliability, Responsiveness, Assurance, and Empathy) had a positive effect on the predicting dependent variable (customer satisfaction). Therefore, any increase in independent variables lead to increase in dependent variable. This result is consistent with prior literatures (Shrestha, 2018; Tibebe, 2012; Mesay Sata, 2012; Endalkachew , 2013).

The independent variable with the level of significance (sig.) value less than 5% can make a significant contribution to the predicted value of the dependent variable. However, a variable beyond this level of significance (sig.) cannot make a significant contribution to the predicted value of the dependent variable (Hair, et al., 1998). Based on table above, the statistical significance of the independent variable over the dependent variable at 5% level of significance implies all the five independent variables (tangibility, reliability, responsiveness, empathy and assurance) were significantly contributed for the dependent variable (customer satisfaction).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This final chapter aims to conclude the study. It includes summary of the major findings, conclusions of the finding, recommendations based on the study results, and suggestion for future study. Therefore, based on the analysis and interpretations made at the pervious chapter the following summaries, conclusions and recommendations are made.

5.1 Summary of the Major Findings

The following summaries of major findings are derived from the analysis and interpretations of data made in the previous chapter.

With regard to the service quality gap score for all selected banks, while comparing the five dimensions simultaneously , the highest negative gap of customers' perception-expectation is scored by Responsiveness(-1.47) followed by Empathy (-1.39), Tangibles (-1.38), Reliability (-1.34) and Assurance (-1.09) respectively. Standard deviations are significant since all the coefficients of the standard deviations are greater than 5%.

While comparing the five service quality dimension in case of each bank; In case of CBE, the overall SRVQUAL mean gap score is -1.18. The widest gap score found in responsiveness (-1.32) followed by Empathy (-1.29), tangibility (-1.26) reliability (-1.19) and finally the least gap score is in Assurance (-0.84).In case of CBO, the overall SERVQUAL gap score examined were -1.57. The widest negative service gap score -1.75 is found in responsiveness followed by reliability -1.68, in empathy -1.64, in tangibility -1.48 and the least gap score -1.32 found in Assurance dimension. In case of AIB, the tangibility dimensions of this bank are found to be the widest negative service quality mean gap scores of -1.41 for customers' expectations and perception followed by responsiveness -1.3.The least gap score in assurance & empathy each score -1.22, next -1.2 found in reliability dimension. In case OIB, the overall SERVQUAL gap score examined is -1.43.The widest negative service gap score -1.6 is found in tangibility, followed by responsiveness -1.56.The third widest negative service gap score is found in Empathy -1.35. The least gap score in assurance -1.33, next -1.32 found in reliability dimension.

While banks are compared based on their SERVQUAL gap score, CBE is comparatively rated lowest gap score (-1.18) that means highest in service quality performance followed by AIB (-1.27), which is better in service quality performance than CBO (-1.57) and OIB (-1.43). CBO is relatively the poorest service quality performance with the highest gap score.

With respect to a relative importance of the five SERVQUAL dimensions: Respondents were rate the overall importance level of the five service quality dimensions in determining an excellent quality banking services. Accordingly, responsiveness rated highest and the most important service quality dimension of excellent banking service from customer point of view

The correlation results imply that there is positive, strong and significant relationship between all independent variables (tangibility, reliability, responsiveness, assurance, and empathy) and dependent variable (customer satisfaction). The finding also indicates that the highest relationship is found between responsiveness and reliability with customer Satisfaction. However, the lowest relationship is found between tangibility and customer satisfaction.

The multiple regression analysis results also noted that all the five service quality dimensions have a positive and significant effect on customer satisfaction i.e. 55.3% of the variation in customer satisfaction is explained by service quality dimensions.

5.2. Conclusions

Based on the finding, the study demonstrates that the result of SERVQUAL gap score for studied banks are negative and high standard deviation for each dimension/ attributes indicates that the negative scores for each dimension/attributes could potentially be even higher. The research results revealed that customers' perceptions were consistently lower than their expectations and banks are not able to meet customers' expectation. The largest service quality gap between customers' expectation and perception were found in the responsiveness dimension. That is, customers expect their bank employees to be competent, courteous, and polite, to provide prompt service and to be always willing to help them.

Now a day, there is a very stiff competition among banks through their initiatives for meeting customer expectations and gaining a cutting edge. Therefore, this study compares the service quality performance of the selected banks in terms of users' perception of their banking

services. While comparing the service quality performances of the four banks based on the examined SERVQUAL gap score, CBO score the highest gap which means relatively poor performance. OIB score the second highest gap followed by AIB indicating that the customers' expectations are not met. Even though it has a negative gap score for all dimensions, CBE has a better service quality as compared to the other three private banks in this study. This indicates that customers were not satisfied with current level of service quality performance of their banks. Hence, the researcher concludes that employees of the bank lack interest or knowledge to serve customers by giving individual attentions and efforts to understand their customers' specific needs.

Moreover, investigating the influence of each dimensions of service quality on customers' behavioral intentions should provide a better understanding of the drivers of customer satisfaction and also help to specify measure, control and improve customer perceived service quality. Hence, to gain and sustain competitive advantages in the fast changing of banking industry in Ethiopia, it is crucial for banks to understand in-depth what customers perceive to be the key dimensions of service quality and what impacts the identified dimensions have on customers' intentions? In this study, among the service quality dimensions Responsiveness is rated the most important dimension at the four banks in determining a quality banking service also Reliability and Assurance will take the second and third position. Tangibles and Empathy are assumed to be least important in determining quality banking service.

