



**ST. MARRY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSMENT OF THE RELATIONSHIP BETWEEN
SERVICE QUALITY AND CUSTOMER SATISFACTION IN
THE CASE OF CBM (COMPUTER BUSINESS MACHINE)**

**Rakeb Girma
(SGS/0023/2008A)**

June, 2017

ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO ST. MARRY'S UNIVERSITY SCHOOL OF
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APPROVED BY BOARD OF EXAMINERS

_____	_____
Dean, Graduate Studied	Signature
_____	_____
Advisor	Signature
_____	_____
External Examiner	Signature
_____	_____
Internal Examiner	Signature

DECLARATION

I, the undersigned, declared that this thesis is my original work, prepared under the guidance of Tiruneh Legesse (Assistant Professor). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Name

St. Marry's University, Addis Ababa

Signature

June, 2017

ENDORSMENT

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

Advisor

Signature

St. Marry's University, Addis Ababa

June, 2017

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ACRONYMS

CBM – Computer Business Machine

Servqual – Service Quality

SQ - Service quality

CS- customer satisfaction

P-perception

E- Expectation

SQ_i - perceived service quality of individual 'i'

k - Number of service attributes/items

P - Perception of individual 'i' with respect to performance of a service firm attributes 'j'

E - Service quality expectation for attribute 'j' that is the relevant norm for individual

R -Responsiveness

T -Tangibility

A - Assurance

R - Reliability

E - Empathy

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Abstract

Customer satisfaction is a fundamental concept of any business company that has received a huge interest from multitudes of researchers. This study aims at investigating the level of expectation and perception of customer satisfaction of CBM (Computer Business Machine), also factors influencing the relationship between quality service and customer satisfaction. The five SERVQUAL dimensions developed by Parasuraman et al (1988) were used to assess quality service vs customer satisfaction. Sample of 258 respondents was selected using random sampling technique (non-probability sampling) sampling method among which 240 has correctly filled the questioner. And also interview with manager of the company was conducted and come to a finding that The impacts of “Tangibility”, “Reliability”, “Responsiveness”, “Assurance”, and “Empathy” on customers’ satisfaction are pointed in a descending order respectively, indicating that Tangibility has the highest impact on customer satisfaction. Therefore, to be successful, the company should provide service to their customers that meets or exceeds their expectations, and the present study will provide at least some sorts of guidelines.

Key words: Customer Satisfaction, Service Quality, SERVQUAL,

CHAPTER ONE

INTRODUCTION

The introductory chapter will start with a background of the subject matter, definition of important terms, stated problem that will be researched, followed by the research questions and objectives, then the purpose and scope of the study. This chapter will end up with limitation, scope of the study and Theoretical Framework of the study.

1.1 Back ground of the study

Concepts and strategies of Service Marketing have been developed in response to the tremendous growth of service industries, resulting in their increased importance to the world economies. There is a growing market for services and increasing dominance of services in economies worldwide. The tremendous growth and economic contributions of the service sector have drawn increasing attention to the issues and problems of service sector industries worldwide. Customer service is the service provided in support of a company's product or service. Customer service most often includes answering questions, taking orders, handling complaints, and perhaps scheduling maintenance or repair. Since quality is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Gronroos, 1984; Parasuraman et al., 1985, 1988). A number of experts define service quality differently. Parasuraman et al. (1985) define it as the differences between customers, expectation of services and their perceived service. If the expectation is greater than the service performance, perceived quality is less than satisfactory and hence, customer dissatisfaction occurs. Lewis and Mitchell (1990), Dotchin and Oakland (1994), and Asubonteng et al. (1996) define service quality as the extent to which a service meets customers' need and expectation but any less of that service will be considered as a GAP the central focus of the gaps model of the consumer gap is the difference between customer expectation and perception. The idea is that firms will want to close this gap between what is expected and what is received-to satisfy their customers and build long-term relationships with them by fulfilling their expectations aspects of expectations that need to be explored and understood for successful services marketing are:

1. What types of expectation standards do customers hold about services
2. What factors most influence the formulation of these expectations
3. What role do these factors play in changing expectations
4. How can a service company meet or exceed customer expectations

CBM (Computer Business Machine) being a globally known Information Technology advancement and supplier company the regional sales of its services in Ethiopian territory is not yet compatible when reviewing the current market share of the company and the expected targeted profit is not yet achieved thus this study aims to review the way services are being rendered in the current trend and evaluate the percentage of customer satisfaction regarding the services and to expand the market share of the company in order to increase profit .

1.2 Definition of Terms

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

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

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

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

Service delivery- refers to how well the service is provided to customers. It includes speed, accuracy, and care attending the delivery process.

1.3 Statement of the Problem

Providing excellent service quality and high customer satisfaction is the important issue and challenge facing the contemporary service industry. High customer satisfaction and loyalty have long been key concerns for operational management in service industries. Consequently, customer orientation, namely, understanding customer requirements and expectations, is the first step service providers must take to enhance service quality. Service quality plays a critical role in a firm's competitive advantage. Studies investigating service quality have extensively examined service quality measurement to assist practitioners in effectively managing quality service. Service quality remains a critical measure of organizational performance for service based institutions and will continue to be at the fore front of services marketing literature and practice. The enthusiasm is mostly kept high by the fact that a high service quality offered often leads to customer satisfaction, loyalty, and other positive behavioral outcome such as greater willingness to recommend the service providers to others, lesser complaints, and improved customer retention.

Since high service quality is required in order to increase the level of satisfaction of our customers, quality of service is never to be compromised because impact of poor quality might cost the identity of a company (CBM) also is tough and will be impossible in the long run to gain or retain a new or sustained customer which leads the company to decreased sale and increased expense as well as bad image of the company will be reflected to towards customers.

Just like manufacturing business, good service providing firms use marketing to position themselves strongly in chosen target markets. In a service business customer and front line service employee interact to create the service. Thus CBM must interact effectively with customers to create superior value during service encounters. As such, most service rendering companies now have developed a way to address consumer problems. There are also employee related problems. To provide quality service, employee needs ongoing training and development in the necessary technical skills and knowledge to provide quality service. Employees also need training in interactive skills that allow them to provide courteous and responsive service. Because customer satisfaction is so critical to competitiveness of firms, any company interested in delivering quality service must begin with a clear understanding of its customers (Valarie A. Zeithaml and Mary Jo Bitner, 2003). The primary objective of service providers is that to develop and provide offerings that satisfy consumer needs and

expectations, thereby ensuring their own economic survival. In other words, service marketers need to be able to close the customer gap between expectation and perception. To achieve this objective, service providers need to understand how customers choose and evaluate their service offering. Keeping in mind the significance of service quality and customer satisfaction, this study is designed to examine the impact of service quality as independent variable and customer satisfaction as a dependent variable i.e. desirable for service providers to uncover what attributes customers utilized in their assessment of overall service quality and satisfaction and which attributes are more important. It is important that CBM provide customers with high quality services to survive in the highly competitive business industry. For this CBM first need to understand the attributes that consumers use to judge service quality, and monitor and enhance the service performance.

The intention of this project is, therefore to assess the service delivery system of CBM and its quality service provision and assess the impact of service quality delivery on customer satisfaction

1.4 Research Questions

The study attempts to answer the following basic research questions.

1. What are the level of customers' expectation and perception towards service quality?
2. What are the gap between customer's expectation and perception towards service quality?
3. What is the level of customer satisfaction against service quality dimension?
4. What impact does the externally perceived performance of CBM have on customers and their level of satisfactions?

1.5 Objective of the study

1.5. General Objective

The General objective of this research is to seek and measure the level of customer satisfaction and services rendered by CBM.

1.5.2 Specific Objective

The study attempts to achieve the following objectives

1. To assess customers expectation and perception level towards service quality of CBM(Computer Business machine)
2. Analyzing the gap between customer's expectation and perception towards service quality.
3. Identifying the level customer satisfaction against service quality of the company
4. Identifying areas that need to be improved within the company to deliver superior quality
5. To evaluate the service quality of the company (CBM)

1.6 Significance of the study

This study is believed to be a practical guideline for CBM. The outcome of this study will be developing the service quality of the company in order to meet the customer's needs and their satisfaction. If the result shows the high score, the company owners would be happy with the service. In contrast, if the result shows the low score, the owners again should improve the service and arrange training / Development programs. Furthermore, this study is believed to have such significances as:

1. Adding up knowledge of customer satisfaction to Information Technology Service rendering industries in General and to CBM in particular
2. Serve as guidelines for the formulation of policies on the quality services of Information Technology service rendering industries.
3. Generally, the finding and conclusions of the study may help CBMs management in decision making by understanding the problems from this findings with regards to the service quality provided.
4. Help recognize that customers have different types of expectations regarding the service being performed by CBM

1.7 Scope of the study

The term of service quality is a multi-dimensional concept. The most important contributors to the research within the field of service quality are Zeithami, Berry and Parasuraman. In their exploratory research which dates back to 1995 they revealed that the criteria used by customers in assessing service quality fit ten, potentially overlapping dimensions. These dimensions include Tangibles, Reliability, Responsiveness, Communication, Credibility, Security, Competence, Courtesy, and Access, Understanding customers. These three dimensions are tangibles, reliability and responsiveness. The remaining seven dimensions are summarized into two broader dimensions which cover according to Parasuraman et al. (1998) the corresponding content. The two broader dimensions are labeled assurance and empathy. This study focuses on the effect of service quality on customer satisfaction. Customer satisfaction relies on customer expectation and customer perception towards 5 service quality dimensions.

1.8 Limitation of the Study

This study is going to be geographically limited to CBM (Computer Business Machines) in city of Addis Ababa and the findings of this study may not be generalized to other area of CBM. In addition to the five variables of service quality dimensions there several variables affecting customer satisfactions like consumer behavior, environmental factors, etc. which this study will not be covering.

1.9. ORGANIZATION OF THE STUDY

This study is presented in five chapters. The first chapter, the background to the study, problem statement, and objectives, and research questions, scope of the study, limitation of the study and significance of the study is presented. The second chapter presents a review of literature relevant to the study. The third chapter discusses the research methodology and design, the use of the survey method and data collection instruments used in the study. The fourth chapter presents an analysis of the data and discussion of the findings in this study. The last chapter presents the conclusion and makes recommendations arising from analysis of results.

CHAPTER TWO

LITERATURE REVIEW

2.1 Defining Services

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

Kotler (1997) defines service as follows: "Service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product". Gronroos (1983) defines service as:

"An activity or series of activities of more or less intangibles nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and / or systems of service provider, which are provided as solutions to customer problems".

2.2. Service Characteristics

A company must consider five main service characteristics when designing marketing programs: intangibility, inseparability, variability, perishability and lack of ownership (kotler, 1999, pp-647).

A. Intangibility

Service intangibility means that senders cannot be readily displayed, so they cannot be seen, tasted, felt, and heard or sine lied before they are bought. Because service offerings lack tangible characteristics that the buyer can evaluate before purchase, uncertainty is increased. To reduce uncertainty, buyers look for 'signals' of service quality. They draw conclusions about quality from the place, people, equipment, communication material and price that they

can see. Therefore, the service provider's task is to make the service tangible in one or more ways. Whereas product marketers try to add intangibles (e.g. fast delivery, extended warranty, aftersales service) to their tangible offers, service marketers try to add tangible cues suggesting high quality to their intangible offers.

Consider a bank that wants to convey the idea that its service is quick and efficient. It must make this positioning strategy tangible in every aspect of customer contact. The bank's physical setting must suggest quick and efficient service: its exterior and interior should have clean lines; internal traffic flow should be planned carefully; and waiting lines should seem short. The bank's staff should be busy and properly dressed. The equipment - computers, copying machines, desks - should look modern. The bank's advertisements and other communications should suggest efficiency, with clean and simple designs and carefully chosen words and photos that communicate the bank's positioning.

