AN ASSESSMENT OF MEMBERS SATISFACTION WITH THE CREDIT SERVICES OFFERED BY EMPLOYEE BASED SACCOS IN TANZANIA.

A CASE OF RUANGWA TEACHERS SACCOS

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A CASE OF RUANGWA TEACHERS SACCOS

BY

RASHID SAID KILAMBO

A dissertation Submitted in Partial Fulfilment of the Requirements for Award of the Degree of Master of Science in Entrepreneurship (MSc- Entrep) of Mzumbe University

JUNE, 2015

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled AN ASSESSMENT OF MEMBERS SATISFACTION WITH CREDIT SERVICES OFFERED BY EMPLOYEES BASED SACCOS IN TANZANIA**: The Case of Ruangwa Teachers SACCOS,** in partial/fulfilment of the requirements for award of the degree of Master of Science in Entrepreneurship of Mzumbe University.

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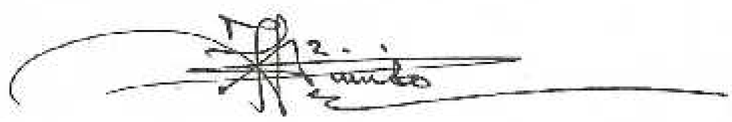
Signature 

Date **21st October, 2015**

DEDICATION

This study I'm dedicating to my dear wife, Elizaberth Mourice (Mrs. Kilambo) and to our beloved kids Geofrey, Aan, Goodman and Hayana. I gracefully dedicate this Master dissertation with all my love and to all people who in one way or another have inspired and encouraged me in the accomplishment of this research work.

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I would like to express my sincere appreciation and gratitude to all people who have contributed and finally enabled me to accomplish this research study for their moral support, guidance and wise encouragement.

Almighty God for keeping me alive, healthy, everlasting love and providence.

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To my Entrepreneurship class at Mzumbe university main campus for their companions, understanding and moral also material support during the course work. God bless you tremendously.

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While I share the credit of this Master's dissertation with all the above mentioned people, institution's, the responsibility for any errors, shortcomings or omissions in this dissertation is solely remain to me.

I thank you all.

LIST OF ABBREVIATIONS

MFIs	-	Microfinance institutions
VICOBAs	-	Village Community Banks
SACCOS	-	Savings and Credit Cooperative Societies
VSLAs	-	Village Savings and Lending Associations
BOT	-	Bank of Tanzania
ROSCAs	-	Rotating savings and Credit Associations
IFAD	-	International Fund for Agricultural Development
SPSS	–	Statistical Package for Social Science
SERVQUAL	-	Service Quality
RUTESCO	–	Ruangwa Teacher Savings and cooperative
URT	-	United Republic of Tanzania
CMRP	-	Cooperative Modernization Reform Programme
ICA	-	International Cooperative Alliance
ATM	-	Automatic Teller Machine
CSI	-	Customer Satisfaction Index
NGOs	-	Non Government Organizations
RSPD	-	Ruangwa Strategic Plan Document

ABSTRACT

This master dissertation was sought to find whether the SACCOS members are really satisfied with quality of credit services offered by employees based SACCOS in Tanzania. Specifically to determine the perceptions of the SACCOS members toward the credit service offered by their institution, assessing the level of members' satisfaction with credit service quality offered by SACCOS and determining the best attributes dimensions in the SERVIQUAL model to members satisfaction.

Methodology – The study was quantitative and used Cross-sectional design in the collection of data from the respondents, using structured questionnaires to 120 samples out of 352 total RUTESCO members; in which (116) 96.67% were found to be suitable for analysis. The questionnaires were developed from generic SERVQUAL instrument made up by 22 items and the main analysis was based through the model. The questionnaires were distributed using a convenience sampling technique to respondents.

Findings: - The study showed that, the general perceptions of the members toward credit Service quality is high about (5.595) out 7 maximum possible score, this value indicates that SACCOS is doing good to fulfill the wants/expections of the members in credit delivering service. The Overall perceived credit service quality attained by members from their institution is good about 5.4741 out of 7 maximum score and this value indicates 78.20% satisfaction index attained by the members when contacting with the institution; findings also revealed that Responsiveness and Reliability are the best attributes of overall perceived credit quality to RUTESCO members. Furthermore about 89.6% of respondents still need the workplace SACCOS.

