THE RELATIONSHIP BETWEEN SERVICE DELIVERY AND CUSTOMER SATISFACTION IN THE BANKING INDUSTRY:

THE CASE STUDY OF NMB SINZA BRANCH - TANZANIA
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THE CASE STUDY OF NMB SINZA BRANCH - TANZANIA

By

Daniel George Mbuga

A Dissertation Submitted to the School of Business in Partial Fulfillment of the Requirements for Award of the Degree of Master in Business Administration (MBA) of Mzumbe University

2015
CERTIFICATION

We, the undersigned, certify that have read and hereby recommend for the acceptance by Mzumbe University, a dissertation entitled **The Relationship between service delivery and customer satisfaction in the banking industry: A Case of NMB Sinza Branch**, in partial fulfillment of the award of the degree of Master of Business Administration (MBA) of Mzumbe University

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I, Daniel George Mbuga, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University on a similar or any other degree award.

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ACKNOWLEDGEMENT

The production of this work is the result of many efforts and contributions made by various individuals and NMB Sinza Branch through material and moral support they gave me. I would like to express my sincere appreciation to everyone whom in one way or another facilitated to accomplishment of this dissertation. It is not possible to mention all who contributed to the development of this work.

I humbly thank Almighty God for the care and protection he has showed and granted to me in the course of my studies and life in general. I would like to give my sincere thanks to my devoted supervisor, Mr. J.A Mnzava whose intellectual guidance, motivating advice, patience, moral support and understanding enabled me to reach this stage.
DEDICATION

I, dedicate this work to my family in a way that cannot be forgotten due to their vital responsibility of forming, directing and influencing me in all circumstances to get my education.
**LIST OF ABBREVIATIONS**

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ATM</td>
<td>Automatic Teller Machine</td>
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<tr>
<td>BOT</td>
<td>Bank Of Tanzania</td>
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<td>IM</td>
<td>Internal Marketing</td>
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<tr>
<td>IPO</td>
<td>Initial Public Offering</td>
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<tr>
<td>NBC</td>
<td>National Bank of Commerce</td>
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<td>NMB</td>
<td>National Microfinance Bank</td>
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<td>SERVQUAL</td>
<td>Service Quality</td>
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<td>SPSS</td>
<td>Software Package for Statistical Sciences</td>
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ABSTRACT

This research is about the relationship between service delivery and customer satisfaction in the banking industry. The objectives of the study were; to examine the relationship between service delivery and customer satisfaction in the banking industry, to determine the customers’ perception of service quality at NMB, to establish the extent to which the NMB customers in Sinza branch are satisfied with the services they receive and to determine the factors that challenge service delivery at NMB. The formulated conceptual framework based on the reviewed literature explains concept of service quality, customer satisfaction, customer service delivery in the banking industry, customer waiting time, customer care strategy, internal and external market and technology. This research was conducted at NMB Sinza Branch due to the reason that this branch is a newly established branch having not more than one year. Also, according to BOT statistics, NMB as a leading and successful microfinance bank in Tanzania having many customer than any bank in Tanzania. As it is known that in any business whenever the number of customers is high customer satisfaction tends to be low.

The researcher used both the qualitative and quantitative research approach. The data is collected from 109 out of 120 questionnaires that were distributed. The data collection methods used in this study were questionnaires and documentary review. Quantitative data from the questionnaires were analyzed by using a computer Software Package for Statistical Sciences (SPSS)

The findings indicate that the majority of customers are satisfied with the service they receive from NMB bank. However, this research recommends some improvements on important areas such as technology and infrastructure, as for instance the ATMs machines. Besides, the bank should provide more training opportunities for the staff on the service offered by the bank, by so doing staffs will be able to provide good services to their customers. Also, the bank should employ more staff to meet customer and provide more information to the customers as to inform them about the different services that the bank provides to them.
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CHAPTER ONE

PROBLEM SETTING

1.1 Introduction
This chapter consists of several materials concerning the background of the study which explaining about the relationship between service delivery and customer satisfaction in a bank industry and historical backgroung of NMB. The chapter also contains the statement of the problem, research objectives, research question, the significance of the study, scope of the study and limitations of the study.

1.2 Background of the Study
Excellence in quality has become an imperative for organizational sustainability in this competitive and fast moving world. On top of that the changing customer perception of quality poses unique challenge. Management of customer orientation and service quality is the most effective means of building a trust and competitive position in service industries like bank (Dhungel. A et al, 2011).

The banking business has undergone changes in the regulation of the sector, changes in consumers’ demand for services, technological changes, and the entry of new competitors from businesses outside banking. Due to this, an increasingly open and competitive framework has been formed, in which many financial entities are beginning to be concerned to develop defensive strategies in order to avoid indiscriminate loss of customers. (Roig, et al., 2006) These developments may ultimately change the competitive landscape in financial services.

According to Liu (2000) customer satisfaction is a function of service performance relative to the customer expectation. If that is the case, it is essential to recognize how customer expectations are created so that to identify the factors of service affecting customer’s satisfaction. Reisig & Chandek (2001) indicate that different customers have different expectations, based on their knowledge of a product or service. This
implies that a customer may estimate what the service performance will be or may think what the performance ought to be and if service performance meets or exceeds customers’ expectation, the customers will be satisfied. On the other hand, customers are more likely to be dissatisfied if the service performance is less than what they have expected.

A number of researchers, Jayaraman Munusamy (2010), Lim BeeEng(2005) Thomas Ogoro Ombti(2010) and Muhammad Asif Khan (2010), have tried to measure customer satisfaction and service delivery, especially in the way the bank conducts business in the technological environment where by the use of technology such as ATM, internet and mobile banking has increased thus the concern is on how development in the technology affects the service delivery process by the bank (Thomas Ogoro Ombti(2010). It is argued that customer satisfaction should be operationalized in the same way as service delivery. However, these tend to bring confusion even though some researchers said that, the two concepts are likely to be related. (Sureshchander et al , 2002).

1.2.1 Historical Background of NMB
National Microfinance Bank Plc (NMB) is one of the largest commercial banks in Tanzania, providing banking services to individuals, small to medium sized corporate clients, as well as large businesses.

It was established under the National Microfinance Bank Limited Incorporation Act of 1997, following the break-up of the old National Bank of Commerce, by an Act of parliament . Three new entities were created at the time, namely: NBC Holding Limited, National Bank of Commerce (1997) Limited and National Microfinance Bank Limited.
Initially NMB could only provide payment services as well as offer savings account, with limited lending capabilities, before becoming a fully-fledged universal retail bank.

In 2005, the Government of the United Republic of Tanzania privatized the bank when it sold part of its shareholding (49%) to a consortium led by the Co-operative Centrale Raiffeisen-Boerenleen bank B.A. ('Rabobank Group')

Subsequently, there was further divestiture in 2008 when the Tanzanian Government off loaded another 21% of its shareholding to the Tanzanian public through an Initial Public Offering(IPO).The listing of the bank's stock on the Dar es Salaam Stock Exchange has led to a diversified ownership structure.

NMB is the largest bank in Tanzania, both when ranked by customer base and branch network. With our over 145 branches we are located in more than 95% of Tanzania's districts. This broad branch network distinguishes NMB from other financial institutions in Tanzania. They are committed to sustaining and enhancing their branch network in order to provide access to capital to citizens in all areas of Tanzania, including the most remote.

The NMB mission is through innovative distribution, and its extensive branch network, NMB offers affordable, customer focused, financial services to the Tanzanian community, in order to realize sustainable benefits for all its stakeholders. Moreover, its vision is to be the preferred financial services partner in Tanzania and their core values are Eagerness, Ownership, Customer Focus, Team work. (www.nmb.co.tz)
1.3 Statement of the Problem

In particular service firms recognized the needs to not only attract customers but also to forge and maintain long-term relationship with them in order to create a competitive edge in an ever increasing competitive marketplace. Firms need to offer superior service and to exceed customer expectations to delight the customers (Auka et al., 2013).

The common goal of any organization or company being profit or non-profit is intend clearly of what the services or product provided. In order to NMB bank to attract and to maximize customer, the relationship between service delivery and customer satisfaction should be given the first priority.

Service quality is widely recognized as being a critical determinant for the success of an organization in today’s competitive environment. Any decline in customer satisfaction due to poor service quality would be a matter of concern. Consumers being more aware of rising standards in service, prompted by competitive trends, have developed higher expectations. (Marshall et al., 1998).

Customers expect to receive quality services that will meet their expectation. As technology changes for the better quality service is expected from services offering firm. However despite the change of technology, customers are still faced with long queues at banks and they still receive poor service or dissatisfied of the services needed. Moreover there are still complaints regarding the quality of service offered at NMB bank.

Several studies has been done by Jayaraman Munusamy (2010), Lim BeeEng(2005) Thomas Ogoro Ombti(2010) and Muhammad Asif Khan (2010) were done on bank from other countries apart from Tanzania and they attempted to study the impacts of technology on service quality. Therefore the current study is an attempt to establish the relationship between service delivery and customers’ satisfaction among NMB
bank so as managers can understand the implication of poor services on business performance.

1.4 Research Objectives

1.4.1 General Objective

The general objective is to find the relationship between service delivery and customers’ satisfaction at NMB Bank.

1.4.2 Specific Objectives

The specific objectives of this study were

i. To determine the customers perception of service quality at NMB Bank Sinza Branch.

ii. To establish the extent to which the NMB customers in Sinza branch are satisfied with the services they receive.

iii. To determine the factors that challenge service delivery at NMB Bank Sinza Branch.

1.5 Research Questions

i. What are the perceptions of customers concerning service quality at NMB Bank Sinza Branch?

ii. To what extent are customers at NMB Bank Sinza Branch satisfied with the service they receive?

iii. What are the factors that affect service delivery at NMB Bank Sinza Branch?

1.6 Significance of the Study

The performed study was worthy because of several reasons.
Firstly, the study is the great importance to a researcher as a partial fullfillment for an award of Master’s Degree in Business Administration in Corporate Management at Mzumbe University.
Secondly, The study was enabled the researcher to connect the concepts in mind and compare the knowledge of service delivery and customer’s satisfaction in building the image of NMB Bank Sinza Branch in theoretical approaches by institute authorities.

Thirdly, This study was providing an additional knowledge to the researcher about how administrative is working in it era with their customer. The study depicted the performance of administrative in an organization so that appropriate study can be easily to improve.

Also the study provided awareness to the organization about the importance of taking and searching the satisfaction of their customers and its creation of relationship between them.

Finally, The study provided references to the student and any interested part in fully time who will be conducted the research on the similar problem.

