



**THE EFFECT OF SERVICE QUALITY ON CUSTOMER  
SATISFACTION**

**(The CASE OF COMMERCIAL BANK OF ETHIOPIA)**

**A THESIS SUBMITTED TO ST MARY'S UNIVERSITY, SCHOOL OF GRADUATE  
STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE  
DEGREE OF MASTERS OF BUSINESS ADMINISTRATION.**

**BY: KALKIDAN ABEBAYEHU**

**ID NO. SGS/0179/2013A**

**MAY, 2022**

**ADDIS ABABA, ETHIOPIA**



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**BY**

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## DECLARATIONS

I, **Kalkidan Abebayehu**, hereby declare that this thesis entitled “The Effect of Service Quality on Customer Satisfaction: The Case of Commercial Bank of Ethiopia in Addis Ababa is my original work, presented under the guidance of **Yibeltal Nigussie** (Assistant professor). I would also confirm that any part of this thesis has not previously been submitted for a degree or any other qualification at this University or any other institution. All sources and materials used for this thesis have been duly acknowledged.

Submitted by:

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Addis Ababa, Ethiopia

Date of Submission: MAY, 2022

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduates, for examination with my approval as a university advisor.

YibeltalNigussie (Assistant professor)

Advisor

St. Mary's University, Addis Ababa



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Signature

MAY 2022

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## Contents

DECLARATIONS .....	iii
ENDORSEMENT .....	iv
ACKNOWLEDGEMENTS .....	v
LIST OF ACRONYMS .....	x
ABSTRACT .....	xi
CHAPTER ONE .....	1
1.1. Background of the study .....	1
1.2 Background of the Company .....	2
1.2 Statement of the problem .....	3
1.3 Research Questions .....	5
1.4 Objectives of the Study .....	6
1.5 Hypothesis of the study .....	6
1.6. Significance of the study .....	7
1.7. Scope of the Study .....	7
1.8. Limitation of the study .....	8
1.9. Organization of the Study .....	8
CHAPTER TWO .....	9
REVIEW OF RELATED LITERATURE .....	9
2.1. Theoretical Literature .....	9
2.1.1 Establishment of Commercial Bank of Ethiopia .....	9
2.2. Services Rendered by Commercial Bank of Ethiopia .....	9
2.3. Definition of Terms .....	10
2.4 Characteristics of Services .....	10
2.5. Service Quality .....	11
2.6. Servqual .....	14
2.7. Customer satisfaction .....	15
2.8. Relationship between Service Quality and Customer Satisfaction .....	19
2.9. Customer loyalty .....	19
2.10. Empirical Review .....	20



2.11. Conceptual Framework .....	22
<b>CHAPTER THREE.....</b>	<b>23</b>
<b>RESEARCH DESIGN AND METHODOLOGY .....</b>	<b>23</b>
3.1 RESEARCH APPROACH .....	23
3.2. Research Design.....	23
3.2. Sample Size and Sampling Techniques .....	24
3.3. Types of data and instrument of data collection .....	26
3.4. Method of data collection .....	26
3.5. Procedure of Data Collection.....	27
3.6. Method of Data Analysis .....	27
3.7. Ethical considerations .....	28
<b>CHAPTER FOUR DATA PRESENTATION AND INTERPRETATION .....</b>	<b>29</b>
4.3 Multiple Regressions .....	34
4.3.1 Normality Test .....	37
<b>CHAPTER FIVE.....</b>	<b>44</b>
5.1. Summary of Findings.....	44
5.2. Conclusions.....	45
5.3. Recommendations.....	46
<b>RESEARCH QUESTIONNAIRE .....</b>	<b>49</b>

## List of tables

Table 4.1: Characteristics of the respondents .....	29
Table 4.2: Age of the respondents .....	30
Table 4.3: Educational level of the respondents .....	30
Table 4.4: Type of account of the respondents .....	30
Table 4.5: Result of reliability analysis for the questionnaire .....	32
Table 4.6: Statistics of Reliability (Cronbach's Alpha).....	32
Table 4.7: presents the results of Pearson correlation on the relationship between service quality dimension and customer satisfaction .....	33
Table 4.8: Model summery .....	35
Table 4.9: ANOVA.....	35
Table 4.10: Regression results of each service quality dimensions and customer satisfaction ....	36
Table 4.11 Skewness and Kurtosis Statistics.....	37
Table 4.12 Multi-collinearity Test .....	39

## List of figures

Figure 2.1 conceptual framework .....	22
Figure 4.1 Histogram .....	37
Figure 4.2 Normal P-p plot .....	38
Figure 4.3 Scatterplot.....	39

## **LIST OF ACRONYMS**

ATM - Automated Tailor Machine

CBE - Commercial Bank of Ethiopia

AAD - Addis Ababa District

SPSS - Statistics Package for Social Science

## **ABSTRACT**

The results of the investigation revealed that CBE's performance in providing quality service falls short of the customer's expectations. Customer satisfaction suffers as a result of poor service quality. Based on this, the researcher recommended that the bank prepare complaint handling systems and suitable training for its front-line personnel in order to improve its performance. The main purpose of this research is to determine the effect of service quality on customer satisfaction in five CBE branches in the Addis Ababa district. To achieve this goal, a questionnaire was created that was categorized under The SERVEQUAL model has five dimensions. A convenience sampling approach was used to pick 193 respondents for the sample. This research utilized a quantitative research design as well as primary and secondary data. SPSS version 26 was used to analyze the information gathered. The link between dependent and independent variables was investigated using correlation and multiple regressions. The correlation results show that the characteristics of service quality and customer satisfaction have a positive relationship. The regression test revealed that providing excellent service has a beneficial impact on overall customer satisfaction. Also, timeliness and customer happiness have the strongest link.

**Key words: - Tangibility, Reliability, Responsiveness, Assurance, Empathy, Customer Satisfaction.**



# CHAPTER ONE

## 1.1. Background of the study

Nowadays, Service has highly evolved in to a highly competitive discipline with professionals and academics alike recognizing that many factors influence it and the ultimate success of service organizations. Due to the nature of the services, often the main determinant of a customer's perception of service quality is their interaction with the service staff (zenithal and Bitner, 2009).Environmental dynamics and increasing competition lead organizations to become more competitive and to be sensitive about customer's satisfaction (Aghazadeh et al., 2007). One of the most factors to realize this objective, especially in service organizations, is service quality.

Financial institutions, as one type in the service industry, are the most important engines of economic growth for any economy in the world. In Ethiopia the major financial institutions operating are banks, insurance companies and micro-finance institutions. The financial system especially the banking sector is highly concentrated. Concentration in the market is a barrier for the presence of a well-built competition (Ebisa D, 2012).

The financial services industry has a vital role to play in safeguarding the prospects for economic development across the globe. Likewise, at the micro-level, financial services underpin the overall well-being of individuals. However, the development, launch and sale of new financial services are inherently risky. Because, technology, government regulation and increasing customer sophistication are forcing financial service institutions to re-evaluate their current business practices. As a result, the industry has undergone significant structural changes.). Similarly, there has been a desire to encourage the efficient operation of the financial services marketplace through the removal of traditional sector boundaries and the encouragement of competition. (Page18. Further, in response to increased competitive pressures, many financial services organizations have also become aware of the need to reconsider their traditionally conservative, undisciplined and very expensive marketing practices. Yet, they realize that future success depends on developing and refining market driven processes (Jay, 2009). Hence,

financial institutions across the globe are re-examining how they are meeting their customer's needs today and developing business plans needed to align them strategically to remain competitive and profitable in the future. The challenge is for standards of marketing within the financial services domain to reflect the necessary degree of market and consumer orientation. Increasing competition in the financial services market requires banks to review and reconsider their marketing strategies for approaching customers (Daniel, 1999).

Every service company works only for the customer's demand and added value and provide pleasant customer's service to get the competitive advantage (Edvardsson, 1997) and some companies organized service department that gather information about customers and his/her interaction with products and quality (Petkova, Sander & Brombacher, 2000). Besides this, with new developments, the needs and expectations of customers are also changing rapidly. In the other hand Customer satisfaction is defined as customers overall feeling of contentment with a customer interaction. Customer satisfaction recognizes the difference between customer expectation and customer perception. Satisfaction may develop quickly or may be cultivated over a period. And also customer satisfaction is a result that emerges from the delivery of quality service. That is if the company know how to keep its customers comfortably be serving them quality service there is no reason for the customer not to be satisfied.

## **1.2 Background of the Company**

The banking sector in Ethiopia reached 19, of which 17 were private and 2 banks state owned. A total of 199 new bank branches were opened raising the number of bank branches to 7,096. As a result, population to bank branch ratio stood at 14,514.91. Of the total bank branches, the share of state-owned banks was 28 percent while that of private banks constituted 72 percent. Meanwhile, the total capital of the banking system amounted to Birr 125.1 billion, of which state-owned banks accounted for 46.4 percent and private banks 53.6 percent. The share of Commercial Bank of Ethiopia (CBE), the biggest state-owned bank, in total capital of the banking system was 41.7 percent. Total resources mobilized by the banking system (the sum of net change in deposit, loans collected and net change in borrowing rose 18.4 percent over last year due to NBE's Legal Tender. Protection Directive that restricts cash holding and cash withdrawal limits as well as demonetization measures that undertaken resulted in high deposit mobilization. (NBE Third Quarter report 2020/2021)



Therefore, as long as service quality has critical to the service giving company especially in banking industry, it should have to be deliver more eye-catching way if not it will have a huge impact on customer satisfaction and also its undertake the question mark on the company long-term survival of in the industry.

Most widely used model to measure perceived service quality was developed by (Parasuraman, 1988) known as SERVQUAL. Based on the five factors, The SERVQUAL model defines quality as the divergence between customer's expectations and perceptions of the service delivered to measure quality the respondents are asked to answer sets of questions dealing with the same subject (Kotler, 2012). 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 stay affects company market shares and customer loyalty (Clemes, 2008). Satisfied customer who and buy more. Good customer relationship creates customer delight, in turn delighted customer remain loyal (Kotler, 2012). Many empirical and conceptual studies have been done on customer service quality and customer satisfaction. The finding of Mohammad and Alhamadani (2011) indicated that service quality is an important antecedent of customer satisfaction.

As this study encompasses the effect of service quality on customer satisfaction the case of Commercial Bank of Ethiopia; it is going to give brief solution for both customer who need quality service and satisfaction, and also for the company in order to make it a winner in terms of its competitors.

