

**ASSESSMENT OF THE IMPACT OF SERVICE QUALITY ON
CUSTOMER SATISFACTION AND LOYALTY IN BANKING
SECTOR IN TANZANIA:
CASE OF DIAMOND TRUST BANK LTD TANGA**

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CASE OF DIAMOND TRUST BANK LTD TANGA**

**By
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**A Research Report Submitted in Partial Fulfillment of the Requirements for the
Degree of Master of Business Administration and Corporate Management
(MBA-CM) of Mzumbe University**

2015

CERTIFICATION

The undersigned certifies that he has read and hereby recommends for acceptance by the University of Mzumbe a dissertation entitled: **Assessment of the impact of service quality and customer satisfaction in banking sector in Tanzania: The case study of Diamond Trust Bank Ltd Tanga**, in partial fulfillment of the requirements for the degree of Master of Business Administration.

Dr. E. Chao/Major Supervisor

Internal Examiner

External Examiner

Accepted for the Board of school of Business

CHAIRPERSON / DIRECTOR, SCHOOL OF BUSINESS

DECLARATION

AND

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I, Lillian V. Tarimo, declare that this dissertation is my own original work and that it has not been submitted for a similar degree in any other University in Tanzania or in the world.

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ACKNOWLEDGEMENT

I take this time to say thank you to the Almighty God for empowering me during my study up to the completion of this Master of Business Administration (MBA). My special thanks go to Management of Diamond Trust Bank for the support and permission to pursue the MBA. Furthermore, I am grateful to my supervisor, Mr. Chao, for his guidance advice and supervision that contributed to the completion of my study as one of the requirements for MBA. I greatly benefited a lot from his expert guidance, challenges, suggestions and comments.

I am also thankful to Mzumbe University, for admitting me to the MBA programme. I wish to extend special appreciations to my lecturers from Mzumbe Universities for their valuable programme materials during course work which laid a strong base for my study.

Thanks should also go to my husband Mr. Simon Kasindi and My mother Detha Tarimo, for encouraging me to join the MBA programme at Mzumbe University. Finally, I am very thankful to my family friends and relatives for the supports, prayers and encouragement through the tough times of my study. I would also like to thank all Bank officials and customers for giving me their time for interview and for filling the questionnaires. Their inputs have greatly contributed to this work be accomplished

DEDICATION

This study is dedicated to my parents, lovely Husband Simon, sisters and brothers for their love, support and prayers during my study and report writing.

LIST OF ACRONYMS

ATM	-	Automated Teller Machine
BFIA	-	Bank and Financial Institution Act
ET AL	-	And Others
IT	-	Information Technology
ICT	-	Information and Communication Technology
MBA	-	Master of Business Administration
DTB	-	Diamond Trust Bank
MSE	-	Micro and small enterprises
CS	-	Customer satisfaction
DS	-	Dissatisfactions
SME	-	Small and medium enterprises
TIOB	-	Tanzania Institute of Bankers

ABSTRACT

This study was set out to assess' impact of service of service quality on customer satisfaction bank sector of Tanzania in DTB bank. The objectives of the study were to establish to examine the level of customer satisfaction, to examine the factor which may affect the quality of service a, to evaluate the impact of service quality on customer loyalty and to recommend ways that can be done to improve service quality.

The researcher used closed and open-ended self administered questionnaires, as a method of collecting data which was helpful in the study. In order to collect as much data as possible as case study research design based on results from the questionnaires was used by the researcher to analyze data using mainly frequency tables and percentage. The study was done on 50 respondents from the DTB Tanga branch; they were selected using the convenience sampling.

The findings of the study revealed that DTB bank applies most of the attributes of service quality whereas some of the attributes have got weaknesses in them which need to be addressed as a matter of fact. Some of the weaknesses are cost of opening and operating account is high, competence of workers, lack of tangible facilities and equipments.

The level of customer satisfaction in DTB bank is moderate according to results since the greatest numbers of customer's expectation are met. Also the results show that there are also moderate customers who are loyal to the bank.

Basing on the study findings, it is recommended that emphasis should be put on service quality without neglecting the other factors that may affect customer satisfaction in DTB bank. This can be done by improving on quality, studying customer needs, managerial planning and many more.

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CHAPTER ONE

1.1 Introduction

This chapter presents the background of the study, statement of the problem, objectives of the study that have been classified into two groups; general and specific objectives. The research questions have been also included. Moreover, the chapter presents the significance and the organization of the study.

1.2 Background

The issue of service quality is a critical throughout service industries worldwide as most of the business organizations attempt to sustain their competitive advantage in the marketplace using different strategies including service. Owing to the financial services like banks' competition is very high in the marketplace therefore most of them decides to differentiate themselves into different angles in service provision as banks does not sales product but service this highlights service quality as the basic competitive tool (Stafford, 1996). In other words, a banking organization may attract customers through the provision of high quality services. As such, structural modifications have led to banks being enabled to carry out various activities which in turn, allow them to be more competitive even against non-banking financial institutions (Angur et al., 1999). Banks that offer quality services own a distinctive marketing edge because enhanced quality service is associated with higher revenue, customer retention and loyalty (Bennett & Higgins, 1988). Banks are also well aware of the fact that customer's loyalty lies in the banks' production of greater value compared to their competitors (Dawes & Swailes, 1999). Banks are more likely to earn higher profits if they are able to position themselves in a superior way to their competitors in a particular market (Davies et al., 1995). Therefore, it is imperative for banks to concentrate on service quality as their primary competitive strategy (Chaoprasert & Elsey, 2004).

Banking industry in Tanzania is growing very fast following liberalization of banking sector in 1990's. The financial sector industry in Tanzania has expanded in recent years and foreign-owned banks account for about 48% of the banking industry's total assets. Competition among foreign commercial banks has resulted in significant

improvements in the efficiency and quality of financial services. Experts say liberalization of the banking sector in the country has brought many advantages.

Some are significant improvement in the asset quality of banks which has led to increased profitability, increased competition in the sector which has led to better banking services, improvement of corporate governance in the banking sector and increased lending to private sector.

Other achievements are the use of Information Technology and Communication (ICT) which has helped banks to offer better services and new products to its customers like automated teller machines (ATMs).

The liberalization of this sector has made it possible for a number Tanzanians to get employed in the banking sector.

Service quality and customer satisfaction has greater impact in Tanzanian banking sectors because in this sectors service quality need assurance, reliability, empathy, tangibility, and responsiveness.

Literature do admit that much has to be done in financial sector or bank system in Africa as so the sector has been criticized of having some setbacks and challenges in so many angles both infrastructure angles, products angles and service angles. But none of the above literatures do exactly pinpoint the impacts of service quality on customer satisfactions or dissatisfactions particularly DTB bank. Therefore this could be the gap that has to be filled by this study. As the study objects in examine the satisfaction level of customers of quality of service provided by DTB branch Tanga, through the identification of the factor which may affect the quality of services provided to the customers by DTB branch Tanga, analyze improvements and measures which are followed up by the DTB to enhance satisfaction level of their customers and evaluate the impact of service quality on customer loyalty.

Customers all over the world have become more quality conscious therefore customers requirement for higher quality services has been increased day to day in every sector including banking sectors, nevertheless banks in Tanzania must provide excellent

service to customers in order to have sustainable competitive advantage. In order to attract and to retain customers by the bank, several angles must be kept in truck including; service quality and competitive firms Therefore this study is set to examine the impact of quality service on the customer satisfaction and loyalty in Tanzania, using a case of DTB branch Tanga.

1.3 Statement of the problem

In the past, products were the determinants of business success. The most successful firms were firms that were able to produce high quality products. Indeed, today's quality products are still crucial in business success, however, the quality issues of the past are quite different from the quality issues of today. In the past, quality was defined and determined from the producers' or service providers' perspective with little or no consideration of the customer expectations and perceptions. Customers were perceived not to know what they want and therefore accept what is available. This was the era of mass marketing. The mass marketing technique was effective because of less competition and less knowledgeable consumers.

In today's marketing environment, the customer has become the center of all business decision. Their involvement starts from the conception of a product to the delivery. Customer centric marketing policies and processes are really important.

The antecedents of the recent status of the customer in marketing and business operations are the intense global competition, emergence of service driven economies, increasing customer awareness and sophistication and advancement in information technology (Hamdallah and Evelyn, 2010). It is now a common knowledge that the success of every business organization hinges on how their customers are served and how the customers evaluate and perceive such services. The nature of the service may not matter but the value customers place on such service is of significant importance in customer's acquisition and retention. Customer centric marketing philosophy has received high level of attention from marketing practitioners and academicians. Business organizations have embraced this philosophy and they are practicing it observed that business organizations are now striving to understand their customers so that they could build long term profitable relationship with them. In academia,

numerous studies have been conducted on customer satisfaction, customer retention and customer perceived service quality in different settings.

Most of the researchers suggest the incorporation of customers view of what they need, want and dislike (complaints) in the entire process of production (Gronroos, 2000; Kotler and Keller, 2006). This suggestion is laudable because it is better to hear from the customers rather than trying to think for them.