B. Inseparability

Service inseparability means that services cannot be separated from their providers, whether the providers are people or machines. If a person provides the service, then the person is a part of the service. The other feature of the inseparability of services is that other customers are also present or involved. The implication for management would be to ensure at all times that customers involved in the service do not interfere with each other's satisfaction.

C. Variability

As services involve people in production and consumption, there is considerable potential for variability. Service variability means that the quality of services depends on who provides them, as well as when, where and how they are provided. As such, service quality is difficult to control. Even the quality of a single employee's service varies according to his or her energy and frame of mind at the time of each customer contact. For example, two services offered by the same solicitor may not be identical in performance.

D. Perishability

Service perishability means that services cannot be stored for later sale or use. The perishability of services is not a problem when demand is steady. However, when demand fluctuates, service firms often have difficult problems. Service firms can use several strategies for producing a better match between demand and supply. On the demand side,

differential pricing — that is, charging different prices at different times - will shift some demand from peak periods to off peak periods. On the supply side, firms can hire part-time employees to serve peak demand. Peak-time demand can be handled more efficiently by rescheduling work so that employees do only essential tasks during peak periods.

E. Lack of Ownership

Service products lack that quality of ownership. The service consumer often has access to the service for a limited time. Because of the lack of ownership, service providers must make a special effort to reinforce their brand identity and affinity with the consumer by offering incentives to consumers to use their service again.

Quality vs satisfaction

Oliver (1981) summarizes current thinking on satisfaction as follows: ‘satisfaction is a summary psychological state resulting when the emotion surrounding disconfirmed expectation is coupled with the consumers’ prior feelings about the consumption experience’. Oliver (1981) summarizes the transaction-specific nature of satisfaction, and differentiates it from attitude as follows: Attitude is the consumers’ relatively enduring effective orientation for a product, store, or process (e.g., consumer service) while satisfaction is the emotional reaction following a disconfirmation experience which acts on the base attitude level and is consumption specific. Attitude is therefore, measured in terms more general to product or store and is less situational oriented.

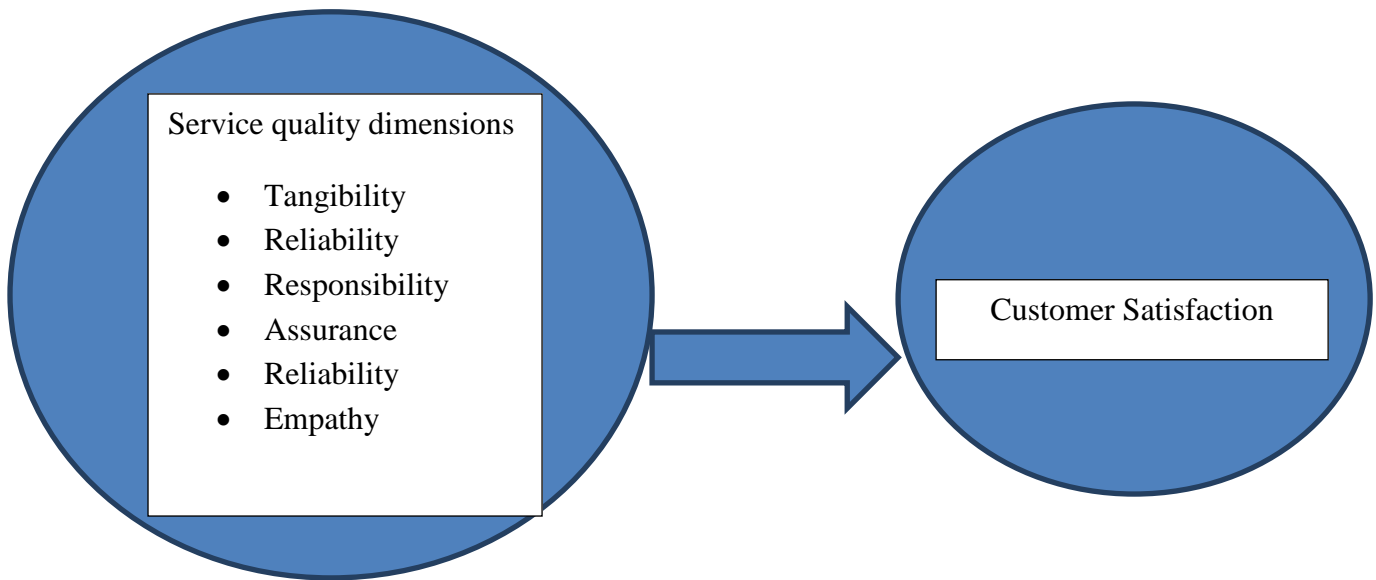
Determinants of the Service Quality Construct

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

Service Quality Dimensions

Service quality dimensions represent how customers organize information about service quality in their minds (Zeithaml, Bitner, 2003). On the basis of exploratory and quantitative research, these five dimensions were found relevant for banking, insurance, appliance repair and maintenance.

Figure 2.1 Service Quality Dimension



A. Reliability: Delivering on Promise

Reliability is defined as the ability to perform the promised service dependably and accurately. In its broadest sense, reliability means that the company delivers on its promises—promises about delivery, service provision, problem resolution, and pricing. Customers want to do business with companies that keep their promises, particularly their promises about the service outcomes and core service attributes.

B. Responsiveness: being willing to help

Responsiveness is the willingness to help customers and to provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer requests, questions, complaints, and problems. Responsiveness is communicated to customers by the length of time they have to wait for assistance, answers to questions, or attention to problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customer needs.

To excel on the dimension of responsiveness, a company must be certain to view the process of service delivery and the handling of requests from the customer's point of view rather than from the company's point of view. To truly distinguish themselves on responsiveness, companies need well-staffed customer service departments as well as responsive front-line people in all contact positions.

C. Assurance: inspiring trust and confidence

Assurance is defined as employees' knowledge and courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for services that the customer perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes.

Trust and confidence may be embodied in the person who links the customer to the company. In such service contexts the company seeks to build trust and loyalty between key contact people and individual customers. The personal banker concept captures this idea: customers are assigned to a banker who will get to know them individually and who will coordinate all of their banking services.

D. Empathy: treating customers as individual

Empathy is defined as the caring individualized attention the firm provides its customers. The essence of empathy is conveying, through personalized or customized service that customers are unique and special. Customers want to feel understood by and important to firms that provide service to them.

E. Tangibles: representing the service physically

Tangibles are defined as the appearance of physical facilities, personnel, and communication materials. All of these provide physical representations or images of the service that customers, particularly new customers, will use to evaluate quality.

2.2.1 The SERVQUAL approach

The SERVQUAL approach has been applied in service and retailing organizations

(Parasuraman et al., 1988 and 1991). Service quality is a function of pre-purchase customers, expectation, perceived process quality, and perceived output quality. Parasuraman et al.

(1988) define service quality as the gap between customers' expectation of service and their perception of the service experience.

A more pragmatic approach to SERVQUAL is to develop or design action plans that will lead to the improvement of service quality. It is one thing to know that the gap exists but it is perhaps more important to find ways to close the gap. Berry et al. (1994) suggests several action plans for corporate America. Berry et al. (1990) also pointed out five imperatives for improving service quality: defining the service roles, competing for talent, emphasizing service teams, going for reliability, and being great at problem resolution.

SERVQUAL provides a technology for measuring and managing service quality (SQ). Since 1985, when the technology was first published, its innovators Parasuraman, Zeithaml and Berry, have further developed, promulgated and promoted the technology through a series of publications. Service quality (SQ) has become an important research topic because of its apparent relationship to costs (Crosby, 1979), profitability (Buzzell and Gale, 1987; Rust and Zahorik, 1993; Zahorik and Rust, 1992), customer satisfaction (Bolton and Drew, 1991; Boulding et al., 1993), customer retention (Reichheld and Sasser, 1990), and positive word of mouth. SQ is widely regarded as a driver of corporate marketing and Customer satisfaction

Satisfaction is generally recognized as a pleasurable outcome, 'a desirable end state of consumption or patronization. Precise definitions of satisfaction vary, but common themes emphasize that it is a customer's judgment of the consumption experience formed through some kind of psychological process that involves some form of comparison of what was expected with what was received.

Similarly, consumers may form satisfaction judgments about specific attributes of a service (e.g. the responsiveness of staff, the amount of information provided, branch opening hours, etc.) or about the service overall. Different authors define customer satisfaction differently.

Kotler (1996) defines customer satisfaction as follows:

"Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations" Consumers form judgments about the value of marketing offers and make their buying decisions based upon these judgments (Kotler pp475, 1996). Customer satisfaction with a purchase depends upon the product's performance relative to a buyer's expectations. A customer might experience various degrees of satisfaction. If the product's performance falls

short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted. But how do buyers form their expectations? Expectations are based on the customer's past buying experiences, the opinions of friends and associates, and marketer and competitor information and promises. Marketers must be careful to set the right level of expectations. If they set expectations too low, they may satisfy those who buy, but fail to attract enough buyers. In contrast, if they raise expectations too high, buyers are likely to be disappointed.

The term 'fulfillment' is commonly used in discussions of satisfaction. However, there is a danger in interpreting such a term too narrowly – rather than thinking of satisfaction as simply meeting basic customer requirements, there is an increasing tendency to see satisfaction as being concerned with positive, pleasurable experiences. Satisfaction will involve a positive experience financial performance.

And the delivery of a service that matches (or possibly exceeds) customer expectations; delight goes a stage further, delivering beyond expectations and generating a stronger emotional response.

What is evident in most discussions of satisfaction (or even delight) is that consumer judgments are made by comparing the service that is experienced against some pre-existing standard. One of the commonest bases for comparison is that of perceptions against expectations. This is commonly referred to as the Disconfirmation Model of Satisfaction.

In simple terms, when perceptions are less than expectations the result is a negative disconfirmation, resulting in a negative evaluation and a lack of satisfaction. Confirmation of expectations or a situation of positive disconfirmation (where performance exceeds expectations) will result in a positive evaluation, usually satisfaction but perhaps also delight (Christine T. Ennew and Nigel Waite).

2.2.2. What Determines Customer Satisfaction

The followings are some of the determinants of customer satisfaction (Zeithaml, Bitner, p87,2003). These are:

Product and Service Features: Customer satisfaction with a product or service is influenced significantly by the customer's evaluation of the product or service features. In conducting

satisfaction studies, most firms will determine through some means (often focus groups) what the important features as well as overall service satisfaction.

2.2.3 Customer Emotion:

Customers' emotions can also affect their perceptions of satisfaction with products and services. These emotions can be stable, preexisting emotions-example: mood state or life satisfaction.

Attributions for Service Success or Failure: Attributions are the perceived causes of events, influence perceptions of satisfaction as well. When they have been surprised by an outcome (the service is either much better or worse than expected), customers tend to look for the reasons and their assessment of the reasons can influence their satisfaction.

2.2.4 Perceptions of Equity or Fairness:

Customers ask themselves: have I been treated fairly compared with other customers? Did other customers get better treatment, better prices, or better quality services?did I pay a fair price for the service?. Notion of fairness are central to customers' perceptions of satisfaction with products/services.

Other consumers, family members, and coworkers: In addition to products and service features one's own individual feelings and beliefs, consumer satisfaction is often influenced by other people.

2.2.5. The measurement of satisfaction

Both employee satisfaction and customer satisfaction may be relevant as performance metrics

A. Customer satisfaction

Individual managers must form a view on the nature of satisfaction for their own organization with regard to factors such as the need being fulfilled, the degree and variety of competition, segment variations, and how the resultant data will be used. As a rule, customer satisfaction is measured by the use of some form of quantitative survey. Owing to the nature of customer satisfaction and the use that is made of its data, the survey is required to be statistically reliable and robust.