5.3 Recommendations

With the recent establishment of several new banks in Ethiopia, the banking industry in the country is undergoing dynamic expansion. It is imperative for banks to continuously monitor their level of service delivery, changing customer profiles and the drivers of satisfaction in order to retain their current customers and also to attract new ones. Because, delivering high quality services that met customers' expectations is vital for banks to compete efficiently and effectively with their competitors. Based on the analysis and conclusion, the following recommendations are proposed to improve service quality at the four banks:

Recommendation for the four banks in common: The SERVQUAL gap scores for all banks show a negative gap in all dimensions implying that the customers' perceptions falls

short of their expectations; In order to close these gaps the staff and management of the banks should consider the following points:

- ▶ **Hiring qualified staff** is vital in order to deliver quality service. For this reason, the bank should consider not only the technical qualification of the applicants but also their personality and attitude in interacting with customers i.e. hire self-motivated, enthusiastic employees who will like to deal with customer and will try to solve customer complaints and other issues in an efficient and effective manner
- ▶ **Training** is considered to be essential for improving quality. Therefore, the banks should develop training programs to improve the Staff's skill, friendliness and courtesy.
- ▶ Banks should strive to acquire **latest technological capacity** that will enable them to provide a wide array of banking service promptly and efficiently to their customers, install and maintain regularly ATMs, POS-machine at various accessible locations.
- ▶ **Empowerment of front-line staff** should be fundamental for achieving and improving the level of service quality. Therefore, the banks should empower front-line workers to address customer concerns and motivate them based on their performance.
- ▶ **Management commitment** to quality improvement is crucial since management is primary driver for quality improvement initiatives.
- ▶ **Improved communication** flow would enable staff to deliver what customers expect more promptly and to provide information to management about customers' expectations so that necessary changes would be made frequently.
- ▶ **Regular research** should also be conducted to find out customer expectations about various service aspects. As customer expectation and satisfaction are not static figures, regular research at sufficient intervals should be conducted.

Recommendations for CBE

- ▶ Based on the survey result, CBE should work to improve the Responsiveness. The willingness to help customers and to provide prompt service should be improved by giving continuous training to staff with relation to responsiveness dimension. The bank should minimize the gap in this area by improving responsiveness to customer requests, questions, complaints and problems and by recruiting qualified staff.

- ▶ The bank should work hard on relationship marketing to improve the customer service skill of employees including, caring for the customers and giving individualized attention to customers. Providing proper training in this area is also critical as well.

Recommendations for AIB

- ▶ AIB should make the necessary investments to improve its tangibles such as, the appearance of the company's physical facilities and updating its equipment. The bank should also locate its branches at sites that are convenient to customers.
- ▶ To improve the responsiveness dimension of AIB's service quality and to narrow the gap between perceptions and expectations, a training initiative should be made focusing on fast response from employees to customers' requests, fast redress of complaints, prompt service from the employees, and willingness of the employees to help customers.

Recommendations for OIB

- ▶ OIB should improve the tangible dimension of its service by improving the bank's physical appearance, acquiring modern equipments like computers, communication materials, and good waiting facility inside the bank, neatly dressed and good appearance of the employees and convenient location of the branches for customers.
- ▶ The staff should be imparted with a knowledge and skill that would enable them to accomplish their activities in the desired way. In this regard manager of the bank should recommend extensive customer-relation training programs for all frontlines and tellers. The training sessions may create the ability to perform the desired service dependably, accurately, and consistently.

Recommendations for CBO

- ▶ The willingness to help customers and to provide prompt service should be improved by giving continuous training to staff with relation to responsiveness dimension. The bank should minimize the gap in this area by improving responsiveness to customer requests, questions, complaints and problems and by recruiting qualified staff.
- ▶ In order to close the gap on the reliability dimension the bank must clearly state what customers will actually receive and when. Then they must make sure that the promised services are delivered. Also training employees to identify and improve their attitudes towards meeting customers' expectation is paramount. These training programs must emphasis meeting customer expectations.

- ▶ CBO should work hard at empathy dimension. This can be done by improving the skill of staff related to; understanding the specific needs of customers and giving individual attention to customers by giving trainings in this area. Also CBO should improve convenient operating hours to customers by considering lunch hours.
- ▶ The banks should attempt to remain competitive by providing attractive and prompt banking service that earns by customers' confidence and trust.

Regarding the relative importance of service quality dimensions; the most perceived service quality components or dimensions are responsiveness and reliability as ranked by respondents. These components might have the major impact on customers' satisfaction in banking industry. Banks must be aware these potential impacts and design appropriate strategy to maintain service quality accordingly. Therefore, all banks' managers should probably concentrate their resources and efforts on the dimensions which customers' rated highest score by considering comparatively most important to them.

5.4. Suggestions for Future Research

The researcher encourages further research to extend the results of this study and improve the results by minimizing the limitation of the study. Therefore, the researcher suggests the following future research areas:

- Even though there are basically five different service quality gaps according to parasuraman et al. (1985), this study focuses only on gap five, So the researcher recommends for future researcher might be examine considering the remaining service quality gaps .
- The study employed cross sectional survey method which collect the relevant data at a point in time. Hence, the researcher result may differ if conducted in time-series link across variables. So, the future researcher suggested employing time-series method.
- Banks in Chiro Town deliver different banking services for large number of customers. To achieve the objective of the study, the researcher limited to saving customers of those selected banks. So the researcher recommends for future researcher might be examine including the remaining banks and services that are not considered in this study.