1.7 Scope of the Study
The study has been conducted in Dar es Salaam region at NMB Sinza Branch. The bank is among of the most successful commercial bank in Tanzania which has the branches all over the country. This research was conducted at NMB Sinza Branch due to the reason that this branch is a newly established branch having not more than one year. Also, according to BOT statistics, NMB is a leading and successful microfinance bank in Tanzania having many customers than any other bank in Tanzania.

1.8 Limitations of the Study
As in every study, also this study had some limitation as follows

Time allocated in doing research was not enough to make it possible to conduct a research in the relationship between services delivery and customer satisfaction in
banking industry so the researcher conducted a specific time table to complete research in time.

Unwillingness of respondents to respondent to provide the required information where in this problem the researcher used polite language to convince the respondents to give a researcher the required information.

Some of the respondents were reluctant to expressed their views because of wasting of their time. Due to this reasons about the eleven (11) respondents did not return the questionnaires.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter presents literature review of the study relation to the service delivery and customer satisfaction among the bank sector, the chapter gives theoretical and empirical literature review. The first section of the chapter present definition of the key terms where as quality, service quality and customer satisfaction are discussed. The last section of the chapter presents conceptual framework.

2.2 Definition of the Terms

2.2.1 Quality
The definition of the quality is easy to identify as it widely accepted that is meeting the customers expectations. Various scholars have tried to classify the word Quality to mean the most excellent possible in terms of the service’s or product’s requirement (Garvin,1984). Also Berry (1991), define quality to mean, the extent of fit among customers’ expectations and consumers’ insight of the product or services. This plan allows seeing the consumers’ outlook of quality and satisfaction with the product or service as the consequence of consumers comparing their outlook of the services or product with their perception of how it performance.

2.2.2 Service Quality
Gronroos (1982) define the total service quality as customer perception of different between the expected service and the perceived service. He then defined the concept of perceive service quality as the outcome an evaluation process where the consumer compares his expectations with the service he perceive or he/she perceived.
2.2.3 Customer Satisfaction
This is the affable notion of customers if they perceive the service experience to be in line with their expectations. Generally if the service satisfies the need and wants to customers, it results in customer satisfaction. (Jauhari and Dutta 2009)

2.3 Concept of Service Quality
Service quality has been the focus of substantial significance by researchers and practitioner in recent years (Parasuraman et al., 1985). A significant motive for the curiosity in quality of the service by practitioners results from the beliefs which have positive consequences on outcome presentation for the organisation. Nevertheless, practitioners frequently are likely to exploit the provisions customer satisfaction and service quality interchangeably.

The term service quality focuses on meeting customers’ needs and wants and how well the service delivered matches the customer’s expectation (Lewis and Boom, 1983). The term customer expectation, as used in the service quality context, differs from the way in which it is used in the customer behaviour (satisfaction) literature, where expectations are seen as a “predictors” (probabilities) made by a customer about what is likely to happen during an impending transaction (Oliver, 1981)

In the services quality literature, expectations are viewed as desires or wants, that is what one feels that a service supplier should offer, rather than would offer and are formed on the basis of earlier experience of a company and its marketing mix, competitors and word of mouth communication.

According to (Lewis and Booms et al., 1983) Service quality holds the results of the constrast that consumers make between their expectations about a service and their perception of the way the service quality has been performed. Lehtinen and Lehtinen (1982), gives a three dimensional view of service quality. They see it as consisting of what they term “interaction”, “physical” and “corporate” quality. The modal
proposed by Gronroos (1984-1990), highlights the role of technical quality and factional quality as occurring prior to and resulting in outcome quality. In this model, technical quality refers to what is delivered to the consumer, useful quality is concerned with how and the end result of the process was transferred to the consumer. This concerns both psychosomatic and behavioural aspects that include the convenience to the provider, how the services workers perform their task, what they say and how the services completed.

Therefore, whilst scientific quality can frequently be reasonably evaluated impartially, this is more difficulty to do with factional quality. The model in addition, recognises that consumers also have some sort of reflection of the firm, which has an excellence impact in itself and functions as a filter. Taking into account the influence of the organisational image, the customer’s perceived quality is the result of the assessment they make of what was expected and what was practised.

Equally important, providing outstanding service quality is mostly recognised as a critical business requirement (Voss et al., 2004; Vilares and Coelho, 2003; Van der Wild et al., 2002). It is “not a just a corporate contribution but a competitive weapon”, (Rosen et al., 2003), which is essential to corporate particularly within and survival”. (Newman and Cowling, 1996). However, service quality, particular within the services sector, remains a multifaceted concept and there is a little consensus as to the drivers for effective delivery, (Voss et al., 2004; Johnston, 1995). The service profit chain, first suggested by Heskett et al., (1994), provides one of the most powerful and widely supported perspectives on this issue. Within the service profit chain, service quality is driven, primarily, by employee satisfaction, which in turn is influenced by human resources practices. The overall chain sees service quality driving customer satisfaction which creates customer loyalty leading to growth profit.
2.3.1 The Importance of Service Quality

The benefit of a good quality service, relates to consumer faithfulness and attraction of a new consumers, opportunities for cross-selling, enhanced corporate image, employees commitment and satisfaction, increased business performance and reduces costs (Smith and Lewis 1988).

However, Stafford (1996) points out that, world wide the business industry service quality remains to be as an important factor, as business struggles to uphold a qualified benefit in the marketplace. Moreover, banks are competing in a marketplace with undifferentiated products so that they can gain a competitive for the business success.

Presently, services offered to both commercial and individual customers are changing due to the technology advancement that is causing banks to revise their strategies and programmes in serving their customers. Furthermore, improved levels of services quality are associated with higher revenues, increased cross-sell ratios and higher consumer retention and hence the banks that do extremely well in quality service can have a distinctive marketing frame (Bennett and Higgin, 1993) and market distribute (Bowen and Hedged, 1993). Besides, the customers will be loyal if the banks generate greater value than the competitors (Dawes and Swiles, 1999). Likewise, if the banks can spot themselves better than their competitors within a specific market, higher income will be earned (Davies et al, 1995). Thus banks centre of attention could be on service quality as core competitive scheme (Chaoprasert and Elsey, 2004).

Furthermore, service quality is more and more acknowledged as an important issue in the triumph of any business (Parasuraman et al., 1988). Additionally, service quality is commonly used to upraise banking services. (Cowling and Newman, 1995), It is pointed out that consumer recognize the differences in the quality service (Chaopraset
and Elsey, 2004). Further, consumers weigh up banks’ performance mostly on the source of the individual interaction (Gronroos, 1990).

According to Mohammed Al-Hawari and Tony Ward, (2006) for the bank to gain and retain competitive advantages, market analysis should be done based on consumer perception, designing a service delivery system that meets customer needs, and enhancing levels of service performance are pertinent objective.

Moreover, banking services are continuous and therefore a customer can easily from an assessment of performance and is readily available for incorporation an evaluation of satisfaction. Therefore, current performance levels should have a direct effect on customer satisfaction as well as an indirect effect via disconfirmation (Oliver, 1980). In the customer satisfaction/dissatisfaction model, expectations is defined as anticipated or predicted levels of products/service performance, formed by advertising, word of mouth or past experience (Barbeua 1985; Miller 1997 and Swam and Frederick, 1980).

2.3.2 Dimension of Service Quality

It difficult to measure service quality as compared to good’s quality. The difficulty to measure is due to fewer tangible cues available when consumers purchase service (Parasuraman et al, 1985). It also involvement in the consumption process (Gronroos, 1984)

Over the last 20 years, research on service quality has grown extensively and substantively. The service quality model gained a lot of attention after the controversial findings of Parasuraman et al.’s, (1985). The model looked at service quality as a comparison differentiation between the customer perception and expectation of the service and the actual performance of the service received by the customer provided by the company at a certain period of time (Parasuraman et al., 1985).
Parasuraman, Zeithamal (1985) and Berry (1985), recognized ten criteria used by consumers in evaluating service quality, in which in subsequent research, they found a high degree of correlation between several of these variables and so consolidated them into five broad dimension as follows

Tangibles- appearance of physical facilities equipment, personnel and information materials. For examples ATM access; lobby layout; tellers dressed professionally.

Reliability- the ability to perform the service accurately and dependably. For examples Promised deadline met; reassuring problem resolution.

Responsiveness- the willing to help customers and provide prompt services. For examples Respond quickly to customer requests; willingness to help customers.

Assurance involves the combination of the following;
- Competence which means having the requisite skills and knowledge.
- Courtesy politeness, respect, consideration and friendliness of contact staff.
- Credibility trustworthiness, believability and honesty of staff.
- Security freedom from danger, risk or doubt.

For example for a bank- trustworthiness; safe environment around ATMs; polite tellers

Empathy also involves the combination of the following;
- Access physical and social approachably and ease of contact.
- Communication keeping customers informed in a language they understand and really listening to them.
- Understanding the customer making the effort to get to know customers and their specific needs.

For example for a bank- personal attention to customers ; convenient hours.

However, the five dimensions have greatly contributed to the literature on service quality, but it has been criticised by different researchers. Generally, critics have questioned the multidimensional nature of the instrument, measurement scales,
psychometric properties and the feasibility of SERVQUAL as a framework in measuring service quality. Carman (1990) says that the SERVQUAL needed to be customized by adding items or changing the wording of items and these dimension stability of SERVQUAL was unclear, not completely generic and not sufficient to meet service quality measurement needs. Babakus and Boller (1992) revealed that the SERVQUAL model appears to suffer from a number of methodological and measurement flaws. The five dimensions of SERVQUAL failed too construct a service quality measurement and SERVQUAL is one dimensional rather than a five dimensional construct. They further suggested that the dimensionality of service quality may depend on the type of industry being studied.

Furthermore, some literature suggests that if business enterprises fail to provide channels which their customers seek and value, they will find it more difficult to develop strong relationships with their customers (Mohammed Al- Hawari and Tony Ward 2006). Also profit- oriented service organisations and academic researchers see service quality as a key driver of profit (Mohammed Al- Hawari and Tony Ward, 2006).

Generally it’s believed that, higher levels of service quality lead to higher level of customer satisfaction (Gotlieb et al.,1994; Kang and James 2004 and Oliver, 1997).

It is certainly correct that, providing a customer with an outstanding quality services, given a chance to organisations to distinguish themselves in a highly markets competition, (Karatepe et al., 2005). However, an outstanding services quality leads to consumer contentment, reliability, customers willing to recommend others to use the service, withholding of a consumer and decrease in consumer complaints (Bitner 1990;Headley and Miller, 1993; Zeithaml et al., 1996); and Danaher, 1997)

Previously, researcher concentrated in service quality as it thought that, quality service is a significant factor to determine the organisational success( Lasser et al.,
2000; Yavas and Yasin, 2001; Bick et al., 2004; Andreassen and Olsen, 2008; and Liang et al., 2009). On the other hand, quality service is subtle and difficult to pin down (Karatepe et al., 2005).

