

## CONTRIBUTION OF SERVICE QUALITY ON CUSTOMER SATISFACTION (CASE OF COMMERCIAL BANK OF ETHIOPIA, JIMMA DISTRICT)

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**Abstract:** Satisfying customer plays a pivot role in business arena since having delightful and loyal customers are reason for profitable business. The benefit of satisfied customer is impossible to be ignored since satisfied clients are like promotion at free of cost. Thus it is mandatory to provide a qualified service for them to achieve the above objective. Thus; this article analyzed the contributions of qualified service for satisfy customer for selected branches of commercial bank of Ethiopian in Jimma district. For the study data were collected from primary and secondary sources; the former data were collected from customers and customer service managers of selected branches by using questionnaire and interview. Convenience and judgmental sampling technique was used to get appropriate respondents. A total sample size of 385 clients, and 5 managers were selected using Kothari's sample size determination algorithm. Descriptive research design approach was applied conduct the study. The result reveals: all quality of service dimensions have positive contribution for customer satisfaction. The researcher recommended to the district that; though the mean result indicates existence of positive contributions of service quality to customer satisfaction: the value is not as such delight-full and cannot be a guaranty for customers to re-purchase. Thus; CEO need to conduct market research about problems limited them not to make customers delight-full.

**Keywords:** *quality of service, tangibility quality, reliability quality, responsiveness quality, assurance quality, empathy, satisfied customer, market research, contributions.*

### 1. Introduction

All companies work to achieve a strategic goal. There are many parameters that support to the success of organization. Companies with high profits can't be categorized as strong organizations since being profitable is only one aspect of business. Maintaining a breast with all the stake holders is mandatory for a company to be an effective and prosperous. Among all the stake holders customers are started to get the highest attention than the other now a day. Holding and attracting clients is sign of achievement for today's businesses environment.

Companies that are in need of creating and long lasting advantage from other firms in this sector started to aspire to provide superior quality of service. This is to mean that, companies should give care to and invest significant amount on strategies that support to improve the quality of service if they need to exist with their clients (Sattari et al. n.d)

Participants in banking sector in Ethiopia are limited as a result; there is a strong rivalry among even it is impossible to miss minor aspect of performance.

Quality is basic distinctive aspect that governs the difference in the firms' achievement (parasuraman et al, 1988)

Quality reflects total exposure that a client recognizes via using product and service (parasuraman et al, 1988) addressed the meaning of quality as taken as a whole a perception. Quality of service has been defined as a form of attitude, associated but not the same with satisfaction that results from the comparison of expectations with performance (Bolton and Drew, 1991). Quality had a significant contribution on customers satisfaction (Omachanu et.al.2008). Ataliak & Arslan; 2009) identified adding value and providing quality of service offered to clients creates loyal customers.

Kandampully (1998) stated; loyalty in terms of service leads a firm to loyal clients. He further identified loyal services provided to customers satisfies both current and potential needs of customers. Client loyalty and honesty is obtained via service providers' effort to delivery of services, quality of services. Unsatisfied clients have no association of locality with the company. According to Turel et al. (2007) adoption choice of usage is affected by price, social, emotional and quality provided by the provider.

Quality of service is noticed as perception of clients towards the relative inferiority/superiority of a service offered and its services (Bitner & Hubert 1994). Satisfaction of Customers' and service quality are inter-related and these create value for customer and support them to choose whether the service justifies the cost of the service. All components of client satisfaction have direct bearing on customers' satisfaction and service value

(Chau & Kao, 2009). There are four dimensions of quality of service identified by previous researchers; these are customer service, visual design and navigation, reliability of system; speed of the connection and quality of contents. There is a positive association between quality of service and customers satisfaction.

Zethaml and Bitner (2003) stated that service firms have basic goal of creating and providing products that fulfills the needs and wants of clients. Kotler (2003) affirms that clients will be delighted as long as service performance exceeded their expectations. To attain this goal Kumar et al. (1999) addressed service firms should develop satisfaction of customer preprogram to check satisfaction/actual performance through time. Zeithaml and Bitner (2003) assert that appropriate measure of quality of service is required to identify dimensions of service needing performance enhancement and also measuring how enhancement is required on each dimension of the service offerings.

Based on the above arguments, it is believed crucial for CBE to understand the perceptions of its clients associated with the service provided to them. Unless the company knows the extent of clients exact perception of the offerings and take right decision; the consequence will create customers dissatisfaction. Even though there are many studies conducted in this sector no study has been about satisfaction of customer specifically about contribution of service quality at district level as far as the researcher's knowledge is concerned. Therefore; this study was conducted to investigate the contributions of service quality on customer satisfaction at governmental owned CBE.