References

- AL. Fawzan, M.A. (2006). "Assessing Service quality and /competition in Banking", King Abdulaziz city for science and technology, J.King Saudi University press.
- Babakus, E., & Boller, G W. (1992). 'An Empirical Assessment of the SERVQUAL Scale': Journal of Business Research, vol.24, no. 3, pp. 253-268.
- Beliyu Girma, (2012). Quality of Service Delivery and its Impact on Customer Satisfaction: In Four Selected Commercial Banks of Addis Ababa.
- Bennington, L., & Cummane, J. (1998). Measuring Service Quality: A Hybrid Methodology. Total Quality Management, vol. 9, no.6, pp. 395-406.
- Bless, and Higson-Smith, C. (2000). Fundamentals of Social Research Methods: An African Perspective.3rd Edition. Jute Education Ltd.
- Bloemer, J., De Ruyter, K., and Peters, P. (1998). "Investigating Drivers of Bank Loyalty: The Complex Relationship between Image, Service Quality and Satisfaction". International Journal of Bank Marketing. Vol.7, pp.276-286.
- Bolton, R., & Drew, J. (1991). 'A multi-stage model of customers assessments of service quality and value', Journal of Consumer Research, Vol. 17 no.4, pp. 375-84.
- Buzzel. R., & Gale, B. (1987).The service quality management: Free press, New York.
- Clemes, MD. (2008). An empirical analysis of customer satisfaction in international air travel; Innovative Marketing, vol.4, pp. 49-62.
- Cronin, J. J., & Taylor, S. A. (1992). Measuring Service Quality: A Reexamination and Extension Journal of Marketing, vol.56, no.3, pp. 55-68.

- CSA, (2010). The 2007 Population and Housing Census of Ethiopia. Central Statistical Agency of Ethiopia, Preliminary Report at National Level, Branna Printing Enterprise: Addis Ababa.
- Dick, Astrid A. (2005). Market size, service quality and competition in banking. Federal Reserve Bank of New York, NY.
- Endalkachew Abebe, (2013). 'Assessing the Impact of Core Banking and Service quality on Customer Satisfaction in Commercial Bank of Ethiopia', Masters of Business Administration Thesis, Hawasa University, Ethiopia
- Field, A. (2013). Discovering Statistics using IBM SPSS Statistics (4th ed.): SAGE Publications Ltd. Singapore
- Fournier, S., & Mick, D G. (1999). 'Rediscovering Satisfaction', Journal of Marketing, vol.63, no.4, pp. 5-23.
- Galloway, L., & Ho, S. (1996). The model of service quality for training: Training for Quality, 4 (1), pp. 20-26.
- Gronroos, C. (2001).The Perceived Service Quality Concept – Managing Service Quality, vol. 11, no. 3, pp.150-152
- Habtamu Berhanu, (2015). Financial Performance of the Ethiopian Banking Sector: International Journal of Science and Research (IJSR), vol. 4, no. 5, PP.2742-2747, Addis Ababa University, Ethiopia.
- Hair, J., Anderson, R., Tatham, R., & Black, W. (1998). Multivariate Data Analysis (5th ed.). Upper Saddle River, NJ: Prentice Hall.
- Heizer, J., & Render, B. (1999). Operations Management, 5th ed., Prentice-Hall, Upper Saddle River, New Jersey.

- Hoffman, K.D., & Bateson, J.E.G. (2002). *Essentials of Services Marketing: Concepts Strategies and Cases*, 2nd ed., Harcourt College Publishers. vol.1, no.1.
- Keatinge, T. (2014). *The Role of Public and Private Sector Banking in Ethiopia's Future Economic Growth*, Policy brief, Goshen: Global Center on Cooperative Security.
- Kothari, C.R. (2004). *Research Methodology: Methods and Techniques (2nd revised ed.)*, New Delhi: New Age International Pvt. Ltd Publishers.
- Kotler, P. (2000). *Marketing Management: the millennium edition (10th Edition)*. Upper Saddle River, New Jersey 07458: Prentice-Hall, Inc.
- Kotler, P. and Armstrong, G. (2011). *Principles of Marketing: 14th ed.*, New Jersey, USA. Pearson prentice Hall.
- Krishna C.N. 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. Vol.16, no. 2
- Kumar, M., Kee, F. T., & Charles, V. (2010). Comparative Evaluation of Critical Factors in Delivering Service Quality of Banks: International Journal of Quality and Reliability Management, vol.27, pp.351-377.
- Lovelock, Christopher H. and Jochen Wirtz. (2011). *Services Marketing: People, Technology and Strategy: 7th edition*: U.S.A Pearson prentice-Hall.
- Luckett, D. G. (1994). *Money and Banking*. New York: McGraw Hill Inc
- Malhotra, N., & Mukherjee, A. (2004). <http://dx.doi.org/10.3233/HSM-1997-16106>
- Mesay Sata, (2012). Bank Service Quality, Customer Satisfaction and Loyalty in Ethiopian Banking Sector: Journal of Business Administration and Management Sciences Research Vol. 1no.(1), pp. 001-009.

