

Effect of Service Quality on Customer Satisfaction towards Selected Private Banks in Ethiopia

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Abstract: This study is to examine the impact of service quality on customer satisfaction evidence from select private banks in Dessie Town, Ethiopia. Service quality has been defined as a degree and direction of discrepancy between customers' service perception and expectations. Customer satisfaction is defined as the customer's subjective evaluation of a consumption experience, based on some relationship between the customer's perceptions and objective attributes of the product. To achieve the objectives of this study, data was collected through questionnaire from a sample of 384 bank customer. These respondents were selected using simple random sampling method. The data collected from the questionnaire were analyzed using Statistical tools such as mean, standard deviation, correlation, and multiple regression analysis. The results of this study indicate that, except responsiveness the four service quality dimensions (tangibility, assurance, empathy and reliability) have positive and significant relationship with customer satisfaction. The finding of this study also indicates that customers were most satisfied with the assurance dimensions of service quality. The results of the descriptive statistical analysis indicated that, customers were most satisfied with the tangibility dimensions of service quality followed by assurance and responsiveness. However, customers were less satisfied with empathy and reliability dimensions of service quality. The correlation result shows that, there is a positive and significant relationship between all items of service quality dimension, tangibility and customer satisfaction, reliability and customer satisfaction, responsiveness and customer satisfaction, assurance and customer satisfaction, empathy and customer satisfaction. Based on the findings of the study, the researcher forwards some recommendations to the banks management and suggestions for other researchers.

Keywords: Service quality, customer satisfaction, perception, service quality dimensions etc

INTRODUCTION

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 [1].

Service quality is particularly essential in the banking services context because it provides high level of customer satisfaction, and hence it becomes a key to competitive advantage[20]. In addition, service quality has a significant impact on a bank's success and performance[21]. Nowadays, service quality has received much attention because of its obvious relationship with costs, financial performance, customer satisfaction, and customer retention.

Service quality has been defined in different ways by researchers. Parasuraman *et al.* [2] define service quality as a difference between customer

expectation of service and customers' perceptions of the actual service. Kasper *et al.* [22] defines service quality as the degree to which the service offered can satisfy the expectations of the user. According to these definitions, customers are the sole judges of service quality. If they perceive it to be good service, then it is. They assess the quality of service by comparing their expectation with perception.

Customers are the heart of every successful business and therefore businesses need to more concentrate on customers more than ever. According to Scott [3], customer service is a series of activities designed to enhance the level of customer satisfaction, that is, the feeling that a product or service has met the customer expectation.

"Customer satisfaction is crucial in the banking sector because of the special nature of the financial services which are characterized by intensive contacts with customers who have different needs and require customized solutions" [4]. "Customer satisfaction is known to be one of the most important and serious issues towards success in today's

competitive business environment, as it affects company market shares and customer retention” [5].

Parasuraman *et al.*, [6] “found that service quality is significant predictor of customer satisfaction by using SERVQUAL instrument.” Service quality and customer satisfaction “have been identified as key elements of the service-profit chain” [23]. The successfulness of organization is, therefore, determined partly by the customer satisfaction.

Therefore, this research is concerning about service quality and its relationship to customer satisfaction in the case of selected private banks in Dessie Town.

STATEMENT OF THE PROBLEM

Customer satisfaction and service quality are most important elements in achieving organizational goals. Organization tries to have constant customer satisfied with the service provided by it. Because of, service quality plays a pivotal role in determining customer satisfaction. In a way, quality needs to be understood and manage throughout the services of an organization. Hence, quality services are considered as most important aspect. Satisfaction and quality have evolved along parallel tracks[24].

Furthermore, improving service delivery in the banking business is expected to affect the quality of service and customer satisfaction. On the other hand, the client will use a variety of dimensions / attributes that are important to customers to identify the quality of service through the customer satisfaction. These service dimensions/attributes play a significant role within service measurement, since they serve as indicators of service quality and customer’s satisfaction [25].

Excellence in service quality is a key to achieve customer satisfaction and profitability. Today, the increasing awareness among bank customers of their rights, changing demands and high competition requires constant progress in service quality from the bank for their customers to stay loyal. Additionally, the bank need to improve performance on all the dimensions of service quality in order to increase customer satisfaction since customers expect more than what is been offered by the bank. This will enable the bank to maintain high level of competitiveness [7].

According to Ananth A. [26] state that more gaps are giving individual attentions, extended working hours to meet customer needs, employees give customer personal attention, employees understand the specific needs of the customers, employees are never too busy to respond to customer’s request.

