

ADDIS COLLEGE
THE EFFECT OF CUSTOMER SERVICE QUALITY ON
CUSTOMER SATISFACTION IN BANK OF ABYSSINIA,
ADDIS ABABA

BY
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EXAMINATION BOARD APPROVAL

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

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Acronyms

BOA _bank of Abyssinia.

SPSS – statistical package for social science

Abstract

The main object of this study is examining the effect of service quality dimensions on customer satisfaction in Abyssinia bank. Both descriptive and explanatory research design was used for this study. The research instrument used in this research was questionnaire. A total of 100 of questionnaires were distributed physically to customers of Abyssinia bank. Statistical package for social science (SPSS v.25) was used to analyze the data which were collected from the survey, respondents feedback were analyzed through both descriptive and inferential statistics to analyze and interpret the findings. Descriptive statistics used for such as frequency and mean and standard deviations moreover inferential statistics was applied for such Pearson correlation analysis and multiple regressions. The results indicates that the independent variables service quality dimension have a positive and moderately significant relationship with customer satisfaction. The findings reveal that tangibility and empathy have a great significant impact on customer satisfaction whereas assurance, responsiveness and reliability have less significant impact on customer satisfaction. The research recommends that even though the service quality dimensions a positive relationship with customer satisfaction, Abyssinia bank were not fully utilized to satisfy customers effectively. Therefore the bank should pay attention to service quality and other factors which in turn increase customer satisfaction.

Key words: *service quality dimensions and customer satisfaction*

CHAPTER 1

INTRODUCTION

1.1. Background of the Study

In recent years, service firm like other sectors are realizing the significance of customer-centered philosophies. Banks play an important and active role in the financial and economic development of a country. An effective banking system greatly influences the growth of a country in various sectors of the economy. Practitioners in the banking industry face a large number of complex challenges in the global marketplace. It is crucial for banks to better understand changing customer needs and adopt the latest information technology system in order to compete more effectively with global organizations (Malhotra& Mukherjee, 2004).

They also use quality of service as a key differentiator and path to success. Service quality is one of the critical success factors influencing an organization's competitiveness. Without providing quality service, the bank's existence is not good enough. To increase the level of competition, the quality of service has been improved to satisfy the customer. Therefore, this study focused on analyzing the effect of service quality and its impact on customer satisfaction. The influence of service quality has dimensions on customer satisfaction in BOA.

Abyssinia Bank joins Ethiopia's banking sector following the country's strong economic development over the past decade and the growing need for financial services. The bank was licensed by the National Bank of Ethiopia (NBE) under Ordinance No. 2 in 1996. Abyssinia Bank Ltd. (BOA) uses the latest information technology to improve the quality of its customer service. BOA's total assets reached 188.55 billion ETB. Well-structured financial services systems are linked with underlying banking systems. Combine this with 10.2 million customers, 11,575 employees, 855 branches, 1,277 atms and 18 virtual banking centers, and more than 1,232 of his sales outlets in various locations, ensuring that customers were able to access the account from anywhere. This allowed BOA to increase its capital from 50 million ETB to 18.59 billion ETB. We continue to innovate in products and services and innovate in technology to satisfy our customers. All branches are interconnected by ICT, providing domestic and international banking services, with well-known remittance agents such as Western Union,

Express Money, Ria International, Trans Fast, Dahabseer, Money Gram, Carr, Esput back, etc. BOA currently has a total of 66 branches in the western region of Addis Ababa. The total number of customers is 3,989 at 18 Majoria branches, 7,134 at Autovis Terra branch, 1,083 at Amanuel Total branch and 20,744 at Addis Ketema branch. A total of 32,950 customers were found from selected BOA branches in the western region of Addis Ababa. Each branch has eight departments: IT (IT), Human Resources (HR), Finance, Compliance, Audit, Retail and Private Banking, Research and Development, Corporate and Investment Banking. Each department was have at least one director, deputy director, senior executive, manager, team leader, and various other titles depending on the department. The sample consists of representatives from each department.

This study focused on the BOA Western rigion of Addis Ababa the eight departments in the bank investigated as a stand-in are named in layers and grouped according to their job responsibilities (Deputy Director, Senior Manager, Manager, Team His Leader, Analyst, Clerk), support functions, etc. Therefore, the purpose of this study is to assess the impact of service quality under the Abyssinian bank on customer satisfaction, determine how well BOA has implemented system parameters, and indicate parameters that can be used in the future. The impact of customer experience practices on the five dimensions of tangibility, reliability, responsiveness, assurance and empathy on customer satisfaction is essential, which assesses the reasons for positive and/or negative results.

1.2. Statement of the Problem

The banking sector can make the economy strong, but the human body has a backbone, so the banking sector is only participating in the economy. Modern banks play many new roles, making life easier for the average consumer and business person. The banking industry has undergone significant changes over the past decade, leaving a market characterized by intense competition, low primary demand growth and increasing deregulation. The Ethiopian government has stepped up deregulation to encourage investors to participate in the banking sector, which has increased the number of banks and further increased competition and difficulties among banks. In this competitive environment, every bank wants to attract customers. You can do this by providing quality service to your customers. Customers are now more aware of their rights and demand more than they used to (Kim, Ng, Ki, 2009). Businesses find it more profitable to retain existing customers than to bring in new ones to replace lost ones. Good customer satisfaction impacts the

profitability of almost any business. Anderson and Zemke (1998) argue that satisfied customers improve business, and dissatisfied customers worsen business. Additionally, customers can easily switch from one provider to another at low cost, making it difficult to retain dissatisfied customers. Several studies have been conducted on service quality and customer satisfaction in service organizations in Ethiopia. However, most of these studies have been conducted on non-bank service organizations. Little research has been done on the banks, but only one of his. Workashe (2006) conducted a study on customer satisfaction and loyalty in the banking sector: the case of Abyssinia. However, we have not studied the impact of service quality on customer satisfaction. Tizazu (2012) conducted a study on the impact of customer experience on customer satisfaction at four selected commercial banks, not including BOA, and clearly identified knowledge gaps that need to be filled in the future. Due to the fact that BOA is one of the first private banks in Ethiopia's banking sector, the researchers faced some limitations to provide quality services to their customers as clients of this bank. . This prompted researchers to conduct their research at the BOA rather than other commercial banks. The purpose of this study is therefore to investigate the impact of customer service quality on customer satisfaction at Abyssinia Bank.

1.3. Research Question

In order to achieve the objective of the research the study aims to answer the following basic questions.

1. What is the effect of tangibility on customer satisfaction of the banks?
2. How reliability affect the customer satisfaction of the banks?
3. How much does the effect of responsiveness on customer satisfaction of the banks?
4. What is the cause of assurance on customer satisfaction of the banks?
5. How do empathy determine on the customer satisfaction of the banks?
6. What is the extent of customers' level of satisfaction?

1.4. Objectives of the Study

1.4.1. General Objectives

The main objective of this study is to examine the effect of customer service quality on customer satisfaction in Bank of Abyssinia.

1.4.2. Specific Objectives

- ❖ To identify the effect of tangibility on customer satisfaction of the banks
- ❖ To determine the effect of reliability on customer satisfaction of the banks
- ❖ To determine the effect of responsiveness on customer satisfaction of the banks
- ❖ To identify the effect of assurance on customer satisfaction of the banks
- ❖ To determine the effect of empathy on customer satisfaction of the banks
- ❖ To identify the customers' level of satisfaction

1.5. Significance of the Study

The significance of this study is the effect of customer service quality on customer satisfaction in bank of Abyssinia. First of all, the bank itself was gain valuable insights into the factors that influence customer satisfaction, assisting them in identifying strengths and weaknesses and improving their service quality practices. In addition, the study provides researchers and academicians with empirical data and insights, contributing to the existing body of literature on customer satisfaction in the bank of Abyssinia. Stakeholders, including developers, employees, and customers was gain a deeper understanding of the challenges and opportunities in service quality. Policy makers and the government was benefit from evidence-based recommendations to improve the effectiveness of service quality and make informed budget allocation decisions. The bank can draw lessons from the study's findings to improve their own practices

1.6. Scope of the Study

The study was conducted conceptually, methodologically, and geographically as follows:

This study examines the theoretical and conceptual frameworks related to the effect of customer service quality on customer satisfaction. Significantly analyze existing literature, theories, and models to create a sound conceptual framework for research. The study uses a hybrid method combining quantitative and qualitative research methods. Data were collected through questionnaires, interviews and document analysis. The quantitative data was be statistically analyzed, while the qualitative data was be thematically analyzed to gain a comprehensive understanding of customer satisfaction. The study was conducted at the bank of Abyssinia western district, Addis Ababa. The study was focused on customer satisfaction in the BOA and provides valuable insight into the bank experience and challenges in this specific context.

1.7. Limitations of the Study

Lack of Access to the Right Data: The research may face challenges in obtaining certain relevant data due to confidentiality or access restrictions. To address this, alternative data sources was be explored, and efforts was be made to collaborate with stakeholders to improve data accessibility.

Sampling Restriction: The study's scope is limited to a specific bank, potentially limiting the generalizability of the findings. To enhance external validity, diverse and representative samples were carefully selected and the context of the study was clearly communicated in the report.

Lack of Up-to-Date Literature: Availability of recent literature in the research area may be limited. To mitigate this, the study prioritized reputable and recent sources while acknowledging the potential impact of older literature on the study's context.

Unusual Time-Born Situation: Unexpected circumstances during the research may affect the study's outcomes. Transparency was be maintained in identifying and documenting any such situations, ensuring their consideration in the analysis and interpretation of findings.

The researcher adopted strategies to overcome these limitations. These include seeking alternative data sources, ensuring a diverse sample, focusing 9on recent and reputable literature, and maintaining transparency in acknowledging any unusual time-born situations. These approaches strengthen the study's validity, relevance, and overall credibility of the findings.