- Murthy, MK. (2010). "Customer Services and Satisfaction –A Study with Reference to Customers of Bank Muscat": APJRBM, 1 (3).
- NBE, (2017).The History of Banking and other Financial Institutions in Ethiopia, National Bank of Ethiopia: Addis Ababa
- Oliver, R. (1981): Measurement and evaluation of satisfaction processes in retail settings. *Journal of Retailing*,vol. 57, pp.25-48.
- Pallant, J. (2007). SPSS Survival Manual. 3rd ed., Sydney: Ligare Book Publisher.
- Parasuraman, A., Berry, L. L. ,& Zeithaml, V. A. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality. *Journal of Retailing*, 64(1), 12-40. Pearson Education Inc.
- Parasuraman, A., Berry, L.L., & Zeithaml, V. A. (1991). Refinement and Reassessment of the SERVQUAL Scale: *Journal of Retailing*.vol. 67, pp. 420-50.
- Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (1985). A conceptual model of service quality and its implications for future research, *Journal of Marketing*, vol.49, no. (4), pp. 41-50.
- PEDO, (2017). Chiro Town's annual socio-economic profile: West Hararghe Zone Planning &Economic Development office, Chiro.
- Peters, V. J. (1998). "Total service quality management", *Managing service quality*, vol. 29, no.1, pp. 6-12.
- Qadri, U.A. (2015). Measuring Service Quality Expectation and Perception Using SERVQUAL: A Gap Analysis. *Business and Economics Journal*, Vol.6, no.3, pp.1-6, Pakistan.
- Robinson, C. (2002). *Real World Research*, 2nd edition. USA: Blackwell Publishing.

- Shrestha, S.K. (2018). Measuring Service Quality and Customer Satisfaction: Empirical Evidence from Nepalese Commercial Banking Sector Undertakings, Tribhuvan University.pp.1-12
- Siddiqi, K. O. (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:pp12-36
- Stafford, M., & Wells, T.F. (1998). Determinants of customer satisfaction in service marketing. Free Press, New York.
- Tibebe Zeleke, (2012).Impact of service quality on customer satisfaction at the public owned National Alcohol and Liquor Factory. Master's thesis, Addis Ababa
- Tigineh Mersha, Ven Sriram, Hailu Yeshanew & Yonatan Gebr, (2012).Perceived Service Quality in Ethiopian Retail Banks. *Thunder bird International Business Review*, 54(4), 551-565.
- Yamane,T. (1967). *Statistics:An Introductory Analysis*, 2nd edition, New York: Harper and Row.McGraw-Hill.
- Yassin Ibrahim, Adem Mohamed & Habtom Gigiorgis, (2015). Analysis of Factors Affecting Service Quality: A Survey Study in Bank of Abyssinia Alula Abanega Branch, Mekelle, Ethiopia, 4(3), 36–43.
- Yonatan Gebre, (2010). “Customers’ Perception of Service Quality in Ethiopian banking sector” MBA Project, AAU School of Graduate Studies. Addis Ababa.
- Zaidatol, A. (2009) .Entrepreneurship as a Career Choice: An Analysis of Entrepreneurial Self-Efficacy and Intention of University Students. *European Journal of Social Sciences*: Volume 9, Number 2, PP.338-349.
- Zeithaml, V., Berry, L., & Parasuraman, A. (1988).Communication and Control Processes in the Delivery of Service Quality, *Journal of Marketing*, vol. 52, no. 2. pp. 35-48, American Marketing Association.
- Zeithaml, V.A., Parasuraman,A., & Berry, L.L.(1990). Delivering quality service: Balancing customer perceptions and expectations, The Free Press, New York, NY.
- Zeithmal, V., & Bitner, M. (2004). *Service Marketing*: 7 West Patal Nagar, New Delhi

Appendices

JIMMA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
MBA PROGRAM
SURVEY QUESTIONNAIRE FOR BANK CUSTOMER

Dear Respondent:

I am a post graduate student at Jimma University College of Business and Economics Department of Management, conducting a research on “*Comparative Study of Service Quality of Selected Public and Private Banks from Customers’ Perspectives: In Case of Banks in Chiro Town*” for the partial fulfillment of Master of Arts in Business Administration (MBA). I kindly request you to spend some minutes of your time in filling this questionnaire. Any information which you provide will be kept confidential and purely for academic purpose. Your genuine response is highly vital for the outcome of this research objective.

(ወደ ተሳታፊዎች፣ በጅም ዩኒቨርሲቲ፣ በቢዝነስ ና ኢኮኖሚክስ ኮሌጅ፣ የቢዝነስ አስተዳደር የድህረ ምረቃ ፕሮግራም ተማሪ ስሆን “በጭሮ ከተማ በሚገኙና በተመረጡ የመንግስትና የግል ባንኮች የአገልግሎት አሰጣጥ ጥራትን ከደንበኞች እይታ ንዕረ-ዊ ጥናት” ለማካሄድ የሚሰበሰብ መረጃ ሲሆን አላማውም በቢዝነስ አስተዳደር የማስተርስ ፕሮግራም ለማጠናቀቅ ለሚያስፈልገው ጥናት ብቻ የሚውል እና ሚስጥራዊነቱም የተጠበቀ ነው። የአርሶ ትክክለኛ ምላሽ የዚህን ጥናት አላማ ከማሳካት አንጻር ወሳኝ ሚና አለው።)

Thank you in advance for your kind cooperation! (ስለትብብርዎ በቅድሚያ አመሰግናለሁ!)
Sincerely Yours!