Levesque and McDougall [8] have confirmed and reinforced the notion that consistent poor customer experience as a result of poor service quality leads to a decrease in the levels of customer satisfaction and the chances of further willingness to recommend the service (i.e., word-of-mouth advertising or referrals) is lessened.

Therefore, several studies have been done on service quality and customer satisfaction in service organizations in Ethiopia like EEPSCO, Ethio-Telecom, Hotel, insurance and Bank. Few studies have been done on banking sector, but those studies have been conducted only on one specific bank. It is not sufficient to give generalization about banks with one bank and especially want see the big region in Dessie Town, Ethiopia. Therefore the researcher intended to investigate the impact of service quality on customer satisfaction on five private banks in Dessie Town.

OBJECTIVES OF THE STUDY

General Objective

The general objective of this study is to examine the impact of service quality on customer satisfaction evidence from select private banks in Dessie Town, Ethiopia.

Specific Objectives

The specific objectives of the research are:

- ♣ To present the background information of the respondents.
- ♣ To examine the impact of service quality dimensions on customer satisfaction of the select private banks.
- ♣ To analyze the relationship between service quality and customer satisfaction.

SIGNIFICANCE OF THE STUDY

The significance of the study is greatly important to the banking industry to examine or identifies the impact of service quality at bank and enhances the level of customer satisfaction.

Moreover, the study will be the following significances

- ♣ It helps the bank to assist in decision making, in identifying key variables in order to develop strategies to address and improve service quality.
- ♣ To the management of Bank, the findings and results that were reported in this study will provide a more reliable scientific measure and perspective for describing and evaluating the level of their customer satisfaction with the services they deliver.
- ♣ To other stakeholders like investors, shareholders, employees, pressure groups, consumer associations, among others, the study will provide invaluable information that will allow them to

provide useful suggestions to the improvement in service delivery of their respective Banks.

- ♣ The study will provide additional evidence as to the relationship between Bank service quality and customer satisfaction.

LIMITATION OF THE STUDY

The limitation of this study focus the impact of service quality on customer satisfaction Evidence from selected private banks in Dessie Town, the fact that is only conducted in five private banks and therefore, it will not be considered as a representative of the whole service quality of some selected private banks in Dessie Town, that is the generalization of the finding and the conclusion drawn was limited to some selected private banks in Dessie Town, Ethiopia.

RESEARCH DESIGN AND APPROACH

A research design is the program that guides the researchers in the process of collecting, analyzing and interpreting the data. Both descriptive and explanatory study design were used.

The researcher also used explanatory study design, to explaining, understanding, predicting and controlling the relationship between variables.

The study was used mixed approach. That means both quantitative and qualitative approach will be used. Quantitative approach was employed in this study; since mainly statistical analysis is based on quantitative data using appropriate measurement of their variables and it can be measured numerically. Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior.

DATA TYPE AND SOURCE

In this study both primary and secondary types of data was employed.

Primary Data

Primary data are fresh data that are gathered for the first time and thus happened to be original in character. Primary source of the study was information gathered from customers of the bank. Questionnaires that have both open and closed end question was prepared and delivered to customers in order to gather the primary data.

Secondary Data

The secondary data was collected from different sources such as, websites, books, and journals, periodicals released by the bank and articles national and international newspaper and magazines.

Population

The target population for the study was comprised all individual customers and bank managers of the selected private banks which are operating in Dessie Town, Ethiopia.

SAMPLING METHOD AND SAMPLING SIZE

The researcher used convenience sampling methods to select the sample from the available population. A convenient sampling technique, which is a non-probabilistic sampling technique, was used to select the respondents for two reasons. First the customers are very difficult to contact each of them individually. Again, it is difficult for getting the exact number of customers for each of the Bank companies in Dessie Town which is required for the use of any random sampling technique.

Out of 10 private banks in Dessie town, the researcher was selected 5 banks for the study based on the years of establishment. The selected banks are Awash International Bank, Bank of Abyssinia, Dashen Bank, United Bank and Wagagen Bank.

This formula is used since the total population of the organization's customers is unknown. Cochran [9] developed the equation to yield a representative sample for proportions of large sample.

$$n = Z^2 pq / e^2$$

$$n = \frac{(1.96)^2 \times 0.5(0.5)}{0.05^2} = 384$$

Therefore, n = 384

Where,

n= sample size

z = 1.96 for 95% confidence level

p = population proportion 0.5 (50%) since this will provide the maximum sample size.

q = 1-p

e = allowable error at 5% (0.05)

QUESTIONNAIRE DESIGN

The questionnaire was used to measure the impact of service quality on customer satisfaction of private banks in Dessie Town. Five-point likert scale was used where 1 stands for "Strongly Disagree", 2 stands for "Disagree", 3 stands for "Neutral", 4 stands for "Agree" and 5 stands for "Strongly Agree." The questionnaire is divided into three sections which cover the dependent and independent variables of the research.