1.8. Organization of the Study

This study is organized in five chapters. The first chapter dealt with the background, statement of the problem, objectives of the study, significance of the study, scope of the study, operational definition and organization of the study. Chapter two contain a review of literature on the factors affecting project performance in building construction project. The third chapter covered the methodology of the study. The forth chapter was discuss about analysis and interpretation of the data. Chapter five included the conclusions from the study, a summary of the findings and recommendations. Finally, references are attached.

CHAPTER 2

REVIEW OF THE RELATED LITERATURE

2. Introduction

This chapter presents the overview of current literature in the frame of the research problem. Each of the bodies of literature is discussed which is focus on the specific nature of the relevant literatures that relates to this study.

2.1. Theoretical Related Literature Review

2.1.1. Service Quality

Quality is the lifeblood of service delivery firms, bringing increased customer patronage, competitive advantage and long-term profitability (Kenneth & Douglas, 1993). According to Grönroos (1982) services are non-stoppable interactions that involve both customer and service providers. These services may be considered as superior non-touchable services but do require tangible resources and any valuable instruments that was facilitate the process of solving problems for customers. Zenithal (1988) defined service quality as the process where customers conduct a comparative analysis of the entire services being provided. While Sureshchandar, Rajendran & anantharaman (2002) stated that service delivery organizations can gain a successful competitive edge over competitors through good service quality. However, a good administration that focuses on well trained staff, valuable program offering and its Influence on customers, are also components of quality dimensions (Naidu, 2011). Top management deems it necessary to invest time, energy, required training and resources to keep their staff sensitive and customer centric (khan &Fasih, 2014; Naidu, 2011 and Schneider, et al., 2005).

2.1.2. Dimensions of Service Quality

2.1.2.1. *Tangibles*

According to khan &Fasih (2014, after, Blurry, Batistatos, Papastratou, Perifanos, Remoundaki&Retsina, 2009), tangibles are seen to be perceptible by touch or a visible existence. Information and communication technology, tool, sites, company's employees and any visible facilities form the tangible dimension of service quality. However, these tangibles are applied in various ways by the service providers and are perceived and experienced on different levels by

the end users. Tangibles are especially important to service delivery firm's as they are crucial variables to developing strong, positive and inspiring customer association and experience, through its proprietary assets (Naidu, 2014).

2.1.2.2. Reliability

The process in which service provider remains faithful in rendering services to its customers can be considered as the reliability dimension of service quality (khan &fasih, 2014, after, blery, et al., 2009). Reliability assures the customer of a service provider's ability to consistently provide a perceived quality of service. Reliability has an impact on trust and the overall impression left in the mind of a customer after service consumption (abdelsalam, et al., 2013). The reliability dimension of service quality is vital and perceived through the people aspect of service quality (kaura, et al., 2012).

2.1.2.3. Assurance

Khan &Fasih (2014) states that the process of acquired knowledge being showcased by staffs in executing their term of preferences during service delivery can be highly assuring to customers. This gives customers the confidence that the service delivery representative was perform his/her duty professionally and ethically. Naidu (2014) argues that not all customers have the expertise to understand the quality of service and values they received, and as such may require effective communication or personal explanations to understand the value they receive. This service quality dimension is performed through the people aspect of service quality (kaura, et al., 2012).

2.1.2.4. Empathy

Khan &Fasih (2014) state that empathy is the ability for service delivery firms to pay attention to individual customer problems and demands, and then address these issues effectively. Khan &Fasih (2014) also argues that the way the company takes responsibility to address problems faced by their customers on an individual or group level is classified as empathy. This service quality dimension is perceived through the people aspect of service quality (kaura, et al., 2012).

2.1.2.5. Responsiveness

The process in which service providers react quickly to resolve customer problem positively within a given time is called responsiveness (blurry, et. Al.,2009). This dimension of service quality is perceived through the people aspect of service quality. However, information

technology advancement like emails, webpage and customer service interface improves the responsiveness of service delivery firm (kaura, et al., 2012).

2.1.3. Service Quality in Accounting Firm

The IRA is a governmental body responsible for assessing and collecting national revenues, administering, accounting, auditing and enforcing revenue collection laws and regulations, and educating taxpayers to facilitate tax and customs compliance. Empirical investigations on service quality and customer satisfaction in professional accounting firms by Aga & Safakli (2007) suggest that out of the five quality dimensions only empathy is significantly related to customer satisfaction. Hence, for accounting firms to retain customers in a highly competitive environment, it must pay special attention and response to empathy. From a professional accounting firm's perspective, the variables that impact customer satisfaction are; the firm's reputation, price and service quality. With the firm's reputation being the most important driver of customer satisfaction followed by price (Aga & Safakli, 2007). This study was conducted for a for-profit accounting firm based in Cyprus, which is an individualistic and developed country. It would be interesting to find out if this theory can be applied in a governmental organization.

Auditing is the accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between information and established criteria (Chen, 2010, after, Arens, et al., and 2003). While a financial statement audit is the determination of whether a company's financial statement is reflective of the true financial state of the company. In accordance to Chen (2010) service quality in auditing firms can be evaluated through auditor's reputation; power conflict; effectiveness of assisting clients to prepare tax returns; client assistance in preparing documents for submission to the company commission (in case of new business registration); provision of alternative solutions to business problems; and probability of discovering and reporting a bridge in clients accounting system.

According to a study on service quality, client satisfaction and loyalty towards audit firms in Malaysia by Ismail, et al. (2006), the empathy dimension of service quality had the greatest service gap, followed by reliability. This indicates that audit clients expect auditors to be more caring. By providing very reliable service with individualized attention; prompt service delivery and the ability to inspire trust and confidence in their clients. The results of this study further suggest that reliability and empathy have significant effect on customer satisfaction; with responsiveness having the least significant impact on customer satisfaction.

in audit firms mediates the relationship of audit service quality and customer loyalty through the reliability dimension.

2.1.4. Customer Satisfaction

Abdulsalam, et al. (2013) and Chen (2010) suggest that customer satisfaction is the result of a customer's comparison of perceived quality and actual service performance. This comparison may lead to customer satisfaction or dissatisfaction. Kaura, et al. (2012, after, Rust & Oliver, 1994) suggest that customer satisfaction reflects the degree to which a consumer believes that the use or possession of a specific service wasevoke positive feelings. Hence customer satisfaction is the physiological state of emotion associated with the conformity or nonconformity of a consumer's perceived quality of service during and after service experience (kaura, et al., 2012, after, Oliver, rust &Varki, 1997:13 and Chen, 2010). While Caruana (2002, after, Mohr, 1982) likened customer satisfaction to an expectancy/disconfirmation paradigm, this paradigm is the background for most studies on customer satisfaction. It encompasses four constructs namely; expectations, performance, disconfirmation and satisfaction.

The confirmation or disconfirmation that may arise from the difference between the service quality expectation and the actual service performance during or after service consumption (Caruana, 2002 and Chen, 2010). Customer satisfaction is of two different conceptualizations; transaction specific satisfaction (satisfaction based on a specific purchase occasion) and cumulative satisfaction (satisfaction based on overall evaluation of multiple purchases and purchase experience of a service over an extended period) (Abdulsalam, et al, 2013). Customer satisfaction is based upon the common judgment of products or services that provide the maximum rate of satisfaction for the customers (Oliver, et al., 1997). Customer satisfaction can either be considered as contentment, pleasure, or ambivalence based upon the kind of service being rendered to the customer at a specific purchase occasion (zenithal, 1988). Customer satisfaction can also be impacted by price, service features, product perceptions, and service quality. However, customer perception has a direct impact on how customers evaluate the service (Liu & Jang, 2009).

2.1.5. Relationship between Service Quality and Customer Satisfaction

Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be

antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service (Wilson *et al.*, 2008). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zenithal & Bitner, 2003). As said by Wilson *et al.* (2008), service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy and tangibility while satisfaction is more inclusive and it is influenced by perceptions of service quality, product price and quality, also situational factors and personal factors. The relationship between service quality and customer satisfaction is becoming crucial with the increased level of awareness among bank customers. Demographic characteristics should be considered by the bank managers to understand their customers (Sureshchander *et al.* 2002).

2.2. Empirical Study

2.2.1. Impact of Empathy on Customer Satisfaction

Ganglia & Roy (2011) claim that a positive correlation does exist between empathy and customer satisfaction. He also realized that without empathy customers would remain dissatisfied with service quality. Therefore, empathy greatly impacts customer satisfaction (Al-marry, Ahmed & Zaire, 2007). This dimension immensely contributes toward customer long-term relationship with the company. Wieseke, *et al.* (2012) research proves that empathy creates a condition of emotional relationship with customer and the service providers and motivates customer to do business with the company.

According to Karatepe (2011) there is a positive relationship between empathy and customer satisfaction. He noted that customer loyalty could be easily captured through empathy. The importance of empathy can be felt through service quality, customer loyalty as well as satisfaction. Therefore, empathy and reliability of service are significantly influenced by service environment (Karatepe, 2011). This dimension is also facilitated through the people aspect of service quality (Kaura, *et al.*, 2012).

2.2.2. Impact of Reliability on Customer Satisfaction

Results from Ibanez, Hartmann & Calvo (2006) test on reliability of service and customer satisfaction suggest that a positive correlation do exist between the reliability of service, service quality, performance (i.e. Financial and nonfinancial) and customer's satisfaction. This is made possible through the interactional activities between employees and customers. This dimension is facilitated through the people aspect of service quality (kaura, et al., 2012).

2.2.3. Impact of Assurance on Customer Satisfaction

Results from parasuraman, et al. (1988) found that assurance is one of the core dimensions of service quality that impacts customer satisfaction because it implants a favorable perception of an organization in the mind of a customer. A reliable financial service provider implants a high level of confidence in the mind of its customers (khan & Fasih, 2014, after, Ndubisi, 2006 and Ndubisi & Wah, 2005). This dimension is facilitated through the people aspect of service quality (Koura, et al., 2012).