The ultimate aim of all marketing activities in today's corporate world is to acquire and retain profitable customers. In practice, it is believed that it is six times cheaper to retain existing customers than to acquire new customers in today's intensive competitive business environment (Reichheld, 1996). It is empirically indicated that customer retention is influenced by three interdependent factors; service quality and value influence of customer satisfaction (CS) or dissatisfaction (DS) (Thompson 2004), customer satisfaction or dissatisfaction influence customer loyalty and according to Reichheld (1996), customer retention is influenced or determined by the level of customer loyalty. Since retaining existing customers is much cheaper than acquiring new ones, perceived services quality, customer satisfaction and customer loyalty are crucial success factors for every business organization.

According to Africa Banking Industry Customer Satisfaction Survey (2013) among the top 10 customer focused banks of Tanzania Diamond Trust Bank was positioned as number six being led by Stanbic bank, Access bank, Akiba commercial, Exim bank, and CRDB. Because the survey intended to measure the satisfaction level of the customers perhaps this may imply that most of the customers in DTB are dissatisfied with the overall quality of service been rendered them to some degrees. Therefore this study was set to assess the impacts of quality service on customer satisfaction in Tanzania a case study of DTB bank Tanga.

1.4 Research objectives

1.4.1 General objective

The general objective of this study was to assess the impact of quality service on customer satisfaction a case study of DTB branch Tanga

1.4.2 Specific objectives

- i. To examine the satisfaction level of DTB customers in Tanga branch
- ii. To identify the factors which may affect the quality of services provided by the DTB bank at Tanga branch
- iii. To assess and recommend measures for improving DTB's customer's satisfaction level.
- iv. To evaluate the impact of service quality on customer loyalty

1.5 Research questions

- i. What is the satisfaction level of DTB customers in Tanga branch?
- ii. What are the factors that may affect the quality of services provided by the DTB bank at Tanga branch?
- iii. What are the measures that can be taken by the DTB to enhance satisfaction level of their customers?
- iv. What are the impacts of service quality on customer loyalty?

1.6 Significance of the study

The importance of this study lies on the fact that it will provide empirical information to the stakeholders of banks, marketing professionals, and policy makers of the banking industry of Tanzania. The stakeholders of the banking industry mentioned here particularly refer to the management, shareholders, and directors of banks in Tanzania very particularly those who own private banks.

The findings of this study will provide them with empirical information on what customers expect in terms of service quality from the banks as well as customers assessment of the quality of service they provide.

It will also provide empirical information on the heterogeneity of customers perceived service quality in terms of customer background. Thus management of DTB will be guided in their strategic decisions on customer acquisition, customer satisfaction management, and customer retention. Shareholders and directors of banks in Tanzania

may also use such information as justification for their service quality decisions and policies.

To marketing professionals and scholars of marketing, the findings of this study will be a contribution to the existing literature, and the debates on service quality in banking. The findings of this study will extend the understanding and clarity of customers' expectations and perceptions of service quality in the banking industry of Tanzania. Marketing practitioners in other related service industries could therefore take clues from the findings, and make better meanings of the situation in their industries or firms.

1.7 Organization of the report

This study is organized and presented in five chapters. Chapter one as we have seen thus far covers the background information to the study, objectives of the study, the research questions, significance of the study. Chapter two looks at the review of literature on the subject. Chapter three provides the methods of collecting the data into details while chapter four presents the analysis of findings and the chapter five based on study conclusion and the recommendation of the study.

1.8 Scope and limitation of the study

There are so many private and public banks in Tanzania but the study is limited to private banks. There are so many privates owned but the study is limited to the DTB. Also there are so many DTB branch in Tanzania but these study is limited to DTB Tanga Branch .the study is cross-sectional not longitudinal that means involves the analysis of data collected from a population, or a representative subset at one specific point in time. Additionally the study use only 50 sample size. Lastly just because of the time constraints questionnaires and interviews were used as instrument of data collection.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature review. The first section contains definition of the key terms, theoretical framework as well as conceptual framework of the study.

2.2 Definition of the key terms

2.2.1 Service

In recent marketing literature the concept of service is used and defined in various perspectives by many scholars. A service is a commodity with no physical existence, usually created and consumed at the same time. Gronroos (2001:9-11) described a service as a process resulting in an outcome in a partly simultaneous production and consumption process. This definition points to the fact that service production/provision and consumption are simultaneous activities. On the issue of a service being a commodity, Edvardson and colleagues (2005) defined service as a component of the wider product concept. According to Lovelock (2005), service is a component of the wider concept of products that is limited to acts, deeds and efforts.

Lovelock and Wirtz (2007) indicated that, service is “time based” and the outcome of a service may result in desire change in consumer or any property of the consumer. Vargo and Lusch (2004) as reported in Edvardsson et al (2005) indicated that not only a service provided for the benefit of another entity but it may also be for the benefit of the providing entity.

The above discussions have brought out some of the numerous characteristics of service. It could be deduced from the review that service is intangible, time based, and individualized apart from these characteristics. Groth and Dye (1999) identified perceptual dependence, non-returnability and needs-match uncertainty as some of the distinguishing qualities of service. Recent articles describe service with attributes such as inseparability, intangibility, heterogeneity, intangibility and more recent, “benefit not ownership” (Kotler and Keller 2006, Lovelock and Wirtz, 2007). ‘Benefit

not ownership' attribute of service holds that a service may only result in a benefit to the purchaser and not ownership as in the case of goods.

2.3.2 Service quality

Service quality is a concept which has no definite definition or description. This is partly because the word service and the word quality are themselves hard to describe and partly because the concept of service quality varies with respect to service industry. In this section, service quality is described and discussed in terms of its nature, antecedents, and measurement.

Research identifies many characteristics that are associated with service quality. Business researchers Benjamin Schneider and David Bowen assert that “service organizations must meet three key customer needs to deliver service excellence:” security, esteem, and justice. Research identifies an array of service quality factors that are important for customers, including:

- timeliness and convenience,
- personal attention,
- reliability and dependability,
- employee competence and professionalism,
- empathy,
- responsiveness,
- assurance,
- availability, and
- tangibles such as physical facilities and equipment
- and the appearance of the personnel

2.3.3 Nature of quality service

Many scholars have tried to describe the nature of service quality. Numerous models are developed to explain the conceptual framework of service quality. According to Suuroja (2003), traditional, the conceptualization of service quality were based on the disconfirmation theory of service quality which holds that customer perceived quality is an outcome of comparing specific performance with standards.

This means service quality is a variance in performance. Gronroos (1984) is said to be one of the proponent of the disconfirmation models who defined service quality as “the outcome of an evaluation of process where the consumer compare their expectations with the service they are receive.

2.4 Customer satisfaction

There are two principal interpretations of satisfaction within the literature of satisfaction as a process and satisfaction as an outcome (Parker and Mathews, 2001). Early concepts of satisfaction research have typically defined satisfaction as a post choice evaluative judgment concerning a specific purchase decision (Oliver, 1980; Churchill and Suprenant, 1992; Bearden and Teel, 1983; Oliver and De Sarbo, 1988).

The definition of customer satisfaction has been widely debated as organizations increasingly attempt to measure it. Customer satisfaction can be experienced in a variety of situations and connected to both goods and services. It is a highly personal assessment that is greatly affected by customer expectations. Satisfaction also is based on the customer’s experience of both contact with the organization (the “moment of truth” as it is called in business literature) and personal outcomes. Some researchers define a satisfied customer within the private sector as “one who receives significant added value “to his/her bottom line a definition that may apply just as well to public services. Customer satisfaction differs depending on the situation and the product or service.

A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute or any of these. Some researchers completely avoid “satisfaction” as a measurement objective because it is “too fuzzy an idea to serve as a meaningful benchmark.” Instead, they focus on the customer’s entire experience with an organization or service contact and the detailed assessment of that experience. For example, reporting methods developed for health care patient surveys often ask customers to rate their providers and experiences in response to detailed questions such as, “How well did your physicians keep you informed?” (Oliver, 1980).

These surveys provide “actionable” data that reveal obvious steps for improvement. Customer satisfaction is a highly personal assessment that is greatly influenced by individual expectations. Some definitions are based on the observation that customer satisfaction or dissatisfaction results from either the confirmation or disconfirmation of individual expectations regarding a service or product. Customer satisfaction is a key factor in formation of customer’s desires for future purchase (Mittal & Kamakura, 2001). Furthermore, the satisfied customers will probably talk to others about their good experiences. This fact, especially in the Middle Eastern cultures, where the social life has been shaped in a way that social communication with other people enhances the society, is more important (Jamal & Naser, 2002). Although satisfaction has been defined as the difference between expectation and performance, but there are differences between quality and satisfaction. For example, Parasuraman and colleagues (1991) say that satisfaction is a decision made after experience while quality is not the same. On the other hand, in satisfaction literature, expectations for goods is “would”, while in service quality literature, expectations for goods is “should”. Cadotte and Turgeon (1988) have introduced another group of factors known as neutral factors. Besides, Liljander and Strandvik (1993) say that experience is not needed for evaluating service quality, and service can be evaluated on the basis of the knowledge about service provider, while satisfaction is an inner view, resulted from customer’s own experience from the service.