### **1.1. Statement of the problem**

Zethaml and Bitner (2003) stated that service firms have basic goal of creating and providing products that fulfills the needs and wants of clients. Kotler (2003) affirms that clients will be delighted as long as service performance exceeded their expectations. To attain this goal Kumar et al. (1999) addressed service firms should develop satisfaction of customer preprogram to check satisfaction/actual performance through time. Zeithaml and Bitner (2003) assert that appropriate measure of quality of service is required to identify dimensions of service needing performance enhancement and also measuring how enhancement is required on each dimension of the service offerings.

Customer satisfaction started to get a serious attention from professionals as a well known sector of scholarly study and is an essential means employed by firms for improving client loyalty and finally company performance. The advantage of satisfied customer is impossible to be ignored since satisfied clients are like promotion at free of cost. Many people do have awareness of today's scenario for a firm to be customer-oriented, in other word they need to keep the clients at the top of their based on strategies, actions and processes. For many of them, previous facts till today remain nice, like it will be simple and also highly profitable to serve existing clients than to search potential buyer. Practically, companies are continually designing strategies to follow-up and guarantee buyers' retention, and ordering their employees to be highly service oriented and customer centered. Satisfaction of clients has a great contribution for corporate operators since

it is impossible to have a business without satisfied and loyal clients. One dissatisfied client shift higher business a company than 10 delighted clients. Long term business can be achieved by giving the highest priority for satisfaction of customer and retention. It is better to focus on clients' satisfaction programs irrespective of the size of the company. The hard fact says that referrals come from a satisfied customer. On the other side disappointment enforce buyers to reflect a switching character. This justifies that to have a sustainable customer relationship satisfying them should be considered as basic determinant (Parasuraman, 1996; Levesque, & McDougall, 1996). So; banks need to enhance satisfaction of clients so as to keep sustainable relationship with their buyers and also has to consider it a fundamental force to achieve it.

In the services industry literature, strongly pays attention importance of quality of service perceptions and the association relation with service quality and satisfaction of customer (Cronin, & Taylor, 1992; Taylor, & Baker, 1994). Thus, some organizational researchers identified that quality of service is the major determinant of satisfaction of customer. On the other side this is to mean that if the company is providing satisfactory service a customer may be loyal to them.

Banks in this time are operating in a stiff competitive and volatile work field. Skill full mangers know that establishing good relationship with clients to have sustainable profit. Nowadays, the attention of marketing is changed to clients' interest.

For the past fifteen years, a great change has happened in the ways that industrial companies deal with their customers and suppliers. This shift occurred when companies recognized that a sustainable competitive merit in the world wide economy, highly, needs companies to be loyal actors in various networks or sets of strategic alliances (Morgan and Hunt, 1994).

As per the above discussion, it is believed crucial for CBE to understand its clients' perception in association with the service provided to them. Unless CBE measure the degree of its client's exact perceptions of the service and make right measure the output may have a direct effect on customers' defection. Even though there are different researches are done in this area about satisfaction of customer no study has been conducted specifically about the contribution of quality of service at district level as far as the researcher's knowledge is concerned. Therefore; this study was conducted to investigate the contributions of service quality on satisfaction of customer at governmental owned CBE.

### 1.2. Objectives of the Study

The main objective of the study was to test the perceived customer service quality directly has impact on customer satisfaction about clients of CBE in Jimma district. To achieve this broader research objective the research developed the following specific objectives

- ☞ To determine the customers 'perception and expectations of the service rendered to them by CBE with respect to each of the service quality dimension

- ☞ To determine which dimension of the service is poor in its contribution for satisfaction
- ☞ To determine which dimension of the service is best in its contribution for satisfaction

### 1.3. Research methods

Descriptive research design was used to conduct the study. Data were collected from customers and customer service managers of the selected branches using structured questioners and interview respectively. A total of 385 question were distributed out of these 350 of it were collected successfully. Both convenience and judgmental sampling technique was employed and the sample size was determined by using infinite population formula designed by Kothari. After the collected data were checked its appropriateness it was analyzed using descriptive statistics. Data related with service quality was analyzed according to Parasuraman et al (1988) model of SERVQUAL. The model uses five variables namely tangibles, responsiveness, reliability assurance and empathy. The internal consistencies of each variable were checked by calculating

### 1.4. Reliability test

For this study Cronbach's alpha is considered to be suitable. As Gerrard, et al, 2006, the result of 0.600 and above implies an acceptable level of internal reliability. As it is indicated in the table below, the test result is between 0.710 and 0.905 Therefore, based on the test, the results for the items are reliable and acceptable.

Table 1 reliability test result

Source: Questionnaire

Service QUAL dimension	Number of attributes	Cronbach's Alpha of Perceived Performance	Cronbach's Alpha of Perceived Expectation
Reliability	4	.798	.777
Responsiveness	4	.710	.781
Assurance	4	.719	.843
Empathy	4	.774	.824
Tangibility	4	.805	.905

## 2. Results and Discussion

In this part of the study, descriptive analysis and presentation of the primary data collected from customers and customer service managers of the bank has been available. For each table presented detailed description has been given. At total of 385 questionnaires were distributed and 350 of it were collected back successfully; thus; the analysis is made based on this figure.