DATA ANALYSIS AND INTERPRETATION

In this part, the researcher tried to present and discuss the data to address the research questions and

objectives. He also interpreted the respondents' background information such as gender, age group,

educational level, employment status, frequency of bank visits and service quality dimensions.

Table 1: Background Information of Respondents

Characteristics/Variables		Frequency	Percent	Valid percent	Cumulative percent
Gender	Male	207	56.7	56.7	56.7
	Female	158	43.3	43.3	100.0
	Total	365	100.0	100.0	
Age	18 to 25 Years	61	16.7	16.7	16.7
	26 to 35 Years	138	37.8	37.8	54.5
	36 to 45 Years	111	30.4	30.4	84.9
	46 to 55 Years	39	10.7	10.7	95.6
	56 and above	16	4.4	4.4	100.0
	Total	365	100.0	100.0	
Educational level	Primary to 10th complete	55	15.1	15.1	15.1
	Certificate	27	7.4	7.4	22.5
	Diploma	133	36.4	36.4	58.9
	Degree	136	37.3	37.3	96.2
	Master or above	14	3.8	3.8	100.0
	Total	365	100.0	100.0	
Employment Status	Governmental Employee	124	34.0	34.0	34.0
	Private employee	102	27.9	27.9	61.9
	Self-employment	99	27.1	27.1	89.0
	Retired	11	3.0	3.0	92.1
	Student	29	7.9	7.9	100.0
	Total	365	100.0	100.0	
Frequency of using the Bank	Daily	49	13.4	13.4	13.4
	Twice a Week	66	18.1	18.1	31.5
	Weekly	86	23.6	23.6	55.1
	Monthly	164	44.9	44.9	100.0
	Total	365	100.0	100.0	

Source: Own Survey, 2016

The above table – 01: presents the background information of the respondents for this study. The survey shown that majority of the respondents was more males as compared to females. Male respondents represented 56.7%; on the other hand 43.3% were females.

As far as age of respondents is concerned, 16.7% of the respondents are in the range of 18-25 years, 37.8% of the respondents are in the range of 26-35 years, 30.4% are in the range of 36-45 years, 10.7% are in the range of 46-55 and 4.4% are above 55 years. The youth were the majority indicating that most youth use banking services.

Concerning educational level of respondents, primary to 10th complete represented 15.1%, certificate holders represented 7.4%, Diploma holders represented 36.4%, and degree holders represented 37.3%; finally, 3.8% of the respondents were Masters holders. It indicates that most of the bank customers are educated and have a good understanding of quality banking service.

In relation to frequency of bank visits, 44.9% of the respondents use the service monthly, 23.6% of the customer uses the service weekly, 18.1% of the customers uses the service twice a week, and the least (13.4%) of the respondents uses the services daily. It indicates that the majority of the respondents are frequency banks visits monthly.

Descriptive Statistics Analysis of Service quality dimensions

Table 2: Tangibility

Tangibility	Scale	Frequency	Percent	Valid Percent	Cumulative Percent
1. The bank has modern-looking equipment	Strongly Disagree	2	.5	.5	.5
	Disagree	3	.8	.8	1.4
	Neutral	12	3.3	3.3	4.7
	Agree	160	43.8	43.8	48.5
	Strongly agree	188	51.5	51.5	100.0
	Total	365	100.0	100.0	
2. The bank has visually nice physical facilities	Strongly Disagree	2	.5	.5	.5
	Disagree	2	.5	.5	1.1
	Neutral	18	4.9	4.9	6.0
	Agree	164	44.9	44.9	51.0
	Strongly agree	179	49.0	49.0	100.0
	Total	365	100.0	100.0	
3. The bank has conducive service layout	Strongly Disagree	2	.5	.5	.5
	Disagree	2	.5	.5	1.1
	Neutral	34	9.3	9.3	10.4
	Agree	207	56.7	56.7	67.1
	Strongly agree	120	32.9	32.9	100.0
	Total	365	100.0	100.0	
4. The bank employees has a neat and professional appearance	Strongly Disagree	1	.3	.3	.3
	Disagree	6	1.6	1.6	1.9
	Neutral	11	3.0	3.0	4.9
	Agree	89	24.4	24.4	29.3
	Strongly agree	258	70.7	70.7	100.0
	Total	365	100.0	100.0	
5. Bank materials associated with the service look attractive. (Passbook, form, brochures, bank card etc.)	Strongly Disagree	2	.5	.5	.5
	Disagree	3	.8	.8	1.4
	Neutral	46	12.6	12.6	14.0
	Agree	200	54.8	54.8	68.8
	Strongly agree	114	31.2	31.2	100.0
	Total	365	100.0	100.0	
6. Bank use modern banking technology	Strongly Disagree	-	-	-	-
	Disagree	10	2.7	2.7	2.7
	Neutral	77	21.1	21.1	23.8
	Agree	190	52.1	52.1	75.9
	Strongly agree	88	24.1	24.1	100.0
	Total	365	100.0	100.0	