According to Levesque and MacDougal (1996), expediency and competitiveness of a bank are two vital factors that are expected to manipulated the general contentment levels of a consumer. Also Bitner et al., (1994) and Anderson (et al., 1994) point out that enhanced quality service will offer a significant impact of consumer satisfaction.

2.4 Customer Satisfaction

Satisfying customers is a core business challenge which has fascinated considerable research attention. As in service business, customer satisfaction is a vital performance indicator along with measures of unit efficiency and administrative effectiveness. According to Ryan and Schmit, (1993) they are of the view that, customer satisfaction is absolutely connected to employee perception of manageable workload, lower stress and opportunities for training and development. Furthermore Buswell (1983) suggest that, customers always act in response to attitude statements to assess the quality of service they received in relation to knowledge of staff, communications, expertise of staff and willingness.

However, as documented by Westbrook, (1987) Service marketing contentment is customarily a cognitive-based fact. The expectancy/ disconfirmation model has been used to calculate cognition. The other name for the module is confirmation or disconfirmation paradigm and it points out that, outlook start from the consumer’s viewpoint regarding the stage of performance that a service/product could offer (Oliver, 1980). Furthermore, diifferent paradigms and theories already developed, do show that the consumer’s contentment is associated with the direction and the size of disconfirmation (Oliver, 1980; Swan and Trawick, 1980; Tse and Wilton, 1988; Anderson and Sullivan, 1993; Patterson et al 1997) that is explained as the variation between the post usage and post purchase assessment of the presentation of the
service or product and the outlook detained preceding the purchase (Sharma and Ojha, 2004).

Moreover, further documented literatures have acknowledged the influence practiced throughout the achievement and utilization of the service or manufactured goods which also can be the main manipulator of satisfaction judgements (Homburge et al., 2006). As Burns and Neisner, (2006) suggested, the researchers have not overlooked the role affective measurement in the organization assessment. While Liljander and Strandvik (1997) point out that, the study of the affective dimension is needed for satisfaction to be totally understood. Moreover, Dube-Rioux (1990) suggest that, customers sentimental reaction is used to forecast contentment more precisely than cognitive assessment. Additionally, Westbrook (1987) recognized the abandoned function of the influence in post-purchase contentment appraisals, which in turn has provoked research in the role in service encounters and also the general assessment of service. Eg Alford and Sherrell, 1996; Liljander and Strandvik, 1997; Matilla and Wirtz, 2000; Schoefer and Ennew, 2005; Jiang and Wang 2006)

The literature review points out that, nearly all widespread part of assessment, is an earlier anticipation of the procure knowledge by the customer (Andreassen and Lindestad, 1998). According the disconfirmatory paradigm, customers are pleased when purchase outcome go beyond their outlook. (Oliver, 1980). Moreover, it is suggested that customer contentment can be credited in different proportions that is, contentment with the forefront human resources and the organisation (Lewis and Soureli, 2006). This procedure involve the production of different contentment dimensions (Westbrook, 1981; Anselmsson, 2006).

However, the notion of consumer contentment was not expressed in operational business terms until the 1950s. Bell and Emorty, (1971:38) Organisations in progress focus more on contentment of their objective consumer requirements, want and aspiration which replicate the market. Instead of a product-centered “make and sell”
philosophy, business shifted to a customer centered, “sense and respond” philosophy (Kotler and Keller, 2006). Providing ‘satisfaction’ has been defined as delivering “quality products” to customer inorder to meet their needs, (Boomsma, 1991) but what a customer sees as a result of comparing expectations and the definite products received may involve gaps (Parasuraman et al., 1985). Principly, a “gap” can exist when there is a difference between external promises and the actual product, thereby affecting the approval of the customer and devotion of the customer too and in most cases scares the customer away from the product.

2.4.1 Importance of Customer satisfaction

From the view of operations management, it is obvious that customers play important roles in the organizational process (Lee & Ritzman, 2005, p. 92). Before the placement of strategies and organizational structure, the customers are the first aspect considered by managements. The questions asked in the strategic planning ranges from who will need to consume these offers, where are they and for how much can they buy to how to reach the customers and will it yield them maximum satisfaction? After these questions, the organization will then designs the product, segment the markets and create awareness. This does not only show the importance of customers in the business environment but also the importance of satisfying them.

Customers are always aiming to get maximum satisfaction from the products or services that they buy. Winning in today’s marketplace entails the need to build customer relationship and not just building the products; building customer relationship means delivering superior value over competitors to the target customers (Kotler et al., 2002, p. 391). Whether an organization provides quality services or not will depend on the customers’ feedback on the satisfaction they get from consuming the products, since higher levels of quality lead to higher levels of customer satisfaction (Kotler & Keller, 2009, p. 169).

Most companies are adopting quality management programs which aim at improving the quality of their products and marketing processes, because it has been proven that
“quality has a direct impact on product performance, and thus on customer satisfaction” (Kotler et al., 2002, p. 8).

2.4.2 Measurement of Customer Satisfaction
Satisfaction results when customer expectations are positively confirmed and match expectations. Dissatisfaction on the other hand occurs when consumer expectations are negatively disconfirmed. Moon (1996) concluded that perceived product presentation has a constructive relationship with satisfaction. Consumer contentment can be explained as “an evaluation, after consuming a choice alternative, that it meets expectations” and definitely both marketer and consumer would like to make the most of the consumer’s contentment”.

Fornell (1992) also said that an elevated contentment of the consumer will progress to faithfulness of recent consumers, bargain value flexibility, insulation of recent consumers from competitors, subordinate costs of prospect transactions, cheap failure cost and subordinate cost of attracting new purchaser and in the same time increase status of organization.

To sustain the competition edge organisations must move quickly to recognize and then meet customer satisfaction, also putting customers first is about taking constructive action to understand and continually meet customer needs. Most researchers recognize that customer satisfaction is a separate construct from service quality, with service quality usually viewed as an antecedent to customer satisfaction (Robison, 1999; and Voss, 2004). Contemporary management science’s philosophy considers customer satisfaction as a baseline standard of performance and a potential standard of excellence for any business organisation. (Gerson, 1993). Moreover, customer satisfaction dimension provides a sense of attainment and achievement for all employees involved in any stage of the customer service process. In this way, satisfaction dimension motivates people to execute and achieve higher levels of productivity( Hill, 1996; Wild 1980).
In the service literature, Oliver (1980) explained that customer satisfaction entails the full meeting of customer expectation of the product and the services. If the perceived performance matches or even exceeds customer’s expectations of services, they are satisfied. If it does not they are dissatisfied (De Wulf, 2003). In the real world, unsatisfied customers tend to create negative word of mouth and convey their negative impression to other customers. (Lewis, 1991; New man, 2001 and Caruana, 2002).

Customer satisfaction is progressively more becoming a corporate goal as more and more companies strive for quality in their products and services (Bitner and Hubbert, 1994). However, a review of literature suggests that our sympathetic of the relationship between customer satisfaction judgment and service quality perception remains a difficult issue (Taylor and Baker, 1994).

Some other researchers point out that, consumer contentment verdict are casual previous circumstances of the quality service verdict (Bitner, 1992 and Parasuraman et al., 1988). On the other hand, other researchers suggested that, it is the quality service that appears to be the casual precursor of consumer contentment (Anderson and Sullivan, 1993; Cronon and Taylor, 1992; Oliver, 1993, Taylor and Baker, 1994 and Woodside et al., 1989).

An increasing numbers of banks direct their strategies towards customer satisfaction. In fact researchers have established that customer satisfaction serves as a connection to critical consumer behaviours, such as cross-buying of financial services, positive word of mouth willingness to pay a premium price and tendency to see one’s bank as a relationship bank (Winstanley, 1997; Ehigle, 2006; Ndubis, 2006).

In addition to that, consumer contentment is broadly acknowledged as a key influence in the creation of consumer’s outlook procures intentions (Taylor and Baker, 1994). Moreover, customers who are satisfied are more likely to recommend others and
increase organisational performance while dissatisfied customers are more likely to discourage others and switch brands.

Furthermore, behaviors such as repeat purchase and word of mouth in a straight line impinge on the feasibility and productivity of an organisation (Dabhaker et al., 1996). Moreover, consumer contentment is gradually being appreciated as a key variable in models of consumer performance and takes a vital spot in marketing decisions (Kotler, 1984). Identification of consumer contentment in the 1960s led to the expansion of the marketing theory, which calls for firms to focus their hard work on discovering desires as a way of attaining their goals (Kotler and Zaltman 1971 and Pride and Ferrel 1991).

Researcher did define satisfaction as a reaction a person experiences while comparing between what an individual gets, to what an individual is expected to get (Oliver and Desarbo, 1988 and Boulding et al., 1993). Satisfaction is normally considered an emotion incident someone undergoes after comparing apparent routine of services or goods consumed with some form of customary, usually referred to as pre-determined outlook. In such an evaluation procedure customers do use apparent routine instead of real routine because in nearly all cases mainly in services, real routine is not recognized (Komba, 1958).

Anderson (1973) defines satisfaction as a reward, which would be considered by a buyer as adequate for the sacrifice of money, time and effort, which he/she has made. That means satisfaction involves exchange and comparison of what the customer receives in relation to some base line.

On the other hand, customer satisfaction refers to customers’ post purchase evaluation of product or service offering. (Hunt, 1977). Zeithaml and Bitner (1996) have contended that service quality, product quality, price, contextual factors and individual factors, individually influence customer satisfaction. Service quality
evaluation focuses only on the dimensions of service quality. Thus, perceived service quality can be considered just one of the determinants of customer satisfaction. Parasuraman et al., (1994) have similarly suggested that service quality, product quality and price are all of equal importance affecting customer satisfaction. Since most service industries provide both tangible products and intangible services (Rushton and Carson 1989).

Many companies usually measure customer satisfaction and use the outcome in developing monitoring and evaluting product or service offerings as well as for monitoring and compensating employees (Lehman, Fornell and Anderson, 1994).

However, Mark and Heineke, (1997) they said , customer satisfaction is one of the ingredient which outlines customer behavior that evolves over time. The dissatisfied customer as a result of received level of service will be less likely to return in future, if they do return, they will most likely do so with less frequently than did in the past. The satisfied customer will continue to return at the same frequency or even more frequently.

Mark and Heineke (1997), urged that when customer are satisfied with the service they receive they will pressure the expectations of other customer or potential customer with whom they interact. However, in a case were they are dissatisfied with services, customers are even more likely to spread the word and manipulate the expectations of others.