Research implications:- *Theoretically*, the study implies that the SERVQUAL model is the best tool to use in understanding and measuring members satisfaction for credit delivering service in SACCOS as Microfinance institution. *Practically* the study imply that, RUTESCO is providing the satisfactory level of credit service quality demanded by their members. The findings suggest that RUTESCO need some major and minor improvements on Tangibles, assurance and empathy sub dimensions items found with negative gap (s) from the gap score analysis carried.

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INTRODUCTION

1.0 Introduction

This Chapter deals with the background of the study, a statement of the problem and purpose of the study. The party will also look for the Research Objectives, Research Questions, Justification of the study, the significance of the study, as well as organization of the study . The researcher also highlighted the scope and limitations.

1.1 Background Information

Microfinance is made up of the provision of financial services as well as the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low-income clients (Asiama and Osei, 2007). The products include savings, loans, insurance and other related financial products and services.

Microfinance institutions (MFIs) in Tanzania operate under three categories. First, formal MFIs which are deposit taking and subject to prudential regulatory oversight by the Bank. Second, semi-formal MFIs which are formally licensed but subject to limited regulatory oversight. These include Savings and Credit Cooperative Societies (SACCOS), Credit Only Companies and Financial NGOs. Third are informal MFIs, which are community based organizations and are not subjected to any regulatory oversight. These self-regulated institutions include Village Community Banks (VICOBAs), Rotating Savings and Credit Associations (ROSCAs) and Village Savings and Lending Associations (VSLAs).

The semi-formal MFIs serve the largest number of clients through SACCOS. As at end March 2013, there were 5,559 SACCOS operating in the country of which 3,043 were in rural areas. Membership stood at 1,153,248 of which 1,128,617 were individuals and 24,631 were community based organizations including VICOBAs, ROSCAs and VSLAs indicating outreach to unbanked population (BoT, 2013).

SACCOS in Tanzania have been established since 1980s (Maghimbi, 2010); Since their establishment SACCOS play important role in providing the financial services in both rural and urban areas. Moreover, SACCOS are considered to be more important in rural area of Tanzania because they are semi-formal financial institutions which serve many inhabitants in rural areas (Wangwe, 2004). SACCOS also operate by focusing not only on the profit but also the welfare of members. Hence SACCOS have helped to provide the financial services to their clients who could not easily served by formal banks, thus these institutions have solved the problem of capital inadequacy for people in Tanzania.

According to Adjei and Arun (2009:3), “the vision of the founders of microfinance was to supply formal financial services to poor people, who were shunned by banks because their savings were tiny, their loan demand was small, and they lacked loan collateral to offer in exchange of credit. SACCOS addresses the financial needs of Majority of Tanzanian employees, the services including Savings delivery Services and Credit delivery Services. Since SACCOS are based on Member Prospective, an attention must be drawn to develop quality products and services, based on the members needs and interests. Building quality products and excellent services for members satisfaction is a linchpin for any serious business enterprises like SACCOS in order to prosper and going concerns, therefore SACCOS must invest in member’s foot, because the satisfied members in SACCO’s business would place more funds with the cooperative.

SACCOs must consider its specific situation and its members’ needs and expectations. This will in turn improve members’ retention, improve products and identify those that are most profitable members. One of the ongoing challenges faces SACCOs in Tanzania is optimizing members satisfaction and developing clients Relationship Management, thus in order to raise clients satisfaction levels SACCOs must invest in selecting the correct people who not only have the functional, technical competence but also have the right attitude (BoT, 2013). SACCOS like other MFIs are losing customers because of both aggressive competition and MFIs weaknesses to satisfy their clients, (Urquizo, 2006). This simple description shows why MFIs are concerned about customer satisfaction and retention. It also justifies why they must “pay attention to understand their customer’s preferences and priorities. (IFAD, 2007) to survive in a competitive environment, the microfinance industry has been slow in becoming more “market oriented” and it seems that customer satisfaction is one of the most important tools to run a business and to achieve the mission statement (on sustainability and outreach) in this sector. In this perspective, firms must focus on customers satisfaction, studying and determining as soon as possible the customer satisfaction level, to adjust the product to customer needs. Indeed, customer satisfaction has great significance for the future of an institution and it is seen as a basis for securing market position and achieving other objectives of the institutions (Koraus, 2002); cited by (Kanyurhi, 2013).

