



**SCHOOL OF POSTGRADUATE STUDIES  
Business Administration Program**

**THE EFFECT OF COMPLAIANT HANDLING PRACTICE ON  
CUSTOMER SATISFACTION IN THECASE OF  
COMMERCIAL BANK OF ETHIOPIA'**

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**Addis Ababa, Ethiopia  
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ON CUSTOMER SATISFACTION IN THE CASE OF  
COMMERCIAL BANK OF ETHIOPIA**

**A Thesis Submitted to the School of St. Mary's University Postgraduate  
Studies Presented in Partial Fulfillment of the Requirements for the  
Degree of Master of Business Administration (MBA).**

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**Addis Ababa, Ethiopia**

**February, 2024**

## Declaration

I, **Merima Ahemd Hussien**, the under signed, declare that this thesis entitled: “**Assessment of complaint handling practice in Commercial Bank of Ethiopia**” is my original work. I have undertaken the research work independently with the guidance and support of the research supervisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

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Date

This is to certify that the thesis entitled: **Assessment of complaint handling practice in Commercial Bank of Ethiopia** submitted in partial fulfillment of the requirements for the degree of Masters of **Business Administration program** of the Postgraduate Studies, St. Mary University and is a record of original research carried out by **Merima Ahemd**, [SGS./01794/2014], under my supervision, and no part of the thesis has been submitted for any other degree or diploma. The assistance and help received during the course of this investigation have been duly acknowledged. Therefore, I recommend it to be accepted as fulfilling the thesis requirements.

29/02/2024

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## Certificate of Approval

This is to certify that the thesis prepared by (**Merima Ahemd Hussien**), entitled “**Assessment of complaint handling practice in Commercial Bank of Ethiopia**” and submitted in partial fulfillment of the requirements for the Degree of Masters of Arts in Business Administration program complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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## **LIST OF ABBREVIATIONS/ACRONYMS**

CBE-	Commercial Bank of Ethiopia
CCB -	Customer compliant behavior
CRM-	Customer relation management
SPSS-	Statistical Package for Social Science

## **ABSTRACT**

*The aim of this study is to assess complaint handling practice of Commercial Bank of Ethiopia. The population of the study consisted of two branches customers of Commercial Bank of Ethiopia North Addis Ababa Region and employee of Commercial Bank of Ethiopia in the branches. The study uses convenient sampling technique to select the target population for questionnaire. Quantitative data were gathered through questionnaire. 199 questionnaires was distributed and 175 questionnaires have been collected, Statistical Package for Social Science (SPSS 20) software, were used to examine the data and achieve its objectives. The collected data was analyzed through descriptive statistics such as percentage, frequency; means and Standard Deviation was applied. Finally, the research finding identified the main source of complaints, assure the bank recruitment and training delivery for complaint officer are not good and enough. In addition, the bank recording keeping process of the bank was not good. Based on the findings, the study recommended that management of Commercial Bank of Ethiopia better to identify the frequent sources of complaints, to give attention to hiring and assigning the necessary staff for complaint handling and to improve the recode keeping and develop a complaint recording system.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the study

Banking is a sector that plays an important role in business development in the economic field; especially in the improvement of equitable development, economic growth of the community, as well as stability in increasing the living tariff of the community. Banking is a sector that becomes the main source of state finance because there are many economic activities, especially distribution, production, and other activities that have a relationship with the banking sector as financial institution and source of funding and functioning storage so that business activities run smoothly (Lewis and Spyropoulos, 2001).

In the present scenario of competitive banking, excellence in customer service is the most important tool for sustained business growth. Customer service has been the challenging job in the banking industry, specifically, after the financial sector reforms and implementation of new age technology. Providing prompt and efficient service is on the top agenda of commercial banks to attract and retain the new customers (Malyadri & Sirisha, 2015).

One of the effective ways of satisfying customers is through effective complaint and feedback management. Customer complaints and feedback management has become an integral part of the banking industry, both from the regulatory perspective and a customer service standpoint. The formal process of recording and resolving a customer complaint and responding to complements and suggestions. It means listening to un-satisfied customers and taking actions to remedy issues, where appropriate. Customer complaints and feedback management is just one initiative under a Large strategy called customer experience management. By listening to the customers, banks can develop service standards and delivery processes to meet the standards (Zairi, 2000).

Globalization has increased competitiveness in the marketing environment, giving rise to the need for companies to adopt diverse strategies to stay competitive. Tronvoll (2012) suggests that market competitiveness demands that company's employee measures to influence potential customers and retain existing customers, thereby increasing market share and profitability. To increase market share, Komunda & Oserankhoe (2012) assert that companies must ensure customer satisfaction through counter-measures before sales, during sales and after sales. According to Gruber (2011), one of the most significant counter-measures companies can adopt is customer service, for which customer complaints management is a critical component. Justice K. (2016).

Milembe J, 2015 state that, the current global business environment, it is widely recognized that how companies respond to customer or consumer complaints have become key aspect of providing customer service that ultimately affects consumers' choices of service (Okyere and Kumadey, 2015).The driving force has been to gain competitiveness and profitability through customer care and ensuring customer satisfaction in different economic and social enterprises (Keong, 2014).

Customer complaint is a customer's expression of dissatisfaction towards a product, service or purchasing situation (Nakibin et al., 2011). Tronvoll (2012) calls it a formal or in formal customer report regarding a problem with a product or service. Research has shown that, the way a company handles company complaints can affect its business success in the long term (Robert-Lombard, 2011). Gelbrich & Roschk (2010) assert that poor complaint handling procedures could damage company-customer relationship and cause customer dissatisfaction. It could promote negative word of mouth advertising causing potential customers to refrain from doing business with the company. It could cause low customer loyalty and significantly chances of customer retention. (Justice Kingsley2016)

## **1.2 Background of the organization**

Commercial Bank of Ethiopia (CBE) was legally established and took its shape as a share company in 1963. CBE took over the commercial banking activity of the then state bank of Ethiopia which was originally founded in 1942. The state bank of Ethiopia had been responsibly engaged in performing the duties of both commercial and central banking (CBE 2008/09). Commercial bank of Ethiopia is a state owned bank. CBE plays an important role in the country's economy and dominates the market in terms of asset, deposit, capital, and customer base and branch network. While CBE faces a growing competition in the banking industry from private banks, it still stands in the leading position with its long year bank service experience (CBE 2008/09). The rich experience of the bank in the service market & Its strong capital base and large branch network enabled CBE to attract and overcome extremely high demand from both private and public companies and gave the bank the opportunity to increase its revenue in a sustainable base (CBE 2009/10). CBE had 1700 branches across the country by January 30, 2022.Combines wide capital base with above 35,000 talented and committed employees. It had about 22.3 million account holders as of June 30; 2022.the total asset of the bank is 565.50 billion. Currently the bank operates above 750 branches in the capital city of the country.

### 1.3 Statement of the Problem

Effective handling of Customers' complaints has become a source competition for banks. Ineffective handling of customer complaints could result to switching customer from the bank and low customer retention. When a bank fails to effectively handle Customer complaints, that particular customer could be lost in the process, sparking a chain reaction involving the customer telling others, who might also continue to spread negative news about the bank involved. Consequently, the loss of one customer could cause a chain reaction where a lot more customers are lost: Reducing market share, reducing bank profitability and increasing negative perceptions about the bank (Morrisson & Huppertz, 2010).

In the banking industry, 'complaints management' has become an integral part of business, both from a regulatory perspective and a customer service standpoint. Simply stated, complaints management is the formal process of recording and resolving a customer complaint. It means listening to dissatisfied customers and taking actions to remedy issues, where appropriate. (Oranusil, et al, 2018)

Different scholars have defined complaint based on their points of views. Dingemans (1996:23), for instance, defines complaint as "any time we fail to meet a customer's expectation, he has cause for complaint." The writer, of course, suggests that such way of definition creates problems because the customer will be affected a lot as a result of our delay till complaints are arisen. Instead, organizations need to set mechanisms in which the complaint can be used as co- operation in achieving its goals.

Due to the fact that it is a natural consequence of any service activity to experience complaints because "mistakes are an unavoidable feature of all human endeavor and thus also of service delivery" (Boshoff, 1997), companies need to use such complaints as indicators of weaknesses or failures so that these can be solved rapidly. Many researchers identified some gaps by reviewed the theoretical and empirical literature ranging from geographical, methodologies used, time as well as the nature of the organization studied. Despite the relevance of the study, the study was conducted in Effective handling of Customers' complaints has become a source competition for banks. Ineffective handling of customer complaints could result to *switching customer* from the bank and *low customer retention*. In the banking industry, 'complaints management' has become an integral part of business, both from a regulatory perspective and a customer service standpoint. Simply stated, complaints management is the formal process of recording and resolving a customer complaint. It means listening to dissatisfied customers and taking actions to remedy issues, where appropriate.

In this research inspire fill the gap by to thing first to compliant by customer dissatisfaction in the organization. According, to the loss of one customer could cause a chain reaction where a lot more customers are lost: Reducing market share, reducing bank profitability and increasing negative perceptions about the bank. As a result, this paper was intended to analyze the relationship between bank and customer with complaint handling factors. And also, the study identifies the effect of these factors on customer compliant handling.

The customer is the one that influence overall activities, including success and failure, of one organization. That is, it is the customer who determines what a business is, as Drucker (1977) pointed out. Again it is the customer alone whose willingness to pay for a good or for a service converts economic resources into wealth, things into goods. “What the business thinks it produces is not of first importance especially not to the future of the business and to its success” (Drucker, 1977:90).

The reason why customers complain is that they only want what they were denied. The ultimate goal is that they want the service to be recovered and expects a continuous improvement. Once They file a complaint; customers want to be treated attentively. Gruber, Szmigin, and Voss. (2009) mentioned the attributes that the employees should have while dealing with the customers’ complaint are they have to listen to what customers are

Many organizations consider examining customer complaints not only an unpleasant fact of business life but also a waste of time and money. In most cases, customers who decide to complain are faced with problem of refraining from discharging their responsibilities through providing timely feedbacks.

Complaint management covers in indirect manners such as the planning and control of complaints handling, including a long-term analysis of complaints. It enables an organization to distinguish and review possible weaknesses within its internal and external processes, and it ascertains a long-term improvement of the services to the customers and builds a customer oriented organization (Van Ossel et al., 2003).

Many of the customers who are dissatisfied with company’s services may not complain for different reasons such as feeling that the company does not care about them or lack of interest and knowledge of filing their complaints. To address these issues, companies can make their complaint handling process simple and easily accessible so that they can collect the complaints.

From a process perspective, complaint handling can be viewed as a sequence of events in which a procedure, beginning with communicating the complaint, generates a process of interaction



through which a decision and outcome occurs. Justice literature suggests that each part of the sequence is subject to fairness considerations and that each aspect of a complaint resolution creates a justice episode (Bies, 1987).

Effective complaint handling relies on vigorous processes to deliver a fair result for the customer. To do this, regulated organizations follow a complaint handling process, which includes thorough investigation, reporting, resolution and regular communication with the complainant. In doing this they will learn more about their customers' needs and hence improve the customer service experience all round. Organizations in all sectors can adopt a number of principles that will allow them to profit from the opportunities that effective complaint handling can offer to optimize their service and improve customer loyalty

Results of previous studies regarding the complaint handling and its influence, published in various journals.

A complaint is an expression of dissatisfaction, about the standard of service, actions or lack of action by an organization to an individual. According to Tronvoll (2012) it is an action taken by an individual who involves communicating something negative regarding a product or service. Customers complain when they experience a service performance that falls below their expectation, and the consequent dissatisfaction they feel. Thus, dissatisfied customers are more likely to complain than satisfied ones (Keiningham et al, 2015). Complaint handling is therefore the procedures and actions of service providers aimed at addressing customer complaints and recovering dissatisfied customers (Taleghani et al, 2011).

Customer's satisfaction with complaint handling largely depends on sound and speedy actions. In other words, customers require efficient complaint handling. Moreover, a high- quality complaint handling design can help firms to allocate energy and resources better, so that the operational and financial performance of the firm can be improved (Homburg et al., 2010).