The starting point for any customer satisfaction survey must be the identification of relevant, business-orientated objectives that will produce clear, unambiguous results. A useful starting point is deciding which business decisions need to be made and require knowledge regarding customer satisfaction.

Thus, customer satisfaction should form an integral part of senior management information flows. In this way it can influence a range of decisions by answering questions such as:

- What do we need to do to improve customer retention?
- What do we need to do to get customers to place more business with us?
- Which competitors pose the greater threat, and what do we need to do to counter those threats?
- What opportunities are there to reduce operating costs without harming customer satisfaction?
- What should form the basis of future competitive advantage?

The above six business questions are simply indicative of the range of issues that customer satisfaction information can inform. Therefore, the objectives for a customer satisfaction survey (CSS) must be grounded in the nature of the business decisions it will inform. The following list gives an indication of the kind of objectives that might be informed by a CSS:

- What do customers expect from the services we provide?
- To what extent are customers' expectations met by the services they receive from us?
- What level of satisfaction do our customers experience from the individual components that comprise our service?
- Which of our competitors do our customers also use for the provision of services, and what levels of satisfaction do they express for each competitor?
- How do levels of customer satisfaction with our services compare with those of our rivals? □ How do customers rate the value for money they receive from our services compared with our
- Which elements of our service do we need to improve in order to achieve higher levels of customer satisfaction?
- Which aspects of our services do customers gain little value from and consider being of little relevance to their experience as customers?

B. Employee satisfaction

A complementary activity to customer satisfaction measurement is that of the assessment of staff satisfaction. In the same way the acquisition and retention of customers is important to an organization, so too is the hiring and retention of high-quality staff.

Thus, staff satisfaction surveys can yield valuable insights that can assist in the development of staff attraction and retention policies and practices. Given the importance of staff morale and motivation to the provision of good-quality service, it is important that a company possesses a solid knowledge of staff feelings and perceptions.

As with customer surveys, staff surveys should be subject to due rigour with regard to their planning and execution. This means that objectives need to be clearly articulated, data sets specified and classification categories defined. It is particularly important to incorporate questions regarding aspects of customer service into staff surveys. For example, staff should be asked what they believe to be the appropriate expectations of customers with regard to the role that they and their department perform.

2.2.6 Customer value

Customer delivered value is the difference between total customer value and total customer cost of a marketing offer- 'profit' to the customer (Kotler, 1996). Customers define value in one of four basic ways (Christine T. Ennew and Nigel Waite):

1. Value is low price. It is undoubtedly true that in some purchasing situations value is defined primarily in terms that equate to low price, or what we might call cheapness.
2. Value is everything I want from a service. This describes a purchasing scenario in which price plays a far less significant role. Instead, customers attach importance to the extent to which a good or service most closely satisfies their wants as well as their needs.
3. Value is the quality I get for the price I pay. This involves, in a sense, a combination of the previous two approaches to value. It involves customers making a tradeoff between the range and quality of benefits they receive and the financial sacrifice they make.
4. Value is what I get for what I give. This assesses value in a particularly quantitative and measurable way. Under such circumstances, customers assess all of the benefits

they receive in detail, as well as all of the elements of sacrifice they make. The component of sacrifice comprises time and effort as well as money.

2.2.7 Delivering High Customer Value

Consumers have varying degrees of loyalty to specific brands, stores, and companies (Kotler, 2006, pp-143). Oliver defines loyalty as "A deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite situational influences and marketing efforts having the potential to cause switching behavior."

A 2002 survey of American consumers revealed that some of the brands that have great consumer loyalty include.

The key to generating high customer loyalty is to deliver high customer value. Michael Lanning, in his *Delivering Profitable Value*, says that a company must design a competitively superior value proposition aimed at a specific market segment, backed by a superior value-delivery system.

2.3. The Need for Customer Retention

Today, outstanding companies go all out to retain their customers. Many markets have settled into maturity and there are not many new customers entering most categories (Kotler, 1999, pp483) Competition is increasing and the costs of attracting new customers are rising. In these markets, it might cost five times as much to attract a new customer as to keep a current customer happy. Offensive marketing typically costs more than defensive marketing, because it takes a great deal of effort and spending to coax satisfied customers away from competitors.

Unfortunately, classic marketing theory and practice centers on the art of attracting new customers rather than retaining existing ones. The emphasis has been on creating transactions rather than relationships. Discussion has focused on pre-sale activity and sale activity rather than on post-sale activity. Today, however, more companies recognize the importance of retaining current customers. According to reports, by reducing customer defections by only 5 per cent, companies can improve profits by anywhere from 25 per cent to 85 per cent. Unfortunately, however, most company accounting systems fail to show the value of loyal customers.

Thus, although much current marketing focuses on formulating marketing raises that will create sales and new customers, the firm's first line of defense lies in customer retention. And the best approach to customer retention is to deliver customer satisfaction those results in strong customer loyalty. Oliver (1996) defines customer loyalty as follows: Customer loyalty is a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future, despite situational influences and marketing efforts having the potential to cause switching behavior.

2.4. The Gaps Model of Service Quality

Service quality, according to Parasuraman et al. (1994a, p. 202), is “the degree of discrepancy between customers’ normative expectations for the service and their perceptions of the service performance”. A conceptual model of service quality which includes five gaps is proposed by Parasuraman et al. (1985), and Zeithaml et al. (1988).

This conceptual model is useful in that it is easy for practitioners to understand service quality components. However, for service quality improvement, a number of issues need to be examined and resolved first. For example:

- How can these five service quality gaps be measured?
- Is it necessary to react to all service quality indicators or to only those that are below expectations?
- What opportunities exist for further service quality improvement?
- How should potential service quality improvement projects be evaluated?
- Which department is responsible for service quality examination and evaluation?
- Who is responsible for or accountable to service quality gaps?

The gap model positions the key concepts, strategies, and decisions in services marketing in a manner that begins with the customers and builds the organization’s tasks around what is needed to close the gap between customer expectations and customer perceptions.

The central focus of the gaps model is the customer gap, the difference between customer expectations and perceptions. Firms need to close this gap-between what customers expect and receive-in order to satisfy their customers and build long-term relationships with them. To close this all-impact customer gap, the model suggests that four other gaps-need to be closed.

Gap 1: difference between consumer expectations and management perceptions of consumer expectations

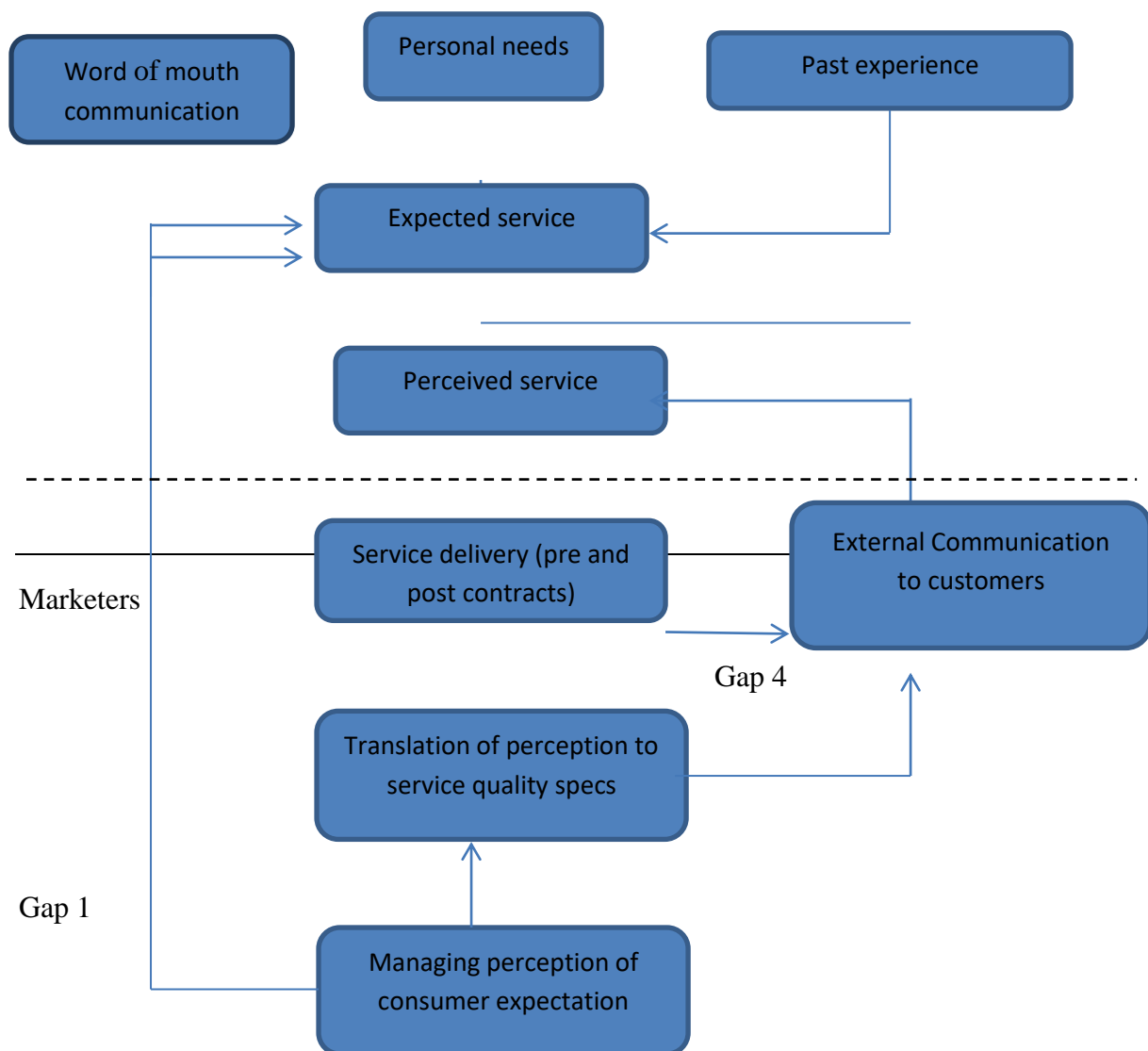
Gap 2: difference between management perceptions of consumer expectations and service quality specifications

Gap 3: difference between service quality specifications and the service actually delivered.

Gap 4: difference between service delivery and what is communicated about the service to the consumer.

Gap 5: difference between consumer expectations and perceptions

Figure 2.2 *The Gap Model*



2.4.1 Closing the Customer Gap

In a broad sense, the gaps model says that a service marketer must first close the customer gap. To do so, the provider must close the four provider gaps, or discrepancies within the organization that inhibits delivery of quality service (Zeithaml, Bitner, 2003). The gaps model focuses on strategies and processes that firms can employ to drive service excellence.

Provider Gap 1: Not Knowing What Customers Expect

It is the difference between customers' expectations of service and company understanding of those expectations. Many reasons exist for managers to being aware of what customers expect:

- They may not interact directly with customers,
- Be unwilling to ask about expectations, or
- Be unprepared to address them.

When people with the authority and responsibility for setting priorities do not fully understand customer service expectations, they may trigger a chain of bad decisions and suboptimal resource allocations that result in perceptions of poor service quality. An inadequate marketing research orientation is one of the critical factors for provider gap 1. When management or empowered employees do not acquire accurate information about customers' expectations, provider gap 1 is large. Another key factor is lack of upward communication. Front-line

Employees often know a great deal about customers; if management is not in contact with frontline with employees and does not understand what they know, the gap widens.

Also related to provider gap 1 is lack of company strategies to retain customers and strengthen relationships with them, an approach called relationship marketing. When organizations have strong relationship with existing customers, provider gap 1 is less likely to occur. The final factor is lack of service recovery. It is critical for service organization to understand the importance of service recovery- why people complain, what they expect when they complain, and how to develop effective service recovery strategies for dealing with inevitable service failures.

