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**SERVICE QUALITY AND CUSTOMER SATISFACTION
THE CASE OF DASHEN BANK S.C**

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Service Quality and Customer Satisfaction
The Case of Dashen Bank S.C

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Service Quality and Customer Satisfaction
(The Case of Dashen Bank S.C)

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Declaration

I, Senait Yemer declare that this work entitled “Service Quality and Customer Satisfaction: (The Case of Dashen Bank S.C) is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the Research Advisor.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfilment of the Masters degree in Business Administration [MBA].

By: Senait Yemer

Signature_____

Date_____

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ACRONYMS

DB – Dashen Bank

ServQual – Service Quality

SQ - Service Quality

P-Perception

E- Expectation

SQ_i - Perceived Service Quality of Individual ‘i’

n - 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

CPV - Customer Perceived Value

ABSTRACT

The general objective of this study is to assess customer's expectation and perception level towards service quality, It is clear from this research that customer service has impact on service quality perception and customer satisfaction. In this research, the SERVQUAL instrument developed by Parasuraman (1985), has been applied in designing the questionnaire by using five dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy. Questionnaires are distributed to 40 customers and 60 employees of the three selected area branches. The questionnaire aimed to identify the level of customers' expectation and perception towards the service quality of the bank. The findings reveal that the customers' expectations are not meet. Among the five dimensions of service quality Empathy and Reliability have higher gap scores. The Empathy dimension has a higher gap score this suggests that the banks need to train their staff on proper customers' service techniques. Farther, the Reliability dimension also shows high gap score that shows the customers do not perceive the banks consistent service. The results revealed that the tangibility, reliability, responsiveness, assurance and empathy dimensions raised the lowest level of perception that indicates that the bank need to work on this dimensions to meet the customers expectation.

Keywords: Service Quality, Customers' expectation and perception, Customer Satisfaction, service Gap.

CHAPTER ONE

INTRODUCTIN

The introductory chapter is started with a background of the organization and subject followed by a problem discussion and the research questions, then the purpose of this study and target groups are presented. This chapter ended up with significance, limitation, scope of the study, frame work of the study and organization of the study.

1.1 Background of the organization

Dashen Bank coined its name from the highest peak in the Country, mount Dashen, and aspires to be unparalleled in banking. Headquartered in Addis Ababa, the Bank is the biggest private Bank in Ethiopia. Dashen Bank was established in 1995 in the month of September with a paid up capital of Birr 14.9 million, which has now tremendously grown to 1.5 billion. In addition the total asset of the Bank has reached 28.6 billion, loan and advance reached 12.5 billion, the total deposit has reached 22.8 billion and the total number of customer has reached more than 1.4 million.

It operates through a network of 220 Area Banks, 220 automatic teller machines (ATM) and 953 plus Point-of-Sale (POS) terminals spread across the length and breadth of the nation. Dashen is the most reputable brand in the domestic banking market; a reputation earned through consistent delivery of values and preeminence unmatched by its competitors.

The Bank also works in partnership with leading brands in the electronic payments industry (VISA, MasterCard UnionPay and American Express Card) and prominent money transfer operators (Western Union, Money Gram, Express Money, Dahabshiil and Transfast).

In addition the Bank renders Deposit Accounts such as saving account, current account, fixed time deposit, loan and advances, international Banking services and E-banking services and etc. Dashen Bank has developed following vision, mission and values its quality principles:

VISION

In as much as Mount Dashen excels all other mountains in Ethiopia,

Dashen Bank continues to prove unparalleled in banking service.

MISSION

Provide efficient and customer focused domestic and International banking

Service by overcoming the Continuous challenges for excellence

Through the Application of appropriate technology.

VALUE

Develop banking habit in the community

Assist continuous growth of customers

Sustainable growth and stability

High integrity and accountability

Esteemed customers satisfaction

Non-stop openness for community access

Brightened and trained employees

Attend customers' constructive outlook

Normative confidentiality

Keen to build professionalism and service quality

1.2. Background of the study

1.2.1 A Service-Based Economy

Service marketing concepts and strategies 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.

1.2.2 Service Quality

Service 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.

1.2.3 Customer Service

Customer service is the service provided in support of a company's core products/services. Customer service most often includes answering questions, taking orders, dealing with billing issues, handling complaints, and perhaps scheduling maintenance or repair. Customer service can occur on site (as when a retail employee helps a customer find a desired item or answers a question), or it can occur over the phone or via the internet (Valarie A. Zeithaml and Mary Jo Bitner).

1.2.4 Customer Satisfaction

Satisfaction is generally recognized as a pleasurable outcome, a desirable end state of consumption or patronization. Satisfaction will involve a positive experience 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.

1.2.5 The Customer 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 (Valarie A. Zeithaml and Bitner,2003).

1.2.6 Customer Expectation

Customers' expectations are beliefs about service delivery that function as standards or reference points against which performance is judged. Because customers compare their perceptions of performance with these reference points when evaluating service quality, thorough knowledge about customer expectations is critical to services marketers. Knowing what the customer expects is the first and possibly most critical step in delivering quality services.

One of the greatest challenges facing organizations today is the ever-growing competition, the continuous increase in customer expectation (Joseph & Walker, 1988; Leonard & Sasser, 1982; Takeuchi & Quelch, 1983) and customers' subsequent demands as service improves (Ettorre, 1994). Moreover, customers are becoming increasingly critical of the quality of service they experience (Albrecht & Zemke, 1985a). Customer demand and competition are forcing firms to cut loose from the traditional customer satisfaction paradigm, to adopt proactive strategies which will assist them to take the lead in the market-place.

1.2.7 The Gaps Model

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 (Chu-Hua Kuei, Min H. Lu, 1999). 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?
- What opportunities exist for further service quality improvement?
- 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.

1.3 Statement of the Problem

The unique characteristics of service contribute to the complexities involved in assessing and managing service quality. Since Quality can be several things at the same time and may have various meanings, depending on the person. The customer is the judge of quality. Understanding customer needs, both current and future, and keeping pace with changing markets requires effective strategies for listening to and learning from customers, measuring their satisfaction relative to competitors, and building relationships, customer needs—particularly differences among key customer groups – must be linked closely to an organization’s strategic planning, product design, process improvement, and workforce training activities. Satisfaction and dissatisfaction information are important because understanding them leads to the right improvements that can create satisfied customers who reward the company with loyalty, repeat business, and positive referrals. Creating satisfied customers includes prompt and effective response and solutions to their needs and desires as well as building and maintaining good relationships.

A business can achieve success only by understanding and fulfilling the needs of customers. From a total quality perspective, all strategic decisions a company makes are “customer-driven.” In other words, the company must show constant sensitivity to emerging customer and market requirements. According to the study by Collart (2000), one of the determinants of success of a firm is how the customers perceive the resulting service quality, as this is the key driver of perceived value. It is the perceived value which determines customer satisfaction. Many firms including banking industries begin to track their customers’ satisfaction through measuring their level of service quality perceived by their customers. The most widely used model to measure perceived service quality was developed by Parasuraman et al. (1985, 1988) known as SERVQUAL. According to this model, five dimensions of service quality are: Tangibles, Reliability, Responsiveness, Assurance and Empathy. This study aims to assess the service delivery system of Dashen Bank and its quality service provision and assess the impact of service quality delivery on customer satisfaction. Also examine the gap between customers’ expectations and perceptions of banking service in three different branches of Dashen Bank (i.e main branch, saris branch & Goffa branch).

1.4 Research Questions

1. What are the level of customers' expectation and perception towards service quality?
2. What are the discrepancy gap between customers' expectation and perception towards service quality?
3. Dose the Bank provide the service that their customers expect?
4. Are customers of the bank being satisfied?

1.5 Objectives of the Study

In line with the above research questions the general and specific research objectives are the following.

1.5.1 General Objective

The objective of this study is to measure the level of customer satisfaction and services rendered by Dashen Bank.

1.5.2 Specific Objectives

- To assess customers expectation and perception level towards service quality of Dashen Bank in five dimensions: tangibility, reliability, responsiveness, assurance, and empathy.
- To analyze the discrepancy or gap between customers' expectation and perception towards service quality.
- To identify the critical factors of service quality of the bank.
- To discover the customer requirements or expectations for the service.
- Identify the areas that need to be improved by the bank to deliver superior quality.
- To evaluate the quality of service of the bank.

1.6 Definition of Terms

- **Service quality:** means the difference between the customer's expectation of service and their perceived service.
- **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.
- **Customer expectation:** means uncontrollable factors including past experience, personal needs, word of mouth, and external communication about the 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.

1.7 Significance of the Study.

This paper can be used as a feedback for operation managers of the bank that considered in the study regarding the perceptions of their customers toward their service quality. The outcome of this study can develop the service quality of the bank in order to meet the customers' needs and their satisfaction, it can also be a good indicator for managers to identify the gap between management's perception of service quality and that of their customers and taking actions to close the gaps.

Generally, the finding and conclusions of the study may help Dashen Bank management in decision making by understanding the problems from this findings with regards to the service quality provided and Help to recognize that customers hold different types of expectations for service performance.

1.8 Scope and Limitation of the Study

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. The aim of the study is to gain a better understanding of the service quality dimensions that affect Dashen Bank's customer satisfaction from their perspective.

The study is limited to Dashen Bank S.C, specifically in three branches (i.e main branch, saris branch & Goffa area branches). Because of this the findings of this study may not be generalized to other area branches of Dashen Bank. 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 does not cover.

1.9 Organization of the Paper

The paper is organized into five chapters. The first chapter deals with introductory part consisting of introduction/background of the study, statement of the problem, research questions, objectives of the study, significance of the study , scope and limitation of the study and Organization of the Paper.

The second chapter reviews of related literatures of the study. In this chapter various theoretical concepts that relates with service quality and customer satisfaction and dimension of service quality is discussed. The third Chapter deals with methodology of the study which consists of research approach, research design, population, sample and sampling techniques, data collection instruments, method of data analysis and finally research validity.

