AN INVESTIGATION OF THE LINK BETWEEN CUSTOMER SATISFACTION AND BANK PERFORMANCE; A CASE OF KCB BANK
AN INVESTIGATION OF THE LINK BETWEEN CUSTOMER SATISFACTION AND BANK PERFORMANCE; A CASE OF KCB BANK

BY

Anney Mdendemi

A Dissertation Submitted to Mzumbe University Dar es Salaam Campus for Partial Fulfilment of the Requirements of the Degree of Masters of Science in Human Resources Management of Mzumbe University
CERTIFICATION

We the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled An investigation of the link between customer satisfaction and Bank performance; a case of KCB Bank, in fulfilment of the requirements for award of the degree of Master of Social Science in Human Resources Management of Mzumbe University

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The accomplishment of this study has been a product of support from different people. In a very special way I thank the Almighty God for the guidance and protection throughout the study.

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Furthermore, my thanks also go to all those who have contributed to this research in one way or another, such as my parents and fellow students and the entire Mzumbe University fraternity. Kindly receive my gratitude.
DEDICATION

This dissertation is dedicated to my parents Mr Simon Paul Mdendemi and My lovely mom Eva Lutengamaso Kiswaga who laid down the foundation of my education.
# ABBREVIATION AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
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<tr>
<td>BOT</td>
<td>Bank of Tanzania</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>DMB</td>
<td>Deposit Money Banking</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HRD</td>
<td>Human Resources Development</td>
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<tr>
<td>ICT</td>
<td>Information Communication and Technology</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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<tr>
<td>PTP</td>
<td>Promise To Pay</td>
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<tr>
<td>RM</td>
<td>Relationship Manager</td>
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<tr>
<td>SB</td>
<td>Small Business</td>
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<tr>
<td>SCB</td>
<td>Standard Chartered Bank</td>
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<tr>
<td>SME</td>
<td>Small and medium enterprises</td>
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<tr>
<td>STO</td>
<td>Standing Order</td>
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<tr>
<td>TZS</td>
<td>Tanzania shilling</td>
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<td>WB</td>
<td>World Bank</td>
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ABSTRACT

This study is built on an investigation of the link between customer satisfaction and Bank performance; a case of KCB Bank. Besides the link between customer satisfaction Bank Performance it has been proved that any Bank performance depend on customer satisfaction. The main objective of this research was to analyse the level of customer satisfaction in Tanzania banking industry specifically at KCB Bank. To achieve this, the study had several specific objectives. These specific objectives included: to examine customers’ perception towards services offered by KCB Bank; To analyze the interrelationship between customer satisfaction and bank performance, and To determine the strategies to improving customer satisfaction at KCB Bank. In order for the study to be effectively accomplished, it was guided by several research questions

In general, the study found out that large percentages of the respondents are satisfied with the services offered at KCB. Apart from that, the study managed to establish the existing relationship between customer satisfaction and bank performance. Several strategies were identified as essential in improving customer satisfaction at KCB. These included: To provide more tellers with good customer relation; provide more chairs for waiting; provide education and training to existing workers, improve the quality of the services provide and lastly establishing proper motivation strategies to employees

The researcher used KCB Bank, samora, msimbazi and oysterbay branch as a case study to represent many other Banks.
# TABLE OF CONTENTS

CERTIFICATION ..............................................................................................................i
DECLARATION ..............................................................................................................ii
ACKNOWLEDGEMENT ...................................................................................................iii
DEDICATION ...................................................................................................................iv
ABBREVIATION AND ACRONYMS ...............................................................................v
ABSTRACT ......................................................................................................................vi
TABLE OF CONTENTS ...................................................................................................vii
LIST OF TABLES .............................................................................................................ix
LIST OF FIGURES ..........................................................................................................x

CHAPTER ONE ...............................................................................................................1
OVERVIEW OF THE STUDY ...........................................................................................1
  1.1 Introduction ............................................................................................................1
  1.2 Background of the Problem ...................................................................................1
  1.3 Statement of the Problem .....................................................................................3
  1.4 Objectives of the Study .........................................................................................5
    1.4.1 General objective ............................................................................................5
    1.4.2 Specific objectives ..........................................................................................5
  1.5 Research Questions ...............................................................................................5
  1.6 Significance of the Study ......................................................................................5
  1.7 The Scope and Limitations of the Study ...............................................................6
  1.8 Delimitations of the Study ....................................................................................7

CHAPTER TWO ...............................................................................................................8
LITERATURE REVIEW ...................................................................................................8
  2.0 Introduction ............................................................................................................8
  2.2 Theoretical Literature Review ..............................................................................12
  2.3 Theoretical models ...............................................................................................32
2.4 Empirical Studies ................................................................. 36
2.3 Conceptual Framework ....................................................... 37
Figure 2.1: Conceptual Framework of the Study ...................................... 38

CHAPTER THREE ................................................................. 40
RESEARCH METHODOLOGY ...................................................... 40
3.1 Introduction ........................................................................... 40
3.2 Research design .................................................................. 40
3.3 The study area ..................................................................... 40
3.4 Population .......................................................................... 41
3.5 Sample Size ........................................................................ 41
3.6 Sampling Technique ............................................................. 41
3.7 Data Collection Methods ...................................................... 42
3.8 Data Analysis Plan .............................................................. 43

CHAPTER FOUR ................................................................. 43
4.0 Introduction .......................................................................... 43
4.1 Demographic characteristics .................................................. 43
4.1.1 Age of the respondents (a) (KCB Workers) ......................... 43
4.1.2 Workers Marital Status (b) (KCB Workers) ....................... 44
4.1.3 Education level of the respondents (c) (KCB Workers) ....... 44
4.1.4 Age Of Respondents (a) (KCB Customers) ....................... 45
4.1.5 Respondents Marital Status (b) (KCB Customers) ............ 46
4.1.6 Years using the services of the Bank (c) (KCB Customers) .... 47
4.2 Customers perception towards services offered by KCB Bank .... 47
4.3 Relationship between customer satisfaction and bank performance ...... 52
4.4 Strategies to improving customer satisfaction at KCB Bank .......... 55

CHAPTER FIVE ................................................................. 60
5.1 General observation ........................................................... 60
5.2 Customers perception over services offered by KCB Bank .......... 61
5.3 Customer satisfaction relate to bank performance.............................62
5.4 Strategies to improve customer satisfaction at KCB Bank......................63

CHAPTER SIX .................................................................................................65
SUMMARY, CONCLUSION AND RECOMMENDATIONS ..............................65
REFERENCES .................................................................................................70
APPENDIX I ......................................................................................................73
INTERVIEW QUESTIONS TO THE BANK’s STAFF .....................................73
APPENDIX II .....................................................................................................74
QUESTIONNAIRES TO BANK’s CUSTOMERS .............................................74
LIST OF TABLES

Table 3.2: Sample Size.................................................................41
Table 4.1: The age categories of the respondents.............................45
Table 4.2: Workers Marital Status..................................................45
Table 4.3: The level of education of the respondents .......................46
Table 4.4: Age of the respondents .................................................47
Table 4.5: Respondents Marital status..........................................48
Table 4.6: Customer experience of using the bank...........................48
Table 4.4: Customer ratings of the services that are offered in KCB......53
Table 4.5: Satisfaction with the level of competence of the operator.....54
Table 4.6: KCB Customers and Profit increase.................................55
Table 4.7: Customer satisfaction at KCB Bank ...............................56
Table 4.8: strategies that can be used to improve customer satisfaction..57
LIST OF FIGURE

Figure 2.1: Disconfirmation Model Graphical Presentation..................34
Figure 2.2: Service Quality Model............................................35
Figure 2.1: Conceptual Framework of the Study.............................38
Figure 4.1: Customers perception towards services offered by KCB........50
Figure 4.2: Satisfaction with the services offered............................58
Figure 4.5: Respondents answers on waiting time...........................58
CHAPTER ONE
OVERVIEW OF THE STUDY

1.1 Introduction
This chapter presents the background information of the study, statement of research problem, objectives (both general and specific) of the study, research questions, significant, scope and limitations as well as delimitations of the study and report organization.

1.2 Background of the Problem
Banking sector has undergone intense competition and a change in customers ‘expectations over the last few years especially after the world economic and financial crisis of 2008. The importance and increasing attention to service quality in financial institutions is fully justified by the socio-political changes that have arisen. Amongst these changes, we can point to the economic globalization, which has brought about a reversal in consumer habits for banking services. Amongst the knock-on effects of these changes, which constitute a new form of bank customer behaviour, one can point to greater demands and financial culture.

These behaviours generate attitudes amongst customers with regard to the banks, which in turn affect these customers ‘assessment of the Banking services and products offered (Daubert, 2010). At this juncture, the quality of service will be the dominant primary factor in ensuring the survival of the service provider in the global market. In such a situation banks had to adopt a more pragmatic, market orientated approach to succeed in winning and retaining customers. At this end, the quality of service will be the dominant primary factor in ensuring the survival of the service provider in the global market.

The banking industry is the largest industry in the service sector which caters to the needs of the different categories of people.
Notably, the service quality of commercial banks tends to play a dominant role in high involvement industries. Indeed providing the best service quality is viewed as the pre requisite for the success of service organizations like banks (Roger, 2002). The organizational performance of commercial banks is significantly and positively linked with the internal service quality (Vanniarajan, 2007). And to provide both internal and external service quality in commercial banks, the total quality service is highly essential (Kassem, 2008). McCabe et al. (2010) indicated that more than 90 percent of banks, building societies and insurance companies at present are implementing some form of quality initiatives.

On the other hand, researchers on the service marketing and management studied service quality by identifying the factors that influence customer’s expectation and perception of service quality, and investigating their impact on customer satisfaction. Financial service sector including bank are no different. Banks are struggling to improve service and proclaim that they are customer focus. Financial institutions have undergone intense competition and a change in customers ‘expectations over the last few years (Cheng et al., 2009). The importance and increasing attention to service quality in financial institutions is fully justified by the socio-political changes that have arisen (Cowling and Newman, 2010).

Amongst these changes, one can point to the economic globalization, which has brought about a reversal in consumer habits for banking services. Amongst the knock-on effects of these changes, which constitute a new form of bank customer behaviour, one can point to greater demands and financial culture worldwide, hence customer satisfaction given great importation for bank survival.

Subsequently, Tanzania embarked on fundamental transformation of its economy almost two decades ago. Not surprising, top on the agenda in the economic reforms was the need to overhaul the financial system. In view of pivotal role it plays in the country s economy, the banking sector was the first to undergo such reforms.
In this regard, implementation of the reforms followed recommendations of the Presidential Commission on the need to modernize the banking sector dubbed the Nyirabu Commission. The Commission recommended inter alia enactment of modern legislation to regulate banking business in a liberalized market. Consequently, the Banking and Financial Institutions Act, 1991 was enacted. In 1995 the bank of Tanzania Act was enacted to replace a previous legislation that was enacted in 1965. After almost 15 years of experimenting, the two legislations were repealed and replaced in 2006 (URT, 2010).

The two laws referred to above are supplemented by a number of regulations the most important ones in this context are the Concentration of Credit and Other Exposure Limits as well as the Management of Risk Assets. On this score, all banks are duty bound to comply with the dictates of the two laws and regulations as well as directives given by the Bank of Tanzania the regulator. Failure to comply attracts penalty such as fine, disqualification of directors and officers involved and in extreme situation, withdrawal of the banking license.

Following the liberalization of the banking sector in 1991, the country has witnessed a number of both local and foreign banks being established in the country. To-date, there are 53 banks operating in the country (Bank of Tanzania, 2013). Therefore, the question remain whether such increment or growth of the banking industry is part and parcel of customers satisfaction in existing banks that attract new ones to join or implies customers dissatisfaction in existing banks to act as a competitive edge for new bank to enter the market. However, a thorough study would clearly justify such a quandary.

1.3 Statement of the Problem
Studies related to the subject of customer satisfaction in relation to bank performance in Tanzania are few. Likewise, significance of customer satisfaction differs from country to country due to differences in demographic, social, economic, political, and
technological environment factors. Some factors that related to customer satisfaction are important in some countries and less important in others.

Yet, in the current environment of increased competition with rapid market entry of new service concepts and formats, customer satisfaction also presents a challenge of a more in-depth understanding of the complex relationship between the degree of services that provided by banks and customer satisfaction of these banks. Although the range and variety of products available to customers have expanded, the management of the banking relationship continues to be problematic. In part this may reflect hard challenge on the banks’ side. In addition, one can argue that such problems may also arise as a consequence of the reluctance of some customers to participate in the banking relationship.

Studies by Mboma (2006) on effect of ATM on customer satisfaction in Tanzania banking sector and Satta (2006) on challenges facing banks in emerging markets show that customers in banks under study experienced increases in efficiency, such as faster transaction speeds, quicker settlement times, and a reduction in errors and fraudulent transactions. However, contrary to these studies, still one would witness customers from different banks (both local and international) complain of frequent breakdown or slowness of systems that cause them spend long time getting bank services with inhospitality treatment by bank staff.