2.2.4. Impact of Price

Relative to customer satisfaction, the price of service is not avoidable. Price and quality cannot be separated either. According to measurement variables used in the ACSI (American customer satisfaction index) model, rating of quality given price or rating of price given quality equals perceived value, and price tolerance given repurchase (Cornell, Johansson, and arson, cha & Bryant, 1996). The American customer satisfaction index model is a cause-and-effect model. It states outcomes components of satisfaction. Service price is an objective that consumers perceive as a stimulus. Price can be an indicator of consumer need to purchase a product and can be an indicator of the quality level (Rao & Monroe, 1989). Researchers have tested if price and quality have a positive relationship, results of these tests gave mixed evidence (Rao & Monroe, 1989) indicating that there is a relationship between price- and perceived quality, but this is not always this case.

In accordance to (Bei and Chiao 2001) there are different concepts of prices, namely; objective price, which is the actual price of a product; perceived price which is defined as "what is given up or sacrificed to acquire a service or product. Customer satisfaction is a central concept in marketing and it is affected by different variables. The prices of service/products is one of these variables, thus price of service/produce influences customer behavior (Han & Ryun, 2009).

2.3. Conceptual Frame Work

A theoretical framework introduces and describes the theories that attempt to explain the research problem under study with a keen focus on the specific variables being sought in the study, the conceptual framework comprises of independent variables and one dependent variable.

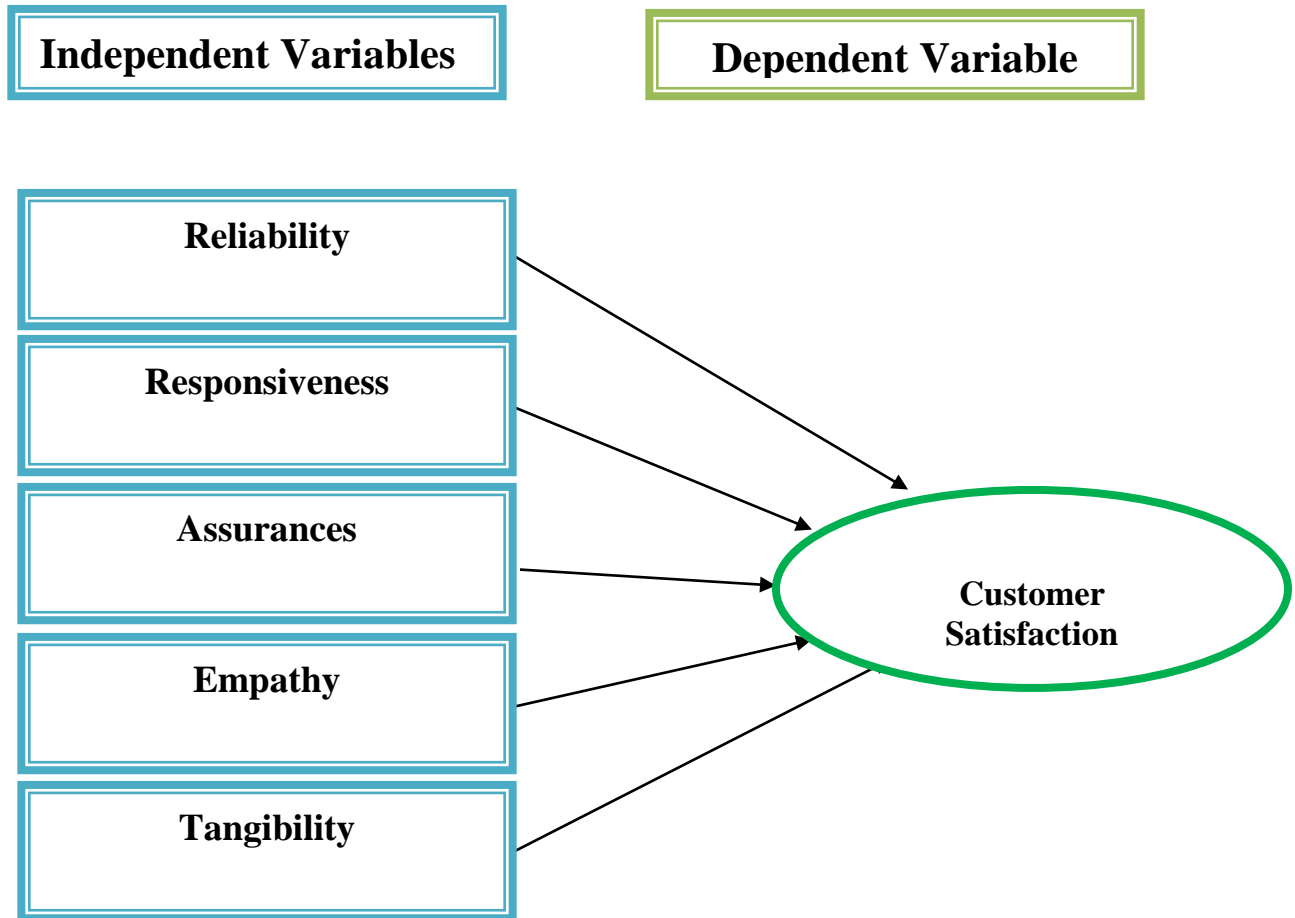


Figure 1: *Conceptual Framework*

CHAPTER 3

REASERCH METHODOLOGY OF THE STUDY

3. Introduction

This section of the research study was describe and outline the methodology that was accept and use in the study in order to meet the main study objective. Study approach offers and clarification into what type of research this study is all about. It was also define study population and the specific sampling methods to be used, data analysis and collection methods. The chapter was also including design, pilot study, validity, reliability and ethical consideration.

3.1. Research Design

This study employed a descriptive research design approach descriptive research design was employed to describe the relationship between service quality variables and customer satisfaction and how these dimensions affect customer satisfaction. This is because explanatory research designs require causes and reasons (Neuman, 2006). The sampling frame of the study consists of BOA customers in the western region of Addis Ababa based on transaction volume, variety of services provided, site location, facilities and staff, and cash reserve constraints. BOA currently has a total of 66 branches in the western region of Addis Ababa. Consequently, after obtaining all the information about the branches in the city, a total of four branches were selected by a simple random drawing method. After determining the exact number of branches, it was considered to focus on four points to provide the necessary data in the study, since the general framework of the BOA branches is uniform, as indicated in the instructions of the processing procedure. It also ensures that the company conducts specific research within the scheduled time period. It is also assumed that the four-branch model was allow the bank to reach more customers, as the branch evaluation criteria was allow the bank to identify branches that offer different services.

3.2. Research Approach

The study employed quantitative and qualitative method of mixed research type at the same time. According to Saunders et al. (2009), there are two main research approaches: qualitative and quantities approaches. Quantitative research was used for summarizing large amount of data and

reaching generalization based on statistical estimation whereas qualitative research use to take the story from the participant viewpoints.

The researcher used the measure with numbers and then analyses the data with statistics techniques by using SPSS software. In this study, the quantitative approach was used to quantify the relationship between the dependent variable (customer satisfaction) and the independent variables (service quality dimensions). These methods were used because the strength of both quantitative and qualitative research can provide the best understanding.

3.3. Data Sources

In order to address the objective of this study and to provide a wide range of information on the study area data were collected from different sources. The Primary data was collected from customers through a selected sample list by using questionnaires. In addition, a discussion with key informants had been carried out to understand the service quality and to get information about the overall condition of service provision by using a close-ended questionnaire. To get concrete information and in order to support the data obtained from primary sources.

3.4. Target Population

A total of 32,950 customers were found from 66 branches BOA in the western region of Addis Ababa were the target populations of this study. Particularly, 3989 were found at 18 Mazoria branches, 7,134 were at Awtovis Terra branch, 1,083 at Amanuel Total branch and 20,744 were obtained at Addis Ketema branch.

3.4.1. Sample Size

After the sample where identified, the researcher used the following formula to determine the sample size (Yamane, 1967). $n = N/[1+N(e)^2]$

Here:- n is the desired sample size.

N is the total number of customers of the selected BOA branches in Addis Ababa.

e is the maximum volatility or margin of error of 10% (0.1). $n = N/[1+N(e)^2]$

$n = 32,950/[1+32,950(0,1)^2] = 100$ customers

Typically, the researcher used a proportional allocation method where the amount of samples taken from different strata is kept proportional to the strata size.

The researchers used the proportional allocation method to determine the sample size. The amount of samples taken from different layers was kept proportional to the size of the layers. Stratified sampling uses a proportional allocation formula to provide more reliable and detailed

information.

Where: $ns = (NS / N)n$

ns = sample size per branch, NS = total number of customers per branch, N = total number of customers in selected branches of BOA,

n = Total sample size of customers in the selected location.

Therefore, the table below shows the proportional selection for each bank based on the above formula. The researchers proportionally selected only 100 representative consumers (respondents) from the total target group.

Table 1: Population and Sample Size distribution from each selected branches of BOA in western Addis Ababa.

Name of Branches	Target Population	Sample size, $n=N/(1+Ne^2)$	Sample size from each strata $ns = (NS / N)n$	
Addis ketema,	20,744	100	63	
18 mazoria,	3989		12	
Amanuel total,	1083		3	
Awtobistera	7134		22	
Total	32950		100	

Source: Own computation based on proportion (2023)

3.4.2. Sampling Technique

A stratified random sampling technique was be used to obtain a suitable unit representative of analysis. This is for the reason that it is a probability sampling technique in which the total population is divided into homogenous groups (strata) to complete the sampling process. It also improves the representation of particular strata (groups) within the population, as well as ensuring that these strata are not over-represented. Together, this was helping the researcher to compare strata, as well as make more valid inferences from the sample to the population.