Analysis of collected data, interpretation of the analyzed data is presented in the fourth chapter. And finally, the fifth chapter presents summaries of major findings, the conclusions and the possible recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

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).

2.2. Service Characteristics

A company must consider five main service characteristics when designing marketing programmers': 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, after sales 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.

Service firms can take several steps towards quality control. First, they can select and train their personnel carefully. Second, they can motivate staff by providing employee incentives that emphasize quality, such as employee-to-the-month awards or bonuses based on customer feedback. Third, they can make service employees more visible and accountable to consumers - car dealerships can let customers talk directly with the mechanics working on their cars. A firm can check customer satisfaction regularly through suggestion and complaint systems, customer surveys and comparison shopping.

When poor service is found, it is corrected. Fourth, service firms can increase the consistency of employee performance by substituting equipment for staff (e.g. vending machines, automatic cash dispensers), and through heavy enforcement of standardized as well as detailed job procedures.

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.

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.

2.3. Service Quality

Service 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).

Service quality can be defined as the collective effect of service performances which determine the degree of satisfaction of a user of the service. In other words, quality is the customer's perception of a delivered service. A number of experts define service quality differently.

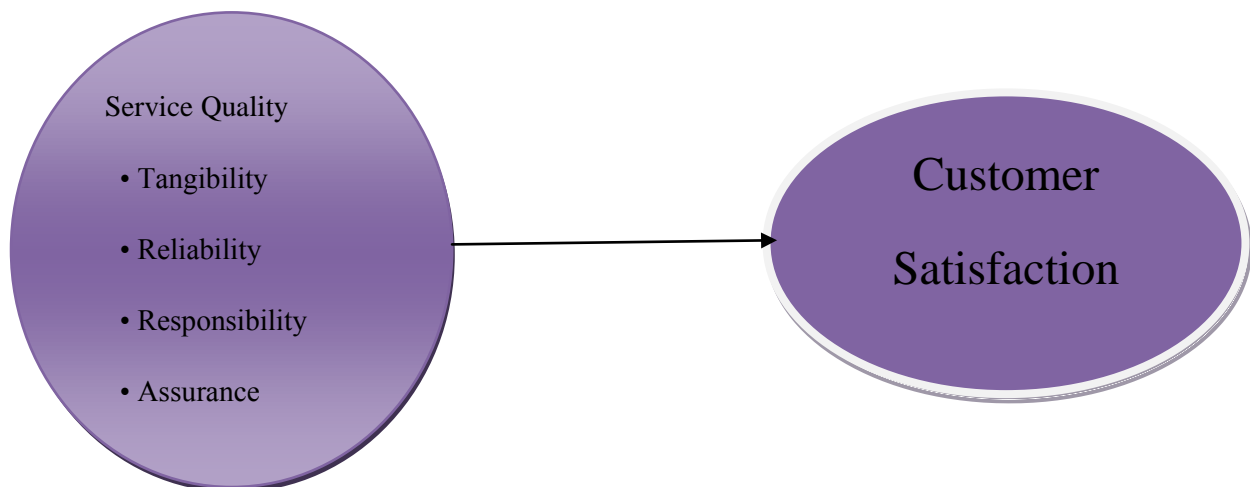
Parasuraman, Zeithaml and Berry (1985) described service quality as perceived by consumers starting from a comparison of how they feel firms should perform on this dimension with what they actually perceive.

It is the gap between a customer's expectations and perceptions that determine service quality; the smaller the gap, the better the quality of service and the greater the customer satisfaction.

2.3.1. 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: 2.3.1. Service quality dimensions



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

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.

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. 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.

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.

2.3.2. 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 financial performance.

2.4. Consumer evaluations: value and satisfaction

The successful management of relationships with customers depends on ensuring that consumers have good experiences when they consume a service, that they evaluate that service experience positively and thus have a reason to maintain a relationship with a provider and make future purchases (Christine T. Ennew and Nigel Waite). Consumer evaluations of the quality of service provided are clearly an important aspect of their evaluation of the overall experience of dealing with an organization.

2.4.1. 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.

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.

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).

2.4.1.1. What Determines Customer Satisfaction

The followings are some of the determinants of customer satisfaction (Zeithaml, Bitner, p-87,2003). 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.

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.

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.

2.4.2 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.

2.5. Benefits of Customer Satisfaction Assessment

Naumann (1995) expressed that the reasons for measuring customer satisfaction may vary among companies, and the success of the measurement depends on if the measurement is incorporated into the firm's corporate culture or not. However, he suggested five reasons for measuring customer satisfaction or five important roles of customer satisfaction measurement:

- To get close to the customer – this will help to understand customers more, their needs, the attributes that are most important, and their effect on the customer's decision making, the relative importance of the attributes and the performance evaluation of the firm delivery of each attribute. This process helps to provide enabling communication with customers.
- Measure continuous improvement - the important attributes of customers can be incorporated into the internal measurement to evaluate the value-added process in the company.
- To achieve customer-driven improvement – the data collected from customers can be developed into sources of innovations and this can help to achieve customer driven improvement. This process helps to identify opportunities for improvement.

- To measure competitive strengths and weaknesses - determine customer perceptions of competitive choices and companies.
- To link customer satisfaction measurement data to internal system.

The market share is not a gauge to measure customer satisfaction; rather it represents quantity of customers. Customer satisfaction is a measure of attitudes and perceptions of the quality and performance of a service (Bhote, 1996). Bhote (1996) in his written book about studies conducted on different products and services in Sweden and wrote that customer satisfaction measurement provides significant information for modern management processes and additionally, it provides a warning signal about the future business performance. Oliver (1999) in his article on the link between consumer satisfaction and loyalty with goods and services, expressed that in the last two decades till date, customer satisfaction measurement represents an important source of revenue for market research firms.

2.5.1. Consequences of Customer Satisfaction

Several research works have shown that customer satisfaction is positively associated with desirable business outcomes namely; Customer Loyalty, Customer Retention, and Customer Profitability.

Customer Loyalty

Coyne (1989) stated that customer satisfaction has measurable impact on customer loyalty in that when satisfaction reaches a certain level; on the high side, loyalty increases dramatically; at the same time, when satisfaction falls to a certain point, loyalty reduces equally dramatically. Fornell (1992) found out that there is a positive relationship between customer satisfaction and customer loyalty but this connection is not always a linear relation.

Oliver (1999) stated that the relationship between satisfaction and loyalty is that satisfaction is transformed into loyalty with the assistance of a myriad of other factors. However, this relationship is complex and asymmetric.

High levels of satisfaction lead to high levels of attitudinal loyalty. Attitudinal loyalty involves different feelings, which create a customer's overall attachment to a product, service, or company (Lovelock et al., 2001).

Customer Retention

Several research works have shown that there is positive relationship between customer satisfaction and customer retention; customer satisfaction has a direct effect on customer retention (Rust and Subramaman, 1992); customer satisfaction is positively related to customer retention (Anderson and Sullivan, 1993); to retain a customer, it is necessary to satisfy him. Customer retention is central to the development of business relationships, and these relationships depend on satisfaction (Eriksson and Vaghult, 2000); customer satisfaction is a central determinant of customer retention (Gerpott et al., 2001).

Customer Profitability

Nelson et al., (1992) demonstrated that customer satisfaction is related to higher profitability and proved his findings statistically. Andersson et al., (1994) found a significant association between customer satisfaction and accounting return on assets. Fornell et al., 1996, found out that customer satisfaction is significantly related to firms' financial performance. The volume of business conducted with a firm is directly related to customer satisfaction, which in turns affect profitability.

The significance of this sub-section to this study is that it helps to provide better understanding that customer satisfaction to some extent affects loyalty which in turn may affect retention and profitability.

2.6. 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".

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. This gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side. (Kumar and Charles, 2009).

2.6.1 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
- Provider gap 2: not selecting the right service design and standards
- Provider gap 3: not delivering to service standards
- Provider gap 4: not matching performance to promises

The full conceptual model shown in figure 2.6.1 conveys a clear message to managers wishing to improve the quality service: the key to close the customer gap is to close provider gap 1 through 4 and keep them closed. To the extent that one or more of provider gaps 1 through 4 exist, customers perceive service quality shortfalls. The model, called the gap model of service quality, serves as the framework for service organization improves quality service and services marketing.(Zeithamal and Bitner 2004:539)