The focus on customer-centric marketing philosophies has received considerable attention in the marketing literature by scholars and practitioners. Both practitioners and scholars are increasingly looking for ways to understand, attract, retain and build intimate long term relationship with profitable customers (Kotler & Keller, 2006) & (Gronroos, 1994). One of the key areas in the customer-centered marketing paradigm is ensuring that existing customers are satisfied. As a result organization have been studying and developing strategies to satisfy customers and achieve customer delight. According to research, a very satisfied customer is nearly six times more likely to be loyal and to re-purchase and recommend a product/service to family and friends than a customer who is just satisfied. It is again believed that satisfied customers tell five other people about their good treatment, and that five-percent increase in loyalty can increase profits by 25% - 85%. Conversely, the average customer with a problem eventually tells eight (8) to ten (10) other people Limayem, Hirt & Cheung (2007). Numerous studies have established the fact that customer satisfaction drives customer retention and loyalty Heskert, Sasser & Schlesinger, (1997); Reichheld & Sasser (1990). It has believed that the average business spends six (6) times more to attract new customers than to retain old customers. Customer retention is therefore basically a product of customer loyalty and value which in turn is a function of the level of customer satisfaction or dissatisfaction, Reichheld & Teal (1996).

Organisations that have a long-term perspective for growth are, therefore, increasingly developing measures to ascertain customer satisfaction/dissatisfaction. While effective customer complains can be used to ascertain, it has its own shortcomings since the average business firm never hears from 96% of their unhappy customers and 91% will never come back; they get back; only 4% of dissatisfied customers will complain (Wothke & Arbuckle, 1996). Customer satisfaction is a subject with a lot of interest in both the marketing and finance literature. Greater emphasis on customer satisfaction has given birth to multiple studies and innovative methodologies to assess and to understand customer behaviour. Parasuraman, Zeithaml, & Berry, (1994) are among the most well-known researchers who assessed customer satisfaction and quality of services using SERVQUAL scale measurement. The SERVQUAL method from Parasuraman et al is a technique that can be used for performing a gap analysis of an organization's service quality performance against customer service quality needs. SERVQUAL is an empirically derived method that may be used by a service organization to improve service quality. The method involves the development of an understanding of the perceived service needs of target customers. These measured perceptions of service quality for the organization in question, are then compared against an organization that is "excellent". The resulting gap analysis may then be used as a driver for service quality improvement. SERVQUAL takes into account the perceptions of customers on the relative importance of service attributes. In today’s business environment with tight margins and fierce competition, the customer experience is what determines whether a business will be successful or not. Due to this realization, SACCOs must embrace the customer relationship focused culture to gain a competitive edge. This study is dedicated to use SERVIQUAL model in assessing members’ satisfaction with the quality of credit service offered by employee based SACCOS in Tanzania; using Ruangwa Teachers Savings and Cooperative as a study case.

1.2 Statement of problem

The root of this study emanated principally due to the fact that there is no enough evidence of empirical study in Tanzania in the area of member satisfaction on the quality of credit service offered by SACCOS as microfinance institutions using SERVIQUAL instrument. Most studies in Tanzania have been conducted on microfinance SACCOS in particular concentrate only on three key areas- outreach to the poor, sustainability of the institutions and impact among clients. There are some few studies which have been done overseas on microfinance institutions like those of (Urquizo, 2006), (Kwame, 2012), (Kanyurhi, 2013); & (Bernasek, 2003) on customer satisfaction on microfinance institutions banks in particular but not on SACCOS. Microfinance clientele now days becoming more sophisticated concerning the quality of service they required or expects. The microfinance sector is losing customers because of both the aggressive competition and MFIs' weakness to satisfy their clients (Urguizo, 2006). To survive in a competitive environment, microfinance industry is quite slow in becoming more "market oriented" and it seems that customer satisfaction is one of the important tools to run a business and to achieve the mission statement (on sustainability and outreach) in this sector (IFAD, 2007).