Strategies for closing provider gap 1 are:

- Developing formal and informal methods to capture information about customer expectations through marketing research.
- Through variety of traditional research approaches like customer visits, survey research, complaint systems, customer panels.
- Developing well-defined complaint-handling procedure and empowering employees to react on the spot in real time to fix the failure.
- Building strong relationships and understand customer needs over time. Provider

Gap 2: not having the right service quality designs and standards

It is the difference between company understanding of customer expectations and development of customer-driven service designs and standards. Provider gap 2 exists in service organizations for a variety of reasons. Those responsible for setting standards, typically management, sometimes believes that customers' expectation are unreasonable or unrealistic. When service standards are absent or when the standards in place do not reflect customers' expectations, quality of service as perceived by customers is likely to suffer. In contrast, when there are standards reflecting what customers expect, the quality of service they receive is likely to be enhanced. Therefore, closing provider gap 2- by setting customer-defined performance standards- has a powerful positive effect on closing the customer gap. In addition, the services cape, the physical setting where the service is delivered, must be appropriate.

Strategies for closing provider gap2:

- ◆ Developing effective strategies for new services and to use service blueprinting as an implementation tools.
- ◆ To develop customer-defined (as opposed to company-defined) service standards.
- ◆ To effectively design physical evidence and the service scope to meet customer expectations.

This gap illustrates the potential gap between management perception and service quality specification. Management's correct perceptions of customer expectations are necessary, but not sufficient for achieving superior quality service. Another prerequisite for providing high service quality is the presence of performance standards mirroring the management's perceptions of customers' expectations. In fact the real reason for the potential gap between

awareness into appropriate service standards may be the absence of management commitment to service quality (Parasuraman, Zeithaml and Berry, 1995).

Provider Gap 3: not delivering to service standards

This refers to the gap between the service quality specifications and the service delivery process. Hence, it represents the discrepancy between service quality specifications documented in operating and training manuals and their successful implementation. In the research by Parasuraman, Zeithaml and Berry (1995) executives mentioned a variety of reasons for this discrepancy. Most of these reasons pertain to the willingness or inability of front personnel to meet the standards. Even when guidelines exist for good performing services and proper customer treatment, high quality service performance is not guaranteed.

Provider Gap 4: when promises do not match performance

This gap illustrates the misfit between service delivery and the external communications to consumers. Hence, it illustrates the potential discrepancy between actual service delivery during the service encounter and the external communications to the customers. The customer should not be promised a certain type and level of service quality unless the service delivery system can achieve or exceed that level. . Hence external communication, through sales force or advertising, can affect not only customer expectations about a service but also customer's perceptions of the delivered service. By effectively coordinating actual service delivery and external communications, gap 4 is narrowed and, hence, favorably affects gap 5 as well (Liljander, 1995).

2.4.2 Customer Expectation of Service

Zeithaml & Bitner, 2003, define customer expectations as beliefs about service delivery that function as standards or reference points against which performance is judged. This indicates that customers have something in their mind about the service delivery by the company so that customers can compare their perception of performance. Since the decider for service quality are customers; companies need to deliver services which able to equate their perception from their expectation to exceed their expectation this will results in customer satisfaction and delight respectively to do this service provider need to properly identify and understand the Expectations of customers first. "Being wrong about what customers want can mean losing a customers also mean expending money time and other resources on things that do not count to the customer"(Ibid.)

How do buyers form their expectations? Kotler (2006) suggested that buyers form expectations from past buying experience, friends and associates advice, and marketers and competitors information and promises. If marketers raise expectations too high, the buyer is likely to be disappointed. However, if the company sets expectations too low, it won't attract enough buyers (although it will satisfy those who do buy). Some of today's most successful companies are raising expectations and delivering performances to match. When General Motors launched the Saturn car division, it changed the whole buyer-seller relationship with a New Deal for car buyers: There would be a fixed price (none of the traditional haggling); a 30-day guarantee or money back; and salespeople on salary, not on commission (none of the traditional hard sell).

2.4.3 Managing Customer Expectations

It is evident that quality, value and satisfaction are all influenced by the customer's expectations and perceptions in some form or another (Kotler, 2006). While perceptions are effectively a product of the service encounter and should be managed by careful management of service delivery expectations (whether ideal or predicted) are formed in advance of experiencing the service.

2.4.4 Variety of factors that will affect customer expectations

The previous experience of the customer: Poor service experiences will tend to reduce expectations, while good past experiences may raise them. Customers visiting a financial adviser for the first time may draw on experiences with their bank in forming expectations about the nature of the service they will receive and the nature of interactions with the adviser.

Third-party communication: This may arise from a number of sources, including word-of-mouth information and impressions gleaned from family members, friends, acquaintances and work colleagues.

The values and beliefs system of individual consumers: Clearly, these influences are highly variable and subjective. A customer who attaches considerable importance to social responsibility may have particularly high expectations of this aspect of a financial service provider's behavior. Equally, an individual with a strong belief in personal service will typically have high expectations of the nature of service provided to customers.

A financial services provider may believe that it offers a high-quality service to its customers, and one that meets their needs at a competitive price. However, customer evaluations are the ultimate arbiter of quality, value and satisfaction. For this reason, it is vital that organizations have in place a strategy for managing customer expectations and perceptions. Ultimately, perceptions are managed through the process of delivering the service to the customer. The management of expectations is equally important. The discussion of the gap model drew attention to Gap 4 – the difference between what an organization promises and what it delivers – and highlighted the importance of having a strategy to manage customer expectations.

Such a strategy should comprise the following components:

1. *Objectives:* These define how the organization wants to be perceived by its various primary customer segments. It should not only specify aggregate levels of perception for the customer experience as a whole, but also should break it down according to a set of key performance indicators regarding benefits and sacrifice.
2. *Delivery:* The expectations of customers should be reflected in product design and performance. Equally, they should be factored into the service encounters that customers will experience during the course of their relationship with the provider. Particular attention should be devoted to service encounters that have been described as ‘moments of truth’. Importantly, staff must be aware of the required standards and of their personal role in delivering satisfaction on the one hand, or dissatisfaction on the other.
3. *Recovery:* clear policies and procedures are required to ensure effective recovery following a failure to deliver with regard to both benefits and sacrifice. Effective service recovery can result in the creation of customer advocacy if handled well. Indeed, quality failures should be seen as valuable opportunities to demonstrate empathy and responsiveness.
4. *Communication:* The provider must ensure that a program is in place to communicate the actual levels of benefit that it is delivering to its customers. It is not sufficient for a company to assume that customers have noticed that it is achieving a service standard above that which it initially promised.
5. *Measurement:* Processes are necessary that facilitate the tracking of perception over time in order to identify positive or adverse trends. Ideally, the measurement process should incorporate the means to gather perception data from a range of sources,

including: formal customer survey, complaints feedback, ad hoc customer feedback, feedback from staff, and feedback from external sources such as the media.

6. *Feedback*: The results of customer value and satisfaction measurement should be fed back into relevant parts of the organization and, as appropriate, communicated to customers. One organization involved in business-to-business supply within the financial services sector undertook a major satisfaction survey.

There are different factors which affect both level of expected service quality (i.e., desired service level and adequate service level). Because expectations play a critical role in customer evaluation of services, marketers need and want to understand the factors that shape them. Marketers would also like to have control over these factors as well, but many of the forces that influence customer expectations are uncontrollable.

1. Enduring service intensifiers: are individual, stable factors that lead the customer to a heightened sensitivity to service. One of the most important of these factors can be called desired service expectations, which occur when customer expectations are driven by another person or group of people.
2. Personal needs: those states or conditions essential to the physical or psychological wellbeing of the customer are pivotal factors that we desire in service.
3. Transitory service intensifiers: consists of temporary, usually short term, individual factors that make a customer more aware of the need for service. Personal emergency situations in which service is urgently needed (such as accident and the need for automobile insurance) raise the level of adequate service expectation, particularly the level of responsiveness required and considered acceptable.
4. Perceived service alternatives: are other providers from whom the customer can obtain. If customers have multiple service providers to choose from, or if they can provide the service for themselves, their levels of adequate service are higher than those of customers who believe it is not possible to get better service elsewhere.
5. Self-perceived service role: are defined as the customer perceptions of the degree to which customers exert an influence on the level of service they receive.
6. Situational factors: are service performance conditions that customers view as beyond the control of the service provider. (e.g. tornadoes or earth quakes)
7. Predicted service: the level of service the customers believe they are likely to get.
8. Past experience: Customers' previous exposure to service that is relevant to the focal service.

9. Word of mouth: it includes personal and expert (like consumer reports, publicity, consultants, and surrogates)
10. Explicit service promises: are personal and none personal statements about the service made by the organization to customers through; advertising, personal selling, contacts, other communications.
11. Implicit service promises: are service related cues other than explicit promises that lead to influences about what the price should and will be like

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter deals with the theoretical framework of the study and how the research will be conducted- It consists of research approach, research design, population, and sampling techniques, data collection instruments, method of data analysis and finally research validity ethical consideration

3. 1 Research Design and approach

Research Design

The Research Design used to undertake this research is descriptive because descriptive data will be collected through detailed interview from managements. Descriptive research is useful because it can provide important information regarding the average member of a group (Geoffrey Marczyk & etal. p.17, 2005).Specifically, by gathering data on a large enough groups of people, a researcher can describe the average member, or the average performance of a member, of the particular group being studied and also explanatory since the research will be explaining the relationship between service quality and customer satisfaction and how the dimensions affect customer satisfaction. The emphasis here is on studying a situation or a problem in order to explain the relationship between variables.

Research Approach

Quantitative research approach is applied for the research. Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity (C.R.Kothari, p. 3, 2004). The purpose of quantitative research is to gather, analyze, and measure statistical data. In a quantitative research approach a number of objects are selected and studied in order to increase the ability to draw general conclusions. Since the service provision affects customer satisfaction, the research has used questionnaire (quantitative approach) to know customers' expectations and perceptions about the company. Moreover, quantitative research is used, because the researcher believes that quantitative methods will answer the research questions in the most suitable way. The primary data was collected through interviews from General Manager of the company. To discover how

customers perceive loyalty, it is always necessary to conduct in-depth interviews in order to fully understand diversity of the concept

3.2 Data Collection Instruments

The two most commonly used primary data collection methods are the questionnaire and the interview. Both questionnaire and interviews have distinct features that have a bearing on the correct and appropriate use of specific data collection purposes (Saunders, Lewis and Thornhill, 2009). The primary data was collected using structured close ended questionnaires namely Survey of your expectations and perceptions towards service quality of CBM which is developed by Kim Cameron & Robert Quinn, 1999 and Meyer & Allen 1990 respectively, with five point Likert Scale degree from 1 - 5 of agreement with each statement. The questionnaires were also used to collect demographic data about gender, age, number of years of Qualification and other relevant information for the study.

The questionnaire was using English as a medium of communication because translation may affect the direction of the central concept of the authors. Distribution and collection of the questionnaire was taken four weeks. The researcher performed data entry parallel with the data collection process.

3.3 Population and Sampling Technique

3.4.1 Population Size

The target population of the study will be Customers of CBM in Addis Ababa City that are (Awash International Bank S.C., , United Bank S.C., & Bank of Abyssinia S.C., NIB International Bank S.C.,) ATM Custodians. , sampling units will be ATM Custodians of each branch, (in this case the target customers will be the buyers & service users) which are Banks.

3.4.2 Sampling Technique

For this study, a type of Non probability sampling will be used. The researcher selected respondents from the total numbers of customers who have registered on the customer data base of CBM. Since the researcher had the data of these respondents (e.g. names, address), the researcher has used the respondents addresses for who are not present during data collection to collect data from them.

3.4.3 Sample Size determination

The larger the sample the more accurate your results (Catherine, 2007:54). Therefore, by using the customer database of CBM, 45 % respondents are selected from the total number of 8 registered Banks (E. Banking Departments). Which are 4 different E- Banking staffs from 700 sites 258 ATM sites of the banks were randomly selected to respond to the questionnaire and only 240 has correctly filled .