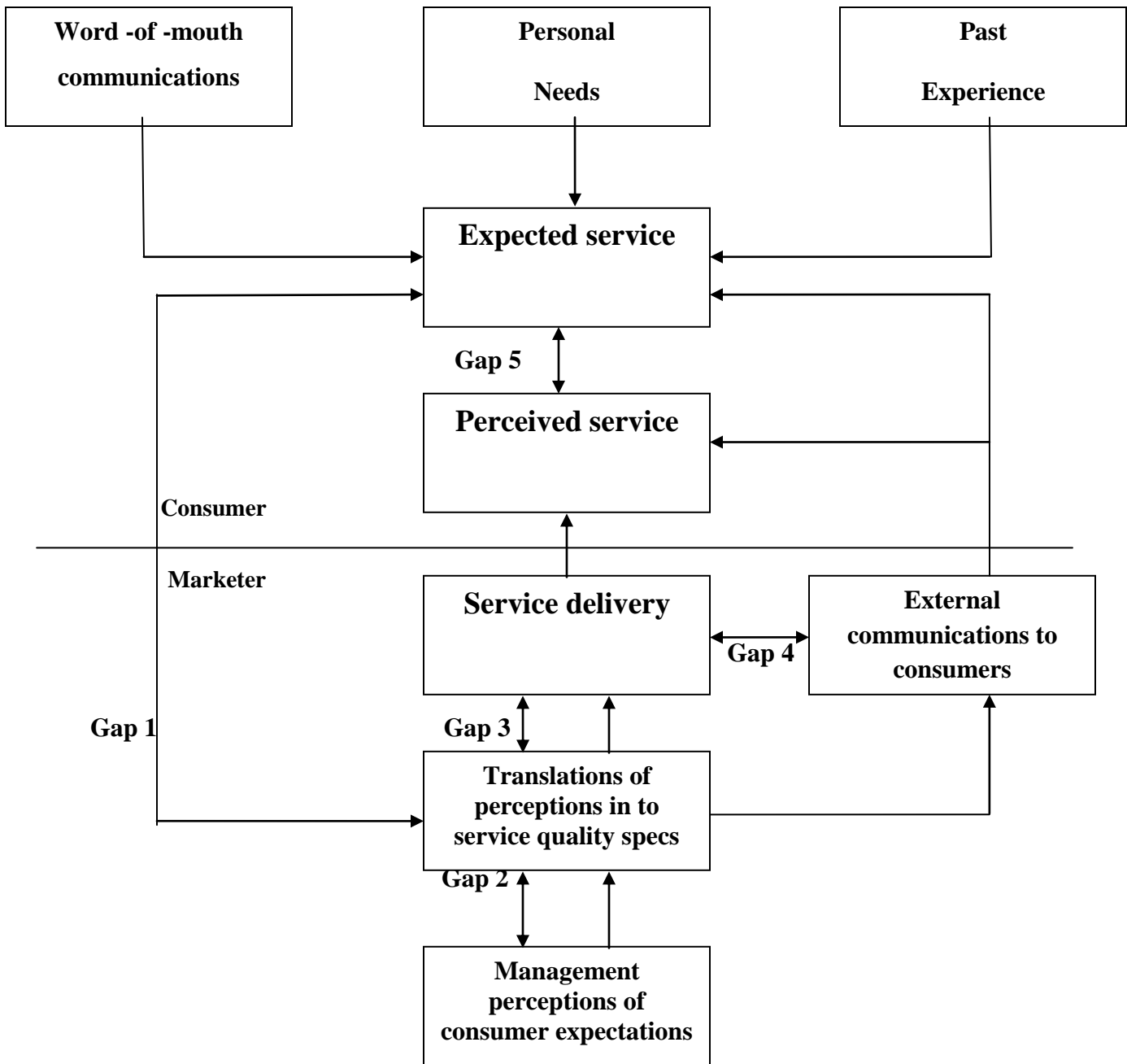


Figure 2.6.1 Service Quality Gaps adopted from Parasuraman et al "A conceptual Model of Service Quality and Its Implication for Future Research" 1985 p.44

2.6.2 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.”

2.6.2.1 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.

2.6.2.2 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.

2.6.3 Customer Perceived Value

Consumers are more educated and informed than ever, and they have the tools to verify companies' claims and seek out superior alternatives. How then do they ultimately make choices? Customers tend to be value-maximizers, within the bounds of search costs and limited knowledge, mobility, and income. Customers estimate which offer will deliver the most perceived value and act on it. Whether or not the offer lives up to expectation affects customer satisfaction and the probability that he or she will purchase the product again (Kotler, 2006, pp-141).

Customer perceived value (CPV) is the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering and the perceived alternatives. Total customer value is the perceived monetary value of the bundle of economic, functional, and psychological benefits customers expect from a given market offering. Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining, using, and disposing of the given market offering, including monetary, time, energy, and psychic costs. Customer perceived value is thus based on the difference between what the customer gets and what he or she gives for different possible choices. The customer gets benefits and assumes costs. The marketer can increase the value of the customer offering by some combination of raising functional or emotional benefits and/or reducing one or more of the various types of costs.

2.7. The SERVQUAL Model

Zeithaml et al. has presented a generic model and appertaining measurement system for perceived service quality, which is SERVQUAL. The model prior to SERVQUAL is “the gap model” by the same authors. The gap model presents 5 different gaps which a company should avoid. Gap 5, known as the customer gap, represents the specific construct measured upon in the SERVQUAL model.

SERVQUAL is grounded in the earlier writings of the expectancy-disconfirmation theory in which quality is measured from the difference between the expectations (E) and evaluation of the performance (P). The results can be categorized as confirmation or disconfirmation and the outcome is the level of satisfaction (Oliver, 1980; Parasuraman et al., 1985). Meanwhile, the incorporation of disconfirmation theory in the model indicates the close relation between service quality and satisfaction.

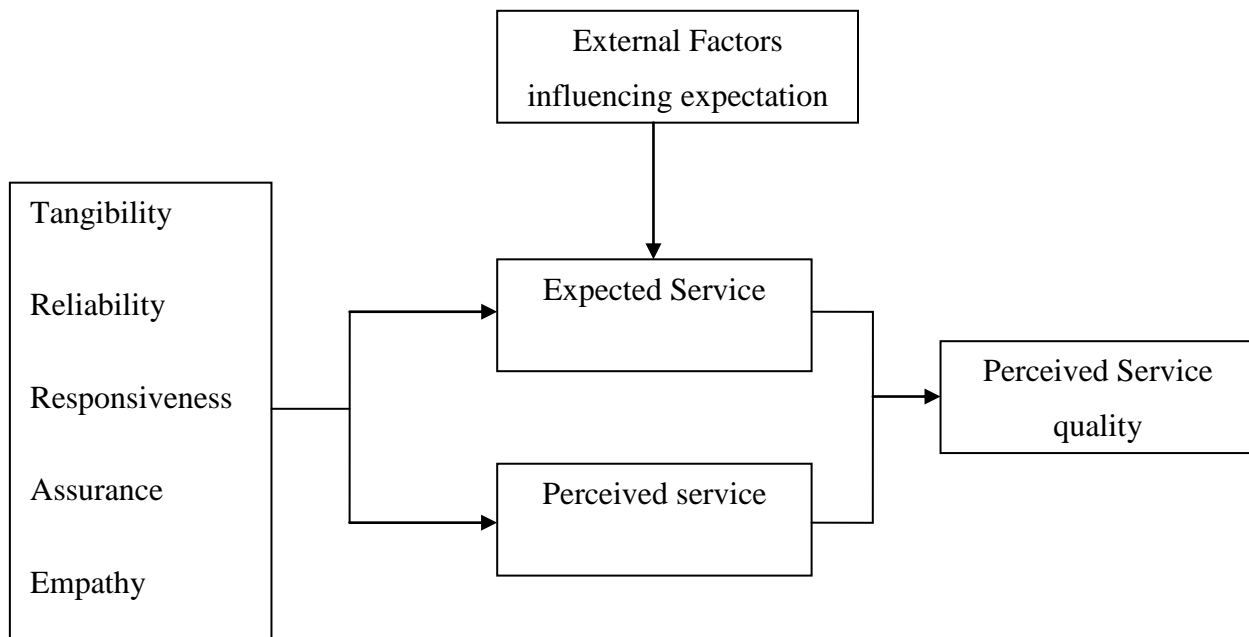


Figure2.8: the SERVQUAL Model: adopted from the Journal of Marketing, A. A. Parasuraman et al.” A conceptual Model of Service Quality and Its Implication for Future Research” p.48

CHAPTER THREE

Research Methodology

This chapter deals with the theoretical framework of the study and how the research is conducted- It consists of research approach, research method, population, sample and sampling techniques, data collection instruments, method of data analysis and finally research validity.

3.1 Research Approach

Both qualitative and quantitative research approach are used. **Qualitative research** approach to research is concerned with subjective assessment of attitudes, opinions and behavior (C.R.Kothari, p. 5, 2004). Such an approach to research generates results either in non quantitative form. In addition, the purpose of qualitative research is to gain a deeper understanding and describe a problem.

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. Based on this, the researcher uses both qualitative and quantitative research designs (mixed approach) in this study in order to understand the service quality and customer satisfaction in Dashen Bank S.C.

To understand more about the service delivery of Dashen Bank the researcher conduct an interview which is qualitative method. This method is to show how the bank applies service quality dimensions to satisfy their customers. Furthermore, since the purpose is to gain a better understanding of the relationships between service quality and customer satisfaction, qualitative research is appropriate. Since the service provision of the bank affects customer satisfaction, the researcher use questionnaire (quantitative approach) to know customers' expectations and perceptions about the Bank.

Moreover, qualitative research is used, because the researcher believes that qualitative methods will answer the research questions in the most suitable way. The primary data is collected through interviews from the area banks managers and through questionnaires from the area banks employees and customers. The researcher wish to find answers that will explain certain kind of behavior and attitudes of the customers as well as the company's motivations for certain decisions.

3.2. Research design

Most researchers agree that the three general goals of scientific research are description, prediction, and understanding/explanation.

Exploratory: Exploratory research design deals with exploring in to the phenomenon (Paurav shukla, p-32, 2008). It focuses on collecting either secondary or primary data using unstructured formal or informal procedures to interpret them. Some exploratory research design includes in depth interview, focus groups, and projective techniques.

Explanatory: Being able to describe something and having the ability to predict one thing based on knowledge of another are important goals of scientific research, but they do not provide researchers with a true understanding of a phenomenon (Geoffrey Marczyk & et al. , p.20 ,2005).

Descriptive: description refers to the process of defining, classifying, or categorizing phenomena of interest. Descriptive research is useful because it can provide important information regarding the average member of a group (Geoffrey Marczyk & et al., p.17, 2005) the purpose of the research is mainly descriptive because descriptive data were collected through questioners 'and detailed interview with managers.

3.3 Sampling design

3.3.1 Target Population

A precise definition of the target population is essential and usually done in terms of elements, sampling units, and sampling frame (Paurav shukla, p-57, 2008). The target population of this study includes Main branch, Saris branch & Goffa area Bank of Dashen Bank. Sampling units were the target population elements available for selection during the sampling process.