A successful business, recognize that superior customer service is only an intermediate step toward the goal of customer satisfaction. The business entity which seeks to go beyond customer satisfaction, striving for customer astonishment, and provide the services as their customers define those terms. Today in our society customer service has become a lost art, an example of the study done by (Pfeffer, 2002) shows that 46% of the customers had walked out because of poor service, the penalties associated with providing poor quality customer service can be severely harmed the organizations, cited by Zimmerer , Scarborough &Wilson (2008). It is the goal of any business undertakings to provide a product or service, and to do so with outstanding of service quality. When a business enterprise provides great service, then customer satisfaction will be high. However, many businesses fail in their endeavours to please their clientele, and this will lead to customer dissatisfaction as a results business lack sustainability and growth. High levels of customer satisfaction lead to reduced price sensitivity, lower chances of switching to competitors, increased number of referrals and repeat purchase and further this may lead to higher profitability of any business undertakings. In this regards there is the need to increase understanding on members satisfaction for the quality of credit service offered by Employees based SACCOS in Tanzania in order to provide management of SACCOS with an empirical results which may help to develop the effective strategies and finally achieving the goals of Transformation of Cooperatives Societies in Tanzania into viable economic enterprises, which basically fulfill two basic conditions that are *profitability* (Commercial Settings) and *Catering Member social needs*. In view of the above statement, the central problem in this research project is *how can we determine whether the SACCOS members are really satisfied with quality of credit services offered by employees based SACCOS in Tanzania?*

Therefore to answer the central problem, this study wants to assess the Members satisfaction with the quality of credit services offered by employee based SACCOS in Tanzania, and experiences will be drawn from Ruangwa Teachers Savings and Cooperative Society in Lindi Region using the SERVIQUAL instruments**.**

1.3 Objectives of the Study

A research objective is statement in a precise terminology as possible of what the aim of the research study information is. Research objective tell what a researcher wants to achieve at the end the study.

1.3.1 General Objective of the Study

The primary objective of this research is to assess whether employee based Savings and credit co-operatives members are satisfied with the quality of credit services offered by their organization.

1.3.2 The Specific objectives includes:-

i. Determining the perceptions of SACCO's members towards the quality of credit services offered by their institution.

ii. To assess the level of members' satisfactions with the quality of credit service offered by the SACCOS.

iii. To determine the most important SERVIQUAL dimensions that matter most to SACCO's members and that bring them satisfaction.

1.4 Research questions

The subject matter which is addressing in this study is service quality and members satisfaction using the SERVQUAL model in SACCO's business setting's. In here the researcher is interested in the dimensions of service quality from the SACCOS member's perspective through assessing their expectations and perceptions of quality of credit service offered by their institution. Therefore the study specifically will like to answer the following research questions;

i. How do SACCO's members perceive the quality of credit service offered by employees' based SACCOS?
ii. Are the SACCOS members satisfied with the quality of credit service offered by employee based SACCOS?
iii. What are the most important SERVIQUAL dimensions that matter most to SACCO's members and that bring them satisfaction?

1.5 Significance, rationale/Justification and limitation of the Study

1.5.1 Significance/rationale for the study

Assessing the members' satisfaction of the quality of credit service offered by employee based SACCOs in Tanzania is important because it will identify and diagnose the service quality gaps that exist within the employee based SACCOS. Identification and diagnosis of the gaps will assist with a more focused problem prescription process by management of SACCOS in Tanzania. Ultimately, the results of this study nature will help to increase the efficiency and effectiveness of SACCOS and hence achieve the goals of Transformation of Cooperatives into viable economic enterprises in Tanzania, which basically fulfill two basic conditions that are profitable (Commercial Settings) and Catering Member social needs. This is based on the promise that cooperatives are formed to serve needs of members and extend individual capacity through shared service needs this is according to the Cooperative Modernization Reform Programme - United Republic of Tanzania (URT- CMRP 2005-2015 :22,23). An analysis of the findings of this study will provide a baseline measurement, which will allow employee based SACCO's management/board members to benchmark performance of a future for credit service improvement. Hopefully the study will serve as references for other researchers who have an interest in research on the matters of members' satisfaction on SACCO's business settings. Furthermore the study is of significance to the SACCOS management because it will in lighting the level of satisfaction of their members on the credit offering services, and this will in turn help to make some corrective efforts to service quality improvement.