Given what has been said above, such circumstances evidence that a thorough study need be carried out and in so doing this study will differ from the previous ones by using a specific commercial bank (KCB Bank (T) Limited) instead of three used in the aforementioned previous studies so to avoid bias and provide general impressions on the link between customer satisfaction and bank performance. Likewise, the current level of banking technology is advanced compared to previous days, now both traditional banking and e-banking like mobile and internet banking are concurrently operated that will provide wider range of findings in line with present time.
1.4 Objectives of the Study

1.4.1 General objective
The general objective of this study is to analyse the level of customer satisfaction in Tanzania banking industry specifically at KCB Bank.

1.4.2 Specific objectives
The following are specific objectives.

(i) To examine customers’ perception towards services offered by KCB Bank,
(ii) To analyze the interrelationship between customer satisfaction and bank performance, and
(iii) To determine the strategies to improving customer satisfaction at KCB Bank.

1.5 Research Questions

1.5.1 General Question
The general question was what is the effectiveness of customer satisfaction at KCB Bank?

1.5.2 Specific Research Questions
The study is therefore intend to answer the following specific questions.

(i) How do customers perceive the services offered by KCB Bank?
(ii) How does customer satisfaction relate to bank performance?
(iii) What are the strategies to improving customer satisfaction at KCB Bank?

1.6 Significance of the Study
In Tanzania, not much attention was given to the notion of providing consumers with quality service and satisfaction hence, some banks rendered weak services and thereby taking employees and customers for granted.
However, with the advent of self – service technologies in business and globalization communications, as well as development in information technology including internet, Tanzanian consumers became aware of their rights and took necessary actions against companies that infringed upon their rights. This study will therefore be useful in the following perspectives:

This research will provide a foundation work to the bankers such that they know how effective employee care and customer service is necessary towards bank performance. In this regard, the study will assist the bank’s management to come up with the bank’s internal policy that emphasize on employee care and effective customer care with an intention of satisfying customers and retaining the same which eventually will lead into high bank performance.

The analytical facts of the research results will be expected to act as bench mark to the policy makers (Bank of Tanzania, Institute of Bankers, labour law makers, etc) to come up with customer fit policies that enable banks increase their performance through exercising effective customers care.

The results of this study will add to the bundle of already existing knowledge regarding the link between customer satisfaction and bank performance. Furthermore, the study will be useful as a basis for literatures of future research as well source for research topics as will be prescribed on the forthcoming research report.

1.7 The Scope and Limitations of the Study

This study like any other studies did anticipate to be faced with number of limitations. Among these include:

*Time constraint:* The study was carried out for a short period of time because of the requirement to be able to follow the deadline of the Institute’s calendar.

*Financial constraint:* It was also anticipated to be encountered. Thus, it can affect number of respondents expected to be involved in during data collection process.
This means that inadequate funding may hamper the researcher to collect 100 percent of responses from all planned respondents as explained on chapter three of research methodology.

Confidentiality of information: The study was carried out at the banking industry that some information could not be disposed of due to various reasons including but not limited to competition and safety.

Uncooperative attitude of respondents: Some respondents may act as reluctant and or sometimes uncooperative to respond due to various reasons including being busy and ignoring. Due to this, the researcher designed a specific timetable which ensured effective follow-up of the designed questionnaires for the respondents in order to increase the return rate of the questionnaires.

1.8 Delimitations of the Study
Throughout this study the anticipated limitations will be overcame through a well-designed research methodology as stipulated on chapter three. Time constraint will be overcame through strictly adhering to research time table, financial constraint will be overcame through use of convenient sampling procedure that the researcher will search information from respondents whom he is sure and convenient to get the same. On the other hand, uncooperative attitude of respondents will be overcame through providing advance notice thus avoiding last minute lash.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction
This chapter focuses on the theoretical and empirical perspective of customer services in a banking industry. It also presents a thorough definition of terms and concept relating to customer services in general.

2.1 Definition of key terms
a) Customer
Customers could best be described as those who use the output of work, the end users of products or services. They may be internal to the organisation such as the employees and directors or external like members of the public, other businesses, or government (Dei-Tumi, 2005). The word "custom" means "habit", a person who goes to a store on a frequent basis to purchase their products or services, thus it is their habit to buy from that particular store. In the opinion of Peter Drucker, there are now a complete new breed of customers with high standards and expectations (Dei-Tumi, 2005). And as competition increases there is the need to devise creative and new ways of meeting the ever-increasing demands of the modern-day customer who is very sophisticated, knowledgeable, demands excellent products and services and has alternatives.

b) Customer Service
Customer service is the provision of service to customers before, during and after a purchase. It also means serving the customer, and involves all contact with the customer, be it face-to-face, or indirect contact (i.e. dealing with complaint letters). Again, According to Jamier (2002), “Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation. Customer service can be
expressed in personal and interpersonal skills such as communication skills, listening skills, language, gestures and posture, telephone techniques.

According to Turban et al (2002), it is a series of activities designed to enhance the level of customer satisfaction - that is, the feeling that a product or service has met the customer expectation. Customer service may be provided by a person (e.g., sales and service representative), or by automated means called self-service.

i. **Good Customer Service**

Is about meeting the needs of the Customer. Customers have an inherent expectation that they will be treated well, i.e. in a friendly, kind, and respectful manner. Answering their questions and being knowledgeable about the product or service is also a characteristic of good customer service. If you deliver the product or service you promised, in the manner in which you promised, and help the customer with any difficulties or challenges they may have with the product or service, and the customer is ultimately happy with the experience, that's good customer service. Good customer service is also about ensuring the customer is receiving the appropriate product or service they truly need and not selling them more product or service than they need.

ii. **Superior Customer Service**

Includes all of the above as well as exceeding the expectations or needs of the customer. It's about going the extra mile to please the Customer. For example, at a recent hotel stay, I was greeted at the front desk with a gift bag which included some free snacks and drinks from the hotel. It was unexpected and made my day. A person who experiences a negative customer service is more likely to share it among others than someone who experience a positive customer service. It is therefore important for businesses to go out of their way and strive for an exceptional customer service in order to avoid the negative image and response for that matter.

Customer service, if used right, is a useful tool for banking institutions to attract clients who want to use the bank’s services without getting too much insight in their
private life. Qualified customer service means that the information may be disclosed in some circumstances and not in others.

c) Customer Satisfaction

There is a general consensus among customer relationship marketing practitioners that no business survives without customers. It is therefore critical that organizations form a close working relationship with their clients to ensure that they are satisfied with the services being provided for them. Customers perceive service in terms of quality, but how satisfied they are with the overall experience, is what defines their satisfaction. Whether the customer is satisfied after purchase depends on the offer’s performance or the customer service in this case, in relation to the customer expectations. However, according to Zeithaml et al (2006) although service quality and customer satisfaction are used interchangeably, there is indeed a distinction.

In service management literature customer satisfaction is viewed as the result of a customer’s perception of the value received in a transaction or relationship – where value equals perceived service quality relative to price and customer acquisition costs (Heskett et al., 1990) – relative to the value expected from transactions or relationships with competing vendors (Zeithaml et al., 1996). Customer satisfaction refers to the extent to which customers are happy with the products and services provided by a business. Gaining high levels of customer satisfaction is very important to a business because satisfied customers are most likely to be loyal and to make repeat orders and to use a wide range of services offered by a business.

Gerpott et al. (2001) noted customer satisfaction is measured by that a customer's estimated experience of the extent to which a provider's services fulfil his or her expectations. A number of benefits are associated with customer satisfaction; satisfied customers are less price sensitive, buy additional products, are less influenced by competitors and stay loyal longer (Zineldin, 2000). Ovenden (1995) caution organizations to pay particular attention to the way they treat their customers since some customers may not openly display their
dissatisfaction with the kind of treatment meted them immediately. One important component in the concept of satisfaction is complaint management.

Nyer (2000) investigated the relation between consumer complaints and consumer satisfaction and found that encouraging consumers to complain increased their satisfaction, and this was especially the case for the most dissatisfied customers. Research has also found that the more intensely a customer complains the greater the increases in satisfaction. Johnston (2001) argued that complaint management not only results in customer satisfaction, but also leads to operational improvement and improved financial performance.

d) Customer expectations
Ekinci (2002) argues that the term expectation in service quality literature has different meanings for different authors. According to Tam (2005), it is important for success in influencing customer satisfaction to understand how customer expectations develops and update even if the term expectation is vague and difficult to interpret in surveys. Kandampully (2000) argues that the management of these customer expectations is also an imperative concept in tourism companies for further products and services designed to match and exceed those expectations. Grönroos (2007) suggested that in order to increase long term quality, the customer expectations should be focused, revealed, and calibrated and he also developed the dynamic model of expectation that describes that the quality of professional services develops in a customer relationship over time.

Grönroos, (2007) stated that an explicit service provider should understand fuzzy expectations because these expectations still have impact on customer satisfaction about quality and customers will be disappointed in case the service provider does not fulfill it. The characteristics in this customer expectations are: “customers may feel that there is a need for understanding what would fulfill this need or change their current state in general, but they do not have a clear understanding of what would fulfill this need or change in the current situation”. (Grönroos, 2007, p.100) also
state that customers expect something more in addition to be done but they don’t know exactly what and how it should be done.

The author also said that if the service provider “can make the explicit of these expectations for the customer and for itself, it is an opportunity for the customer” Grönroos, (2007) mentions that customers normally presume that explicit expectations will be met and unrealistic expectations might be exited. Service providers have to help customers adjust these unrealistic expectations into more realistic ones to ensure that a service delivery will meet customer expectations. In this stage, service providers should be aware of the more vague promise or “implied –in-fact” promise because it can form unrealistic explicit expectations that lead customers to believe that services offered will include features that in fact are not included. Beside explicit expectations, implicit expectations also have to be fulfilled because they are apparent that customers are clearly expressed. Such implicit services will become explicit if they are not fulfilled.

2.2 Theoretical Literature Review

According to Waidre (2009) "Satisfied" has a range of meanings to individuals, but it generally seems to be a positive assessment of the service. According to Lyiod (2006) the word "satisfied" itself had a number of different meanings for respondents, which can be split into the broad themes of contentment/happiness, relief, achieving aims, and achieving aims and happy with outcome and the fact that they did not encounter any hassle, happy content.

Secure Safe Go to the bank with a troubled mind and they sort it out for you Sleep at night without worrying what's going to go on Everything is sorted out in your mind and you're happy Secure, you know the money has been sorted out Achieving aims Achieving your aim or goal Getting what you went in for Achieve whatever it is you wanted to achieve Come away with a proportion of what you want Got what wanted in the end Got what you went down for Everything went according to plan, the way it should have done Met expectations.
2.2.1 Performance Improvement

Performance improvement is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. The concept of performance improvement can be applied to either individual performance such as an athlete or organisational performance such as a racing team or a commercial enterprise (Juliana, 2007).

In a banking organisation performance improvement is the concept of organizational change in which the managers and governing body of an organisation put into place and manage a programme which measures the current level of performance of the organization and then generates ideas for modifying organisational behaviour and infrastructure which are put into place to achieve higher output. The primary goals of organizational improvement are to increase organizational effectiveness and efficiency to improve the ability of the organization to deliver goods and or services. A third area sometimes targeted for improvement is organizational efficacy, which involves the process of setting organizational goals and objectives.

Performance improvement at the operational or individual employee level usually involves processes such as statistical quality control. At the organizational level, performance improvement usually involves softer forms of measurement such as customer satisfaction surveys which are used to obtain qualitative information about performance from the viewpoint of customers. Performance is a measure of the results achieved. Performance efficiency is the ratio between effort expended and results achieved. The difference between current performance and the theoretical performance limit is the performance improvement zone (Karen, 2009).

2.2.2 Customer Relationship Management

Customer relationship management helps in profiling prospects, understanding their needs, and in building relationships with them by providing the most suitable products and enhanced customer service. It integrates back and front office systems to create a database of customer contacts, purchases, and technical support, among
other things. This database helped the bank in presenting a unified face to its customers. And improve the quality of the relationship, while enabling customers to manage some information on their own (Chrisostom, 2001)

2.2.3 Quality
Parasuraman et al, (1988) defines quality as the difference between customer’s expectation and their perception of the service delivered.

According to Mattson(1994) service quality is based on five service quality dimensions (tangibles, reliability, responsiveness, assurance and empathy). Service quality is the result of human interaction between the service provider and the customer. (Liu, 2005).

The relationship between service quality and customer satisfaction has received considerable academic attention in the past few years. Many researchers have operationalized customer satisfaction by using a single term scale and many others have used multiple item scales. Service quality and customer satisfaction has been investigated, and results have shown that the two constructs are indeed independent, but are closely related, implying that an increase in one is likely to lead to an increase in the other (Sureshchandar, Chandrasekharan and Anantharaman, 2002).