## **1.2 Statement of the problem**

Businesses strive to increase profits by providing high-quality services that meet or exceed client expectations. Customer satisfaction is one of every company's major goals. Businesses understand that retaining current customers is more profitable than acquiring new ones to replace those who have lost (Gantasala and prabnakar, 2010).

According to research, high service attributes contribute to customer retention and attractiveness, cost savings, improved company image, positive word-of-mouth, recommendation, and, eventually, increased corporate profits (Berry et al., 1989; Reichheld and Sasser, 1990; Rustand

and Zahorik, 1993; Cronin et al., 2000; Kang and James, 2004; Yoon and Suh, 2004). Furthermore, it is critical to comprehend and meet customers' expectations, as well as to distinguish out from competitors. As a result, service quality has become a top focus for service providers.

Any country's banking business is critical to its success, and Ethiopia is no different. Over ten national private banks have emerged in the recent decade, all of which are eager to expand, indicating that there is still opportunity for more. Most banks have been expanding their earnings and market share year after year, according to their annual reports. This may be seen in the number of new branches that have opened as well as the increase in the number of staff. Along with rising profit margins, such factors indicate that the sector will continue to grow in the future (National Bank of Ethiopia, 2020/21). However, when the industry grows time to time also it is expected their service will increase on continuous basis such as mobile banking, online services, ATM machines, internet banking, E-payment, despite any challenges that may arise from this service also any banking operation like starting from account opening, Loan processing, purchasing CPO and the like, all this service should bound with quality service in order to make satisfied customer.

Providing high-quality service is a crucial concern for all organizations. Customer satisfaction may decide whether a company succeeds or fails. Banks must satisfy their clients' needs in order to remain competitive in the marketplace, which will help them maintain a high market share and generate a significant return (Khalil, 2010).

At the present time, service quality has received much attention because of its obvious relationship with costs, financial performance, customer satisfaction, and customer loyalty. Since customer satisfaction is also based upon the level of service quality provided by many market leaders are found to be highly superior customer service orientated. They have been rewarded with high revenue and customer retention as well. For that reason, organizations in the same market sector are forced to assess the quality of the services that they provide in order to attract and retain their customers. Because satisfied customers are a key to long-term business success Zeithaml et al.( 1996). Currently most banks in Ethiopia are negatively affected by the net work failure and system interruption which result delayed service delivery time; as a result customers are sometimes forced to stay long time in the premises of the bank. As we know the CBE has

showed rapid improvement since the Implementation of BPR. But still there is customer compliant in System failure, power interruptions and low accessibility of ATM machines are still seen in the branches of CBE, (Ayenew, 2014). Several studies have been done on service quality and customer satisfaction in banking industry, but only few studies have been done on CBE. For instance (Fikadu, 2013) conducted research on customer satisfaction and service quality. And he conducted his study through qualitative method, the result indicates that CBE faces various problems especially regarding quality service and he recommended in his paper to carry out research in similar area so as to generalize the issues in CBE. So the researcher wanted to assess the effect of service quality on customer satisfaction in the case of CBE.

Hence, this study is in response to the aforementioned gaps. This study is different from previous studies on the following grounds. First, it uses service quality to identify determinant customer satisfaction. Second, it uses time series data to understand the trend of customer satisfaction. Third, it was to investigate the link between service quality and customer satisfaction and the ways through which service firms can improve and manage the process of delivering quality standards to their customers. Furthermore, some improvements techniques are examined through which quality of services may be improved in the organization.

As a result, the focus of this research was on the effect of service quality on customer satisfaction in the context of an Ethiopian commercial bank.

### **1.3 Research Questions**

1. What is the effect of tangibility on customer satisfaction in case of CBE?
2. What is the effect of reliability on customer satisfaction in case of CBE?
3. What is the effect of responsiveness on customer satisfaction in case of CBE?
4. What is the effect of assurance on customer satisfaction in case of CBE?
5. What is the effect of empathy on customer satisfaction in case of CBE?

## **1.4 Objectives of the Study**

### **1.4.1. General objective**

The general objective of this study was to analyze the effect of service quality on customer satisfaction in the case of CBE in Addis Ababa branch.

### **1.4.2. Specific objectives**

1. To examine the effect of tangibility on customer satisfaction in case of CBE.
2. To examine the effect of reliability on customer satisfaction in case of CBE.
3. To examine the effect of responsiveness on customer satisfaction in case of CBE.
4. To examine the effect of assurance on customer satisfaction in case of CBE.
5. To examine the effect of empathy on customer satisfaction in case of CBE.

## **1.5 Hypothesis of the study**

In light of the objectives expressed above, the following hypotheses were investigated:

Ho1: There is a positive relationship between tangibility and customer satisfaction in banking services.

Ho2: There is a positive relationship between reliability and customer satisfaction in banking services.

Ho3: There is a positive relationship between responsiveness and customer satisfaction in banking services.

Ho4: There is a positive relationship between assurance and customer satisfaction in banking services.

Ho5: There is a positive relationship between empathy and customer satisfaction in banking services.

## **1.6. Significance of the study**

The output of this research could result in effect of service quality on customer satisfaction in case of CBE Addis Ababa branch. The finding of this study has the following importance: -

- The finding of this study helps banks to understand the role of good customer service on customer satisfaction.
- It provides solution for bank industry service quality problems and it may give them an idea of where they are currently in terms of their service quality and what they should do in the future.
- It initiates other interested researcher to undertake detailed study in this area.

## **1.7. Scope of the Study**

The research scope was limited to the study of the effect of service quality on customer satisfaction in case of (CBE) was conducted in Addis Ababa branch. Even though, as it is well known CBE has many branches in different area; due to time and financial constraints the study was not undertake all branches of CBE. This study did not include non-sampled branches of CBE and other private banks and the time before and after study schedule was not included in the area of study.

This is because of branches have a lot of customers and large amount of transaction and time and resource limitation, the data is collected only from selected branches of southern Addis District. As a result, it's better to measure customer satisfaction from the view point service quality in these types of branches as it can have major effect on the banks service delivery and customer satisfaction. Methodologically, the researcher applies two type of sampling technique in order to have a proper sample size. These are simple random sampling and stratified sampling. In

addition, there is lack of adequate research material conducted in this area and lack experience on thesis writing.

### **1.8. Limitation of the study**

The lack of cooperation and commitment of the respondents to complete the questionnaire was an issue faced while conducting this study.

### **1.9. Organization of the Study**

This research paper consists of five chapters. Chapter one is the introduction part which discusses the back ground of the study, back ground of the organization, statement of the problem, research objective, hypothesis, research question, and definition of the term, scope of the study, significance and organization of the paper. Chapter two it was including the theoretical, empirical research and conceptual frame work. The theoretical part it was collected from different books and related materials that have a relation with the research title. In the empirical part, a sample researches done by different researchers is consulted. Chapter four is discusses the analysis and discussion part as below. This includes the demographic interpretation of the respondents, reliability measurement, and relation between variable, multiple regression data, and finally the discussion part. Chapter five will aims to present the conclusions of the study and to make recommendation. The first sections restate the main purpose of the study, followed by brief discussions of the study. Section three presents the conclusion of the study, recommendation, and finally limitation of the research and direction for further research.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. Theoretical Literature**

This chapter gives an overview of literature that is related to the research problem Presented in the previous chapter.

The establishment of commercial bank, service characteristics, service quality, customer satisfaction, relation between customer satisfaction and service quality and service quality model is included in order to give a clear idea about the research area.

##### **2.1.1 Establishment of Commercial Bank of Ethiopia**

Commercial Bank of Ethiopia was incorporated as a share company on December 16, 1963 per proclamation number 207-1955 to take over the commercial banking activities of the former state Bank of Ethiopia. Under this name, it began operation on January 1, 1964, with a capital of Ethiopian Birr 20,000,000 and served for about 16 years. The bank was wholly owned by the state and operated as an autonomous institution under the commercial code of Ethiopia under the socialist regime in Ethiopia (1974-1991). The Commercial Bank of Ethiopia Share Company and Addis Bank had identical objectives power and duties. Hence, the socialist regime saw it necessary to merge them in order to eliminate the duplication of efforts and bring them under a centralized banking structure; consequently, the present day commercial Bank of Ethiopia was established under proclamation No.184 of August2,1980 (Belay, 1987).

##### **2.2. Services Rendered by Commercial Bank of Ethiopia**

Commercial Bank of Ethiopia provides three major services which comprises of Domestic banking service, International banking service and recently E-payment services. Domestic banking services consist of Deposit, Credit and Local transfer service, International banking services consists of Trade service, Foreign service and International money transfer using different money transfer agencies and E-payment service also includes Internet Banking Service, ATM, POS, Card Banking and Mobile Banking Service ([www.cbe.com](http://www.cbe.com)).

## **2.3. Definition of Terms**

### **Operational Definition**

Definition According to Kotler and Armstrong (2012), “service can be defined as economic activities that produce time, place, form, or psychological utilities”. Many service firms have become successful by identifying a previously unrecognized or unsatisfied customer wants. (Messay, 2012) stated “services are identifiable, intangible activities that are the main object of a transaction designed to provide want satisfaction to customers”. (Messay, 2012) also stated that the travel, hospitals, finance, entertainment, health care communications, utilities and professional services fields are prime examples. Recognizing the importance of marketing, many of these industries and organizations within them are now adding marketing-related personnel. According to (Kotler, 2012) “services are growing ever faster in the world economy, marketing up a quarter of the value of all international trade”. A service is an act or performance that one party can offer to another that is essentially intangible and doesn’t result in the ownership of a thing. Its production may or may not be tied to a physical product. (Kotler, 1998)

### **2.4 Characteristics of Services**

According to Bitner et al. (1993) service has four characteristics: intangibility, inseparability, heterogeneity and perish ability. Intangibility of Services (Regan,1963). Introduced the idea of services being activities, benefits or satisfactions which are offered for sale or provided in connection with the sale of goods. The degree of intangibility has been suggested as a means of differentiating tangible products with services. Most of the time, services are explained as being intangible since their outcome is considered to be an action rather than a physical product highlight the fact that the degree of tangibility has implications for the ease with which consumers can evaluate services and products (Zeithmal et al. 1985). Inseparability of Services Inseparability is taken to show the simultaneous delivery and consumption of services and it is believed to enable consumers to affect or shape the performance and quality of the service (Zeithmal et al. 1985). Heterogeneity of Services Heterogeneity reveals the degree of high variability in service delivery. This is a particular problem for services with high labor involvement, as the service performance is delivered by different people and the performance of people can vary from day to day and also from person to person. Besides, it offers the



opportunity to provide high degree of flexibility and customization of the service and this can be used as a benefit and point of differentiation (Wolak et al., 1998). 10 Perish ability of Services The notion of perish ability reflects services cannot be stored and carried forward to a future time period and suggest that services are time dependent and time important which make them very perishable. The issue of perish ability is primarily the concern of the service producer and that the consumer only becomes aware of the issue when there is insufficient supply and they have to wait for the service (Bitner et al.,1993).