2.3.1 Customer satisfaction and service quality

The interest in studying satisfaction and service quality as the antecedents of customer behavioral intentions in this paper has been stimulated, firstly, by the recognition that customer satisfaction does not, on its own, produce customer lifetime value (Appiah-Adu, 1999). Secondly, satisfaction and quality are closely linked to market share and customer retention (Fornell, 1992). There are overwhelming arguments that it is more expensive to win new customers than to keep existing ones (Hormozi and Giles, 2004).

This is in line with Athanassopoulos, Gounaris and Stathakopoulos’s (2001) arguments that customer replacement costs, like advertising, promotion and sales expenses, are high and it takes time for new customers to become profitable. And

lastly, the increase of retention rate implied greater positive word of mouth (Appiah-Adu, 1999), decrease price sensitivity and future transaction costs (Reichheld and Sasser, 1990) and, finally, leading to better business performance (Fornell, 1992; Ryals, 2003).

From the literature that has been reviewed so far, customer satisfaction seems to be the subject of considerable interest by both marketing practitioners and academics since 1970s (Churchill and Surprenant, 1982; Jones and Suh, 2000). Companies and researchers first tried to measure customer satisfaction in the early 1970s, on the theory that increasing it would help them prosper (Coyles and Gokey, 2002). Throughout the 1980s, researchers relied on customer satisfaction and quality ratings obtained from surveys for performance monitoring, compensation as well as resource allocation (Bolton, 1998) and began to examine further the determinants of customer satisfaction (Swan and Trawick, 1981; Churchill and Surprenant, 1982; Bearden and Teel, 1983). In the 1990s, however, organizations and researchers have become increasingly concerned about the financial implications of their customer satisfaction (Rust and Zahorik, 1993; Bolton, 1998).

While satisfaction has been examined by many researchers in different industries (Fornell, 1992) service quality is also likely to influence consumer behavioural intentions (Cronin, Brady and Hult (2000) stated that examining only one variable at a time may confound the understanding of consumer decision-making and this may lead to inappropriate marketing strategies. This view is supported by Caruana (2002) and it is crucial to study the effect of other constructs such as quality on behavioural intentions in addition to customer satisfaction. Hence, this study incorporated service quality into the model in examining customer's patronage.

2.3.2 Service quality customer satisfaction and loyalty: reason to study.

Service quality it's a means customer satisfaction is a result but loyalty is an end. Service and satisfaction are interchangeable but loyalty is tangible, the importance of customers in the business process has made it vital to always conduct research about customers. There has always been the need for customer research before, during and after sales, because of changes that may occur in the business process. It has been

proven by an author that “an organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty” (Wicks & Roethlein, 2009, p.83). For this reason every company works hard daily to win the hearts of customers by satisfying them in order that they become loyal customers to their brands in order to increase sales and profit. When customers have good perceptions about a brand, they will always choose to go for the brand, because consumers form their preferences relative to perceptions and attitudes about the brands competing in their minds. (Larreche, 1998, p.152). To get these loyal customers, companies must create relationships with the customers. To create relationship with customers, companies need to conduct research to answer questions on how the customers make their purchasing decision and whether they are pleased with what the organization provides to them as offer in terms of product quality, service quality, price, etc.

Thus customers will always prefer a product or service that gives them maximum satisfaction. But how will the organization know whether the consumers’ consumption habits have changed, or if they are well served? How will the organization know if competitors’ brands are doing better than theirs, which can trap their customers? With the increasing number of businesses and growing competitions today, each company wants to be the customers’ first choice. To achieve this, organizations need to answer the questions above via continuous research in this area so as to lead the organizations to their twin objective of satisfying their customers and making profits.

Because customer satisfaction is the main concern of business sectors of today, their researchers are always conducting research about the customers especially on what relates to their satisfaction. Moreover, because this problem of satisfaction concerns the most unpredictable stakeholder in the business environment (the customers), who remains the main character that keeps the business in operation; and because satisfaction varies and changes among individuals, there is a need for continuous research in this area.

Although there are other factors such as price, product quality etc other than service quality that determine customer satisfaction (Wilson et al. 2008, p. 78-79) my interest

on service quality alone for this study is because service quality has been proven to be the best determinant of customer satisfaction hence loyalty. Also, providing quality services is one of the main targets when it comes to management with respect of customer satisfaction in the business environment of today.

2.4 Theoretical framework

2.4.1 The Dissonance Theory

The Dissonance Theory suggests that a person who expected a high-value product and received a low-value product would recognize the disparity and experience a cognitive dissonance (Cardozzo, 1965). That is, the disconfirmed expectations create a state of dissonance or a psychological discomfort (Yi, 1990). According to this theory, the existence of dissonance produces pressures for its reduction, which could be achieved by adjusting the perceived disparity. This theory holds that "post exposure ratings are primarily a function of the expectation level because the task of recognizing disconfirmation is believed to be psychologically uncomfortable. Thus consumers are posited to perceptually distort expectation discrepant performance so as to coincide with their prior expectation level" (Oliver, 1977, p. 480) For instance, if a disparity exists between product expectations and product performance, consumers may have a psychological tension and try to reduce it by changing their perception of the product (Yi, 1990). Cardozzo argues that consumers may raise their evaluations of those products when the cost of that product to the individual is high. For example, suppose that a customer goes into a restaurant, which she or he expects it to be good, and is confronted with an unappetizing meal. The consumer, who had driven a long distance and paid a high price for the meal, in order to reduce the dissonance, might say that the food was not really as bad as it appeared or she likes overcooked meal, etc.

The researchers pursued this approach implicitly assume that consumers would generally find that product performance deviated in some respect from their expectations or effort expenditures and that some cognitive repositioning would be required (Oliver, 1980).

2.4.2 The Contrast Theory

The Contrast Theory suggests the opposite of the Dissonance Theory. According to this theory, when actual product performance falls short of consumer's expectations about the product, the contrast between the expectation and outcome will cause the consumer to exaggerate the disparity (Yi, 1990). The Contrast theory maintains that a customer who receives a product less valuable than expected, will magnify the difference between the products received and the product expected (Cardozzo, 1965). This theory predicts that product performance below expectations will be rated poorer than it is in reality (Oliver & DeSarbo, 1988). In other words, the Contrast Theory would assume that "outcomes deviating from expectations will cause the subject to favorably or unfavorably react to the disconfirmation experience in that a negative disconfirmation is believed to result in a poor product evaluation, whereas positive disconfirmation should cause the product to be highly appraised" (Oliver, 1977, p. 81). In terms of the above restaurant situation, the consumer might say that the restaurant was one of the worst he or she had ever been and the food was unfit for human consumption, etc.

If the Contrast Theory were applied to a consumption context, then the poor performance would be worse than simply poor, and good performance would be better than a rating of good would suggest (Oliver, 1997). Under the dissonance theory, the opposite effects occur, perceived performance, whether it is less or more favorable than the consumer's expectations, is drawn to the original expectation level. It is important to note that these theories have been applied and tested in laboratory settings where the customer satisfaction was tightly controlled, situation specific and individually focused. For instance, researchers investigated the ability of these theories in predicting customer satisfaction with a pen (Cardozzo, 1965), a reel-type tape recorder (Olshavsky & Miller, 1972), ball-point pen (Anderson, 1973), and a coffee brand (Olson & Dover, 1975). Thus, it is curious whether hypotheses held by these theories could be accepted or rejected when applied in a field survey research study of hospitality and tourism services (Oh & Parks, 1997). It is, for instance, not clear whether all purchase decisions in tourism and hospitality services result in dissonance.

2.4.3 The Expectancy Disconfirmation Paradigm

Drawing on the shortcomings of the above early theories of consumer satisfaction, Oliver (1977; 1980) proposed the Expectancy-Disconfirmation Paradigm (EDP) as the most promising theoretical framework for the assessment of customer satisfaction. The model implies that consumers purchase goods and services with pre-purchase expectations about the anticipated performance. The expectation level then becomes a standard against which the product is judged. That is, once the product or service has been used, outcomes are compared against expectations. If the outcome matches the expectation confirmation occurs. Disconfirmation occurs where there is a difference between expectations and outcomes. A customer is either satisfied or dissatisfied as a result of positive or negative difference between expectations and perceptions. Thus, when service performance is better than what the customer had initially expected, there is a positive disconfirmation between expectations and performance which results in satisfaction, while when service performance is as expected, there is a confirmation between expectations and perceptions which results in satisfaction. In contrast, when service performance is not as good as what the customer expected, there is a negative disconfirmation between expectations and perceptions which causes dissatisfaction.

Therefore the researcher has decided to use the expectancy disconfirmation theory as it tried to show or to explain what cause customer to satisfy with the service or dissatisfies with such service and thus seen to be relevant to the study. Taking into account such weakness of the expectancy disconfirmation theory that it covers general level of customer satisfaction it doesn't specifically pin point kinds of service, institution which offer such service.