According to Zeithaml and Bitner (2003), satisfaction and service quality are fundamentally different in terms of their underlying causes and outcomes. Although they have certain things in common, satisfaction is generally viewed as a broader concept, whereas service quality assessment focuses specifically on dimensions of service. Service quality is a component of customer satisfaction. Though the definition of service quality may vary from one person to another and even differs in different situations, it can be assessed by probing whether perceived service delivery meets, exceeds or fails to meet customer expectations (Cronin and Taylor, 1992; Oliver, 1999). Lewis and Booms (1983) postulated that service quality is a measure of how well the service level delivered matches consumer expectations. Thus,
delivering quality service means conforming to customer expectations on a consistent basis. Similarly, Parasuraman et al. (1985)

Based on the above definitions, the definition that suit my study is the one that has been defined by Parasuraman et al. (1988) who defines quality as the difference between customer's expectation and their perception of the service delivered.

In that tune, customers have ideas of the required service that is why they can differentiate between good and poor customer service experience.

2.2.4 Customer Perceptions towards Service Quality

Service quality is a focused evaluation that reflects the customer's perception of elements of service such as interaction quality, physical environment quality, and outcome quality. These elements are in turn evaluated based on specific quality dimensions: reliability, responsiveness, assurance, empathy and tangibles. Satisfaction, on the other hand, is more inclusive: it is influenced by perceptions of service quality, product quality, and price so well so situational factors and personal factors. According to Parasuraman, Zeithaml and Berry (1988), five principal dimensions that customers use to judge or perceive as service quality include-reliability, responsiveness, assurance, empathy, and tangibles as shown below:

Reliability: the ability to perform the promised services both dependably and accurately. Reliable service performed is a customer expectation and means that the service is accomplished on time, in the same manner, and without errors every time.

Responsiveness: the willingness to help customers and to provide prompt service. Keeping customers waiting particularly for no apparent reason creates unnecessary negative perceptions of quality. If a service failure occurs, the ability to recover quickly and with professionalism can create very positive perceptions of quality.

Assurance: the knowledge and courtesy of employees so well so their ability to convey trust and confidence. The assurance dimension includes the following
features: competence to perform the service, politeness and respect for the customer, effective communication with the customer, and the general attitude that the server has the customer’s best interests at heart.

*Empathy:* the provision of caring, individualized attention to customers. Empathy includes the following features: approachability, sensitivity and effort to understand the customer’s needs.

*Tangibles:* the appearance of physical facilities, equipment, personnel, and communication materials. The condition of the physical surroundings is tangible evidence of the care and attentions to detail that are exhibited by the service provider. This assessment dimension also can extend to the conduct of other customers in the service.

Parasuraman et al. (1985) went further arguing that, there are four well documented characteristics that must be acknowledged for a full understanding and provision of service quality and for customer satisfaction which is different from product and services offering characteristics.

These characteristics are as follows;

(i.) **Intangibility:** this is the fundamental characteristic difference between products and services universally cited. Because services are performances, rather than objects, they cannot be seen, felt, tasted, heard or smelled in the same manner which products can be sensed. A consequence of the relative intangibility of services is that customers may perceive them differently than the producer desires. Hence, service organizations may make additional efforts to make their services ‘visible’. First, service providers can stress tangible cues (Berry 1980) by making special efforts to make customers aware that they care about them (e.g. a recorded message from a helpdesk informing a queuing caller on estimated waiting time). Second, service providers can explicitise the service (Rathmell 1974) by communicating or displaying what customers are receiving for a certain price (e.g. leaving a note at the reception desk to communicate that a late evening security check
on the building has been done). Finally, service providers can stress the tangible facts supporting the service by focusing on the physical appearance of service personnel and their equipment (e.g. the care shown in service delivery by well-dressed and neat-appearing cleaning personnel). Intangibility is seen as the critical products-services distinction from which all other differences emerge (e.g. Bateson 1977, Zeithaml et al. 1985).

(ii.) **Perishability:** this means that services cannot be inventoried (Sasser 1976, Bateson 1977). In other words, the unused service capacity at a certain moment in time cannot be saved or stored for future use (Pride and Ferrell, 2006).

In addition, services cannot be returned or resold upon service delivery (Zeithaml and Bitner 2003). This characteristic difference between products and services makes it more difficult to synchronize supply and demand (e.g. revenue from vacant space or unoccupied buildings will be lost forever). To match a limited supply of services with an unpredictable demand for these services, service organizations can either increase capacity and efficiency or shift demand to off-peak periods. Also perceptual mechanisms may be used to maintain customer satisfaction when delays in service are unavoidable (e.g. installing flat screen televisions at waiting centers).

(iii.) **Heterogeneity:** this is concerns the potential for high variations in service delivery outputs (Zeithaml et al. 1985) – not least because they are delivered by humans. According to Zeithaml et al. (1985), “the quality and essence of a service can vary from producer to producer, from customer to customer and from day to day” (p. 34). And although standardization is difficult to achieve (Sasser 1976), service organizations can basically adopt two strategies to overcome the obstacle of heterogeneity and achieve consistency in service delivery: customization (Berry 1980) or industrialization (Levit 1976). Concerning customization, specific techniques can be employed to provide
customized and unique services. Here especially human resource practices such as recruitment and training play an important role. Concerning industrialization, specific techniques can be employed to substitute customization. Here a service company can provide multiple options and programs to choose from to obviate the need for tailoring involved in customization. Lovelock and Gummesson (2004) refer to the word modularization, where customers make selections from a variety of modules (standardized in themselves) to create a ‘customized’ service package that best suits their needs. A third, less preferred way to manage the problem of heterogeneity is by providing service guarantees to customers.

(iv.) Pride and Ferrell (2006) emphasized that heterogeneity usually increases as the degree of labour intensiveness increases.

(v.) Simultaneity: this involves the inseparability of production and consumption which characterizes most services (Zeithaml et al. 1985). Whereas products are first produced, then sold and then consumed, services are first sold, then produced and consumed simultaneously (e.g. Regan 1963, Grönroos 1978, Zeithaml et al. 1985). As a consequence, quality cannot be engineered but occurs during service delivery, usually in interaction between the producer and the consumer (Lethinen and Lethinen 1982). In addition, since service jobs are inherently multifunctional in a way that manufacturing jobs are not, it becomes more difficult to separate functions such as marketing, sales and operations (e.g. the responsibilities of catering staff includes not only the service transaction, but often also production and customer service). Again, human resource practices such as recruitment, selection and training can play an important role to overcome this hurdle (e.g. Grönroos 1978).

In summary, these are the four characteristic differences between services and products, namely: intangibility, perishability, heterogeneity and simultaneity. Based on this delineation of services from products, a service can be in simple language
termed as ‘a set of intangible and perishable benefits to an entity that are subject to variation in performance and rendered and consumed during the same period of time so as to ensure customer satisfaction.

2.2.5 Measuring Satisfaction

Defining job satisfaction as an attitude is very broad and hence causes considerable problems in evaluating job satisfaction. But the essential characteristic of this definition is that job satisfaction is also a broad subject, as a person’s job is considered to more than just peddling papers or driving trucks or making decisions, both by the individual and also by the organization.

Apart from his own work, an employee is expected to cooperate and form relationships with colleagues, follow the rules and the policies of the organization, adapt to and manage the working conditions and also meeting the performance standards set for him. The attitudinal definition enables us to measure job satisfaction on a scale, thus, satisfaction can always be stated in relativity, to that of other employees. This helps in the development of a mechanism where the relative score of an individual can be used to relate to the satisfaction of a department or for the organization as a whole.

The following two methods are used to measure job satisfaction very widely (Robbins 2002):

*Single Global Rating*: This is nothing but asking an individual a general question like “considering all factors, how satisfied are you with your present job?” employees or respondents then reply to this question by selecting anything between 1 and 5, with 5 standing for the highest satisfaction and 1 for the lowest satisfaction.

*Summation Score Rating*: This rating method is more sophisticated and evaluates a number of criteria which form the actual work of an employee. Typical factors would include nature of work, supervision, pay, opportunities, etc. These factors are then rated on a standardized scale to arrive at an overall job satisfaction score for an
employee. The sophistication of this method means that the individual scores can be used to better the responses of the organization towards those aspects which are bringing the overall score down and consolidating those factors which are already strong.

While a single global rating process may sound very simplistic, the efficacy of the process when compared to the summation method is more or less similar. This is because of the fact that job satisfaction is too broad and deep to be covered by any number of questions or scales and hence can be equally well represented by single item scales. Hence, any review of job satisfaction which considers a single scale of evaluation can be termed acceptable and cannot be treated as a major flaw in the measurement of job satisfaction (Robbins 2002 & Wanous et al. 1997).

Thus, this is a unique situation, where the simple and the complex are having an equal efficacy in the measurement of an abstract and difficult to measure attribute. But the summation rating helps the organization to determine the problem areas and the strengths of the human resources function and thus gives many insights into bettering employee satisfaction levels.

### 2.2.6 The Role of Perception

The role of the perceptive process of the individual cannot be discounted from the understanding of satisfaction, because perception is how the environment is viewed and understood. Perception leads to the formation or the emergence of work related emotions to employees (Griffeth et al. 2000). The first response to any stimulus is evaluation and evaluation is central to the perceived meaning of the causes and the evaluated effects of a construed response. Although perceptions can be described factually, an individual cannot avoid forming connotations which are evaluative in nature (Patterson et al. 2004). Evaluations and forming of connotations to augment these evaluations form the core of an attitudinal disposition of the employee, which is primarily aided by perception.
While a negative work related emotion can lead to reduction of performance (Jamal 1984), positive emotions determine (Staw et al. 1994):

(i) Subsequent performance

(ii) Education or skill development level

(iii) Age and Gender

Perception is passive and as such does not impel action, but adds to the body of awareness of an individual. The main role of perception for an individual is in understanding or for forming opinion about the environment within the work setting. Perceptions do vary according to the level of the individual within the organization. Managers tend to develop more positive perceptions than non-managers, apparently due to the power of determination which managers possess over the environment and the wide ranging awareness on which their perceptions are based on, compared to non-managers whose world view is restricted to their work related areas within the organization (Payne & Mansfield 1973).

2.2.7 Impact of Customer Satisfaction on Bank’s Performance

Loyalty and retention are often analysed as direct consequences of customer satisfaction. The two terms express “the attachment a customer feels for a company’s people, products, and services. A loyal customer is someone who makes regular purchases, purchases across product and service lines, refers others, demonstrates an immunity to the pull of the competition” Griffin (1995) cited by (Churchill, 2002). Financial and marketing studies have supposed that satisfied customers constitute an important asset of firm. Even if there is not much empirical evidence, it seems that customer satisfaction will enhance both customer loyalty and retention through repeated purchases, less price sensitivity and costs reduction.

In fact, when customers are satisfied, they become more loyal and will increase their level of purchasing from the firm over time (Anderson and Sullivan 1993, Reichheld, 1996) cited by (Verhoef, 2003) directly, they will also recommend other customers to consume the firm’s products and services. Thus, “the positive word
of mouth that satisfied customers generate influences other consumers’ future purchases” (Anderson, 1996) cited by (Gruca and Lopo 2005). Satisfied customers are also expected to be “less likely to defect to competing products as a result of lower prices” (Fornell et al, 1996). For this reason, “greater customer satisfaction may enable firm to charge higher prices or at least to better resist downward pressure on prices” (Anderson, 1996, Narayandas, 1998). Briefly, a satisfied customer reacts less sensitively to price changes and is prepared to pay a higher price for a service that corresponds to their requirements and conceived ideas.

Customer satisfaction will also exert a positive impact on firm’s costs through retention. Indeed, by satisfying customers, banks will lower their actual costs avoiding gaining new clients and making extra marketing expenses. This argument is more important in microfinance sector where clients and the bank are supposed to act for a long-term relationship.

In fact, “ with client retention, institutional costs decrease as the institution needs to do less marketing, less new client orientation, and fewer new client background checks, staff productivity increases because loan officers work with established clients whom they know well, clients income increases as loan sizes generally increase with experienced clients” (Korauš, 2002).

Brief, by satisfying their customers, “firms and banks will generate benefit for themselves beyond the present transaction and the current moment. These benefits will arise from the positive shaping of the satisfied customer’s future behaviour” (Anderson, 1996) cited by (Gruca and Lopo, 2005). It means that if firms and bank in particular, are able to meet customers’ needs successfully, then, household stability will increase. Customer household stability will in turn contribute to organization’s financial sustainability.

2.2.8 Factors for Customer Satisfaction on Service Quality

As put by Robbins (2013) the modern banking practise is full of still competition whereas the only distinguishing mechanism is good customer services. In this
connection, presence of skilled and experienced personnel, existence of relevant infrastructures including advanced technologies like internet banking, sms banking and configured mobile banking would infer service quality. Moreover, in the same study, Robbins stated that for customers to sense service quality, there must be three major conditions which are convenience in getting services, adequate pricing and efficiency in service delivery.