Source: Own Survey, 2016

This dimension shows the physical aspects of the services as physical facilities, appearance of personnel and tools used for the provision of services. It is more concerned with visual part of the banks. It is found that customers prefer tangible dimension of service quality in bank industry [10].

According to the above table in the assessing of the banks used modern looking equipment, out of the total respondents 51.5% of the them indicate that they are strongly satisfied, 43.8% of the respondents are satisfied, 3.3% of the respondents are neither satisfied nor dissatisfied, 0.8% of the respondents are dissatisfied and 0.5% are strongly dissatisfied. From this it is clear that, majority of the respondents indicating that banks are used modern equipment's to render the service for their customers. It implies that using modern banking equipment helps to increase the

quality service and in return this may enhance the satisfaction of customers. This result coincides with the ideas of Abdullah and Arikiyasamy [11] also asserted that delivering high service quality right at the first time demands use of modern equipment that can perform the required service. There should be standard of excellence and a direction to attain customer satisfaction by providing necessary equipment, tools and proper freedom to achieve the tasks.

To see the visually physical facility of the banks, 49% of the respondents stated that they are strongly satisfied, 44.9% of the respondents are satisfied, 4.9% of the respondents are neither satisfied nor dissatisfied, 0.5% of the respondents are dissatisfied and 0.5% of the respondents are strongly dissatisfied. This implies that the customers are strongly satisfied by the bank have nice physical facilities. It indicates that,

the banks have visually nice physical facility its advantages of the service render to increase the level of customer satisfaction.

In accordance to conducive service layout of the banks, from the total respondents 32.9% of them specify that they are strongly satisfied, 56.7% of the respondents are satisfied, 9.3% of the respondents are neither satisfied nor dissatisfied, 0.5% of the respondents are dissatisfied and 0.5% of the respondents are strongly dissatisfied. This indicates that bank has conducive working environment and this help the employee to perform their activities comfortably and timely. And this may also assist to deliver quality service to the customers.

According to the above table, to assess bank employees neat and professional appearance, 70.7% of the respondents are strongly satisfied, 24.4% of the respondents are satisfied, 3.0% of the respondents are neither satisfied nor dissatisfied, 1.6% of the respondents are dissatisfied and 0.3% are strongly dissatisfied. This implies that bank employees have excellent neat and professional appearance.

In the assessing of bank materials (Passbook, form, brochures, bank card etc.) associated with the service look attractive or not, the survey results indicate that 31.2% of the respondents are strongly satisfied by the materials available by the banks, 54.8% of the respondents are satisfied, 12.6% of the respondents are neither satisfied nor dissatisfied, 0.8% of the respondents are dissatisfied and 0.5% are strongly dissatisfied. From this it is clear that customers are satisfied by those materials available by the banks used to render their service. It implies that, the bank materials has look attractive this help easy to get their service.

Finally to assess modern technology used by the banks to deliver their service for the customers. The survey results indicate that, 24.1% of the respondents are strongly satisfied, 52.1% of the respondents are satisfied, 21.1% of the respondents are neither satisfied nor dissatisfied, and 2.7% of the respondents are dissatisfied. This implies, if the banks use modern banking technology it will facilitate the service delivery process and also help the bank to have updated and right delivery of service; and this may make the customers to feel happy and satisfied with the quality of the bank's service.