‘Satisfied customers are more likely to focus their business with one bank, offer recommendations for the bank and habitually reduce a bank’s cost of providing services because there are fewer complaints to deal with’ (Benjamin, 2006). The customer is satisfied product performance is equal to expectation, however when it exceeds a customer’s expectation the customer feels delighted, but when it does not exceeds customer expectations, then the customer feels displeased. (Benjamin, 2006).
2.4.3 Level of Customer Satisfaction

Customer satisfaction is an attitude like judgement following purchase act or a series of consumer product interactions. Most studies are based on the theory that the confirmation/ disconfirmation of preconception expectations are the essential determinants of satisfaction. This means that customer have certain service standards in mind before consumption (their expectations), observe service performance and compare it to their standards and then form satisfaction judgment based on the comparison. The resulting judgment is labeled Negative disconfirmation if the service is worse than expected, Positive disconfirmation if it is better than expected, and simple confirmation if is as expected. When there is substantial positive disconfirmation, plus pleasure and an element of surprise, then customer is likely to be delighted (Lovelock and Wirtz, 2007)
There is suggestion that consumers are indifferent to levels of satisfaction that fall within their zone of tolerance (zero) and are motivated by an expectedly high levels of service quality, which in turn produce ‘Delight’ (Brady and Cronin (2001).

*Source:* (Lovelock & Wirtz 2007)
2.5 Customer Service Deliver in the Banking Industry

Bloemer et al (1998) were on the view that most models in the banking industry of customer evaluations of services focus on the comparative judgment of expectations versus perceived performance resulting in the two major evaluative judgments of perceived service quality and customer satisfaction. For example, Customers access service delivery by comparing their expectations prior to their service encounter with a bank (employee) Customers also, develop perceptions during the service delivery process and then compare their perceptions with the actual service received from the bank’s employee.

Thus, customer expectations are unique prior to a service. They influence customer's evaluation of service performance and customer satisfaction. Customer services, by definition, are intangible and easily duplicated. They can be divided into high-touch or high-tech services.

i. High-touch services are mostly dependent on people in the service process producing the service.

ii. Whereas high-tech services are predominantly based on the use of automated systems, information technology and other types of physical resources.

However, one should always remember that high-touch also includes physical resources and technology based systems that have to be managed and integrated into the service process in a customer oriented fashion (Gronroos, 2001). Consequently, electronic banking services include both high-tech and high-touch services. For example, high-tech services include online banking, Mobile Banking, ATM machines, etc whereas high-touch services consist of instructions and personnel assistance in using the services.

Customer service delivery is differentiable and stem from the expectations of customers. Hence, it is necessary to identify and prioritize expectations for customer service and incorporate these expectations into a process for improving customer service delivery (Kassim and Bojei, 2001). Implementing and evaluating customer
service is a very complex process. Zeithaml and Bitner (1996) reported that two aspects need to be taken into consideration when evaluating customer service which are Content and Delivery.

Customers may be in the best position to evaluate the quality of service delivery, while the service providers are the best judges of the content of the message. Though there is a number of different aspects of services involved. According to Parasuraman et al.(1985), the study of customer service delivery has gained interest just after the concern on improving the quality of products appeared, and services are increasingly important in the global economy (regarding the participation in the GNP and job creation figures, for instance). Like machines transformed the agricultural economy into an industrial one, the information technology nowadays changes the industrial economy in such a way that it becomes characterized as based on services (Fitzsimmons, 2000).

The banking sector has already been depicted (e.g., in Parasuraman et al,1993, and Mukherjee et al, 2003) as exhibiting little market orientation and fulfilling services with little regard to customer needs, as well as including branches dissimilar in efficiency (Berger and Mester, 1997). According to Mattos, (1999) the most frequent problems in using banking services are Long lines, limited time for customer servicing, transaction errors due to the banks personnel and excessive bureaucracy. However, contemporary factors like more demanding and informed customers, the emergence of new technologies, and the competition increase (Cooke, 1997) modified the relationship between banks and customers, and strategies for survival and business expansion started to approach this seriously (Global Finance, 2000). In fact, customers determine the frequency of their contacts with banks based on the experiences they have with the services, and this exerts substantial impact on the profitability of banks in the long run (Bhat, 2005). Although, customers who are satisfied with service delivery are less likely to shift to other banks, therefore increasing such things as loyalty and retention (Al-Hawari et al, 2005).
Moreover, in as much as the customers want to be sure that they choose a bank perceived as being the best manager for their money, equally they also want a polite servicing and a trustworthy process. Barnes (1997) already said that no any service industry seems to be more interested in setting up relations with customers than the banking industry; however, the increasing deployment of ICT in financial transactions reduced the contact between bank and customers, modifying quite remarkably the general aspect of the relationship in fact, with the ICT having lowered information costs, customers were able to compare portfolios of investments between banks, or even invest directly (Cooke, 1997).

Interestingly, ICT in particular play an important role in the financial industry and this is one reason why the banking sector is among the most intensive in deploying ICT (Shoebridge, 2005). With the increase of Internet services and cash machines available in various locations, the most recurring problems have been mitigated and, in some cases, solved; as an effect, the volume of customer services increased became easier, and the customer experience turned out to be more comfortable. It is noticeable that the new technologies, particularly in ICT, enabled banks to service customers not only in branches and other dedicated servicing sites, but also in domiciles, work places and stop and shop stores, as well as in a myriad of other channels (Al-Hawari et al, 2005).

Thus, various issues related to the branches are another concern when dealing with the customer service delivery in the banking industry. For instance, access to the facilities (e.g., parking lot attributes and the mobility of people inside the branches), safety and convenience of location make customers access service delivery on a tangible basis (Castro, 1997); the branches external and internal architecture may mediate the perception of service delivery; while ATMs inside the branches simplify the customers procedures and lowers personnel costs, the number of human attendants is also important and vary according to demand, especially for reducing waiting times for certain services, providing human interaction and servicing elder
and less informed customers, who still seem to prefer people instead of machines as interfaces for their transactions (Dick, 2003).

Advertising practices and the banks institutionalized reputation within the community may be related to customer service delivery as well (Dick, 2003). Compton (1990) points out that another strategy for developing a good image within the market is to diversify the portfolio of services. As much as who uses many banking services is not likely to move to another bank, sponsoring social activities should also be considered.

2.6 Internal and External Marketing

It has been well known that, firms do have two kinds of customers and markets; external and internal (Hauser et al., 1996; Piercy, 1995). Reynoso (1994), point out that, an internal consumer of a firm and their contentment is the mirror image of the external consumer and their contentment. Similarly, it can be argued that, human resources who efficiently administer internal consumers would reveal the same appropriate behaviour when interacting with external customers.

However, a number of studies do suggest that, there is a constructive correlation between employee contentment and consumer contentment (Bernhardt et al., 2000; Harter et al., 2002; Koys, 2003; Tornow and Wiley, 1991; Wangenheim et al., 2007). Due to this unspecified constructive connection, employee contentment has received important interests from researchers and become a serious subject within the previous twenty years (Matzler and Renzl, 2007). Empoloyee contentment is a crucial factor within the service industry due to the business environment. (Lam et al., 2001). Employees can stay loyal to the organisation and they are ready to give a better and highly quality service to customers, provided that they are given a good internal working atmosphere. Likewise, consumers will be able to appreciate the service that the firm offers to them and they are likely to stay loyal and hence, improve the firm’s routine (Heskett et al., 1997).
In the marketing, the ideas that focuses on staffs and their contentment is internal marketing (IM), that is achieved from the belief that, staffs stand up for an internal market within an organisation. IM view job as internal products and employees as internal customers. It makes sure that these goods meet the requirements of consumers (Greene et al., 1994)

Piercy and Morgan (2007) point out that, marketing is not limited exclusively to the external world of customers but must be employed internally within the organisation. Likewise most of organisations known that marketing triumph is often dependent relative on employees. However, due to the organisation change, there is a large setback of knowledge and lack of means for mobilising strategic change in marketing in practical setting. Again, companies and managers have problems with making marketing work. This is because they don’t have strategies and plans. They further state that the only thing that could bring an organisation into success is by making plans, strategies, programmes and targets by introducing internal marketing (IM) which influences and makes the external marketing to work.

Additionally, the most important advantage of focusing on the internal market is through improvement of quality service and the constructive achievement on external consumer contentment. (Sasser and Arbeut, 1976). Internal quality services is categorized by the behaviours that people have toward one another and the way people serve up each other inside the organisation as it is essential to superior external quality service. (Strauss, 1995; Varey, 1995).

However, the study of quality service and its dimension has determined on external consumers. There have been a small number of expectations, focusing on internal quality service, based on the internal consumer’s outlook (Albrecht,1990; Berry, 1995; Hirons et al., 1998; Pitt et al., 1999) The significance of internal service quality can also found in the total quality management (TQM) study, (Finn et al., 1996) and within the Malcolm Baldrige Award criteria, (Melnyk and Denzler, 1996; Strauss
The quality of internal services has been recognised as one of the important essentials of a general service quality policy, (Finn et al., 1996), as it yields long term cost investments and enhanced monetary gain. (Davis, 1994). It also linked with the quality background of organizations (Albert, 1989; McDermott and Emerson, 1991). Organizations background had also an essential collision on how well staffs received the service and how fit employees acted as part time marketers for a firm, (Christopher et al., 1993). Bowen and Schneider (1988) establish that when employees recognize the organizational principles and mores, they are less likely to give up, and customers seem to be more satisfied with their service.

Moreover, internal consumer contentment is vital attribute for service organisations and is vastly connected with service quality (Spreng and MacKoy, 1996). Dotchin and Oakland (1994) propose that, to better understand service quality it is significant and educated to identify the external consumer by thinking backwards (Drummond, 1992) from the consumer wants to the compulsory activities. Effectively, IM is the course of action that operates in this observation, across the boundary between the management, staff and between departments so as to construct the majority of the external and external consumer contentment (Varey, 1995).

Additionally, the ability of an organization to make sure that the service delivered and meets the conditions set, depends on the routine of all employees, who have got to be eager and be competent to deliver the needed levels of service. This requires, first, a perception of internal marketing, where staffs are seen as internal consumers and jobs as internal products (Berry, 1980; and Gronroos 1985) to include internal market research and segmentation, (Berry, 1981). Achievement in addition depends on the expansion of suitable personnel policies for employment, variety, education, rewards and inspiration.

Although the need for internal marketing and enlightened personnel policies is increasingly accepted, their implementation requires further emphasis and refinement.
as demonstrated in two studies. Lewis (1989) provided opinions with respect to; internal service encounters and relationship, perceptions of customer service in their organizations, training for customer service and areas for service quality improvement. Overall, a number of deficiencies were found with respect to personnel initiatives and customer service training activities, resulting in problems with interpersonal relationships within the organisations and staff knowledge.