2.5 Empirical literature review

The importance of customer satisfaction both practically and theoretically for firms' continuous survival cannot be over emphasized (Naser, 2003; Zalatar, 2012). The idea of Customer's satisfaction refers to fulfillment of customer's expectation (Vesel and Zabkar, 2009). This is a perception a customer has after using a particular product or service (Naser, 2003), which antecedents may stem from either emotion or cognition

(Yu and Dean, 2001; Vesel and Zabkar, 2009). Past studies have highlighted the intangibility of service. Unlike products, service can only be experienced and not seen in real life, which the assessment is ex-post. As such “*it has been argued that intangibility is the single most important difference between products and services*” (Santos, 2002, p. 1). Thus a service produced, whether good or bad will have to be definitely experienced by a customer (Jamal & Naser, 2003). Therefore, it becomes paramount to every organization to monitor the quality of service they provided. Service quality is an important primary concern of every service organization. This is because it is a prerequisite for service company both for its survival and to gain competitive advantage over and above its rival (Zalatar, 2012).

Service quality refers to the difference that exists between customers’ service expectation and what he actually received in a particular transaction. The dimensions of service quality were first conceptualized by Parasuraman et al (1985). They identified five different aspects employed by customers to assess the quality of service they receive. These are: Reliability, Responsiveness, Assurance, Empathy and Tangibles. To effectively quantify these service quality dimensions, Parasuraman et al (1988) developed a 22-item questionnaire, known as „SERVQUAL“ instrument, to assess customer’s expectation and service performance through these dimensions. Since then, many models and instruments to quantify service quality have been developed. The models and instruments have been widely employed in studies conducted on service quality in different service industries (Zalatar, 2012).

Looking at some of the studies on the determinants of customer satisfaction in retail banking, Levesque and McDougall (1996) studied the determinants of customer satisfaction in retail bank in Canada. Data was obtained from a survey of 325 church goers. All the explanatory variables which include the service quality dimension proposed by Parasuraman et al (1985) except bank location were found to be significant determinants of customer satisfaction in retail banking in Canada. Arbore and Busacca (2009) conducted an extensive study on the determinants of customer satisfaction in retail banks by obtaining data from a well-known retail bank in Italy. Using a survey data from 5000 customers, and a revised methodology that deviate from the traditional approach, they were able to confirm non-linear and asymmetry relationship among the

characteristics of performances and customers' overall satisfaction. In essence, their finding shows disparity between the results obtained using the tradition and revised methodology.

Jamal and Naser (2003) examined the determinants of customer satisfaction in retail banks in Pakistan. Using a survey of 300 questionnaires that was randomly distributed to the customers of women bank in Pakistan, they were able to show strong relationship between various dimensions of service quality and customer satisfaction. However, the relationship between tangible and customer satisfaction was not supported in their study.

Alhemoud (2010) studied the determinants of customer satisfaction in Kuwait retail banks, using 605 randomly distributed questionnaire to both citizen and noncitizen resident of Kuwait. He found that customers are generally satisfied with the service quality provided by Kuwaiti banks. However, the ANOVA result of the data revealed differences in the aspects of service quality that satisfy the Kuwaiti and their non-Kuwaiti counterpart. While the Kuwaitis are thrilled with the enabling features of banking services, it is the reliability dimension that pleases the non-indigenes. The aspect of service quality that relates to competitiveness measured by interest and the likes was least valued by the respondents as reported in the study.

Ehigie (2006) studies how customer expectation of service quality and satisfaction predict the loyalty to their banks in Nigeria. The study which employed mixed methods combined both focus group discussion (18 participants) and in-depth interview (24 respondents) to develop a measurement scale which was used to survey 247 respondents to obtain its data. Using hierarchical regression, the study revealed that both service quality and satisfaction are significant determinants of loyalty in retail bank with customer satisfaction contributing the more.

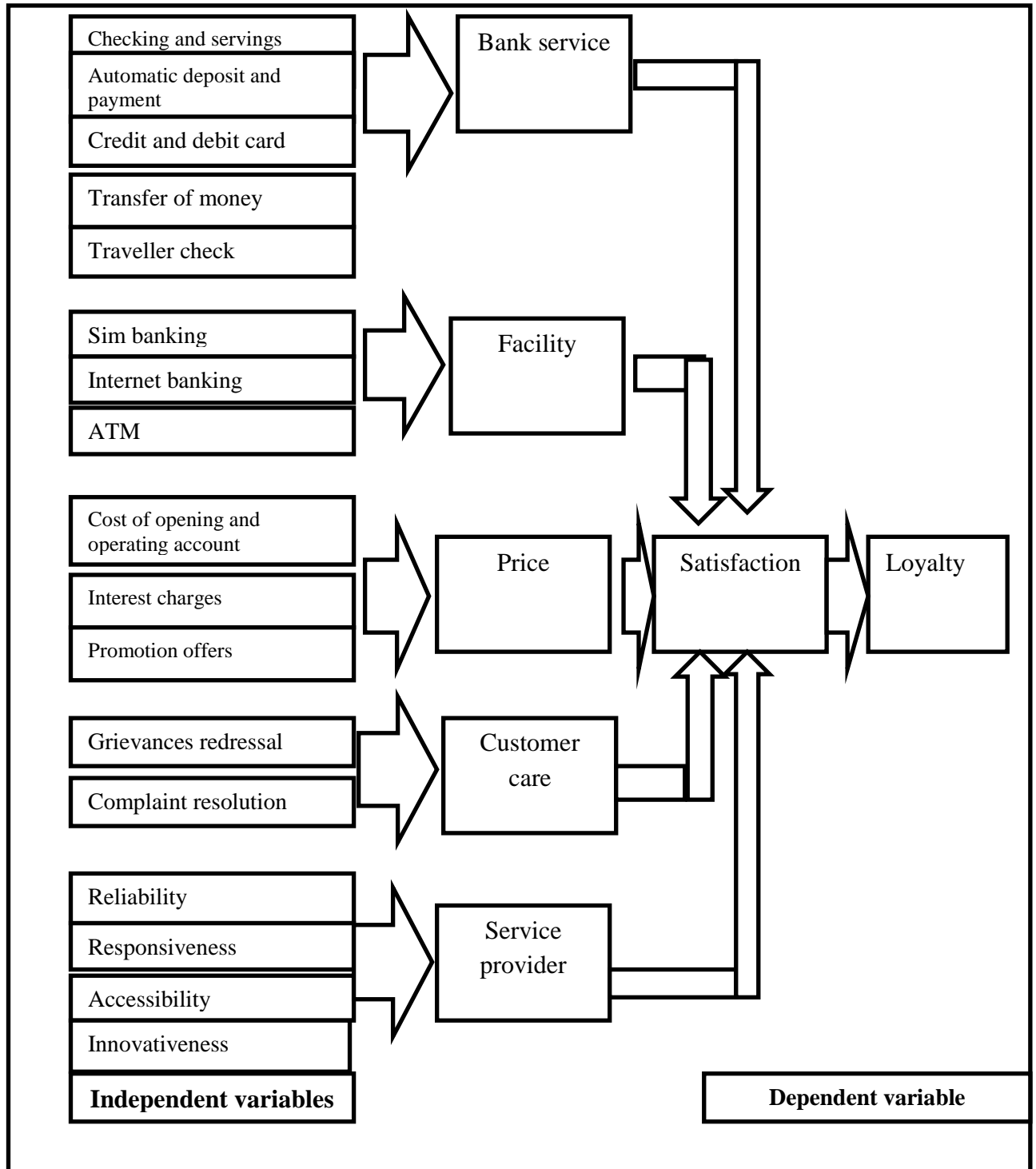
Addo and Kwarteng (2012) assess the determinants of customer satisfaction and the level of acceptability of services provided by private banks in Ghana, using the service quality dimensions. They surveyed 140 respondents to take their perception about the five dimensions of service quality as regards their banks. They analyzed the data using descriptive statistics, factor analysis and correlation.

Their results indicate that all the five dimensions of service quality are significant predictors of customer satisfaction in retail banks in Ghana. In addition, the result showed that responsiveness and assurance are the most valued service qualities with highest loadings. Finally they confirm direct link between customer satisfaction and loyalty.

2.6 Conceptual framework

The study quality service offered by the bank can be reflected in the following areas; facility offered, price of the products, customer care and bank service. Banking service can further be disintegrated into several other areas such as checking and saving account, automatic deposit and payments, credit and debit card, transfer of money, traveller check, sim banking, Internet banking, ATM, cost of opening and operating account, interest charges and promotion offers etc. study is constructed with the hypothesis that in order to satisfy the DTB bank customers the bank must insure that the fore mentioned attributes of service are attained.

Figure 2.1 Conceptual framework



Source: Researcher, 2015

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This part deals with research methodology. It presents the area of the study, research design, study population, sampling technique which will be used in data collection, and data collection methods which will be employed in the study. It also presents data analysis procedures which are to be applied in this study

3.2 Research Design.

Kothari, (1990) research design refers to a scientific designing of a research strategy. The function of research design is to provide a paradigm where relevant evidence can be collected with minimum expenditure of time, efforts and money. The researcher use case study design. The case study design was helpful for the researcher to come up with specific findings on the impacts of service quality on customer satisfaction and loyalty. There are so many DTB branches in Tanzania but the researchers decided to use that locate in Tanga. A case study is an in-depth comprehensive study of a person, a social group, an episode, a situation, a programme, a community, an institution or any other social unit (Krishna, 1993). Thus, the case study helped the researcher to be flexible in acquiring data as it employs more than one technique.