Wondwesen Shawel (MBA Candidate at Jimma University)
E-mail: wondwesens84@gmail.com Tele: 0911001511

Questionnaire to be filled by customer of _____ Bank Chiro Branch
መጠይቁ የሚሞላው በ _____ ባንክ ጭሮ ቅርንጫፍ ደንበኛ ነው።

Note:

1. No need of writing your name. (ስሞን መጥቀስ አያስፈልግም)
2. Please Circle a letter for an alternative you think is right (እባክዎን ትክክል ነው የሚሉትን መልስ ብቻ ያክብቡ)

Part I: General Information (ጠቅላላ ሁኔታ)

- 1.1 Gender (ጾታ) A. Male (ወንድ) B. Female (ሴት)

- 1.2 Age group (የዕድሜ ክልል)
 - A. Below 18 (ከአስራ ስምንት አመት በታች)
 - B. 18- 29 (ከአስራ ስምንት እስከ ሃያ ዘጠኝ)
 - C. 30-39 (ከሰላሳ እስከ ሰላሳ ዘጠኝ)
 - D. 40-50 (ከአርባ እስከ ሀምሳ)
 - E. Above 50 years (ከሀምሳ አመት በላይ)

1.3 Educational Qualification (የትምህርት ደረጃ)

- A. 1-8 (ከፊት እስከ 8ኛ)
- B. 9-12(ከ9ኛእስከ 12ኛ)
- C. Certificate (ሰርተፊኬት)
- D. Diploma (ዲፕሎማ)
- E. First degree and above (የመጀመሪያ ዲግሪና በላይ)
- F.Other(ሌላ)(Specify)_____

1.4 Length of years as a customer of your bank (ባንኩን በደንበኝነት መገልገልየጀመሩበትጊዜ)

- A. Less than 1 year(ከአንድ አመት ያነሰ ጊዜ)
- B. 1-3 years (ከአንድ እስከ ሦስትአመት)
- C. 4-7 years (ከአራት እስከ ሰባት አመት)
- D. 8-11 years (ከስምንት እስከ አስራ አንድ አመት)
- E. More than 11 years (ከአስራ አንድ አመት በላይ)

1.5 How frequent do you use the bank’s service? (በአማካይ የባንኩን አገልግሎት በምን ያህል ጊዜ ይጠቀማሉ?)

- A. Once per week (በሳምንት አንድ ጊዜ)
- B. More than once per week (በሳምንት ከአንድ ጊዜ በላይ)
- C. Once per Month (በወር አንድ ጊዜ)
- D. Twice per month (በወር ሁለት ጊዜ)
- E.Once per year (በአመት አንድ ጊዜ)

Part II: Service Quality (SERVQUAL) Questionnaire (የአገልግሎት ጥራት መጠይቅ)

Instructions:Dear respondents, the following set of statements relate to your expectations &perceptions about bank services. For each statement, Please circle one number that you feel most appropriate feature, using the five point likert scale represented by numbers from 1 to 5 (Where **Strongly disagree=1, disagree=2, Neutral=3, Agree=4** and **Strongly agree=5**) for each of the following expectation & perception score columns.

There is no right or wrong answers. All I am interested in is a number that best shows your expectations &perceptions regarding the banks’ service quality.

(ወደ ተሳታፊዎች፣ የሚከተሉት ነጥቦች እርስዎ ከባንክ የሚጠበቁትን እና ያገኙትን የአገልግሎት ዓይነት የጥራት ደረጃ የሚጠይቁ ናቸው። እባክትን ለእያንዳንዱ ነጥብ በፊት የሚሹትንና የተጠቀሙትን የአገልግሎት ዓይነት የጥራት ደረጃን በተመለከተ የእርስዎን ትክክለኛ ብለው የሚያስቡትን ምላሽ በመምረጥ አንዱን ቁጥር ያክብቡ። ይኸውም በጭራሽ አልስማማም=1፣ አልስማማም=2፣ ምንም ማለት አልችልም=3፣ እስማማለሁ=4፣ እና በጣም እስማማለሁ=5።)