The total number of customers is 3,989 at 18 Mazoria branches, 7,134 at Awtobis Terra branch, 1,083 at Amanuel Total branch and 20,744 at Addis Ketema branch. A total of 32,950 customers were found from selected BOA branches in the western region of Addis Ababa. Accordingly, based on the above formula, the proportional selection for each item is shown in the table below.

A sample of 100 customers was distributed proportionally to the selected branches. Depending on the specified branch the sample population was consist of members from each branch division.

Probability and non-probability sampling methods were used in this study. In the probability sampling method, four items were drawn using a simple random sampling method based on the number of customers at each branch compared to the target population according to the sample size. On the other hand, stratified sampling method is suitable for probability sampling. Stratified sampling is used when the sample population does not form a homogeneous group. In order to obtain a representative sample, stratified sampling methods are usually used. Consequently, using the stratified proportional sampling method, Addis Ketema, 18 Matoria, Amanuel Total and Awtobera were appropriately stratified by class to determine the sample size for each branch and obtain a proportional representative sample. After using a representative sample size, respondents were identified by random sampling and quantitative questionnaires were randomly distributed at conventional levels. Random sampling is the most important sampling method that gives each population an equal chance to become a representative sample for the study (Kothari, 2004). Finally, non-probability sampling was used to purposively select BOA over other private banks in Ethiopia.

3.5. Data Collection Methods

The main data collection instrument was questionnaires which include a close-ended and a few open-ended items because of its advantage in its use where the field of enquiry is large. A questionnaire is an instrument of research that contains questions on the variables of the study (Borg & Grail, 2009). The researcher was used questionnaires which are more efficient and economical tool for descriptive research for the sample size that was chosen. The researcher used likert-scale format of questionnaires and further divided into two sections, part a consist demographic information while part b was organized according to research questions.

3.6. Method of Data Analysis

The study required quantitative techniques of data analysis. Thus, the quantitative data was analyzed using the Statistical package for the Social Science (SPSS) version 25 software program to calculate mean in order to describe the target population. Mean score were used to compare if there was a significant difference in service quality attitude between target populations.

After collecting the data, the relevant data was be checked for errors or omission, coded, summarized and then transfer to SPSS v 25, finally the information obtain from SPSS was analyzed and presented.

Frequency tables were used to summarize the respondents profile in the form of frequency and percentages. Descriptive statistics was also use to calculate mean and standard deviations, attempt to describe the most commonly shared customer satisfaction and the most practiced service quality that determine their perceptions of them.

Subsequently, the researcher employed Pearson correlation analysis to investigate the relationship between customer satisfaction and service quality dimensions. The correlation analysis was supported in determining the form and degree of the relationship among service quality and customer satisfaction.

Furthermore, a multiple regressions analysis was used to find the effect of service quality on customer satisfaction because this is an antecedent relation within them. The multiple regression equation was used to describe the relationship between independent variables (Tangibility, reliability, responsiveness, assurance, and empathy) and dependent variables (customer satisfaction).

3.7. Model Specification

The researcher conducted multiple linear regression analysis by considering the form of relationship and the number of independent and dependent variables. Multiple linear regression analysis is used to show the relationship between the dependent and the independent variable (Kothari, 2004).

The relationship between independent and dependent variable was explored based on the multiple regression analysis then specified as follows:

Regression equation: $y = a + bx_1 + bx_2 + bx_3 + bx_4 \dots$

$Cs = .423 + 0.053tan + 0.243rel + 0.790emp + 0.144ass + 0.237res$

Where, cs = customer satisfaction tan = tangibility rel = reliability

res = responsiveness

emp = empathyand

ass = assurance

3.8. Validity and Reliability Tests

Validity concerns whether an instrument can accurately measure, while reliability pertains to the consistency in measurement.

In this research, the researcher uses questionnaire that their validity and reliability was checked according to the specific topic. The researcher was test the reliability using Cronbach's alpha (α) which is an internal consistency test that measures the degree to which the items or measurements consistently measures the questionnaire construct.

Table 2: Cronbach's Alpha values

no	Variables	Cronbach's Alpha	N of Items
	Tangibility	.771	6
	Reliability	.832	6
	Responsiveness	.862	6
	Assurance	.836	6
	Empathy	.940	6
	Customer satisfaction	.913	8

Source: Questionnaire and SPSS output (2023)

In order to test the internal consistency of variables in the research instrument Cronbach's alpha coefficient were calculated. As cooper and shinder (2013) state scales with coefficient greater than 0.7 is acceptable. For this study Cronbach's alpha score higher than 0.7 is considered to determine reliability and acceptability of the scale for further analysis.

3.9. Ethical Considerations

To keep the confidentiality of the data, the respondents were not requiring writing their name. The researcher also assured that their responses treat confidentially. The researcher used the information given by the respondents without adding and minimizing. Misleading and deceptive statements was ignore. The respondents are going to give information's on voluntary basis.

CHAPTER 4

DATA ANALYSIS, INTERPRATION AND DISCUSSION

This chapter presents the data analysis and discussion of the research findings obtained from data collected from the survey questionnaire. Responses for the measures on the questionnaire are summarized and presented using tables to facilitate easy understanding.

The demographic profiles of the study sample have been described using descriptive statistics and also different inferential statistics were employed in order to analyze data obtained from the survey. Accordingly, standard multiple regressions were used to test the data and achieve the study objective that focuses on identifying the quality service trait with higher contribution to the dependent variable. Furthermore, Pearson correlation coefficient and Cronbach's alpha coefficient were used to test goodness and internal consistency of the measure.

Of the 100 questionnaires distributed, 91 filled questionnaires were collected which gives a response rate of 91%.

4.1. Descriptive Analysis

4.1.1. Demographic Profile of Respondents

This section summarizes the demographic characteristics of the sample. The respondents were asked their gender, age group, occupation, and educational level, type of bank service, relationship with bank and frequency of visiting bank. The purpose of the demographic analysis in this research is to describe the characteristics of the sample such as the proportion of male and female, range of age, education level, and employment group, so that the analysis could be more meaningful for readers.

Table 3: demographic profile of respondents

Demography character		Frequency	Percent	Valid Percent
Gender	Male	53	58.2	58.2
	Female	38	41.8	41.8
	Total	91	100.0	100.0
Age group	<1 year	12	13.2	13.2
	1-5 year	57	62.6	62.6

	6-10 year	17	18.7	18.7
	Above 10	5	5.5	5.5
	Total	91	100.0	100.0
How long you customary with this bank?	<1 year	12	13.2	13.2
	1-5 year	57	62.6	62.6
	6-10 year	17	18.7	18.7
	Above 10	5	5.5	5.5
	Total	91	100.0	100.0
Educational level	High School	8	8.8	8.8
	Diploma	17	18.7	18.7
	First degree	56	61.5	61.5
	Masters	10	11.0	11.0
	Total	91	100.0	100.0
Employment group	Student	7	7.7	7.7
	Unemployed	31	34.1	34.1
	Employed	35	38.5	38.5
	Business man	18	19.8	19.8
	Total	91	100.0	100.0
What kind of banks service do you use?	Saving account	36	39.6	39.6
	Fixed time deposit	4	4.4	4.4
	Local transfer	41	45.1	45.1
	Business Loan	10	11.0	11.0
	Total	91	100.0	100.0

Source: questionnaire and SPSS output (2023)

Table 3 visualizes the demographic profile of 91 respondents. In terms of gender the majority 53(58%) % of the respondents were males, and 38(42%) were females. Regarding the age of respondents, the sample population is largely dominated by the age group of 28-37 (52.7%) among this 26(28%) were males and 22(24%) were females. Followed by the group comprise age of 38-47 (30%) in which 20(22%) were males and 7(8%) were females. The remaining group of respondents consists, 15 customers (16%) in between the age 18-27 and only one customer was with the age of 48 and above. Therefore, the result shows that majority of the service users were within the range of 28-37 age group and 38-47 from the total response. This indicates that

most of the sample populations are youngsters. Thus the young populations are dynamic while participating and providing of vital services and holding most of the bank accounts. It also reveals that the younger generations are the highest users of various banking services than the aged population.

In terms of education, table 3 indicates the distribution is not very equally distributed. The largest group customers about 61.5% of the population comprises first degree holders while 18.7 % of respondents have received diploma followed by 11% of postgraduate degree holder. Moreover, very few customers about 9% were attending high school level. Therefore, this indicated that the compositions of the respondents revealed that majority of them were degree holders. This indicates that most of the bank customers have a good understanding of quality bank service. This can be considered as an opportunity to the bank that communication becomes smoother than if the educational status could have been the other way round.

The bank give different bank service facilities, the highest banking services used are local transfer 41 (45%) ,followed by the savings account 36(39.5 %) are the second banking facilities used, next business loans 10(10.9%)while fixed time deposit 4(4.4%) are the lowest banking facilities used. This shows high level of customer awareness of saving account, business loan and local money transfer services are observed as the basic types of customer's habit of banking services.

Customers were asked the time take to receive the services. Accordingly, their response shows that 41(45%) of the respondents were served with in less than ten minutes, 35(38.5%) of the respondents served in 10-30minutes interval, 10(10.9%) got service more than one hour, the least were 5(5.49 %) who served with in 31-60 minutes. As most of respondents were visited the bank this group might have wanted fast services related to local transfer and saving account. This shows that, much of them were served with in short time and could share sufficient observations about the service delivery quality of the bank and create good opportunity to express their satisfaction.

The results in the above shows that 12(13.2%) of the respondents were for less than one year relationship with the bank, 57(62.6%) of the customers have stayed in the bank for between 1 to 5 years, 17(18.7)% of them have stayed in the bank for between 6 and 10 years and the remaining 5(5.5%) the customers held an account with the bank for over 10 years. Thus, the large numbers of these respondents were customers who have lots of experience about the

service delivery quality of the bank and they can easily measure their satisfaction level. However, as those who had lesser year's relationship were not significant in number. Since there is tough competition in the market the bank needs to devise strategy to retain this group as it is expected to be the newly emerging economic power in the economy.