## **2.5. Service Quality**

In today's increasingly competitive business environment, service quality is essential for the success of any organization. Service quality is important aspect that affects the competitiveness of business. Banks should always increase the quality of service continuously since there is no assurance that the current outstanding service will be suitable for future. Thus, banks should develop new strategy to satisfy their customer and should provide quality service to gain competitive advantage over competitors (Siddiqi, 2011). Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors (Ladhari, 2009). The relevance of service quality to companies is emphasized especially the fact that it offers a competitive advantage to companies that strive to improve it and hence bring customer satisfaction. The challenge in defining service quality is that it is a subjective concept, like beauty. Everyone has a different definition based on their personal experiences. It has also received a great deal of attention from academicians, practitioners and services marketing literature, service quality is defined as the overall assessment of a service by the customer. Researcher points out that, by defining service quality, companies will be able to deliver services with higher quality level presumably resulting in increased customer satisfaction. Understanding service quality must involve acknowledging the characteristics of service which are intangibility, heterogeneity and inseparability. In that way, service quality would be easily measured (Negi et al., 2009). (Crosby, 1984) Defined quality as conformance to requirements. This definition implies that organizations must establish requirements and specifications. Once these requirements and specifications are established, the quality goal of the various functions of an 11 organization is to comply strictly with them. Quality also defined from different point of views, from customer point of view quality means fitness for use and meeting customer satisfaction and

from process point of view it means conformance with the process design, standards and specifications. Quality may also be defined as the degree of excellence at an acceptable price from product point of view and from the cost point of view it means best combination between costs and features. A solid foundation in defining and measuring service quality was emanated in the mid-eighties by (Gronroos, 1984) and (Parasuraman et al. 1985). They were amongst the earliest scholars laid down the foundation for the definitions as well as development of service quality. Service quality defined as the degree and direction of discrepancy between consumer's perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future purchasing behavior. This definition clearly shows that service quality is what customers assess through their expectations and perceptions of a service experience. Customers' perceptions of service quality result from a comparison of their before-service expectations with their actual service experience. Service quality is based on a comparison between what the customer feels should be offered and what is provided (Parasuraman et al., 1985). If the customer's expectations are meeting or exceeded, then the company is perceived to be offering higher service quality. But if on the other hand, if the expectations of the customers are not meet, the company is on its way not only to face displeased and hostile customers, which in turn leads to defection to competitors. Customer's expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation. Expectation is viewed in service quality literature as desires or wants of consumer that is, what they feel a service provider should offer rather than would offer (Parasuraman et al., 1988). Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature (Gronroos, 1984) and (Parasuraman et al,1988) define perceived quality as a form of attitude, related but not equal to satisfaction, and results from a consumption of expectations with perceptions of performance. Therefore, having a better understanding of consumer's attitudes will help to know how they perceive service quality in banks and respond accordingly. The service process as well as the service outcome will contribute quality evaluations. As stated by (Gronroos, 1982) there are two types of service quality these are technical quality and functional quality. Technical quality is what the customer is actually receiving from the service (outcome) while functional quality is the manner in which the service is delivered (process). It is likely to be much more effective to tell a service contact

employee what specific attributes service quality includes, such as responsiveness. Management can say, if we can improve our responsiveness, quality will increase” (Asubonteng et al., 1996)

### **2.5.1. Service quality Dimensions**

“Service's unique characteristics of intangibility, heterogeneity, and inseparability lead them to possess high levels of experience and credence properties, which, in turn, make them more difficult to evaluate than tangible goods” (Bitner and Zeithaml 1985). “Identification of the determinants of service quality is necessary in order to be able to specify measure, control and improve customer perceived service quality” (Johnston, 1995). SERVQUAL “is a concise multiple-item scale with good reliability and validity that researcher can use to better understand the service expectations and perceptions of consumers and, as a result, improve service” (Parasuraman et al., 1988). SERVQUAL was also selected since it is important when it is used occasionally to track the service quality trends, and when it is used in combination with other forms of service quality instrument (Parasuraman et al., 1985). Parasuraman et al. (1985) identify ten determinants for measuring service quality which are tangibility, reliability, responsiveness, communication, access, competence, courtesy, credibility, security, and understanding/knowledge of customers. Later these ten dimensions were further purified and developed into five dimensions i.e. tangibility, reliability, responsiveness, assurance and empathy to measure service quality. “SERVQUAL” Parasuraman et al. (1988). These five dimensions identified as follows:

**Tangibility:**-refers to physical facilities, equipment, and appearance of personnel. (Jabnoun and Al-Tamimi,2003). Indicated that customers choose tangibility factor of service quality in the banking industry “Bank could build customer relationships by delivering added tangible and intangibility elements of the core products” (Zineldin,2005)

**Reliability:**- means ability to perform the promised service dependency and accurately. Reliability is a significant factor of product quality in addition to good personal service, staff attitude, knowledge and skills (Walker, 1990). “It is found that service reliability is the service “core” to most customers and managers should use every opportunity to build a “do-it-rightfirst” attitude” (Berry et al., 1990).

**Responsiveness:**- means willingness to help customers and provide prompt service. “Customers are very sensitive to employees' working environment in service organizations” (Brown and

Mitchell, 1993). (Gollway and Ho, 1996) reported that proper balance between staff skills and customers' expectation resulted in superior service quality towards customers.

**Assurance:** - indicates knowledge and courtesy of employees and their ability to inspire trust and confidence. (Parasuraman et al., 1988) found that assurance is an important factor of service quality next to reliability and responsiveness towards customer satisfaction. Assurance has “the strongest impact on customer satisfaction that leads to positive word of mouth outcome” (Arasli et al., 2005).

**Empathy:**-refers to caring, individualized attention the firm provides its customers (Jabnoun and Al-Tamimi, 2003) found that bank customers believed empathy as an essential factor of service quality. “It is suggested that employees' commitment to deliver quality services, skillfully handling of conflicts and efficient delivery of services resulted in satisfied customers for long term benefits” (Nelson and Chan, 2005).

### **2.5.2. Service Quality Models**

If we want to manage something, it should be measured first. Without measurement, managers cannot be sure of whether service quality gaps exist or not and of course, measurement is needed to determine whether goals for improvement are being met after changes have been implemented (Christopher et al., 1992). Measuring service quality has been one of the most persistent topics in management literature. This is because the need to develop valid instruments for the systematic evaluation of firms’ performance from the customer point of view; and the association between perceived service quality and other key organizational outcomes, which has led to the development of models for measuring service quality (Cronin et al., 2010).

## **2.6. Servqual**

For the purpose of measuring customer satisfaction with respect to different aspects of service quality and to overcome problems which is created as a result of the gap between management and customers, a survey instrument was developed by (Parasuraman, Zeithmal and Berry in 1988). The instrument is called SERVQUAL. The basic assumption of the measurement was that customers can evaluate a firm’s service quality by comparing their perception with their experience. It is designed to measure service quality as perceived by the Customer. Though, the

SERVQUAL model has been the major generic model used to measure and manage service quality across different service settings and various cultural backgrounds, it has been subjected to a number of theoretical and operational criticisms (Buttle, 1996).

## **2.7. Customer satisfaction**

Customer satisfaction is a post-purchase evaluation of a service offering. A traditional definition of customer satisfaction followed the dissatisfaction paradigm of consumer satisfaction/dissatisfaction, suggesting that customer satisfaction/ dissatisfaction is the result of interaction between the consumer's pre-purchase expectations and post purchase evaluation. According to Rigopoulou et al. (2008) customer satisfaction is the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service. Service companies have since recently focused on customers in order to improve competitiveness. Customer satisfaction is one of the important outcomes of marketing activity. 15 In the competitive banking industry, customer satisfaction is considered as the fundamental of success. Satisfying customers is one of the main objectives of every business. Businesses recognize that keeping current customers is more profitable than having to win new ones to replace those lost since it cost the company a lot of money. Management and marketing theorists emphasize the importance of customer satisfaction for a business's success (Kennedy and Schneider, 2000). Good customer satisfaction has an effect on the profitability of nearly every business. For example, when customers receive good service, each will typically tell nine to ten people. However, customers who receive poor service will typically relate their dissatisfaction to between fifteen and twenty others Naik et al. (2010). Therefore, customer satisfaction is an asset that should be monitored and managed just like any physical asset. The satisfaction judgment is related to all the experiences made with a certain business concerning its given products, the sales process, and the after- sale service. Whether the customer is satisfied after purchase also depends on the offer's performance in relation to the customer's expectation. Customers form their expectation from past buying experience, friend's and associate's advice, and marketers' and competitors' information and promises (Kotler; 2010). Higher customer satisfaction leads to greater customer loyalty which in turn leads to higher future revenue. As a result, many market leaders are found to be highly superior customer-service orientated. They have been rewarded with high revenue and customer retention as well. For that reason,

organizations in the same market sector are forced to assess the quality of the services that they provide in order to attract and retain their customers. Because satisfied customers are a key to long-term business success (Zeithaml et al., 1996). Customer satisfaction is consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over fulfillment (Oliver, 1997)

### **2.7.1. Customer Satisfaction Measurement**

Customer satisfaction measurement involves the collection of data that provides information about how satisfied or dissatisfied customers are with a service. This information can be collected and analyzed in many different ways. Many organizations regularly check the levels of customer satisfaction to monitor performance over time and measure the impact of service improvement. Henley center headlight vision (Smith, 2007) states the research carried out in the UK with public sector organizations suggests that there are five themes that are likely to be relevant to all organizations in measuring customer satisfaction. - Delivery of the service (how problems were handled, reliability, outcome.) - Timeliness (waiting times, number of times contacted) - Information (accuracy, enough information, kept informed) - Professionalism (competent staff, fair treatment) - Staff attitude (friendly, polite, sympathetic)

### **2.7.2. Importance of Customer Satisfaction**

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, company, and how the company operates in the global environment. Customer satisfaction measures are an overall psychological evaluation that is based on the customer's lifetime of product and service experience (Smith, 2007) Effective marketing focuses on two activities: retaining existing customers and adding new customers. Customer satisfaction measures are critical to any product or service company because customer satisfaction is a strong predictor of customer retention, customer loyalty and product repurchase.