2.2.9 Evolution of Customer Satisfaction Measurement
There are many techniques and methods for measuring customer satisfaction. Here it won’t be possible to review all existing methods. It will be limited attention to representative methods like ServQual, Serverand some adapted methods resulting to ServQual model.

Service quality model: The ServQual model is considered as the pioneer model in customer satisfaction measurement. Developed by Parasuraman et al.1985, the model has been recognized as the most representative tool in approaching customer satisfaction issues. The central idea is that service quality is a function of the difference scores or gaps between expectations and perceptions (P – E). SERVQUAL contains 22 pairs Likert scale statements structured around five service quality dimensions in order to measure service quality (Cronin and Taylor, 1992).

Reliability, Responsiveness, Assurance, Empathy, Tangibles)” (Bloemer, Ruyter et al. 1999). In this perspective, customer satisfaction is analysed as multidimensional concept resulting from a comparative approach between customer’s expectations and perceived quality delivered by the bank (Parasuraman et al. 1985). Thus, a positive gap score implies that expectation have been met or exceeded and a negative score implies that expectations are not being met. Now, ServQual model is analysed and modified by some authors seeking to adapt it or to correct some mistakes it may be perceived to contain. Rethinking ServQuality has given birth to multiple others models among them ServPerf which we analyse below.
The SERVPERF model: This model had been developed by Cronin and Taylor 1992 from ServQual model basis. The fundamental criticism launched to ServQual model by Cronin, Taylor and other authors like Teas concerns the gap scores (P-E). In fact, those authors estimated that there are serious problems in conceptualizing service quality as a difference score (Cronin and Taylor, 1992). Thus, ServPerfmodel suggests that customer satisfaction with service is based only on performance rather than a gap between performance and expectations, with the performance-only scale termed SERVPERF.

However, SERVPERF model is composed of the same 22 perception items included in SERVQUAL. “It excludes any consideration of expectation, which makes SERVPERF a more efficient measure in comparison to SERVQUAL (Lee, Lee and Yoo, 2000; Buttle, 1996)” cited by (ANZMAC Conference Proceedings, 2002). Empirical studies have confirmed a relative superiority of ServPerf to ServQual models.

Thus, PZB 1994 argued that “ServPerf has greater construct validity and that ServPerf measures also exhibit convergent and discriminant validity” (Cronin and Taylor 1992).

Adapted models from ServQual model: Today, ServQual model is adapted from marketing to finance sector. The principal ServQual model has been changed in function of authors’ research and interest. Many banks have been done by diminishing or adding some items or dimensions to the original model. Thus, for example, the PAKSERV model is using SERVQUAL dimensions of tangibility, reliability and assurance but replaced the responsiveness and empathy dimensions with three new dimensions: Sincerity(consumer’s evaluation of the genuineness of the service personnel), Formality(consumer’s evaluation of social distance, form of address and ritual) and Personalization( consumer’s evaluation of individualize and individualized attention) (Saunders, 2009).
The BANKSERV model adopts a ‘perception-expectation’ approach to the measurement of service quality. “The model contains 17 items regrouped in four main factors: staff conduct, credibility, communication, access to Teller Services” (Pont and McQuilken, 2002) for assessing customer satisfaction in bank sector in Australia. The CARTER model was been developed to adapt ServQual to Muslim culture enabling it to measure customer satisfaction in Islamic banks. The model makes assumption that the cultural and religious influences were significantly rated and placed in the front by Islamic banks customers. CARTER model includes 6 dimensions with 34 items. It includes in addition to the compliance with Islamic law and principles all SERVQUAL five dimensions (Othman et al., 2001).

However, this study will employ the SERVQAUL model where SCB customers may get informed of the bank services either by hearing word of mouth from friends given personal needs or past experience. All these three form part of customer’s expected service. Also, the 10 determinants of service quality in line with expected service and perceived service form total customer’s perceived service quality.

2.2.10 Satisfaction and customer retention

Businesses in the relationship marketing sector have tended to view any future sales opportunities as depending primarily on relationship quality and satisfaction (Crosby et al., 1990); these are the key tools for increasing customer retention (Sweeney and Swait, 2008). Satisfaction is defined by Engel et al. (1995, p.273) as “a post-consumption evaluation that a chosen alternative at least meets or exceeds expectations”, while Ranaweera and Prabhu (2003) defined it as “an evaluation of an emotion, reflecting the degree to which the customer believes the service provider evokes positive feelings” (p.377). Therefore, satisfaction occurs with the enhancement of a customer’s feelings when he or she compares his/her perception of the performance of products and services in relation to his/her desires and expectations (Spreng et al., 1996). Caro and Jose (2007) studied the cognitive-affective model of consumer satisfaction and their results showed that the key
affective factor that determines satisfaction is “arousal”, as opposed to “pleasure”, which has a non-significant effect. The cognitive element is also important for determining satisfaction and future behaviour intentions.

The relationship between customer satisfaction and customer retention has received growing attention in the relationship marketing literature. Therefore, many studies have investigated the effects of the former on the latter (Gupta and Stewart, 1996; Murgulets et al., 2001; Hennig-Thurau, 2004; Patterson, 2004; Tsai et al., 2006; Timothy et al., 2007; White and Yanamandram, 2007). Many authors have attempted to draw a clear model that depicts the link between satisfaction and customer retention (Hennig-Thurau and Klee, 1997; Bolton, 1998; Bolton and Lemon, 1999; Smith et al., 1999; Mittal and Kamakura, 2001; Bansal et al., 2004). For example, Sim et al. (2006) designed a model to assess the antecedent and consequential factors that affect customer satisfaction. The results illustrated that the latent construct of customer retention was directly dependent on the latent construct of customer satisfaction. Added value was found to have positive effects on customer satisfaction and customer retention. Also, Yu (2007) examined how customer satisfaction impacts customer revenue, customer costs, and customer profitability.

The results indicated that several dimensions of customer satisfaction are positively associated with individual customers’ repurchase intentions.

Ndubisi (2006) mentioned that overall customer satisfaction is a key determinant of relationship quality. The author found that service quality, communication, trust, commitment, and conflict handling are considered customer satisfaction indicators that support repurchase behaviour resulting from enhancement of the relationship quality. Meanwhile, Geyskens et al. (1996) distinguished between two kinds of satisfaction that are required to provide insight into the role of satisfaction in the development and maintenance of a long-term relationship: economic satisfaction, which is described as a “members” evaluation of the economic outcomes that flow from a relationship with its partner such as sales volume, margins, and discounts and social satisfaction, which is described as a “members” evaluation of the
psychological aspects of its relationship, in interaction with the exchange partner
[which] are fulfilling, gratifying, and facile”. Furthermore, satisfaction is considered
to be central for successful relationship marketing and customer retention, and
involves behavioural, attitudinal, affective, and calculative components (Rauyruen
and Miller, 2007). Moreover, an article by Wong et al. (2004) investigated the
relationship between emotional satisfaction and the key concepts of service quality,
customer loyalty, and relationship quality, and clarified the role of emotional
satisfaction in predicting customer loyalty and relationship quality. Results showed
that service quality is positively associated with emotional satisfaction, which is
positively associated with both customer loyalty and relationship quality, while
feelings of happiness serve as the best predictor of relationship quality.

The relationship between customer satisfaction and economic returns has received
growing attention in the customer satisfaction literature according to its effects on
contract renewal, especially in the mobile phone sector (Gerpott et al., 2001). For
example, Yu (2007) examined how individual customer satisfaction impacts
customer revenue, customer cost, and customer profitability.

The results indicated that several dimensions of customer satisfaction are positively
associated with individual customers’ repurchasing intentions which positively affect
the purchasing behaviour. Anderson et al. (1994) pointed out a critical question that
needs investigating: Do the improvements in customer satisfaction lead to
improvements in the economic performance of firms? This question was considered
by Wetzel and De Ruyter (1998) who reported that committed customers have a
much stronger intention to stay in a relationship with a service provider, which, in
turn, affects a subscriber’s intention to terminate/extend the contractual relationship
with his/her mobile phone supplier (Gerpott et al., 2001).

Some researchers have previously claimed that customer satisfaction is the core
element of long-term consumer behaviour. Thus, ongoing satisfaction is required
over time in order to keep the existing customer (Oliver, 1980). According to Bruhn
and Homburg (1998), satisfaction comes as an initial stage in causal links.
Conceptually, customer satisfaction comes as a result of accumulative, interaction-based evaluations according to a subscriber’s levels of satisfaction when his/her expectations of services and products are fulfilled. Also, satisfaction comes as an assessment of the functionality of all direct and indirect utilities of any object purchased and consumed. If the level of fulfilment exceeds the level of expectations, the probability of repeat purchases and contract renewal is high. Accordingly, the opposite expectations occur when there is no customer satisfaction. That is because satisfaction increases the level of confidence in future purchase behaviour. The level of confidence in operators and services offered is a relative matter and differs from one subscriber to the next according to their experience and length of time with both a specific operator and a specific contract. For example, when a subscriber starts thinking about renewing his or her mobile contract, he/she usually relies on satisfaction and assessment levels to differentiate between alternative operators, i.e. current or previous mobile operators (Dick and Basu, 1994).

On reviewing some previous satisfaction and customer retention studies, such as Gremler et al. (2001), it was found that satisfaction may affect retention behaviour and post-purchase behaviour with the service firm.

However, satisfaction alone does not ensure continued customer patronage (Jones et al., 1995). Therefore, a consumer may be dissatisfied with the consumer-service provider relationship, but will still remain in that contractual relationship because there are no other suitable choices, or the switching cost may be high compared to the desired benefits. This view is supported by Kennedy and Thirkell (1988) who claimed that customers may be able to absorb some unfavourable evaluations before expressing them in terms of dissatisfaction. This is in line with Grønhaug and Gilly’s (1991) contention that high switching costs render some dissatisfied customers loyal.

Briefly, in the context of relationship marketing, customer satisfaction with a firm”s products or services is often seen as the key to a firm's success. It brings long-term competitiveness and is viewed as a central determinant of customer retention (Hennig-Thurau and Klee, 1997). Kotler (2000) mentioned that the key to customer
retention is customer satisfaction. He noted that satisfied customers stay loyal longer, pay less attention to the competitors, talk favourably about the organization, offer service ideas to the organization, are less price-sensitive, and cost less to serve than new customers. However, Reichheld (1993) explained that customer satisfaction does not have a direct positive effect on customer retention since satisfied customers sometimes switch their suppliers while dissatisfied customers do not always leave their suppliers.

Reichheld (1996, cited in Noordhoff et al., 2004) claimed that many firms have fallen into a “satisfaction trap” and Gale (1997, cited in Bolton, 1998, p.46) claimed that “satisfaction is not enough”. Viewing satisfaction as one of the cognitive approaches to explain customer retention is not feasible (Kristensen et al., 1999; Tikkanen and Alajoutsijarvi, 2002). Based on the previous discussion, there remains a need to understand the actual consumer retention behaviour, while satisfaction alone cannot explain actual purchase repetition and contract renewal behaviour of mobile users. Some scholars combine the concepts of satisfaction and trust to study customer retention.

It has been illustrated that satisfaction is an essential element when decisions need to be taken about extending a relationship’s duration (continuity), whereas trust is the key element when decisions need to be taken about expanding the scope of a relationship (Selnes, 1998). Thus, the next part will discuss the link between customer trust and customer retention.

2.2.11 Service quality and customer retention

Service quality has gained a great deal of attention from researchers, managers, and practitioners during the past few decades. Many scholars have studied the effect of service quality on customer retention (Oliver, 1980; Lehtinen and Lehtinen, 1982; Ennew and Binks, 1996; Ranaweera and Neely, 2003; Venelis and Ghauri, 2004).
Their findings reveal that there is a direct correlation between service quality and customer behavioural intentions and retention.

Service has many dimensions, definitions, and techniques which may affect its way of production, consumption, and delivery. Kotler and Armstrong (1997), defined service as “any activity or benefit that one party can offer to another that is essentially intangible and doesn’t result in the ownership of anything” (p.490). In order to facilitate service quality evaluation, Van Riel et al. (2001) divided service into five components: the core services, facilitating services, supporting services, complementary services, and the user interface, through which the customer accesses the services. Also, there is no unified definition of quality and researchers are continuing to study a variety of quality dimensions in the service context. Gronroos (1984, p.38) defines service quality as:

“A perceived judgment, resulting from an evaluation process where customers compare their expectation with the service they have received”

The popular service quality definition is obtained by differentiating between the expectation and perception of service quality of the service perceived (Lewis and Booms, 1983; Grönroos, 1984; Parasuraman et al., 1988).

Early researchers attempted to define service quality in the service sector on the basis of tangible elements of products, such as technical specifications and physical appearance.