Table 3: Reliability

Reliability	Scale	Frequency	Percent	Valid Percent	Cumulative Percent
1.The bank provides its services at promised times	Strongly Disagree	-	-	-	-
	Disagree	5	1.4	1.4	1.4
	Neutral	79	21.6	21.6	23.0
	Agree	198	54.2	54.2	77.3
	Strongly agree	83	22.7	22.7	100.0
	Total	365	100.0	100.0	
2. The bank employees show a sincere interest in solving customer's problems	Strongly Disagree	-	-	-	-
	Disagree	60	16.4	16.4	16.4
	Neutral	190	52.1	52.1	68.5
	Agree	58	15.9	15.9	84.4
	Strongly agree	57	15.6	15.6	100.0
	Total	365	100.0	100.0	
3. Bank insists on error free records	Strongly Disagree	2	.5	.5	.5
	Disagree	7	1.9	2.5	7
	Neutral	160	43.8	46.3	160
	Agree	138	37.8	84.1	138
	Strongly agree	58	15.9	100.0	58
	Total	365	100.0	100.0	
4.The bank provides consistent service	Strongly Disagree	3	.8	.8	.8
	Disagree	19	5.2	5.2	1.6
	Neutral	164	44.9	44.9	46.3
	Agree	107	29.3	29.3	80.0
	Strongly agree	72	19.7	19.7	100.0
	Total	365	100.0	100.0	
5.Bank employees provide accurate information to customers	Strongly Disagree	1	.3	.3	.3
	Disagree	5	1.4	1.4	1.6
	Neutral	163	44.7	44.7	46.3
	Agree	123	33.7	33.7	80.0
	Strongly agree	73	20.0	20.0	100.0
	Total	365	100.0	100.0	

Source: Own Survey, 2016

According to the above survey data, to assess whether the banks are deliver their service based on promised time or not, 22.7% of the respondents are strongly satisfied, 54.2% of the respondents are satisfied, 21.5% of the respondents are neither satisfied nor dissatisfied, and 1.4% of the respondents are dissatisfied. From this it is clear that, customers are satisfied with the services at promised timing of the banks. This implies that, banks render their service promised time and this may help to increase customer usage and satisfaction. This result agree with the idea of Ramzi [27] pointed out that providing services as promised is one of the important factors of customer satisfaction. A good way of impressing customers is by doing what you promised and doing it right at the first time experience. This will enhance repeat business.

The above table-3 shows the result of customer's response towards showing a sincere interest in solving customer's problems by the bank employees. From the results it can be obtained that 15.6% of the respondents are strongly satisfied, 15.9% of the respondents are satisfied and 52.1% of the respondents are neither satisfied nor dissatisfied, and 16.4% of the respondent are dissatisfied. It indicates that, the customers are neither satisfied nor dissatisfied by the bank employees in terms of solving their problems. In this survey data to see the bank employees show a sincere interest in solving customers problem are neutral with solving customer problem it is not enough to competitive the market in the banking industry especially private banks.

From the table-3 it is evident that customers are asked about whether the Bank employees provide error free service or not and 15.9% of the respondents are strongly satisfied, 37.8% of the respondent are satisfied, 43.8% of the respondents are neither satisfied nor dissatisfied, 1.9% of the respondents are dissatisfied and 0.5% of the respondents are strongly dissatisfied. It indicates that the customers are neutral with Bank employees insisting on error free records. This implies the bank slightly not record properly error free service renders to the customers and this may return the banks not lead to profitability or enhance customer satisfactions. According to Ouyung [12] suggestion business that fails to keep complete and accurate financial records puts its success and sustainability in difficulty. Providing accurate records of contact with the customer will help in continuity of relationship between firm and the customers.

In accordance to the bank provides consistent service render to the customers, from the total respondents 19.7% of them specify that they are strongly satisfied, 29.3% of the respondents are

satisfied, 44.9% of the respondents are neither satisfied nor dissatisfied, 5.2% of the respondents are dissatisfied and 0.8% of the respondents are strongly dissatisfied. This show that in terms of the consistency of the banks service the customers lack confidence to decide on the consistency and this implies that the banks service have some fluctuation on its quality and this may have influence the customers attachment with the bank and satisfaction and also this will leads them to see other bank's service.

Finally to assess the bank employees provide accurate information to customers, the survey results indicate that, 20% of the respondents are strongly satisfied, 33.7% of the respondent are satisfied, 44.7% of the respondents are neither satisfied nor dissatisfied, 1.4% of the respondents are dissatisfied and 0.3% of the respondents are strongly dissatisfied. It implies that, customers have update information about the bank and increase the customers attachment with bank and this may help to increase customer usage and satisfaction. This result coincide with the idea of Abdullah & Ariokiasamy, [11] bank employees may not always provide complete information to customers, which can result in repeat complaints.