### **2.7.3. Determinants of Customer Satisfaction**

Customer satisfaction is influenced by specific product or service features, perception of quality, customer's emotional responses, their attributions and their perception. Product Service Features-

Customers satisfaction with a product or service is influenced by customer evaluation of product or service feature. (Zettmal et al.,1985) Customer Emotion- Customer"s emotion can also affect their perception of satisfaction with products and services. These emotions can be stable preexisting emotion. (Zettmal et al, 1985) Attribution of Service Success or Failure- Attribution influence perception of satisfaction when they have been surprised by an outcome, (the service is either much better or much worse than expected), customers tend to look for the reasons their assessments of the reasons can influence their satisfaction. (Zettmal et al., 1985) Perception of Equity or Fairness- Customer satisfaction is also influenced by perception of equity and fairness customers ask the service. Have I been treated fairly compared with other customers? Did other customers get better treatment, better prices or better quality service and the like? Notions of fairness are central to customer"s perception of satisfaction with products and services. (Zettmal et al., 1985) Organizations take different approaches to identifying customer service standards and they vary in detail. Robert-Phelps uses "SPECIAL" as a model to satisfy customers. Speed Personality Exceed Expectations Competence and courtesy Information Attitude Long-term relationship 18 Speed and time these two are very important factors to many customers to measure a company"s ability and performance to satisfy their needs. Thus an organization whatever service it provides has to accomplish as fast as possible. (Smith, 2007) Personal Interaction with Customer Things like how well remembering a customer"s name, a tone of voice and remembering the case of the customer change the satisfaction of the customer. An organization should identify every opportunity that it possibly can to make the customer feel unique. An organization has to train employees based on how to answer telephone and how to deal with customers face-to-face, to treat every single customer as, not their only customer, but their most important customer. Expectations the ability to manage expectations well and then systematically and consistently exceed them is the hallmark of a successful organization. There are three scenarios of satisfaction based on customer expectation. (Smith, 2007) A Delighted Happy Customer –This is situation when actual service is greater than expected or experienced service. This kind of customer will come back and tell his friends about his experience and will become an advocate for your service. An organization tries and finds something extra and the way that attracts this kind of feeling. (Smith, 2007) A Satisfied Customer- This is the situation when actual service is equal to their experience. It is not any better significantly, neither is it any worse- they are satisfied. However, this does not seem to enter the customer"s memory for any

long period of time. (Smith, 2007) A Dissatisfied Customer- This is the case when actual service is less than expected/ experienced service. As well known, many organizations today struggle to win customers by telling those things they think in their services by using brochures and presentations. This over promising has poor experience and poor customer satisfaction built into it. So always make sure that you and your organization deliver more than you promise. (Smith, 2007)

Courtesy and Competence the two go hand in hand. Courtesy means customers seem to be happier be determined by whatever it is being served with as a customer. Competence means whoever services the customer within the organization has to do things and do them well. It means doing what you can do to the best that you can do it. Competence and courtesy serve as licenses to keep customers for life. (Buttle, 1996) Information and Keeping Customer Informed As well known, the world today is a much more complicated with a mass of information created by technology, social changes and education patterns. So, one of the simplest ways to keep customers feeling special and make them feel important to organization is to keep them informed about any service provided for them. Whatever it is that even if their expectation that is going to be broken or damaged then let them know as soon as you know (Buttle, 1996). Attitude and Customer Liaison Attitude is not always easy to understand. In this context it is defined as a positive and helpful attitude. A good customer service experience is on where the customer service person imagined if nothing else, that they enjoy their job and they like doing what they do and they are pleased to see the customer. Employees in service rendering organization have to see every single customer as most important customer. (Parasuraman et al., 1985) Long term Relationships this is the last element of making customer feel special. A customer will feel special if organization will actually reward, recognize and encourage their loyalty at every contact with a customer. If an organization implements ideas based around the above seven elements (SPECIAL) and makes them a constant focus of attention, it becomes more customer focused.(Parasuraman et al., 1985).

#### **2.7.4. Satisfaction Measurement**

According to (Smith, 2007) Satisfaction measures involve three psychological elements for evaluation of the product or service experience: cognitive (thinking/evaluation), affective (emotional-feeling/like-dislike) and behavioral (current/future actions). Customer satisfaction



usually leads to customer loyalty and product repurchase. But measuring satisfaction is not the same as measuring loyalty.

## **2.8. Relationship between Service Quality and Customer Satisfaction**

(Kotler and Armstrong ,2012) advocate that satisfaction is the post-purchase evaluation of products or services taking into consideration the expectations. Researchers are divided over the antecedents of service quality and satisfaction. Whilst some believe service quality leads to satisfaction, others think otherwise. The studies of many researchers suggest service quality leads to customer satisfaction. To achieve a high level of customer satisfaction, they 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 (Mesay, 2012). 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). Parasuraman et al (1988) defined service quality and customer satisfaction as follows: Service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to a specific transaction. Satisfaction is a post consumption experience which compares perceived quality with expected quality, whereas, service quality refers to a global evaluation of a firm's service delivery system” (Parasuraman et al., 1985). Siddiqi (2011) described that all the service quality attributes are positively related to customer satisfaction and customer satisfaction is positively related to customer loyalty in the retail banking settings. Furthermore, Daniel O. Auka (2012) also stated that high quality of service will result in high customer satisfaction and increase loyalty.

## **2.9. Customer loyalty**

Customer loyalties is a deeply held commitment to re buy or re patronize a preferred product or Service consistently in the future, thereby causing repetitive purchasing of the same brand, despite situational influences and marketing efforts. It can also be defined as the degree to which a customer exhibits repeat purchasing behavior from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using this provider when a need for this service arises. Loyalty is therefore an attitude or behavior that customers explicitly repeat or exhibit (Seyed, 2007). In addition, Loyalty in service businesses refers to the customer's

commitment to do business with a particular organization, purchasing their products repeatedly and recommending others to the organization's products. (Christopher and Jochen, 2006) ascertain that customer loyalty is actually the result of an organization creating a benefit for customer so that they will maintain or increase their purchases from the organization. They indicate that true loyalty is created when the customer becomes an advocate for the organization without incentives.

## **2.10. Empirical Review**

Research on services quality has currently received special attention from marketing researcher. Some research conducted on quality services and its effect on customer satisfaction and their results are summarized as follow: - There are many research works done related with this study. However, the researcher tries to see three of them which are more related to the topic. The titles with their objectives and major findings are discussed below to have an insight about these studies. The first work is MBA thesis done by (Aman, 2008) with title of "Effects of service delivery process and service quality on customer satisfaction: a case study of EEPCO, North Western region, Bahir Dar town customer service centers". The main purpose of the study is to examine the effect of service delivery process and service quality on satisfaction of customers of EEPCO with the following specific objectives: To examine the effect of service delivery process and service quality on customer satisfaction and to understand real situation on how EEPCO handle its customers. On the relationship between customer satisfaction and service quality. Research was conducted in a bank in Tehran, Iran by Osman Mahamad, et.al (2010) revealed that service quality would be one of the determinants of satisfaction. The finding that nearly 43 percent of customer's satisfaction changes is explained by service quality. On the relationship between Bank Service Quality, Customer Satisfaction in Ethiopian

- Banking Sector, Messay (2012) concluded that all service quality dimensions are positively correlated with customer satisfaction indicating 90.7% of the variance in customer satisfaction can be predicted by the service quality offered by the private banks. In addition, results of this research show that there is a positive significant relationship between customer satisfaction and loyalty, and explain 62% of the variance. On the relationship between Service quality, satisfaction, perceived value among

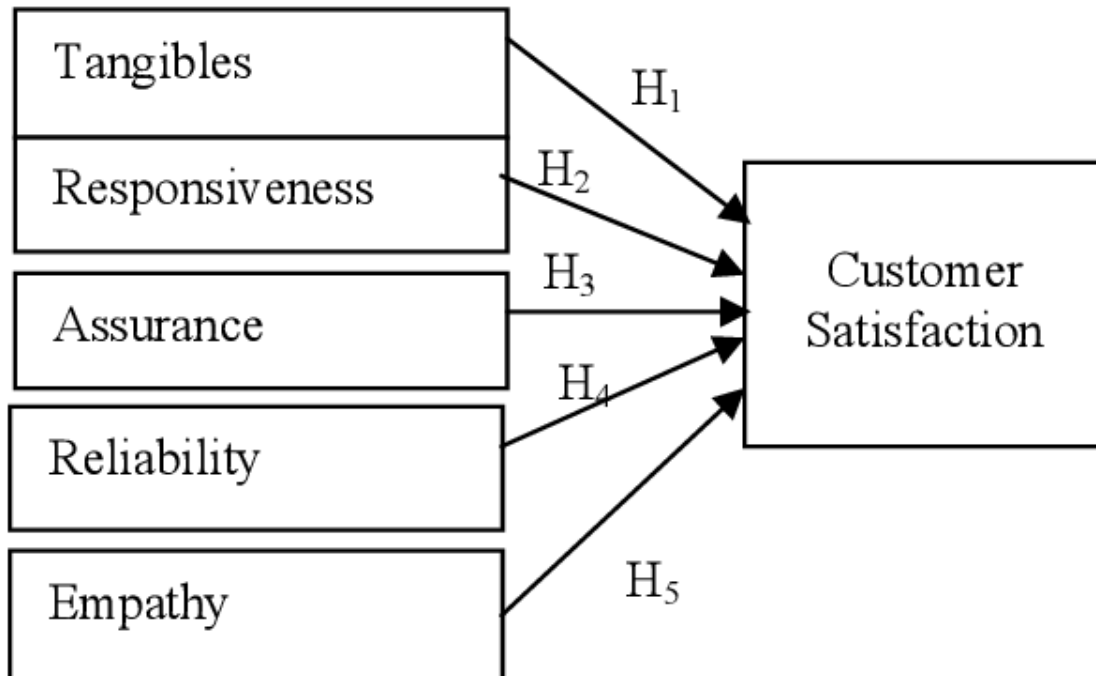
•Customers in commercial banking in Nakuru Municipality, Kenya, Daniel O. Auka (2012) concluded that service quality and customer satisfaction were positively and significantly associated indicating 19.8% of the variance in customer satisfaction can be predicted by the service quality offered by the commercial banks.