When a customer gets a poor service or a defective product, the customer attempts to formulate all the right words and expressions for a specific complaint, as well as appropriate accusation to rebuttals from the customer service agent.

The company must improve the complaint handling procedure of the Company so as to make sure that the customers' perceptions are transformed to strategies of improving the service offered by then organization eventually leads to the positive customer satisfaction. The quality of the service can be determined by good customer complaint handling process

The understanding of quality of the interaction between customers and employees introduced the concept of rapport. Rapport, which is defined as “personal connection between the two intercalates,” directly affects important outcomes such as customer satisfaction and loyalty which are two variables ultimately related to company profitability

Make a record of complaints as soon as they are received, including description of the complaint, the product or services complained about, the remedy requested by the complainant, the due date for a response and any action taken with regard to recording & reporting complaints, the Scottish Public Services Ombudsman (SPSO). It is appointed a management representative to be responsible for complaints-handling process. The bank or the organizations provide adequate staff and resource to deal with complaints. And the bank or the organizations are ensuring that relevant staff are made aware of the complaints procedure and trained to deal with complaints appropriately and promptly.

### **1.4 Research Questions**

To achieve the research objectives of the study the following research questions are developed a seeking answer in the research

1. How does the bank establish customer handling system to enhance complaint accessibility?
2. How far does the bank devote to recruit and train the necessary staff for handling complaints customer?
3. What is the extent of the bank having effective complaint handling practice?
4. What is the extent of the bank respond customer complaint within a reasonable time?
5. What is the bank complain handling record system?

### **1.5 Objectives of the Study**

#### **1.5.1 General Objective**

- ❖ The main objective of this study is to asses' complaint handling practices in Commercial Bank of Ethiopia.

#### **1.5.2 Specific Objective**

The following are specific objectives to be discussed in this research:

- ❖ To examine the extent of complaint accessibility in the bank.
- ❖ To allies the bank responsibility to recruit and train the necessary staff for handling the complaint.
- ❖ To study the effectiveness of customer's complaints handlings practices.
- ❖ To investigation a time taken for a response for their complaint.
- ❖ To evaluate the bank customer complaint recordkeeping.
- ❖ To challenging of handling complaining

## 1.6 Significance of the Study

The current business industries are highly competing with each other to be preferred than other. Many companies use market intelligence system to get information about their competitors. However, handling the complaint from the customers is less costly to get feedback and information if the company wants to improve or develop its self. Generally, Complaints are a back bone to improve the organization culture, process, strategy and structure and also to achieve the big goal of the company. So, this study is helps to the bank to improve the organization performance, compliant handling practice, provide information to decision makers and for the next research as reference.

The research will contribute to the body of knowledge it explores. The extent of customer complaint handling practice, it will also serve as a springboard as well as an input for future researches undertaken by researchers concerning customer complaint handling practice in the banking industry in particular besides for all financial service providing institutions in general.

## 1.7 Scope of the Study

The study focuses on customer complaint handling practice in Commercial Bank of Ethiopia. Due to the concern on the availability of data, time and budget. It covered Commercial Bank Bole Japan branch and Ethio-china road branches in Addis Ababa regional office found in Addis Ababa. The branches were selected by high business transaction and number of customers.

The topic scope is one branch of the CBE bank; the time is within one month geographical scope is bole area and finally the methodology scope is show that is uses mixed method R.D

## 1.8 Limitations of the Study

One of the limitations of this study was collecting data from respondents and conducting interviews. Due to so many reasons, most of the respondents are not willing to interviews.

## 1.9 Definition of Key Terms

**Bank:** is the Commercial Bank of Ethiopia, which the study is focused. (Dictionary)

**Complain:** any expression of dissatisfaction about our action or lack of action, or about the standard of service provided by company or behalf. (Dictionary)

**Complaint:** is an expression of dissatisfaction which related to the company's services, performers VB managers and also including compliant handling processes itself, where a responseis not as expected by customers. (Dictionary)

**Compliant office:** is a department, probably located at the head office level and organized for

the purpose of receiving and handling various issues of customer's dissatisfaction, follow Fairness and set resolutions and comment on issues for final decisions and per the procedures and directives with rules and regulations. (Dictionary)

**Complain handling processes:** is a continuous service recovery process which involves the receipt, investigation settlement, reporting and recovery of customers, (dictionary)

### **1.10 Organization of the study**

The paper have five chapters, chapter one includes background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study and organization of the study. Chapter two covers literatures which are relevant on the subject matter under study. Under chapter three, the methodology part of the study is described in detail.

# **CHAPTER TWO:**

## **LITERATURE REVIEW**

### **2.1 Reviews of Theoretical Literature**

#### **2.1.1 Definitions of Complaint and Complaint Handling**

Different scholars have defined complaint based on their points of views. Dingemans (1996:23), for instance, defines complaint as “any time we fail to meet a customer’s expectation, he has cause for complaint.” The writer, of course, suggests that such way of definition creates problems because the customer will be affected a lot as a result of our delay till complaints are arisen. Instead, organizations need to set mechanisms in which the complaint can be used as co- operation in achieving its goals.

Similarly, scholars have defined complaint handling differently. For instance, Hart, Heskett, and Sasser (1990), have given definition for complaint handling relating with its purpose to the organizations. That is, complaint handling refers to the strategies firms use to resolve and learn from service failures in order to re-establish the organization's reliability in the eyes of the customer.

Stauss and Seidel (2005), on the other hand, have defined complaint handling as a way of helping consumers: “Complaint handling stands for operational activities directly aimed at helping customers resolve their complaints.”

#### **2.1.2 Today’s Customer**

In this digital era customers are not satisfied and do not wait the company to inform them about the product or service. Consumers are more connected each other. They review products or services and recommend to their friends (Fiorletta, A., 2013). They are becoming more knowledgeable sometimes even overfed with the information that they are getting with the media and know their right regarding the product or service. Consumers are also increasingly connected with brands and want to play a more participative role in their relationship with companies, stimulating companies to reconsider how to connect with consumers so that if companies want to succeed, they should consider their customer as a partner (Wuyts, Dekimpe&Pieters, 2010).

If the company wants to be efficient in its service, it should work hard to satisfy customers

Practically. In support of this idea, Roberts-Phelps (2001) noted that “company’s greatest asset isn’t on the balance sheet. It’s the number of satisfied customers it has.” This notion reveals the focus of the accepted way of winning the attention of customers in the current

Business world in which the competition is high. However, customers may not get good quality service consistently though they obviously require products and services quicker than they can be delivered. Hence, the company should try to fix problems, and effective systems should be designed to help customers get products and services from the company.

Customers nowadays are more demanding than ever. (Ball, B. &Permenter M.K, 2013). Due to the presence of competitive market place and service provider’s, customers are becoming more aware of the level of service or product that they are expecting from them. As a result, customers are becoming more intolerant of those service providers who did not provide quality service at a faster rate. Generally, in response of the behaviors of today’s customers, companies are required to satisfy such varied and delicate needs of customers.

### **2.1.3 Importance of Complaint**

Due to the fact that it is a natural consequence of any service activity to experience complaints because “mistakes are an unavoidable feature of all human endeavor and thus also of service delivery” (Boshoff, 1997), companies need to use such complaints as indicators of weaknesses or failures so that these can be solved rapidly.

In addition, Vos, Huitema and de Lange-Ros, (2008) argued that customer complaints phenomenon can be considered as a fact of life with which organizations have to carry out in one way or another. However, from the customer point view it can be contended that complaint behavior should be facilitated, taken seriously, and finally motivate organizations to come to a solution. In short, customer complaint can benefit both organizations and customers as long as it is filed appropriately and addressed by the companies properly. Complaints can be an important means of retaining organizations’ goodwill when they are handled well, and since complaints are inevitable, companies need to devise a strategy that enables them to recover customer loyalty when things go wrong. Thus, companies need to be aware of the importance of effective Complaint handling in retaining their customers. Proper complaint handling procedure is also very important in keeping the brand image (Barlow and Moller, 1996).

This complaint handling strategy is important for better service delivery and performance. Hence, complaint data are the key in quality management efforts because they can be used to correct problems with service design and delivery, which makes it more likely that

performance, will be done right the first time (Lovelock, 1994).

Proper handling of consumer complaints can also create positive organization-consumer relationships. As Mitchell & Critchlow (1993) points out, handling consumer complaints reactively facilitates the provision of effective solutions to consumer problems. It can also help in providing opportunities for product or service improvement, defending the company's market share and increasing consumer loyalty.

Besides, complaints or customers' behaviors that have positive outcomes will influence them positively and make them loyal to the organization. Thus, studies have shown that when examining customers' experiences, it is characterized by exceptional level of satisfactions or dissatisfactions. They are more responsive for extreme outcomes rather than just the average outcomes. This is due to the fact that extreme positive outcomes last long in their memory and it will influence their purchasing behavior and becomes loyal to the company (Taylor, 1997). The reverse is true if the outcome is negative, that is, they may switch to other products or services and they may also spread negative word of mouth about the company if they are disappointed with the product or service.

Therefore, if the complaints cannot be addressed through well-established complaint handling strategies, further resolving mechanisms will be sought. That is, if the response the customers get is not acceptable to them, they may further encourage certain customer segments to initiate legal redress processes (Singh, 1988). This is the other importance of complaint that benefits the customers directly the organizations indirectly.

In addition, some strategies can be employed to help the companies provide fruitful service in time of interruptions. Thus, though a service disruption has the potential to damage customers' loyalty, the defection of customers may be prevented through the successful implementation of service recovery strategies (Lewis and Spyropoulos, 2001).

In addition, according to Mudie, P. and Pirrie, A. (2006) companies that devote their resources in handling customers' complaints effectively will benefit in various ways: Customers gave them one more chance to renew their relationship so that they might become lifelong customer. Negative word of mouth will be avoided. They will get valuable ideas for new products and services. It enables companies to know the root cause of the problem and uncover the problem that they didn't know existed Motivates employees to provide better quality service.

Faulkner, M. (2003) strengthens the above ideas saying that the information given by means of complaint is more important than expensive market research. That is, customer complaint is a quick means of getting feedback regarding the services and products of an organization.

Complaining is not only important for the companies but also to the customers. Zemke and Bell (1990) point out “complaining gives the customer an opportunity to:Receive an apology for the inconvenience, be offered a fair solution of the problem, be treated in a manner where the service company appreciates the customer’s problem(including fixing it), and Be offered some value-added compensation for the inconvenience.

#### **2.1.4 Complaint Behavior**

Different scholars define customers’ complaint behavior in different ways. For example, Landon (1980) defines customer complaint behavior as “an expression of dissatisfaction by individual consumers to a responsible party in either the distribution channel or a complaint handling agency”. Oliver (1980) notes that complaint behavior is dissatisfaction which is caused by negative disconfirmation of purchase expectations. Day (1980) extended this definition to exclude false claims by including only those claims that are honest and reasonable. On the other hand Jacoby and Jarrard (1981) defined complaining as “action taken by an individual which involves communicating something negative regarding a product or service, either the firm manufacturing or marketing that product or service, or to some third-party organizational entity”.

Stephens (2000) also stated that “complaining is a post purchase process that may or may not occur when customers are disappointed”.

Generally, consumer complaint behavior is described as the set of all behavioral and non-behavioral responses depicted by consumers. When consumers are dissatisfied with a purchase or some aspect of it they may take no action, quit the product or service, tell friends and others about their problems, complain to the retailer or the manufacturer, complain to consumer protection groups or take legal action (Rogers and Williams, 1990). The two negative reactions of the customers are presented as follows:



#### **2.1.4.1 Taking No Action**

As a result of organization's failure to provide appropriate services or products, the consumers stay passive hoping that problems will be solved as time goes on. Hence, when service failure occurs, customers often keep silent (Zeelenberg and Pieters, 2004). This may be due to, according to Day (1984), their perception that the cost of complaining surpasses the potential benefit. Hirschman (1970) strengthens this idea saying that preferring to remain with a service provider, some customers react passively to the service failure hoping that the likelihood of an improvement outweighs the cost of searching for another supplier.