Furthermore, in the above table show that occupation characteristics of the respondents, majority of the service users were employed; employed persons dominate the sample with who represented 35(38%) of the respondent, followed by unemployed 31(34%), business man which accounts to 18(19.8 %), and finally student respondents were accounts to 7(7.7%) of the total response. The occupation category clearly shows the majority of the users are employed and some are unemployed. This indicates that most of customers of the bank have consistent source of income.

4.1.2. Descriptive Analysis on Service Quality Measures

In order to see the general perception of the respondents regarding the selected service quality in the subject bank, the researcher has summarized the measures with the respective means and standard deviations. Thus, the mean indicates to what extent the sample group averagely agrees or does not agree with the different statements. The lower the mean, the more the respondents disagree with the statements. The higher the mean, the more the respondents agree with the statement. Mean of a data is one value that can represent the whole of the data. It also means a large number of values are clustered around the mean. If the data is normally distributed about the mean then one can also gauge the range of the data. The range of interpreting the Likert scale mean score was given as follows: 1.0-2.4 (Negative attitude), 2.5-3.4 (Neutral attitude), and 3.5-5.0 (Positive attitude). The Likert 5-point scale was employed to evaluate the variables, reflecting the extent of performance from low to high. This scale has five ranges: 1-1.80 for strongly disagree, 1.81-2.60 for disagree, 2.61-3.40 for neutral, 3.41-4.20 for agree, and 4.21-5 for strongly agree. On the other hand, Standard deviation (SD) is a widely used measurement of variability used in statistics. It shows how much variation there is from the average (mean). A low SD indicates that the data points tend to be close to the mean, whereas a high SD indicates that the data are spread out over a large range of values marczyk, dematteo and festinger (2005). The mean values are presented in table below, together with standard deviation values for each variable.

Table 4: descriptive statistics of tangibility

Descriptive statistics

Tangibility	N	Mean	Std. Deviation
The bank has the necessary and modern equipment for fast and quality services	91	3.60	.917
The physical features of the bank are attractive to the eye	91	3.34	.682
Bank employees look good	91	3.65	.766
The materials that bank's tableware are visually appealing next to the sofa	91	3.20	1.118
The bank employees need knowledge and skills to provide customers with quality and prompt service.	91	3.07	1.063
The bank has neat and orderly staff	91	3.45	1.025
Valid n (listwise)	91		

Source: questionnaire and SPSS output (2023)

According to (hennayake, 2017), tangible represent physical aspects of the services and all tools and equipment's used to provisions of services.

Table 8, above shows the mean value and standard deviation of the items of tangibility dimension of service quality. According to the result, the bank has neat and orderly staff a mean value 3.45 with standard deviation value 0.025, the physical features of the bank are attractive to the eyea mean value equal to 3.34 with standard deviation value 0 .682, the necessary and modern equipment for fast and quality services a mean score value of 3.67 and standard deviation value equal to 0.917 and the materials that bank's tableware are visually appealing next to the sofa a mean value equal to 3.20 with standard deviation value 1 .118 . This result indicated that the type of service provided in the bank in all tangibility dimensions scored above the midpoint or the average according to (hair et al,2006). This implies related to the tangibility dimension relatively customers are agree level or satisfied by the physical aspects of the bank to provide service. Previous study have confirmed that tangibles are important to service delivery firm's as they are crucial variable to developing strong, positive and inspiring customer association and experience through its propriety assets(Naidu, 2014).

Table 5: descriptive statistics of reliability

Descriptive statistics

Reliability	N	Mean	Std. Deviation
The bank provides services at the promised time.	91	3.88	1.031
If there is a problem, the bank is genuinely interested in solving it.	91	3.37	1.262
The employees provide customers with accurate information	91	3.51	.848
The bank handled customer complaints efficiently	91	3.36	.876
The bank preserve on perfect records	91	3.30	.863
The staff is always polite	91	3.25	1.071
Valid n (listwise)	91		

Source: questionnaire and SPSS output (2023)

Safwan et al, (2010) argued that reliability shows the service provider’s ability to perform services in a dependable and accurate manner. Furthermore, it involves doing it right the first time and it is a crucial service component of customers (messay, 2012).

Table 9,above shows the mean value and standard deviation of the items of reliability dimension. The bank provides services at the promised time a mean value 3.88 with standard deviation value 1.031.According to the result, for the statement when customer has a problem the employees shows a sincere interest in solving it a mean value 3.37 with standard deviation value 0.1.262.

The employees provide customers with accurate information a mean value 3.51 with a standard deviation 0.848. The bank handled customer complaints efficiently a mean value 3.36 with a standard deviation 0.876. The bank preserves on perfect records a mean value of 3.30 with a standard deviation of0.863. The staff is always polite 3.25 1.071.

Based on the descriptive analysis result the bank has not any critical challenge to provide the reliable service for the customers in spite of that it also confirmed from the open ended findings which was collected from some customers those are work with the bank for more than ten years even though the bank has still a problem regarding provision of expected service of the first time.

Table 6: descriptive statistics of responsiveness

Descriptive statistics

Responsiveness	N	Mean	Std. Deviation
The bank employees are not busy responding to customer requests.	91	3.40	1.063
Bank employees clearly inform customers about business hours.	91	3.23	1.044
Employees are happy and ready to serve customers.	91	3.04	1.095
The bank offers fast and quality services	91	3.10	1.065
Banks offer a variety of services to their customers	91	3.34	1.013
The bank staff is always ready to help you	91	3.20	1.013
Valid n (listwise)	91		

Source:questionnaire and SPSS output (2023)

Table 10 above shows the mean value and standard deviation of items for responsiveness dimension. According to the result, the employees are happy and willing to serve the customer a mean value 3.04 and standard deviation value 1.095, for the statement employees gives quick response to customer requests a mean value 3.10 with standard deviation value 1.065, employees of the bank are not busy responding to customer requests scores a mean value 3.40 with standard deviation value 1.063 and employees of the bank clearly inform customers about business hours score a mean value of 3.23 with standard deviation value 1.044. This result indicated that the type of service provided in all responsiveness dimensions scored above the midpoint or the average. Which implies that the bank has not any significant problem regarding responsiveness issue that affect its customers satisfaction, even though the bank still required some additional improvement to cop up its prompt and exact response for customers using technology, it help the bank s to increase customers satisfaction level, and it also supported by previous researchers like ;gupta & agarwal, 2013), responsiveness is a firm’s willingness to assist its customers by providing fast and efficient service performance. Further, it is reached that willingness or readiness of employees to provide the required customer service without any inconvenience at any time was strongly influence the level of customer satisfaction (parasura-man et al., 1988). Providing service in a timely manner is highly appreciated by customers. Good service providers understand this aspect (iqbal et al., 2010). Furthermore, firms that value efficiency pay attention

to the services that they offer so that they can have an advantage and use this to keep off competitors (karim& chowdhury,2014).

Table 7: descriptive analysis of assurance

Descriptive statistics

Assurance	N	Mean	Std. Deviation
Employees give customers peace of mind through transactions.	91	3.81	.631
The bank clerk is polite to customers	91	3.55	.500
The staff has the necessary skills and knowledge to provide services.	91	3.74	.647
The bank offers convenient working hours for all customers	91	3.69	.464
Employees earn the trust of customers.	91	3.98	.494
The staff has sufficient information about the service.	91	3.77	.634
Valid n (listwise)	91		

Source : questionnaire and SPSS output (2023)

Table 11 above shows the mean score and standard deviation of six items for assurance dimension. According to the result, employees the staff has the necessary skills and knowledge to provide services a mean value 3.74 and standard deviation value 0.647, the bank clerk is polite to customers a mean value 3.55 with standard deviation value 0.500, employees earn the trust of customers a mean value 3.98 with standard deviation value 0.494, employees give customers peace of mind through transactions a mean value 3.81 with standard deviation value 0.631. This result indicated that the type of service provided in all assurance dimensions scored above the midpoint or the average. This implies related to the assurance dimension relatively customers are closer to agree or satisfied by the service they receive. In addition to that the way and process of the bank to serve the customers give confidence and feel safe, that leads the satisfaction level high from assurance dimension. This finding also supported by previous researchers khan &fasih (2014, after, blery, et. Al., 2009), states that the process of acquired knowledge being showed by staffs in executing their term of preferences during service delivery can be highly assuring to customers this gives customers the confidence that the service delivery representative was perform his/her duty professionally and ethically.

Table 8: descriptive analysis of empathy

Descriptive statistics

Empathy	N	Mean	Std. Deviation
Employees treat customers with great respect	91	3.41	1.282
The bank has employees who give personal attention to customers	91	3.16	1.186
The bank puts the interests of its customers first	91	3.34	1.166
The bank has qualified staff	91	3.62	.489
The bank adjusts working hours for its customers	91	3.07	1.063
The employees understand the specific needs of their customers.	91	3.65	1.058
Valid n (listwise)	91		

Source:questionnaire and SPSS output (2023)

Empathy means taking care of the customers by giving individual attention to them, (blery, 2009).

Table 12 above shows the mean value and standard deviation of six items for empathy dimension. According to the result, the bank adjusts working hours for its customers a mean value 3.07 with standard deviation value 1.063, the bank has employees who give personal attention to customers a mean value 3.16 with standard deviation value 1.186, the bank puts the interests of its customers first a mean value 3.34 with standard deviation value 1.166, the employees understand the specific needs of their customers a mean value 3.65with standard deviation value1.058, the bank gives individual attention to customers a mean value 3.05 and standard deviation value to 1.149. Employees treat customers with great respect a mean value 3.41 with standard deviation value1.282.