Tigineh et.al (2012) and Messay (2012) have both conducted researches on service quality in Ethiopian banks recently. Tigineh et.al conducted their research in the capital city Addis Ababa on the perceived service quality in four banks (including CBE, the largest bank in the country and three other private banks). They customized the SERVQUAL model to the Ethiopian bank customer by adding one dimension namely “convenience of branch location” in the tangible dimension. Thereby having 23 statements for expectation and perception respectively. They conducted the research in 17 bank branches (11 private and 6 public) selected based on the convenience and access to the researchers. In total 256 survey questionnaires were completed by intercepted bank customers that accepted to take the survey. Overall, the research found that there was a considerable gap between customer expectation and perception in all the five dimensions with the biggest gap in the Empathy dimension (mean gap -1.25) followed by assurance, tangibles, reliability, responsiveness, and with mean gaps of -0.87, -0.71, -0.57, -0.52, respectively. (Fititneh et al 2012)

## 2.11. Conceptual Framework

The conceptual framework indicates the crucial process, which is useful to show the direction of the study. The study shows the relationship between the five service quality dimensions (tangible, responsiveness, assurance, reliability and empathy) and customer satisfaction.

The following conceptual model has been used in this study.



**Figure 2.1 conceptual framework**

Source :( Simon, 2016)

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

This chapter discuss about the methodology used to conduct this study. The primary aim of the study is to examine the effect of service quality on customer satisfaction of CBE, the research design and methodology section was clearly defining the research design, the sample and sampling techniques, sources and instruments that have been utilized in collecting data, the procedure of data collection and finally the method of data analysis were presented as follows.

#### **3.1 RESEARCH APPROACH**

There are two main domain research approaches; qualitative and quantitative research approaches. Qualitative research approach is used when the method of data collection and analysis used are non-quantitative. Whereas, quantitative research is where quantitative measures are used to analyze and interpret data. In this research since collected data are to be analyzed using quantitative measure i.e. statistical analysis so as to investigate the correlation between service quality and customer satisfaction, in the view to serve the research questions and objectives of the study, the researcher followed quantitative research approach. Because, the researcher believes this methods of data analysis appropriate to correctly answerer the research questions under consideration.

#### **3.2. Research Design**

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data (C.R Kothari, 2004). Explanatory studies are according to Saunders et al., (2003) studies with the emphasis to study a situation or problem in order to explain the cause and effect relationship between given variables. In order to accomplish that, well defined research problem has to be done and hypotheses need to be stated. Explanatory

research is mostly used within areas where extensive research has already been done. In line with this reasoning and purpose of the research the current study was explanatory type.

## **3.2. Sample Size and Sampling Techniques**

### **3.2.1. Study Population**

According to (Zikumund, 2003) the definition of population is identifiable total set of elements of interest being investigated by a researcher. The target population is defined as the entire group a researcher is interested in. The population in case of this study is customers who have normal saving account and literate customers of commercial bank of Ethiopia in five branches since the structured questioners were designed to grasp their perception they have toward service quality of the commercial bank of Ethiopia, and their satisfaction level.

The samplings frame of these study only literate and saving account customers of the commercial bank of Ethiopia from the selected branches located in Addis Ababa because of financial and time constraints researcher find it difficult to access customers outside the capital.

### **3.2.2. Sampling Techniques**

Creswell, 2009 define sampling that it is the way of drawing inference about a population without studying the entire population under study. It is also advantageous in time consuming and cost saving. Thus, the researcher selects Addis Ababa district (AAD) by using purposive sampling method. From the variety of probabilistic sampling techniques, the researcher was use Judgmental sampling methods for large target population of the study. Robson (2002) tell us that sampling theory supports stratified random sampling as an efficient choice because the means of the stratified samples are likely to be closer to the mean of the population overall. Based on stratified sampling technique, branch of CBE is categorized under four strata: which is Grade one, two, three, and four. From this category; the researcher selected only grade four level categories. Five branches will be selected as a sample by using lottery method to select sample branches. Finally, after determining the sample group the researcher will employ convenience sampling technique to distribute questionnaire for the respondent. The rationale behind employing convenience sampling method is because all customers will not be available in the bank at the same time and it is not possible to contact everyone who may be sampled.

### 3.2.3. Sample Size

YeamdaoNarangajavana (2007) summarized that there were four strategies to decide sample size including (1) census for small populations, (2) imitating a sample size of similar studies, (3) applying formulas to calculate a sample size, and (4) using published tables. The first strategy census“ was appropriate for the population of 200 or less. It allowed collecting data from all subjects, thus eliminating sampling error that occurred because only a part of the population was directly contacted. This strategy, however, was impossible when conducting research on a larger population and when cost was a factor. Secondly, imitating a sample size of similar studies saved time for the current research. Nonetheless the major drawback was the risk of repeating errors that were made in determining the sample size for another study; however, if the procedure were convincing, they were included. Thirdly, applying the calculation methods for determining a sample size allowed the researcher to achieve the necessary sample size for a different combination of levels of precision, confidence, and variability of a particular study. Fourthly, using published tables saved time for the researcher because calculating a number of sample sizes for different given set of criteria was made available.

Currently Commercial Bank of Ethiopia has more than 31.4 million customers in 1,700 branches, therefore self-administer questioners will be handed to 222 respondents from five bank branches located in Addis Ababa.

In order to determine sample size; the researcher used formula for calculating the required sample size in five sampled banks. The formula was developed by Taro Yamane (1967). ). It is calculated as follows

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

**n=sample population**

**N=total population**

**e2 =the desired level of precision**

$$n = \frac{500}{1 + (500 * (0.05)^2)} = 222$$

After getting the sample size the researcher used strata sampling technique to get those respondents, this is because the branches are classified by their grade level and the number of employees under such different branches varies accordingly.

### **3.3. Types of data and instrument of data collection**

#### **3.3.1. Sources of Data and Type**

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 an independent variable affects a dependent variable.

With regard to the sources of data, the study used both primary and secondary source of data. Based on the nature, scope, objectives and availability of time and resource, the researcher used questionnaires and secondary data source like books, documents, existing research papers, journals and publication, websites, CBE reports and other relevant journal.

##### **3.3.1.1. Primary Data Source**

To gather primary data structured questionnaires were prepared in English and interpreted to Amharic before they are distributed. The questionnaires have four parts: The first part of the questionnaire is about the personal information of respondents. The second section to be designed is to measure the customers' perception about the bank service delivery system. The third part of the questioner was about service quality and the last part was about customer satisfaction.

### **3.4. Method of data collection**

For the proper achievement of the objectives of the study; among different primary data collection method, questionnaire was used. The respondents who are the clients of the branch banks were ask for cooperation and given the questionnaire when they were receiving the service of specific branch. Structured questionnaires were developed containing closed ended and the respondents can easily understand. The variable was measured using Likert scale with five response categories. (Strongly disagree, disagree, neither agree nor disagree, and agree strongly



agree). “The Likert scale method was Preferred to make questions interesting to respondents and thereby enhance their cooperation. (Robson Colin, 2002).

### **3.5. Procedure of Data Collection**

The study was based on both primary and secondary data sources. It was begun by secondary data analysis through the detailed review of related literature and survey questionnaire is going to be used as the main data gathering instrument for this study. Questionnaire were prepared and distributed to the samples that was selected from customer of CBE. After the data is collected; it is necessary to utilize statistical techniques to analyze the data. The survey data was processed using SPSS to be analyzed and presented.

### **3.6. Method of Data Analysis**

The collected data has to be changed and interpreted in to meaningful information, figure and statement. So it will be analyzed, processed and interpreted according to the nature of data. Statistical Package for Social Science (SPSS) software version 26 was employed to analyze and present the data through the statistical tools used for this study, namely descriptive analysis, correlation and multiple regression analysis. Descriptive analysis, the descriptive statistical results were presented by tables, frequency distributions and Percentages to give a condensed picture of the data. 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. Multiple Regression Analysis Multiple regression analysis was used to investigate the effect of service quality dimensions (Tangible, reliability, responsiveness, assurance, empathy) and customer satisfaction. The equation of multiple regressions on this study was generally build around two sets of variables, namely dependent and independent variables. The basic objective of using regression equation is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables. Regress customer satisfaction on the service quality dimensions.

## **Regression functions**

The equation of multiple regressions on this study was generally built around two sets of variable, namely dependent and independent variables. The basic objective of using regression equation is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

Regress customer satisfaction on the service quality dimensions

$$CS = \beta_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_6$$

Where CS is the dependent variable- customer satisfaction

Tangible =X<sub>2</sub>, reliability =X<sub>3</sub>, responsiveness =X<sub>4</sub>, assurance =X<sub>5</sub> and empathy=X<sub>6</sub> are the explanatory variables (or the regresses).  $\beta_1$  is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.  $\beta_2$ ,  $\beta_3$ ,  $\beta_4$ ,  $\beta_5$  and  $\beta_6$  refer to the coefficient of their respective independent variable which measures the change in the mean value of CS, per unit change in their respective independent variables.

## **3.7. Ethical considerations**

The agreement of the clients was secured because the researcher used data from customers collected through a questionnaire. To protect the anonymity of the information provided by the respondents, they were told not to write their names on the questionnaire and that their comments would only be used for academic purposes and kept private. In the introductory section of the questionnaire, a brief description of the study's central objectives or purpose, as well as the potential benefit of the research outcome to respondents and CBE, was clearly given to motivate them to participate in the study and provide relevant information about the company under study. Finally, participants were chosen for the study based on their willingness to participate. Texts that belong to other authors that have been used in any part of this study have been fully referenced with reference page.

## CHAPTER FOUR

### DATA PRESENTATION AND INTERPRETATION

This chapter, presents a discussion of the final results as well as the processes that led to them. Aside from that, respondents' background information is supplied. Finally, using SPSS version 26, the statistical methods of analysis were explained, which comprised descriptive analysis, correlation analysis, and multiple regression analysis. Next to each summarized data set is a description of how the data was interpreted.

#### 4.1. Background information of Respondents

The demographic characteristics of the respondents include gender, age, level of education and account type. This aspect of the data analysis deals with the analysis personal data on the respondents of the questionnaires. The table below shows the details of characteristics of the respondents and their percentage.

##### 4.1.1. Demographic Characteristics analysis of the Respondent

*Table 4.1: Characteristics of the respondents*

The Gender of the respondents			
		Frequency	Percent
Valid	Male	103	53.4
	Female	90	46.6
	Total	193	100.0

As shown in table 4.1.1, out of 193 respondents, 90 (46.6) were females and 103 (53.4) were males. The table also indicates the respondent age; it is obvious that most of them were in the economically active group.