1.5.2 Scope, Limitation and delimitation of the study

1.5.2.1 Delimitations of the Study

The study is specifically delimited to only Employee Based SACCOS that have been in operations for more than 3 years and have offered credit facilities to its members. Again, only individual member, not a group who used the services of SACCOS, at least, for the periods of three (3) years and above have been included in this study.

1.5.2.2 Scope of the Study

In terms of scope of the study, research can be a statistical study or case study. A statistical study is one that focuses on the breadth of an issue by testing hypothesis quantitatively upon which generalizations are made about the entire population. Case study, on the other hand involves a study that focuses on an in-depth contextual analysis of a few events. In the case study, the researcher decides which population or its sections or aspects to study (Saunders et al., 2003). This study is a case survey because it is focused specifically on members' satisfaction with the credit service offered by employee based SACCOS in Tanzania with specific attention to Ruangwa District Council Teachers SACCOS (RUTESCO) as unity of investigation.

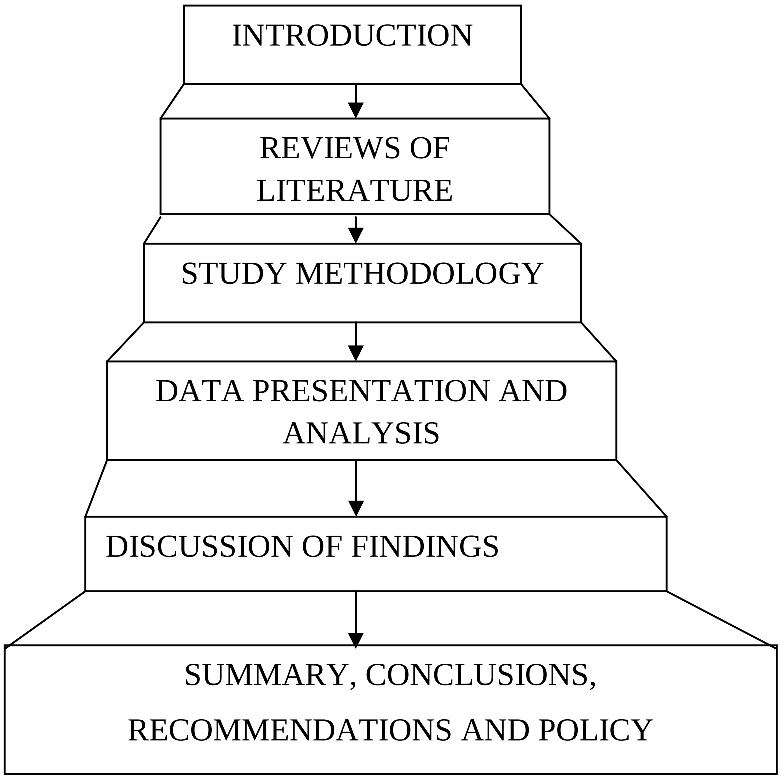
1.5.2.3 Limitations of the study

In case of its limitations, the study is limited by constraints of resources, access, and time. The finance and material resource needed for a larger sample size for this study is inadequate. It is also not likely the researcher would have access to every SACCOS member who had been a member of the an organization in the District as a respondent to complete a questionnaire for the study, therefore only members who has been in SACCOS from duration of three years and above will be contacted to complete questionnaire. Therefore, the sample for this study will be limited to one hundred and twenty (120) respondents.

1.6 Organization of Dissertation

The study comprises with six chapters, and presently chapter one is already presented which made up with an introduction, problem statement, objectives, research questions, relevance and justification for the study, scope and limitations as well as organization of the study. Chapter two reviews literature in the study field both conceptual and theoretical point of views. Chapter three looks on the methodological applied in the research; while chapter four dealt with presentation and analysis of study findings; chapter five comprises of discussion of the findings; and lastly chapter six covers conclusions based on the results, study recommendations, study limitations, the quality issues, suggestions for further research and the policy implications see figure 1.1.