Under this step sample size is selected, implying that the member of customers included in the study will be selected. Since it is difficult to determine the size of the sample and in order to make the right decision, different factors like the nature of research, time and money must be considered. One of the first questions that the researcher typically asks concerns with the number of subjects that need to be included in his sample (Kumar, 2006:93-94). Technically, the size of the sample depends upon the precision the research desires in estimating the population parameter at a particular confidence level. There is no single rule that can be used to determine sample size. It is often suggested that one should include at least 30 subjects in a sample since this number permits the use of large sample statistics. In experimental research, one should select a sample that will permit at least 30 in each group. Descriptive research typically uses larger samples; it is sometimes suggested that one should select 10-30 per cent of the accessible population for the sample (Kumar, 2006; Hill, 1996). Gorard (2003: 62) suggests that if a phenomenon contains a lot of potential variability then this will increase the sample size. According to Sekaran (2009) sample size between 30-500 is already adequate for most of the research. For this study, therefore 258 respondents from different branch of different bank were selected which tends to be a general rule in quantitative research that the larger the sample the more accurate your results (Catherine, 2007:54). However, you have to remember that you are probably restricted by time and money Therefore, by using the customer data base of CBM, 36 % (258) respondents were selected from the total number of 700 customers / sites who are registered on customer data base of CBM.

3.4 Measurement

The foundation for the SERVQUAL scale is the gap model proposed by Parasuraman, Zeithaml and Berry (1985, 1988). With roots in disconfirmation paradigm, the gap model maintains that satisfaction is related to the size and direction of disconfirmation of a person's experience vis-à-vis his/her initial expectations (Churchill and Surprenant, 1982; Parasuraman, Zeithaml and Berry, 1985; Smith and Houston, 1982). As a gap or difference between customer 'expectations' and 'perceptions,' service quality is viewed as lying along a continuum ranging from 'ideal quality' to 'totally unacceptable quality,' with some points along the continuum representing satisfactory quality. Parasuraman, Zeithaml and Berry (1988) held that when perceived or experienced service is less than expected service, it implies dissatisfaction. But, when perceived service is greater than expected service, the obvious inference is that there is satisfaction.

Based on their empirical work, they identified a set of 22 variables / items tapping five different dimensions of service quality construct. Since they operationalized service quality as being a gap between customer's expectations and perceptions of performance on these variables, their service quality measurement scale is comprised of a total of 44 items (22 for expectations and 22 for perceptions). Customers' responses to their expectations and perceptions are obtained on a 7 point Likert scale and are compared to arrive at (P - E) gap scores. The higher (more positive) the perception minus expectation score, the higher is perceived to be the level of service quality. In an equation form, their operationalization of service quality can be expressed as follows:

Where: SQ_i = perceived service quality of individual 'i'

k = number of service attributes/items

P = perception of individual 'i' with respect to performance of a service firm attribute 'j'

E = service quality expectation for attribute 'j' that is the relevant norm for individual

3.5. Reliability and Validity

Validity is concerned with whether the findings are really about what they appear to be about (Sounders et. al., 2003). Validity defined as the extent to which data collection method or methods accurately measure what they were intended to measure (Sounders et. al., 2003). Numbers of different steps will be taken to ensure the validity of the study:

- Data was collected from the reliable sources, from respondent who are experiencing the service rendered by the company.
- Survey question were made based on literature review and frame of reference to ensure result validity.

3.6. Method of Data Analysis

The data collected from managers is analyzed by using qualitative data analysis; demographic characteristics are summarized by using frequencies and percentages for all variables including age, sex and work experience and also data gathered from Managers. Finally data that are gathered from customers through questionnaire is analyzed by using descriptive statistics, correlation, and regression data analysis techniques.

3.9.1 Data presentation, Analysis and Interpretation

After collecting all the data the process of data analysis is undertaken. To summarize and rearrange the data several interrelated procedures are performed during the data analysis stage. The data collected from managers is analyzed by using qualitative data analysis; demographic characteristics are summarized by using frequencies and percentages for all variables including age, sex and work experience finally data that are gathered from customers through questionnaire is analyzed by using descriptive statistics, correlation, and regression data analyze techniques. Descriptive statistics are used to calculate the mean of customers' expectation and perception.

3.7 Ethical Considerations

Confidentiality and privacy are some of the most corner stone of field research activities in order to get relevant and appropriate data. The researcher assured the purpose of the research paper and confidentiality of any information gathered on the introductory part of the research Questioner

CHAPTER FOUR

4 DATA ANALYSIS AND PRESENTATION

This chapter presents analysis, interpretation and findings of information collected through self-administered questionnaires with 4 systematically selected customers of CBM. The analysis is based on the information obtained from 240 customers the analysis also incorporated information obtained through an interview of CBM's General Manager.

In order to get a representative data questionnaires were prepared and distributed to customers of CBM, 258 questionnaires were distributed and only 240 were properly filled. Thus, the analysis is based on the valid 240 questionnaires response from customers.

Table 4.1. Response rate of Questionnaires Administered

Customers			
	Correctly filled and returned	Not correctly filled and returned	Not returned
Number	240	8	10
Percentage	93.02	3.1	3.87

Source: Own survey findings 2017

Findings of the study are presented in two separate parts. The first part deals with analysis of data gathered from customers, and the second part deals with analysis of data gathered through interview from CBM's General Manager

Analysis of Data Gathered from Customers

Table: 4.2. Demographic characteristics of the Respondents

Characteristics	Frequency	Percentage
Sex		
Male	170	69.67
Female	74	30.33
Age		
Under 21	-	-
21-34	47	19.26
35-44	100	40.98
45-54	80	32.79
55 or older	7	2.87

Source: Own survey findings 2017

As indicated in the table 4.2 about 69.67 % respondents are male and the remaining 30.33 % of the respondents are female. Regarding the age of the participants, the largest group (40.98 %) is from 35-44 years age group. The second largest group (32.79 %) indicated in 45-54 year's age group and 19.26 % of the respondents are between 21-34 year's age group finally 2.87 % was responded by 55 and older age group .

Table: 4.3. Educational levels of respondents

Level of education	Frequency	Percentage
School leaving qualification	49	20.08 %
Bachelor degree	122	50.00 %
Post graduate degree	18	7.38 %
others	55	22.54 %

Source: Own survey findings 2017

As we can observe from table, 4.3. 49 (20.08) have school leaving qualification, 122 (50.00 %) of them have bachelor degree and 18 (7.38%) of them have post-graduate degree. And 55 (22.54 %) of them are Diploma and other certificate holders

4.1 Statistics indicating service quality dimensions for Building customer satisfaction

After the collection of the questionnaires from the respondents, the research has explored the level of customers' expectation and perception towards service quality of the company in five areas: tangibility, reliability, responsiveness, assurance, and empathy.

Besides using descriptive statistics of means and standard deviations, gap analysis is used in comparing means between expectation score and perception score of the respondents and the data are analyzed using SPSS program (Statistical software package). Descriptive analysis was performed in order to examine respondent perceived satisfaction on observed variable, overall satisfaction and specific service quality attribute.

4.1.1 Level of customers' expectation and perception on service quality in CBM

This section presents the customers' expectation and perception towards service quality of CBM. Service quality is composed of tangibility, reliability, responsiveness, assurance, and empathy. The respondents were asked to rate each statement concerning their expectation and perception of service quality of the CBM. As stated in the research methodology, Likert scale was used to measure the contribution of service quality dimensions for building customer satisfaction. The research has explored customers' expectation and perception levels towards service quality of the company. The degree of satisfaction towards service quality of CBM is set from 1 to 5 (5 is from the highest expectation/satisfaction, whereas, 1 is the lowest expectation/satisfaction).

4.1.2 Respondents Responses of the Proposed Items

The average perceptions and expectations (on the scale from 1 to 5) of the proposed 22 Service Quality issues are rated by the respondents. Table 4.5.1 presents the item statistics, which is sorted by occurrence in the questionnaire.

Table: 4.4. Items Statistics

No.		Mean		Gap P - E	Rank of Dimension
		Perception	Expectation		
1	The staff dress properly	4.26	4.03	0.23	3 rd
2	The staff uniform is clean	4.37	4.23	0.14	2 nd
3	The staff provides the services with smiling.	4.25	4.16	0.09	6 th
4	The staff have attractive appearance i.e. elegant, smart, etc	4.13	3.84	0.29	8 th
5	The staff can provide you the services as promised	4.03	3.97	0.06	14 th
6	The staff provide you accurate information	3.98	3.88	0.1	10 th
7	The staff perform the service right at the first time	4.10	3.97	0.13	13 th
8	The staff offer you some help	4.06	3.99	0.07	12 th
9	Keep records accurately	3.98	3.92	0.06	11 th
10	The staff tells you exactly when services will be provided	3.93	3.78	0.15	5 th
11	The staff gives you prompt service	3.96	3.68	0.28	1 st
12	The staffs are willing to help you	4.03	3.94	0.09	4 th
13	Staff respond to requests promptly	4.15	4.10	0.05	7 th
14	The staff has product knowledge of bank information	4.35	4.29	0.06	10 th
15	The staffs have required skill to perform service	4.29	4.25	0.04	9 th
16	The staff speak with you by using an appropriately address forms	4.32	4.31	0.01	10 th
17	The staffs are trustworthy.	4.29	4.29	0	10 th
18	The staff makes you feel safe	4.20	4.18	0.02	9 th
19	The staffs are able to communicate	4.33	4.34	-0.01	12 th

	effectively with you				
20	The staff shows personal attention to you	4.20	4.11	0.09	13 th
21	The staff knows your specific needs	4.18	4.18	0	11 th
22	Convenient time management	4.37	4.36	0.01	13 th

Source: Own survey findings 2017

Table 4.4 describes the respondents' response towards their perceptions of the service quality of CBM. The table also describes the mean scores of the scale values for each of the items/statements in the questionnaire. For each statement there is the mean expectation (E) and perception (P) value, and the quality value is calculated by the formula $SQ = P - E$.

Where: SQ=Service Quality

P=Perception

E=Expectation

The mean scores in the table 4.3 shows that the most important service quality dimensions that satisfy customers at the highest level are uniform cleanness and convenient time management (m= 4.37), product knowledge (m=4.35), effective communication (m=4.33), trustworthy (m=4.29), required skill to perform service (m=4.29), provision of the services with smiling (m=4.25). Moreover, the customers are satisfied with all of the variables stated under each service quality dimensions.

4.4 Respondents' Response of their Overall Satisfaction with Service Quality The questionnaire ended up with a five scale question about their view of the overall satisfaction they have experienced. That means, in order to know the overall customers' satisfaction one question is asked concerning customers' overall satisfaction of CBM

Table: 4.5 Overall Customer Satisfaction Level

Question	Mean	STD deviation
overall customer satisfaction	4.15	.409

Source: Own survey findings 2017

Table: 4.6 Customer Satisfactions Concerning Tangibility

No.	Tangibility	Mean		Gap P - E
		Perception	expectation	
1	Staff dress properly	4.26	4.03	0.23
2	Staff uniform is clean	4.37	4.23	0.14
3	Staff provide service with smile	4.25	4.16	0.09
4	Staff has attractive appearance (elegance , smartness)	4.13	3.84	0.29
	Overall mean score	4.25	4.06	0.19

Source: Own survey findings 2017

Table 4.6 indicated that overall satisfaction of expectation towards tangibility is at high level (4.06). Customer perception of tangibility dimension was ranked at the highest level (4.25). This implies that customers of CBM are satisfied because their perceptions are higher than what they expect from the company. The table also shows that customers' expectation of tangibility dimension of service quality is high. In addition, customers' perception towards tangibility is at highest level. Therefore, tangibility dimension of service quality affects customers' satisfaction significantly.