According to Armstrong [13] the key aspects under responsiveness include keeping customers informed as to when services will be performed; prompt service to customers, willingness to help customers and Readiness to respond to customer's request.

According to the table-4 in the assessing of bank employees tell customers exactly when certain services will be performed or not, 27.7% of the respondents are strongly satisfied, 53.4% of the respondent are satisfied , 15.1% of the respondents are neither satisfied nor dissatisfied, 3.3% of the respondents are dissatisfied and 0.5% are strongly dissatisfied. . From the above analysis it is clear that, the customers are satisfied by the bank employees are tell the customer exact services perform. This implies that, the bank employees tell customer service exactly performed about the bank service and this may help to increase customer satisfaction.

In accordance to bank gives prompt and updated services, from the total respondents 39.7% of them specify that they are strongly satisfied, 49.3% of the respondents are satisfied, 10.1% of the respondents are neither satisfied nor dissatisfied, 0.5% of the respondents are dissatisfied and 0.3% of the respondents are strongly dissatisfied. This indicates that a bank gives prompt and updated services. This result coincides with the idea of Kariru & Aloo, [14] argued that, these includes providing timely responses to

customer questions and inquiries, and informing your clients promptly. Greeting them warmly, involving them to determine what they have come for, and responding promptly and accurately to inquiries show

customers' quick understanding of the firm. Failure to do so can result in lost business or damage a firm reputation.

Table 4: Responsiveness

Responsiveness	Scale	Frequency	Percent	Valid Percent	Cumulative Percent
1. Bank employees tell customers exactly when certain services will be performed.	Strongly Disagree	2	.5	.5	.5
	Disagree	12	3.3	3.3	3.8
	Neutral	55	15.1	15.1	18.9
	Agree	195	53.4	53.4	72.3
	Strongly agree	101	27.7	27.7	100.0
	Total	365	100.0	100.0	
2. Bank gives prompt and updated services.	Strongly Disagree	1	.3	.3	.3
	Disagree	2	.5	.5	.8
	Neutral	37	10.1	10.1	11.0
	Agree	180	49.3	49.3	60.3
	Strongly agree	145	39.7	39.7	100.0
	Total	365	100.0	100.0	
3. Bank gives service the right time.	Strongly Disagree	1	.3	.3	.3
	Disagree	3	.8	.8	1.1
	Neutral	31	8.5	8.5	9.6
	Agree	215	58.9	58.9	68.5
	Strongly agree	115	31.5	31.5	100.0
	Total	365	100.0	100.0	
4. Banks are never busy to respond on customer request.	Strongly Disagree	1	.3	.3	.3
	Disagree	12	3.3	3.3	3.6
	Neutral	161	44.1	44.1	47.7
	Agree	135	37.0	37.0	84.7
	Strongly agree	56	15.3	15.3	100.0
	Total	365	100.0	100.0	

Source: Own Survey, 2016

From the above table, it can be assessed that the bank gives service the right time to the customers, 31.5% of the respondents are strongly satisfied, 58.9% of the respondents are satisfied, 8.5% of the respondents are neither satisfied nor dissatisfied, 0.8% of the respondents are dissatisfied and 0.3% of the respondents are strongly dissatisfied. It implies that bank gives service about the right time and this may help to enhance the customer satisfaction.

Finally, to assess the banks are busy to respond on customer request, 15.3% of the respondents are strongly satisfied, 37.0% of the respondents are satisfied, 44.1% of the respondents are neither satisfied nor dissatisfied, 3.3% of the respondents are dissatisfied and 0.3% are strongly dissatisfied. It implies that, the customers responses are slightly satisfied when the banks are busy to respond on customer request.

This dimension indicates the employees' knowledge, courtesy and their ability to convey trust

and confidence. Service quality is also linked to the customer satisfaction as how employees use their knowledge & courtesy and their ability to incorporate trust and confidence. Parasuraman *et al.* [2] reported assurance as an essential dimension of service quality after reliability and responsiveness towards satisfaction. It is found that a bank can create customer satisfaction by ensuring trustworthy behavior and reflection of genuine commitments to service provision[28].

According to the table-5 in the assessing of bank employees instill confidence in their customers, 0.5% of the respondents are strongly satisfied, 45.8% of the respondent are satisfied, 45.2% of the respondents are neither satisfied nor dissatisfied, 8.5% of the respondents are dissatisfied and 0.5% of the respondents are strongly dissatisfied. Therefore, customers are satisfied and neutral with the bank employees instill confidence in their customers. The bank should maintain this performance level as it is and should satisfy those who didn't satisfied.