**Table 4.2: Age of the respondents**

<b>The age of respondents</b>			
		Frequency	Percent
Valid	18-25	65	33.7
	26-35	102	52.8
	36-45	14	7.3
	Other	12	6.2
	Total	193	100.0

The largest group of respondents which contains 52.8% was aged between 26 and 35. The next largest group is below 26 (33.7%) while the rest group is 7.3% aged between 36 and 45 and smaller groups are aged above 45 comprises 6.2% of the respondents.

**Table 4.3: Educational level of the respondents**

<b>Educational level of respondents</b>			
		Frequency	Percent
Valid	primary school	2	1.0
	High School	7	3.6
	Certificate	6	3.1
	Diplomas	18	9.3
	First degree and above	144	74.6
	Other	16	8.3
	Total	193	100.0

With regard to educational level; the entire respondents were diploma holder 18(9.3%) and certificate holders comprise 6(3.1%) of the customer. While high school graduate is comprises 7 (3.6%) and consists of having first degree and above 144 (74.6%) This implies that most of the clients were First degree holder and above whereas, the least were primary school students. The others positioned in between the two clients.

**Table 4.4: Type of account of the respondents**

<b>According to type of account you belong to</b>			
		Frequency	Percent
Valid	Saving account	164	85.0
	Fixed account	15	7.8
	current account	8	4.1
	Other	4	2.1
	5	2	1.0
	Total	193	100.0

In terms of type of account respondents use majority of the respondent are saving account users represent 164(85.0%) of the clients and the users of current and fixed deposit account comprises 8( 4.1 %) and 15 (7.8%) respectively. This indicates most of customers are interest earners and least number of customers was users of non-interest bearing saving account. More than one third of the customers were current account users which let them write a check to third party and draw a large amount of money at preferred time than saving account holders.

#### **4.1.2. Reliability analysis test**

Reliability is the degree to which the measure of a construct is consistent or dependable. There are many ways of estimating reliability, of which internal consistency reliability is one. Internal consistency reliability is a measure of consistency between different items of the same construct. If a multiple-item construct measure is administered to respondents, the extent to which respondents rate those items in a similar manner is a reflection of internal consistency. This reliability measure can be estimated more commonly in terms of Cronbach's alpha (Anol, 2012). Thus, the Cronbach's alpha coefficients were used to assess the scale reliability of this research. This study used cronbach's alpha to test the reliability of questioner. The findings show thatCronbach's alpha for all dimensions of service quality are above 0.70 which indicates a high level of internal consistency for all items. Over all Cronbach's alpha value for six itemis 0.842.

**Table 4.5: Result of reliability analysis for the questionnaire**

<b>Reliability Statistics</b>	
<b>Variables</b>	<b>Cronbach's Alpha</b>
<b>Tangability</b>	<b>.704</b>
<b>Reliability</b>	<b>.744</b>
<b>Responsiveness</b>	<b>.783</b>
<b>Assurance</b>	<b>.730</b>
<b>Empathy</b>	<b>.892</b>
<b>Customer Satsification</b>	<b>.823</b>

**Table 4.6: Statistics of Reliability (Cronbach's Alpha)**

<b>Reliability Statistics</b>	
<b>Cronbach's Alpha</b>	<b>N of Items</b>
.842	6

According to Julie Pallant (2007), ideally Cronbach's alpha coefficients should be greater than 0.7. Cronbach's alpha values are, however, quite sensitive to the number of items in the scale. With short scales it is common to find quite low Cronbach values e.g. 0.5. Thus, based on the result of table 4.5 and 4.6 supported by this argument it can be inferred that all measures are internally consistent.

#### **4.2.2. Pearson Correlation analysis**

Correlation analysis deals with relationships among variables and helps to gain insight into the direction and strength of relation between the variables. Correlation coefficients take values between -1 and 1 ranging from negatively correlated (-1) to uncorrelated (0) to positively correlated (+). The sign of the correlation coefficient defines the direction of the relationship. The absolute value indicates the strength of the correlation. Dancey and Reidy (2004) state that a correlation result which is 0 indicates zero correlation, a result which is between 0.1 and 0.3 indicates a weak correlation among variables, a result which is between 0.4 and 0.6 shows a moderate correlation, a result between 0.7 and 0.9 indicates a strong correlation among variables,

while a result which is equal to 1 indicates perfect correlation. To determine the relationship between service quality dimensions (Tangibility, Reliability, Responsive, Assurance, and Empathy) and customer satisfaction, Pearson correlation was computed.

**Table 4.7: presents the results of Pearson correlation on the relationship between service quality dimension and customer satisfaction**

Correlations		
		Customer Satisfaction
Tangibility	Pearson Correlation	.545**
	Sig. (2-tailed)	.000
	N	193
Reliability	Pearson Correlation	.600**
	Sig. (2-tailed)	.000
	N	193
Responsiveness	Pearson Correlation	.806**
	Sig. (2-tailed)	.000
	N	193
Assurance	Pearson Correlation	.452
	Sig. (2-tailed)	.000
	N	193
Empathy	Pearson Correlation	.643**
	Sig. (2-tailed)	.000
	N	193
Customer Satisfaction	Pearson Correlation	1
	Sig. (2-tailed)	

	tailed)	
	N	193
**. Correlation is significant at the 0.01 level (2-tailed).		
*. Correlation is significant at the 0.05 level (2-tailed).		

Source: SPSS Correlation result output, 2022

According to the Table , there is a significant positive relationship between the five dimensions of service quality and customer satisfaction, the highest correlation is between responsiveness and customer satisfaction (0.80) followed by empathy (0.64),reliability (0.60) and the remaining dimension tangibility and assurance (0.54) and ( 0.45) respectively. The weakest correlation is between assurance and customer satisfaction whereas; the strongest correlation is between responsiveness and customer satisfaction. In general, if correlation is positive between two or more variables that is, when service quality dimensions and customer satisfaction is positively related; delivering better service quality ensures higher customer satisfaction. Accordingly, the most important service quality dimension that affects customer satisfaction is responsiveness, which goes to prove that responsiveness perceived as a dominant service quality followed by reliability; This indicates improvement in fast service and reliable service have significant effect on customer satisfaction levels with the same analogy improving staffs knowledge, over all behavior and way of delivering service also have significant effect. Even if, tangibility and assurance have weakly correlated improving these dimensions has also effect on customer satisfaction.

### 4.3 Multiple Regressions

Multiple regression analysis was conducted by using SPSS in order to examine the effects of internal marketing on job satisfaction. There are different types of multiple regression analyses that one can use depending on the question he/she want to address. Standard multiple regression is one of such types where all the independent (Predicators) variables are entered in to the question simultaneously. Each independent variable is evaluated in terms of its predictive power, over and above that offered by all the other independent variables. According to Julie P. (2007) this is the most commonly used type of multiple regression and is applied when there are a set of independent variables and one wants to know how much variance in a dependent variable each of these independent variables are able to explain as a group or block. Hence, based on this



argument the current study employed the standard type of multiple regressions in this study multiple regression analysis was employed to examine the effect of service quality dimensions on customer satisfaction. The following table presents the results of multiple regressions analysis. Here the squared multiple correlation coefficients (R<sup>2</sup>) which tells the level of variance in the dependent variable (customer satisfaction) that is explained by the model.

**Table 4.8: Model summery**

Model Summary <sup>b</sup>					
Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.834 <sup>a</sup>	.696	.688	.52004	2.105
a. Predictors: (Constant), Empathy, Assurance, Tangibility, Reliability, Responsiveness					
b. Dependent Variable: Customer Satisfaction					

Source: SPSS Regression results output, 2022

The results of multiple regressions, as presented in table 4.6, above, revealed that the service quality dimensions (tangibility, reliability, responsiveness, and assurance ) combined significantly influence the satisfaction of customers. The adjusted R<sup>2</sup> of 68.8% indicates 69.6% of the variance in customer satisfaction can be predicted by the service quality offered by the branch banks. Therefore, service quality has a positive and significant effect on customer satisfaction.

**Table 4.9: ANOVA**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	115.897	5	23.179	85.711	.000 <sup>b</sup>
	Residual	50.572	187	.270		
	Total	166.468	192			

a. Dependent Variable: Customer Satisfaction

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

The model's acceptance is demonstrated in the ANOVA table above.

*The p-value is less than 0.05, indicating that the variance explained by the model is not random.*

**Table 4.10: Regression results of each service quality dimensions and customer satisfaction**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.058	.168		.342	.733
	Tangibility	.155	.053	.142	2.897	.004
	Reliability	.116	.069	.100	1.682	.000
	Responsiveness	.143	.062	.139	2.317	.022
	Assurance	.180	.260	.029	.692	.000
	Empathy	.616	.062	.581	9.880	.000

(Constant): independent variable

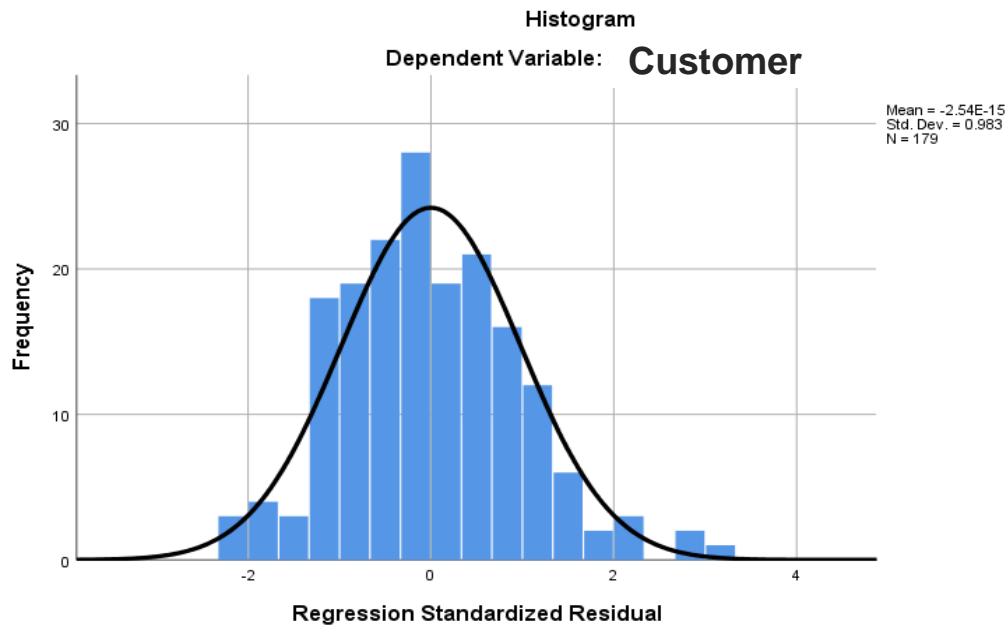
Dependent variable: customer satisfaction