This result indicated that the type of service provided in all empathy dimensions scored above the midpoint or the average except question the bank adjusts working hours for its customers a mean value 3.07 which is neutral. This implies related to the empathy dimension customers are relatively agreed or satisfied the service delivered with bank.

Customers may remain unsatisfied with the service quality if gap is left in empathy (Iglesias &guillen, 2004). The basis of empathy is rooted in understanding the needs of customers and giving them individual attention.

4.1.3. Descriptive Analysis on Customer Satisfaction Measures

Table 9: descriptive statistics of customer satisfaction

Descriptive statistics

Customer satisfaction	N	Mean	Standard Deviation
I am satisfied with the complete service package of the bank	91	3.88	1.031
I am satisfied with the work of these bank employees	91	3.37	1.262
I am happy to be a customer of this bank	91	3.51	.848
I am satisfied with the professionalism of the bank employees	91	3.36	.876
I am satisfied with the fast service of this bank	91	3.25	1.071
I appreciate the polite behavior of the staff	91	3.30	.863
I am pleased with the latest equipment and prompt response from customers	91	3.65	1.058
I am satisfied with the handling of questions related to the efficiency of banking services.	91	3.47	.886
Valid n (listwise)	91		

Source: questionnaire and SPSS output (2023)

Eight items were included in the questionnaire to measure customer satisfaction. As depicted on the above table 14 the highest mean score of 3.88 implies that the responses are mostly inclining to agree on the satisfaction with the complete service package of the bank. Specifically, the mean score of 3.65 was obtained from statement that the bank uses modern & appropriate equipment and technology. The result in the tables the above indicates that, the customers of the bank are strongly satisfied. The mean value of 3.51 shows the respondents are strongly satisfied for being a customer of this bank. Moreover, the respondents are strongly satisfied by the polite behavior of the staff and the respectful behavior of employees which illustrated by the mean score of 3.30. some of the respondents also satisfied with the handling of questions related to the efficiency of banking services which illustrated by the mean score of 3.47.

Table 10: descriptive statistics of independent variables

Descriptive statistics

	N	Mean	Std. Deviation
Assurance	91	3.77	.459
Tangibility	91	3.38	.643
Reliability	91	3.29	.775
Responsiveness	91	3.35	.637
Empathy	91	3.37	.940
Customer satisfaction	91	3.45	.763
Valid n (listwise)	91		

Source: questionnaire and SPSS output (2023)

The above table 15 shows the perceived mean score for the five dimensions of service quality in the bank. The mean score of service quality dimension i.e. Tangibles is 3.38 with a standard deviation 0.643. The mean score of tangibles is more than 3 which was marked as indifferent in the questionnaire but it is not close to 4 which means customers somewhat agree that bank's equipment, sitting area facilities, communication materials and personnel of the bank enhance their levels of satisfaction and make them more loyal towards their respective banks. Moreover, there is less variability in the responses as indicated by the standard deviation of tangibles.

Reliability has a mean score of 3.29 with a standard deviation of 0.775. The mean score of reliability clearly indicates that customers somewhat agree that financial service providers provide promised service accurately and dependably. The standard deviation of reliability is quite low which shows less inter response variability.

Assurance has the highest mean score of 3.77 with a standard deviation of 0.459. The mean score of is close to 4 which shows that there is less variability of the responses and customers agreed that banks possess trustworthy behavior and reflect genuine commitments in providing services at a convenient working hours for all customers. It may also positively influence their repurchase intentions.

The mean score of responsiveness is 3.35 with a standard deviation of 0.637. The mean score of responsiveness show that customers almost agreed the staff is always happy and ready to serve a variety of quality services and ready for responding customer requests quickly. They are satisfied by the respective financial service providers with less variability in the responses as indicated by

the standard deviation of responsiveness.

The mean score of empathy is 3.37 with a standard deviation of 0.940. The mean of empathy is good but not significant enough to make the customers strongly agreed that banking staff listen to the customers' problems carefully and provide individualized attention to their concerns and demands. However, variability in the responses is much lower as indicated by the standard deviation of empathy.

The mean score of customer satisfaction is 3.45 with a standard deviation of 0.763. The mean score of customer satisfaction is more than 3 but less than 4 which shows that customers somewhat agreed that they are satisfied with the quality of services delivered by their respective financial service providers. However, variability in the responses is much lower as indicated by the standard deviation of customer satisfaction.

4.2. Analysis of Inferential Statistics Results

One of the objectives of the study is to assess the relationship that the selected service quality dimensions and customer satisfaction. For this purpose, inferential statistics of correlation and regression analysis have been used and the results are presented in the below sections.

4.2.1. Correlation Analysis

To find out the relationship between service quality dimensions and customer satisfaction, Pearson's correlation coefficient (r) which measures the strength and direction of a linear relationship between two variables is used. Values of Pearson's correlation coefficient are always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive sense; a correlation coefficient of -1 indicates that two variables are perfectly related in a negative sense, and a correlation coefficient of 0 indicates that there is no linear relationship between the two variables. (Patton,2002,duncan c. And Dennis h.2004),

A low correlation coefficient; 0.1-0.29 suggests that the relationship between two items is weak or non-existent. If r is between 0.3 and 0.49 the relationship is moderate. A high correlation coefficient i.e. >0.5 indicates a strong relationship between variables.

The direction of the dependent variable's change depends on the sign of the coefficient. If the coefficient is a positive number, then the dependent variable was move in the same direction as the independent variable; if the coefficient is negative, then the dependent variable was move in the opposite direction of the independent variable. Hence in this study both the direction and the level of relationship between the dimensions of service quality and customer satisfaction are

conducted using the Pearson’s correlation coefficient. The table below presents the result of the correlation analysis made using bivariate correlation.

To explore the relationship between bank service quality dimensions and customer satisfaction, correlation has been applied. Table below the relationship between service qualities dimensions on customer satisfaction. Correlation is an effect size and so we can verbally describe the strength of the correlation using the guide that Evans (1996) suggests for the absolute value of r : .00-.19 “very weak, .20-. 39 “weak” .40-.59 “moderate”, .60-.79“strong” and.80-1.0.(Marczyk, Dematteo & Festinger, 2005).

Table 11: Pearson correlations analysis

Correlations

		Tangibili ty	Reliabil ity	Responsive ness	Assuran ce	Empat hy	Customer satisfaction
Tangibility	Pearson correlation	1	.847**	.581**	.628**	.800**	.695**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	91	91	91	91	91	91
Reliability	Pearson correlation	.847**	1	.702**	.602**	.858**	.742**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	91	91	91	91	91	91
Responsiveness	Pearson correlation	.581**	.702**	1	.434**	.599**	.620**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	91	91	91	91	91	91
Assurance	Pearson correlation	.628**	.602**	.434**	1	.572**	.553**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	91	91	91	91	91	91
Empathy	Pearson correlation	.800**	.858**	.599**	.572**	1	.895**
	Sig. (2-tailed)						
	N	91	91	91	91	91	91

	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	91	91	91	91	91	91
Customer satisfaction	Pearson correlation	.695**	.742**	.620**	.553**	.895**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	91	91	91	91	91	91

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

Source: questionnaire and SPSS output (2023)

Regarding the relationship among the independent variables, table 15 clearly shows that the variables are significantly correlated with each other (sig. Level $p < 0.01$).

The result observed from the table is generally indicates that the correlation coefficients for the relationship between independent variables are linear and positive correlation coefficients.

Generally we can conclude that there is positive moderate relationship between tangibility, reliability, responsiveness, assurance and empathy at bank in Addis Ababa (at $p < 0.01$). Thus from this result confirmed that there is a positive and significant relationship between service quality dimension and customer satisfaction. Hence any improvement in one of the dimensions was positively contributed in enhancing the customer satisfaction.

Table 15 provides the Pearson's correlation coefficient between various service quality dimensions and customer satisfaction which is found using the spss 25. The results indicate that service quality and all its dimensions such as tangibles, reliability, assurance and empathy have positive association with customer satisfaction in the bank.

There is a moderate positive significant correlation between tangibility and customer satisfaction ($r = 0.695$, $p < .01$). There is a moderate positive significant correlation between reliability and customer satisfaction ($r = 0.742$, $p < .01$). There is a moderate positive significant correlation between responsiveness and customer satisfaction ($r = 0.620$, $p < .01$). There is a moderate positive significant correlation between assurance and customer satisfaction ($r = 0.553$, $p < .01$). There is a moderate positive significant correlation between empathy and customer satisfaction ($r = 0.895$, $p < .01$).