E=Expectation P=perception

Service Quality Dimensions	S.N ተቆ	Statements for customers' expectation & perception regarding the service of the bank. የባንክ አገልግሎትን በተመለከተ ደንበኞች የሚጠበቁት እና ያገኙት የአገልግሎት ዓይነት/ደረጃ።	Strongly Disagree በጭራሽ/አልተማምም	Disagree አልተማምም	Neutral ምንም ማለት አልቻልም	Agree እስማማለሁ	Strongly Agree በጣም እስማማለሁ
		Expectation Score(ከጥሩ ባንክ የሚጠበቁት የአገልግሎት ዓይነት/ደረጃ)					
Tangibles ተጨባጭነትን በተመለከተ	E1	An excellent bank should maintain modern equipment /technology/ (E-banking, ATM -service, Internet–banking, Mobile-banking, POS–machine, etc). (ጥሩ ባንክ ዘመናዊ የሆኑ የመገልገያ ቁሳቁሶች (ኤሌክትሮኒክ፣ ኤ.ቲ.ኤም፣ ኢንተርኔት ፣ ሞባይል ባንኪንግ፣ ፖስታል ማሻሻያ፣ ወዘተ) ማሟላት አለበት)	1	2	3	4	5
	E2	The physical facilities at excellent banks should be visually appealing/attractive/. Convenient waiting in the line conditions like sitting, parking, television, newspapers, etc. (የጥሩ ባንክ መገልገያ ዕቃዎች(ቴሌቪዥን፣ ጋዜጣ፣ መቀመጫ፣ መኪና ማቆሚያ፣ ወዘተ) ምቹና እይታን የሚስቡ መሆን አለባቸው)	1	2	3	4	5
	E3	Employees of excellent bank should be well dressed and neat-appearing. (የጥሩ ባንክ ሰራተኞች ስረዓቱን የጠበቀና ንፁህ የሆነ አለባበስ መከተል አለባቸው)	1	2	3	4	5
	E4	Materials associated with the service (such as pamphlets, statements, different formats & etc) should be visually appealing & clear at an excellent bank. ጥሩ በሆነ ባንክ ውስጥ ከአገልግሎት ጋር የሚያያዙ እቃዎች ወይም ሰነዶች (በራሪ ወረቀቶች፣ ስቴትመንቶችና የተለያዩ ፎርማቶች) ምቹና ለአይን ማራኪ መሆን ይኖርባቸዋል	1	2	3	4	5
	E5	Excellent bank should be at Convenient location to its customers. (ጥሩ የሆነ ባንክ ለደንበኞቹ አገልግሎት ምቹ በሆነ ቦታ ላይ ቅርንጫፍ ሊኖረው ይገባል)	1	2	3	4	5
		Perception/Actual/ Score(በደንበኝነቱ ያገኙት የአገልግሎት ዓይነት/ደረጃ)					
	P1	The bank has all the necessarily modern equipment /technology/ (E-banking, ATM -service, Internet–banking, Mobile-banking, POS–machine, etc). (ባንኩ ዘመናዊ የሆኑ የመገልገያ ቁሳቁሶች (ኤሌክትሮኒክ፣ ኤ.ቲ.ኤም፣ ኢንተርኔት ፣ ሞባይል ባንኪንግ፣ ፖስታል ማሻሻያ፣ ወዘተ) አሟልቷል)	1	2	3	4	5
	P2	The bank's physical facilities are visually appealing/attractive/. Convenient waiting in the line conditions like sitting, parking, television, newspapers, etc. (የባንኩ የመገልገያ ዕቃዎች(ቴሌቪዥን፣ ጋዜጣ፣ መቀመጫ፣ መኪና ማቆሚያ፣ ወዘተ) ምቹና እይታን የሚስቡናቸው)	1	2	3	4	5
P3	Employees of the bank are well dressed and neat-appearing. (የባንኩ ሰራተኞች ስረዓቱን የጠበቀና ንፁህ የሆነ አለባበስ የተከተሉ ናቸው)	1	2	3	4	5	

Service Quality Dimensions	S.N ተ.ቁ	Statements for customers' expectation & perception regarding the service of the bank. የባንክ አገልግሎትን በተመለከተ ደንበኞች የሚጠብቁት እና ያገኙት የአገልግሎት ዓይነት/ደረጃ።	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
			በጭራሽ አልሰማም	አልሰማም	ማንም ማለት አልቻልም	አስማልሁ	በጣም አስማልሁ	
	P4	Materials associated with the service (such as pamphlets, statements, different formats & etc) are visually appealing & clear at the bank. (በባንኩ ውስጥ ከአገልግሎት ጋር የሚያያዙ እቃዎች ወይም ሰነዶች(በራሪ ወረቀቶች፣ ስቴትመንቶችና የተለያዩ ፎርማቶች) ምቹና ለአይን ማራኪ ናቸው)	1	2	3	4	5	
	P5	The location of the bank is convenient to you. (የባንኩ አገልግሎት መስጫ ቅርንጫፍ ለእርስዎ ምቹ በሆነ ቦታ ላይ ይገኛል)	1	2	3	4	5	
Expectation Score (ከጥሩ ባንክ የሚጠብቁት የአገልግሎት ዓይነት/ደረጃ)								
Reliability አስተማማኝነትን በተመለከተ	E6	When an excellent bank promises to do something by a certain time, it should do so. (ጥሩ ባንክ በተወሰነ ጊዜ ውስጥ ለመፈፀም ቃል የገባውን ነገር ቃል በገባው ጊዜ ውስጥ መፈፀም አለበት)	1	2	3	4	5	
	E7	When customers have a problem, an excellent bank should show a sincere interest in solving it. (ጥሩ ባንክ ደንበኞቹ ችግር በሚገጥማቸው ጊዜ ችግራቸውን በሙሉ ፍላጎትና ተነሳሽነት ለመፍታት በቅንነት ማሳየት አለበት)	1	2	3	4	5	
	E8	Excellent banks should perform the service right the first time. (ጥሩ ባንክ አገልግሎቱን ከመጀመሪያ ጀምሮ በትክክልና በተገቢው ሰዓት መተግበር ይኖርበታል)	1	2	3	4	5	
	E9	An excellent bank should deliver all the services within the promised time. (ጥሩ ባንክ ሁሉንም አገልግሎቶች ቃል በገባበት ጊዜ ውስጥ መፈፀም አለበት)	1	2	3	4	5	
	E10	Excellent banks should insist on error-free (accurate) records. (ጥሩ ባንክ ከስህተት የፀዳ ሪከርድ ላይ የተመሰረተ አገልግሎት መስጠት ይጠበቅበታል)	1	2	3	4	5	
	Perception/Actual/ Score (በደንበኝነቱ ያገኙት የአገልግሎት ዓይነት/ደረጃ)							
	P6	When the bank promises to do something by a certain time, it does so. (ባንኩ በተወሰነ ጊዜ ውስጥ ለመፈፀም ቃል የገባውን ነገር ቃል በገባው ጊዜ ውስጥ ይፈፅማል)	1	2	3	4	5	
	P7	When you have a problem, the bank shows a sincere interest in solving it. (ችግር በሚገጥም ጊዜ ባንኩ ችግርዎን ለመፍታት ያለውን ሙሉ ፍላጎትና ተነሳሽነት በቅንነት ያሳያል)	1	2	3	4	5	
	P8	The bank performs the service right the first time. (ባንኩ አገልግሎቱን ከመጀመሪያ ጀምሮ በትክክልና በተገቢው ሰዓት ይተገብራል)	1	2	3	4	5	
	P9	The bank delivers all the services within the promised time. (ባንኩ ሁሉንም አገልግሎቶች ቃል በገባበት ጊዜ ውስጥ ይፈፅማል)	1	2	3	4	5	
P10	The bank insists on error-free (accurate) records. (ባንኩ ከስህተት የፀዳ ሪከርድ ላይ የተመሰረተ አገልግሎት ይሰጣል)	1	2	3	4	5		