The other reason why customers keep silent is due to their loyalty with the service provider. Colgate and Lang, (2001) suggest that there are some other reasons why customers keep silent despite they encounter service or product failure. These are lack of perceived differentiation of alternatives, location constraints on choice, time or money constraints, habit or inertia. Customers' reaction varies according to their personality, that is, some people are impatient to complain and return a failing product while others delay to return malfunctioned products to or just hate the idea of complaining (Chebat et al., 2005).

When customers walk away simply without telling anything about their dissatisfaction, they did not give the company the opportunity to fix the problem. Those customers who are complaining about the company are still talking with them and they will probably come to purchase again (Barlow and Muller, 1996). Keng et al. (1995) concluded that those customers who complain are more social responsible and taking the risks of embarrassment when they are complaining. Tax and Brown (1998) also indicate that dissatisfied customers should be bucked up to complain because if a customer is unhappy but does not complain, the provider risks losing the customer.

#### **2.1.4.2 Negative Word of Mouth**

Disappointed customers not only remain silent until the failing products or services are improved but also respond verbally in various ways. Negative word of mouth, which has a greater consequence on customers' brand evaluations, is the most common way of communicating dissatisfactions. As Hart et al., (1990) demonstrated that those consumers who are dissatisfied with the service of the organizations can disseminate negative word of mouth more than satisfied consumers tell others about positive experiences. This indicates that the bad news or failure of the organizations can be disseminated faster than that of its good news or effectiveness. A single negative word of mouth message can reach and potentially influence many receivers or service users.

Many authors postulate that complaining behavior should be encouraged by the firms when, for example, negative word of mouth is more prevalent than direct actions toward the firm. In addition, customers get a relief when they directly tell to the firm about the fault (Oliver,1987).

Paradoxically, researchers have observed that when a firm uses an effective strategy to settle complaints, the consumer may actually rank the overall encounter more favorably than a situation in which the transaction had been correctly performed in the first place (Etzel and Silverman, 1981, McCollough and Bharadwaj, 1992).

### **2.1.5 Why do Customers Complain**

The customer is the one that influence overall activities, including success and failure, of one organization. That is, it is the customer who determines what a business is, as Drucker (1977) pointed out. Again it is the customer alone whose willingness to pay for a good or for a service converts economic resources into wealth, things into goods. “What the business thinks it produces is not of first importance especially not to the future of the business and to its success” (Drucker, 1977:90). In short, the customer is the foundation of a business and keeps it in existence. As Drucker (1977) further called attention, the sole purpose of a business is to create a customer. Therefore, keeping the customer has become equally, if not more, important. Customers’ complaints are obviously seen critically since they determine most of the organization’s business. Dawkins and Reichheld (1990) thus reported that a five percent increase in customer retention generated an increase in customer net present value of between 25 percent and 95 percent across a wide range of business environments.

Due to the fact that customers are such influential ones, knowing why people complain can help the company to know the way they have to respond. According to Boden (2001), the following are the causes of complaints.

#### **1. Quality of Product**

The main cause of customers’ complaint is a sub-standard product that doesn’t meet customers’ expectation. The product might have a short lifespan, a faulty design, inferior material to what was expected, if it is poorly finished off and has limited potential. Customers feel angry if they believe they have been misinformed and they may want to take further action.

#### **2. Quality of Service**

Since customers nowadays have good understanding about what the service should be, they might complain due to their lack of manners – downright rudeness, if they believe that company has given more concern with profit than people, if the response is slow, due to indifferent

attitudes, if the staff has poor product knowledge and lack of communication skills.

### **3. Customers Awareness of their Rights**

Customers are aware of the fact that it is their right to complain if they encounter any problem regarding the product or service they have purchased, that is, if it didn't meet their expectations. Internet and consumers' watchdog programs are the main drivers for this. By doing so, they might think they will get a replacement or compensation.

### **4. Being Inherent Complainers**

Naturally some people are complainers. They tend to complain a lot, they are only thinking of themselves.

### **5. Professional complainers**

According to Boden (2001), it is estimated that two percent of the people who complain do it for living. They are very well informed through the media, they have good communication skills and

They know their rights. They usually focus on new businesses. In this case, the company should assign an experienced staff to handle these manipulators.

### **6. To be Helpful**

Some customers are helpful in suggesting great ideas for improvement for the product or service. There are some loyal customers who do not want to break their relationship. As a result, they will complain hoping that the service will be back to normal. As Keng et al. (1995) concluded those customers who complain are more social responsible.

Despite this fact, Boden (2001) remarks that companies should be cautious while receiving the complaints since there may be a hidden agenda behind their good intentions. Research has demonstrated that market structure affects complaining (Hirschman, 1970). Most studies of complainer characteristics have been undertaken in competitive markets. As a result, there has been little research into the characteristics of complainers in monopolistic governmental services – in which consumers have little or no opportunity to withdraw from the relationship. In these circumstances, complaining is the only means whereby consumers can express their opinion of the monopolistic service provider (Tronvoll, 2007).

### **2.1.6 What Do Customers Want When They Complain**

The reason why customers complain is that they only want what they were denied. The ultimate goal is that they want the service to be recovered and expects a continuous improvement. Once They file a complaint; customers want to be treated attentively. Gruber, Szmigin, and Voss. (2009) mentioned the attributes that the employees should have while dealing with the customers' complaint are they have to listen to what customers are saying and ask questions, have sufficient service / product knowledge and the authority to handle customer problems adequately, genuinely care about the customers, they should be willing to take the customer's perspective and to understand the customer's annoyance, they should also apologize for the service/product failure, get in contact with the complainant again to find out whether the problem had been solved accurately and satisfactorily, smile and give positive nonverbal cues, be sincere and willing to try hard and to spare no effort, give the impression of being unbiased and characterized by a matter-of-fact orientation, handle the problem quickly and take sufficient time to handle the complaint.

### **2.1.7 How Companies See Complaint**

Many organizations consider examining customer complaints not only an unpleasant fact of business life but also a waste of time and money. In most cases, customers who decide to complain are faced with problem of refraining from discharging their responsibilities through providing timely feedbacks. Moreover, many frontline employees subtly imply to customers that complaining may not be appropriate in the circumstances. As a result, according to Tax and Brown (1998), perhaps only ten percent of the customers who are dissatisfied actually lodge a formal complaint and the majorities here are dissatisfied with the way companies resolve their complaints.

Most organizations consider consumer complaints as a back bone for their service and product improvements. In this case, no matter how varied the feelings of the customers are, they need to be entertained. According to Gruberfirst (2004) cited in Atalik (2007:409), for instance, many consumers "have more negative feelings about an organization after they go through the service recovery process." In addition, in the quest for progress and advancement, according to Zairi (2000), progressive service organizations worldwide place their customers first.

No matter how consumer complaints are important for organizations' success, the perceptions of employees towards consumers' satisfaction are not researched well. Hence, despite the large and still growing literature on complaint handling, much remains unclear. First, although lately

there has been growing interest in studying the affective nature of satisfaction (Dube and Menon, 2000), still little research has dealt with recovery related emotions (Casado-Diaz et al., 2007), and (Schoefer, 2008; Schoefer and Ennew, 2005) analyzed their effects on satisfaction in service failure and recovery situations. This lack of attention is somewhat surprising, Especially in financial services where the possibilities of engendering emotions are high, due to their intangible nature and their intensity in personnel (Bitner, 1992).

Second, although perceived justice is recognized as a fundamental cognitive antecedent when trying to explain customer satisfaction in the service failure and recovery context, disconfirmation of expectations is the dominant theory when studying customer satisfaction. However, studies investigating the cognitive and affective antecedents of satisfaction with complaint handling focus on perceived justice as the only cognitive antecedent on this variable (Schoefer, 2008; Schoefer and Ennew, 2005.)

### **2.1.8 Complaint Management**

Complaint management covers in indirect manners such as the planning and control of complaints handling, including a long-term analysis of complaints. It enables an organization to distinguish and review possible weaknesses within its internal and external processes, and it ascertains a long-term improvement of the services to the customers and builds a customer oriented organization (Van Ossel et al., 2003).

As consumer complaints are needed to be managed properly, such type of complaint management strategy plays various roles. For instance, Stauss and Seidel (2005) identified four distinct types of complaint management benefits as follow: The information benefit which helps to improve products, enhance efficiency and reduce failure costs. The attitude benefit which grasps the positive attitude changes of the customer due to achieved complaint satisfaction. The repurchase benefit which arises when a complaining customer remains with a company than going to competitor. Communication benefit that is when complaints are solved and satisfied customers are engaging in acquisition new customers by recommending the company.

Since, the emphasis given to consumer complaints is growing time to time, complaints management is sought to be high accordingly. Regarding this idea, Chih W.H. and etal (2012) mentioned that the service industries, mostly in developing countries, have reached more than seventy percent of their country's gross domestic product. As each service bumps into increase, customer complaints and dissatisfaction with services is becoming the center of attention of

managerial and scholarly inquiry. However, despite calls for increasing investments in complaint handling, little is known about how customers evaluate a company's response to their Complaints or how those efforts influence subsequent customer relationships with the firm (Goodwin and Ross, 1992). So, there has to be a positive relationship between the customers and the organization because good complaint handling by the company brings forth trust in consumers, provides a good company image and serves to minimize defect rates (Mitchell and Critchlow, 1993).

Therefore, many companies do not pay sufficient attention to handling complaints effectively (Bernd and Andreas, 2004). Naylor (2003), however, illustrates how few companies recognize the importance of customer complaining through the estimate that fewer than 50 percent of complainants receive a reply from the company and those that do often view the organization's response as unsatisfactory.

Most complaints come in one of four packages: letters, e-mail, face-to face contact, and phone calls. An effective complaint policy takes all complaints seriously and responds according to the gravity of the complaint instead of by the method it was received.

**Letters** - complaint letters are considered by customers to be an official record of their grievance. Complaint letters give the company the time and opportunity to reflect on the problem, take steps to resolve it, and get back to the customer with a resolution.

**E-mail** - e-mail has become one of the most commonly used methods for customer complaints. Customers usually use e-mail to voice their annoyance regarding smaller or less significant problems. The downside of e-mail complaints is that the customer expects quick response, usually within 24 to 48 hours.

**Face to face contact** - it is the most common form for customer complaints. These interactions are often the most challenging for front line staff since the customer's emotion is front and center. It may not reflect a particular circumstance, but instead a general dissatisfaction. So the front line staff should probe for more details and pass on what they're hearing to management, current problems can be corrected and future problems prevented.

**Phone calls** -similar to the face-to-face complaint, phone calls are an immediate expression of dissatisfaction on the customer's part. Usually complaints made by phone are less serious than those that require a letter, but they nonetheless impact the customer's experience of doing business with your company. Many customers prefer speaking to a real, live person about their problem, rather than sending an e-mail or letter. The downside to phone call complaints is that the company must either solve the problem on the spot or call the customer back which delays

the resolution of the problem.

If organizations want to be successful, they need to set mechanisms of retaining customers through proper complaint management system. According to Bernd and Andreas (2004), Complaint handling has great impact on customer retention and the information gained from them is very useful for quality improvements. But most organizations have difficulty in understanding the value of complaint management. Due to this lack of understanding, complaint management is often not regarded as a profit center but as a cost center. As a result, organizations reduce this activity by cutting it back to 'save 'cost.

In short, by maintaining a positive relationship with customers, organizations can be benefited. In relation to this notion, Reichheld and Sasser (1990:105) remarks that "as a customer's relationship with the company lengthens profits rise. And not just a little. Companies can boost profits by almost 100 percent by retaining just 5 percent more of their customers."

In the same vein, when customers attribute employees' behavior to the organization, interpersonal treatment will influence assessments of procedural justice (Tyler and Bies 1989). Because frontline employees are frequently the focus of service customers' interaction with the firm, it is likely that such attributions are prevalent. The positive impact of procedural justice on complaint handling satisfaction can be compromised when employees behave unfairly (Goodwin and Ross, 1992). In this case, employees are required to behave fairly if the company is expected to be efficient.

The existence of harmonious relationship between customers and the organization resulted in the consumer satisfaction, which in turn affect the success of an organization. Westbrook (1987: 28) observes that satisfaction "usually is regarded as the central mediator of post purchase behavior, linking pre choice product beliefs to post choice cognitive structure consumer communications, and repurchase behavior." Similarly, satisfaction with complaint handling could be the central mediator that links perceptions of the fairness dimensions to post complaint attitudes and behaviors.