4.3. The Effect of Service Quality Dimension on Customer Satisfaction

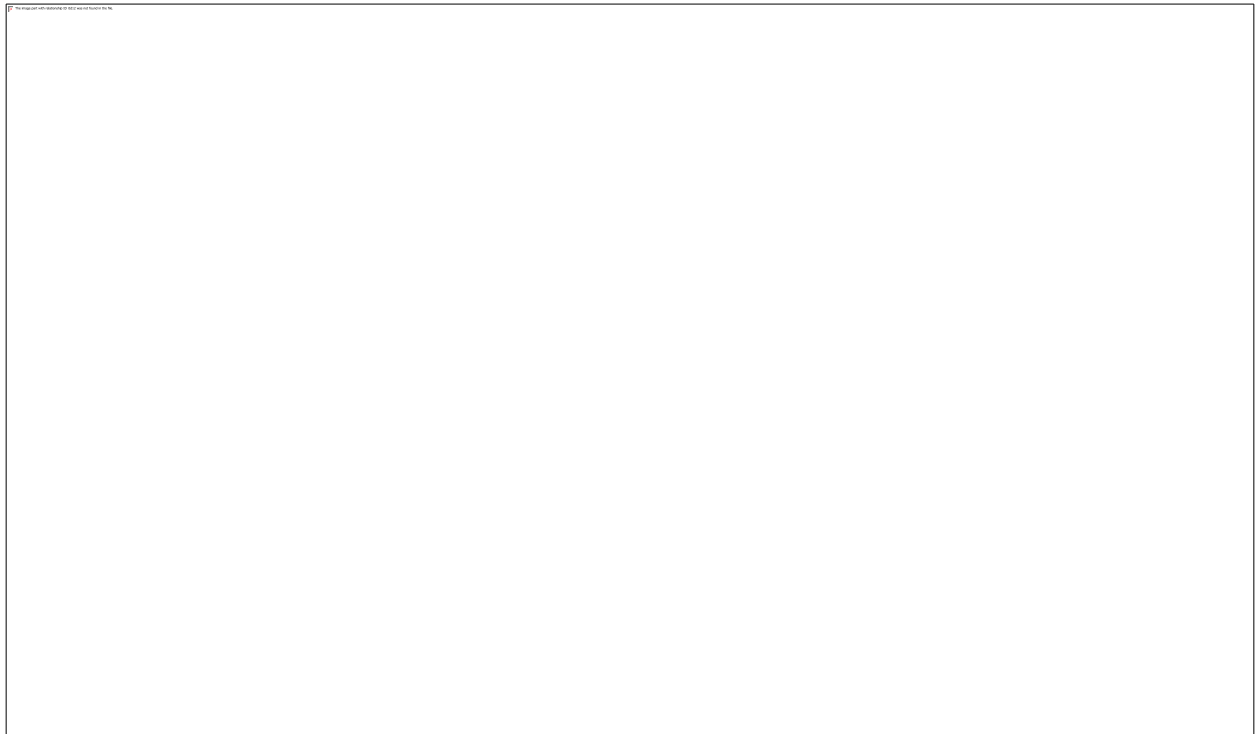
Regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. In this study regression analysis is used to identify the impact of service quality dimension on customer satisfaction.

4.3.1. Diagnosis Test

Before applying regression analysis, some tests were conducted in order to ensure the appropriateness of data to assumptions regression analysis.

4.3.2. Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the independent variable service quality (tangibility, reliability, responsiveness, assurance and empathy) and the dependent variable (customer satisfaction) linear; plots of the regression residual through spss software had been used.



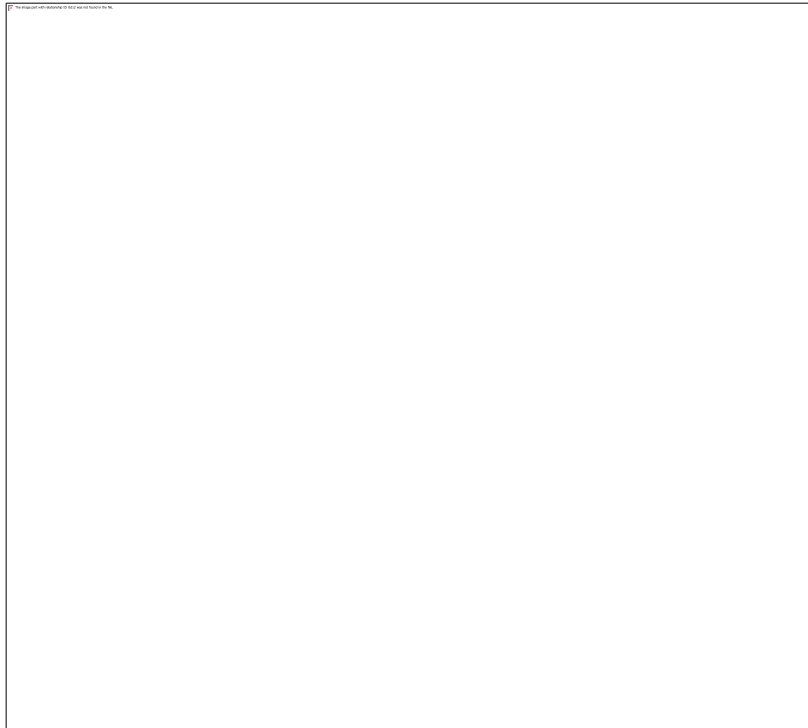
Source: questionnaire and SPSS output (2023)

Figure 2: *normal point plot standardized residual*

The scatter plot of residuals shows no larger difference in the spread of the residual as you look from left to right on figure 1. This result suggests the relationship we are trying to predict is linear. Similarly, the above figure shows the normal distribution of residuals around its mean of zero. Hence the normality assumption is fulfilled as required based on the above figure, it is possible to conclude that the inference that the researcher made about the population is somewhat valid.

4.3.3. Normality Test

Figure 1 shows the frequency distribution of the standardized residuals compared to a normal distribution. Although, there are some residuals (those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close. Moreover, the histogram is bell shaped which lead to infer that the residuals are normally distributed.



Source: questionnaire and SPSS output (2023)

Figure 3: *frequency distribution of standardized residual*

4.3.4. Multicollinearity Test

After the normality of the data in the regression model was met, the next steps to determine

whether there is similarity between the independent variables in a model, it is necessary to multicollinearity test. Similarities between the independent variable result in a very strong correlation. In addition, multicollinearity tests done to avoid habits in decision making process regarding the partial effect of independent variables on the dependent variable. Test multicollinearity as a basis the variance inflation factor (vif) values of multicollinearity test results using spss.

Table 12: multicollinearity test

Coefficients^a

Model		Collinearity statistics	
		Tolerance	VIF
1	(constant)		
	Assurance	.585	1.709
	Tangibility	.245	4.084
	Reliability	.158	6.310
	Responsiveness	.506	1.974
	Empathy	.244	4.097

A. Dependent variable: customer satisfaction

Source: questionnaire and SPSS output (2023)

According to julie (2005) to check multicollinearity effect two things should be checked tolerance and VIF from the coefficient table 16. If the value of tolerance is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The second value given is the VIF (variance inflation factor), which is just the inverse of the tolerance value (1 divided by tolerance). If VIF values shows above 16 would indicating multicollinearity. The value of VIF does not exceed 10 and the value of tolerance is not below 0.1. It indicates that there is no multicollinearity among the predictor variables therefore the study does not violate the assumption.

4.4. Overall Regression Analysis

As it can be depicted there is a positive and statistically significant relationship between the independent variables (tangibility, reliability, responsiveness, empathy and assurance) and the dependent variable (customer satisfaction). Thus variation on customer satisfaction is explained

by the independent variables.

Table 13: *Model summary of service quality dimensions*

Model summary

Model	R	R square	Adjusted r square	Std. Error of the estimate
1	.910 ^a	.828	.818	.326

A. Predictors: (constant), empathy, assurance, responsiveness, tangibility, reliability

B. Dependent variable: customer satisfaction

Source: questionnaire and SPSS output (2023)

R-squared is measured the goodness of fit of the variables in explaining the variation in the service quality (responsiveness, assurance, tangibility, empathy, reliability). The findings presented in table in the above show that the bank multiple coefficients of correlation (r) for model was 0.910. This suggests that the degree of relationship between dependent variable customer satisfaction to in all the five independent variables: service quality (responsiveness, assurance, tangibility, empathy, reliability) is strong.

The (R²) was 0.828 which means that 82.8 % of the variations in the customer satisfaction to service quality can be explained by changes in service quality dimensions i.e. Customer satisfaction is accounted for by this model which is quite good.17.2 % of variation in customer satisfaction to service quality dimensions explained by other factors that are not within the control of the research. That are influenced by other variables that are not included in this research for example the communication, access, and competent. The results indicate that independent variables are significant in affecting the customer’s satisfaction. The high percentage signifies that the model is relatively well in predicting the customer satisfaction in the bank..

4.4.1. Regression ANOVA

Table 14: *ANOVA for service quality dimensions and customer satisfaction.*

Anova ^a						
Model		Sum of squares	Df	Mean square	F	Sig.
1	Regression	43.362	5	8.672	81.641	.000 ^b
	Residual	9.029	85	.106		

Total	52.391	90			
-------	--------	----	--	--	--

A. Dependent variable: customer satisfaction

B. Predictors: (constant), empathy, assurance, responsiveness, tangibility, reliability

Source: questionnaire and SPSS output (2023)

As shown in table 19, f-value is 81.641 with a p-value of 0 .000. As the p- value of anova is less than the significance level which is 0.1, it means all independent variable service quality (responsiveness, assurance, tangibility, empathy and reliability) have great contribution to improve customer satisfaction in the bank. Overall the model is significant to carry out regression analysis.

4.4.2. Regression Coefficient

Table 15: *coefficients for service quality on customer satisfaction*

Coefficients^a

Model		Unstandardized coefficients			Sig.
		B	Std. Error	T	
1	(constant)	.423	.312	1.355	.179
	Assurance	.144	.098	1.468	.146
	Tangibility	.053	.108	.494	.623
	Reliability	.243	.111	2.182	.032
	Responsiveness	.237	.076	3.131	.002
	Empathy	.790	.074	10.688	.000

A. Dependent variable: customer satisfaction

Source: questionnaire and SPSS output (2023)

Table 19, reveals that the bank that p-value of empathy (p=0.000), p-value of reliability (p=0.032) and responsiveness (p=0.002) are less than level of significance, $\alpha=0.1$, thus the results does have a significant impact on customer satisfaction in the bank. The relationship between these variables and customer satisfaction are positive as the beta (β) value is positive. The results of the model predicting customer satisfaction through the variables of service quality, empathy, responsiveness, reliability, assurance and tangibles. All the variables have a positive and significant relationship with customer satisfaction. These results are in confirmation with the

correlation analysis explained above. But in regression analysis, the p-value of tangibility (p=0.623) and assurance (p=0.146) are found insignificant.