### A. Tangibles of Service

The respondents were asked 4 questions relating to tangibles of the bank service in order to know the contributions tangibilising the bank services on customer satisfaction. As shown in the table 2 below, out of the 4 question asked to the selected respondents the mean difference shows the

Improvement of the three variables this figure show that the bank has improved the satisfaction of customer by improving quality of service tangibility.

As it is possible to see from the table though most of the parameters are improved one variable (Clear informant signs) has a negative mean that justify the quality is below the standard that can affect the satisfaction of customer adversely. The information obtained from interview with the customer service manager and researcher's observation shows that most of the information that disseminated to customer are prepared in English (which is not customers' mother tongue) and contain professional jargons. These factors can be the reason for the disappointments of the customer because unless customer can understand the bank information they do not believe the product is beneficial for them.

Table 2 Tangibles of Service

Tangibles	Expectations		Perceptions		Expectation -perception mean
	Mean	Std. Deviation	Mean	Std. Deviation	
Modern looking equipment.	4.26	.740	4.06	1.044	0.2
Physical facilities visually appealing.	4.26	.804	4.00	1.055	0.26
Employees appearance.	4.14	.756	3.95	.660	0.19
Clear informant signs(associated materials).	4.18	.791	4.36	1.117	-0.18
<b>Over all mean score</b>	<b>4.198 8</b>	.62630	<b>4.0930</b>	.89163	0.12

Source: Questionnaire

## B. Reliability of Service

In order to know the contributions of reliability on customer satisfaction; the researcher asked 4 different questions for the selected respondents and the result is shown on the below table 3. According to the table, it is possible to observe that the reliability of the selected branches is contributing for the satisfaction of customers since the overall mean shows a positive result. The information from interview revealed that the bank follows bureaucratic strategic procedures to decide on issues this may be the reason that created disappointment of customers about timely consumption of the bank service as indicated in the table(-0.07).



Table 3 Reliability of Service

Reliability	Expectations		Perceptions		Expectation - perception
	Mean	Std. Deviation	Mean	Std. Deviation	mean
Providing service by a certain time as promised to do so.	4.06	.885	4.13	.723	-0.07
Sincere interest in solving a problem.	4.11	.797	4.08	.913	0.03
Insists on error-free records.	4.06	.851	3.88	.834	0.18
Provision of service as promised to do so.	4.05	.873	4.05	.967	0
<b>Over all mean score</b>	<b>4.07</b>	<b>.68927</b>	<b>4.035</b>	<b>.63612</b>	<b>0.035</b>

Source: Questionnaire

### C. Responsiveness of Service

From the table 3 below it can be observed that the selected respondents were asked four different questions about responsiveness of the bank is not contributing for the satisfaction of customer since the overall mean value of the parameter is negative as indicated in the table. The interview information conducted about the variable with the CSM of the branches revealed that; most of the time due to shortage of work force the bank is not in a position of giving training to improve the experience.

(Mudie and Pirrie, 2006) stated in their book, responsiveness is interest to support clients and to offer swift service. This variable is specifically important where

clients have needs, queries, complaints and problems. To achieve their objective, companies should be highly responsiveness to the customer than the company's aspect (Zeithaml et al., 2006). This fact support that the bank is not satisfying customer responsiveness is concerned and limits its success.

Table 4: Responsiveness of Service Dimension

	Expectations		Perceptions		Expectation- perception mean
	Mean	Std. Deviation	Mean	Std. Deviation	
Responsiveness					
Telling information at the exact time the service performed.	4.19	.741	4.29	.788	-0.1
Employees prompt service to customers.	4.23	.741	4.22	.853	0.01
Employees willingness to help customers.	4.16	.727	4.12	.892	0.04
Employees busyness to respond to customer requests	4.12	.772	4.13	.883	-0.01
<b>Over all mean score</b>	<b>4.175</b>	<b>.56009</b>	<b>4.19</b>	<b>.69287</b>	<b>-0.015</b>

Source, Questionnaire

#### D. Assurance of Service

This dimension is the extent of loyalty and confidence that the clients perceive that the company is in a good position to offer the service. Typically, this stems from the level of confidence that the clients has in the service provider's staff. The clients will not be delighted unless they do not feel certain about the fitness of the service provider.

The researcher asked four different questions for the selected respondents in order to know the improvement of assurance for customer satisfaction.