Using Dashen Bank, sampling units were managers, employees of different area branches, and customers who have registered on customer data base of the branch (in this case the target customers will be the depositors). Customers who did not have an account in the bank will not be included. The reason is that the researcher believes that the depositors know or experience the service of the organization and easily evaluate the service delivery of the bank. In addition these depositors are not only depositing but also withdrawing, transferring, so that they are familiar with the service provision of the bank. A sampling frame is a representation of the elements of the target population. It consists of a list or set of direction for identifying the target population. The sources of sampling frame for this study were lists of employees and customers data base of Dashen Bank.

3.3.2 Sample selection

There are several ways in which potential participants can be selected for inclusion in a research study, and the manner in which participants are selected is determined by several factors, including the research question being investigated, the research design being used, and the availability of appropriate numbers and types of study participants (Geoffrey, p. 52, 2005).

It is typically not practical to include every member of the population of interest in a research study. Time, money, and resources are three limiting factors that make this unlikely. Therefore, most researchers are forced to study a representative subset—a sample—of the population of interest (Geoffrey, p. 54, 2005). For this study, therefore, the researcher selected a sample of main branch, saris branch & Goffa area branch of Dashen Bank from the all branches by random selection.

3.3.3. Sample size

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.

There is no single rule that can be used to determine sample size. 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 10-20 per cent of the accessible population for the sample (Kumar, 2006; Hill, 1996). For this study, therefore, 40% respondents were selected from the total number employees of the branch.

For this study, therefore, by using the customer data base of DB, 40% (60) respondents were selected from the total number of 138 employees of the three branches and also the two branches managers. It tends to be a general rule in quantitative research that the larger the sample the more accurate your results (Catherine, 2007:54). However, because of the restricted time and money the researcher select 40 respondents of customers who are registered on customer data base of DB. The measurement of service quality in an equation form:-

$$SQ_i = \sum_{j=1}^n E_{ij} - P_{ij}$$

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

n = number of respondents/attributes

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

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

3.3.4. Sampling techniques

There are two major alternatives on how to select appropriate sample: probability and non probability sampling. Probability sampling gives every part of population an equal probability of selection. Simple random sampling will be employed when all the members of the population have same chance to be selected and no specific characteristic more than being a user of the selected company, is considered while selecting them.

For this study, two types of probability sampling (simple random sampling and systematic random sampling) were used.

The researcher selected respondents from employees randomly, because employees are available and it is easy for the researcher to select randomly from the total employees. Systematic random sampling will used to select research respondents from the total numbers of customers who have registered on the customer data base of Dashen Bank.

3.4. Source of data

In this study both primary and secondary data are used. The secondary data about customer satisfaction and service quality will collected from journals, books, and articles and from different research previously done.

The primary data is collect through interviews with bank's manager and from questionnaires prepared for the bank's customers and employees. In this study, primarily personal interview is conduct, implying face-to-face contact with respondent (bank's managers).

In this study quantitative survey is used as data collection method. A questionnaire is prepared to get idea about the customers' experience on service. For understanding the importance and satisfaction of each service quality dimensions a 5-scale questionnaire will be used (1= Strongly Disagree, 2= Disagree, 3=neutral, 4= Agree, 5= Strongly Agree).

3.5. Data Analysis methods

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 and also data gathered from employees.

Finally data that are gathered from customers through questionnaire is analyzed by using descriptive statistics. Descriptive statistics are used to calculate the mean of customers' expectation and perception.

3.6. Validity

Validity is concerned with whether the findings are really about what they appear to be about. 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 has experiences in using the service of the bank.
- Survey question were made based on literature review and frame of reference to ensure result validity.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents analysis, interpretation and findings of information collected through self administered questionnaires with 40 randomly selected customers of DB, 60 employees and the two branches managers of DB. The analysis is based on the information obtained from 40 customers and 60 employees. The analysis also incorporated information obtained through an interview with the two branch managers.

In order to get a representative data 40 questionnaires were prepared and distributed to customers of the bank and 60 questionnaires were distributed to employees of the bank. Out of these 40 questionnaires distributed to customers, 32 questionnaires were collected back. From these only 28 were properly filled. And from the total of 60 questionnaires distributed to the employees only 51 questionnaires were collected & properly filled. Thus, the analysis is based on the valid 28 questionnaires response from customers and 51 questionnaires response from employees.

4.2. Demographic Information of the Respondents (Employee)

The first part of the questionnaire consists of the demographic information of the participants. This part of the questionnaire requested a limited amount of information related to personal and demographic characteristics of respondents. Accordingly, the following variables about the respondents were summarized and described in the subsequent table. These variables includes: educational qualifications, number of years worked in the organization, age and sex.

Table 4.2.1 Characteristics of respondents by Gender

Characteristics	Frequency	Percentage (%)
Male	28	54.90
Female	23	45.10
Total	51	100

Source: Researcher's survey finding (2017)

As indicated in the above table 4.2.1 about 54.90% respondents are male and the remaining 45.10% of the respondents are female.

Table 4.2.2 Characteristics of respondents by Age

Characteristics	Frequency	Percentage (%)
Under 21	-	0
21-34	37	72.55
35-44	11	21.57
45-54	2	3.92
>55	1	1.96
Total	51	100

Source: Researcher's survey finding (2017)

As indicated in the above table 4.2.2 the largest group (72.55%) is in the 21-34 years age group. The second largest group (21.57%) indicated in the 35-44 years age group and 3.92% of the respondents are in the 45-54 years age group and finally the remaining (1.96%) above 55 years age group.

Table 4.2.3: The number and percentage of respondents by working experience

Number of years of experience on the job	Frequency	Percentage (%)
<1 years	9	17.65
1-2 years	8	15.69
2-3 years	4	7.83
3-5 years	8	15.69
>5 years	22	43.14
Total	51	100

Source: Researcher's survey finding (2017)

The number of years of experience of an individual can contribute a lot towards the way he/she thinks, the method he/she performs and the like. With this regard the data collected from the respondents, as we can observe from table 4.2.3, the largest groups of respondents 22 (43.14%) have a working experience of greater than 5 years on the current job whereas 9 (17.65%) have less than 1 year working experience, 8 (15.69%) are in the range of 1 to 2 years, similarly 8(15.69%) are also in the range of 3 to 5 year working experience and lastly 4 (7.83%) have a working experience of 2 to 3 years working experience.

Table 4.2.4: Educational qualification of respondents

Educational Level	Frequency	Percentage (%)
certificate	0	0
diploma	3	5.88
1 st Degree	44	86.28
2 nd Degree	1	1.96
Masters	3	5.88
Total	51	100

Source: Researcher's survey finding (2017)

From the above table 4.2.4, the majority of the respondents were grouped under the educational level of 1st degree covering 44(86.28%) of the total respondents.

The rest of the respondents were categorized under the educational level of masters degree 3(5.88%), diploma 3(5.88%) and 2nd degree1 (1.96%) respectively.

4.3 Analysis of collected data from Employee's

Based on the responses gathered from the employees of the bank, I tried to discuss the employees' perception towards activities done in DB to satisfy the employees and performance appraisal. The questionnaires were designed using Scales measurement where almost all the statements were measured on a five point scale with 1 = strongly Agree; 2 = agree; 3 = neither agree nor disagree (neutral); 4 = disagree; and, 5 = strongly disagree. The information obtained from the questionnaire are summarized and discussed in the tables below.

Dimensions	Strongly agree	Agree	Neutra l	Disagree	Strongly disagree
1. DB'S Strategies and planning					
I understand the long-term strategy of DB	7	26	11	5	2
I have confidence in the leadership of DB	1	20	15	9	6
Employees participate in the preparation of plan	2	9	18	18	4
2. Your role at DB					
I am given enough authority to make decisions	3	24	12	10	2
I like the type of work that I do	10	23	11	6	1
I feel I am contributing to DB's mission/vision	17	26	6	2	-
3. Corporate culture					
DB's corporate communications are frequent enough	3	14	20	13	1
Service quality is a top priority in DB	8	22	13	8	-
Individual initiative is encouraged at DB	2	19	18	11	1
DB is customer-based bank	16	21	9	5	-
We are informed about the bank strategies and plans on time	6	23	14	6	2
4. Your relations with your					

immediate supervisor					
My supervisor treats me fairly and with respect	16	30	3	2	-
My supervisor understands my problem	11	30	6	4	-
My supervisor asks my opinion to make decisions	7	24	10	9	1
5.DB'S training program					
DB provides induction program	18	21	8	3	1
DB provides as much ongoing training as I need	5	22	12	9	3
DB has a skill up grading training program	8	20	16	5	2
6. Recognition and Rewards					
DB gives enough recognition for work that's well done	2	21	19	8	1
I like the reward and recognition policy of the bank	1	11	15	19	5
The recognition and reward policy is transparent and clear	2	12	14	19	4
My salary is fair for my responsibilities	4	8	10	21	8
7. Working Conditions					
I have the materials and equipment I need to do my job well	3	22	8	13	5
I believe my job secure	4	29	13	4	1
The physical working conditions are good	1	31	11	7	1
8.Education level					
DB provide Better educational opportunities	5	12	10	16	8
opportunities for career development	-	22	16	10	3
9. Satisfaction level	Very satisfied	satisfied	neutral	Dissatisfied	Strongly dissatisfied
Your overall satisfaction in DB	3	15	18	13	2

Source: Researcher's survey finding (2017)

Table: 4.3.1: DB’s strategy, planning and employees role

To what extent do you agree or disagree with the following statements about DB					
Items	Measurement				
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
1. DB’S Strategies and planning					
I understand the long-term strategy of DB	7(13.73%)	26(50.98%)	11(21.57%)	5(9.80%)	2(3.92%)
I have confidence in the leadership of DB	1(1.96%)	20(39.22%)	15(29.42%)	9(17.65%)	6(11.76%)
Employees participate in the preparation of plan	2(3.92%)	9(17.65%)	18(35.29%)	18(35.29%)	4(7.84%)
Average Response for Item 1	6.54%	35.95%	28.76%	29.91%	7.84%
2. Your role at DB	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
I am given enough authority to make decisions	3(5.88%)	24(47.06%)	12(23.53%)	10(19.61%)	2(3.92%)
I like the type of work that I do	10(19.61%)	23(45.10%)	11(21.57%)	6(11.76%)	1(1.96%)
I feel I am contributing to DB's mission/vision	17(33.33%)	26(50.98%)	6(11.76%)	2(3.92%)	-
Average Response for Item 2	19.61%	47.71%	18.95%	11.76%	2.94%

Source: Researcher’s survey finding (2017)

Increased autonomy can give employees a greater sense of responsibility for the outcomes of their work and, in turn, may increase their satisfaction. In order for the employees to satisfy the customers, the bank needs to make sure that the bank’s strategies and plans are clear to the employees. In addition, the role of employees must be encouraged in the organization.