In order to resolve a customer's complaint, the company needs to make sure it understands exactly what's contributing to the dissatisfaction. Some of the most common elements found in customer complaints according to Leland, K., & Bailey, K. (2011) are billing mistakes, complicated or confusing product or service instructions, delays in delivery of goods or services, failure to fulfill product or service warranties, failure to provide refunds and adjustments as promised, incompetent or discourteous employees, incorrect or misleading information, misleading advertising, misleading statements by sales staff, order filled Repair

work, product or service not performing as promised, products are back-ordered or Unavailable and unfriendly user interface.

### **2.1.9 Complaint Handling Processes**

Many of the customers who are dissatisfied with company's services may not complain for different reasons such as feeling that the company does not care about them or lack of interest and knowledge of filing their complaints. To address these issues, companies can make their complaint handling process simple and easily accessible so that they can collect the complaints.

From a process perspective, complaint handling can be viewed as a sequence of events in which a procedure, beginning with communicating the complaint, generates a process of interaction through which a decision and outcome occurs. Justice literature suggests that each part of the sequence is subject to fairness considerations and that each aspect of a complaint resolution creates a justice episode (Bies, 1987).

Complaints are not always attached to disappointments; rather, complaints signal customers' Commitment to the improvement of the company through positive feed backs. According to TARP (1979) those customers who are complaining show a strong brand loyalty. As a result, If the company wants to retain customers, it has to strengthen its complaint handling mechanism.

In the same manner, Sellers (1988) explains that "better complaint handling equals to higher customer satisfaction, equals higher brand loyalty, equals higher profitability." This indicates that complaint handling, brand loyalty and profitability have direct relationships in which absence of one can affect the other in an organization's activities.

A careful complaints handling process benefits both the customers and the organization. That is, a positive approach to deal with customer complaints helps to maintain customers and generate positive communication about the company (Boshoff and Allen, 2000). Importantly, repeat purchases by established customers usually require up to 90 percent less marketing expenditure than do purchases by first time buyers (Dhar and Glazer,2003).

Companies have to design and introduce the policy on how to complain to their customers. To minimize customers' frustration, according to Leland & Bailey (2011), should include the policy on how they can contact them when they have a complaint or problem, where in the organization

A customer can make specific complaints, who are responsible for dealing with different Types of complaints.



Complaint handling process should aim to provide framework for the employees when handling complaints, improve the ability of the company to resolve issues in a systematic, consistent, and responsive manner, enable the organization to identify trends and eliminate causes of complaints and as a result improve the operations, assist the commitment of the company to the provision of high quality service, provide a basis for continual review and analysis of the complaint handling process, the resolution of complaints and process the improvements made.

According to Buttle F. (2009), the following are the complaint management process:

Make your complaints-handling policy and processes accessible and visible to customers and employees;  
Train employees how to respond to complaints, Ask for specifics. Not ‘what do you think about your experience?’ Instead ask, ‘what onething could we have done better?’, Empower employees to resolve complaints, Install a dedicated free-phone line, Link complaints to your mission to become more customer-focused, Designate a customer service executive to deal with written complaints, Enable customers to complain at all touch-points, Ensure all employees understand the complaints management process, Reward customers who complain, Collect complaints data and analyses root causes, Implement technology to support complaints-handling and generate useful managementreports.

#### **2.1.10 Effective Complaint Handling**

Effective complaint handling relies on vigorous processes to deliver a fair result for the customer. To do this, regulated organizations follow a complaint handling process, which includes thorough investigation, reporting, resolution and regular communication with the complainant. In doing this they will learn more about their customers’ needs and hence improve the customer service experience all round. Organizations in all sectors can adopt a number of principles that will allow them to profit from the opportunities that effective complaint handling can offer to optimize their service and improve customer loyalty. According to source magazine for an effective complaint handling companies should create the right culture for complaint handlers, make it easy to complain, treat customers fairly and with respect, prepare guidelines on how communications with complainants should be handled, know the root cause of the problem, set clear and appropriate time limits, where necessary, flexibility for dealing with complex complaints together with keeping the complainant informed and they should also learn from mistakes.

Generally, complaint handling embodies an important opportunity for firms to rebuild and improve their relationships with their customers when things gone wrong, and to use the information gathered to make changes that deliver fair outcomes for their wider customer base.

Customers whose complaints are handled well by a company become loyal customers and spread positive word-of-mouth. Nonetheless too many companies fail at complaint handling and then fail again in responding to these failures. Due to this lack of understanding, complaint management is often not regarded as a profit center but as a cost centre. A positive approach to dealing with customer complaints should help to maintain customers and generate positive communication about the company. Thus, companies should give due consideration to the complaint handling.

## **2.2 Empirical studies**

Results of previous studies regarding the complaint handling and its influence, published in various journals.

### **2.2.1 Handling Customer Complaints**

A complaint is an expression of dissatisfaction, about the standard of service, actions or lack of action by an organization to an individual. According to Tronvoll (2012) it is an action taken by an individual which involves communicating something negative regarding a product or service. Customers complain when they experience a service performance that falls below their expectation, and the consequent dissatisfaction they feel. Thus, dissatisfied customers are more likely to complain than satisfied ones (Keiningham et al, 2015). Complaint handling is therefore the procedures and actions of service providers aimed at addressing customer complaints and recovering dissatisfied customers (Taleghani et al, 2011).

The handling of complaints has become an important aspect of bank management and is one of the main factors behind customer decisions to reward a bank. Effective complaint handling gives chance to change unsatisfied customers become satisfied done. The other advantages from effective complaint handling are:

- (1) Service provider gets opportunity to improve their relation with disappointed customers;
- (2) service provider can be avoided from negative publicity;
- (3) Service provider can understand aspects of service which can be improved in order to satisfy the customers;
- (4) Service provider will know source of their operation's problem; and (5) workers can be motivated to deliver better quality of service. (Mudie&Cottam, 1999)

A well and effective complaint handling surely give opportunity to change an unsatisfied customer become satisfied customer and even become loyal customer. Nofal S.(2015)

Understanding consumers' complaining behavior requires a continuous assessment of negative feedback and criticism from consumers. Firms must therefore not only carry out sophisticated computerized analysis, but should also contact dissatisfied customers directly to ascertain their grouse against of the company (Verma&Kaur, 2001). This is because firms are in a continual search for better ways of serving their customers so as not to lose them to competitors who are keen on attracting new customers. And also because a firm that does not look after its own customer will lose them to some others that can attract them with cheaper and better offerings (Ateke et al, 2015)

### **2.2.2 Customer satisfaction**

Customer's satisfaction with complaint handling largely depends on sound and speedy actions. In other words, customers require efficient complaint handling. Moreover, a high- quality complaint handling design can help firms to allocate energy and resources better, so that the operational and financial performance of the firm can be improved (Homburg et al., 2010).

Customer satisfaction on complaint handling is determined by the extent to which customer expectations on their complaint are met. Customers will get satisfied if the company is able to capture and solve their complaint fast, accurately and when they are able to compensate fully what the customer considers as their loss (Nofal et al., 2015 &Dr. Hellen W.2019)

Customer's Satisfaction: the client's perception of the performance of the service in relation to his or her expectations (Shammout and Haddad, 2014). Customer satisfaction viewed as a response based on assessments and expressed some time during the buy-consumption process (Sunayana, 2013). For the purpose of this study a definition provided by Shammout and Haddad (2014) is adopted.

Keeping the complainant updated with the outcomes of the investigation is highly influential in raising customers` satisfaction and building an effective system of handling complaints. The more complex is the complaint, the better it is to respond in writing. A normal explanation is usually used if this is the method of communication preferred by the complainant or adopted in Previous dealings. The response should include a detailed explanation of all issues of the complaint. This aims to ensure the complainant that his/her complaint has been handled properly and to build trust between the customers and the company. Privacy should not be a barrier to transparency and accountability. Providing a remedy to the complaint should be taken into consideration. Potential remedies include a better or fuller explanation, an apology, changing decision, expediting action, and providing financial compensation Metwally (2013). The focus of complaint handling system is to resolve the conflict which occurred during service

access with the purpose of attracting and retaining customers through cooperation and the sharing of information. In the process of handling complaints with the customer, the organization is required to communicate with the customer, and the customer is expected to listen. Proper communication of the complaints requires that both parties (customer and service provider) communicate with each other (Hakkio&Laaksonen1998).Rootman (2011) states that complaints communication is not only about conveying a message, but that there also needs to be an understanding between the parties involved in order for the communication to be effective. Strachan (2010) concur with this statement by arguing that customers need to trust that if they have a problem, they are able to communicate this with the organization without the possibility of negative reactions. The organization too needs to trust that they can be 12 honest and communicate any updates or news, be it positive or negative, with the customer. Should trust be present, the communication of any negative aspects or situations is more likely to result in positive and understanding reactions.

A major reason why customers switch service providers is unsatisfactory problem resolution. When customers face a problem, they may respond by existing (switching to a new supplier), voicing (attempting to remedy the problem by complaining) or loyalty (staying with the supplier anticipating that “things will get better”). Given that customers of banks have relatively high switching costs, it is likely that dissatisfying experience will evoke a passive reaction (non- complaint) or a complaint. Given that the customer complaints, the banks response can lead to customer states ranging from dissatisfaction to satisfaction. In fact, anecdotal evidence suggests that when the service provider accepts responsibility and resolves the problem, the customer become “bonded” to the organization (Hart,1990 & Kebede T. 2017)

### **2.2.3 Complaint Responsiveness**

When a customer gets a poor service or a defective product, the customer attempts to formulate all the right words and expressions for a specific complaint, as well as appropriate accusation to rebuttals from the customer service agent. This made them to invest much in providing a quality service to their customers by solving customer’s complaints as quickly as possible. In that regards such companies have shifted from product/service centric to a customer- centric position. Employers have started doing their best to ensure that customers are retained and there is a growth of customer base, they have been doing that by ensuring their employees have skills in handling customer’s complaints and a good interaction with customers.

### **2.2.4 Effective complaint handling**

The company must improve the complaint handling procedure of the Company so as to make sure that the customers' perceptions are transformed to strategies of improving the service offered by then organization eventually leads to the positive customer satisfaction. The quality of the service can be determined by good customer complaint handling process, "how well service complaints are handled is a key determination of quality in the public service at systemic and service- recipient levels.

### **2.2.5 Complaint Accessibility**

The understanding of quality of the interaction between customers and employees introduced the concept of rapport. Rapport, which is defined as "personal connection between the two intercalates," directly affects important outcomes such as customer satisfaction and loyalty which are two variables ultimately related to company profitability. Well-handled complaints can create loyal customers and increase profits. The focus of any business is to create and keep customers; effectively addressing a complaint is really an opportunity to create a positive experience with customers, in addition to preventing them from going to the competitors' .Resolving customers Complaints makes for a better bottom line as the cost to replace a current customer can be 10 times the cost of keeping them.

### **2.2.6 Keep clear records**

Make a record of complaints as soon as they are received, including description of the complaint, the product or services complained about, the remedy requested by the complainant, the due date for a response and any action taken with regard to recording & reporting complaints, the Scottish Public Services Ombudsman (SPSO), (2011) stated that

There must records of all complaints systematically so that the data can be used for analysis and management reporting. By doing so, it can be identified and tackle what causes complaints. And also for report purpose there must analyze of complaint details for trend information to ensure to identify service failures and take appropriate action. And hence, as per SPSO, by regularly reporting on the analysis, it is possible to inform management where services need to Improve.

One important feature of complain handling is to identify opportunities to improve services. And hence there should be systematic way of recording so that a complaint data can be analyzed & reported to the management to take appropriate actions. Complaints provide valuable customer feedback (WestLothianCouncil,2013).Furthermore, it is known that complaints can be received by an organization in a number of ways .Service providers should maintain

complete and accurate records of all contact regarding complaints and ensure that this information is easily accessible, preferably in a single location (SPSO,2011)

### **2.2.7 Recruit and train necessary staff**

It is appointed a management representative to be responsible for complaints-handling process. The bank or the organizations provide adequate staff and resource to deal with complaints. And the bank or the organizations are ensuring that relevant staff are made aware of the complaints procedure and trained to deal with complaints appropriately and promptly.