Bebko (2000) mentioned that, because of intangible differences between product and service, marketers are unable to define the exact nature of the problem of purchasing and producing services that enable the creation of a standard set of guidelines and instructions on the delivery of service quality. The author divided the outcomes of tangibility into four categories: a purely intangible service outcome, an intangible service outcome which is bundled with a product, a tangible service outcome, and a tangible service outcome bundled with a product. Consumers usually consider these
tangible elements to assess quality, which is easy to do with products or tangible parts of the service (Harvey, 1996).

Venelis and Ghauri (2004) studied the link between relationship marketing and service quality and the effect of this link on customer retention. The authors developed a model to capture the relationship between the two concepts and found that service quality indeed contributes to the extension of long-term relationships. Accordingly, several researchers have highlighted the importance of managing service quality; a firm could thus differentiate its service offerings to deliver better quality than its competitors (Maclaran and McGowan, 1999; Mazzarol and Soutar, 1999; Chow-Chua and Komaran, 2002). This would give firms competitive advantages leading to more sales and profits by motivating existing customers to repeat or extend purchases in order to achieve long-term success.

To summarise, many researchers agree on the importance of the correlation between service quality and customer retention (Turnbull et al., 2000; Holtz, 2003; Seth et al., 2005; Bolton et al., 2006; Kassim, 2006; Austin, 2007; Iyengar et al., 2007; Kassim and Souiden, 2007). So, the process of managing service quality starts with understanding customers’ expectations, because service quality is a perception related concept.

This means that firms need to measure how they offer a quality service that meets and exceeds customers’ expectations by asking them directly. Storbacka et al. (1994) said that the dominant perspective within service quality assumes that it has a positive correlation with satisfaction and leads to repeat purchase and increased loyalty.

Therefore, many published academic studies focus on the link between service quality and satisfaction, and few take into account its effect on behaviour. Some authors found that service quality perception affects customers’ satisfaction, trust, and commitment, and it is seen as a driver of customer retention (Ranaweera and Neely, 2003; Seo et al., 2008). However, service quality still appears as a cognitive
evaluation based on mental perception which cannot give a suitable explanation of repurchase behaviour or behaviour consequences, although it might be used to study behaviour intention (Boulding et al., 1993; Alexandris et al., 2001). Also, Liljandar et al. (1995) suggested that perceived service quality can be seen as an outsider perspective and a cognitive judgement of services but it is not suitable for studying customer retention behaviour.

To sum up, Geyskens et al. (1996) and Odekerken-Schröder (2003) have seen retention aspects (trust, satisfaction, and commitment) as relationship outcomes. Many customer retention models take satisfaction, trust, commitment, mutual goals, and cooperation as approaches used to describe successful relationship marketing (Lewin and Johnston, 1997; Evans et al., 2006). In addition to, some scholars studied customer retention and built their explanations by using unrelated or indirect factors such as trust and commitment (Murphy, 2006), price and non-price terms (Dygryse and Van Cayseele, 2000), loyalty categories (Fournier and Yao, 1996), relationship strength (Lye and Hamilton, 2001; Hewitt et al., 2006; Palmatier et al., 2006), and the classification of RQ into different categories as a theme to mean retention (Holden and O'Toole, 2004; Phillips et al., 2004; Richard et al., 2007).

However, few studies have been carried out to investigate the buyer-to-customer transactional and relational motivators from a behavioural perspective that justify empirically and practically why a customer repeats the purchase experience from the same service provider (Khalifa and Shen, 2008). The next section gives an idea about how the behaviourists’ scholars view customer retention.

2.3 Theoretical models

Disconfirmation theory

For easy understanding of the process of satisfaction formation, best theories to be used are those that relate to behaviours (behavioural theories). To meet the demand of the research question, this study used disconfirmation theory which is based on
expectation disconfirmation, with the focus being the customer’s dissatisfaction with physical products and services.

Disconfirmation theory holds that, customer’s satisfaction is mainly defined by the gap between the perceived performance, expectation and desire which is promising approach to explain satisfaction (Khalifa and Liu, 2003). This theory holds that, customer satisfaction is the collective outcome of the customer’s perception, evaluation, and psychological reaction to the consumption experience with a product or service (Roest, 1995). Once a customer is satisfied with the service or products, it can lead to repeat purchase, loyalty, positive word of mouth, and increased long-term profitability for the organization (Wirtz and Lihotzky, 2003). According to this theory expectation disconfirmation occurs in three forms:

(i.) **Positive disconfirmation**: which occurs when perceived performance exceeds expectations?

(ii.) **Confirmation**: occurs when perceived performance meets expectations

(iii.) **Negative disconfirmation**: occurs when perceived performance does not meet and is less that expectation

Due to this, it is more probable for customers to be satisfied if the service performance meets (confirmation) or exceeds (positive disconfirmation) their expectation. On the contrary customers are more likely to be dissatisfied if the service performance is less than what they expected (negative disconfirmation).

This theory proposes that satisfaction is affected by the intensity (or size) and direction (positive or negative) of the gap (disconfirmation) between expectations and perceived performance (figure 2.1: below presents this inter-relationship).
Service Quality Model

In line with the disconfirmation paradigm, Grönroos (1984) developed a model in which he contends that consumers compare the service as experienced with the service as expected in evaluating service quality. The model created by Grönroos attempts to understand how the quality of a given service is perceived by customers and can lead to customer satisfaction. Furthermore, it divides the customer's experience of any particular service into two dimensions: technical quality (i.e. what the consumer receives or the technical outcome of the service delivery process) and functional quality (i.e. how the consumer receives that technical outcome), which once at least one of them is achieved, it is possible to argue that a customer is satisfied with the provided service. Grönroos went further suggesting that, in the context of services, functional quality is generally perceived to be more important than technical quality, assuming that the service is provided at a technically satisfactory level which in turn becomes easier for the customer to be satisfied with the offered services.
According to this model, good perceived quality (which in most cases leads to customer satisfaction) is obtained when the experienced quality meets the expectations of the customer; that is the expected quality. The level of perceived quality is not determined simply by the level of technical quality and functional quality, but rather by the gap between the expected and experienced quality. Consequently, every quality program should involve not only those involved in operations, but also those responsible for marketing and communications. Grönroos's model is important because it reminds us that service quality must include the manner in which it is delivered and the means to which it is expected to be delivered.
2.4 Empirical Studies

IFAD (2007) studied customer satisfaction in rural micro-finance institutions in Uganda, Kenya and Tanzania. Combining qualitative (14 focus group of 71 clients) and quantitative approaches (209 interviews), this study assessed the determinants of customer satisfaction for rural customers accessing both credit and savings facilities. Results revealed that customers prefer unlimited access to their savings while on credit facilities, customers want to have access to loan amounts they actually apply for at a ‘reasonable’ price and on flexible repayment term conditions”. The study suggested also that surveyed customers were all satisfied exhibiting a Customer Satisfaction Index of 81%. The study concluded that “financial services should be delivered by courteous staffs that preferably are not being ‘changed /swapped’.

Murray (2010) concentrated his study on customer satisfaction levels using data from four commercial banks in three countries: Colombia (America), Bangladesh (Asia) and Uganda (Africa) with a total sample of 3,000 clients. Using Likert’s scale, the author took into account expectations and perceptions items plotting results on a two-axis grid. Results proved that customers are more satisfied by accessing higher loan amounts, faster turnaround times, lower loan requirements and lower prices. However, it seemed that customers preferring to develop a long-term relationship with bank want to be given preferential treatment while all customers are demanding increasing levels of customer service.

Othman and Owen (2008) conducted a study about customer satisfaction in Islamic Banks by using the service quality model. Their study used a survey of 360 customers selected by Systematic Random Sampling. Using CARTER model scale, their results suggested that customer satisfaction in Islamic banks “should be measured through the proposed 34 items instead of reducing it into the original number of SERVQUAL’s five dimensions and their 22 items”. Their results indicated that in Islamic banks, managers and practitioners should be aware of cultural or religious dimension.
Again, Alhemound (2007) investigated customer satisfaction in the banking sector in Kuwait. His study used a sample of 605 randomly selected retail customers. Using descriptive statistics, Correlation and ANOVA tests, his results showed that, in general, customers in Kuwait are satisfied with services provided by retail banks. In this regard, customer satisfaction is mainly driven by: “availability of ATM in several locations, safety of funds, easy to use ATM and the quality of services provided.

2.2.1 Research Gap
Many studies have been carried out on the link between customer satisfaction and bank performance mostly in Europe, America, Asia and some parts of African countries as evidenced on empirical literatures. In Tanzania context few studies have been carried out like the ones from Mboma (2006) and Satta (2006) on effects of ATMs on customer satisfaction in the Tanzanian banking sector and challenges facing banking in emerging markets respectively. The study by Dr. Lucy Mboma was specifically on ATM issues while the one by Professor Tadeo E. Satta focused on the emerging banking in Tanzania. Therefore, this study will differ from the identified ones in using a specific bank- KCB Bank (T) Limited, also, given the time factor where both studies by Mboma (2006) and Satta (2006) were carried banking technology has significantly advanced.

2.3 Conceptual Framework
According to Whitehead (2006) the bank’s corporate level composing of both Executive and Non-Executive Directors are responsible for formulation of various bank policies and procedures including standards for how well to handle customers (customer service manual or service level agreement).
Likewise, the customer service manual in operation would spell out satisfiers extended to the bank’s esteemed customers in order to offer quality services and in turn attain customer satisfaction.
On the other hand, execution of the satisfiers would require a significant degree of knowledge and understanding of the bank’s priorities and customer service delivery mechanisms by the existing personnel.

Customer perception on the satisfiers put by the bank is another step through which could be perceived positively that is customer satisfaction on one end or perceived negatively thus customer dissatisfaction on the other end.

However, customers’ perception would lead to good or poor bank performance. For instance, if there is dissatisfaction, definitely bank performance would be poor and if customers are satisfied, results would be transformed into good bank performance going forward.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter presents the research methodology which was employed by the researcher. It provides the research design, sample selection and size, and data collection and administration procedures, data measurement and analysis techniques.

3.2 Research design
Research design is a set of advance decisions that make up the master plan specifying the methods and procedures for collecting and analysing the needed information. In this regard, there are three major types of research design which are exploratory, descriptive and causal. This study deployed a case study research design which is descriptive in nature. The case study design employed due to the fact that it is less expensive compared to other designs like surveys and experiments. It provides an intensive and integrated investigation of a definitive unit such as work place or department in search for comprehensive information. The study however was empirical in nature, based on mainly primary data collected by the researcher through interview and structured questionnaires.

3.3 The study area
This study was carried out at three branches of the KCB Bank (T) Limited which are the Harambee branch (Masaki), Samora Branch and Kariakoo Branch. In this regard, branch employees and customers were effectively participate in the study as respondents. Likewise, head office employees participated as well. Head office and Masaki, Samora and Kariakoo Branches were selected due to convenience in getting relevant information for the study. Moreover, head office is the hub for all information needed and branches mentioned thereof maintains adequate number of staff and customers, thus giving the researcher comfort in obtaining required information for the study.
3.4 Population
The population of the study include about 236 employees and 329,000 customers (KCB Bank, 2013).

3.5 Sample Size
The study employed a total of 115 respondents as its sample size whereas 25 were employees of the KCB Bank from both the head office and branches and 90 respondents were customers of the bank as well elaborated on table 3.2.

Table 3.2: Sample Size

<table>
<thead>
<tr>
<th>Sample Unit</th>
<th>Sample Size</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employees</td>
<td>Customers</td>
<td>Total Sample</td>
</tr>
<tr>
<td>Harambee Plaza Branch</td>
<td>15</td>
<td>30</td>
<td>45</td>
</tr>
<tr>
<td>Samora Branch</td>
<td>5</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>Kariakoo Branch</td>
<td>5</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>90</strong></td>
<td><strong>115</strong></td>
</tr>
</tbody>
</table>

Source: Researcher plan, 2014

3.6 Sampling Technique
The purposive and snow ball techniques were applied to select the units of inquiry. The response will be thought to be most effective for obtaining sampling units required as targeted the Heads of departments linked to customer issues. Purposive technique was used to staff from both Heads office and branches of the bank. This is due to the fact that it was easy to identify and reach them through normal bank channels (through supervisors). Subsequently, snow ball technique was applied to customers given the fact that it is difficult to identify them and some would resist responding but possibly be able to advice what other customer to see in order to get appropriate information. Therefore, with this technique it was expected chain of respondents were built by customers themselves—once one is seen was refer to the other.
3.7 Data Collection Methods

The study use two sources of data such as primary and secondary data. In obtaining the same, the study used the following data collection methods.

3.7.1 Interview

The face to face interview was conducted to heads of departments and customers given the fact that these kinds of people do not have enough time to concentrate on questionnaire and fill in answers; therefore, interview is thought ideal technique for these cadres. Information obtained will be recorded and analysed. Interview technique created and promote understanding between the interviewer and interviewees. It involved presentation of oral-verbal stimulus and reply in oral verbal responses. This technique lead to smooth flow of data from respondents to the interviewer.