Service Quality Dimensions	S.N ተቆ	Statements for customers' expectation & perception regarding the service of the bank. የባንክ አገልግሎትን በተመለከተ ደንበኞች የሚጠበቁት እና ያገኙት የአገልግሎት ዓይነት/ደረጃ።	Strongly Disagree በጭራሽ/አልሰማም	Disagree አልሰማም	Neutral ምንም ማለት አልቻልም	Agree እስማማለሁ	Strongly Agree በጣም እስማማለሁ
		Expectation Score(ከጥሩ ባንክ የሚጠበቁት የአገልግሎት ዓይነት/ደረጃ)					
Responsiveness ፈጣን ምላሽ መስጠትን በተመለከተ	E11	Employees of excellent banks should tell customers exactly when services will be performed. (የጥሩ ባንክ ሰራተኞች አገልግሎት የሚሰጥበትን ትክክለኛና ምቹ ሰዓት ለደንበኞቻቸው መግለፅ አለባቸው)	1	2	3	4	5
	E12	Employees of excellent banks should provide prompt service to customers. (የጥሩ ባንክ ሰራተኞች ለደንበኞቻቸው የተቀላጠፈ አገልግሎት መስጠት አለባቸው)	1	2	3	4	5
	E13	Employees of excellent banks should always be willing to help customers. (የጥሩ ባንክ ሰራተኞች ደንበኞቻቸውን ለመርዳት ሁሌም ፈቃደኞች መሆን አለባቸው)	1	2	3	4	5
	E14	Employees of excellent banks should never be too busy to respond to customer requests. (የጥሩ ባንክ ሰራተኞች የደንበኞቻቸውን ጥያቄዎች ለማስተናገድ ጊዜ ሊያጡ አይገባም)	1	2	3	4	5
		Perception/Actual/ Score(በደንበኝነቱ ያገኙት የአገልግሎት ዓይነት/ደረጃ)					
	P11	Employees of the bank tell you exactly when services will be performed. (የባንኩ ሰራተኞች አገልግሎት የሚሰጥበትን ትክክለኛና ምቹ ሰዓት ለእርስዎ ይገልጻሉ)	1	2	3	4	5
	P12	Employees of the bank provide you prompt (timely) service. (የባንኩ ሰራተኞች ለእርስዎ የተቀላጠፈ አገልግሎት ይሰጥዎታል)	1	2	3	4	5
	P13	Employees of the bank are always willing to help you. (የባንኩ ሰራተኞች ሁሌም እርሶን ለመርዳት ፈቃደኞች ናቸው)	1	2	3	4	5
	P14	Employees of the bank are never too busy to respond to your requests. (የባንኩ ሰራተኞች የእርስዎን ጥያቄ ለማስተናገድ ጊዜ አያጡም)	1	2	3	4	5
		Expectation Score(ከጥሩ ባንክ የሚጠበቁት የአገልግሎት ዓይነት/ደረጃ)					
Assurance እርግጠኝነትን በተመለከተ	E15	The behavior of employees of an excellent bank should instill (create) sense of confidence in customers. (የጥሩ ባንክ ሰራተኞች ባህሪ በደንበኞች ዘንድ መተማመንን መፍጠር አለበት)	1	2	3	4	5
	E16	Customers of excellent bank should feel safe in their transactions. (የጥሩ ባንክ ደንበኞች ከባንኩ በሚያገኙት አገልግሎት የመተማመን ስሜት ሊሰማቸው ይገባል)	1	2	3	4	5
	E17	Employees of excellent bank should be consistently courteous (polite) with customers. (የጥሩ ባንክ ሰራተኞች ሁሌም ለደንበኞቻቸው ትሁት መሆን አለባቸው)	1	2	3	4	5
	E18	Employees of an excellent bank should have adequate knowledge to answer customers' question. (የጥሩ ባንክ ሰራተኞች የደንበኞችን ጥያቄ ለመመለስ በቂው መጠን ሊኖራቸው ይገባል)	1	2	3	4	5