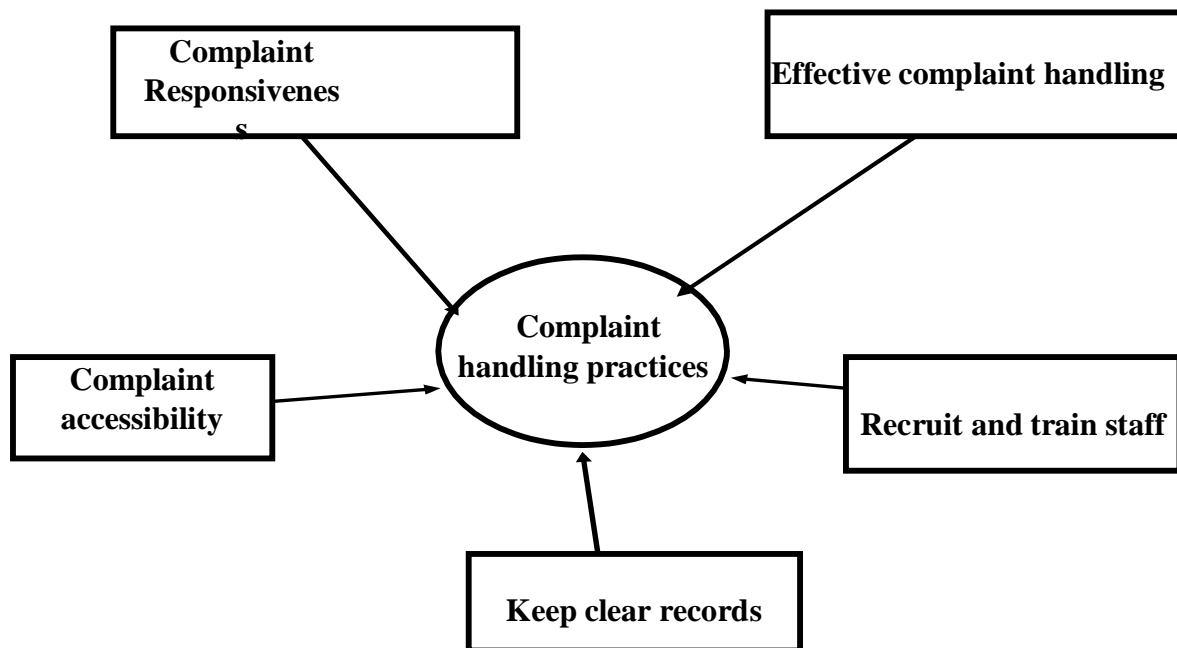
An office/department which is entitled to receive complaints from customers has a duty of investigating the truth as per the stated written documents what so ever it has and act as promised to perform accordingly. And also it is responsible to respond quickly as per the request, expressing clearly its findings of why the differences are happened .Different managements at different Positions have responsibilities for various duties accordingly. Overall responsibility and accountability for the management of complaints lies with the Chief Executive and senior management (West Lothian Council, 2013).Same wise the council express that Deputes Heads of services also have their own duties &responsibilities.

Ombudsman Western Australia,(2010) explain about the Complaint Handling Officers in that they are the most important factor in ensuring that an organization's complaint handling is responsive to complainants as complaint handling is an important role in an organization and should be recognized as such by management. It states again that Complaint Handling Officers should be empowered to make decisions, or have access to someone who can make decisions. An effective resolution at the earliest opportunity will enhance the complainant's view of the organization and allow prompt improvement to practices. Complaints should be handled by people who have the appropriate skills and authority to resolve or investigate complaints and, where appropriate, provide remedies and identify improved practices. Where possible again, complaints are best handled by people at the point of service delivery. These people should be able to resolve complaints at first contact and should log complaint details for further analysis.

According to Ombudsman, (2007), the complaint officer or anyone in the organization is look into complaints in a proportionate and impartial manner. The officer is must understand his/her role clearly and make clear communication with customers about its objective and service standards. A further purpose of the complaint handling process is to identify there as on why complaints arose and were not settled by the organization concerned.

## 2.3 Conceptual Framework

Figure 2. 1 Conceptual framework



# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **3. Introduction**

#### **3.1 Research Design**

The type of researcher design undertaken in this study was use descriptive. The nature of this A research design is a guide the researchers in the process of collecting, analyzing and interpreting the data collected for the research.

#### **3.2 Research approach**

This study was use quantitative research approach for data collection, analyzing and interpreting the collected data. Quantitative method was use to apply frequency, percentage, mean and standard deviation of respondents' data collected through questionnaire. The research strategy is a plan of how to answer the research questions that have been set. The method helps to avoid bias and helps to measure variables in objective manner. To this end, the data collecte coded into SPSS software and the frequency, percentage and grand mean of the data were generated for analysis and interpretation.

#### **3.3 Data Type and Data Source**

The objective of the study was meeting by the gathering of data from both sources of Primary and secondary. For primary sources, the researcher will use adapted questionnaire from different studies by rearranging it and develop questionnaires in order to meet the objective of the study, the questions were close ended as it helps to get the response of many respondents and the easiness of drawing up of statistical data for the larger number of respondents and also just to lead the respondents keeping them on the track of the objectivity of the paper, the Instrument uses a 5 point Liker scale form and open ended helped the researcher to collect the relevant information from the employees of Commercial Bank of Ethiopia .



### 3.4 Population and Sampling Techniques

#### 3.4.1 Sampling Technique

The study population was divided into two groups that are under Commercial Bank of Ethiopia office branches Bole Japan branch and Ethio-china road branches customers who are using different Commercial Bank of Ethiopia services and the selected Commercial Bank of Ethiopia clerical staff located in Addis Ababa. For the study, non-probability sampling technique method is used for selecting two branches. These branches have different geographical, infrastructural, market and population (residence) differences. This attribute helps the researcher to select two branches from each sub group. The selected branches are Bole Japan branch and Ethio-china road branches. This is because the chosen branches are selected based on their customer base and their location, and probability sampling not carried on because there is no possibility to meet customers at a time. Therefore, convenient (proportional) sampling technique will adopted by the researchers.

#### 3.4.2 Sampling Size

The selected branches have more than 40,000 customers and Commercial Bank of Ethiopia clerical employees located Addis Ababa areas are more than 1,500 permanent. According to Taro Yamane (1967), hence, the total sample size is 199. Number of samples for each type of customers and employee's was calculated by the following formula the formula below is used to determine the sample size:

$$no = \frac{N}{1+N(e)^2}$$

Where, n= Sample size N= Total of population  
e= Sampling error (5%) at 95% of level of confidence.

Using this formula, considering 0.5 percent margin of error, 95 percent level of precision and a proportion of 95 percent for the maximum possible degree of variability the sample size taken from the population

### 3.5 Data Analysis

The data collected through questionnaire were carefully encoded, interpreted and the result generated was tabulated. Thus, frequencies, percentages, mean and standard deviation of the counted responses of the variables was used for descriptive analysis of the data. Data analysis methods play an important role for the accuracy of the finding. The quantitative data that were

collected by closed ended questionnaires analyzed through Spss .Statistical Package for Social Science used for the descriptive statistical results. Although, the analysis presented by tables, frequency distribution and percentage. This includes the means, standard deviations. Values are computed for each variable

### 3.6 Reliability and Validity

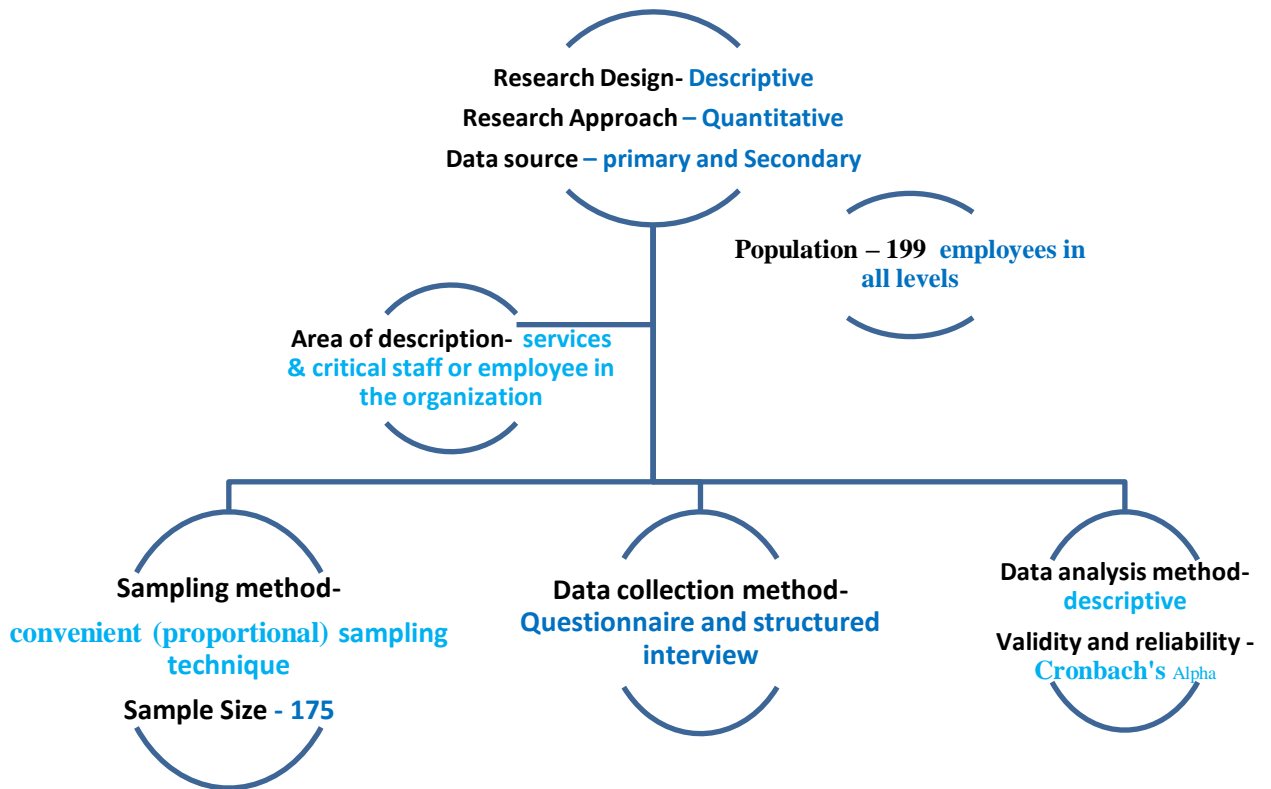
Pilot testing was made to assess the validity and reliability of the data collection instrument of the study (questionnaire). The assessment of the questions' validity was conducted by asking three training experts to receive their comments and suggestions on the representativeness and suitability of the questions to the research objectives and also regarding the structure of the questionnaire. According to Saunders, Lewis & Thornhill (2009), reliability refers to the extent to which the data collection instruments will yield consistent findings, similar observations would be made or conclusions reached by other researchers. Among the variety methods for measuring internal consistency, of which one of the most frequently used is Cronbach's alpha (Saunders, Lewis & Thornhill 2009). Cronbach's alpha is a coefficient of reliability.

Table 3. 1 Cronbach's alpha

<i>Variable</i>	Cronbach's Alpha	No of items
Main source for customer complaints	0.711	12
Customer Complaint Handling Mechanisms	0.802	6
Complaint Responsiveness	0.714	6
Effective Complaint Handling	0.748	6
Complaint Accessibility	0.821	5
Recruit and train necessary staff	0.827	5
Keep clear records	0.711	5

### 3.7 Ethical Considerations

An ethical consideration of confidentiality and privacy was addressed. A concerted and conscious effort was made at all times to uphold the promise. A guarantee was given to the Commercial bank of Ethiopia respondents that their names were not exposed in the research report. The researcher tried to clearly inform to the respondents the purpose of the study is for academic purpose. In addition to this, they informed that their participation in the study was based on their consents. The researched will also not personalizes any of the response of the respondents during data presentations, analysis, and interpretation. Finally, all the materials that will use for this research are duly acknowledge.