3.3 Area of the Study

The research was conducted at Diamond Trust Bank Tanga.

3.4 Research Approach

Study employed both qualitative and quantitative research approaches. Kothari (2009) provides two research approaches i.e. quantitative and qualitative. The quantitative approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion. This approach can be further sub-classified into in inferential, experimental and simulation approach to research. Qualitative approach is concerned with subjective assessment of attitudes, opinions and behavior.

3.5 Population sample and sampling procedures

3.5.1 Population sample

This study covered 555 DTB Tanga branch customers, employees and managers

3.5.2 Sample size

The study used 50 respondents drawn from management group, employees and customer group

Table 3.1: Distribution of sample size

S/ N	Sample distribution	Total number of employees/ customers	Number of respondent	Sampling technique
1.	DTB management	6	3	Purposive sampling
2.	DTB staffs	10	10	Purposive sampling
3.	Customers	539	37	simple randomly sampling
	TOTAL		50	

Source: Researcher, 2015

3.5.3 Sampling Technique

3.5.3.1 Simple randomly sampling

Sampling is a process of selecting a number of individuals for the study in such a way that the individuals selected represents the large group from which they were selected (Mugendi, 1999). With regard to the study, purposive sampling and simple random sampling methods was applied Simple random sampling refers to the procedures in which each person in the population has the same known probability of being selected. For example, according to Harambos (1993), the method is often achieved by assigning numbers to each sample unit and selecting members of the sample by using a random table. This is based on the fact that each member of the population under study has equal chance of being valued.

According to Krishna Swami, (1993) Simple random sampling technique gives each element an equal and independent chance of being selected. Simple random sampling was used to get representatives from different department or unit.

3.5.3.2 Purpose of Judgmental Sampling

This method means deliberate selection of sample units that confirm to some pre-determined criteria. It involves selection of cases which are judged as most appropriate area for the study and therefore, it is based on the judgment of the researcher. It does not aim at securing a cross section of a population (Krishnaswami, 1993). This study uses the purposive or judgmental sampling. By purposive sampling the researcher was able to select 3 respondents from the management.

3.6 Data Collection

Both primary and secondary data was collected in this study

3.6.1 Primary data collection methods

Data are facts, figures and other relevant materials, past and present, serving as a base for study and analysis. Some examples of data are sex, age, social class, marks obtained by the study of a class in a test on a particular subject, and the type of news read by newspaper reader (Krishna swami, 1993).

For this study, the researcher uses both primary and secondary sources. It is worthwhile noting that primary sources comprised interviews, observation, questionnaires, and various discussions and meetings for the purpose of generating information. Secondary sources in turn include journals, documents, official reports, internet sources and thesis. They were visited during the survey of literature review. The reason to adopt for several techniques is that there is a truth that the strengths of one method offset the weakness of other methods. The buildup of the data collection tools were based on the research objectives and research questions.

3.6.1.1 Interviews

This method according to Kothari, (2008:97), can be used through personal interviews and if possible through telephone interview. In collection of data, researcher used

structured and unstructured interview. In structured interview, the questions, their wording and their sequences were fixed and identical for every respondent. (Saunders et al 2005:312). This type is highly standardized and the interviewer follows rigid procedures, asking questions in a form prescribed. (Kothari, 2008: 98).

Unstructured interview was characterized by a flexibility of approaching to questioning; the interviewer was able to allow much greater freedom to ask in case of need, supplementary questions. The researcher was able to employ both types. The researcher prepared a set of questions that reflected the research objectives and question.

3.6.1.2 Questionnaire

The questionnaire is a method that permits the use of a set of questions to collect data and carry out the social research. Kothari (2003) argues that a questionnaire consists of a number of questions printed or typed in a definite order on a form or set of forms. There are two broad categories of questions that will be used in questionnaires such as structured or closed ended and unstructured or open ended questions. The collection of data through questionnaires has the following advantages Kothari (2004) gives the following demerits.

3.6.2 Secondary data collection

3.6.2.1 Documentary Review

The researcher also uses documentary review as for the acquisitions of first-hand information to assess the impact of quality service on customer satisfaction such as pamphlets, magazines, postcards research reports and so on.

3.7 Data Analysis and Interpretation

Kothari, (1990), defined the term analysis as the computation of certain measures along with searching for pattern of relationship or differences that exist among data groups. Information collected from the data collection techniques (interviews and documentary review) as well as data collection instrument (questionnaires) was presented qualitatively.

It involves key activities such as editing, coding, classification and tabulation. Aims of data analysis are the formulation of conclusion that can be used in decisions making in future situations. In this study data which will be collected will be edited, coded, interpreted and analyzed by means of Statistical Package for Social Science (SPSS). The findings were analyzed using both quantitative and qualitative approach. The analysis of qualitative data were done through analysis of themes as qualitative data are explained more in words to give clear interpretation while quantitatively data were analyzed in numbers, percentages and presented in tabular form.

3.7.1 Data Presentation

Data was presented using table, figure, and charts using frequency and percentage; this enabled simple understanding to the reader and the user of the research in the time of its need.

CHAPTER FOUR
PRESENTATION AND ANALYSIS OF FINDINGS

4.1 Introduction

Chapter 4 presents and analyses the researcher's findings on service quality and customer satisfaction of an organization. The data collected was primary got by the use of questionnaires.

4.2 Bibliographical Data

The researcher focuses on the gender of the respondents, age of the respondents, educational level of the respondents and the transaction duration of the respondents.

4.2.1 Age of the respondents

Table: 4.1: Age of the respondents

Age of the respondents		
Age	Frequency	Percent
18-28	27	54
29-38	12	24
39-48	5	10
49-58	4	8
59-above	2	4
Total	50	100

Source: Field data

Table 4.1 indicates that majority of the banks' customers and staffs are between 18-28 years old with a 54% others are between 29-58 years with 42% where those above 59 years of age are in the least with 4%.

4.2.2 Gender of the respondents

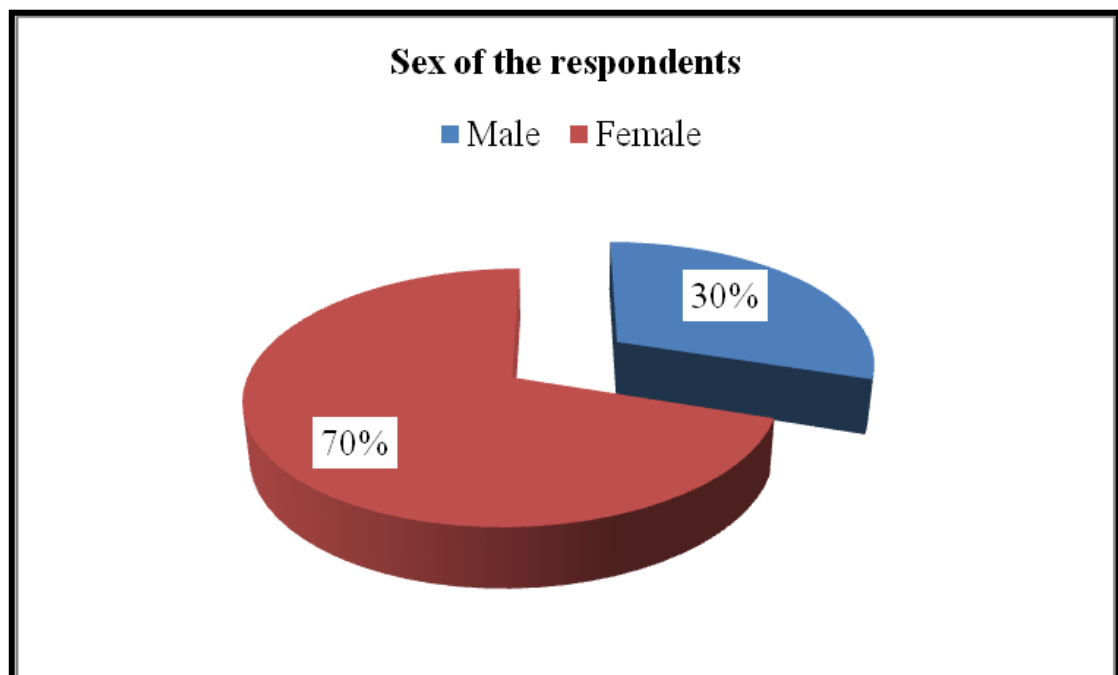
Table 4.2: Sex of the respondent

Sex of the respondents		
Sex	Frequency	Percent
Male	15	30
Female	35	70
Total	50	100

Source: Field data

Table 4.2 above and Figure 4.1 below indicates that the bank serve both male and female better enough to DTB female outnumber males as presented by 70% and 30%. This therefore show that the bank does not discriminate categories of customers and are gender sensitive

Figure 4.1 Gender of the respondents



Source: Field data

4.1.3 Education level of the respondents

Table 4.3: Education of the respondents

Level of education		
Education	Frequency	Percent
Primary	8	16
Secondary(form four)	25	50
Certificate	4	8
Diploma	2	4
Advance diploma	4	8
Degree	6	12
Masters degree	1	2
Total	50	100

Source: Field data

Table 4.3 shows that 37 (74.0%) were below certificate holders most being the DTB customers while 13 (26.0%) were above diploma holders. This means that most of the customers attained tertiary education and are not well educated.