Table: 4.7 Customer Satisfactions Concerning Reliability

No.	Reliability	Mean		Gap P - E
		Perception	expectation	
5	Staff provides service as promised	4.03	3.97	0.06
6	Staff provides accurate information	3.98	3.88	0.1
7	Staff performs service right at the first time	4.10	3.97	0.13
8	Staffs offers extra help regarding the job	4.06	3.99	0.07
9	Staff keeps record accurately	3.98	3.92	0.06

	Overall mean score	4.03	3.95	0.08
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Source: Own survey findings 2017

Table 4.7 shows that overall satisfaction of expectation concerning reliability dimension is high (3.95). Overall satisfaction of perception towards reliability dimension is also at the high level (4.03). Even though over all mean score of customers' perception is in the range of high customer satisfaction like that of customers' perception, what they expect is lower than what they perceived. This does not mean that they are not satisfied by the reliability dimensions of service quality of the company. Sometimes customers' expectation is higher and there is time when they tolerate the service what we call zone of tolerance. In this case their satisfaction with reliability dimensions falls under the range of high customer satisfaction. Therefore, it is possible to say that customers are satisfied. Generally, since customers' expectations are high regarding reliability dimensions the managers should work hard to enhance the quality of reliability dimensions.

Table 4.8 Customer satisfaction concerning Responsiveness

No.	Responsiveness	Mean		Gap P - E
		Perception	expectation	
10	Staffs tell you when exactly the service will be provided	3.93	3.78	0.15
11	Staff gives you prompt service	3.96	3.68	0.28
12	Staffs are willing to help	4.03	3.94	0.09
13	Staffs respond to request promptly	4.15	4.10	0.05
	Overall mean score	4.02	3.87	0.15

Source: Own survey findings 2017

The responsiveness dimension involves willingness to help customers and provide prompt services. It is essential that service giving staffs should be willing and be able to help customers and provide prompt service and meet or exceed the expectation of customers

Table 4.8 indicates that overall expectation towards responsiveness dimension was at the high level (3.87). The staffs respond to request quickly received the highest ranking of expectation at (4.10) It is highly possible that customers are satisfied when they receive a quick response.

The table also shows that overall satisfaction of perception towards responsiveness was at a high level (4.02). Generally, customers' expectation and perception towards responsiveness of the company falls under high level customer satisfaction.

Table: 4.9 Customer Satisfactions Concerning Assurance

No.	Assurance	Mean		Gap P - E
		Perception	expectation	
14	Staffs has knowledge and information about the product	4.35	4.29	0.06
15	Staffs has required skill to perform the service	4.29	4.25	0.04
16	Staffs speak with you by using an appropriate address form	4.32	4.31	0.01
17	Staffs are trust worthy	4.29	4.29	0
18	Staffs makes you feel safe	4.20	4.18	0.02
	Overall mean score	4.29	4.26	0.03

Source: Own survey findings 2017

The assurance dimension refers to the knowledge and courtesy of employees and their ability to inspire trust and confidence including competence, courtesy, credibility and security.

Table 4.9 shows that overall expectation towards assurance dimension is the highest level (4.26), with trustworthiness and product knowledge of the staff ranking most important (4.29). This implies that most customers expect staff to make them feel safe when the custodians open the safe of the machine and has knowledge about the machine (product). The table also indicates that perception of assurance dimension ranked at the highest level (4.29), with which all assurance variables being the most important factor (highest level) except the staff make feel safe (4.20). Therefore, ATM engineering staffs must have broad and deep knowledge, skills, capacity and experience to satisfy customers since they are the ones to represent the company by meeting the customers face to face on daily / weekly basis.

Table: 4.10 Customer Satisfaction Concerning Empathy

No.	Empathy	Mean		Gap P - E
		Perception	expectation	
19	Staffs are able to communicate effectively with you	4.33	4.34	-0.01
20	Staff shows personal attention to you	4.20	4.11	0.09
21	Staff knows you specific needs	4.18	4.18	0
22	Convenient time management	4.37	4.36	0.01
	Overall mean score	4.27	4.25	0.02

Source: Own survey 2017

The empathy dimension represents the provision of caring and individualized attention to customers including access or approachability and ease of contact, effective communication, and understanding the customers.

Table 4.10 shows that overall expectation concerning empathy dimension is the highest level (4.25). Effective communication and time management were considered the most important (4.34, 4.36 respectively) expectation. The staffs (employees) represent the company and communication and proper time management are vitally important. Effective communication among divisions within the company and with customers, and time management are some of the main factors that contribute to customer satisfaction. The table also indicates the overall perception of the empathy dimension which is at the highest level (4.27). There is a negative gap between customers' expectation and perception as indicated in the above table (effective communication Gap= -0.01). This does not mean that the empathy dimensions of service quality dissatisfy customers. Even though the mean score of expectation from effective communication is greater than perception, the overall mean score of customers' perception is greater than the overall of their expectation. Therefore, it is possible to say that customers are satisfied.

Overall customer satisfaction towards service quality

Table: 4.11 Overall means score of customer satisfaction on service quality and the Gap between customers' expectation and perception

No.	service quality dimension	Mean		Gap P - E	Rank
		Perceptio n	expectatio n		
1	Tangibility	4.25	4.06	0.19	1 st
2	Reliability	4.03	3.95	0.08	3 rd
3	Responsiveness	4.02	3.87	0.15	2 nd
4	Assurance	4.29	4.26	0.03	4 th
5	Empathy	4.27	4.25	0.02	5 th
	Overall mean score	4.17	4.08	0.09	

Source: Own survey findings 2017

Table 4.11 shows that overall satisfaction of expectation on the five dimensions is high level (4.08) which is significant. The result of customers expectation shows that assurance dimension is at the high level (4.26) followed by empathy (4.25), tangibility (4.06), reliability (3.95), and responsiveness (3.87) in descending orders. Most customers expect the employee to be effective in assurance, empathy and tangibility respectively-customers expectation is high regarding these dimensions.

The table also indicates that overall satisfaction of perception on the five dimensions is at a high level (4.17). Like that of their expectations most customers perceived assurance the most important dimension at (4.29), followed by empathy (4.27), tangibility (4.25), reliability (4.03), and responsiveness (4.02) in the descending order. In this study, assurance dimension was the most vital factor in which both the customers' expectation and perception are very high as compared with the other dimensions. The SERVQUAL gap is calculated between the mean score of expectation and perception. The findings of the study show the difference between expectation and perception as shown in table above 4.4.10. Table 4.4.10 also demonstrates the gap between customers' expectation and perception. The study shows that the overall level of perception of tangibility, reliability, responsiveness, assurance, and empathy are higher than level of expectation.

Tangibility and responsiveness are the most important dimensions with the highest positive gap (0.19 and 0.15) respectively. The study reveals that physical evidence such as uniforms,

appearance and behavior of the employees and employees responsiveness such as the employees tell exactly when services will be provided , give prompt service , respond to requests promptly, and are willing to help customers yield customer satisfaction. Generally, the company has to understand and exceed customers' expectation of service quality in all dimensions.

On a five-point scale, the mean scores of customers' perceived service quality of CBM is 4.17 indicate that customers' perceive that quality of service being offered by CBM is quite high. The mean score of overall customer satisfaction is 4.15 which imply that the customers of the company are satisfied. 4.46 Direct importance measures (summary of the Analysis) Methods that the company management could use in order to determine those areas that need improvement would be to rank quality dimensions based on their Importance (Expectation) and Performance (Perception) score or based on the gap score between perception and expectation. Thus it is necessary to find out whether customers pay more or less attention to certain aspects when they evaluate company's service delivery system.

As indicated in the Table 4.10 perception is measured for each attribute separately, on a five point Likert scale. Based on these ratings, the research has obtained the performance (perception) scores for the five service quality dimensions, namely "Tangibility" (4.25), "Reliability" (4.03), "Responsiveness" (4.02), "Assurance" (4.29), and Empathy" (4.27).

As for the expectation the researcher has decided to ask respondents to rate the expectation they had to the five dimensions on a five point scale. The results indicate that the most important dimension is "Assurance" (4.26), followed by "Empathy" (4.25), "Tangibility" (4.06), "Reliability" (3.95), and "Responsiveness" (3.87) respectively. Therefore, the company needs to give due attention to the "Responsibility and Responsiveness" factors so that customers may have higher expectations helping the company to improve.

The data in the table 4.10 above enable us to appreciate each dimension from an expectation perception perspective, as follows: "Empathy", "Assurance", and "Tangibility" dimension are highest both in expectation and perception, and both "Reliability" and "Responsiveness" dimension are low both in expectation and performance.

With the help of this information or findings, the researcher can conclude that immediate attention should be given by the management to those items mentioned under the five service quality dimension and further investment should be directed towards its improvement.

Moreover, if there are enough resources, the management should also consider those dimensions which have high perception to delight customers.

4.2. Correlation Analysis

A correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 Field (2005). A correlation analysis with Pearson’s correlation coefficient (r) was conducted on all variables in this study to explore the relationships between variables. To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed, mainly for their simplicity. His classification of the correlation efficient (r) is as follows: 0.1 – 0.29 is weak; 0.3 – 0.49 is moderate; and > 0.5 is strong.

Correlation coefficients say nothing about which variable causes the other to change. Although it cannot make direct conclusion about causality, we can take the correlation coefficient a step further by squaring it (Andy, 2005). The correlation coefficient squared (known as the coefficients of determination, R^2) is a measure of the amount of variability in one variable that is explained by the other.

Table: 4.12 Correlation between service quality dimensions with satisfaction by overall service quality

Service Quality Dimension	Customer satisfaction
Tangibility	0.294
Responsiveness	0.252
Assurance	0.261
Reliability	0.261
Empathy	0.135
overall service quality	0.456

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

**correlation is significant at the 0.01 level (2-tailed)

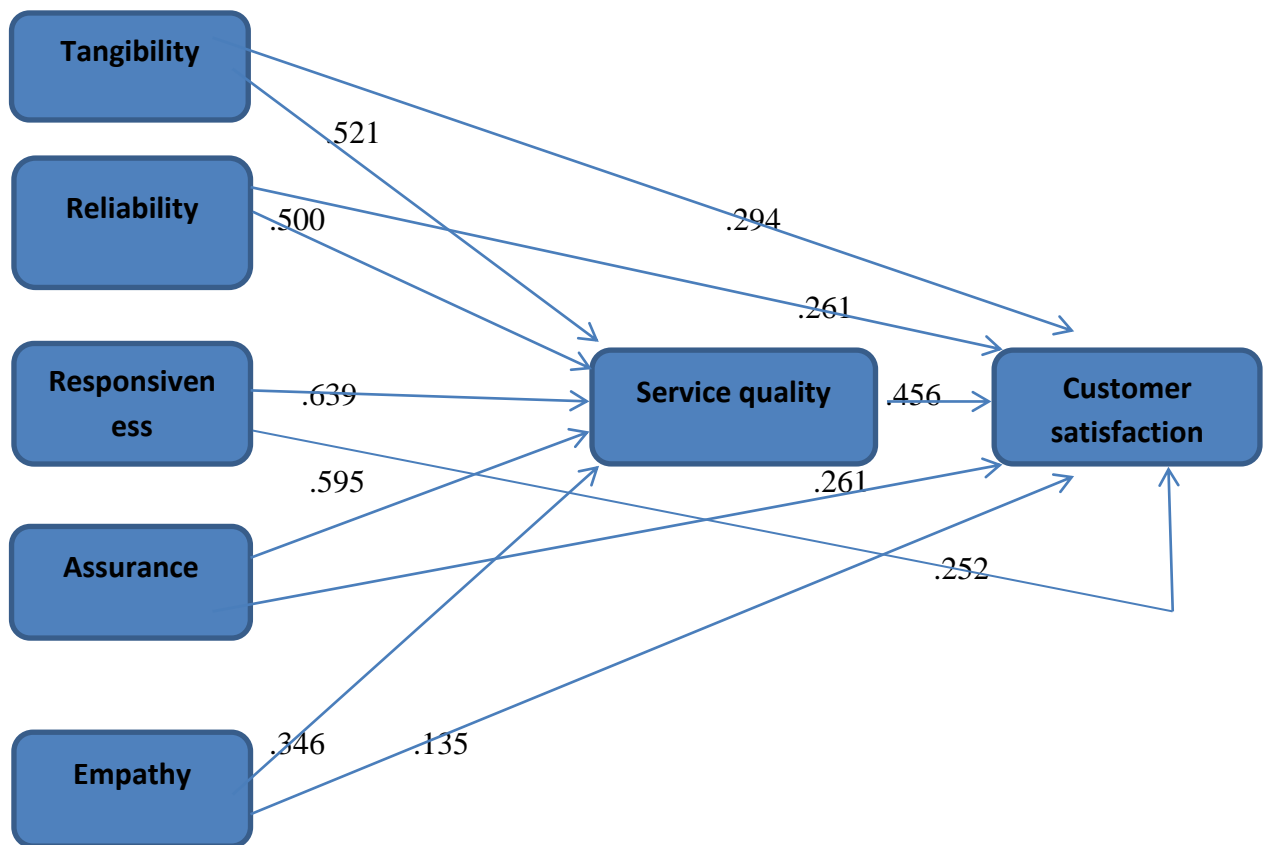
From table 4.12 tangibility and customer satisfaction had a high correlation of .294 and the value of $R^2=.086$. This indicates that variability in customer satisfaction can be explained by