## **CHAPTER FOUR**

### **DATA ANALYSIS AND INTERPRETATION**

#### **4.1 Introduction**

This chapter dealt with the presentation of data as well as the analysis and discussion of it. The chapter is segmented into two sections: the first section discussed the analysis of respondent's demographic data whilst the second part analyzed responses to the research questions. Tables were used to present the data and frequency distribution, percentages and means used to analyze the data.

#### **4.2 Demographic Analysis of Respondents**

A total number of questionnaires distributed were 199 out of which 180 returned, 5 questionnaires inappropriately filled and excluded from the data analysis, and the rest 175 found to be qualified to be used in the study. The research questioner has developed suitably for both customers and employees of the bank. Accordingly, the demographic characteristics or distribution of the respondents described as follows:

Table 4. 1 Demographic Characteristics of Respondents

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
Male	95	55.4
Female	78	44.6
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Age Distribution</b>		
18-30	75	42.9
31-45	70	40.0
46-60	30	17.1
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Academic qualification</b>		
Certificate / Diploma	18	10.3
Degree	112	64.0
Post-Graduate / Masters	45	25.7
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Occupation</b>		
Civil Servant	32	18.3
Businessman/ women	46	26.3
Banker	85	48.6
Unemployed	8	4.6
Others	4	2.3
<b>Total</b>	<b>175</b>	<b>100</b>
<b>Years of relation with the bank</b>		
1-5 Year	59	33.7
6-10 year	70	40.0
11-20 year	46	26.3
>20 year	0	0
<b>Total</b>	<b>175</b>	<b>100</b>

Source: Researcher's Survey Result from Primary Data Sources

As the above Table 4.1 shows 55.4% of respondents are male and the remaining 44.6% respondents are female. Regarding age, 42.9% of respondents are age below 30 years, 40.0% respondents are between 31 and 45, and 17.1% respondents are between 46 and 60. Academically, certificate/Diploma holders are 10.3%, degree 64.0%, and masters 25.7%. It shows that the respondents' academic ground is very high. Occupation of the respondents shows 18.3% are civil servant, 26.3% Businessman/women (engaged in the business they ran), 48.6% Banker, and unemployment 4.6% and 2.3% other kind of category. Finally, based on years of relation with the bank 33.7% of the respondents are less than 5 years banking relation 40.0% between 6-10 years, 26.3% between 11-20 and no one over 20 years, it shows that the respondents are with diverse lengths of experience with Commercial Bank of Ethiopia.

### 4.3 Close ended Analysis

#### 4.4 Main source of complaints

To determine Commercial Bank of Ethiopia customer complaints practice effectiveness in the study, let further to identify the main source of the complaint.

The study conducted frequency as well as mean analysis to scale response patterns. Mean values were calculated to identify the central tendencies (averages) of data. With a Likert response scale of 1 – 5 (with the key: 1=strongly disagree, 2= disagree, 3=unsure, 4= agree and 5=strongly agree), the mean value range between 1-1.80= SD, 1.81-2.60=D, 2.61-3.40= U, 3.41-4.20=A, and 4.21-5 =SD.

Table 4. 2 Main source for customer complaints

S. N	Possible sources of complaints	Frequency (percentage)					Mean	Standard
		SD	D	U	A	SA		
1	ATM withdrawal failures	2(1.1)	29(16.6)	14(8)	106(60.6)	24(13.7)	3.70	0.94
2	ATM dispute handling	10(5.7)	28(16)	17(9.7)	86(49.1)	34(19.4)	3.61	1.136
3	Defective ATM machines / cards	9(5.1)	13(7.4)	27(15.4)	100(57.1)	26(14.9)	3.68	0.98

4	ATM card delay	12(6.9)	16(9.1)	19(10.9)	111(63.4)	17(9.7)	3.60	1.02
5	Excessive delays at the banking hall	11(6.3)	42(24.0)	40(22.9)	56(32)	26(14.9)	3.25	1.16
6	Poor customer service delivery	36(20.6)	52(29.7)	4(2.3)	65(37.1)	18(10.3)	2.86	1.37
7	unfair deduction on accounts	55(31.4)	21(12)	39(22.3)	43(24.6)	17(9.7)	2.70	1.39
8	loan deduction anomalies/ variances	28(16)	16(9.1)	59(33.7)	55(31.4)	17(9.7)	3.10	1.20
9	Transaction without customer's knowledge	58(33.1)	19(10.9)	32(18.3)	56(32.0)	10(5.7)	2.66	1.37
10	Inter-post( Wrongly posted one account to the other)	17(9.7)	27(15.4)	16(9.1)	97(55.4)	18(10.3)	3.43	1.14
11	Account number wrongly linked with other person cell phone	27(15.4)	19(10.9)	25(14.3)	84(48)	20(11.4)	3.28	1.25
12	Network interruption	10(5.7)	15(8.6)	6(3.4)	87(49.7)	56(32)	3.94	1.10
<b>Grand mean</b>							<b>3.31</b>	

**Source: Researcher's Survey Result from Primary Data Sources**

As the above Table 4.2, the possible source of complaint showed that the respondents agreed on the listed 9 items out of 12 are the main source of the complaint to the bank. The respondent agreed with ATM withdrawal failures with 106(60.6%), 86(49.1%) ATM dispute handling, 100(57.1%) defective ATM machines/cards, 111(63.4%) ATM card delay, 56(32) excessive delays at the banking hall, 65(37.1%) poor customer service delivery, 97(55.4%) inter-post (wrongly posted one account to the other), 84(48%) account number wrongly linked with other person cell phone, and 87(49.7%) network interruption. The respondent strongly disagrees on two-item out of the twelve listed sources of complaint these are unfair deduction on accounts are 43(24.6%) respondents and 58(33.1%) transactions without customer's knowledge. The rest one item which is loan deduction anomalies/ variances 59(33.7%) respondents unsure the complaint is at the bank.

The grand mean of the analysis shows ( $M=3.31$ ), the mean value falls in the valid range 2.61-3.40=U which means the possible source of the complaints are unsure. This implies that the majorities of items listed in the source of the complaint are the main source of complaint the bank face. Thus, the bank needs to take serious measures to address the mentioned problems.

The handling of complaints has become an important aspect of bank management and is one of the main factors behind customer decisions to reward a bank. Effective complaint handling gives chance to change unsatisfied customers become satisfied done. The other advantages from effective complaint handling are: Service provider gets opportunity to improve their relation with disappointed customers; service provider can be avoided from negative publicity; Service provider can understand aspects of service which can be improved in order to satisfy the customers; Service provider will know source of their operation's problem; and workers can be motivated to deliver better quality of service. (Mudie&Cottam, 1999)

#### **4.5 Customer Complaint Handling Mechanisms**

Providing full access for customers to forward their complaints is an important aspect of complaint management as it allows the customer to voice their concerns. Having multiple mechanisms to receive complaints also perceived as encouraging customers to complain about service dissatisfaction, and this will help organizations to improve their service as well as to retain customers. Thus, creating accesses for customer complaints is an ingredient for effective complaints procedure. Accordingly, mechanisms in place to receive customer complaints at the Commercial Bank of Ethiopia are examined in this section.

The study conducted frequency as well as mean analysis to scale response patterns. Mean values were calculated to identify the central tendencies (averages) of data. With a Likert response scale of 1 – 5 (with the key: 1=strongly disagree, 2= disagree, 3=unsure, 4= agree and 5=strongly agree), the mean value range between 1-1.80= SD, 1.81-2.60=D, 2.61-3.40= U, 3.41-4.20=A, and 4.21-5=SD.



Table 4. 3 Mechanisms for customer complaints

S.N	Possible complaints receiving techniques.	Frequency (percentage)					Mean	Standard
		SD	D	U	A	S A		
1	Suggestion box	8(4.6)	6(3.4)	32(18.3)	94(53.2)	35(20.0)	3.81	0.949
2	The banks free telephone(8980)	2(7.4)	16(9.1)	32(18.3)	80(45.7)	45(25.7)	3.86	0.945
3	Email/web site	2(1.1)	16(9.1)	32(18.3)	110(62.9)	15(8.6)	3.70	0.899
4	Mini-customer satisfaction survey after service	11(6.3)	24(13.7)	40(22.9)	69(39.4)	31(17.7)	3.49	1.124
5	Electronic register /CRM next	11(6.3)	8(4.6)	68(38.9)	69(39.4)	19(10.9)	3.44	0.968
6	Logbook/ register book	12(6.9)	12(6.9)	49(28)	85(48.6)	17(9.7)	3.47	0.99
<b>Grand mean</b>							<b>3.515</b>	

Source: Researcher's Survey Result from Primary Data Sources

As the above Table 4.3, regarding the availability of complaining mechanisms, respondents ranked the bank's suggestion box as widely used, which values 94(53.2%), Email/web site rated second 110(62.9%), the Logbook/ register book rated third 85(48.6%), the bank's free telephone 80(45.7%), electronic register /CRM next 69(39.4%) and mini-customer satisfaction survey 69(39.4%) ranked from four to six sequentially. Whereas, reviewing the data the researcher came to understand that significant number of respondent unsure/ doesn't know how to apply their complaints.

The possible complaint receiving technique analysis on grand mean shows ( $M=3.628$ ), the mean value falls in the valid range 3.41-4.20=A which is the bank complaint receiving technique is good and have option to complaints.

Complaint handling Mechanisms should aim to provide framework for the employees when handling complaints, improve the ability of the company to resolve issues in a systematic, Mechanisms consistent, and responsive manner, enable the organization to identify trends and eliminate causes of complaints and as a result improve the operations, assist the commitment of the company to the provision of high quality service, provide a basis for continual review and analysis of the complaint handling process, the resolution of complaints and process the improvements made.

#### 4.6 Complaint Responsiveness

The study conducted frequency as well as mean analysis to scale response patterns. Mean values were calculated to identify the central tendencies (averages) of data. With a Likert response scale of 1 – 5 (with the key: 1=strongly disagree, 2= disagree, 3=unsure, 4= agree and 5=strongly agree), the mean value range between 1-1.80= SD, 1.81-2.60=D, 2.61-3.40= U, 3.41-4.20=A, and 4.21-5=SD.

Table 4. 4 Complaint Responsiveness survey analysis

		Frequency (percentage)					Mean	Standard deviation
		SD	D	U	A	S A		
CR1	Employees have courtesy, (polite and respectful) response to customer's requests and problems.	6(3.4)	24(13.7)	38(21.7)	67(39.3)	40(22.9)	3.63	1.10
CR2	Employees have a high attentiveness to customer Problems	3(1.7)	27(15.4)	32(18.3)	73(41.7)	40(22.9)	3.69	1.04
CR3	The bank took a reasonable time to respond Customer's problems.	5(2.9)	42(24.0)	27(15.4)	87(49.7)	14(8.0)	3.36	1.02
CR4	Employees are willing to provide a helpful support to customer's Problems.	17(9.7)	27(15.4)	21(12.0)	89(50.9)	21(12.0)	3.40	1.174
CR5	The bank employees doesn't notice the complaint made	15(8.6)	41(23.4)	29(16.6)	74(42.3)	16(9.1)	3.20	1.15
CR6	The bank responds quickly to Customer complaints	20(11.4)	20(11.4)	90(51.4)	34(19.4)	11(6.3)	2.98	1.01
<b>Grand mean</b>							<b>3.37</b>	

**Source:** Researcher's Survey Result from Primary Data Source

As Table 4.4, shows regarding complaint responsiveness, the researcher listed seven items. From the listed items the majority of the respondent witnessed the bank employee's communicating details on time which values 128(71.9%), following 96(54.9%) respondents agree the bank took a reasonable time to respond customer's problems, 89(50%) employees are willing to provide helpful support to customer's problems employees have a courtesy (polite and respectful) response to customer's requests & problems and employees have a high attentiveness to customer problems find equal points 70(39.3%). However, 60(33.7%) respondents agreed on the bank employees who don't notice the complaint made, and 106(59.6%) respondents unsure that the bank responds quickly to customer complaints.