As shown in the table 4.3.1 the findings shows 13.73%, 1.96%, 3.92% of the respondents strongly agree with the way they understand DB’s long-term strategy, the leadership, and employees’ participation in the preparation of plan respectively. Out of the total respondents 9.80%, 17.65%, and 35.29% of the respondents indicated that the bank has not done enough for the employees to understand the strategies, planning and their participation in the bank’s plan respectively.

Moreover, as we can see from table 4.3.1 of item 2, majority of the respondents (47.06%, 45.10% and 50.98% respectively) agree with the statements ‘I am given enough authority to make decisions, I like the type of work that I do and I feel I am contributing to DB's mission/vision whereas 19.61%, 11.76% and 3.92% respondents respectively disagree with statements stated under the role they play in the DB.

Table: 4.3.2 DB’s corporate culture and employees’ relation with their immediate supervisor

To what extent do you agree or disagree with the following statements about DB					
Items		Measurement			
3.Corporate culture	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
DB’s corporate communications are frequent enough	3(5.88%)	14(27.45%)	20(39.22%)	13(25.49%)	1(1.96%)
Service quality is a top priority in DB	8(15.68%)	22(43.14%)	13(25.49%)	8(15.68%)	-
Individual initiative is encouraged at DB	2(3.92%)	19(37.25%)	18(35.29%)	11(21.57%)	1(1.96%)
DB is customer-based bank	16(31.37%)	21(41.18%)	9(17.65%)	5(9.80%)	-
We are informed about the bank strategies and plans on time	6(11.76%)	23(45.10%)	14(27.45%)	6(11.76%)	2(3.92%)
Average Response for Item 3	13.72%	38.82%	29.02%	16.86%	2.61%
4.Your relations with your immediate supervisor	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
My supervisor treats me fairly and with respect	16(31.37%)	30(58.82%)	3(5.88%)	2(3.92%)	-
My supervisor understands my problem	11(21.57%)	30(58.82%)	6(11.76%)	4(7.84%)	-
My supervisor asks my opinion to make decisions	7(13.73%)	24(47.06%)	10(19.61%)	9(17.65%)	1(1.96%)
Average Response for Item 4	22.22%	54.90%	12.42%	9.80%	1.96%

Source: Researcher’s survey finding (2017)

Table 4.3.2 indicates that the respondents degree of agreement or disagreement towards DB's corporate culture and their relationship with their immediate supervisor. Once the employees know what is going on in the bank (i.e. organizational culture) and have a good relationship with their supervisors, they are motivated to serve the bank as well as clients. With this regard employees were asked to rate their agreement or disagreement towards DB's culture and the relationship they have with their supervisors.

As it is revealed in the table 4.3.2, majority of the respondents (about an average of 38.82% respondents are agree) with the bank's cultures like DB's corporate communications frequently enough, Service quality is a top priority with DB, Individual initiative is encouraged in DB, DB is customer-based bank, and We are informed about the bank strategies and plans on time. Out of the total respondents, averages of 29.02% are neutral and 16.86% and 2.61% of the respondents are disagreeing and strongly disagree with the bank's culture respectively.

Moreover, the respondents were also asked to what extent they agree or disagree with the relationship they have with their immediate supervisors. Averages of 22.22% and 54.90% of the respondents have responded that they strongly agree and agree with the relationship they have with their immediate supervisors respectively.

But around 12.42% of the respondents have shown that neither agree nor disagree, and 9.80% of the respondents have expressed that they disagree and 1.96% of the respondents are strongly disagree with the relationship they have with their supervisor

Table: 4.3.3: DB’s training program, recognition and rewards

To what extent do you agree or disagree with the following statements about DB					
Items	Measurement				
5.DB’S training program	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
DB provides induction program	18(35.29%)	21(41.18%)	8(15.69%)	3(5.88%)	1(1.96%)
DB provides as much ongoing training as I need	5(9.80%)	22(43.14%)	12(23.53%)	9(17.65%)	3(5.88%)
DB has a skill up grading training program	8(15.69%)	20(39.22%)	16(31.37%)	5(9.80%)	2(3.92%)
Average Response for Item 5	20.26%	41.18%	23.53%	11.11%	3.92%
6. Recognition and Rewards	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
DB gives enough recognition for work that’s well done	2(3.92%)	21(41.18%)	19(37.25%)	8(15.69%)	1(1.96%)
I like the reward and recognition policy of the bank	1(1.96%)	11(21.57%)	15(29.41%)	19(37.25%)	5(9.80%)
The recognition and reward policy is transparent and clear	2(3.92%)	12(23.53%)	14(27.45%)	19(37.25%)	4(7.84%)
My salary is fair for my responsibilities	4(7.84%)	8(15.69%)	10(19.61%)	21(41.18%)	8(15.69%)
Average Response for Item 6	4.41%	25.49%	28.43%	32.84%	8.8%

Source: Researcher’s survey finding (2017)

The achievement of organizational objectives depend a greater extent on the quality of leadership provided by administrators/ managers. In most cases, there may be gap between employees’ knowledge and skill, and what the job demand. The gap must be filled through training programs. Hence, personnel training and retraining is one of the major ways that bank attempt to maintain the competency levels of their human resources and increase their adaptability to changing organizational demands. Furthermore, the bank must also motivate their employees through or by providing recognition and rewards.

As indicated in the table 4.3.3, an average of 20.26% and 41.18% of the respondents respectively have expressed that they strongly agree and agree with the DB's training program in that DB provides induction program, DB provides as much ongoing training as I need and DB has a skill up grading training programs. Averages of 23.53% of respondents are neutral, Average of about 11.11% and 3.92% of them has indicated that they disagree and strongly disagree with the bank training program. Regarding the recognitions and rewards provided by the bank to the employees, an average of 4.41% and 25.49% of the respondents ensured that they strongly agree and agree with the recognition and rewards system provided by the bank. But out of the total respondents, averages of 28.43% are neutral and averages of 32.84% and 8.8% of them have expressed their feelings indicating that they disagree and strongly disagree with the rewards and recognitions system provided by DB.

Table: 4.3.4. Working conditions and educational level

To what extent do you agree or disagree with the following statements about DB					
Items	Measurement				
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
7. Working Conditions					
I have the materials and equipment I need to do my job well	3(5.88%)	22(43.14%)	8(15.69%)	13(25.49%)	5(9.80%)
I believe my job secure	4(7.84%)	29(56.86%)	13(25.49%)	4(7.84%)	1(1.96%)
The physical working conditions are good	1(1.96%)	31(60.78%)	11(21.57%)	7(13.73%)	1(1.96%)
Average Response for Item 7	5.23%	53.59%	20.95%	15.69%	4.6%
8. Education level					
DB provide Better educational opportunities	5(9.80%)	12(23.53%)	10(19.61%)	16(31.37%)	8(15.69%)
opportunities for career development	-	22(43.14%)	16(31.37%)	10(19.61%)	3(5.88%)
Average Response for Item 8	9.80%	33.33%	25.49%	25.49%	10.78%

Source: Researcher's survey finding (2017)

Feeling safe in the work environment is very important to employee job satisfaction. Where as one of the basic aims of management development program to improve current job performance of each department, which ultimately improves the productivity of the organization as a whole, is by updating the skills and knowledge of departmental staffs. Therefore, the staffs must be given educational opportunity to enhance their skills and knowledge.

As can be observed from table 4.3.4, of item 7 average of 5.23% and 53.59% of respondents have expressed that they are strongly agree and agree with the working conditions such as having the materials and equipment they need to do their job well, have job security & the physical working conditions of the bank is good. 15.69% and 4.6% of respondents respectively expressed their dissatisfaction by indicating that they disagree and strongly disagree with the working condition of the bank and 20.95% of respondents are neutral. Regarding the educational level Table 4.3.4, of item 8 indicates that 9.80% and 33.33% of the respondents have expressed their satisfaction by responding that they strongly agree and agree with the bank give educational opportunity for employees respectively. Average of 25.49% and 10.78% of respondents responded that they disagree and strongly disagree with the educational opportunities given to employees to enhance their skill and knowledge. And 25.49% of the respondents are neutral.

Table: 4.3.5 Employees overall satisfaction with DB

9. Satisfaction level	Very satisfied	satisfied	neutral	Dissatisfied	Strongly dissatisfied
Your overall satisfaction in DB	3	15	18	13	2
Percentage %	5.88%	29.41%	35.29%	25.49%	3.92%

Source: Researcher's survey finding (2017)

When employee satisfaction is high, it translates into increased productivity, commitment and retention for organizations .Based on all of the above 8 questions the respondents were also asked to rate their overall satisfaction with the bank. From the total respondents, 29.41% have responded that they are satisfied. The other 5.88% and 25.49% respectively have expressed that they are very satisfied and dissatisfied. 32.29% of the respondents have indicated that they are neutral.

4.4 Open Ended Questions

In addition to closed ended questions respondents were also asked the following open ended questions, in order to complement their answers to the closed ended questions.

4.4.1 What should DB do to increase your satisfaction as an employee?

The respondents have listed the following points that they think the DB should do in order to increase their satisfaction as an employee of the bank.