tangibility dimension which accounts 8.6%. Although tangibility highly correlates with customer satisfaction, it can account for only 8.6% of variation in customer satisfaction. 91.4% of variability in customers' satisfaction is explained by other factors. Still variability in customer satisfaction can be accounted by assurance (6.8%), responsiveness (6.3%), reliability (6.8%), and empathy (1.8%).

4.3.1 Discussion of Findings of Correlation

Figure 4.11 indicates that Responsiveness shows the highest positive correlation ($r=.639^{**}$, $p<0.01$) with overall service quality and positively correlated with customer satisfaction ($r=.252^{**}$, $p<0.01$) and Assurance demonstrates the second highest positive correlation ($r=.595^{**}$, $P<0.01$) with overall service quality and correlates with customer satisfaction ($r=.261^{**}$ $p<0.01$). Empathy reveals the least positive correlation ($r=.346^{**}$, $p<0.01$) with service quality and with customer satisfaction ($r=.135^*$ $p<0.05$).

Figure 2.3 CORRELATION MODEL



Source: Researchers survey finding 2017

4.3. Applications and Discussion of Findings

➤ Assurance

The customer will not be satisfied if he/she does not feel assured about the competence of the service provider. Assurance shows a positive correlation with customer satisfaction in this study indicated by figure 4.1.1. The possible explanation of this finding is that CBM can instill feelings of confidence in its customers and handle their customers in a professional and competent way.

➤ Responsiveness

This study shows that responsiveness and customer satisfaction are positively correlated. CBM's customers prefer a friendly company which is willing to help in their banking operations. Willingness to help customers is likely to have an important and positive effect on customer satisfaction in CBM.

➤ Reliability

The facts of study show that there is a positive relationship between reliability and customer satisfaction in CBM. Data shows that customers are satisfied with the services provided by the company as promised and handling (speed) of solving the problem. Customers are confident that CBM will fulfill the promised terms. Generally, tangibility has been found to be significantly and positively correlated with customer satisfaction ($r = .294^{**}$, $p < .01$), reliability is found to be significantly and positively correlated with customer satisfaction ($r = .261^{**}$, $p < .01$), and responsiveness is found to be significantly and positively correlated with customer satisfaction ($r = .252^{**}$, $p < .01$). Assurance is found to be significantly and positively correlated with customer satisfaction ($r = .261^{**}$, $p < .01$), and Empathy is found to be significantly and positively correlated with customer satisfaction ($r = .135^*$, $p < .05$).

Table: 4.13. Overall Customer Satisfaction

Model	Unstandardized coefficient		Standardized Coefficient	T	Sig.
	B	Std.Error	Beta		
1 Constant	.717	.441	-	1.626	.105
Tangibility	.221	.061	.217	3.635	.000
reliability	.200	.063	.191	3.159	.002
Responsiveness	.113	.050	.140	2.248	.026
Assurance	.151	.053	.172	2.822	.005
Empathy	.138	.050	.159	2.729	.007

Source: *Researcher's survey findings 2017*

The relative importance of the significant predictors is determined by looking at the standardized coefficients. Tangibility has the highest standardized coefficient and the lowest significance, which means tangibility, is the best predictor. Analyzing the whole table results, the order of significance for predictors of overall customer satisfaction is tangibility, reliability, assurance, empathy, and responsiveness

4.13 The Most Predictor of Overall Customer Satisfaction The findings of the regression analysis reveal that the customers' perceived service quality provided by CBM and where by the overall evaluations of service quality was determined largely by five factors respectively; namely, "tangibility" such as dress properly, uniform is clean, provides the services with smiling, attractive appearance; "reliability" such as provide services as promised, accurate information, perform the service right at the first time, offer some help, keep records accurately; "assurance" such as required skill to perform service, product knowledge, speak appropriately, trustworthy, makes feel safe; "empathy" such as able to communicate effectively, shows personal attention, knows specific needs, convenient time management; and lastly "responsiveness" such as telling you exactly when services will be provided, give prompt service, willingness to help, and respond to requests promptly.

Table: 4.14 predictors of Customer Satisfaction

Rank	Dimension	Beta	T	Significance
1st	Tangibility	0.217	3.635	0

2nd	Reliability	0.191	3.159	0.002
3rd	Assurance	0.172	2.822	0.005
4th	Empathy	0.159	2.729	0.007
5th	Responsiveness	0.14	2.248	0.026

Source: Researcher's survey findings 2017

4.5 Interview with Manager

The research has conducted an interview with the general manager of the company regarding the following questions.

Information gained from the general managers is analyzed qualitatively as follows.

4.6.1 Service quality and customer satisfaction as an important strategy for CBM

Providing excellent service quality and high customer satisfaction is the important issue and challenge facing the contemporary service industry. High customer satisfaction and loyalty have long been key concerns for operational management in service industries. Consequently, customer orientation, namely, understanding customer requirements and expectations, is the first step service providers must take to enhance service quality. Based on the above statements an interview was conducted with the general managers whether service quality and customer satisfactions are important strategies for the company

According to the managers CBM is a service rendering institutions. They deliver their services to customers. In turn customers are the backbone of service providing industries. Because of these and other factors CBM cannot exist without customers. Providing service to customers is not only the only strategy CBM follows, but also work on retaining the existing customers, attracting new customers and satisfying their needs. This takes place by applying the concept of service quality and customer satisfaction as a strategy of the company Therefore, service quality customer satisfaction are important strategies for CBM. The reason is that according to the managers if the company does not increase and improve its service quality and meet customers' needs, customers will be dissatisfied and they will be forced to look for other suppliers that give the same service with better adequacy

4.6.2 Employees' attitude play a major role regarding customers' satisfaction and quality service delivery, what strategies are applied in providing service quality or boost quality delivery.

According to the managers CBM uses different strategies to boost the quality of its service delivery through the following:

- Changing the process. There is an improvement made concerning the speed of service delivery. The company minimizes the process through which they deliver the

service to their customers by applying new software called Neway serviceas well by using portable network and making communication smooth and timely as well by increasing the resources in order to speed up the service and minimize the process.

- By increasing the ability and knowledge of employees. CBM gives different training programs for its employees on current and updated products of the brand by inviting the manufacturers of the product, how to handle their problem during service encounter and also train them on product knowledge. Customer service is the ability of knowledgeable, capable, and enthusiastic employees to deliver services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately results in positive word-of-mouth publicity and return businesses.

4.6.3 Do you think that your company has the ability to provide appropriate service quality that customers are satisfied with? If yes, explain?

The managers have confirmed that CBM has the ability to provide appropriate services quality to satisfy its customers, some of which are the following:

- using computerized system / up to dated IT skills of employees
- using necessary tools for the requested service
- applying updated information
- Using pilot test sites

Training, motivating and rewarding employees: An organization's continuous effort to improve the quality of the performance of its employees depends, in part, on some estimate of the current level of performance compared to the level desired. Selection and promotion procedures, training programs, and steps taken to improve worker motivation are all evaluated, in part, by estimating the quality of the performance of the people involved.

- sharing knowledge
- Applying customer handling system
- improving language ability of the employees

4.6.4. Many company's undertake customer and employee satisfaction survey as a strategy to measure the quality of their service. What are the techniques applied to measure service quality in CBM?

Both employee satisfaction and customer satisfaction may be relevant as performance metrics of measuring satisfaction and service quality. The starting point for any customer satisfaction survey must be the identification of relevant, business-orientated objectives that will produce clear, unambiguous results. A useful starting point is deciding which business decisions need to be made and require knowledge regarding customer satisfaction.

As with customer surveys, staff surveys should be subject to due rigors with regard to their planning and execution. This means that objectives need to be clearly articulated, data sets specified and classification categories defined. It is particularly important to incorporate questions regarding aspects of customer service into staff surveys. For example, staff should be asked what they believe to be the appropriate expectations of customers with regard to the role that they and their department perform.

The company uses different systems to examine customer satisfaction and employee satisfaction. They ask customers specifically whether they are satisfied or dissatisfied, improvements to be made and what the company must do to deliver quality service. Moreover, they ask public relation officers employees about the customers; employees must ask customers whether they are satisfied or dissatisfied during service encounter.

The other thing is about employee satisfaction. The best strategy the company uses to know its employees' satisfaction is through group discussion. During the discussion the chairman asks employees what problems they face while providing the service or improvements to be done by the company.

4.6.5 Information collected from customers

As a service providing organization, service providing institution must collect information from their customers. There is a greater competition between service providing firms to survive in the market and they have to collect different information, complaints, service to be provided, improvements to be made and others.

Based on this the managers have confirmed that the company collects the following information from its customers

- Suggestions or feedback towards their services and improvement to be made
- Information on the services rendered to the customers by other suppliers

- New services to be provided: comparing other similar company's'.

4.6.6 A “Customer Complaint Handling System” in place as a strategy of improving the service quality delivery

Research has shown that resolving customer problems effectively has a strong impact on customer satisfaction, loyalty, and bottom-line performance. That is, customers who experience service failures, but are ultimately satisfied based on recovery efforts by the firms, will be more loyal than those whose problems are not resolved (Zeithaml and Bitner, 2003).

Based on the interview conducted with the general manager related to the complaint handling systems they have stated that the company has a system of handling customers' complaint. According to the managers, generally customer complaints arise either from internal or external.

These problems are handled through the following techniques:

- Conducting discussion with customers
- Informing customers about the problem
- Empowering customer relation to solve the problem as soon as the problem occurred.

Employee empowerment is one way for a supervisor to help ensure that service providers can respond quickly to customer needs or requests. The intent of empowerment is a delegation of authority where a frontline service provider can take action without having to call a supervisor or ask permission. Such authority allows on-the-spot responsiveness to the customer while making service representatives feel trusted, respected, and like an important part of the bank. This technique takes place by training employees, enhancing their skills and knowledge towards service delivery and how to handle the problem.