The grand mean of the analysis of complaint responsiveness shows ( $M=3.37$ ), the mean value falls in the valid range 2.61-3.40= U this implies the respondents unsure on the bank complaint responsiveness.

When a customer gets a poor service or a defective product, the customer attempts to formulate all the right words and expressions for a specific complaint, as well as appropriate accusation to rebuttals from the customer service agent. This made them to invest much in providing a quality service to their customers by solving customer's complaints as quickly as possible. In that regards such companies have shifted from product/service centric to a customer- centric position.

#### **4.7 Effective Complaint Handling**

The study conducted frequency as well as mean analysis to scale response patterns. Mean values were calculated to identify the central tendencies (averages) of data. With a Likert response scale of 1 – 5 (with the key: 1=strongly disagree, 2= disagree, 3=unsure, 4= agree and 5=strongly agree), the mean value range between 1-1.80= SD, 1.81-2.60=D, 2.61-3.40= U, 3.41-4.20=A, and 4.21-5=SD.

Table 4. 5 Effective Complaint Handling survey analysis

		Frequency (percentage)					Mean	Standard deviation
		SD	D	U	A	SA		
ECH1	The bank has an effective Complaint monitoring procedure	8(4.6)	18(10.3)	30(17.1)	110(62.9)	9(5.1)	3.54	0.914
ECH2	The bank has an effective Complaint capturing procedure	6(3.4)	16(9.1)	32(18.3)	108(61.7)	13(7.4)	3.61	0.883
ECH3	The customers are unhappy with how the organization handled the complaint	16(9.1)	45(25.7)	53(30.3)	57(32.6)	4(2.3)	2.93	1.020
ECH4	The customers are satisfied with how the organization handled the complaint	2(1.1)	25(14.3)	33(18.9)	103(58.9)	12(6.9)	3.56	0.861
ECH5	The customers are delighted with the manner in which the organization handled the Complaint	5(2.9)	40(22.9)	44(25.1)	84(48)	2(1.1)	3.22	0.909
ECH6	Did the bank provide information about handling of complaints?	3(1.7)	10(5.7)	40(22.9)	105(60)	17(9.7)	3.70	0.790
<b>Grand mean</b>							<b>3.42</b>	

Source: Researcher’s Survey Result from Primary Data Sources

As Table 4.5, shows regarding Effective Complaint Handling 110(62.9%) respondents confirm that the bank has an Effective Complaint Monitoring Procedure, follow 108(61.7%) respondents witnessed the bank has an Effective Complaint Capturing Procedure, 105(60%) respondents ensure that the bank provides information about the handling of complaints, 103(58.9%) respondents agreed on the customers are satisfied with how the organization handled the complaint and 84(48%) respondents agree the customers are delighted with how the organization handled the complaint. However, 57(32.6%) respondents are still unhappy with how the organization handled the complaint. Regarding the bank effective complaint handling the grand mean analysis shows ( $M=3.42$ ), the mean value falls in the valid range 3.41-4.20=A this implies the bank have effective complaint handling practices.

The quality of the service can be determined by good customer complaint handling process, “how well service complaints are handled is a key determination of quality in the public service at systemic and service- recipient levels.

#### 4.8 Complaint Accessibility

The study conducted frequency as well as mean analysis to scale response patterns. Mean values were calculated to identify the central tendencies (averages) of data. With a Likert response scale of 1 – 5 (with the key: 1=strongly disagree, 2= disagree, 3=unsure, 4= agree and 5=strongly agree), the mean value range between 1-1.80= SD, 1.81-2.60=D, 2.61-3.40= U, 3.41-4.20=A, and 4.21-5=SD.

Table 4. 6 Complaint accessibility survey analysis

		Frequency (percentage)					Mean	Standard deviation
		SD	D	U	A	SA		
CA1	The bank maintains confidentiality in customer’s discussions and thus the customers Feel free to discuss your Issues comfortable.	7(4.0)	24(13.7)	43(24.6)	78(44.6)	23(12.4)	3.49	1.016
CA2	There is safety on customers and their belongings when complaint	10(5.7)	33(18.9)	8(4.6)	100(57.1)	24(12.9)	3.54	1.11
CA3	The bank listens to the customer to Identify with their problems	5(2.9)	17(9.7)	43(24.6)	67 (38.3)	43(27)	3.72	1.03
CA4	The bank complaint system easily accessible to consumers?	5(2.9)	36(20.6)	48(27.4)	71(40.6)	15(6.7)	3.31	0.98
CA5	The complaint forms are available to the customers	6(3.4)	24(13.7)	48(27.4)	78(44.6)	19(9.6)	3.46	0.97
<b>Grand mean</b>							<b>3.504</b>	

**Source:** Researcher’s Survey Result from Primary Data Sources

As shown above, in Table 4.6, the respondent evaluates the bank complaint accessibility. The analysis shows that the majority of the respondents agree on the item listed under the complaint accessibility table. The cumulatively of 124(70%) respondents agree and strongly agree with the safety on customers and their belongings when the complaint, cumulatively of 110(65.3%) of the respondent agree and strongly agree the bank listens to the customer to identify with their problems, 97(54.2%) of the respondent agree and strongly agree with the complaint forms

are available to the customers, The cumulative of 101 (57%) respondents agree and strongly agree on the bank maintains confidentiality in customer’s discussions and thus the customers feel free to discuss your issues comfortable, and 86(47.3%) of the respondents agree and strongly agree on the bank complaint system easily accessible to consumers.

The Complaint accessibility survey analysis at grand mean shows ( $M=3.504$ ), the mean value falls in the valid range 3.41-4.20=A this implies the bank is accessible for complaint.

The focus of any business is to create and keep customers; effectively addressing a complaint is really an opportunity to create a positive experience with customers, in addition to preventing them from going to the competitors’

.Resolving customers Complaints makes for a better bottom line as the cost to replace a current customer can be 10 times the cost of keeping them

#### 4.9 Recruit and train necessary staff

The study conducted frequency as well as mean analysis to scale response patterns. Mean values were calculated to identify the central tendencies (averages) of data. With a Likert response scale of 1 – 5 (with the key: 1=strongly disagree, 2= disagree, 3=unsure, 4= agree and 5=strongly agree), the mean value range between 1-1.80= SD, 1.81-2.60=D, 2.61-3.40= U, 3.41-4.20=A, and 4.21-5=SD.

Table 4. 7 Recruitment and train necessary staff survey analysis

		Frequency (percentage)					Mean	Standard deviation
		SD	D	U	A	SA		
RTN1	The bank assigned skilled and trained employees those who have both technical skills and interpersonal skills.	26(14.9)	31(17.7)	6(3.4)	104(59.4)	8(4.6)	3.21	1.23
RTN2	The bank recruits professional staffs for complaint receiving and handling.	26(14.9)	38(21.7)	10(5.7)	82(50)	19(13.5)	3.17	1.302

RTN3	The bank provide continuous training for the concerned staffs to up to date their complaint handling skill.	19(10.9)	27(15.4)	19(10.9)	92(52.6)	18(10.1)	3.36	1.185
RTN4	All staff throughout the company well aware of the procedures and the importance of your complaint-management system	15(8.6)	33(18.9)	37(21.1)	74(42.3)	16(9.1)	3.25	1.126
RTN5	The bank provide adequate training for the complaint-management staff	12(6.9)	16(9.1)	50(28.6)	80(45.7)	17(9.7)	3.42	1.019
<b>Grand mean</b>							<b>3.28</b>	

**Source:** Researcher's Survey Result from Primary Data Sources

As Table 4.7, regarding on recruit and train the necessary staff.

Majority of the respondent strongly agree and agree with cumulative of 112(64%), respondent respond that the bank assigned skilled and trained employees those who have both technical skills and interpersonal skills, 101(63.5%) of respondent the bank recruits professional staffs for complaint receiving and handling and the bank provides continuous training for the concerned staffs to up to date their complaint handling skill both score 110(62.9%), 97(55.7%) of the respondents strongly agree and agree on the bank provide adequate training for the complaint-management staff and 90(51.4%) of respondent cumulatively strongly agree and agreed at all staff throughout the company well aware of the procedures and the importance of your IOP complaint-management system.

The grand mean analysis shows ( $M=3.28$ ), the mean value falls in the valid range 2.61-3.40= U this implies that the bank recruit and trainee the necessary staff to facilitate the complaint handling process is doubtful/ unsure for the respondent. Hence, the bank needs to give high attention to the recruitment and training of employees.

Different managements at different Positions have responsibilities for various duties accordingly. Overall responsibility and accountability for the management of complaints lies with the Chief Executive and senior management (West Lothian Council, 2013). Same wise the council express that Deputes Heads of services also have their own duties & responsibilities.

An effective resolution at the earliest opportunity will enhance the complainant's view of the organization and allow prompt improvement to practices. Complaints should be handled by people who have the appropriate skills and authority to resolve or investigate complaints and, where appropriate, provide remedies and identify improved practices.

#### 4.10 Keep clear records.

The study conducted frequency as well as mean analysis to scale response patterns. Mean values were calculated to identify the central tendencies (averages) of data. With a Likert response scale of 1 – 5 (with the key: 1=strongly disagree, 2= disagree, 3=unsure, 4= agree and 5=strongly agree), the mean value range between 1-1.80= SD, 1.81-2.60=D, 2.61-3.40= U, 3.41-4.20=A, and 4.21-5=SD.

Table 4. 8 record keeping survey analysis

		Frequency (percentage)					Mean	Standard deviation
		SD	D	U	A	SA		
KCR1	Commercial bank of Ethiopia Bank keeps/maintain complaint records at head quarter and branches.	4(2.3)	27(15.4)	49(28)	74(42.3)	21(12)	3.46	0.969
KCR2	Customer complaints recorded in logbooks are sampled for analysis at the bank's Headquarters	8(4.6)	23(13.1)	73(41.7)	60(34.3)	11(6.3)	3.25	0.924
KCR3	Complaint logbooks are factored into policy formulation at the bank's headquarters	7(4)	3(1.7)	92(52.6)	68(38.3)	5(2.9)	3.35	0.749
KCR4	Complaint logbooks has significant influence on policy formulation at the bank	10(5.7)	18(10.3)	59(33.7)	72(41.1)	16(9.1)	3.38	0.986
KCR5	Complaint logbooks are factored into policy formulation at the Branch	13(7.4)	14(8)	60(34.3)	74(42.3)	14(8)	3.35	1.00
<b>Grand mean</b>							<b>3.35</b>	



Source: Researcher's Survey Result from Primary Data Sources

On the above Table 4.8, the respondent value the bank records keeping. Accordingly, 95(53.3%) of respondent shows their strong agreement for the question Commercial Bank of Ethiopia keeps/maintain complaint records at headquarter and branches, 89(50.9%) respondent strongly agree and agree with the bank complaint logbooks are factored into policy formulation at the branch, and 88(50.2%) of the respondents cumulatively strongly agree and agree on complaint logbooks has a significant influence on policy formulation at the bank. Nevertheless, 92(52.6%) and 73(41.7%) of the respondent unsure the complaint logbooks are factored into policy formulation at the bank's headquarters and customer complaints recorded in logbooks are sampled for analysis at the bank's headquarters respectively. Few respondents show their strong disagreement and disagreement at the listed items under the record-keeping of the bank. The grand mean record keeping analysis shows ( $M=3.35$ ), the mean value falls in the valid range 2.61-3.40= U which implies the bank record keeping is doubt full/ not go

There must records of all complaints systematically so that the data can be used for analysis and management reporting. By doing so, it can be identified and tackle what causes complaints. And also for report purpose there must analyze of complaint details for trend information to ensure to identify service failures and take appropriate action. And hence, as per SPSO, by regularly reporting on the analysis, it is possible to inform management where services need to Improve

## CHAPTER FIVE

### CONCLUSIONS & RECOMMENDATIONS

In this chapter the conclusions and recommendations were discussed. For clarity purpose, the conclusions are based on the research objectives of the study. Based on the findings of the study recommendations are made to the Commercial Bank Ethiopia.

#### 5.1 Summary of Findings

On the basis of the findings the summary of the research presented as follows.