Table 5: Assurance

Assurance	Scale	Frequency	Percent	Valid Percent	Cumulative Percent
1. Bank employees instill confidence in their customers.	Strongly Disagree	2	.5	.5	.5
	Disagree	31	8.5	8.5	9.0
	Neutral	165	45.2	45.2	54.2
	Agree	167	45.8	45.8	100.0
	Strongly agree	2	.5	.5	.5
	Total	365	100.0	100.0	
2. Bank employees are consistently courteous to customers.	Strongly Disagree	1	.3	.3	.3
	Disagree	1	.3	.3	.5
	Neutral	38	10.4	10.4	11.0
	Agree	122	33.4	33.4	44.4
	Strongly agree	203	55.6	55.6	100.0
	Total	365	100.0	100.0	
3. Bank makes customer feel safe in their transaction.	Strongly Disagree	2	.5	.5	.5
	Disagree	3	.8	.8	1.4
	Neutral	30	8.2	8.2	9.6
	Agree	196	53.7	53.7	63.3
	Strongly agree	134	36.7	36.7	100.0
	Total	365	100.0	100.0	
4. Bank employees have sufficient knowledge of service information.	Strongly Disagree	-	-	-	-
	Disagree	18	4.9	4.9	4.9
	Neutral	93	25.5	25.5	30.4
	Agree	171	46.8	46.8	77.3
	Strongly agree	83	22.7	22.7	100.0
	Total	365	100.0	100.0	

Source: Own Survey, 2016

To see the bank employees give service consistently courteous to customers or not, the survey result indicate that, 55.6% of the respondents are strongly satisfied with staff courteousness to customers, 33.4% of the respondents are satisfied, 10.4% of the respondents are neutral, 0.3% of the respondents are dissatisfied and the rest 0.3% of the respondents are strongly dissatisfied with courteousness of the employees.

With regard to the variable mentioned in the above table, the bank makes customer feel safe the transaction, 36.7% of the respondents are strongly satisfied, 53.7% of the respondents are satisfied, 8.2% of the respondents are neither satisfied nor dissatisfied, 0.8% of the respondents are dissatisfied and 0.5 of the respondents are strongly dissatisfied. This implies that the majorities (53.7%) of the respondents are satisfied with bank makes customer feel safe the transaction.

From the above table about employee of the bank have enough knowledge of service information, 22.7% are strongly satisfied, 46.8% of customers are satisfied, 25.5% of customers are neutral, and 4.9% of the customers are dissatisfied. It shows that employees have sufficient knowledge to answer the entire question of customers even though they satisfy them.

The basis of empathy is rooted in understanding the needs of customers and giving them individual attention. Employee and customer interactions are reflected through the empathy dimension [13]. Service customers have an expectation on how the service provider should understand and be concerned about their individual needs and wants. As a service provider, trying to understand the situation from the customer's point of view gives a clearer picture of what is happening [15]. Showing an understanding and having knowledge to solve customers' problems are key factors in the banking industry.

The key aspects under empathy include giving customers' individual attention, employees who deal with customers in a caring fashion and employees who understand the needs of their customers [13].

In assessing of banks give service personal attention and understanding of the customer needs or not,, the survey results indicate that, 19.7% of the respondents are strongly satisfied, 60.5% of the respondents are satisfied, 17.8% of the respondents are neither satisfied nor dissatisfied, 1.6% of the respondents are dissatisfied and 0.3 of the respondents are strongly dissatisfied. This implies that if the

customers get personal attentions from the employees and the bank able to define what they need, this will help to deliver the service accurately and at the right quality and this may help to increase customer's satisfaction. This result agrees with the different literature Saghier and Nathan [16] argued that customer satisfaction increases if customers feel that they have been served in a way that considers their own personal

needs. When delivering customer service, firms frequently deal with a large number of customers who seem to be the same, but it is important to remember that each customer is an individual. Anything that can be done to make each customer feel that they have had the firms complete attention and have been dealt with personally increases their sense of satisfaction [17].