3.7.2 Documentary Analysis

Documentary analysis is a suitable method for collecting data from secondary sources that consists of statistical statements and reports whose data may be used by researchers for their studies for example, articles, books, journals, Census reports, annual reports, customer ledger accounts, complains register, and other useful reports on current statistical statement and rules bank published etc. The secondary source consists of not only published records but also unpublished records. This was useful for the researcher in understanding various issues related to the study.

3.7.3 Questionnaires

Moreover, in data collection, the study applied questionnaires consisting of 24 questions of which 4 questions were closed–ended and 20 questions were open-ended (Appendix II). The method was chosen due to the fact that it is of low cost in administering, free from bias of the interview and respondent has adequate time to give well thought out answers. Structured and unstructured questionnaires will be administered at different levels of branch employees and some customers who will agree and have time to fill in and submit the same.
3.8 Data Analysis Plan

Rwegoshora (2006) defines data analysis as ordering of data into constituent parts in order to obtain answers to research questions. Data were collected and analysed in a way that enables to answer the research questions to meet the objective of the study. Data analysis was done both qualitatively and quantitatively.

The study used a description of findings to show the relationship between objectives and the result of the study by qualitative analysis was involve examining data basing on the attributes shown by the respondents and making discussion with them. In Quantitative analysis the researcher used percentages, tables and frequency. In this connection, data were analysed using Microsoft Excel in order to establish the correlations between customer satisfaction bank performances.
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.0 Introduction
In this chapter, presentation, analysis and discussion of the results from data collected will be looked at. It starts by giving out the demographic characteristics of respondent involved in the research, and then from there, it presents the findings from the study based on the methodology stated in the Chapter three. Raw data was analyzed using excel to arrive at frequency tables and percentages.

4.1 Demographic characteristics
The aim of this sub-section is to describe the general characteristics of the sample population that was used in this study. While this section is essential particularly in providing the profile of the population surveyed, some of the information generated from this section is useful as it highlight various features of respondent and institution under study. Hence this section serves as an introduction to a more focused and explanatory analysis in subsequent sections of the chapter. The data are divided into two groups i.e. KCB Workers and Customers

4.1.1 Age of the respondent (a) (KCB Workers)
Age category given to the respondents included 18-27 to 48 and above. In this 10 (40%) were between 18-27; 4 (16%) were between 28-37; 6 (24%) were between 38-47 and the remaining 5 (20%) were between 48 and above. Table 4.1 summarizes the age of the respondents
Table 4.1: The age categories of the respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-27</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>28-37</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>38-47</td>
<td>6</td>
<td>24</td>
</tr>
<tr>
<td>Above 48</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field data (2014)*

4.1.2 Workers Marital Status (b) (KCB Workers)

Out of all respondents, 10 which is equal 40%, selected married as their marriage status; 8 which is equal to 32% selected unmarried and the remaining 7 which is equal to 28% selected widowed.

Table 4.2: Workers Marital Status

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Unmarried</td>
<td>8</td>
<td>32</td>
</tr>
<tr>
<td>Widowed</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field data (2014)*

4.1.3 Education level of the respondents (c) (KCB Workers)

Another thing that the researcher was interested in decoding from the respondents was their level of education, in this, as from the KCB workers, the researcher was interested in establishing the general level of education for the respondents. The respondents were supposed to choose from A level to doctorate. Out of the 90 respondents that were questioned, 7 which is equal to 7.8% of the respondents had a-level education; 15 which is equal to 16.7% had diploma level of education; 24
which is equal to 26.7% had first degree level of education; 39 which is equal to 43.3% had Masters education and the remaining 5 respondents which is equal to 5.6% had Doctorate as their level of education. Table 4.2 summarizes the level of education of the respondents.

Table 4.3: The level of education of the respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-level</td>
<td>7</td>
<td>7.8</td>
</tr>
<tr>
<td>Diploma</td>
<td>15</td>
<td>16.7</td>
</tr>
<tr>
<td>First Degree</td>
<td>24</td>
<td>26.7</td>
</tr>
<tr>
<td>Masters</td>
<td>39</td>
<td>43.3</td>
</tr>
<tr>
<td>Doctorate</td>
<td>5</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field data (2014)*

After establish the overall demographic characteristics of the employees, the researcher followed by establishing the overall characteristics of the customers.

### 4.1.5 Age of the respondents (a) (KCB Customers)

In terms of age of the respondents, the respondents had choices from 18-27 up to above 48. The logic behind here was to select an appropriate age category that fits them. The results for the age selection were as follows:

12 respondents which is equal to 13.3% selected 18-27 as their age category; 28 which is equal to 31.1% selected 28-37 as their age category; 16 respondents which is equal to 17.8% selected 38-47 as their age category and the remaining 34 respondents which is equal to 37.8% selected above 48 as their age category.
Table 4.4: Age of the respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-27</td>
<td>12</td>
<td>13.3</td>
</tr>
<tr>
<td>28-37</td>
<td>28</td>
<td>31.1</td>
</tr>
<tr>
<td>38-47</td>
<td>16</td>
<td>17.8</td>
</tr>
<tr>
<td>Above 48</td>
<td>34</td>
<td>37.8</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2014)

4.1.6 Respondents Marital Status (b) (KCB Customers)

Apart from the age category, the researcher was also interested to establish the marital status of the respondents. In this, the respondents had three options on which to choose one from. These option were married, unmarried and widowed. The results from this were as follows:

Out of all respondents questioned, 56 which is equal 62.2%, selected married as their marriage status; 23 which is equal to 25.6% selected unmarried and the remaining 11 which is equal to 12.2% selected widowed.

Table 4.5: Respondents Marital status

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>56</td>
<td>62.2</td>
</tr>
<tr>
<td>Unmarried</td>
<td>23</td>
<td>25.6</td>
</tr>
<tr>
<td>Widowed</td>
<td>11</td>
<td>12.2</td>
</tr>
<tr>
<td>Total</td>
<td>90</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Field data (2014)


4.1.7 *Years using the services of the Bank(c) (KCB Customers)*

Lastly, the researcher was interested in establishing the general number of years that the respondents have been using the facilities of the Bank. In this the researcher provided the respondents with four options which were less than 1 year; 1-3 years; 4-9 years and 10 years. The results for this section were as follows.

Out of all respondents questioned 12 (13.3%) selected less than a year; 34 (37.8%) selected 1-3 years; 23 (25.6%) selected 4-9 years and the remaining 21 (23.3%) selected 10 years and above. This data can be summarized in a table as follows;

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than a year</td>
<td>12</td>
<td>13.3</td>
</tr>
<tr>
<td>1-3 years</td>
<td>34</td>
<td>37.8</td>
</tr>
<tr>
<td>4-9 years</td>
<td>23</td>
<td>25.6</td>
</tr>
<tr>
<td>10 and above</td>
<td>21</td>
<td>23.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>90</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Field data (2014)*

4.2 *Customers’ perception towards services offered by KCB Bank,*

How satisfied a customer is depends on the quality of service received by the customer. Gap analysis model by Ziethaml et. al., (1988) and Groonros (2000) is often used to determine the quality of service. Lovelock and Wirtz (2007, P.420) explain that there are researchers that suggest that the perceived quality of service is the result of an evaluation process in which customers compare their perceptions of service delivery with the expected outcome. The gap is often between the perception of customers and their expectation, which will eventually determine whether they are dissatisfied, satisfied or excited. Those customers who are satisfied or excited have a very high percentage of being retained and eventually will become loyal at the end.

In this, the first question that was posed to the respondents was for them to explain how they find services offered by KCB Bank.
The basis for measuring the customer satisfaction with the services offered was basing on the respondents judging the overall services at the bank from the nature of customer care service, availability of information on various services, employees willingness of solving customer’s problems, individualized attention the bank provides to its customers and bank’s understanding of the specific needs of the customers.

Using these attributes, the researcher wanted the respondents to explain if they are satisfied with the service criterial that are provided by the bank. In order to provide answer for this, the respondents have several options which were: Excellent; Very good; Good; Satisfactory and Poor. The following were the results that were obtained for this section were as follows:

Out of all 115 respondents questioned, 45 (39.1%) selected Excellent as their answer; 31 (27%) selected very good as their answer; 17 (14.8%) selected good; 13 (11.3%) selected satisfactory; and the remaining 9 (7.8%) selected poor as their answer.

Looking at this data it means that, 39.1% of the respondents selected Excellent as their answer meaning the above mentioned dimensions (nature of customer care service, availability of information on various services, employees willingness of solving customer’s problems, individualized attention the bank provides to its customers and bank’s understanding of the specific needs of the customers) are of high quality hence they can be ranked higher; using the same dimensions 27% selected very good as their answer meaning the service is of better quality but there is still a room for more improvements; 14.8% selected good, meaning the service is not best compared to other areas, but still it can try to achieve proper provision of services to customer; the 11.3% who selected satisfactory meant the service provision is not of high quality but at least the bank tries, though the bank still needs to do more improvement while the remaining 7.8% selected poor, meaning the services offered are awful, overall improvement is needed so as the services will meet the desires and needs of the respondents.
This data can be presented graphically as follows;

**Figure 4.1: Customer’s perception towards services offered by KCB**

![Pie Chart]

Source: Field data (2014)

From there, the researcher was interested to establish the rate of customer satisfaction on the Satisfaction on the services offered. In this the question posed to the respondents was, as a customer are you satisfied with the service offered?. The answers in this, were five choices which included I agree; I strongly agree; I disagree; I strongly disagree and neutral. The results in this section were as follows;

Out of all 115 respondents interviewed, 51 (44.3%) respondents agreed; 29 (25.2%) respondents strongly agreed with this; 9 (7.8%) respondents were neutral; 15 (13%) respondents disagreed and the remaining 11 (9.6%) respondents strongly disagreed with this. This data can be summarized in table as follows;
From there the researcher was interested to establish the general customer ratings of the services that are offered in KCB. In order to do so the researcher provided the respondents with the statements which they were supposed to rank from 1. Superb, 2. Good, 3. Average, 4. Poor and 5. Poorest. Such statements included: Receiving customer; Serving customer; Time taken to serve customer; Replying to customer complain; Information seeking; Products packages; Cost/charges/pricing and Credit services. Below is the results for this section

Out of all 90 respondents questioned for this, on the aspect of receiving customers, 39 (43.3%) respondents selected Superb; 26 (28.9%) selected good; 11 (12.2%) selected average; 9 (10%) selected poor; and the remaining 5 (5.6%) selected poorest. On the aspect of services to customer, 36 (40%) selected superb; 31 (34.4%) selected good; 15 (16.7%) selected average; 5 (5.6%) selected poor and the remaining 3 (3.3%) selected poorest.

Source: Field data (2014)
Coming to time taken to serve customers, 28 (31.1%) selected superb; 31 (34.4%) selected good; 22 (24.4%) selected average; 6 (6.7%) selected poor and the remaining 3 (3.3%) selected poorest. From there, the researcher wanted the respondents to comments also to the replying aspect to customers complains. In this, 21 (23.3%) selected superb; 24 (26.7%) selected good; 18 (20%) selected average; 16 (17.8%) selected poor; 11 (12.2%) selected poorest. In terms of information seeking, 31 (34.4%) selected superb; 26 (28.9%) selected good; 20 (22.2%) selected average; 8 (8.8%) selected poor and the remaining 5 (5.6%) selected poorest. For the aspects of Product packages, 41 (45.6%) selected superb; 25 (27.8%) selected good; 13 (14.4%) selected average; 7 (7.8%) selected poor and the remaining 4 (4.4%) selected poorest as their answers.

From there, the researcher wanted to assess the Cost/charges/pricing, which the general results from the respondents showed that 38 (42.2%) choose superb; 23 (25.6%) choose good; 13 (14.4%) choose average; 9 (10%) choose poor and the remaining 7 (7.8%) choose poorest. Lastly, the researcher assessed the Credit services of the bank, the results for this were as follows; 30 (33.3%) selected superb; 23 (25.6%) selected good; 13 (14.4%) selected average; 11 (11.2%) selected poor and the remaining 13 (14.4%) selected poorest.