According to table5, below the selected respondents were responded that the assurance of the selected branch is contributing well for the satisfaction of customer since the overall mean value of the parameter is positive (0.3925). Literatures argued that, assurance is about the employees' knowledge and courtesy, and the ability of the service to inspire trust and confidence. The fact support that the bank can be benefited by having this good service quality in attracting new customers that can boost the revenue of the bank both financially and reputation.



Table 5. Assurance of Service

	Expectations		Perceptions		Expectation- perception mean
	Mean	Std. Deviation	Mean	Std. Deviation	
Assurance					
Employees behaviour instilling confidence in customers.	4.14	.719	4.08	.825	0.06
Feeling of safety in bank transactions.	4.19	.586	3.72	.634	0.47
Employees consistent courteous with customers.	4.01	.671	3.58	.762	0.43
Employees knowledge to answer customer questions.	4.19	.599	3.58	.711	0.61
<b>Over all mean score</b>	<b>4.1325</b>	<b>.38606</b>	<b>3.74</b>	<b>.51545</b>	<b>0.3925</b>

Source, Questionnaire

### E. Empathy of Service

The central point of empathy is to know the interest of clients and offer customized care. Workers and clients interfaces are revealed via empathy dimensions.

The respondents asked questions regarding to empathy to know whether it is they are satisfied or not with it and the result is shown and interpreted below: Table6, below shows the responses for the four questions that were asked to the selected respondents and as per the table the empathy of the selected branches is satisfactory to the selected branches customer because the mean value of the

difference between customer expectation and perception shows positive value (0.61). According to Mudie and Pirrie, (2006), empathy is the supporting, customized attention the service provides customers. Niche service providers are better placed (though not necessarily better at) for caring clients as individuals than in group, always uniform counterparts. But, relationship marketing is developed to provide highly customized approach for clients of giant companies. Thus the bank service quality as far as empathy dimension is concerned customers are satisfied and it indicates the bank is performing well.

Table 6. Empathy of service

Source; questionnaire

	Expectations		Perceptions		Expectation -perception mean
	Mean	Std. Deviation	Mean	Std. Deviation	
Empathy					
Banks' individual attention.	4.10	.888	3.57	.608	0.53
Convenient operating hours	4.06	.819	3.52	.636	0.54
Employees deal with customers in a caring fashion	4.12	.859	3.52	.599	0.6
Employees understanding the specific needs of their customers	4.13	.887	3.36	.764	0.77
<b>Over all mean score</b>	<b>4.1025</b>	<b>.67810</b>	<b>3.4925</b>	<b>.39819</b>	<b>0.61</b>

### Conclusions

The tangible dimension of the bank service is good but the specific variable Clear informant sign is not contributing positively for customer satisfaction.

The same with tangibility dimension; reliability dimension is contributing positively to customer satisfaction on average even the specific parameter providing service at promised time indicates a negative sign.

the responsiveness of the selected branches is not contributing well to customer satisfaction as far as the overall mean value is concerned but specific parameters under this dimension like employees prompt service to customers and employees willingness to help customers found to be positive which implies positive contribution to the satisfaction of customers.

The result shows both assurance and empathy dimensions of the bank service has positive contribution towards the satisfaction of the selected sample respondents of the district since all specific mean values of all variable are positive.

All in all Based up on the result of the SERVEQUAL model result the researcher has found that the overall mean value of service quality dimensions justifies; they are contributing to increase the satisfaction level of customers. Thus: the answer for researched designed as a general question previously is that service quality has positive contribution on customer satisfaction.

### Recommendations

The district and selected branch managers should request to conduct market and marketing research for the head office officials to segment the market appropriately.

This is because it is not possible to use specific parameter as far the bank regulation is concerned. After they have got the approval to conduct the proposed research they need to identify the appropriate parameters to segment their market so as to design the required service dimension based on customers interest

Though the overall mean value of tangible dimension seems good the result is not as such strong to keep it above this fact the specific variable under this dimension clear informant sign has a negative value. Thus the bank can improve this problem by using signs that are designed by the language which mother tongue for most customers and signs that are designed based on the culture of most customers.

To improve the banks service regarding to providing the service at promised time; they need to have a capacity plan prepare based on the available forecasted demand for each period, motivating employees, giving training to employee and installing technology to serve them are the best approaches that can be used.

In general; the researcher recommend to the district and selected branch managers that; though the over mean result shows the existence of positive contributions almost the value is not as such delight full and it cannot be a guaranty for customers to maintain them. To overcome this problem the above responsible party need to conduct market and marketing research the problem that limited them not make them delight full and should implement the result of the research.

### **Future research directions:**

As specified in the scope of the research section this research has a scope of Jimma district geographically and focuses only

the assessment of the contributions of service quality on customer satisfaction. But the research can be more inclusive if future researches widen the geographical coverage like adding more districts, conducting a kind of comparative study with other district and privet owned Banks. It will be good if researchers include other parameters that are not included in this study like government regulation and the like...

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