4.2.4 Duration of Transaction by the respondents

Table 4.4: Transaction duration

Transaction duration	Frequency	Percent
1-3 years	3	8
4-5 years	30	80
Over 5 years	4	12
Total	37	100

Source: Field data

Table 4.4 show that the respondents is divided between those who have been in the organization for long and those who have spent few years in the organization which removes bias on the data collected majority have been with the bank for more than 4 years (92.0%) which show the high level of loyalty. This is followed by those who have been there for 1-3 years (8.0%).

4.2 Findings on the satisfaction levels of DTB customers in Tanga Branch

4.2.1 Fulfillment of the needs of customers by the bank

Table 4.5: Customer needs fulfillment

Customer needs fulfilment		
Likert scale	Frequency	Percent
Disagree	3	8
Neutral	22	60
Agree	11	30
Strongly Agree	1	2
Total	37	100

Source: Field data

Table 4.5 despite that most of the respondents were uncertain that bank do fulfill their needs as possess 22 (60.0%) of all respondents followed by those who agreed that the bank do fulfill their needs 11 (30.0%) and 3 (8.0%) do disagreed that the bank fulfill their needs the least were those who strongly agreed with 1 (2.0%) however there was no those who strongly disagreed. This showed that bank is not clearly displaying the service attributes that they render to the customers, which make most of them uncertain.

4.2.2 Effectiveness of the bank to address the problems of the customers

Table: 4.6: Problem solving on time

Effectiveness		
Likert scale	Frequency	Percent
Strong disagree	2	5.4
Disagree	2	5.4
Neutral	12	32.4
Agree	19	51.4
Strong agree	2	5.4
Total	37	100

Source: Field data

Table 4.6 show that 19 (52.4%) agreed, 2 (5.4%) strongly agreed 12 (32.4%) were uncertain/neutral 2 (5.4.0%) disagreed and 2 (5.4%) strongly disagreed that problem were been solved on time. And this do mean that bank do solve problem of people on

time but also uncertainty and the disagreement also show that there some doubt on the response of the bank to the customers.

4.2.3 Effectiveness of the bank to make solutions to the customers

Table 4.7: Duration of the response in making solution

Duration of the response in making solution		
Likert scale	Frequency	Percent
Strong disagree	2	5.4
Disagree	2	5.4
Neutral	12	32.4
Agree	19	51.4
Strong agree	2	5.4
Total	37	100

Source: Field data

From Table 4.7 showed that 4 (10.8%) denied that there was a quick response of the bank in finding solution of the rising solution. This might be due to the ATM machine which having a tendency of technical problem. 12 (32.4%) were uncertain while 19 (51.4%) asserted that the bank make a quickly solution of the rising problem.

4.2.4 Speed in service deliverance to the customers

Table 4.8: Speed in serving customers

Speed		
Lirket scale	Frequency	Percent
Strong disagree	1	3
Disagree	4	11
Neutral	3	8
Agree	17	46
Strong agree	12	32
Total	37	100

Source: Field data

Table 4.8 indicates that most of the customer accepted that the bank staffs do have speed in service delivering. This might be due to the fact that bank is private owned as 17 (46%) agreed, 12 (32%) strongly agreed whereas 3 (8%) where neutral or uncertain

and 4 (11%) denied and 1(3%) strongly denied that the bank staff do having speed in serving customers.

4.2.5 Customer care services

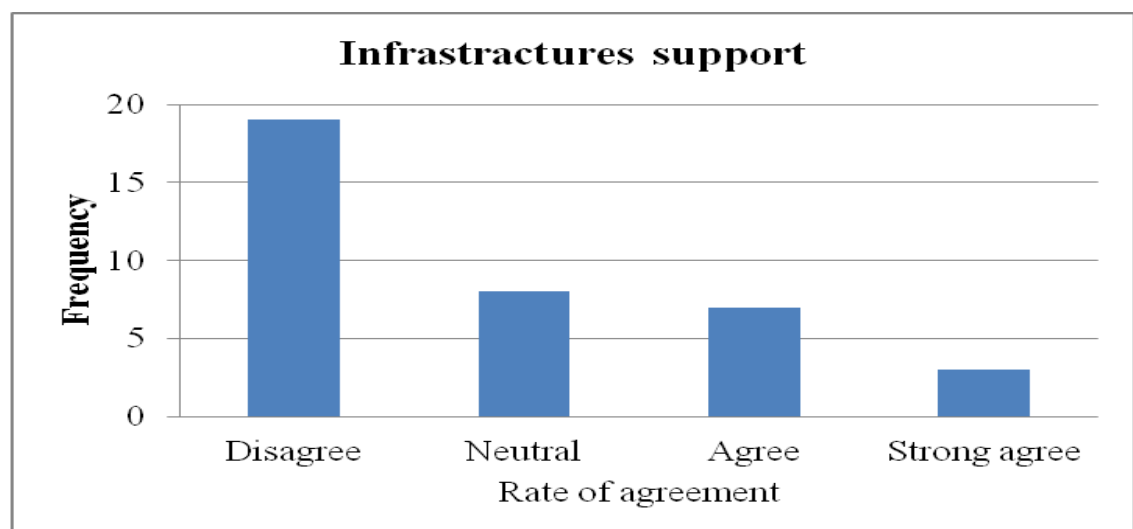
Table 4.9: Customer care services

Customer care		
Likert scale	Frequency	Percent
Disagree	4	11
Neutral	2	5
Agree	23	62
Strong agree	9	24
Total	37	100

Source: Field data

Table 4.9 show that most of that DTB customers accepted that the bank has a good customer care services and this however because of the competent staffs with skills to care for customers, such TV, drink water, waiting rooms, and chairs while depositing or withdrawing money from cashiers as well as kind receptionist become a most attractive to the customers. Those who denied perhaps just because there was no physical presentation of what is called customer care service.

Figure 4.2 Reliable, convenience and accessible infrastructure in service delivery by the bank

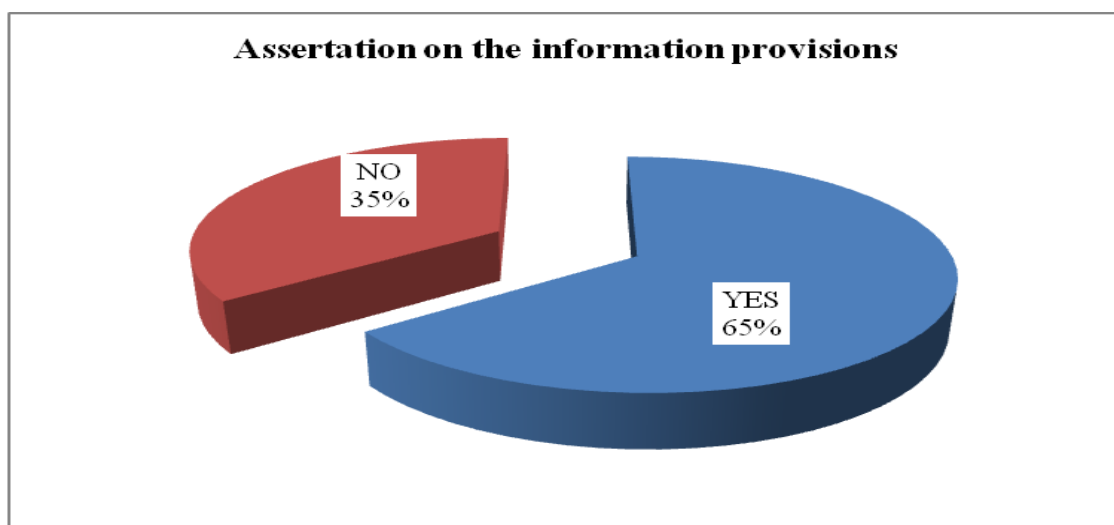


Source: Field data

As it can be showed from the Figure 4.2 above most of the respondents denied that the bank has a satisfactory infrastructure support this was mainly caused by the facts that there were some of the equipments which the bank lacks such as automatic deposit and payments cards, the credit cards and internet banking.

4.3 Factors which may affect the quality of service rendered by the bank

Figure 4.3 Spread of information



Source: Field data

As indicated in figure 4.3 most of the customers (65%) asserted that there is a spread of information based on the bank transaction as well as new bank packages and this is done through mobile phone. Whereas those who denied were (35%) and this was due to the reason that sometime some people do not gate information on time.

4.3.2 Channels of Information

Table 4.10: Information channels

Information channels	Frequency	Percent
Website	4	11
Mobile phones	30	81
Post cards	3	8
Total	37	100

Source: Field data

Table 4.10 point out that 30 (81%) they were been informed through mobile phone, this channel is being used by the bank the main reason being the fact that almost every customer posses mobile phone to use 4 (11%) gate information from the bank website and 3 (8%) through postcards however the researcher find out that the bank perhaps do not use radio and television to advertise brands and financial packages as neither of the customers have outline such channel.