Thus, the demographic characteristics of the respondents revealed out that about 55.4% are male; the remaining 44.6% are female. The majority of the respondents were in the age category of eighteen up to thirty years being followed by thirty-one and forty-five years' age group. Occupational statuses, 48.6 % of the respondents were bankers, and 26.3% of them were businessmen/women. Moreover, based on Education, the majority of the respondents are BA degree holders and years of relation with the bank 40 % of respondents had a six to a ten-year relationship with the bank.

The possible complaint receiving technique analysis on grand mean shows ( $M=3.628$ ) regarding the bank effective complaint handling the grand mean analysis shows ( $M=3.42$ ), the mean value falls in the valid range 3.41-4.20=A which is the bank complaint receiving technique is good and have option to complaints and implies the bank have effective complaint handling practices The Complaint accessibility survey analysis at grand mean shows ( $M=3.504$ ), the mean value falls in the valid range 3.41-4.20=A this implies the bank is accessible for complaint.

The grand mean of the analysis of complaint responsiveness shows ( $M=3.37$ ) and the grand mean record keeping analysis shows ( $M=3.35$ ), and the grand mean of the analysis of bank recruit and trainee the necessary staff shows ( $M=3.28$ ), the mean value falls in the valid range 2.61-3.40= U this implies the respondents unsure on the bank complaint responsiveness. Which implies the bank record keeping is doubt full/ not good and the to facilitate the complaint handling process is doubtful/ unsure for the respondent. Hence, the bank needs to give high attention to the recruitment and training of employees.

From Pearson correlation table, (the dependent variable) has a strong and positive relationship with the various independent variables constructs such as on mechanism of receiving complain (CCHM), Complaint responsiveness(CRA),Effective complaint handling (EHC), Complaint

Accessibility (CAA), Recruit and train staff (RTST),)...etc.. Complaint handling practice had positive relationship and small correlation with complain Mechanism ( $r = 0.08$ ,  $P=0.29$ ) and the other types of source had had positive relationship and small correlation Complaint responsiveness ( $r = 0.125$   $P=0.12$ ), Effective complaint handling ( $r = 0.148$   $P=0.05$ ) and Recruit and train staff ( $r = 0.105$   $P=0.168$ ) were Complaint accessibility ( $0.041$   $P=0.59$ ), positive relationship and large correlated. This shows that all types of source of complain were positively correlated except Keep clear records Negative correlated and large correlated ( $r = -0.001$   $P=0.98$ ).

It can be understood that the Six independent variables six independent variables (receiving complain Mechanism, Complaint responsiveness, Effective complaint handling, Complaint accessibility, Recruit and train staff, Keep clear records) of the study explains 3.7 % ( $R^2=0.037$ ) of the dependent variable (Complain handling practice). This implies that 3.7 % level of Complain handling practice in the Cbe determine by the independent variables the remaining 96.3 % determine by other factors which don't include by the study.

Analysis of variance indicated that the variance of the variables that the researcher established that the F ratio ( $F(6, 168) = 1.069$   $p=.383$ ) was statistically significant at  $p<.05$  level of significance. This shows that the valid regression model implied that all independent variables, taken as a set explained that there is a positive and significant Relationship with dependent variable.

## 5.2 Conclusion

Based on the findings presented in the previous section, the following conclusions are drawn. Accordingly, the first research question dealt with the possible source of the complaint. The research under this section found that the majority of the respondents agree on the listed item/questions are the main source of complaints. Besides, the grand mean analysis shows the listed items are the main source of complaint.

The complaint receiving technique with this regard, the research shows the listed complaint receiving items are properly utilized by the customer, but a significant number of respondents are not sure that the listed complaint receiving items have existed. The grand mean analysis shows the complaint receiving techniques are available.

The study found that the majority of respondents agreed with the bank responsiveness, on the other hand, from the listed items the employees don't notice the complaint and the bank quick response for customer complaint shows the negative implication of respondent and respondent doubt respectively which means the bank doesn't give sensitivity on complaint responsiveness. However, the grand mean analysis shows the bank responsiveness for complaints. With this concern, the respondent agrees with the effectiveness of complaint handling. Yet, there is an unhappy customer on how the bank handles complaints. The grand mean analysis shows the bank effective complaint handling.

Under this section, the study found that the bank is accessible to complaints. However, a significant number of respondents unsure the bank complaint accessibility, and a few numbers of the respondent disagree with the bank complaint accessibility. The grand mean analysis shows the bank is accessible for complaint.

The research found that the majority of respondents show their agreement on the listed items. On the contrary, a significant number of respondents disagree with the recruitment and train the necessary staff. Besides, the number of respondents not sure that bank recruitment and train the necessary staff. The grand mean analysis shows the bank recruitment and train the necessary staff for complaint handling fall under unsure category.

Nevertheless, a significant number of respondents unsure that the complaint logbooks are factored into policy formulation at the bank's headquarters, and customer complaints recorded in logbooks are sampled for analysis at the bank's headquarters respectively. Few respondents show their disagreement at the listed items under the record-keeping of the bank. In general, the grand mean shows the bank record keeping is not good. There was statistically significant positive correlation between sources of complains and complains handling practice. The five source of complain types were positively correlated except one.

## 5.3 Recommendation

On the basis of the results and conclusions of the study, the following recommendations were suggested so as to be considered future intervention strategies which are aimed at improving the complaint handling practice of the bank.

The bank should identify the frequent sources of complaints, identify customer service areas in which the complaints are frequently received, identify systemic insufficiencies on complaint handling, and identify the geographical spread of complaints. Which is used to make the necessary improvement. The bank should facilitate the customers to lodge complaints, the complaint by any available means, and the customer should be fully informed to escalate their complaints/grievances within the organization.

The Bank should resolve the complaints within the specified time. There must be a time limit for every task to complete based on the gravity and sensitivity of the matter. If the complaint cannot resolve within the specified time due to the investigation required a long process and additional time required the concerned personnel/ supervisor explain the fact to the customer, and fix up the time limit again.

The Bank should provide efficient complaints handling practices that are transparent, accessible information on the processes or systems included in complaints handling to enable ease of access for customers when they are unhappy or have not received satisfactory service Or treatment.

The Bank should be ensuring that people with complaints can get easy access to the system, and the complaint format of the bank should be enriching with familiar words. It makes it easy for the customer when filling.

The bank needs to give attention to hiring and assigning the necessary staff for complaint handling in each branch and at the center/ head office. All the assigned personnel need to be trained in handling customer complaints effectively and being empowered to respond positively. The bank should be improved the recode keeping and develop a complaint recording system. The recording complaints should be kept and regularly analyzed, which is used to minimize the complaint frequency.

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**ANNEX:  
QUESTIONNAIRE**

**ST.MARY UNIVERSITY COLLEGE MASTER OF BUSINESS  
ADMINISTRATION(MBA) PROGRAM**

Dear Respondent,

I am a postgraduate student in St. Mary University College Department of Management. Currently, I am conducting a research titled “Assessment of complaint handling practice: In the Case of Commercial Bank of Ethiopia as part of the requirement for the award of the degree in Masters of Business Administration (MBA). To facilitate the completion of this study, I humbly request your assistance to answer all questions completely as possible to the best of your knowledge. The research is purely for academic purpose and will be treated with outmost confidentiality. Your honest and genuine response to the survey questionnaire is highly important to the quality of the research outcome. Hence, spare a few minutes from your valuable schedule and share your true feelings. Thank you in advance for your kind cooperation!

You are not required to write your name on the survey questionnaire.

Sincerely Yours,

Merima Ahmed

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and +251965166916

Email: [merima.jemal58@gmail.com](mailto:merima.jemal58@gmail.com)



## Section A: Respondents' Demographic Data

Please tick [] in the appropriate box provided to indicate your answers.

1. What's your gender?  
 Male  Female
2. Which age category do you belong?  
 18-30years  31-45years  46 – 60years
3. What is your highest academic qualification?  
 Basic Level Education  Certificate / Diploma  Degree  
 Post-Graduate / Masters  Other, Please specify.....
4. What is your area of employment?  
 Civil Servant  Military / Police, etc.  Businessman   
 Banker  Farmer  Student  Unemployed  Other, Please specify.....
5. How long have you been with Awash Bank S.C?  
 1-5 years  5–10 years  11-20 years  over 20years

## Section B: Responses to Research Questions

Please indicate your level of agreement or disagreement on the following statements. (Key: SD= Strongly Disagree, D=Disagree, U=Unsure, A=Agree, SA= Strongly Agree)

S.N	The followings are the possible sources of complaints. Please, rate the level your agreements from Commercial Bank of Ethiopia (CBE) perspective.	SD	D	U	A	SA
1	ATM withdrawal failures					
2	ATM dispute handling					
3	Defective ATM machines / cards					
4	ATM card delay					
5	Excessive delays at the banking hall					
6	Poor customer service delivery					
7	unfair deduction on accounts					
8	loan deduction anomalies/ variances					
9	Transaction without customer's knowledge					
10	Inter-post( Wrongly posted one account to the other)					
11	Account number wrongly linked with other person cell phone					
12	Network interruption					

## Mechanism for applying/receiving complaint

S.N	The followings are the possible complaints receiving techniques. Please, rate the level your agreements about the sources from Commercial Bank of Ethiopia (CBE)	SD	D	U	A	SA
1	Suggestion box					
2	The banks free telephone(8980)					
3	Email/web site					
4	Mini-customer satisfaction survey after service					
5	Electronic register /CRM next					
6	Logbook/ register book					

## Complaint Responsiveness

S.N	The followings are shows the responsiveness of the complaints. Please, rate the level your agreements from Commercial Bank of Ethiopia (CBE) perspective.	SD	D	U	A	SA
1	Employees have courtesy, (polite and respectful) response to customer's requests and problems.					
2	Employees have a high attentiveness to customer problems					
3	The bank took a reasonable time to respond customer's problems.					
4	Employees are willing to provide a helpful support to customer's problems.					
5	The bank employees doesn't notice the complaint made					
6	The bank responds quickly to Customer complaints					

## Effective Complaint Handling

S.N	The followings are shows the effectiveness of complaints Handling. Please, rate the level your agreements from Commercial Bank of Ethiopia (CBE) perspective.	SD	D	U	A	SA
1	The bank has an effective Complaint monitoring procedure					
2	The bank has an effective Complaint capturing procedure					
3	The customers are unhappy with how the organization handled the complaint					
4	The customers are satisfied with how the organization handled the complaint					
5	The customers are delighted with the manner in which the organization handled the complaint					
6	Did the bank provide information about handling of complaints?					

### Complaint Accessibility

S.N	The followings are shows the bank accessibility for complaints. Please, rate the level your agreements from Commercial Bank of Ethiopia (CBE) perspective.	SD	D	U	A	SA
1	The bank maintains confidentiality in customer's discussions and thus the customers feel free to discuss your issues comfortable.					
2	There is safety on customers and their belongings when complaint					
3	The bank listens to the customer to Identify with their problems					
4	The bank complaint system easily accessible to consumers?					
5	The complaint forms are available to the customers					

### Recruit and train necessary staff

S.N	The followings are shows the recruitment and training of staff. Please, rate the level your agreements from Commercial Bank of Ethiopia (CBE) Perspective.	SD	D	U	A	SA
1	The bank assigned skilled and trained employees those who have both technical skills and interpersonal skills.					
2	The banks recruit professional staffs for complaint receiving and handling.					
3	The bank provides continuous training for the concerned staffs to up to date their complaint handling skill.					
4	All staff throughout the company well aware of the procedures and the importance of your complaint-management system					
5	The bank provide adequate training for the complaint-management staff					

### Keep clear records.

S.N	The followings are shows the record keeping of the bank. Please, rate the level your agreements from Commercial Bank of Ethiopia (CBE)	SD	D	U	A	SA
1	Commercial bank of Ethiopia keeps/maintain complaint records at head quarter And branches.					
2	Customer complaints recorded in logbooks are sampled for analysis at the bank's headquarters					
3	Complaint logbooks are factored into policy formulation at the bank's headquarters					
4	Complaint logbooks has significant influence on policy formulation at the bank					
5	Complaint logbooks are factored into policy formulation at the branch					

**Thank You for Your Time!!**

Note: The researcher used adapted questionnaire from the listed researchers, rearranged and develop in order to meet the objective of the study.

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