Multiple regression analysis

Multiple regression analysis was employed to test the impact of service quality on customer satisfaction. It is a useful technique that can be used to analyze the relationship between a single dependent and several independent variables (Hair et al., 1998). The coefficient table for service quality dimensions indicates the beta values of the independent variables. From this the regression equation is derived as:

Regression equation: $y = a + bx_1 + bx_2 + bx_3 + bx_4 \dots$

$Cs = .423 + 0.053tan + 0.243rel + 0.790emp + 0.144ass + 0.237res$

Where, cs = customer satisfaction tan = tangibility rel = reliability res = responsiveness emp = empathy and ass = assurance

The result of this study indicates that the service quality dimensions (reliability, responsiveness and empathy) were found to have positive and significant effect on customer satisfaction. The remaining three dimensions (assurance and tangibility) are positive and insignificant effect on customer satisfaction. In other words since the observed significance level is less than 01, it indicates that the mentioned service quality dimensions are good predictors of customer satisfaction. Therefore the regression analysis shows that if no initiatives are taken to improve the level of identified variables (reliability, responsiveness and empathy) the level of customer satisfaction was decrease. In addition, the bank must put more effort into improving the reliability, responsiveness and empathy dimensions since these are the most significant factors influencing customer satisfaction. McDougall & Levesque (1994), have claimed that knowing the relative importance of each dimension of service quality can help service providers to priorities their efforts and resources and deploy them more effectively to improve each dimension of service quality. Furthermore, this knowledge allows managers to concentrates on those dimensions that offer the greatest opportunity to enhance customer satisfaction.

CHAPTR 5

SUMMARY, CONCLUSIONS, RECOMMENDATIONS

This chapter aims to aligned the research findings with regard to the objectives of the study and illustrate the conclusions that have been reached. A recommendation that focuses on how the problem identified could be addressed is included in the present chapter. Lastly, limitation faced while conducting the study and suggestion for future researches is included.

5.1. SUMMARY OF THE STUDY

The results of the descriptive statistical analysis also indicated that, customers were more satisfied with empathy the dimensions of service quality followed by responsiveness, reliability, and assurance. However, customers were less satisfied with tangibility dimensions of service quality.

Moreover, in terms of the stated research question the following findings emerged from the Multiple linier regression analysis investigation: the five service quality dimensions which are tangibility, reliability, assurance, responsiveness and empathy have a positive and significant effect on customer satisfaction in bank of Abyssinia services in the study area.

The correlation result shows that there was a positive and significant relationship between customer satisfaction and tangibility, reliability, responsiveness, assurance and empathy.

The finding also indicates that empathy is found to have the highest correlation with customer satisfaction and the finding from interrelation indicate that the heights relationship is found between reliability, while the lowest relationship was found between tangibility and customer satisfaction.

Furthermore, the multiple regression results showed that the five service quality dimensions(tangibility, reliability, responsiveness, assurance and empathy) have positive and significant effect on customer satisfaction. Overall regression analysis 82.2% ($r^2=.0.828$) of the variation on customer satisfaction is explained by the independent variable.

5.2. Conclusions

The nature of banking services encourages customers to demand the highest possible quality. The purpose of this study was to assess the effect of service quality dimensions on customer satisfaction in western Addis Ababa region of Abyssinia bank. The assessment of service quality and customer satisfaction was made in view of service quality model, a model widely used to measure perceived service quality. A total of 100 questionnaires were distributed for the customers and 91% were successfully collected for valid analysis.

Data collected from the survey questionnaire was analyzed using both descriptive and inferential analysis. Descriptive analysis & correlation by the help of statistical package for social scientists (spss v. 25) the result of the background information of respondents indicated that the majority of the respondents are male, and aged in the range of 28- 37(52.7%) among this 28% are males and 24% are females.

Regarding the education background, most of the respondents are degree holder. In the analysis of demographic data, gender and age are some of the demographic variables used to test their descriptive analysis. Most of the respondents consist of males as compared to females in gender. With regard to the age level of respondents, most are younger generations that are the highest users of banking services than the aged population in the town. The occupation category of demographic data clearly shows the majority of the users are salaried and business man. This indicates that most of customers of the bank have consistent source of income. There is high level of customer awareness in saving/current accounts and local transfers.

This study was conducted to compare the levels of services quality at the bank as perceived by their customers.

The other was descriptive analysis that relates the measurement items of each independent variables and dependent variable. It comprises of tangibility, reliability, responsiveness, assurance and empathy service quality as independent variables and the customer satisfaction as dependent variable. From the mean result it is observed that customers were most satisfied with assurance dimension of service quality followed by tangibility dimension of service quality.

The finding from the correlation result reveals that there is a positive and significant relationship between the service quality dimensions and customer satisfaction. Empathy is found to have the highest correlation with customer satisfaction and the findings from the inter correlation indicates that the highest relationship is found between empathy and reliability. The service

quality is proved to have significant positive relationship with customer satisfaction in Abyssinia bank. The result is in line with the study done by parasuraman, zeithaml and berry (1988) which established the relationship between service quality and customer satisfaction. The five dimensions in service quality which are tangibility, reliability, responsiveness, assurance and empathy were adapted in the questionnaire of this study. Therefore, the result supports the validity of service quality model.

To measure the reliability test using cronbach coefficient an internal consistency for service quality dimensions was estimated as (0. 836) for assurance dimension, (0. 862) for responsiveness dimension, (0.771) for tangibles dimension, (0. 940) for empathy dimension and (0. 832) for reliability dimension, and internal consistency for customer satisfaction was estimated at 0.913. The Cronbach's alpha for all variables is above 0.7, therefore the five dimensions of service quality were found to be high in their internal consistency.

The study finds out the relationship between service qualities on customer satisfaction. The result of the study most of the variables show moderate correlations (r) ranging from 0.553 to 0.895. Thus customer satisfaction and relationship service quality have positive correlation with one another. Even if the strength of the influence on customer satisfaction of each dimension is different, the study affirmed that all the stated dimensions have significant influence on the level of the customer of the bank. From the Pearson's correlation result it is indicated that there is a positive and significant relationship between the service quality dimensions and customer satisfaction. In all, the whole variables show positive correlation which is statistically significant ($p= 0.000$).Accordingly empathy is found to have the highest correlation with customer satisfaction. The descriptive analysis also confirmed that empathy has a mean value of 3.37 in the bank which implies that customers are satisfied with the empathy dimension of service quality and the bank should continue to maintain it in the future.

In the multiple regression analysis, the findings show that the (R^2) was 0.828 which means that 82.8 % of the variations in the customer satisfaction to service quality can be explained by changes in service quality dimensions i.e. Customer satisfaction is accounted for by this model which is quite good. 17.2 % of variation in customer satisfaction to service quality dimensions explained by other factors that are not within the control of the research such as the communication, access, and competent. The results indicate that independent variables are significant in affecting the customer's satisfaction.

From the regression results of customer satisfaction (coefficients) service quality, that p-value of empathy ($p=0.000$), reliability ($p=0.032$) and responsiveness ($p=0.002$) are less than level of significance, $\alpha=0.1$, thus the results have a significant impact on customer satisfaction in the bank. The relationship between these variables and customer satisfaction are positive as the beta (β) value is positive, whereas p-value of the p-value of tangibility ($p=0.623$) and assurance ($p=0.146$) are found greater than level of significance, $\alpha=0.1$, thus these do not have a significant impact tangibility and assurance with customer satisfaction in Abyssinia bank.

From the anova the regression model had f-value and p-value. The model was significant at 10% level of significance with a p-value of $0.000 < 0.1$. which confirms that service quality dimensions have significant impact on customer satisfaction.

5.3. Recommendations

Based on the conclusions of the study, the researcher forwards the following recommendations to the management of the banks and suggestion for other researchers. Even though the findings show that service quality, tangibility, reliability, responsiveness, empathy and assurance are found to be the determinants of customer satisfaction in Abyssinia bank but these variables were not fully utilized by the bank to satisfy customers effectively. Therefore banks should pay attention to service quality and other factors which in turn increase customer satisfaction.

Empathy is one of the most important factors influencing customer satisfaction. However, customers of the bank are moderately satisfied with this dimension. The bank managers should enhance the prompt response to the service need of the customer and the willingness of employees to provide service. It is the speed and timeliness of service delivery. This includes the bank has qualified staff who give personal attention to puts the interests of customers first during the working hours. Another most important factors influencing customer satisfaction was empathy dimension. However, the customers of Abyssinia bank were found less satisfied in terms of the empathy dimensions. One way of addressing this could be by treating customer with great respect, giving individual attention to customers, serving customers based on their specific needs and improving its branch accessibility and working hours in a way it meets the customer's need. All employees have to know that service quality dimension in its true sense for improved customer service. They should also put more emphasis on service quality dimensions in order to create customer satisfaction. The management should therefore give continuous training,

building programs and motivate employees to practice all the service quality dimensions on all the determinants of customer satisfaction.

The mean score of customer satisfaction indicates that overall customers are slightly satisfied with the service quality of the bank. Therefore the bank should exert its maximum effort to change this result for customers are key drivers of its performance. And also the bank should work on all the service quality dimensions to improve and maintain its customer satisfaction.

Even though all the independent variables have a significant positive relationship, it is imperative to priorities the influence of all the components of service quality dimensions. Therefore, the bank is advisable to give due attention to all the components of these service quality dimensions in their priority influence. The rank of the service quality dimensions in the decreasing order of their effects on the customer satisfaction of the bank was: empathy, responsiveness, reliability, assurance and tangibles.

5.4. Direction for Future Research

This study was conducted to examine the impact of service quality on customer satisfaction in Abyssinia bank only further research can be performed with similar concepts in different areas of service industry such hotels ,tourism and transport agency. Based on the findings the study also recommends quality is a function of so many forces. Study recommends research on the effect of employee performance and employee motivation on customer's satisfaction other factors other than service quality on customer's satisfaction.

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