Furthermore, the specific association between staff contentment, consumer contentment and quality service has been the topic of several empirical studies. The association is frequently described as the satisfaction mirror reinforcing the thought that business achievement results from staff contentment being reflected in terms of consumer contentment (Schlesinger and Hekett 1991; Norman and Ramirez 1993; Liedkt et al., 1997). Where as Silverstro and Cross (2000) spread some suspicions on the potency of the association, the equilibrium of proof suggests that contentment is a key driver of quality service. For instance, Voss et al., (2004) found that employee satisfaction directly affects both service quality and customer satisfaction while Vilares and Coehle (2003) are so certain on the fit that they propose changes to one of the existing consumer satisfaction indexes (ECSI) to identify ‘‘the cause and effect relationship between employee behaviour and customer satisfaction’’

However, it is argued that, pleased personnel are more stimulated and harder at working than displeased personnel (Greene et al., 1994). Caruana (2002) supports the dispute by saying that, employees exhibiting Espit de Corps will act in response by working in the direction of the organisation’s achievement. (Gremler et al., 1994) supports this argument and suggests that, pleased internal consumers will be happier in their jobs.

Moreover, according to Zairi (2000), internal consumer contentment is the reason of an outstanding quality service. If firms satify the desires of its internal consumers, it is more likely for internal consumers to execute their duty and the networks of the firm.
Consequently, in turn this will lead to efficiency and attainment of customer satisfaction. If the customers are satisfied then the service will then be of good quality.

Oliver (1980) states that customer satisfaction entails the full meeting of customer expectations of service are satisfied. If it does not, they are dissatisfied (De Walf, 2003). In the real world, unsatisfied customers are likely to create negative word of mouth and express their negative impression to other customers. (Lewis, 1991).

In the banking sectors, strong emphasis is positioned on the importance of service quality, perception and the relationship between service quality and customer satisfaction (Cronn and Taylor, 1992; Taylor and baker, 1994). Some researcher academics argue that, customer satisfaction as well as service quality is a precursor to customer satisfaction (Carman 1990; and Parasuraman et al., 1985)

Service quality has been described as a form of outlook that results the comparison of expectations with performance (Cronm and Taylor, 1992; and Parasuraman, 1985). Gronross,(1982) it suggested that, customers tends to evaluate the service quality that they receive and constrast that with the other services so as to attain their perception towards the product. Moreover it is generally accepted that customer satisfaction often depends on the quality of product or service offering (Anderson and Sullivan, 1993). For this reason research on customer satisfaction is frequently closely connected with the measurement of quality (East, 1997). Thus both service quality and customer satisfaction share a close relationship through they are normally conceptualise as unique (Bitner and Hubert, 1994).

In additional to that, as Oliver (1980) explains about customer satisfaction and service quality, that the customer must be satisfied with the service that the organisation offers. It is obvious that in banking sectors, so much attention has to be taken considering that customers are the key role in the given business as they have to be given first priority. Through internal customers are also the main key role in
delivering quality of service as a good organisational starts from internal customer satisfaction, it is significant to consider employee first as they are determinants of quality (Dotchin and Oakland, 1994).

Nowadays most of the organizations are focusing on providing a good quality in both corporate and marketing scheme and soaring levels of service are normally seen as a way for a firm to reach a competitive benefit. The reimbursement of excellent quality service relate to consumer faithfulness and attraction of new consumers opportunities for cross selling, employees contentment and loyalty, cheap costs, improved corporate image and improved business performance (Smith and Lewis, 1988).

Moreover, a crucial measure of organizational performance quality service remains at the front position of the marketing literature commonly and the service marketing literature exclusively (Jensen and Markland 1991). Academics and practitioners similarly are devoted on precisely measuring quality service in order to appreciate its fundamental past history and consequences, and eventually ascertain methods for improving excellence to attain reasonable benefit and build consumer loyalty (Palmer and Cole, 1995 and Zahoric and Rust, 1992). They seen that quality service is the better tool for any organisation to adopt it, as for any company to be triumphant it needs to improve quality of services and of products. However, the consequences of not achieving the highest level in providing a good service to customers tend to bring bad impression to the image of organisations hence it creates a negatives word of mounth (Jones and Sasser, 1995).

However service quality is commonly noted as a critical prerequisite for establishing and sustaining satisfying relationship with valued customers. In this way the association service quality and customer satisfaction has emerged as a topic of significant and strategic concern (Balton and Drew 1991; Cronin and Taylor 1992, Taylor and Baker 1994).
Research on Customer satisfaction is often closely associated with the measurement of service quality (Anderson and Sullivan 1993; Cronin na Taylor, 1992; Bitner and Hubbert, 1994 and Levesque and McDougall, 1996). While satisfaction is an outlook of a consumer in the direction of a service after it has been used, service quality is simply a customer general feeling of the virtual weakness and control the organisation and its service (Bitner and Hubbert, 1994).

Service quality and customer satisfaction are inarguably, the two core concept that are at the root of the marketing theory and practice (Spreng and Mackoy, 1996). In today’s world of intense competition, the means to sustainable competitive advantage lies in delivering high quality service that will in turn result in satisfied customer (Shemwell et al., 1998).

Different researcher in this situation dispute that the quality of the services and contentment are best conceptualised as exceptional constructs, which should not be treated as equivalents in models of customer assessment making. (Taylor and Baker, 1994). Therefore, numerous have tried to set up the scenery of the association linking quality service and consumer contentment. In the midst of the several attempts, a few suggest a connecting relationship amid service quality and customer satisfaction. Consequently, the contentment is observed as experimental or stirring at the transactional stage, while quality of the service is seen to be an outlook worldwide (Bitner, 1990; Oliver 1981; and Parasuraman et al., 1988).

2.7 Customer Waiting Time

Services are not warehousable and storable. In other words, they are deterioratable; and this problem is exacerbated when there are fluctuations in demand. To solve this problem, strategies applied by companies are homogenized and proportional to the capacity and demand (Bielen and Demoulin, 2007). The features of service detonation causes great problems for service providers and such problems intensify when there is a fluctuation of demand. To deal with these major problems, strategies
adapted by companies to fit the capacity and demand (Bateson and Hoffman, 1999; Zeithaml and Bitner, 2002). Employing a flexible capacity to meet demand is one of the first strategies in this area. During periods of peak demand, the organization develops its capacity by increasing new sources as personnel’s and facilities. The second strategy used, the companies may be able to smooth out demand. In this case, companies can motivate their customers by providing attractive offers during periods when demand is low (low demand) to buy more. Also companies may apply booking and forward sale to develop and proportionate the demand. However, even with this strategy, service providers to minimize the difficulties encountered delays in delivery.

When demand and capacity cannot be proportionated and demand will outstrip supply, in other words queues and waiting lines are created. Although, among the waiting line strategies, patience is the easiest and the most tolerable, there is difference among customer waiting and appropriate configuration of the waiting line (Zeithaml and Bitner, 2002).

When a customer's waiting time is too long, despite the implementation of all these strategies, it is possible to the customer feel dissatisfied of service providers. In the long queue status, service providers may even lose one or more of the sales; and even worse, they may lose customer loyalty. But although the strategy cannot overcome the problems, however, the strategy can improve the effectiveness of service (Bielen and Demoulin, 2007). Therefore time considering and customer understanding of that, is of great importance for companies.

2.8 Customer Care Strategy

Arola, (1996), explains that inorder to manage customer service as a strategic competitive weapon, customers requirement is the attribution that need to be evaluated.

Indeed , Morris, (1996) emphases the need for customer care as part of ongoing business strategy rather than short- term training need. Customer care has long been a
major training requirement for organizations seeking “sustainable competitive advantage”.

This means that if customer care treated as strategic, it moves into a realm of top management and hence, become a leadership issue. Any organization which needs to be successful must aim to retain its customers. Demitriades, (2006) further emphases that the value of “lifetime customer” cannot be over estimated. 

Mancrif, (1999) also made his contribution that survive in today’s dynamic business enviroment company clearly need to establish strategies that can survive the turbulent change in the market environment.

Baines, (1996) elaborated that the concept of customer care is something much more than smiling rather suggested that is a wise decision to send front line staff to training programme which teaches them to be pleasant and courteous to customers. However such training may ignore the real change that must be made. A customer complaints section which deals with complaints in a friendly manner will do little to help the company image if complaints are still not attended too in a manner perceived by the customer to be appropriate and effective.

Baines, (1996) went further that number and type of complaints made by customers and the manner with they are dealt with are important, but dealing with these, analyzing them and providing a better and more effective complaints handling procudure is not a policy of customer care. Dissatisfaction customers will not logde a complaint- their complaint will be made to their friends and other potential customers.

Accordingly Baines, (1996) the perceptions of receivers and providers of service are different. The only way to discover those differences is to talk to customer, identify customer, their needs of the customer, and the customer’s perceptions of the organization and its product/ service charge over time.
Macdonald (1995) noted that business success and survival depend on strategies and processes directed at delighting customers. These are all laudable objectives; but in the word- class terms, they are not good enough because it is a management quick fix. Customers have a level of perception of what they expect when selecting a product or service. These are mandatory requirements of which are probably close enough to the old definition of quality as “fitness for purpose” Macdonald (1995) emphases that “meeting customer requirement” would position the company to meet the level of generally accepted requirements. To “delight the customer” and achieve a sustainable competitive advantage demands more.

This refers to the fact that the executives are the pioneer of developing customer care strategies. They real need to comprehend with the concept of “customer focus” which goes far beyond the conventional wisdom of customer care. Effective customer care in service delivery are, improve relationship with customers, well developed systems and processes to achieve business objectives, promptness in service delivery, good handling of customers, consistence in service delivery, effective complaints hindering and effective feedback.

Parasuraman, (1985) observed that, customer satisfaction in product and services reflect that organization possesses to meet customer needs on regular basis. This means that by customer satisfaction, an organisation would achieve a range of objectives such as growth in customer base, increase sales revenue, attraction and retention of the existence customers and add its competitive advantages.

2.9 Technology

Technology is the one of the leading driving force nowadays in different business (Tavares 2000). It is therefore important to research the investments in technology and their impacts in the bank business(Saunders and Walter 1994; Sethi and King 1994). It is a particularly important to assess how technology is reducing the labor intensive activities, reducing service and processing cost, increasing service levels and improving the productivity and competitiveness of financial sector. Technology
is made up of discoveries in sciences product development and improvement in machinery process, automation and information technology. It is also includes a combination of knowledge information and ideas (Murungi, 2003). Recently technology has had a remarkable influence on the growth of service delivery options (Dabholkar and Bagozzi, 2002).