Table 6: Empathy

Empathy	Scale	Frequency	Percent	Valid Percent	Cumulative Percent
1. Bank offers personal attentions and understanding customer need	Strongly Disagree	1	.3	.3	.3
	Disagree	6	1.6	1.6	1.9
	Neutral	65	17.8	17.8	19.7
	Agree	221	60.5	60.5	80.3
	Strongly agree	72	19.7	19.7	100.0
	Total	365	100.0	100.0	
2. The bank employees are quick enough to serve the customers.	Strongly Disagree	-	-	-	-
	Disagree	10	2.7	2.7	2.7
	Neutral	55	15.1	15.1	17.8
	Agree	172	47.1	47.1	64.9
	Strongly agree	128	35.1	35.1	100.0
	Total	365	100.0	100.0	
3. Bank employees understand the specific needs of their customers.	Strongly Disagree	2	.5	.5	.5
	Disagree	105	28.8	28.8	29.3
	Neutral	155	42.5	42.5	71.8
	Agree	53	14.5	14.5	86.3
	Strongly agree	50	13.7	13.7	100.0
	Total	365	100.0	100.0	
4. Bank employees demonstrate integrity and trustworthiness in dealing with customers.	Strongly Disagree	2	.5	.5	.5
	Disagree	10	2.7	2.7	3.3
	Neutral	199	54.5	54.5	57.8
	Agree	78	21.4	21.4	79.2
	Strongly agree	76	20.8	20.8	100.0
	Total	365	100.0	100.0	

Source: Own Survey, 2016

According to the above table, to assess banks employees are quick enough to serve the customers or not, 35.1% of the respondents are strongly satisfied, 47.1% of the respondent are satisfied, 15.1% of the respondents are neither satisfied nor dissatisfied, and 2.7% of the respondents are dissatisfied. It implies that the customers are satisfied by bank employees quick enough to serve the customers.

Based on survey result shows that 13.7% of the respondents are strongly satisfied, 14.5% of the respondents are satisfied, 42.5% of the respondents are neither satisfied nor dissatisfied, 28.8% of the respondents are dissatisfied and 0.5 of the respondents are strongly dissatisfied. From this it is clear that, customers are neither satisfied nor dissatisfied with bank employees understand the specific needs of their customers. This result coincides with the ideas of

different persons or authors Jayanthi & Umaman [18] suggested that knowing and understanding customer needs is at the heart of every successful business, whether it sells directly to individuals or other businesses. Knowing what customers wants and making it possible to direct actions to fulfill their needs will bring loyalty [19]. According to Gbadeyan and Gbonda [29] when dealing with a customer, a true professional should always respond in a way that will show they understand customers' needs.

Table 6 shows that, 20.8% of the respondents are strongly satisfied, 21.4% of the respondents are satisfied, 54.5% of the respondents are neither satisfied nor dissatisfied, 2.7% of the respondents are dissatisfied and 0.5 of the respondents are strongly dissatisfied. It implies that the customers are neither satisfied nor dissatisfied with bank employees demonstrate integrity

and trustworthiness in dealing with customers. I.e. the bank has not enough to competitive with the market or the business they are neutral to get bank employees demonstrate integrity and trustworthiness in dealing with customers.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The study was intended to investigate the impact of service quality on customer satisfaction evidence from selected private banks in Dessie town on the questionnaire consisting of 365 randomly selected customers of five Private Banks. The results of the descriptive statistical analysis indicated that, customers were most satisfied with the tangibility dimensions of service quality followed by assurance and responsiveness. However, customers were less satisfied with empathy and reliability dimensions of service quality

The correlation result shows that, there is a positive and significant relationship between all items of service quality dimension, tangibility and customer satisfaction, reliability and customer satisfaction, responsiveness and customer satisfaction, assurance and customer satisfaction, empathy and customer satisfaction.

Furthermore, the multiple regression results shown that the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) have positive and significant impact on customer satisfaction.

The R square value of 0.628, demonstrates that 62.8% of variation in customer satisfaction can be accounted by the service quality dimensions. The findings of this study also indicated that reliability is the most important factor to have a positive and significant impact on customer satisfaction, followed by empathy, responsiveness, assurance and tangibility.

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.

Reliability is one of the most important factors influencing customer satisfaction. But customers of the bank are less satisfied with this dimension. The bank managers should enhance customers' reliability on the bank by providing the service at the promised time, showing a deep interest in solving customer's problems, insisting on error free record, provides consistent service and Provide accurate information to customers.

DIRECTION FOR FUTURE RESEARCH

This study was conducted to examine the impact of service quality on customer satisfaction in selected private bank in Dessie. The sample was drawn from only five private banks, thus this study may be limited in its generalizability of the findings to others private banks. So, future research should have to draw sample of respondents on more number of private banks for the sake generalizing the results of the study.

Further research can be performed with similar concepts in different areas of service industry (insurance companies or telecommunication industry) to better generalize the results. This investigation would also help to analyze different ways to serve the customer by improving the service quality and produce more revenue for the companies.

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