Figure 1.1 Desposition of Dissertation



CHAPTER TWO
LITERATURE REVIEWS

2.0 Introduction

Because knowledge does not exist in a vacuum (Jankowicz, 2000), the researcher has to visit a substantive number of literature. The purpose of the literature review is, among others, refine the research ideas, demonstrate awareness of the current state of knowledge on the study, limitations and how the study in the wider context. Taking into an account to study topic, this part had reviewed the important ingredients of study, and in so doing, the definition of microfinance, SACCOS and related issues have been given, customer satisfaction and its measurement; the rationale of customer satisfaction in a relationship with retention and loyalty, the study variables have been defined, presentation of summaries of empirical research done on the topic and the conceptual framework have presented.

2.1 Theoretical Reviews

2.1.1 Microfinance

The definition of microfinance differs from one author to the other or one institution to the other. Regardless, microfinance is basically the provision of financial services mainly savings and credit to poor people with no access to commercial banks (Egigu, 2009); Lafourcade, Isern, Mwangi, & Brown (2005); Wollni (2001). According to Anin (2000: 165), the microfinance industry has been established over the past two decades in a number of countries in South-East Asia, Latin America and Africa. This has arisen due to the 'alleged failure of conventional commercial banks to provide financial services to the poor and economically disadvantaged clients who operates in the rural areas or in the shanty areas of towns and cities of developing countries.

2.1.2 Savings and Credit Cooperative Societies overviews.

Section 2 and 22 (b) of Society Act No. 20 of 2003 Tanzania defined cooperative society and credit societies as:-

2.1.2.1 Savings and Credit Societies,

Financial Cooperatives, Microfinance Institutions, and Cooperative banks whose primary activities are to mobilize savings and furnish secured and unsecured loans or credit to households, smallholder producers and market entrepreneurs, micro-enterprises in rural and urban areas;

2.1.2.2 Cooperative Society''

Means an association of persons who have voluntarily joined together for the purpose of achieving a common need through the formation of a democratically controlled organization and who make equitable contributions to the capital required for the formation of such an organization, and who accept the risks and the benefits of the undertaking in which they actively participate (URT, 2003).

The International Cooperative Alliance (ICA, 1995), defines a cooperative as: an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. These two definitions emphasizes that cooperatives are independent of government and not owned by anyone other than the members. They are associations of persons, which can mean individual people, but also 'legal persons', organizations that may themselves have members, united voluntarily, and free to join or leave.

SACCOS can be formed by any group of people who either has common bonds (like in the case of one employer), or people with similar objectives. Examples of such people are Government employees, employees of government agencies, teachers, nurses, doctors, traders, mall workers, municipal workers, tax workers, employees of private commercial companies, parliamentarians, hawkers and domestic workers. A SACCOs is one of a cooperative society whose business is to provide financial services to its members, the services are; Savings delivery service and credit delivery service.

2.1.5 Regulatory and types of SACCOS

In Tanzania SACCOs are legal institutions registered under the cooperative societies Act No. 20 of 2003 and its Regulations of 2004). Various types of SACCOS exist, depending on the membership profile and the products extended to the SACCOS members differ accordingly. In essence, there are three broad categories of SACCOS in Tanzania as follows:-

2.1.5.1 Community-Based-SACCOS.

These SACCOS can be found in urban areas or regional towns, but most frequently encounter on village level. A variety of group and individual loans can be found, including women solidarity loans, business loans for individual members, or loans for small and micro enterprises;

2.1.5.2 Employee-Based SACCOS.

These represent SACCOS where all the members are drawn from one employer and these SACCOS are generally located in urban areas or regional level. Specific salary based loans are extended which are often guaranteed by the employer.

2.1.5.3 Agricultural SACCOS.

To date these represent primarily small-scale Cane growers in areas such as the Morogoro Region. Both individual farmers and farmers' associations can be clients of the SACCOS. Loans are extended for various purposes, including agricultural production loans. Many SACCOS may have a combination of different clients, including women solidarity groups, individual borrowers for small business purposes, individual salaried clients or farmers.