Dabholkar (1994) claims that when the customer is in direct contact with the technology there is greater control such as with internet banking. However if there is an absence of direct contact such as with telephone banking (since the technology itself is not visible to customers who are able only to press numbers on their telephone keypad). It is assumed that there is less control perceived by the customer during this transaction.

Bateson (1984) has conducted a number of studies on the need for consumer to have control during service encounters, when a consumer freely choose to use technology as a form of service delivery the impact is high in terms of quality attributes some of the quality factors that are highly important to consumers are efficiency and speed. (Bateson, 2000)

2.10 Theoretical Framework
This is the foundation on which the entire research work is based. It is logically developed, described and elaborated network of associations among the variables which seem to be relevant to the problem. The theories which was guided this study are Attribution theory and Equity theory.

2.10.1 Attribution theory
Attribution Theory is developed from the Weiner, Frieze and Kukla’s (1971) work. According to this theory, consumers are regarded as rational processors of information who seek out reasons to explain why a purchase outcome, for example dissatisfaction, has occurred (Folkes, 1984). This model argues that when the delivery
of a service does not match customers’ prior expectations or other standards, customers engage in an attributional process in order to make sense of what has occurred (Bitner, 1990). More specifically, this model assumes that consumers tend to look for causes for product successes or failures and usually attribute these successes or failures using a three dimensional schema such as Locus of Causality (internal and external), Stability (stable or unstable) and Controllability. (Folkes, 1989; Oliver & DeSarbo, 1988; Pearce & Moscardo, 1984; Weiner et al 1971).

2.10.2 Equity theory
Psychologist J.S Adam (1963) developed the Equity theory whose are based on the notion of input-output ratio, which plays a key role in satisfaction. Satisfaction exists when consumers perceive their output/input ratio as being fair (Swan & Oliver, 1989). According to this theory, parties to an exchange will feel equitably treated (thus, satisfied), if in their minds, the ratio of their outcomes to inputs is fair (Oliver & DeSarbo, 1988). Whether a person feels equitably treated or not may depend on various factors including the price paid, the benefits received, the time and effort expended during the transaction and the experience of previous transactions (Woodruff et al 1983). Leavitt (1992) argue that equity models can provide a much richer picture of consumer satisfaction in situations that may not be captured using traditional satisfaction models. Equity theory applied to customer satisfaction/dissatisfaction has become accepted as an alternative way to conceptualise how comparisons work (Oliver & Desarbo, 1988).

2.11 Empirical Literature
This part reviews the recent related research and other published materials related to the problem of study. Research done by (Jayaraman Munusamy, 2010) about “service quality delivery and its impact on customer satisfaction in the banking sector in Malaysia” was focused on the measurement of customer satisfaction through delivery of service quality in the banking sector. A quantitative researched was used to study the relationship between service quality dimension and customer satisfaction
The results of this research where assurance has positive relationship but it has no significant effect on customer satisfaction, reliability has negative relationship but it has no significant effect on customer satisfaction, tangibles have positive relationship and have significant impact on customer satisfaction, empathy has positive relationship but it has no significant effect on customer satisfaction and responsiveness has positive relationship but no significant impact on customer satisfaction.

An empirical study of Automated teller machine (ATM) service quality and customer satisfaction in Pakistan banks done by (Muhammad Asif Khan 2010). The study investigated significant dimensions of ATM service quality and its effect on customer satisfaction. Questionnaire was used to collect data from a convenience sample of 500 customers of multinational and national banks. Regression results indicated that convenience, efficient operation, security and privacy reliability and responsiveness are significant dimensions of ATM service quality and that ATM service quality and that ATM service quality positively and significantly contributes toward customer satisfaction.

The researcher done by (Thomas Ogoro Ombati 2010) on “Technology and service quality in the banking industry” was based on the purpose to establish the relationship between technology and service quality in banking industry in Kenya. The research was carried through across sectional survey design which questioned respondents on e-banking services. The sample consisted of 120 respondents who are the users of the e-banking services, the data collected was analyzed by use of frequency, percentage, means and correlation analysis. The findings revealed that secure services as the most important dimension followed by convenient location of ATM efficiency that is no need to wait, ability to set up accounts so that the customer can perform transactions immediately accuracy of records, user friendly ease of use. Complaint satisfaction, accurate transactions and operations in 24 hours.
In the research that was previously done by (Lim Bee Eng 2005) concerning “Retail banking impact of technological innovations on customer satisfaction in the banking sector that is whether the bank customers are more satisfied with the personalized services like those provided by the bank tellers or by innovative techonology such as ATMs, Phone and internet banking. Methods that were used in the collection of data involved surveys using interviews and questinnaires. The group surveyed 300 bank customers from Singapore, Malaysia and Thailand. The reseacher finding revealed that technology does indeed help to create more satisfaction among bank customers as long as the services are reliable and accurate and do not incur extra charge.

2.12 Conceptual Framework
A conceptual framework is described as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Rachel and Ramey, 2007). When clearly articulated, a conceptual framework has potential usefulness as a tool to scaffold research and, therefore, to assist a researcher to make meaning of subsequent findings. Such a framework should be intended as a starting point for reflection about the research and its context. The framework is a research tool intended to assist a researcher to develop awareness and understanding of the situation under scrutiny and to communicate this.
Based on the conceptual framework and theories it is hypothesized that SERVQUAL which is independent variable has the positive impact to the customer satisfaction. Customer satisfaction is the dependent variable of this study. It dependents of on independent variable such as SERVQUAL which include assurance, empathy, reliability, responsiveness and tangibility. Inorder for the customers to be satisfied they need assurance, empathy, reliability, responsiveness and tangibility of employees for the service provided by the bank.

As it has been stipulated in the diagram above Technology and Network, Infrastructurce, Staffs and Knowledge and Education are intrevening factors. Advanced Technology and Network can simplify the service and it cause the customers to be satisfaction and make smooth delivery of the services, Infrastructures like buildings, waiting chairs, ATMs may lead good service quality which form satisfaction to the customers. Qualified Staffs have a great impact positively service delivery and customer satisfaction through increase service quality which considered assurance, empathy, reliability, responsiveness and tangibility of employees. Knowledge and education as the most important factors for the bank to their customer which can help them to be satisfied of the service provided in the bank.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
Solomon (1997) defines research methodology as a “plan of attack” that best meets the needs of the defined problem. This chapter deals with the design of the research, the population and sampling procedures, sample size, methods of data collection, and data analysis techniques.

3.2 Research Design
Kothari (2004) defined research design as arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with the economy in procedure. This study was employ case study research design. A case study research design implies the popular analysis which involve careful and complete observation of social unit be that unit a person, family ,an institution or an entire community (Kothari 2004). Case study been selected due to the fact the nature of the problem requires deep analysis to be made in order to arrive at a valid conclusion and to put forward appropriate recommendations, due to the nature of the research, the research design that was used is a descriptive study since it seeks to described the factors that affect the relationship between the service delivery and customer satisfaction at NMB Sinza branch.

3.3 Study Area
This research was conducted at NMB Sinza Branch due to the reason that this branch is a newly established branch having not more than one year since its establishment. Also, according to BOT statistics, NMB is a leading and successful microfinance bank in Tanzania having many customer than any bank all over the country. As it is known that in any business whenever the number of customers is high customer satisfaction tends to be low, this why the researcher was interested to examine the relationship between service delivery and customer satisfaction at NMB Sinza Branch.
3.4 Target Population
Population is a group of individuals, objects or items from which samples are drawn for measurement. It refers to the entire group of persons or elements that have at least one thing in common (Kombo and Tromp, 2006). In this study, the population consisted of customers/stakeholders of NMB Sinza branch.

3.5 Sample Size
A sample is a small group of respondent drawn from a population in which the researcher is interested in gaining information and drawing conclusions (Charles, 1995). The sample size was optimal that fulfills the requirement, efficient, representative, reliability and flexibility of the information thus a sample size of 120 respondents which were enough to the study and helped to achieve the research objectives.

3.6 Sampling Procedures
This is process of selecting number of individuals or objects from population such that the selecting group contains elements which represent the characteristics found in the entire group. Sampling means drawing only a part of the population and study it and then making inferences about the population (Kothari, 2005). The technique which used in this research is simple random technique which gives each member of the population an equal chance of being chosen thus the researcher used this technique in selecting the customers/stakeholders of NMB Sinza branch.

3.7 Data Collection Methods and Instruments
This study used both primary and secondary sources of data collection as shown here below:

3.7.1 Primary Data
This is data collection for the first time. In this study, researchers was collected data from respondents through the use of questionnaires.
3.7.1.1 Questionnaire Instrument
Questionnaire is regard as a series of questions either open ended or close ended or both of them set by the researcher to respondents (White, 2002). The researcher used open ended and close ended questionnaires for the designed sample in collecting data from the field area and respondents required to fill the questionnaires which was distributing by the researcher.

3.7.2 Secondary Data
These are the data that are already collected and analyzed by another scholar and they are either published or unpublished (Kothari, 2004).

3.7.2.1 Documentary Review Method
Saunders (2009) defines documentary review as a tool of data collection from the secondary data sources like using of documents. The researcher allowed to go through difference published and non published information through difference source such as magazines, books, newspaper, technical and trade journals reports prepared by research scholars, universals public records and statistics and historical documents. This was enabling the researcher to get the necessary information that benefit the study.

3.8 Data Analysis and Presentation
Data analysis as defined by (Kombo and Tromp 2006) is the examination of what has been collected in survey and experimenting in making deductions and inferences. It involves uncovering underlying structures, extracting important variables, detecting any anomalies and testing any underlying assumptions. The data obtained in this study were then subjected to thorough content analysis, where-by frequencies and percentages were taken as measures of importance. The programmes used were the Statistical Package for Social Sciences (SPSS). The researcher was analyzed the data through qualitative analysis and quantitative analysis.
3.8.1 Qualitative Analysis
This analysis was including factual and logical statements that make to analyze the data that was gathering. The analysis involve explanatory phases of what was obtain from the data and it also provide recommendations, suggestions and the comments which was be given by the respondents during the field work.

3.8.2 Quantitative Analysis
The researcher used this analysis to analyze the data since the data was assemble in tables, calculating in averages and percentages and finally interprete. This made by the use of mathematical techniques to analyze data base on the responses from the various groups that was obtain by the researcher in the field.

3.9 Validity and Reliability
Validity is the accuracy of a measure or the extent to which a score truthfully represents a concept (Zikmund, et al, 2010). In other words, validity is the extent to which differences found with a measuring instrument reflects true differences among those being tested. This was ensured throughout the research by basing the study on relevant literature and formulating methods of data collection that were used to collect the expected data. The data was gathered from NMB internal and external customers through distributed of questionnaires and reviewed of documentaries and the units ensured adequate representation of age and gender. The instruments were designed to have sufficient control to ensure that ultimately the conclusions drawn and generalizations were truly warranted by the data.