Source: SPSS Regression results output, 2022

Based on the table 4.10, explains which variables included in the model contributed to the prediction of the dependent variable and by how much. To compare the different variables, it is important to look at standardized coefficients instead of the un-standardized ones. This is because these values for each of the different variables have been converted to the same scale making comparison easier. However, if a need arises to construct the regression equation the un-standardized beta values are used (Julie, P., 2007). Table 4.10, also indicates that tangibility, reliability, responsiveness, assurance and empathy dimension of service quality have a significant influence on customers' satisfaction at 95% confidence level. The significant service quality factors have been included for the establishment of the function. The established regression function is

$$CS=0.58+0.14x1+0.100x2+0.139x3+0.029x4+0.581x5$$

**Figure 4.1 Histogram**



Source: SPSS Regression results output, 2022

### 4.3.1 Normality Test

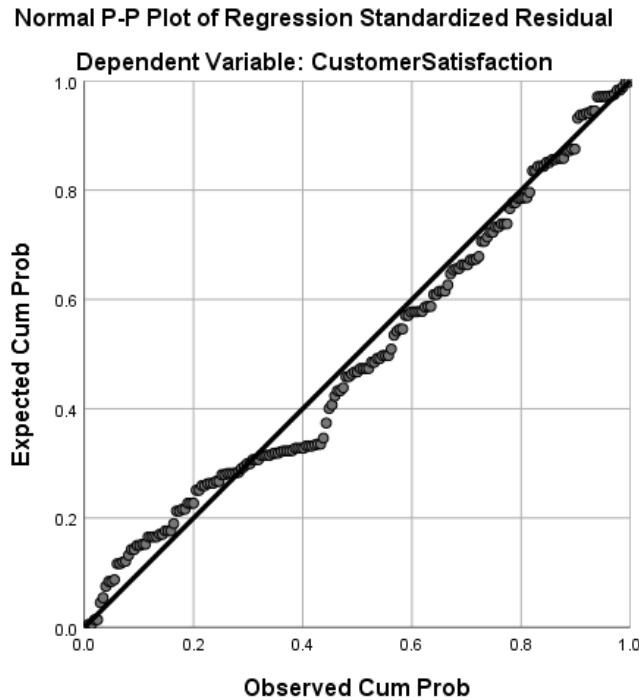
Normality test is used to determine whether sample data has been drawn from a normally distributed population or the population from which the data came is normally distributed. Normality was checked by two terms by kurtosis and skewness by using SPSS so there exist normal values for kurtosis as well as skewness. For kurtosis the normal value is less than 3 whereas for skewness the normal value is supposed to be less than 6.

**Table 4.11 Skewness and Kurtosis Statistics**

		Tangibility	Reliability	Responsiveness	Assurance	Empathy	Customer Satisfaction
N	Valid	193	193	193	193	193	193
	Missing	0	0	0	0	0	0
Skewness		-.349	.169	-.031	.401	-.080	-.158
Std. Error of Skewness		.175	.175	.175	.175	.175	.175
Kurtosis		-.534	-.085	-.532	-.634	-.080	-.132
Std. Error of Kurtosis		.348	.348	.348	.348	.348	.348

Source: SPSS Regression results output, 2022

**Figure 4.2 Normal P-p plot**



Source: SPSS Regression results output, 2022

This assumption is used to determine whether the residuals are normally distributed. This can be tested by looking at the Histogram and P-P plot for the model. To say the Normality assumption of this study is met, the Histogram should be symmetric along the center 0, and the dots at the P-P Plot should be closer to the diagonal line; Normal P-P plot –points should lie in reasonably straight diagonal line from bottom left to top right. In this case Histogram is symmetric and the P-P plot the dots are drawn closer to the diagonal line, indicating that assumption of normality is met.

### **4.3.2 Multi-Collinearity Test**

Multi-collinearity refers to a situation in which there is exact (or nearly exact) linear relation among two or more of the input variables (Uma, 2003). The VIF (Variance Inflation Factor) for each term in the model measures the combined effect of dependence among the regressors on the

variance of that term. One or more large VIF indicate multi-collinearity. Practical experience indicates that if any of the VIF results exceeds 5 or 10, it is an indication that the associated regression coefficients are poorly estimated because of multi-collinearity (Kraeger,2011).

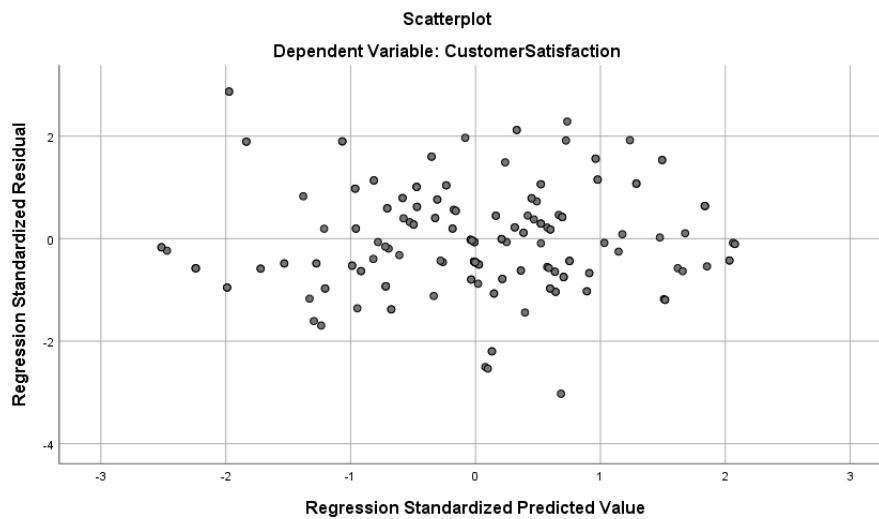
**Table 4.12 Multi-collinearity Test**

Coefficients			
Model		Collinearity Statistics	
		Tolerance	VIF
	Tangibility	.678	1.474
	Reliability	.462	2.166
	Responsiveness	.452	2.211
	Assurance	.925	1.081
	Empathy	.470	2.129

**aDependent Variable: CustomerSatisfaction**

Source: SPSS Regression results output, 2022

The above table shows Collinearity Statistics shows that the VIF value of for factors were less 5 and no collinearity was observed on this data.



**Figure 4.3 Scatterplot**

Source: own survey 2022

A scatter plot is a special type of graph designed to show the relationship between two variables. With regression analysis, you can use a scatter plot to visually inspect the data to see whether  $x$  and  $y$  are linearly related. Based on the above figure 4.3 depicted that they are pretty symmetrically distributed, tending to cluster towards the middle of the plot and can be conclude that the regression model does not occur homosecedasticity problem.

#### **4.2.3.1. Regressing Customer Satisfaction on the Service Quality Dimensions**

The result of this study indicates that except empathy, all dimensions of service quality have a positive and significant effect on customer satisfaction. Moreover, from the findings of this study, researcher found out that not all of the service Quality dimensions has positive effects on customer satisfaction. Out of the five service quality dimensions four dimensions (tangibility, reliability, assurance, and responsiveness) have positive and significant effects on customer satisfaction. On the other hand, empathy has no significant effect on customer satisfaction.

Hypothesis testing is based on standardized coefficients beta with 95% confidence level to test whether the hypotheses are rejected or not.

##### **Hypothesis 1**

Ho1: There is a positive relationship between tangibility and customer satisfaction in banking services.

Ha1: There is a positive relationship between tangibility and customer satisfaction in banking services.

The results of multiple regressions, as presented in table 4.10.above, revealed that tangibility have a positive and significant effect on customer satisfaction with a standardize coefficient beta value, (.142), at 95% confidence level. Therefore, the researcher may accept the null hypothesis. Since, tangibly have a positive and significant effect on customer satisfaction.

## **Hypothesis 2**

Ho2: There is a positive relationship between reliability and customer satisfaction in banking services.

Ha2: There is a positive relationship between reliability and customer satisfaction in banking services.

The results of multiple regressions, as presented in table 4.10.above, revealed that reliability have a positive and significant effect on customer satisfaction with a standardize coefficient beta value (.100), at 95% confidence level. Therefore, the researcher may accept the null hypothesis. Since, reliability have a positive and significant effect on customer satisfaction.

## **Hypothesis 3**

Ha3: There is a positive relationship between responsiveness and customer satisfaction in banking services

Ha3: There is a positive relationship between responsiveness and customer satisfaction in banking services.

The results of multiple regressions, as presented in table 4.10.above, revealed that responsiveness have a positive and significant effect on customer satisfaction with a standardize coefficient beta value, (.139), at 95% confidence level. Therefore, the researcher may accept the null hypothesis. Since, responsiveness have a positive and significant effect on customer satisfaction.

## **Hypothesis 4**

Ho4: There is a positive relationship between assurance and customer satisfaction in banking services.

Ha4: There is a positive relationship between assurance and customer satisfaction in banking services.

The results of multiple regressions, as presented in table 4.10.above, revealed that assurance have a positive and significant effect on customer satisfaction with a standardize coefficient beta value, (.029), at 95% confidence level. Therefore, the researcher may accept the null hypothesis. Since, assurance has a positive and significant effect on customer satisfaction.

## **Hypothesis 5**

Ho5: There is a positive relationship between empathy and customer satisfaction in banking services.

Ha5: There is in significant relationship between empathy and customer satisfaction in banking services.

The results of multiple regressions, as presented in table 4.10.above, revealed that empathy has a relationship and customer satisfaction with a standardize coefficient beta value (.581), at 95% confidence level. But the result indicates that in significant effect on customer satisfaction. Therefore, the researcher may reject the null hypothesis. Since, empathy has in significant effect on customer satisfaction. But this does not mean that there is no relationship between customer satisfaction and empathy.

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### **4.2.3.2.DiscussionandInterpretations**

#### **4.2.3.2.1. Descriptive statistics and correlation analysis for the service quality and customer satisfaction**

-The tangibility traits of eagerness, swiftness, real concern, politeness, and carefulness have a high frequency and mean value among the service quality dimensions. This shows that the majority of bank clients were dissatisfied with these features.