Service Quality Dimensions	S.N ተቆ	Statements for customers' expectation & perception regarding the service of the bank. የባንክ አገልግሎትን በተመለከተ ደንበኞች የሚጠበቁት እና ያገኙት የአገልግሎት ዓይነት/ደረጃ።	Strongly Disagree በጭራሽ/አልተስማማም	Disagree አልተስማማም	Neutral ምንም ማለት አልቻልንም	Agree እስማማለሁ	Strongly Agree በጣም እስማማለሁ
		Perception/Actual/ Score(በደንበኝነቱ ያገኙት የአገልግሎት ዓይነት/ደረጃ)					
	P15	The behavior of employees of the bank instills (creates) confidence in you. (የባንኩ ሰራተኞች ባህሪ በእርስዎ ዘንድ መተማመንን ፈጥሯል)	1	2	3	4	5
	P16	You feel safe in your transactions with the bank. (ከባንኩ በሚያገኙት አገልግሎት ላይ የመተማመን ስሜት ይሰማዎታል)	1	2	3	4	5
	P17	Employees of the bank consistently courteous (polite) with you. (የባንኩ ሰራተኞች ሁሌም ለእርስዎ ትሁት ናቸው)	1	2	3	4	5
	P18	Employees of the bank have adequate knowledge to answer your questions. (የባንኩ ሰራተኞች ጥያቄዎን መመለስ የሚያስችልበቁዎቻቸው አላቸው)	1	2	3	4	5
		Expectation Score(ከጥሩ ባንክ የሚጠበቁት የአገልግሎት ዓይነት/ደረጃ)					
Empathy ተቆርቋሪነትን በተመለከተ	E19	Excellent banks should give customers individual attention (ጥሩ የሚባሉ ባንኮች ለእያንዳንዱ ደንበኛ ትኩረት መስጠት አለባቸው)	1	2	3	4	5
	E20	An excellent bank will have operating hours convenient to all their customers. (ጥሩ ባንክ ለሁሉም ደንበኞቹ ምቹ የሆነ የሥራ ሰዓት ሊኖረው ይገባል)	1	2	3	4	5
	E21	An excellent bank will have employees who give customers personal attention (ጥሩ ባንክ ሰራተኞች ለእያንዳንዱ ደንበኛ ትኩረት መስጠት አለባቸው)	1	2	3	4	5
	E22	Excellent banks should have their customers' best interest at heart. (ጥሩ የሚባሉ ባንኮች የደንበኞቻቸውን ልዩ ፍላጎት ከልብ መረዳት አለባቸው)	1	2	3	4	5
	E23	Employees of excellent banks should understand the specific needs of their customers. (ጥሩ ባንክ ሰራተኞች የደንበኞቻቸውን ልዩ ፍላጎት መረዳት ይኖርባቸዋል)	1	2	3	4	5
		Perception/Actual/ Score (በደንበኝነቱ ያገኙት የአገልግሎት ዓይነት/ደረጃ)					
	P19	The bank gives you individual attention. (ባንኩ ለእያንዳንዱ ደንበኛ ትኩረት ይሰጣል)	1	2	3	4	5
	P20	The bank has operating hours convenient to you. (የባንኩ የሥራ ሰዓት ለእርስዎ ምቹ የሆነ ነው)	1	2	3	4	5
	P21	The bank has employees who give you personal attention. (የባንኩ ሰራተኞች ለእያንዳንዱ ደንበኛ ትኩረት ይሰጣሉ)	1	2	3	4	5
	P22	The bank has your best interest at heart. (ባንኩ የእርስዎን ልዩ ፍላጎት ከልብ ይረዳል)	1	2	3	4	5
P23	Employees of the bank can understand your specific needs. (የባንኩ ሰራተኞች የእርስዎን ልዩ ፍላጎት ይረዳሉ)	1	2	3	4	5	

Part III: Customer Satisfaction Questionnaire (የደንበኛ እርካታ መጠይቅ)

The following statement describes your feeling about your respective bank services. Please circle a number which best reflects your own level of satisfaction (እባክዎትን እንደ ደንበኝነቶ ከባንኩ ያገኙትን አገልግሎት በተመለከተ የእርሱን ትክክለኛ የእርካታ ደረጃ የሚገልፀውን ቁጥር ያክብቡ)

S.N ቁጥር	Customer satisfaction የደንበኛ እርካታን በተመለከተ	Very Low በጣም ዝቅተኛ	Low ዝቅተኛ	Moderate መካከለኛ	High ከፍተኛ	Very High በጣም ከፍተኛ
1	Your level of satisfaction with the security of the bank services. (በባንኩ ዋስትና ያለው አገልግሎት በተመለከተ የእርካታዎ ደረጃ ምን ያህል ነዉ?)	1	2	3	4	5
2	Your level of satisfaction with respectful behavior of the bank staffs. (በባንኩ ሰራተኞች ትሁት ባህሪን በተመለከተ የእርካታዎ ደረጃ ምን ያህል ነዉ?)	1	2	3	4	5
3	Your level of satisfaction with the communicative ability of the employees of the bank. (በባንኩ ሰራተኞች የተግባቦት ችሎታን በተመለከተ የእርካታዎ ደረጃ ምን ያህል ነዉ?)	1	2	3	4	5
4	Your level of satisfaction with the performance of the bank staffs. በባንኩ ሰራተኞች አገልግሎት የመስጠት ብቃትን በተመለከተ የእርካታዎ ደረጃ ምን ያህል ነዉ?	1	2	3	4	5
5	Your level of satisfaction with various range of the service of the bank. (የባንኩን ዘርፈ ብዙ አገልግሎቶች በተመለከተ የእርካታዎ ደረጃ ምን ያህል ነዉ?)	1	2	3	4	5

Thanks A Lot For Taking Your Precious Time To Fill This Questionnaire!!!