Reliability as used in research refers fundamentally to consistency of measures which allows for replication of the same results when similar studies are carried out (Bryman and Bell, 2007). In order to achieve validity and reliability, the questionnaires were designed in such a way that they capture relevant information in relation to the research objectives (see questionnaire in the appendices). Before the actual data collection, a pilot data collection phase was done.
CHAPTER FOUR

DATA ANALYSIS, PRESENTATION OF RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction
This chapter focuses on analysis of data and presentation of research findings and discussion. The study was designed to examine the relationship between service delivery and customer satisfaction in the banking industry; the case of NMB Sinza branch.

This study was guided by three specific objectives that include; to determine the customers perception of service quality at NMB, to establish the extent to which the NMB customers in Sinza branch are satisfied with the services they receive and to determine the factors that challenge service delivery at NMB.

The number of questionnaire that were distributed is 120 and returned questionnaire were 109. This sample included the internal and external customers of NMB Sinza Branch. The characteristics of the sample (e.g. respondents) are explained in section below;

4.2 Characteristics of Respondents
This study has examined personal characteristics, such as age group and sex of the one hundred and nine (109) respondents. The demographic information referred to above are shown in the subsections below.

4.2.1 Age Groups of the Respondent
It was necessary to get extract of information relating to age in this study so as to get views from people with different age groups. According to Table 4.1 below the majority of respondents belonged to the following age groups. First age groups between 21-30 years were 27(24%), Second age groups between 31-40 years were 29(26.6%) which were the highest age groups. Third age groups between 41-50
years were 21(19%). Fourth age groups between 51-60 years were 15(13%) and the last age group 61 years and above were 17 (15%).

Table 4.1: Age of Respondents Participated in the Study

<table>
<thead>
<tr>
<th>Age Bracket</th>
<th>Frequency</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between 21 - 30 years</td>
<td>27</td>
<td>24.8</td>
</tr>
<tr>
<td>Between 31 - 40 years</td>
<td>29</td>
<td>26.6</td>
</tr>
<tr>
<td>Between 41 - 50 years</td>
<td>21</td>
<td>19.3</td>
</tr>
<tr>
<td>Between 51 - 61 years</td>
<td>15</td>
<td>13.8</td>
</tr>
<tr>
<td>61 years and above</td>
<td>17</td>
<td>15.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, 2015

4.2.2 Distribution of Respondents by Gender

Gender reflects the representation in the sample in terms of sex. Thus, it reflects whether the sample is represented by female or male. A table 4.2 below presents the gender distribution of the sample.

Table 4.2: Sex of Respondents

<table>
<thead>
<tr>
<th>Sex</th>
<th>Frequency</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>48</td>
<td>44.0</td>
</tr>
<tr>
<td>Female</td>
<td>61</td>
<td>56.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, 2015

The data provided in Table 4.2 above shows that 48 (44%) of respondents were male while 61 (56%) were females. The views and opinions given in this study is representative of all sexes whose their views needed to be included in the findings of this study.
4.3 Customers Perception of Service at NMB

The first objective of this study was to determine customer perception of service at NMB Sinza branch. The researcher through questionnaire distributed was able to understand the way customers perceive the service that they get from NMB. Table 4.3 below show customers perceive the service they receive from NMB.

Table 4.3: Customers Perception of Service at NMB

<table>
<thead>
<tr>
<th>Customer perception</th>
<th>Frequency</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Quality</td>
<td>25</td>
<td>22.9</td>
</tr>
<tr>
<td>Moderate Quality</td>
<td>69</td>
<td>63.3</td>
</tr>
<tr>
<td>Low Quality</td>
<td>15</td>
<td>13.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, 2015

The finding above shows that 25(22.9%) of NMB customers perceive service that they get from the bank in a high quality, whereas 69 (63.3%) of the customers perceive the service at NMB in a moderate quality and 15(13.8%) of the customers perceive the service at NMB in a low quality. Therefore, it can be concluded that the bank offers services that satisfied their customers as 69(63%) of the customers perceive the service from NMB as in moderate quality.

4.4 Customers Satisfaction levels of Services they receive from NMB Sinza Branch

The second objective of this study was to identify levels of customers satisfaction of service they receive from NMB Sinza Branch by shows number of respondents whose rank satisfaction as responded in strong dissatisfied, dissatisfied, neither satisfied nor dissatisfied, satisfied and strong satisfied as per likert scale to the determinant of service quality in service delivery as follow

4.4.1 Customers Satisfaction Levels in High Degree of Tangibility

Tangibles is appearance of physical facilities equipment, personnel and information materials. For examples ATM access; lobby layout; tellers dressed professionally.
Customers satisfaction levels in high degree of Tangibility as shown below in table 4.4

**Table 4.4: Satisfaction level in High degree of Tangibility**

<table>
<thead>
<tr>
<th>Levels of Satisfaction</th>
<th>Frequency</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong dissatisfied</td>
<td>14</td>
<td>12.8</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>14</td>
<td>12.8</td>
</tr>
<tr>
<td>Neither Satisfied Nor</td>
<td>24</td>
<td>22.0</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfied</td>
<td>42</td>
<td>38.5</td>
</tr>
<tr>
<td>Strong Satisfied</td>
<td>15</td>
<td>13.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, 2015

The table above shows levels of customer satisfaction in high degree of tangibility 42 (38.5%) respondents were satisfied, 24 (22.0%) customers were neither satisfied nor dissatisfied, 15(13.8%) customers were strong satisfied, 14(12.8%) respondents were dissatisfied and 14(12.8%) customers were strong dissatisfied. Generally customers satisfaction levels in high degree of Tangibility at NMB are satisfied.

**4.4.2 Customers Satisfaction Levels when Responsiveness is High**

Responsiveness is another determinant of service quality in service delivery which is the willing to help customers and provide prompt services. For examples Respond quickly to customer requests; willingness to help customers. The table below show levels of customer satisfaction when responsiveness is high at NMB

**Table 4.5: Satisfaction levels When Responsiveness is High**

<table>
<thead>
<tr>
<th>Levels of Satisfaction</th>
<th>Frequency</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong dissatisfied</td>
<td>12</td>
<td>11.0</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>17</td>
<td>15.6</td>
</tr>
<tr>
<td>Neither Satisfied Nor</td>
<td>33</td>
<td>30.3</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satisfied</td>
<td>37</td>
<td>33.9</td>
</tr>
<tr>
<td>Strong Satisfied</td>
<td>10</td>
<td>9.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, 2015
From the table 4.5 above 37(33.9%) customers were satisfied, 33( 30.3%) customers were neither satisfied nor dissatisfied means they were neutral, 17(15.6%) customers were dissatisfied, 12 (11.0%) customers were strong dissatisfied, 10(9.2%) customers were strong satisfied. Genearlly customers satisfaction levels when the responsiveness is high on receiving their services at NMB many of them are satisfied.

### 4.4.3 Customers Satisfaction levels in Presence of Reliability

Reliability determines the service quality in service delivery and is the ability to perform the service accurately and dependably. For examples Promised deadline met; reassuring problem resolution. The table show rate of respondents as they respond to the satisfaction of the presence of reliability.

**Table 4.6: Satisfaction levels in Presence of Reliability**

<table>
<thead>
<tr>
<th>Levels of Satisfaction</th>
<th>Frequency</th>
<th>Percentages (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong dissatisfied</td>
<td>10</td>
<td>11.0</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>22</td>
<td>15.6</td>
</tr>
<tr>
<td>Neither Satisfied Nor Dissatisfied</td>
<td>32</td>
<td>30.3</td>
</tr>
<tr>
<td>Satisfied</td>
<td>33</td>
<td>33.9</td>
</tr>
<tr>
<td>Strong Satisfied</td>
<td>12</td>
<td>9.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, 2015

Table 4.6 shows that 33 (33.9%) customers were satisfied, with the presence of reliabilty when they receive services at NMB, 32 (30.3%) customers are neither satisfied nor dissatisfied , 22 (15.6%)customers were dissatisfied, 10 (11.0%) customers were strong dissatisfied and 12 (9.2%) customers were strong satisfied. This indicate customer satisfaction levels in presence of reliability at NMB are satisfied with the service they receive.

### 4.4.4 Customers Satisfaction Levels When the Staff Show Empathy

Empathy is the understanding of another’s feeling that is the ability to identify with and understand somebody else feelings or difficulties. For example in the bank-
personal attention to customers; convienient hours. The results of responses for this determinant were as follows:

Table 4.7: Satisfaction levels When the Staff Show Empathy

<table>
<thead>
<tr>
<th>Levels of Satisfaction</th>
<th>Frequency</th>
<th>Percentages(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong dissatisfied</td>
<td>8</td>
<td>7.3</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>10</td>
<td>9.2</td>
</tr>
<tr>
<td>Neither Satisfied Nor</td>
<td>31</td>
<td>28.4</td>
</tr>
<tr>
<td>Satisfied</td>
<td>44</td>
<td>40.4</td>
</tr>
<tr>
<td>Strong Satisfied</td>
<td>16</td>
<td>14.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Field Data, 2015

As indicated in table 4.7 above, 44 (40.4%) respondents were satisfied with the service when the staff show empathy, 31 (28.4%) respondents were neither satisfied nor dissatisfied, 16 (14.7%) respondents were strong satisfied when the staff show empathy, 10 (9.2%) respondents were dissatisfied and Strong dissatisfied respondents were 8 (7.3%). Therefore satisfaction level when the staff show empathy to their customers are satisfied with the service they receive at NMB.

4.4.5 Customers Satisfaction level When Customer are Assured of the Service

Assurance determines the satisfaction level of the customers as they need to be assured of the service. For example for a bank- trustworthiness; safe enviroment around ATMs; polite tellers.