2.1.6 Customer Service, service quality and Satisfaction

2.1.6.1 Who is a Customer?

A customer is defined by Crocker & West (2003:58) as 'anyone to whom is supplying a good or a service'**.** According to Harris (2007), customer service is anything that we do for the customer in order to enhance his/her experience. This may vary from one customer to the other and therefore behaves on service providers to first of all know their customers in order to provide them with excellent service that will enhance their customer satisfaction; Harris emphasize that an excellent customer service is one of the least expensive as well as the most effective way of marketing any particular business.

2.1.6.2 Service quality.

Service quality has been defined as the degree and direction between customer service expectations and perceptions. It can be seen as how well a service satisfies the expectations of customers (Bouman & Van Der Wiele, 1992). Parasuraman et al., (1990) they explained that Service quality is an extrinsically perceived attribution based on the customers experience about the service that the customer perceived through the service encounter. Dash & Mahaptra (2009), defined Service quality as the ability of a business organization to meet or exceed the customer expectations. Service is viewed as something provided by a certain type of organization. In view of later definition this definition entails that, it is a duty of service provider to ensure that it meet's the customers need, and to exceed their customers' expectations.

2.1.6.3 Customer Satisfaction.

What does client satisfaction really mean from theoretical perspective? Going into retrospect over 35 years ago, we learn Peter Drucker observed that a company's first task is "to create customers". But today customers face a vast array of product and brand choices, prices and suppliers. How do customers make their choices? In fact, customers estimate, which offer will deliver the most value. Customers are valued maximizers within the bounds of such costs and limited knowledge, mobility and income. They form an expectation of value and act on it. Whether or not the offer lives up to the value expectation affects both satisfaction and repurchase probability. Our promise is that customers will buy from the firm that they perceive offers the highest customer delivered value. Customer value is the difference between total customer value and total customer cost.

The total *customer value* is the bundle of benefits customers expect from a given product or service. The *customer cost* is the bundle of costs customers expect to incur in evaluating, obtaining, using and disposing of the product or service. Whether the buyer is satisfied after purchase depends on the offer's performance in relation to the buyer's expectation. In general, *satisfaction* is the person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations. As this definition makes clear, satisfaction is a *function of perceived performance* and *expectations*. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches with the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted. Many firms are aiming for high satisfaction because *customers who are just satisfied still find it easy to switch when a better offer comes along*. Those who are highly satisfied are much less ready to switch over. High satisfaction or delight creates an emotional bond with the brand/product/service. Not just a rational preference. The result is high customer loyalty and that has to be created (Kotler, 1999).

In review of the relevant literature, it indicates that service quality is closely tied to customer satisfaction (Wisniewski & Donnelly, 1996); Hernon & Nitecki (1999); Sureshchandar, & Rajendran (2002); Kumar, Smart, Maddern & Maull (2008). Quality and customer service have been identified as critical strategic issues for both public and private sector organizations. The "use of a variety of measures of service quality in the private sector as critical indicators of both organizational performance and general customer satisfaction is widely accepted and has given rise to considerable empirical research" (Wisniewski & Donnelly, 1996:357).

In the private sector, customer satisfaction and loyalty are secured through high quality products and services. They provide the consumer value for their money and are seen as being essential for the long-term survival and success of all organizations Donnelly, Wisniewski, Dalrymple & Curry (1995). Research on service quality has tended to focus on one dimension – expectations and has defined service quality in terms of reducing the gap between service provided and customer expectations (Hernon & Nitecki, 1999). Providing excellent service, which should be the goal of every organization, leads to greater efficiency and effectiveness and a loyal customer base Zeithaml, et al., (1990), in the book Delivering Quality Service- Balancing Customer Perceptions and Expectations. According to existing definitions and approaches, customer satisfaction can be analysed as a general/overall judgment that a customer makes after consuming a product or a service. In this regards, Customer satisfaction is perceived a psychological state (feeling) appearing after buying and consuming a product or service. Thus, customer satisfaction reflects "a pleasure resulting to product's consumption, including under or over fulfilment level" (Oliver, et al., 1997:13). According to Oliver's argument, customer satisfaction does not mean only positive feeling, it could also lead to a negative or neutral feeling withdrew from consuming a product or a service. Briefly, "customer satisfaction is captured as the positive feeling (satisfaction), indifference (neutral), or negative feelings (dissatisfaction)" (Bhattacherjee, 2001) cited by (Swaid & Wigand 2007). When approaching customer satisfaction as a feeling, it is important to note that it is mostly influenced by the customer's experience with the product or services rendered from the organization. In this perspective, customer satisfaction is conceived as "the emotional state that occurs as a result of a customer's interactions with the firm over time" Anderson , Eugene & Sulliwan (1994) cited by (Verhoef, 2003; 32). In fact**,** customers are usually comparing the product/service received from the firm to their own expectations over time. If the product/service fulfills and performs the customer's expectations, the customer seems satisfied. Briefly, customer's satisfaction is analysed as a confirmation or not of customer expectations.