4.3.3 Opening and operating account expenses

Table 4.11: Expenses in opening and operating account

Cost	Frequency	Percent
Very expensive	4	10
Expensive	23	63
Normal	10	27
Total	37	100

Source: Field data

Customers do feel that still cost of opening and operating account is still very much expensive and there is a great need to be reduced to raise satisfaction. As it can be observed in the table 4.11 that most of the customers have rated price of opening account as expensive with 23 (63%) very expensive 4 (10%), 10 (27%) rated the price normally. However no customer has rated the price cheap or very cheap..

4.3.4 Innovation and use of modern technology

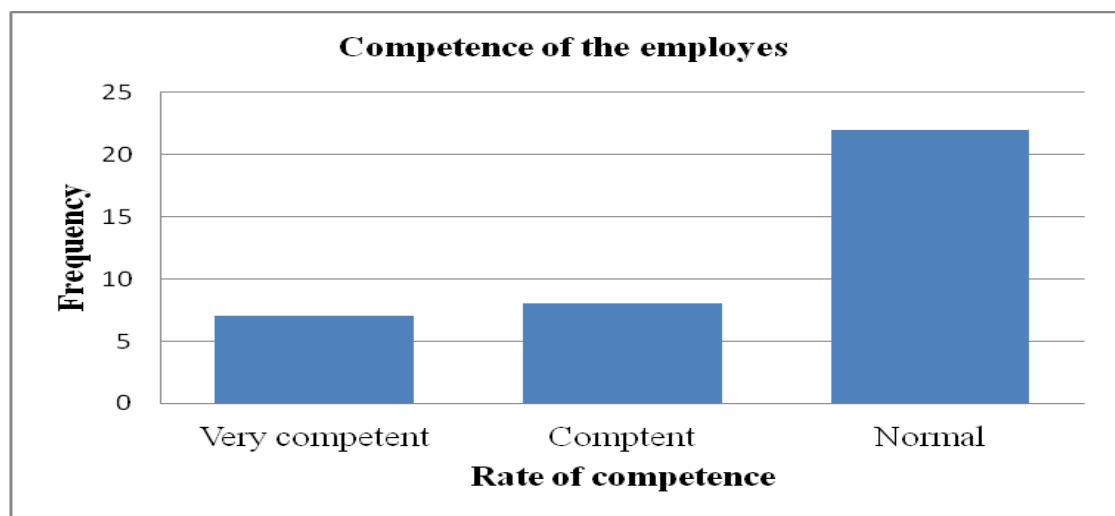
Table 4.12: Money transfer tools

Money transfer tools	Frequency	Percent
ATM	1	3
Sim banking	11	30
credit cards	6	16
automatic deposit and payment cards	19	51
Total	37	100

Source: Field data

Also the researcher aimed to find out on the use of modern technology and its influence to the customer satisfaction. Such as the use of modern technology like ATM machines, Sim banking, credit cards and automatic deposit and payment cards as well as online banking. The findings despite that most of the customers are with great interest and conscious to use automatic deposit and payments cards 19 (51%) followed by those interested with Sim banking with 11 (30%) credit cards 6 (16%) and ATM 1 (3%) as it can be showed in the Table 4.12 above. Perhaps this caused by the facts that most of the customer do not want to go to the bank house for transaction service they just need a simplified means for transaction as most of them are the employees of several companies like Mamujee company, Pee pee Tanzania LTD and Tanga pharmaceutical plastic limited. They are very busy to visit the branch every day.

Figure 4.4 Competence of the DTB employees



Source: Field data

The figure 4.4 is skewed to the left this does mean that the skills of the staff moves from very competent to normal. Those who rated very competent were 7 (18.9%) those who rated them competent were 8 (21.6%) while most of the customers with 22 (59.5%) rated the DTB staff with normal competence in serving the customers. Although neither of the customer rated the staff less competent or very less competent

in serving the customers. This do implies that there is a need of training for available staffs and recruiting of other professional staffs.

4.4 Impacts of service quality on customer loyalty: an evaluation

4.4.1 Customer loyalty attributes

Table 4.13: Customer loyalty

Agree or disagree on the following statement	Agree Frequency	Disagree Frequency	Agree Percent%	Disagree Percent%
I will always use this bank in every my bank activities/transaction	19	18	51	49
I seldom consider switching away from this bank	10	27	27	73
I will never change this bank even if I found another bank which offer better service than this	9	28	24	76
I will always say positive thing about the bank	14	23	38	62

Source: Field data

The findings from the Table 4.13 show that most of the customers do agreed to use the bank in making their daily transaction with 19 (51%) while 18 (49%) denied, those who said that they would not switch to another bank were 10 (27%) while most of them with 27 (73%) said they will switch to another bank whenever there is an available option. Also most of the customers were very ambitious to change the bank with 28 (76%) and 9 (24%) wanted to remain with the bank even when the new bank emerge. Lastly 14 (38%) agreed to speak a positive things about the bank whenever they are while 23 (62%) denied to do so. Generally the finding show that some people are very loyal to the bank while others not it may be caused by several factors not limited to option of the bank tools, overdraft facilities, speed and customer care services of the bank.

4.4.2 Overall service offered by the bank: perception of the customers

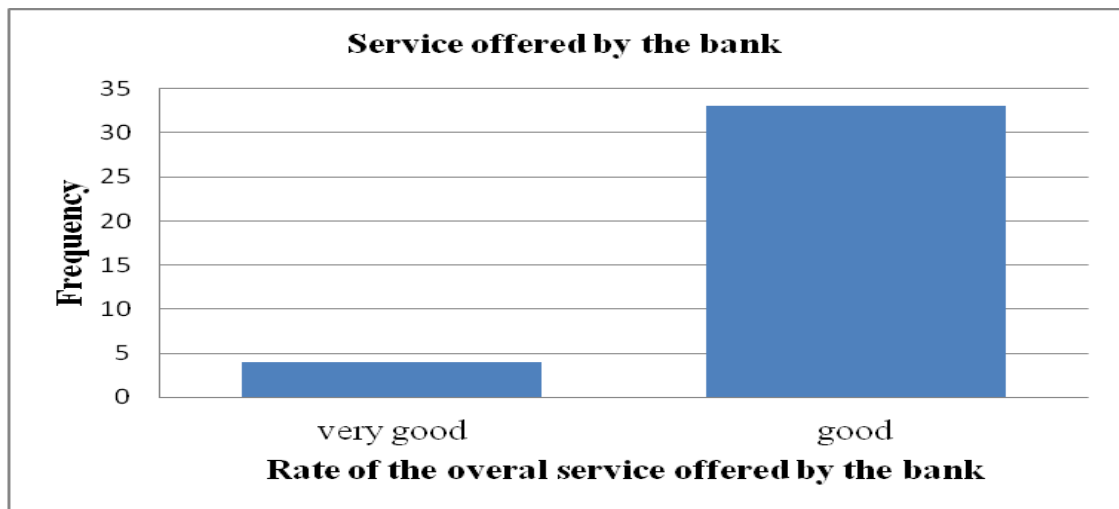
Table 4.14: Overall service offered by the bank

Rate of the overall service offered by the bank		
	Frequency	Percent
Very good	4	11
Good	33	89
Total	37	100

Source: Field data

Table 4.14: Clearly indicates that generally most of the customers do appreciate the service offered by the bank, this is caused by the facts that the bank is private owned for such reason the bank always strive to offer excellence service to its customers in a very competitive way. As the respondents who said very good service were 33 (89%) while the respondent who said very good were 4 (11%) by the way no respondent (s) who rated that bank offer either bad service or poor service. It can also be displayed in the Figure 4.5 below:

Figure 4.5: Service Offered by the Bank



Source: Field data

Bank with small extent, very small extent or very large extent. This implies that the service offered by the branch is averagely satisfactory Figure 4.5: Service offered by the bank

Also a question was posed to 10 (100%) officers asking “*do you considered yourself successful in offering quality service*” 6 (60%) accepted that they do offer a quality service while 4 (40%) denied, those who denied give reasons like lack of facilities such as overdraft facilities, advertising strategies as well as clear customer care policy as they condemn that most of the facilities are centrally organized in the headquarter (HQ).

Another question was to “*rate the extent offering quality service*” those who rated large extent were 4 (40%) of all officials and normal extent were 6 (60%) of all officials. On other side there was no official who rated the.

Quality assurance manager said that when asked about what are they doing in improving service “*we have so many plan to improve our service to become better, this branch have been established in 2010 but you can observe a lot of success over here, others are minor challenges our focus now is to win the customers as much as we can...*” [Field response]

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study assessed the impact of service quality on customer satisfaction in a banking sector of Tanzania in DTB bank Tanga. The previous four chapters have laid a basis on which this report can be rounded up. In chapter One the background and problems of the study were given and the study variable indicated, the independent variable Service Quality and the dependent variable which include customer satisfaction. Chapter three outlined the methodology adopted for carrying out the study. In chapter four the findings were presented and interpreted. In this chapter discussions and conclusions of the study finding will be drawn upon which recommendations will be made.