- Increase the quality of working materials & equipments.
- Make the working conditions smooth and favorable.
- Create fair, clear and transparent career development path for all employees.
- Arrange/provide different training opportunities for each employee to improve their knowledge.
- Improve employees benefit and rewards, like lone policies, educational opportunities, recognitions...
- Fair and reasonable salary scale should be set by the bank.
- Provide a better benefit packages from other banks.
- Give immediate response for the employee questions.

4.4.2 What do you think DB should do to improve its customer service quality?

The following points are some of the suggestions given by the employees of the bank that the bank must do to improve its customer service quality.

- Upgrade the quality of the system.
- Introduce new modern technologies/products.
- Provide self improvement on job trainings for the employees of the bank.
- Keep the employees of the bank satisfied.
- Enhancing technical and managerial capability of the bank
- Focus on the customer needs & wants.
- Provide clear and suitable work place.
- Give customer handling trainings.

- Create better understanding on how to use internet banking technology.
- Facilitate work Rotation.

4.4.3 Any Comments or suggestions?

The employees were asked to forward any other comment or suggestion and they have indicated the following comments.

- To be competent, reputable, and socially responsible bank DB has to enhance strategic leadership and management efficiency, effective human resource development, providing quality service, and increasing the service coverage or market share of the bank
- The manager and employees of the bank should make an effort in searching and retaining potential customers.
- Hire more experienced and skilled manpower.
- Service quality problem issues raised by internal & external customers must be answered quickly.
- The bank should undertake researches related with employee and customer satisfactions.

4.5 Analysis of Data Gathered from Customers

4.5.1 Demographic characteristics of the Respondents (Customers)

Forty (40) questionnaire were distributed to three branches of DB namely, Main branch, Goffa branch and Saris branches. A total of 28 questionnaires were returned i.e. 70% of the total distributed questionnaires are used for the analysis.

Table 4.5.1.1. Characteristics of respondents by gender

Characteristics	Frequency	Percentage (%)
Male	17	60.71
Female	11	39.29
Total	28	100

Source: Researcher's survey finding (2017)

As indicated in table 4.5.1.1 Out of the total respondents 60.71% are male and 39.29% are females.

Table 4.5.1.2 Characteristics of respondents by Age

Characteristics	Frequency	Percentage (%)
Under 24	3	10.71
25-34	13	46.42
35-44	9	32.14
45-54	2	7.14
>55	1	3.5
Total	28	100

Source: Researcher's survey finding (2017)

Regarding the age of the participants, the largest group (46.42%) is in the 25-34 years age group. The second largest group (32.14%) indicated in the 35-44 years age group and 10.71% of the respondents are under 24 years age group, finally (7.14%) and (3.5%) of respondents are in the 45-54 and greater than 55 years age groups respectively.

Table 4.5.1.3: Customers Service Experience

Customer service experience	Frequency	Percentage (%)
<1 years	8	28.57
2-5 years	9	32.14
6-10 years	4	14.29
>10 years	7	25
Total	28	100

Source: Researcher's survey finding (2017)

With regarding the respondents' banking relationship with DB 9(32.14%) of them have a banking relationship between 2-5 years, 8(28.57%) of them have less than 1 years service experience and, 4(14.29%) and 7(25%) of them have 6-10 years and more than 10 year of banking experience, respectively.

Table 4.5.1.4: Educational qualification of respondents

Educational Level	Frequency	Percentage (%)
certificate	3	10.72
diploma	4	14.28
1 st Degree	12	42.86
2 nd Degree	0	-
Masters	4	14.28
other	5	17.86
Total	28	100

Source: Researcher's survey finding (2017)

As we can observe from table 4.5.1.4, 12 (42.86%) of respondents have 1st degree qualification, 4 (14.28%) of them have diploma and also 4 (14.28%) of them have masters degree and 3(10.72%) of them certificate and the rest 5(17.86%) have other qualification.

4.5.2 Statistics indicating service quality dimensions for Building customer satisfaction

After the collection of the questionnaires from the respondents, the researcher explored the level of customers' expectation and perception towards service quality of the bank 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.

4.5.3 Level of customers' expectation and perception on service quality in DB

This section presents the customers' expectation and perception towards service quality of Dashen Bank. 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 Dashen Bank.

As stated in the research methodology, Liker scale was used to measure the contribution of service quality dimensions for building customer satisfaction. The researcher has explored customers' expectation and perception levels towards service quality of the Bank. The degree of satisfaction towards service quality of the bank is set from 1 to 5 (5 is from the highest expectation/satisfaction, whereas, 1 is the lowest expectation/satisfaction).

The translation of level ranking is analyzed based on the following criteria of customers' satisfaction designed by Best (1977: 174)

- ✓ The score between 1.00-1.80 mean lowest satisfaction (Lowest)
- ✓ The score between 1.81-2.61 mean low satisfaction (Low)
- ✓ The score between 2.62-3.41 mean average satisfaction (Average or Medium)
- ✓ The score between 3.42-4.21 mean good satisfaction (High)
- ✓ The score between 4.22-5.00 mean very good satisfaction (Highest)

4.5.4 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 4.5.4 presents the item statistics, which is sorted by occurrence in the questionnaire.

Table 4.5.4: Gap Analysis Score

PARTICULARS		MEAN		SERVICE GAP (E-P)	Rank of Service Quality Gap
		EXPECTATION (E)	PERCEPTION (P)		
Tangibility	The staff dress properly	3.79	3.43	0.36	8
	The staff uniform is clean	4.14	3.89	0.25	13
	The staff provides the services with smiling	3.93	3.57	0.36	8
	The staff have attractive appearance i.e. elegant, smart, etc	4.07	4.04	0.04	22
Reliability	The staff can provide you the services as promised	4.04	3.50	0.54	3
	The staff provide you accurate information	4.04	3.68	0.36	11
	The staff perform the service right at the first time	3.64	2.89	0.75	2
	The staff offer you some help	3.61	3.21	0.39	7
	Keep records accurately	3.57	3.36	0.21	16
Responsiveness	The staff tells you exactly when services will be provided	3.64	3.00	0.64	3
	The staff give you prompt service	3.71	3.36	0.36	10
	The staffs are willing to help you	4.04	3.89	0.14	18
	Staff respond to requests promptly	3.71	3.50	0.21	14
Assurance	The staff has product knowledge of bank information	3.89	3.82	0.07	20
	The staffs have required skill to perform service	3.93	3.71	0.21	14
	The staff speak with you by using an appropriately address forms	4.04	3.50	0.54	4
	The staffs are trustworthy	4.11	4.00	0.11	19
	The staff makes you feel safe	3.86	3.68	0.18	17
Empathy	The staffs are able to communicate effectively with you.	3.71	3.64	0.07	21
	The staff shows personal attention to you	3.36	2.96	0.39	6
	The staff knows your specific needs	3.21	2.93	0.29	12
	Convenient time management	3.79	2.43	1.36	1

Source: Researcher's survey finding (2017)

Table 4.5.4 describes the respondents' response towards their expectations and perceptions of the service quality of Dashen Bank. The table also describes the mean scores of the scale values for each of the particulars in the questionnaire.

For each statement there is the mean expectation (E) and perception (P) value, and the service quality value is calculated by the formula:

$$SQ = E - P$$

Where: SQ= Service Quality

P= Perception

E= Expectation

The mean scores in the table 4.5.4 shows that the most important service quality dimensions that satisfy customers at the highest level (Expectation) are uniform cleanness with mean value of (mean=4.14), trust worthiness (mean=4.11), attractive appearance (mean=4.07), delivery of service as promised (mean=4.04), provision of accurate information (mean=4.04).

Even if customers' expectation is at the highest and high level as described in the table 4.5.4 it is important to see what they perceive from the bank and comparing their perception with what they expected is an important strategy to identify their level of satisfaction towards service quality dimensions of the bank.

4.5.5 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 throughout their stay. That means, in order to know the overall customers' satisfaction one question is asked concerning customers' overall satisfaction in Dashen Bank.

Table 4.5.5.1: Customer Satisfaction Concerning Tangibility

STATEMENT		MEAN		SERVICE GAP (E-P)
		EXPECTATION (E)	PERCEPTION (P)	
Tangibility	The staff dress properly	3.79	3.43	0.36
	The staff uniform is clean	4.14	3.89	0.25
	The staff provides the services with smiling	3.93	3.57	0.36
	The staff have attractive appearance i.e. elegant, smart, etc	4.07	4.04	0.04
Overall Mean Score		4.02	3.73	0.29

Source: Researcher's survey finding (2017)

Table 4.5.5.1 indicated that overall satisfaction of expectation towards tangibility is at high level (4.02). Customer perception of tangibility dimension was ranked at the average level (3.73). This implies that customers of the Bank are dissatisfied because their expectations are higher than what they perceived from the bank. Therefore, tangibility dimension of service quality affects customers' satisfaction significantly.

Table 4.5.5.2: Customer Satisfaction Concerning Reliability

STATEMENT		MEAN		SERVICE GAP (E-P)
		EXPECTATION (E)	PERCEPTION (P)	
Reliability	The staff can provide you the services as promised	4.04	3.50	0.54
	The staff provide you accurate information	4.04	3.68	0.36
	The staff perform the service right at the first time	3.64	2.89	0.75
	The staff offer you some help	3.61	3.21	0.39
	Keep records accurately	3.57	3.36	0.21
Overall Mean Score		3.75	3.33	0.42

Source: Researcher's survey finding (2017)

Table 4.5.5.2 shows that overall of expectation concerning reliability dimension is high (3.75). However, the overall satisfaction of perception towards reliability dimension is average level (3.33). Even though over all mean score of customers' expectation is in the range of high customer satisfaction like that of customers' perception, what they perceived is lower than what they expected. From this we can deduce that since customers' expectations are high regarding reliability dimensions, the Bank should to work hard to enhance the quality of reliability dimensions.