A customer was more satisfied when he deposits his or her cash through the human teller and will be less satisfied when depositing his or her cash via an automatic teller because when depositing his or her cash through a human teller, they assured that the money is deposited as he or she sees where it goes unlike the automatic teller machine where he or she does not see where the money goes. The table below show the rate of respondents as they responded to the assurance determinant
Table 4.8: Satisfaction level when Customer are Assured of the Service

<table>
<thead>
<tr>
<th>Levels of Satisfaction</th>
<th>Frequency</th>
<th>Percentages(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong dissatisfied</td>
<td>10</td>
<td>9.2</td>
</tr>
<tr>
<td>Dissatisfied</td>
<td>17</td>
<td>15.6</td>
</tr>
<tr>
<td>Neither Satisfied Nor Dissatisfied</td>
<td>27</td>
<td>24.8</td>
</tr>
<tr>
<td>Satisfied</td>
<td>32</td>
<td>29.4</td>
</tr>
<tr>
<td>Strong Satisfied</td>
<td>23</td>
<td>21.1</td>
</tr>
<tr>
<td>Total</td>
<td>109</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source:** Field Data, 2015

From the findings, the majority of respondents, 32 (29.4%) were satisfied with the service they receive when they assured of the service, 27 (24.8%) respondents were neither satisfied nor dissatisfied, 23 (21.1%) respondents were strong satisfied, 17 (15.6%) respondents were dissatisfied and 10 (9.2%) respondents were strong dissatisfied when the assured with the service they receive. This show that satisfaction levels when the customer are assured with the service are satisfied with the service they receive.

4.5 Factors Affecting Service Delivery at NMB Sinza Branch

Respondents were asked to put a tick factors that affecting service delivery at NMB Sinza branch, the following factors were provided. Infractructure, Technology, Knowledge and Education and Few Staffs. Table 4.10 show the result as follow

Table 4.9: Factors Affecting service Delivery at NMB Sinza Branch

<table>
<thead>
<tr>
<th>Factors Affecting Service Delivery</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>32</td>
<td>29.4</td>
</tr>
<tr>
<td>Infractructure</td>
<td>10</td>
<td>9.2</td>
</tr>
<tr>
<td>Few Staffs</td>
<td>54</td>
<td>49.5</td>
</tr>
<tr>
<td>Knowledge and Education</td>
<td>13</td>
<td>11.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Field Data, 2015

As indicated in the table 4.9, 54 (49.5%) respondents responded Few staffs as the factor affect the service delivery at NMB Sinza Branch as the staff at NMB is not sufficient enough to meet the customer’s demand that there are long queues which are cause by the branch because of the few staffs like tellers who are in the bank since
the number of customers need services, for instance the branch were structured to have five (5) tellers but who are present during the working hours are only three tellers which may form poor service, long queues and at the end dissatisfaction to their customers.

Also 32 (29.4%) respondents responded technology as the factors affecting service delivery at NMB Sinza branch as technology become the problems due to the network problems frequency, when their customers need service at the bank like ATMs services as not become more efficient due to the network problem which may cause fail to fullfill satisfaction to the customers.

Another 13 (11.9%) respondents responded knowledge and education as the factors affecting service delivery at NMB Sinza Branch as the bank does not provide more information to their customers on the services which bank are provided like the introduced and provide much information to he customers for different packages lauched to them like student account, personal account, bonus account, junior account, NMB Business saving Account, NMB Foreign Exchange banking and NMB school saving account and give them more information on benefits to the customers. Furthermore the customer fear the use of ATMs in the transaction such as money deposit since they lack evidence that the machine has received their cash however they enjoy this inovation on the cash withdrawal where they recieve their cash.

10 (9.2%) respondents responded Infrastructure as the factors affecting service delivery process and customer satisfaction level at NMB Sinza Branch. Infrastructure like ATMs sometimes they don’t fuction well as they should be functioning due to the network problem and stacking of ATMs Card for some period of time, also ATMs machines are not enough to the customers and the bank have two ATMs but only one ATM is function and provide the services to the more than one thousand customers thus increases the level of dissatisfied to the customers.
4.6 Strategic Measures to Improve the Relationship between Service Delivery and Customer Satisfaction

i. NMB should allow customers to give them their suggestions and opinions on any matters that they find not satisfactory on the process of service delivery, they should also make sure that the customers problems presented are solved immediately as possible.

ii. NMB should improve technology which are using and solving the problem of internet which can reduce the speed of providing quality services and satisfaction to the customers.

iii. Bank should increase more infrastructure which can simplify the provision of the services like to increase ATMs machine to the branch instead of using a single machine and also ATMs should have an extra eye to minimize embarrassment.

iv. The bank should conducting researches to know the necessary needs and expectations of their customers that way they will be in a better position to know what to offer and reduce the rate of dissatisfied customers

v. NMB should be enlarge the bank teller office in order to avoid the long queues in the bank and to speed up the provision of the services and satisfaction to the customers.

vi. The bank shoud increase experiences and educated personals in the bank and should be trained well to deliver services that their customers wants as the matter of fact in today’s world customer rule thus the service should be offered in a way that customers expect.

4.7 Discussion

The study centres its discussion focus on the fulfilment of the objectives to the implementation of this study. At first, the focus is to find the relationship between service delivery and customer satisfaction in the banking sectors. The majority of the customers at NMB are satisfied with the services they received from the banks. NMB must improvement their services like infrastructure and technologies. Anber
Abraheem Shlash Mohammad and Shireen Yaseen Mohammad Alhamadani (2011) who are wrote the related topic on to examine the level of service quality as perceived by customers of commercial bank working in Jordan and its effect customer satisfaction. Service quality measure is based on SERVQUAL proposed by (parasuraman et al., 1988), which involve five dimensions namely reliability, responsiveness, empathy, assurance and tangibles. The result indicates that to improve the elements of service quality is an important antecedent of customer satisfaction.

Also Ali (2007) when assessing the effect of technology to the perceived quality service that banks offer to satisfy customers contends that for service to have good quality must confirm to the so called perishability, intangibility, inseparability, and variability. He went on saying, customer’s perceived service quality in banks has to spread in dimension such as customer’s oriented-ness which employees attitudes and skills in providing the service, then competence which is associated with providing reliable service to customer, tangibles, and convenience which relates to convenience of banks in branch location and spread.
CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the conclusion and recommendations of the study. The first section of this chapter gives conclusion where as the recommendations are discussed in the second section. The last section of the chapter contains implications and recommendations for future research.

5.2 Conclusion
The performed study researched the relationship between service delivery and customer satisfaction in banking industry. It was a descriptive study that was conducted at NMB Sinza branch. The general objectives of the study was to establish the relationship between service delivery and customer satisfaction. The specific objectives were to determine customer perception of service quality, to reveal the extent to which the banks customers are satisfied and to determine the factors that affect the service delivery at NMB.

The researcher during the field observed that many customers are satisfied when doing their transactions with help of the bank employee rather than via machines such as ATMs or rather than doing an internet or mobile banking. The researcher also observed that customers through the determinants of service quality they form their expectations and once these expectations are met then they become satisfied however a lot need to be done so to retain customers and gain new customers. NMB needs to adopt several techniques to keep up with the technological changes and continue to offer the quality services needed by the customers.
5.3 Recommendations

Based on the findings, analysis, discussion and conclusion on the study, the following recommendation as establish good and long term relationship between NMB and their customers as follow

i. NMB should make an arrangement at a certain period of time to conduct research to their customer toward the service they received from bank which can make NMB in a better position to know the perception from their customers so as they can take measures to improve the services they received at the bank.

ii. NMB should proceed to improve the services and which can become the best way to cope with the competition in banking industry as the more advance and reliable they may be the more they increase the satisfaction level of their customers and the more they can reduce level of dissatisfied to their customers.

iii. Customers opinions should be taken the priority to the bank, the bank should be quick in solving the bank customers problems. Service should be offered at the aim of meeting customer’s expectation that way customers can be satisfied, through this it easier to build strong and long term relationship between the bank and customers. Morever motivations should be given to the staff members that way they can be in a better position to offer good services as it is known that once internal customers are satisfied it is easy for them to satisfy the external customers.

iv. NMB should strive to improvement technology in the bank especially internet banking service which can increase the speed of provision of the service in the bank and reduce some complains to the customers

v. Bank should be proceeding to conducting training and education for the both staff and customers frequent in a different ways so as to make staff aware of thinking a ways of delivering services and to educate the customers on the service offered by the bank and to make easy ways of the customers to receive such service so as they can meet their personal banking needs.
Also internal training to staff on various products or services is very important in the bank because it build enough confident to the staff and in the market of the bank products or services which can make the long relationship to the service provided and customer satisfaction to the services.

5.4 Areas for the Further Studies
The coverage of this study was to find the relationship between service delivery and customer satisfaction, specifically in the banking industry for the case of NMB Sinza branch.

During the study the researcher was able to observe other areas of the study that the findings would be potential to the banking industry. Banks need the customers in the banking industry as it is the world of competition, most customers want to experience quick service afterward they can rush to their entrepreneurial activities. Everyday banks has opened new branch and new service are introduced such as mobile bank, it should be understood that without full consideration the banking industry will be taken over by the telephone companies therefore there is need to conduct a study on how innovations such as internet and mobile banking can effectively be used by the customers to achieve their banking needs keeping in mind on the way service is delivered as it affects the customers satisfaction thus they should modify their ways of delivering services so as to keep on meeting customers expectations to satisfy them.
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Dear respondent,

I am Daniel G. Mbuga, a student at Mzumbe University studying for the degree of Master of Business Administration (Corporate Management) in the 2013/15 academic year.

I am conducting an academic research title concerning “The Relationship between service delivery and customer satisfaction in the banking industry”; The case of NMB Sinza Branch.

Therefore the purpose of this questionnaire is for academic purpose only and not for the other and I would like to assure you that the completed questionnaires are treated as confidential, please take time to respond as requested. Thank you very much for you time.

1. Personal particular

   A. Age

      i. 21-30
      ii. 31- 40
      iii. 41- 50
      iv. 51- 60
      vi. 61 +
B. Sex

1. Female

2. Male (   )

2. How do you perceive the service that is offered by NMB Bank?

(Please put a tick mark as you perceive)

<table>
<thead>
<tr>
<th>Customer perception</th>
<th>Tick mark</th>
</tr>
</thead>
<tbody>
<tr>
<td>High quality</td>
<td></td>
</tr>
<tr>
<td>Moderate Quality</td>
<td></td>
</tr>
<tr>
<td>Low quality</td>
<td></td>
</tr>
</tbody>
</table>

3. How can you rank your satisfaction on the quality service that you receive from NMB Bank?

<table>
<thead>
<tr>
<th>Determinant of service quality in service delivery</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>High degree of Tangibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When Responsiveness is high</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presence of Reliability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When staff show empathy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When customers are assured of the service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Strong dissatisfied
2. Dissatisfaction
3. Neither satisfied nor dissatisfied
4. Satisfied
5. Strong satisfied
4. What are the factors that affect service delivery at NMB Sinza Sinza branch

1. Technology

2. Infrastructures

3. Few staff

4. Knowledge and education

   Explain

   _______________________________________________________________
   _______________________________________________________________
   _______________________________________________________________

5. What do you think should be done so as to improve the relationship between service delivery and customer satisfaction at NMB Bank?

   _______________________________________________________________
   _______________________________________________________________
   _______________________________________________________________