5.2 Summary of the major findings

5.2.1 Service quality and satisfaction level of DTB customers in Tanga branch

In assessing the quality service attributes (dimension) of the service rendered by the bank. The researcher succeed in finding out that most of the customers were uncertain whether if the bank do fulfill the needs and denied about the convenience of the bank infrastructure to support their transaction although most of them agreed on the speed and the effectiveness of the bank to solve problem and making solution in timeline as well as the better customer care service.

5.2.2 Factors affect the quality of services provided by the DTB

Some of the factors which found to be bank strength were the capacity of bank to spread information and updating their customers using mobile phones though some weaknesses were found on the expense of opening and operating the account as well as the competence of DTB staffs was averagely rated. Most of the customers who responded to this study in opening questionnaires suggested on the use of modern technological tools like such as credit cards and automatic deposit and payments cards to easing the transaction as well as online banking which so far not used by the bank.

5.2.3 Impact of service quality on customer loyalty

This study found unsatisfactory findings when it comes to the quality of service offered by the DTB bank and the loyalty of the customers. They agreed to use the bank in their transaction activities but they denied to stay with the bank when another bank with better service emerged as they are ready to switch and to change the bank not only that but also majority of the customers are not ready to speak only positive things about the bank.

5.3 Conclusion

Considering the above discussion it can be concluded that DTB bank applies most of the attributes of service quality whereas some of these attributes have got weaknesses in them which needs to be addressed as the matter of fact. Some weaknesses are cost of opening and operating account, competency of the workers as well as lack of technological equipments like credit cards and online banking also the level of the customer satisfaction in DTB bank is moderate according to results since the greatest number of customers' expectation are met.

5.4 Recommendations

These recommendations are based on the study findings and aim at establishing service quality which will eventually lead to customer satisfaction. Therefore management should pay attention to service quality and other factors which may lead to customer satisfaction.

Although some managers may believe that quality aspects of the exchange are beyond their control, it's evident that managers of service need to recognize and accept that service quality will inevitably take place and that it has a significant effect on both the customers and worker's perception of the service.

Management can avoid poor service quality which leads to customer dissatisfaction in the following ways:

- There should be an effective examination of each individual need people should not be looked up in wholesome

- Employee should be trained and appreciated to improve on service quality for the work they have done
- Modern technology and innovation should be applied to easing transaction method to increase customer satisfaction very particularly credit card and automatic payment and deposit card as well as online banking
- Customer should be attracted and motivated especially the implementation of overdraft policy and strategies so as to retain the big customers and then to enhance loyalty.

5.5 Area for further research

The research was carried out on service quality and customer satisfaction at DTB bank from the findings, there is a gap on where employee motivation should be a function of customer satisfaction

There is a need to research on the effect of quality on brand loyalty

There should be an exhaustive research on factor affecting customer satisfaction

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APPENDICES

Appendix I: Questionnaires for customers

I'm a master student at the Mzumbe university Tanga Centre MBA-Corporate Management I kindly requesting you to complete the following questionnaire as the aim of this study is to examine the impacts of Service quality on customer satisfaction in banking sector in Tanzania a case study of Diamond Trust Bank Ltd Tanga . The information that you will give would have value and benefits to you as a customer, to the management and to the bank as well. Note that all these information will be treated as confidential and used only for academic purposes and not otherwise, so you are requested to feel free when you fill this questionnaire.

Respondent's characteristics

1. Age of the respondents

- a) 18-28 ()
- b) 29-38 ()
- c) 39-48 ()
- d) 49-58 ()
- e) 59-above ()

2. Sex of the respondents

- a) Male ()
- b) Female ()

3. Level of education

- a) Primary ()
- b) Secondary ()
- c) Colleges ()
- d) Advanced diploma ()
- e) Bachelor degree ()
- f) Master's degree ()
- g) Others (please specify)

4. What is your occupation?

- a) Self-employed ()
- b) Employed ()
- c) Business person ()
- d) Jobless ()

5. What is your job position?

- a) Manager ()
- b) Officer ()
- c) Staff ()
- d) Customer ()

Objective I

To examine the satisfaction level of DTB customers in Tanga branch

The following question aims to assess the degree of satisfaction of service offered by the bank. Please indicate your opinion by circling the appropriate number using the scale below:

1	2	3	4	5
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

Customer satisfaction on the quality of service	1	2	3	4	5
The bank is exactly what I need					
The DTB bank address problem as soon as it arises					
If there is a problem the bank finds solutions as soon as possible					
The bank offer fast and efficient services					
The bank gives breadth and depth customer service					
There is a convenience, accessible and reliable infrastructure of the bank i.e. ATM, packing, waiting place, fast track etc. during the transaction					

Objective II

To identify the factors which may affect the quality of services provided by the DTB bank at Tanga Branch?

1. Are you given information and transactions updates by the banks as soon as they have risen?
 - a) Yes ()
 - b) No ()
 - c) Don't know ()

2. If question number one is yes please specify which are the means of the communication used by the bank to spread the information among the following?
 - a) Radio ()
 - b) TV ()
 - c) Sim banking ()
 - d) Internet banking ()
 - e) Postcards ()
 - f) Others please specify.....

3. How do you rate the price of opening and operating the accounts of the DTB?
 - a) Very expensive ()
 - b) Expensive ()
 - c) Normal ()
 - d) Less expensive ()
 - e) Not expensive ()

4. Which among of the following banks packages (products) when given can increase your level of satisfaction
 - a) ATM cards ()
 - b) Credit cards ()
 - c) Automatic deposit and payment cards ()
 - d) Internet banking ()
 - e) Sim banking ()

5. Is the bank do offer you the following products or service i.e. traveller check checking, serving account as well as money transfer service?
- a) Yes ()
- b) No ()
- c) Don't know ()
6. How do you rate the competence, skills and knowledge of DTB staffs in rendering bank service?
- a) Very competent ()
- b) Competent ()
- c) Normal ()
- d) Less competent ()
- e) Not competent ()

Objective IV

To evaluate the impact of service quality on customer loyalty

7. Agree or disagree on the following

Agree or disagree on the following statement	Agree	Disagree
I will always use this bank in every my bank activities/transaction		
I seldom consider switching away from this bank		
I will never change this bank even if I found another bank which offer better service than this		
I will always say positive thing about the bank		

8. How do you rate the overall service offered by the bank?
- a) Excellent
- b) Very good
- c) Good
- d) Poor

9. As customer what should it be done to improve quality service of the bank to increase your satisfaction level as well as to make you loyal mention at least five?
- a)
 - b)
 - c)
 - d)
 - e)

Appendix II: Questionnaire for the DTB staffs for objective I and II

I'm a master student at the Mzumbe university Tanga Centre MBA-Corporate Management I kindly requesting you to complete the following questionnaire as the aim of this study is to examine the impacts of Service quality on customer satisfaction in banking sector in Tanzania a case study of Diamond Trust Bank Ltd Tanga . The information that you will give would have value and benefits to you as a customer, to the management and to the bank as well. Note that all these information will be treated as confidential and used only for academic purposes and not otherwise, so you are requested to feel free when you fill this questionnaire.

1. Age of the respondents
 - a) 18-28 ()
 - b) 29-38 ()
 - c) 39-48 ()
 - d) 49-58 ()
 - e) 59-above ()
2. Sex of the respondents
 - a) Male ()
 - b) Female ()
3. Level of education
 - a) Primary ()
 - b) Secondary ()
 - c) Colleges ()
 - d) Advanced diploma ()
 - e) Bachelor degree ()
 - f) Master's degree ()
 - g) Others (please specify)
4. What is your occupation?
 - a) Self-employed ()
 - b) Employed ()
 - c) Business person ()
 - d) Jobless ()

5. What is your job position?
 - a) Manager ()
 - b) Officer ()
 - c) Staff ()
 - d) Customer ()

6. Do you considered yourself successful in offering quality service to the DTB customers?
 - a) Yes ()
 - b) No ()
 - c) Don't know ()

7. If number 6 is yes to what extent have you succeed to offer such services?
 - a) Very large extent ()
 - b) Large extent ()
 - c) Normal ()
 - d) Small extent ()
 - e) Very small extent ()

8. If question number 6 is no why? Please mention at least two reasons
 - a)
 - b)
 - c)

9. Have you ever attend any customer care training in a nearby time?
 - a) Yes
 - b) No
 - c) Don't know

Appendix III: Interview guide for objective III

- i. Age of the respondents
- ii. Level of education.....
- iii. Position.....
- iv. Do you think that the quality control policy do satisfy your customers?
- v. Do you think your quality control departments do fulfill the needs of customers?
- vi. Do you have tendency to train and develop employees to enhance quality services?
- vii. What steps do you often take to improve customer satisfaction and loyalty?
- viii. As a manager what would you suggest as steps to improve customer satisfaction at DTB?
- ix. Do you think customer dissatisfaction has influenced the low rank i.e. six (6) position of DTB among top 10 banks in Tanzania?