Table 4.5.5.3: Customer Satisfaction Concerning Responsiveness

STATEMENT		MEAN		SERVICE GAP (E-P)
		EXPECTATION (E)	PERCEPTION (P)	
Responsiveness	The staff tells you exactly when services will be provided	3.64	3.00	0.64
	The staff give you prompt service	3.71	3.36	0.36
	The staffs are willing to help you	4.04	3.89	0.14
	Staff respond to requests promptly	3.71	3.50	0.21
Overall Mean Score		3.84	3.44	0.40

Source: Researcher's survey finding (2017)

Table 4.5.5.3 indicates that overall expectation and perception towards responsiveness dimension was at the high level with overall mean score of 3.84 and 3.44 respectively. The staffs' willingness to help received the highest ranking of the perception at 3.89. It is highly possible that customers are satisfied when they receive a quick response from the bank. Generally, customers' expectation and perception towards responsiveness of the bank falls under low level customer satisfaction.

Table 4.5.5.4: Customer Satisfaction Concerning Assurance

STATEMENT		MEAN		SERVICE GAP (E-P)
		EXPECTATION (E)	PERCEPTION (P)	
Assurance	The staff has product knowledge of bank information	3.89	3.82	0.07
	The staffs have required skill to perform service	3.93	3.71	0.21
	The staff speak with you by using an appropriately address forms	4.04	3.50	0.54
	The staffs are trustworthy.	4.11	4.00	0.11
	The staff makes you feel safe	3.86	3.68	0.18
Overall Mean Score		3.96	3.74	0.22

Source: Researcher's survey finding (2017)

Table 4.5.5.4 shows that overall expectation towards assurance dimension is the high level (3.96), with trustworthiness and appropriate dressing form of the staff ranking most important (4.11 & 4.04).

This implies that most customers expect staff to make them feel safe when staying at the bank and has appropriate dressing form of the bank. The table also indicates that perception of assurance dimension ranked at the high level (3.74), with which all assurance variables being the most important factor (high level). Above all, front office staff shall maintain their trustworthiness and should dress properly to satisfy customers. It should be noted that other assurance variables are important as the above two variables. Thus, the bank should work on that too to maintain high level of customer satisfaction concerning assurance.

Table 4.5.5.5: Customer Satisfaction Concerning Empathy

STATEMENT		MEAN		SERVICE GAP (E-P)
		EXPECTATION (E)	PERCEPTION (P)	
Empathy	The staffs are able to communicate effectively with you	3.71	3.64	0.07
	The staff shows personal attention to you	3.36	2.96	0.39
	The staff knows your specific needs	3.21	2.93	0.29
	Convenient time management	3.79	2.43	1.36
Overall Mean Score		3.55	2.99	0.56
		Mean	Std. Deviation	
Overall Customer Satisfaction		4.11	.832	

Source: Researcher's survey finding (2017)

Table 4.5.5.5 shows that overall expectation concerning empathy dimension is the high level (3.55). To the dismay of the Bank the overall perception of the empathy dimension scores average level (2.99). Proper time management, lack of personal attention towards customers and lack of knowledge of customers' need were considered poor relative to their expectation.

On a five-point scale, customers were asked to rate their overall satisfaction. Accordingly, the mean scores of customers' overall satisfaction on Dashen Bank were (mean= 4.11) with standard deviation of (Sd= 0.832). This represents that customers' perceived quality of service being offered by Dashen Bank is high.

4.5.6 Overall customer satisfaction towards service quality

The SERVQUAL gap is calculated between the mean score of expectation and perception. The following table shows the overall means score of customer satisfaction on service quality and the gap between customers' expectation and perception.

Table 4.5.6.1: Overall Gap Analysis Score

S/N	Service Quality Dimensions	MEAN		SERVICE GAP (E-P)	Rank in Service Quality Gap
		EXPECTATION (E)	PERCEPTION (P)		
1	Tangibility	4.02	3.73	0.29	4
2	Reliability	3.75	3.33	0.42	2
3	Responsiveness	3.84	3.44	0.40	3
4	Assurance	3.96	3.74	0.22	5
5	Empathy	3.55	2.99	0.56	1
Overall Mean Score		3.82	3.45	0.38	

Source: Researcher's survey finding (2017)

Table 4.5.6.1 shows that overall satisfaction of expectation on the five dimensions is high level (3.82) which is significant. The result of customers expectation shows that tangibility dimension is at the high level (4.02) followed by assurance (3.96), responsiveness (3.84), reliability (3.75), and empathy (3.55) in descending orders. The table also indicates that overall satisfaction of perception on the five dimensions is at a high level (3.45), which is lower than the expectation by 0.38. Most customers perceived assurance the most important dimension at (3.74), followed by tangibility (3.73), responsiveness (3.44), reliability (3.33), and empathy (2.99) in the descending order. In this study, tangibility and assurance dimensions were the most vital factor in which both the customers' expectation and perception are very high as compared with the other dimensions.

Empathy, reliability and responsiveness observed to have the highest service gap (0.56, 0.42 and 0.40) respectively. Thus, the bank has to understand and exceeded customers' expectation of service quality in this dimensions. The study shows that the overall level of perception of tangibility, reliability, responsiveness, assurance, and empathy are lower than level of expectation.

4.5.7 Discussion of Findings

As indicated in the Table 4.6.6.1, perception is measured for each attribute separately, on a five point Likert scale. Based on these ratings, the researcher has obtained the performance (Perception) scores for the five service quality dimensions, namely "Assurance" (3.74), "Tangibility" (3.73), "Responsiveness" (3.44), "Reliability" (3.33), and "Empathy" (2.99).

As for the expectation the researcher had 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 "Tangibility" (4.02), followed by "Assurance" (3.96), "Responsiveness" (3.84), "Reliability" (3.75), and "Empathy" (3.55) respectively. Therefore, the bank needs to give due attention to the "Reliability and Empathy" factors so that customers may have higher expectations helping the bank to improve.

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

4.6 Interview with manager

The researcher has conducted an interview with the two area branches' managers regarding the following questions. Information gained from the two branches' managers is analyzed qualitatively as follows.

4.6.1 Do you think service quality and customer satisfaction are an important strategy for your bank?

According to the managers banks are service delivery institutions. They deliver their services for customers. In turn customers are the backbone of service providing institutions like banks. Because of these and other factors banks cannot exist without customers. Providing service to customers is not only the strategy bank follow, they must retain 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 in the bank. Therefore, service quality and customer satisfaction are important strategies for DB. The reason is that according to the managers if the bank does not increase and improve its service quality and meet customers' needs, customers will be dissatisfied and they will switch from the bank to other banks. So without customers there is no bank business in general.

4.6.2 What are the strategies applied in the bank to boost the quality service delivery of the bank?

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

- Changing the process. There is an improvement made in the bank concerning the speed of service delivery. The bank minimized the process through which they deliver the service to their customers by applying one window service.
- By increasing the ability and knowledge of employees. The bank gives different training programs for its employees on the areas of customer service delivery process, how to handle their problem during service encounter and also train them on product knowledge of the bank.

Customer service is the ability of knowledgeable, capable, and enthusiastic employees to deliver products and 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.

4.6.3 Do you think that your bank has the ability to provide appropriate service quality that customers are satisfied with?

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

- Using computerized system
- Increase bank network
- 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.
- Applying customer handling system

4.6.4 What are the measures that your bank is taking to improve customer satisfaction?

According to the managers, the followings are some of the measures that the bank 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 the bank) and external(on customers)
- Helping employees to participate in decision making: since employees are always the contact point with the customers, the bank believes that the employees know about customers. Because of this the bank encourages employees' participation in decision making.
- Focusing on customers' needs in its plan

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

The bank 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.
- 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.
- Rotating of their job (their working place): employees are happy when their working place is changed- today they are working in one place in another day someplace else.
- 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.

CHAPTER FIVE

Findings, Conclusions and Recommendation

This chapter presents the study's conclusion from the research and the research questions will be answered. Based on the analysis and interpretations made at the pervious chapter the following summaries, conclusions and recommendation are made.

5.1. Major Findings

The following findings are derived from the analysis and interpretations made in the previous chapter.

- ❖ The demographic characteristics of customer respondents show that the majority of their respondents are male (60.71%). Also most of the respondents are relatively well educated with most of them having at least a diploma. Moreover, the results of the study reveal that the respondents have an average banking relationship of 10 years.
- ❖ The dimension Tangibles has a gap score of (0.29). 'The staff dress properly & the staff provides the services with smiling' has the highest score (0.36). The study also reveals that DB has relatively worrisome Reliability score as judged by the respondents' average score of (0.42) the attribute "The staff perform the service right at the first time" has a highest gap score of (0.75).
- ❖ Responsiveness has a gap score of (0.40) among the attributes "The staff tells you exactly when services will be provided" has a higher gap score (0.64). The Assurance dimension has a gap score of (0.22), and the attribute 'the staff speak with you by using an appropriately address forms' has a gap score of (0.54).
- ❖ The last dimension Empathy has a gap score of (0.56) and the attribute 'Convenient time management' has a higher gap score of (1.36).
- ❖ And the highest service quality gap is found on Empathy (0.56) followed by Reliability (0.42). The other dimension more or less has a lower gap scores.