Customers were less impressed with the aesthetically beauty of the facilities, greeting, and well-dressed staff in this area.

- Things in the reliability dimension that keep customer records correct have the highest frequency and mean score, followed by items that have the lowest frequency and mean score, such as providing service on time and having the branch notify any failure ahead of time. This means that majority of the items in the reliability category were unsatisfactory to customers.

- The majority of responsiveness elements have a high mean and frequency value, indicating that Some customers are pleased with their purchase.

Employees give prompt service, are willing to assist consumers, and have the ability to create a secure environment. This does not, however, imply that customers are happy with all aspects of responsiveness.



- Regarding to assurance and empathy services items score least mean and frequency value which indicates that most customers did not satisfied with this dimension.
- Among Customer satisfaction items security of the services got high percentage and mean value .On the other hand, communicative ability of the staffs, behavior of the staffs and range of service available make less response. This specifies clients were not satisfied with these attribute.
- In general, customers were not satisfied with the tangibility, reliably, assurance and empathy dimension of service quality. However, customers were less satisfied with responsiveness.
- The correlation result shows that except empathy, all dimensions of service quality (tangibility, reliability, responsiveness, and assurance) have a positive and significant effect customer satisfaction.
- The finding further indicates that the strong correlation is found between responsiveness and customer satisfaction followed by reliability dimension whereas the weakest correlations between and assurance and customer satisfaction.

## **CHAPTER FIVE**

### **CONCLUSIONS AND RECOMMENDATIONS**

This chapter contains a summary of the findings, inferences made from the findings, and recommendations for improving the branch bank's service delivery process.

The recommendations emphasize the significance of improving on the aspects in which the banks received a low score, as well as continuing to work on the characteristics in which the banks received a high score.

Summary of findings, conclusions, and recommendations are the headers for this chapter.

#### **5.1. Summary of Findings**

The main objective of the study was to assess or investigate the impact of service quality on customers' satisfaction in selected five branch banks found under Commercial Bank of Ethiopia, Addis Ababa district. The research was conducted using questionnaire consisting of 222 sample respondent conveniently selected of branch banks.

- The results of background information of respondents indicated that from the total respondents (53.4%) are male and (46.6%) are female. The largest group of respondents which contains 52.8% was aged between 26 and 35 while Smallest groups are aged above 45 comprises 6.2% of the respondents. This indicates that most of the customers of the bank were young people. With regard to educational level; the entire respondents were First degree and above 144(76.6%) and Primary school students 2(1.0%) of the customer. In terms of type of account respondents use majority of the respondent are Saving account users represent 164(52.7%) of the clients and the users of current and fixed deposit account comprises 8 (4.1 %) and 15 (7.8%) respectively.

- Customers were happier with the responsiveness and tangibility aspects of service quality, according to the results of the descriptive statistical analysis. Customers, on the other hand, were dissatisfied with the reliability, assurance, and empathy.

Customers expressed their displeasure with banks' capacity to offer service at the scheduled and promised time. Customers have expressed their dissatisfaction with the weak network and

frequent power outages. Customers are dissatisfied with CBE's current performance, expressing their displeasure with low service quality.

- Customer satisfaction and tangibility, reliability, responsiveness, assurance, and empathy have a positive and significant association, according to the correlation finding.

The findings also show that responsiveness and customer satisfaction have the strongest association, whereas empathy and customer satisfaction have the worst relationship.

- The multiple regression results showed that except empathy, the four service quality dimensions (tangibility, responsiveness, reliability, and assurance) have positive and significant effect on customer satisfaction.

## **5.2. Conclusions**

The goal of this research is to see how service quality affects customer happiness. The following conclusion is reached based on the analysis presented in the previous chapter.

Customer satisfaction is boosted by the capacity to deliver services as promised.

However, banks do not provide the service as promised, bank staffs do not show interest in fixing customers' problems, and banks do not provide the service at the time they promised, as customers anticipate. According to Table 4.3, the tangibility of the banks' services was reasonably excellent, the employees dressed well and appeared professional, the branch had up-to-date equipment, was visually appealing, and the banks' transactions were relatively safe.

The study's findings also show that having sufficient knowledge, as well as the capacity to assist and advise consumers in ways that benefit them, has a favorable impact on customer satisfaction.

However, bank workers have a difficult time assisting and educating consumers on how to use the new service and the associated costs.

The inquiry yielded the following particular empirical findings in general:

Customer satisfaction is positively influenced by the five service quality factors (tangibility, reliability, responsiveness, assurance, and empathy). The majority of CBE customers are unhappy with the company's existing delivery mechanism.

### 5.3. Recommendations

For improving quality service, based on the findings and conclusions of the study, the researcher forwards the following recommendations to CBE.

➤ The bank's services were relatively decent, the employees were well-dressed and appeared professional, the branch had up-to-date equipment, was visually appealing, and the bank's transactions were secure.

This does not, however, imply that it will persist indefinitely.

As a result, management bodies must regularly assess their position and strive for ongoing improvement.

➤ Because the majority of participants are dissatisfied with the bank's existing service, the researcher recommends that employees pay attention to and understand the individual needs of customers by designing an effective service delivery system to ensure customer happiness.

➤ It is preferable for the bank to establish a customer resolution desk and employ customer relations personnel to deal with consumers who want particular help.

If the bank has a customer relations officer, consumers can quickly express their dissatisfaction with their service rather than leaving the bank forever. As a result, the bank can make a customer loyal by establishing this method. (For example, a free phone line set up for client complaints or suggestions).

➤ While CBE provides ATM machines, some are not operational and are not available in all locations. As a result, the bank should quickly maintain the machine and deploy ATMs everywhere in order to speed up and shorten the service delivery procedure. When old machinery is used to provide service, it takes an excessive amount of time, which may lead to consumer discontent.

As a result, in order to provide quick service, the bank should replace old equipment with new.

➤ Making multiple incentive mechanisms to inspire personnel, according to the researcher. To give a comprehensive level of service. The bank must have made many incentives to gratify their personnel.

Employees that are dissatisfied with their jobs are unable to provide superior service.

➤ The response demonstrates that the employees lack adequate expertise of the bank service.

One solution is to give a continuous training program to help them improve their skills.

➤ It is a recommendation that the bank generate awareness about the new service and the costs associated with it.

In general, banks must enhance performance on all dimensions of service quality in order to raise customer satisfaction and bring clients to a greater degree of loyalty, because customers want more than what rival banks give.

They will be able to retain a high degree of competition in the retail banking business as a result of this.

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## **RESEARCH QUESTIONNAIRE**

**St. Mary's University**

**School of Graduate Studies MBA Program**

(Questionnaire for Customer)

**Dear Respondent,**

**I Am currently a student of St. Mary's University, and I am doing my MBA thesis. On "The effect of service quality on customer satisfaction" in the case of commercial bank of Ethiopia".**

The purpose of this questionnaire is to gather data regarding the Service quality and Customer satisfaction in the case of CBE. The study is purely for academic purpose and thus does not affect you in any case. All of your response to the given question would be used for the research and will be kept confidential.

Your frank and timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question carefully.

Thank you in advance for your cooperation and timely response!

Questionnaire to be filled by customer of CBE Branch

Note:

1. No need of writing your name.
2. Where alternative answers are given, encircle your choice and put “√” mark where necessary.
3. Please return the completed questionnaire in time.

## Part I. PERSONAL INFORMATION

### 1.1 Gender

1. Male

2. Female

Age

### 1.2. Educational level

1. primary school

2. high school

3. Certificate

4. Diploma

5. First degree and above

6. other please specify\_\_\_\_\_



## II Questions related to topic

1. For how long are you a customer of the bank. \_\_\_\_\_year(s)

2. According to type of account you belong to

1  Saving account

3  current account

2  Fixed account

4  others(specify) \_\_\_\_\_

3. For what purpose have you come to bank today?

1  To deposit money

3 to get mobile banking

2  To transfer money, to withdraw

4 to open new account

4. How frequently did you go to the bank to get the above service for the first round?

1  On the first time

2  1- 3 times

3  4-6times

4  More than 7times

How long it took to get the above mentioned service starting from your first arrival at the bank?

1  Less than ten minutes

2  Ten to thirty minuet

3  Thirty-one minuets to one Hour

4  More than one hour

**5. According to your opinion to what extent is efficient service delivery and service quality important for customer satisfaction?**

1  Extremely important

2  fairly important

3  Less important

4  has no importance

**Part III: SERVICE QUALITY QUESTIONNAIRE (SQQ)**

Instructions: Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree).

Quality dimensions	Strongly disagree	disagree	Neither agree nor disagree	Agree	Strongly agree
	1	2	3	4	5
<b>Tangibility</b>					
7. The branch has up to date equipments					
8. The branch facilities are visually attractive					
9. The branch has office at convenient location to its Customer					
10. staff of the branch at the front line position are well dressed and appear neat.					
<b>Reliability</b>					
11. quality of network and speed service					
12. keep customer record correctly					
<b>Quality dimensions</b>	<b>Strongly disagree</b>	<b>disagree</b>	<b>Neither agree nor disagree</b>	<b>Agree</b>	<b>Strongly agree</b>

	1	2	3	4	5
13. provide service at the designed and promised Time					
14.the branch inform any failure ahead of time					
<b>Responsiveness</b>					
15. Employees willingness to help customers					
16. Employees are never busy to respond to customer request					
17. Employees give quick response when ether is Problem					
<b>Assurance</b>					
18.personal behavior of the staffs are excellent that the customer Can trust					
19.staffs are polite					
20.staffs have adequate knowledge to serve Customer					
<b>Empathy</b>					
21.the staff know what customers needs are					
22.staffs are give customers individual attention					
23. The bank and its employees give do consideration for customers property					
24.staffs give orientation about the newservice and the cost related with the service					
25. The bank has convenient working hours to all its Customers					

#### Iv. Customer satisfaction questioner

<b>CUSTOMER SATISFACTIO N</b>	<b>strongly disagree</b>	<b>Disagree</b>	<b>Neither agree nor</b>	<b>Agree</b>	<b>Strongly Agree</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
26. am satisfied with the security of the bank services.					
27. I am satisfied with respectful behavior of the bank staffs					
28.I am satisfied with the communicative ability of the employee of the bank					
29. I am satisfied with the performance of the employee of the bank.					
30. I am satisfied with various rang of service of CBE					

**Thank you!**