On average the in depth analysis of the data shows that 33 respondents which is equal to 36.7% selected superb for both of the provided statements; 26 respondents which is equal to 29% selected good; 16 respondents which is equal 17.3% selected average; 9 respondents which is equal to 9.7% selected poor and the remaining 6 respondents which is equal to 7% of the respondents selected poorest. Below is the description of this data on table.
Table 4.4: Customer ratings of the services that are offered in KCB

<table>
<thead>
<tr>
<th>Service</th>
<th>Superb</th>
<th>Good</th>
<th>Average</th>
<th>Poor</th>
<th>Poorest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receiving customer</td>
<td>39(43.3%)</td>
<td>26 (28.9%)</td>
<td>11(12.2%)</td>
<td>9(10%)</td>
<td>5(5.6%)</td>
</tr>
<tr>
<td>Serving customer</td>
<td>36(40%)</td>
<td>31(34.4%)</td>
<td>15(16.7%)</td>
<td>5(5.6%)</td>
<td>3(3.3%)</td>
</tr>
<tr>
<td>Time taken to serve customer</td>
<td>28(31.1%)</td>
<td>31(34.4%)</td>
<td>22(24.4%)</td>
<td>6(6.7%)</td>
<td>3(3.3%)</td>
</tr>
<tr>
<td>Replying to customer complains</td>
<td>21(23.3%)</td>
<td>24(26.7%)</td>
<td>18(20%)</td>
<td>16(17.8%)</td>
<td>11(12.2%)</td>
</tr>
<tr>
<td>Information seeking</td>
<td>31(34.4%)</td>
<td>26(28.9%)</td>
<td>20(22.2%)</td>
<td>8(8.8%)</td>
<td>5(5.6%)</td>
</tr>
<tr>
<td>Products packages</td>
<td>41(45.6%)</td>
<td>25(27.8%)</td>
<td>13(14.4%)</td>
<td>7(7.8%)</td>
<td>4(4.4%)</td>
</tr>
<tr>
<td>Cost/charges/pricing</td>
<td>38(42.2%)</td>
<td>23(25.6%)</td>
<td>13(14.4%)</td>
<td>9(10%)</td>
<td>7(7.8%)</td>
</tr>
<tr>
<td>Credit services</td>
<td>30(33.3%)</td>
<td>23(25.6%)</td>
<td>13(14.4%)</td>
<td>11(11.2%)</td>
<td>13(14.4%)</td>
</tr>
<tr>
<td>Average</td>
<td>33(36.7%)</td>
<td>26 (29%)</td>
<td>16(17.3%)</td>
<td>9(9.7%)</td>
<td>6(7%)</td>
</tr>
</tbody>
</table>

Source: Field data (2014)

4.3 Relationship between customer satisfaction and bank performance

In order to come up with the relationship between customer satisfaction and banking performance the researcher was interested in understanding on different ways that customer satisfaction can relate on the banking performance. The steps involved in this was the estimation process to explore whether there is a direct relationship between customer satisfaction and bank performance. In order to establish this, the research designed series of questions that aimed at deciphering the answers from the respondents. John and Wishman 2009 argues that, a satisfied customer in most case tend to continue using the services of the bank while dissatisfied one tend to look elsewhere for better services. In order to provide answers for this, the research asked the respondents will they continue using the bank services if they are satisfied with the bank’s services?. And in order to provide answers for this, the researcher provided the respondents with five options which were agree, strong agree, neutral, disagree and strong disagree. The results for this section were as follows;
Out of all 115 respondents, 58 (50.4%) agreed with this; 38 (33%) strong agree with this; 3 (2.6%) were neutral; 9 (7.8%) disagreed; 7 (6.1%) strong disagreed. Looking at this, the data shows that, large percentage of the respondents do agree that they will continue using the service of the bank if the services continue being satisfactory. This means, once the service is unsatisfactory the respondents thought they will change, and start using another bank with better services. Below is the figure that represent respondents answer on the relationship between customer satisfaction and bank performance

After asking on the respondent’s satisfaction with the nature of the services offered, the researcher went further asking the respondents if they are satisfied with the level of competence of the operator. In this, the respondents were also supposed to rank their agreement on the level of competence with the operators in five scale that is agree, strong agree, neutral, disagree and strong disagree. The results for this section was as follows:

Out of all 200 respondents questioned, 49 (34.5%) agree; 38 (29%) strong agreed with this; 8 (4%) were neutral; 10 (9.5%) disagreed and the remaining 7 (23%) strong disagreed. This data can be presented in a table as follows

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>49</td>
<td>34.5</td>
</tr>
<tr>
<td>Strong agree</td>
<td>38</td>
<td>29</td>
</tr>
<tr>
<td>Neutral</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>9.5</td>
</tr>
<tr>
<td>Strong disagree</td>
<td>7</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Field data (2014)

In order to establish the existence of relationship between customer satisfactions the researcher used three indicators of bank performance. These indicators included increase in customers and increased in overall profit of the bank.
Increase in customer was measured through looking at the rate of customer increase from 2010-2014, while the same years were taken to indicate the growth of profits. Starting with increase in customers, from financial years 2010/2011, the bank has been working hard to improve the services provided to the customers. Due to this, a significance increase in customer through these years, will be taken as a results of the quality of service that has been increasing throughout, while the same analysis will be applied to the profit of the business. The results obtained for this was as follows:

The researcher assessed the overall increase in the number of respondents from 2010/2011 to 2013/2014. In this, the results showed a steady increase in the number of respondents in the years and profit over the years. In terms of numbers of customers, the year 2011-2012 showed an increase of 2,260 while the profit increase was 166million. The years 2012-2013 saw an increase of 4150 respondents and 217million as profit. While for the year 2013-2014 the increase in terms of number of customer was 6590 and the profit increase was 167million.

**Table 4.6: KCB Customers and Profit increase**

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of customers</th>
<th>Amount of profit (Tsh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2011</td>
<td>13,000</td>
<td>300,000,000.00</td>
</tr>
<tr>
<td>2011-2012</td>
<td>15,260</td>
<td>466,000,000.00</td>
</tr>
<tr>
<td>2012-2013</td>
<td>19,410</td>
<td>683,000,000.00</td>
</tr>
<tr>
<td>2013-2014</td>
<td>26000</td>
<td>850,000,000.00</td>
</tr>
</tbody>
</table>

Looking at the numbers of customers and the amount of profit, there is a steady increase in the numbers. Due to the fact that the bank has been improving the quality of services throughout the years, this show the existence of a relationship between customer satisfaction and banking performance. The performance for this case was measured through increase in profit and number of customers. Data collected in the bank, showed that due to the nature of services provided and the improvements that are done by the bank on services, the customers are satisfied which in return leads to overall increase in terms of profit and number of customers.
4.4 Strategies to improving customer satisfaction at KCB Bank.

Customers were asked to mention activities that if the bank undergoes will meet their needs. In other words these are other expectations of customers. According to Looy et al (2003), Zeithaml et al (2006), and Grönroos (2001), the subjective assessment of the actual service experiences is the customer perceived service quality. And what satisfies one customer may not satisfy the other. During data collection process, the researcher wanted the respondents to provide answers on the strategies that can be used in improving the general satisfaction with customers at the KCB.

The researcher started by asking the respondents if they are satisfied with the service offered to them. In order to provide answers for this question, the respondents were given three options which were Yes, No and I don’t know. In this question, 78 (73%) of all the respondents that were questioned answered Yes as the answer for this question; 10 (5%) answered I don’t know as their answer for this; and the remaining 27 (22%) of all the respondents that were question answered No as their answer for this.

Table 4.7: Customer satisfaction at KCB Bank

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>78</td>
<td>73%</td>
</tr>
<tr>
<td>No</td>
<td>27</td>
<td>22%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>10</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

*Source: Field data (2014)*

From there, the researcher was interested in establishing the overall strategies that are used by KCB in order to improve customer satisfaction. In this the mentioned results by the respondents are summarized in a table below as follows;
Table 4.8: strategies that can be used to improve customer satisfaction

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide more tellers with good customer relation</td>
<td>37</td>
<td>32</td>
</tr>
<tr>
<td>Provide more chairs for waiting</td>
<td>31</td>
<td>27</td>
</tr>
<tr>
<td>Provide education and trainings to existing workers</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Improving the quality of the services provided</td>
<td>11</td>
<td>9.6</td>
</tr>
<tr>
<td>Motivation</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>115</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

a) Provide more tellers with good customer relation:

Time spent in queue waiting for service is very crucial. The study revealed that, customers spent much of their time in bank queues waiting for services. About 40 percent of the respondents said that they stayed in the queue for more than 30 minutes waiting for the services, however, further analysis of this revealed, the respondents who experience this sort of queue comes from Msimbazi branch, while in other branches the queue cannot reach that high. This is a sign of poor service quality and customer dissatisfaction. Furthermore, 35 percent of the respondents stayed queuing between 20 to 30 minutes, 13 percent of the respondents stay in queue for about 10 to 20 minutes, while 11 percent stayed for more than 5 minutes but less than 10 minutes, and only 1 percent waited for less than 5 minute. Chart below represent this data.
Figure 4.5: Respondents answers on waiting time

Source: Field data (2014)

Basically, this data shows some dissatisfaction of people basing on the time they spent on the queue, in order to solve this, the bank need to increase number of the tellers which will be able to accommodate the growing number of people, also the employed tellers must have good sense of humour to be able to serve the need of all the people that are going to be using the services of the bank. However, the general observation from the respondent’s shows, apart from Msimbazi branch, the waiting time in other branches is usually less than five minutes, unless there is a network problem, or it’s the end of the month people are picking up their salaries.

b) Provide more chairs for waiting:

In this, during data collection process it was realized that the respondents are waiting for more time on queue without being attended to but bad enough they are standing rather than sitting due to shortage of chairs to accommodate all the respondent’s.
In order to improve customer’s satisfaction with the services, the respondents wanted to see more chairs being available in the waiting area. In this, the respondent thought although it is impossible to have enough chairs to cover all the respondents that will be visiting the bank, improving their number will reduce number of people that are disturbed with the queue that are present in the bank.

c) Provide education and trainings to existing workers:
During data collection it was realized that, large percentage of the respondents are faced with the problem of lack of education and trainings as one of the factors hindering effective service provision by the employees. Hence due to this Employees should be given training to improve their skills as most respondents indicated that they did not receive adequate training on the job. Most professionals have successfully completed the basic training to perform their tasks; however, they are required to undergo further training at work so as to keep up with the developments because of the technological advances and the like. It is through training that the employees will be able to create a motivating climate in the organization that will enable employees to maximize their potential. With this in place, it is very easy to motivate the employees so as to equip them with the required skills to perform their intended jobs.

d) Improving the quality of the services provided:
This recommendation is derived from the existence of the small portion of the whole group of the respondents who were dissatisfied with the services that were offered by this operator. Due to this, there is need, for this particular operator to make sure that all the services that are offered by their employees are of good quality. This can be done through establishing people who will be monitoring the situation of the service provision at the organization, also these should be an established code of conduct for all employees to follow, and consequences should be severe for those who violate them.
Other forms which can be used to improve the quality of service include things like: Visit or call customers regularly and Attending to customers on time.

e) **Motivation:**

Rewarding staff who take up posts in remote areas will make it more attractive to accept and remain at rural posts. Incentives to recruit and retain staff should be both non-financial and financial, and these can vary by type of institution. Reactions to incentives will depend on the context and the health worker’s career stage (Hongoro and Normand, 2006). For instance, incentives can have adverse outcomes if they are not applied equally to comparable professionals or if they are perceived as insufficient (Kingma, 2003). Also, the management should give attention to those factors that they can control, including communication with staff, fair treatment, recognition for effort and performance, participation in decision making, providing support and encouragement, and training and developing staff to prepare them for promotion and enhanced responsibility. In addition, it is recommended that a continuous performance management programs be instituted so that employees will have clarity on what is expected of them, that their performance is monitored and recognized and that they get opportunities to develop themselves.
CHAPTER FIVE
DISCUSSION OF THE FINDINGS

5.1 General observation

The main objective of this research was to analyse the level of customer satisfaction in Tanzania banking industry specifically at KCB Bank. To achieve this, the study had several specific objectives. These specific objectives included; to examine customers’ perception towards services offered by KCB Bank; To analyze the interrelationship between customer satisfaction and bank performance, and To determine the strategies to improving customer satisfaction at KCB Bank. In order for the study to be effectively accomplished, it was guided by several research questions.

The researcher started by collecting the general demographic characteristics of the respondents that were involved in the research. In this attributes such as age, sex, education level, marital status and experience of the respondents were collected.

In terms of age the respondent, the distribution was fair as the respondents category was evenly distributed from those with 18-27 years until those with 48 above. Basically, in terms of the age of the respondents, the researcher managed to cover the respondents from various age groups hence the information generated can be said to come from respondents from various age groups. For the aspect of Marital status, the respondents were also distributed equally, though large percentage of the respondents were married while the unmarried and widowed were mostly equal in both the staffs and customers of the bank.

For the aspect of sex, unknowingly the researcher came to realized during data collection that the total percentage of male respondents was a bit bigger compared to that of their female counterparts. However, during data analysis there was no observable difference in terms of responses between the male and female respondents.
Analysis shows all respondents were aware and well equipped to provide sufficient information that will be essential for tackling the research objective that were intended by this study.

Looking at the education level of the respondents, the data analysis shows the research managed to interview people with all sort of education. This is evidenced by the presence of various respondents with education starting from primary school to Doctorate (PhD). In terms of answers, there was no observable difference between the people with primary education and those with PhDs particularly in the closed-ended questions. However, in the open-ended question, there was a bit difference in terms of one emphasize on the intended point. In this, it was realized that people with higher level of education seemed to provide in depth presentation of their problem particulars on the follow-up questions where the researcher demanded the respondents to provide addition information to justify their choice of answers on the closed-ended questions. However, all of the respondents provided enough information that was essential in coming up with the report for this research.