5.2. Conclusions

The researcher has examined the relationship between five service quality dimensions and customers' satisfaction in DB and tried to identify which dimension has the highest impact on customers' satisfaction and which need improvement. Based on analysis of the data and findings the following conclusions are drawn:

- ❖ .The Reliability dimension is worrisome with a gap score of (0.42) indicating that the bank is not able to provide consistent service. Responsiveness dimension has a gap score of (0.40) in which the attribute “The staff tells you exactly when services will be provided” has the highest score (0.64) suggesting that the staffs are not properly dealing with customer requests, questions, complaints, and problems. The other dimension with largest score is Empathy (0.56) which suggests that the staffs are not perceived as providing caring, individual attention to customers and understanding specific need of customers. Over all this indicates that the customers' expectations are not met.
- ❖ The study focused further on the gap between customers' expectation and their perception of the bank (DB). The results showed that the overall mean score of perception (m=3.45) is lower than expectation (m=3.82) in all dimensions. All these indicate that the banks are not able to meet customers' expectation or the customers are not satisfied with the banks service provisions.
- ❖ The findings indicate that customers' perceptions vary according to the nature of service. In this case, the lower customers' perceptions are demonstrated in all dimensions empathy area such as convenient time management of the bank, effective communication, know customer specific needs and personal attention. followed by the reliability area such as giving service as promised, give accurate information, time delivery of service, willingness in helping customers & keep accurate records. In the responsiveness area, such as telling when services are provided, give prompt service and respond to requests promptly. All this shows that, relatively poorer performance the bank needs to consider the weak areas in order to meet customer requirement.

5.3 Recommendations

Based on the survey result the bank show a highest gap in all dimensions implying that the customers' perceptions falls short of their expectations the banks should strive promptly to close these gaps by identifying the cause.

In order to close these gaps the banks should consider the following steps with regard to their staff and management:

- ❖ Recruitment and selection of qualified staff is vital in order to deliver quality service. Thus, the banks should make the process by considering not only the technical qualification of the applicant but also his/her soft skills like personality and attitude in interacting with customers. Training is considered to be essential for improving quality and. Therefore, the bank should develop training programs to improve the Staff' skill, friendliness and courtesy.
- ❖ Also effective teamwork tends to develop capabilities for delivering a high level of service quality, since working as a mutually reinforcing team creates an environment where customer satisfaction can be increased and employee motivation sustained.
- ❖ Empowerment of front-line staff could be fundamental to achieving and improving the level of service quality. Therefore, the bank should empower front-line workers to address customers concerns.
- ❖ Introducing improved communication flow would enable staff to deliver what customers expect more promptly and to provide information to management about customers' expectations so that necessary changes would be made.
- ❖ Management's commitment to quality improvement is crucial since management's primary driver for quality improvement initiatives.
- ❖ DB should work hard at Empathy dimension. This can be done by improving the skill of staff related to; understanding the specific needs of customers and giving individual attention to customers by giving trainings in this area. Also DB should improve convenient operating hours to customers by managing operating hours effectively.

- ❖ In order to close the gap on the Reliability dimension the bank must clearly state what customers will actually receive and when. Then they must make sure that the promised services are delivered. Also training employees to identify and improve their attitudes towards meeting customers' expectation is paramount. These training programs must emphasis meeting customer expectations
- ❖ To improve the Responsiveness dimension of DB's service quality and to narrow the gap between perceptions and expectations, a training initiative should be made focusing on fast response from employees to customers' requests, fast respond of complaints, prompt service from the employees, and willingness of the employees to help customers.
- ❖ To improve the Tangible dimension of the service by improving the bank physical appearance, neatly dressed and attractive appearance of the employees the bank can meet customer satisfaction .
- ❖ The satisfaction of employees/internal customers contributes indirectly for the satisfaction of external customers (Zeithaml and Bitnere,2003).Therefore, the bank should give employees effective training, development skill and give incentive which enable them deliver prompt service to customers.

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Appendix

Appendix I



St. Mary's University

School of Post Graduate Studies

Master of Business Administration (MBA)

Questionnaire to be filled by employee

This questionnaire is designed to gather information on “service quality and customer satisfaction in Dashen bank s.c. The purpose of the study is to fulfill a thesis requirement for the Masters of Business Administration (MBA) at St. Merry University. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential. Your specific answers will be completely anonymous, but your views, in combination with those of others, are extremely important. Finally, I would like to thank you for your cooperation and sparing your valuable time for my request.

Instruction

- No need of writing your name
- Your confidentiality will be maintained sincerely.
- Use √ to indicate your answer.

Part I personal data

1. Sex?

Male

Female

2. Age?

Under 21

21-34

35-44

45-54

> 55

3. How long have you worked in DB?

<1 year

1-2 yeas

2-3 years

3-5 years

>5 years

4. Educational qualification

Masters degree

Diploma

2nd degree

Certificate

1st degree

other

Part II: Survey Questions

Dimensions	Strongly agree	Agree	Neutra I	Disagree	Strongly disagree
1. DB'S Strategies and planning					
I understand the long-term strategy of DB					
I have confidence in the leadership of DB					
Employees participate in the preparation of plan					
2. Your role at DB					
I am given enough authority to make decisions					
I like the type of work that I do					
I feel I am contributing to DB's mission/vision					
3. Corporate culture					
DB's corporate communications are frequent enough					
Service quality is a top priority in DB					
Individual initiative is encouraged at DB					
DB is customer-based bank					
We are informed about the bank strategies and plans on time					
4. Your relations with your immediate supervisor					
My supervisor treats me fairly and with respect					
My supervisor understands my problem					
My supervisor asks my opinion to make decisions					
5. DB'S training program					
DB provides induction program					
DB provides as much ongoing training as I need					
DB has a skill up grading training program					
6. Recognition and Rewards					

DB gives enough recognition for work that's well done					
I like the reward and recognition policy of the bank					
The recognition and reward policy is transparent and clear					
My salary is fair for my responsibilities					
7. Working Conditions					
I have the materials and equipment I need to do my job well					
I believe my job secure					
The physical working conditions are good					
8. Education level					
DB provide Better educational opportunities					
opportunities for career development					
9. Satisfaction level	Very satisfied	satisfied	neutral	Dissatisfied	Strongly dissatisfied
Your overall satisfaction in DB					

10. What should DB do to increase your satisfaction as an employee?

11. What do you think DB should do to improve its customer service quality?

12. Please write in below any that comments or suggestions you have for DB?

Appendix II



St. Mary's University

School of Post Graduate Studies

Master of Business Administration (MBA)

Questionnaire to be filled by customers of the bank

This questionnaire is designed to evaluate customer expectation and perception levels towards the service quality of Dashen bank s.c. The purpose of the study is to fulfill a thesis requirement for the Masters of Business Administration (MBA) at St. Merry University. And its objective is to get accurate information about the effect of service delivery system of Dashen bank s.c on customer satisfaction. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis. The information that you provide will be used only for the purpose of the study and will be kept strictly confidential. Finally, I would like to thank you for your cooperation and sparing your valuable time for my request.

Instruction

- No need of writing your name
- Your confidentiality will be maintained sincerely.
- Use √ to indicate your answer.

Part I personal data

1. Sex?

Male Female

2. Age?

Under 24 25-34

35-44 45-54 55 or older

3. How long have you been a customer of Dashen bank?

<1 year 2-5 years 6-10 years

>10 years

4. Educational qualification

Masters degree Diploma

2nd degree Certificate

1st degree other

Part II: Survey Questions

This part shows your **expectations** and **perceptions** towards service quality of Dashen bank . There is no right or wrong answers all I am interested in is a number that best show your expectations and perceptions about the Service Delivery System of Dashen bank Share Company.

Based on this please put a tick (√) in the boxes which mostly explain your attitudes.

The score levels are described as:

1- Strongly Disagree

4- Agree

2- Disagree

5- strongly Agree

3- Neutral

Dimensions	Level of expectation					Level of perception				
	5	4	3	2	1	5	4	3	2	1
Tangibility										
1.the staff dress properly										
2.the staff uniform is clean										
3 The staff provides the services with smiling.										
4. The staff have attractive appearance i.e. elegant, smart, etc										
Reliability										
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 help										
9. Keep records accurately										
Responsiveness										
10. The staff tells you exactly when services will be provided										
11. The staff give you prompt service										

12. The staffs are willing to help you										
13. Staff respond to requests promptly										
Assurance										
14. The staff has product knowledge of bank information										
15. The staffs have required skill to perform service										
16. The staff speak with you by using an appropriately address forms										
17. The staffs are trustworthy.										
18. The staff makes you feel safe										
Empathy										
19. The staffs are able to communicate effectively with you										
20. The staff shows personal attention to you										
21. The staff knows your specific needs										
22 Convenient time management										
23. Customers overall satisfaction	v/sati	Satis	Neutr	dissa	v/dissat					
	sfied	fied	al	tisfied	isfied					
Your overall satisfaction with the bank										

Thank you for your time!!!!

Appendix III

Interview questions for managers

- 1) Do you think service quality and customer satisfaction are an important strategy for your bank?
- 2) What are the strategies applied in the bank to boost the quality service delivery of the bank?
- 3) Do you think that your bank has the ability to provide appropriate service quality that customers are satisfied with?
- 4) What are the measures that your bank is taking to improve customer satisfaction?
- 5) Employees' attitude /behavior play a central role with regard to customer's satisfaction and quality service delivery. What strategies are followed in the bank to improve the attitude of the employees in relation to customer service?

Summary of Past research works on Quality Service (in Banks and related areas)

Research Title	Research Objective	Methods used	Result
The customer perception on service quality in banking sector: with special reference to Indian private bank	To understand the perception of service quality in banking and to evaluate how it helps in enhancing the reputation and customer loyalty. Banks under the study are HDFC, ICICI, kotak & indusInd	Survey method, data collection based on SERVQUAL tool for measurement of service quality.	1. Reliability and responsiveness are the most relevant factors for service quality perception. 2. HDFC banks has the highest quality perception in terms of all the dimensions followed by ICICI, kotak & indusInd
Service quality delivery and the impact on customer satisfaction in the bank sector in Malaysia.	Measurement of customer satisfaction through delivery of service quality in bank sector Malaysia. Highlights the parameters of measurement of service quality and customer satisfaction.	Survey method, data collection from random respondents of general population.	1. the study found that assurance factor has a positive relationship with customer satisfaction. 2. Reliability factors does not have much impact on customer satisfaction, as it is the timeliness and accuracy in service provided. 3. Tangibility factors has higher positive correlation with customer satisfaction. 4. there is no relation between empathy and satisfaction.