4.6.7 Measures taken to improve customer satisfaction?

According to the managers, the followings are some of the measures that the company apply to improve customer satisfaction:

- Process- minimizing the service delivery process: the actual procedures, mechanisms and flow of activities by which the service is delivered- the service delivery and operating systems.
- By conducting survey which is based on internal(in CBM) and external(on customers)
- .
- Helping employees to participate in decision making: since employees are always the contact point with the customers, the company believes that the employees know about customers. Because of this CBM encourages employees' participation in decision making
- focusing on customers' needs

4.6.8 Employees' attitude / behavior play a central role with regard to customers' satisfaction and quality service delivery. What strategies are followed in the company to improve the attitude of the employees in relation to customer service?

There is concrete evidence that satisfied employees make for satisfied customers and satisfied customers can, in-turn, reinforce employees' sense of satisfaction in their jobs. Some have even gone so far as to suggest that unless service employees are happy in their jobs, customer satisfaction will be difficult to achieve (Zeithaml and Bitner, 2003).

It is obvious that employees' attitude/behavior play a central role in satisfying customers and providing quality services. Therefore, CBM applies the following strategies to improve employees' attitude in relation to customer service:

- Making vision, mission, strategies, policies, and duties and responsibilities of employee clear and understandable.
- Encourage employees participation in decision making activities:
- Enhancing coordination between employees and their immediate supervisor
- Solving their problem properly: This take place through staff survey. Staff satisfaction surveys can yield valuable insights that can assist in the development of staff attraction and retention policies and practices. Given the importance of staff

morale and motivation to the provision of good-quality service, it is important that a company possesses a solid knowledge of staff feelings and perceptions.

- Job rotation (switching their working place):

Employees are happy when they are assigned in different work places

- Training them to boost their ability and knowledge:

When the quality of an individual's work performance is examined, Performance Appraisal is the preferred instrument. Ideally, Performance Appraisal is a lens that focuses the decision-making process on the appropriate job-related criteria. It becomes the means for assuring that a career is opened to talent and that the individual is rewarded for his /her performance.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

This chapter will present the study's conclusion from the research and the research questions will be answered. The chapter ends with recommendations and implication to the general manager.

5.1 Conclusion

Both practitioners and academics measure service quality and try to identify those areas that need improvement in order to gain a competitive advantage. Therefore, the study makes an attempt to compare different methods that help CBM's manager to decide upon those service quality aspects that need improvement and further investment. In addition, the research has examined the relationship between five service quality dimensions and customers' satisfaction in CBM and tried to identify which dimension has the highest impact on customers' satisfaction and which need improvement.

The customer gap is evaluated on the basis of five service quality dimensions encompassing Tangibility, Reliability, Responsiveness, Assurance and Empathy. Based on these five service quality dimensions questionnaire is conducted. The questions posed are all pertaining to service quality attribute aiming to explore the respondents expected and perceived service evaluations in all aspects of the service delivered by the company.

This study focuses further on the gap between customers' expectation and their perception of the company (CBM). The results showed that the overall mean score of perception ($m=4.17$) is higher than expectation ($m=4.08$) in all dimensions, yielding a positive SERVQUAL gap. Hence, customers are satisfied with all dimensions of service quality.

Moreover, all dimensions portray positive gap values which signify that the actual perceived service exceeds the expected service. The findings of the study show the difference between expectation and perception. Tangibility and responsiveness are the most important dimensions with the highest positive gap (0.19 and 0.15) respectively.

The attributes perceived satisfactory performed are scattered between the five service quality dimensions. The most affirmatively perceived service quality dimensions are assurance and

empathy followed by tangibility. However, reliability and responsiveness are less perceived compared to the other dimensions.

Responsiveness shows the highest positive correlation ($r = .639^{**}$, $p < 0.01$) with overall service quality and positively correlated with customer satisfaction ($r = .252^{**}$, $p < 0.01$) and Assurance demonstrates the second highest positive correlation ($r = .595^{**}$, $P < 0.01$) with overall service quality and correlates with customer satisfaction ($r = .261^{**}$, $p < 0.01$).

The relative importance of the significant predictors is determined by looking at the standardized coefficients. Tangibility has the highest standardized coefficient and the lowest significance, which means tangibility, is the best predictor. Tangibility and customer satisfaction had a high correlation of .294 and the value of $R^2 = .086$. This indicates that variability in customer satisfaction can be explained by tangibility dimension which accounts 8.6%.

The findings indicate that customers' perceptions vary according to the nature of service. In this case, the highest customers' perceptions are demonstrated in the assurance area such as product knowledge, skill to perform service and trustworthy, followed by the empathy area such as timing of the company, effective communication and personal attention. On the other hand, the low perceptions comparing to the other dimensions are in the responsiveness area, such as telling when services are provided, give prompt service and respond to requests promptly. Because of the wide variation of responses, CBM needs to consider the weak areas in order to meet customer requirement.

The impacts of "Tangibility", "Reliability", "Responsiveness", "Assurance", and "Empathy" on customers' satisfaction are .217, .191, .172, .159 and .140 respectively, in their descending order indicating that Tangibility has the highest impact on customer satisfaction.

5.2 Recommendation

Company's which will thrive in the future will be those that are able to focus more on their customers, apart from their products and services, which they sell. CBM should have to work on fulfilling the interest of their customers at heart, because customers are the true business of every company".

Based on the results of the analysis the following recommendations are given which help CBM's service delivery system in order to narrow the gap might exist between customer perception and expectation and so as to increase customer satisfaction and delight them.

- ✓ In order to continuously adapt the proposed service proposition to the changes in customer needs and attitude, surveys like the one conducted in the study should be performed by the company. Hereby, the management will obtain an up-to-date understanding of the customer attitude, where the internal feedback to the respective employers will guide the implementation of any improvement program.
- ✓ According to the service profit chain model the satisfaction of employees/internal customers contributes indirectly for the satisfaction of external customers (Zeithaml and Bitner,2003).Therefore, the company should be able to give employees effective training, development skill and give incentive which enable them to deliver prompt service to customers.
- ✓ The results reveal that "Reliability" (m=3.95), and "Responsiveness" (m=3.87) dimensions have less impact on customer satisfaction. Therefore, the company should provide services according to these results. In order to achieve this, employees have to be well trained and informed to provide services that exceed customer demand.
- ✓ Delivering a high standard of quality requires management commitment and teamwork. Employees must realize how their performance affects the rest of the team. Therefore, the company needs to give due attention to the "Responsibility and Responsiveness" factors so that customers may have higher expectations helping the company to improve.

- ✓ A customer experiences and judges the service quality on the basis of his or her perception of services. Therefore, the company should provide service to customers with full experiences conforming to their individual desires.
- ✓ In the present competitive business environment, more than single company's offer the same or similar product / service around the world and service quality is a vital means to differentiate themselves in the market place. Therefore, to be successful, the company must provide service to their customers that meets or exceeds their expectations, and the present study will provide at least some sorts of guidelines to the policy makers of the company, to take right decision to improve the quality of services of the bank.
- ✓ Increase communications among staff members using up to date data base system and create a sense of teamwork. This enables the company to deliver service with care and attentiveness by improving employee motivation and capabilities.
- ✓ By introducing above mentioned gap analyses, the management will be able to leverage findings from the present customer gap analysis, and ensure a holistic approach to the service quality dimensions assessment.

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Appendix I

ST. Mary University

Business Administration Department

Questionnaire to be filled by (customers)

The questionnaire is a part of a study for a Master's Degree at ST. Mary University. The objective of the research is to evaluate customer expectation and perception levels towards service quality of CBM (Computer Business Machine). This questionnaire is to be filled by customers and its objective is to get accurate information about the effect of service delivery system of CBM on customer satisfaction. Therefore, your genuine response to the questions in the questionnaire has an immense value to the achievement of this study.

Instruction

- your confidentiality maintained sincerely.
- Use ✓ up on given choices alternatives.

Part I

Personal data

1. Gender?

Male Female

2. Age?

18-24 25-34 35 - 44 45 – 54 55 and over

3. Level of education

Bachelor's degree Post-graduate degree other

Part II:

Survey of your expectations and perceptions towards service quality of CBM.

This survey deals with your opinion about CBM (Computer Business Machine Service Rendering System). Please show the extent to which you expect and perceive the Company's offering services should possess features described by each statement. There is no right or wrong

Answers all the research is interested in is a number that best show your expectations and perceptions about the Service Delivery System of CBM (Computer Business Machine). Based on this please put a tick (√) in the boxes which mostly explain your attitudes.

- a) Level of EXPECTATION towards service quality of CBM
- b) Level of PERCEPTION towards service quality of CBM

The score levels are described as;

- 1. Strongly Disagree
- 2. Disagree
- 3. Neutral
- 4. Agree
- 5. Strongly Agree

Dimensions	Level of Expectation				
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Tangibility	5	4	3	2	1
1.The staff dress properly and carry the proper ID					
2.the staff uniform is clean and tidy					

3 The staff provides the services with full competency / proficiency of the service they render					
4. The staff have full equipment/ Tools to perform their job order					
Reliability	5	4	3	2	
5. The staff can provide you the services as promised					
6. The staff provide you accurate information					
7. The staff perform the service right at the first time					
8. The staff offer you some extra help apart from their ordered task					
9. Keep records accurately					
Responsiveness	5	4	3	2	
10. The staff tells you exactly when services will be provided / timely managed					
11. The staff give you prompt service					
12. The staffs are willing to help you on any service required					
13. Staff respond to requests promptly & Timely					
Assurance	5	4	3	2	1
14. The staff has product knowledge towards the service being rendered					
15. The staffs have the required skill to perform the service					
16. The staffs speak with you by using an					

appropriate address forms					
17. The staffs are trustworthy.					
18. The assigned staff makes you feel safe during task performance					
Empathy	5	4	3	2	1
19. The assigned staffs are able to communicate effectively with you.					
20. The assigned staff shows personal attention to you					
21. The assigned staff knows your specific needs					
2.2 Convenient time management					
23. Customers overall satisfaction	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Your overall satisfaction with the Company					
Dimensions	Level of Perception				

Tangibility	5	4	3	2	1
1.The staff dress properly and carry the proper ID					
2.the staff uniform is clean and tidy					
3 The staff provides the services with full competency / proficiency of the service they render					
4. The staff have full equipment/ Tools to perform their job order					
Reliability	5	4	3	2	1

5. The staff can provide you the services as promised					
6. The staff provide you accurate information					
7. The staff perform the service right at the first time					
8. The staff offer you some extra help apart from their ordered task					
9. Keep records accurately					
Responsiveness	5	4	3	2	1
10. The staff tells you exactly when services will be provided / timely managed					
11. The staff give you prompt service					
12. The staffs are willing to help you on any service required					
13. Staff respond to requests promptly & Timely					

Assurance	5	4	3	2	1
14. The staff has product knowledge towards the service being rendered					
15. The staffs have the required skill to perform the service					
16. The staffs speak with you by using an appropriate address forms					
17. The staffs are trustworthy.					
18. The assigned staff makes you feel safe during task performance					
Empathy	5	4	3	2	1

19. The assigned staffs are able to communicate effectively with you.					
20. The assigned staff shows personal attention to you					
21. The assigned staff knows your specific needs					
2.2 Convenient time management					
23. Customers overall satisfaction	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
Your overall satisfaction with the Company					

Appendix II
Interview with manager

1. Do you consider service quality and customer satisfaction as important strategies for CBM Please explain?
2. Please clarify strategies applied in the company to boost the quality service delivery of CBM ?
3. Do you think that your company has the ability to provide appropriate service quality that customers are satisfied with? If yes, explain?
4. Many companies undertake customer and employee satisfaction survey as a strategy to measure the quality of their service. What are the techniques applied to measure service quality in CBM?
5. Please clarify which types of Information's are collected from customers?
6. Do you have "Customer Complaint Handling System" in place as a strategy of improving the service quality delivery?
7. What measures are taken to improve customer satisfaction?
8. Employees' attitude / behavior play a central role with regard to customers' satisfaction and quality service delivery. What strategies are followed in the company to improve the attitude of the employees in relation to customer service?