5.2 Customers perceptions over the services offered by KCB Bank

The focus of this objective was solely to establish the customer perception of the services offered at KCB. In order to obtain the clear perception of the services offered the researcher had several questions which focused on assessing such issue. In each of the question the respondents were provided with five choices that served as options for the respondents to properly present their answers on a simple manner. In order to establish perception of the respondents the researcher measures thinks like customer ranking of the service, quality of the services provided, and the education level of the operators.

In order to establish the rate of customer satisfaction at KCB, the researcher had also several questions in the questionnaires, whose major purpose was to assess the rate to which customers are satisfied with the service that are offered at the bank. In this the
researcher openly started by asking the respondents if they are satisfied with the services at the bank.

In this, large percentage of the respondents 84.5% did agree on the service satisfaction at the bank. Although this can be used to point out the large percentage of the respondents are satisfied with the services, there was also a small number of the respondents, that despite their number being small, their contribution also counts as their the one which shows dissatisfaction with the services offered.

From there the researcher saw the need to ask the respondents if the services provided do meet their needs. And as of in previous sections, the respondents had five choices on which to derive their answers from. In this section also large percentage of the respondents seemed to be comfortable with the service offered. This is also evidence by the large percentage of the respondents that selected agree and strong agree to this question. However the researcher again saw the existence of some respondents who are not satisfied with the current services. To them, KCB was supposed to offer more services to its customers as the current service does not meet their needs. In terms of addition information, those who disagreed with the quality of service pointed things like the use of non-trained personnel as customer care and shortage of staffs as major factors that cause dissatisfaction with the services offered at the bank.

5.3 Customer satisfaction relate to bank performance

In order to provide answers for this, the research asked the respondents will they continue using the bank services if they are satisfied with the bank’s services?. And in order to provide answers for this, the researcher provided the respondents with five options which were agree, strong agree, neutral, disagree and strong disagree.

In this, the answers were a bit mixed although large percentage of the respondent did agree that there is a direct relationship between the customer satisfaction and the bank performance. However, consultation with different literature on service quality and organization performance provided a stand to which the researcher can relate.
with the stud topic in order to come up with the better conclusion over the relationship between the two variables.

In this research by people like Brown 2009 and Chi, 1997 were the basis for this understanding, where there research in several organization around America and China have come up with the conclusion that, once a customer is satisfied with the service provided by an organization, the customer will continue using the service of such organization, also at the same time, that customer will be acting as a free and loyal ambassador who will offer the advertisement of the good service offered by the organization to other customers who are in need of the such kind of services.

5.4 **Strategies to improve customer satisfaction at KCB Bank**

In this the researcher wanted to see the opinion of the researcher over the various ways or strategies that can be employed by the Bank in order to increase the number of people/customers that are satisfied with the services offered by the bank.

First and foremost, the researcher, thought there is a need to establish the overall number of the respondents that are aware of the strategies that are present within the bank. To answer this, large percentage of the respondents that were questioned answered Yes, meaning they are aware of the existing strategies that can be used in increasing the customer satisfaction with the services offered.

From there, the researcher saw the need to establish the strategies that can be used in order to improve the overall services provided at the bank. In this, several strategies were mentioned however, the researcher picked those which were highly mentioned and these include: Provide more tellers with good customer relation; Provide more chairs for waiting; Provide education and trainings to existing workers; improving the quality of the services provided; Motivation
CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

This chapter presents the summary of the study findings, conclusion and recommendations for future improvement of customer service and customer satisfaction. It also includes implications of the study findings and the limitations of the study.

6.1 Summary of the study.

The main objective of this research was to analyze the level of customer satisfaction in Tanzania banking industry specifically at KCB Bank. To achieve this, the study had several specific objectives. These specific objectives included; to examine customers’ perception towards services offered by KCB Bank; To analyze the interrelationship between customer satisfaction and bank performance, and to determine the strategies to improving customer satisfaction at KCB Bank.

This study centered on the relationship between the customer satisfaction and organization performance. Both open and closed ended questions were used. Open ended question was designed specifically to give respondent more rooms to provide view and opinion concerning the issue at hand, while closed ended questions were meant to guide the researcher in keeping track of the main issues to be investigated.

Based on the findings, the study aimed at seeing the existing relationship between the customer satisfaction and bank’s performance. In doing so, Literature review was conducted to get insight of what other researchers have found out and concluded in relation to the subject under study. Also the literatures were used as the means to give out the researcher addition information on matter that should be surveyed so as to make this study valid and to generate information that can really help curbing this problem.
To achieve objective, data were collected from Customers and Workers at KCB. The study used simple random, stratified and purposive techniques to get a sample of 115 respondents. Data collected were analysed using SPSS and MS Window tools (MS Excel). This was done by coding all the responses in order to produce simple frequencies, percentages and charts. Then data from the interview was sorted and organized, then subjected to content analysis whereby the content was analysed basing on the study objectives.

6.3 Conclusion

The study investigated the relationship between customer satisfaction and organization’s performance. In general the two open questions at the end of the questionnaire provided useful information on the obstacles in service delivery and provided good suggestions for how to improve customer service. The suggestions should be openly evaluated by the managements of customer service departments at KCB.

The findings from this research are relevant to academic categories of consumer, employee and organization performance. Additional knowledge on consumer research on satisfaction is becoming very relevant because organizations are trying to make it possible of gaining more customers by keeping the old customers and attracting new customers. This could be done by providing the values that the customers’ desire, and when this is done, the customers will be satisfied. Satisfying the customers by making sure they obtain good quality services is the latest strategy for organizations in today’s business environment.

Measuring customer satisfaction was necessary because it revealed the voice of the customer. This was properly done and it told us aspects of Bank’s service and brand that would return the greatest impact on the outcome called customer satisfaction. In this, the research has revealed the presence of direct correlation, between the customer satisfaction and organization performance. For this case, the study has revealed that customer satisfaction has a direct relationship with the bank’s performance.
Secondly, customer satisfaction was found to have a direct relationship with customer loyalty. Thus, when customers are satisfied with the services offered them by operators, they are likely to be loyal to them. And basing on the information provided by a variety of scholars a loyal customer is a good customer as over time they can help in serving as pull factor for other customers intending to use the services of the bank.

Lastly, though data generated from the respondents, the researcher managed to establish several strategies which were derived out of the questions which were posed to the respondents on improving the quality of services that once employed by the bank can be essential in improving customer satisfaction which in turn will be effective in promoting banks performance. Basically, the proposed strategies if are effective followed they will results into the overall improvement of the services offered at the bank which I turn will lead to the overall achievement of customer satisfaction.

6.4 Recommendation

Provide education and trainings to existing workers: During data collection it was realized that, large percentage of the respondents are faced by the problem of lack of education and trainings as one of the factors hindering effective service provision by the employees. Hence due to this Employees should be given training to improve their skills as most respondents indicated that they did not receive adequate training on the job. Most professionals have successfully completed the basic training to perform their tasks; however, they are required to undergo further training at work so as to keep up with the developments because of the technological advances and the like. It is through training that the employees will be able to create a motivating climate in the organization that will enable employees to maximize their potential. With this in place, it is very easy to motivate the employees so as to equip them with the required skills to perform their intended jobs.
Offering incentives to workers: Rewarding staff who take up posts in remote areas will make it more attractive to accept and remain in rural posts. Incentives to recruit and retain staff should be both non-financial and financial, and these can vary by type of institution. Reactions to incentives will depend on the context and the health worker’s career stage (Hongoro and Normand, 2006). For instance, incentives can have adverse outcomes if they are not applied equally to comparable professionals or if they are perceived as insufficient (Kingma, 2003).

Employ more workers: One challenge highlighted by the workers is the lack of workers. Shortage of workers has been largely caused by the rapidly increase of the number of customers in need of the services provided by this operators. Due to this, it has become impossible for the current number of employees to tackle the whole population in need of their services. Hence in order to improve this situation, despite offering training to existing employees and offering benefits so as to improve their performance, there is a need for this organization to hire more people that will come into fill in the current existing gap of employees which is caused by large a number of the respondents that are currently in need of utilizing the services that are offered by this operator.

Improving the quality of the services provided: This recommendation is derived from the existence of the small portion of the whole group of the respondents who were dissatisfied with the services that were offered by this operator. Due to this, there is need, for this particular operator to make sure that all the services that are offered by their employees are of good quality. This can be done through establishing people who will be monitoring the situation of the service provision at the organization, also there should be an established code of conduct for all employees to follow, and consequences should be severe for those who violate them.

6.5 Recommendation for further research
The topic was a good one but because of its limitations and/or outcome, there is a need for further research. Because the study did not consider employees who provide
the services to customers; further research could be to study relationship among customer satisfaction, service quality and job satisfaction with the use of all the five SERVQUAL dimensions at once, to see if satisfaction level of employees is related to their services and/or customer satisfaction.

The result of this study demonstrated that there is other factors that influence customer satisfaction judgment. In future research, it is important to investigate such other factors. In-depth interviews and brain storming that involving higher number respondent could help to create more relevant customer satisfaction measurement.

Another further study could be to test among the dimensions with the use of another statistical method to see which of them will be more important to service quality and/or customer satisfaction. Also future study could be to test these same variables in a manufacturing sector.
REFERENCES


Standard Chartered Bank Annual report 2010 Dar-es-salaam Tanzania


APPENDIX I

INTERVIEW QUESTIONS TO THE BANK’s STAFF

Dear Sir/Madam,

I am a Final year student for Masters Degree of Human Resource Management at Mzumbe University Dar es Salaam campus doing dissertation on the “An Investigation of the Link between Customer Satisfaction and Bank Performance; A Case of KCB Bank”. Please accord me with required information on this questionnaire to facilitate accomplishment of the said dissertation.

Section A: Demographic Characteristics

1. Department you are working with: HR ( ) Retail Banking ( ) Corporate Banking ( )
2. Management Level: Directorate ( ) Departmental ( ) Managerial ( ) Officer ( )
3. Age: 18 - 27 ( ) 28 - 37 ( ) 38 - 47 ( ) Above 48 ( )
4. Gender: Female ( ) Male ( )
5. Marital status: Married ( ) Divorced ( ) Unmarried ( ) Widowed ( )
6. Level of Education: Diploma ( ) First Degree ( ) Masters ( ) Doctorate ( )
7. Working experience (In years): Less than 1 ( ) 1 - 3 ( ) 4 - 9 ( ) 10 and above ( )

Section B: Please give your opinion

9. What are the customer service strategies in place?
10. How are staffs knowledgeable about customer satisfaction?
11. How do you evaluate your customer service strategic fit?
12. How often do you review your customer service strategies?
13. What exactly are your customer satisfiers in place?
14. How would you rank the effectiveness of the said customer satisfiers?
15. In your own opinions, what do you think are the significant ways of attaining higher level of customer satisfaction at the bank?

Thanking you for your cooperation
APPENDIX II

QUESTIONNAIRES TO BANK’s CUSTOMERS

Dear Sir/Madam,

I am a Final year student for Masters Degree of Human Resource Management at Mzumbe University Dar es Salaam campus doing dissertation on the “An Investigation of the Link Between Customer Satisfaction and Bank Performance; A Case of KCB Bank”. Please accord me with required information on this questionnaire to facilitate accomplishment of the said dissertation.

**Section A: Demographic Characteristics**

1. Customer category: Corporate ( ) Priority ( ) Unclassified ( )
2. Economic activity: Business ( ) Employed ( ) Student ( ) others ( )
3. Age: 18 - 27 ( ) 28 - 37 ( ) 38 - 47 ( ) Above 48 ( )
4. Gender: Female ( ) Male ( )
5. Marital status: Married ( ) Divorced ( ) Unmarried ( ) Widowed ( )
6. Level of Education: A-Level ( ) Diploma ( ) First Degree ( ) Masters ( ) Doctorate ( )
8. Years using bank facilities: Less than 1 ( ) 1-3 ( ) 4-9 ( ) 10 and Above ( )

**Section B: Please give out your opinions**

9. How do you find services offered by KCB Bank?
10. Would you be able to recommend KCB Bank to any one if needed to do so? YES/NO
11. How would you comment on the efficiency of bank services..................................
12. How would you comment on the responsiveness of bank staff...............................
13. What are the things that you dislike most at KCB bank?
14. What are the things you like most at KCB banks?
15. What area of operations would you recommend for improvement at this bank?
16. In your own opinions, what do you think are the significant ways of improving customer satisfaction at KCB Bank?

Section C: Please rank the quality of services at the bank in a range of 1 as superb to 5 as poorest.
17. Receiving customer ( )
18. Serving customer ( )
19. Time taken to serve customer ( )
20. Replying to customer complains ( )
21. Information seeking ( )
22. Products packages ( )
23. Cost/charges/pricing ( )
24. Credit services ( )

Thanking you for your cooperation