Clearly, it seems that customer satisfaction is composed by "two components: client expectations and the perceived quality. Parasuraman et al., (1985, 1988 & 1991), approached customer satisfaction in the same way of demonstrating that customer satisfaction is a function of "the *difference scores or gaps between expectations and perceptions* (P – E)". According to them, customer satisfaction is only achieved "if actual perceived quality surpasses the consumer's expectations".

Even if the Parasuraman et al., (1985) customer definition seems to be more dominant, it is now more criticized because of practical problems related to the gap "performance minus expectations" (Teas, 1994:132). Thus, an alternative measure of customer satisfaction has been proposed estimating that customer satisfaction would be only obtained by focusing on actual perceived satisfaction (Teas, 1994). In this perspective and contrary to Parasuraman et al., approach, “Customer satisfaction is defined as the customer’s overall evaluation of the performance of an offering to date Jonhnson & Fornell (1991), cited by (Gustafsson , Johnson & Roos , 2005:210).

Customer satisfaction depends on the product’s perceived performance relative to a buyer’s expectations. If the product’s performance falls short of expectations, the customer is dissatisfied. If the performance matches expectations, the customer is highly satisfied or delighted. Delighted customers not only make repeat purchases, they become “customer evangelist” who tells others about their good experiences with the product (Kotler, Armstrong, & Saunders, 2008).

2.1.7 Importance of customer satisfaction in firm’s retention and loyalty.

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” Generally, when customers are satisfied, they become more loyal and will increase their level of purchasing from the firm over time, (Reichheld, 1996) cited by (Verhoef, 2003: 33) 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 & Lopo 2005:116). Satisfied customers are also expected to be “less likely to defect to competing products as a result of lower prices” (Fornell , Johnson , Anderson , Cha , & Bryant, 1996). Customer satisfaction will also exert a positive impact on firm’s costs through retention. Indeed, by satisfying customers, firms and MFIs will lower their actual costs of gaining new clients and making extra marketing expenses. This argument is more important in microfinance sector where clients and the MFI are supposed to act in a long-term relationship with the clients. Brief, by satisfying their customers, firms will generate benefits for themselves beyond the present transaction and the current moment. These benefits will arise from the positive shaping of the satisfied customer's and future behaviour" (Anderson, 1996) cited by (Gruca & Lopo 2005:116). It means that if firms and MFIs 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.

2.1.8 Evolution of Customer Satisfaction Measurement

There are many techniques and methods for measuring customer satisfaction. The study will not review all existing methods. The study will make attention to SERVQUAL model. Parasuraman et al*., (*1985:41-50) developed a conceptual model of service quality where they identified five gaps that could impact the consumer's evaluation of service quality in four different industries (banking, credit card, securities brokerage and product repair and maintenance). The gaps are explained hereunder;

Gap 1: Consumer expectation - management perception gap

Service firms may not always understand what features a service must have in order to meet consumer needs and what levels of performance on those features are needed to bring deliver high quality service. This results in affecting the way consumers evaluate service quality.

Gap 2: Management perception - service quality specification gap

This gap arises when the company identifies what the consumers want, but the means to deliver to expectation does not exist. Some factors that affect this gap could be resource constraints, market conditions and management indifference. These could affect service quality perception of the consumer.

Gap 3: Service quality specifications – service delivery gap

Companies could have guidelines for performing service well and treating consumers correctly, but these do not mean high service quality performance is assured. Employees play an important role in assuring good service quality perception and their performance cannot be standardized. This affects the delivery of service which has an impact on the way consumers perceive service quality.

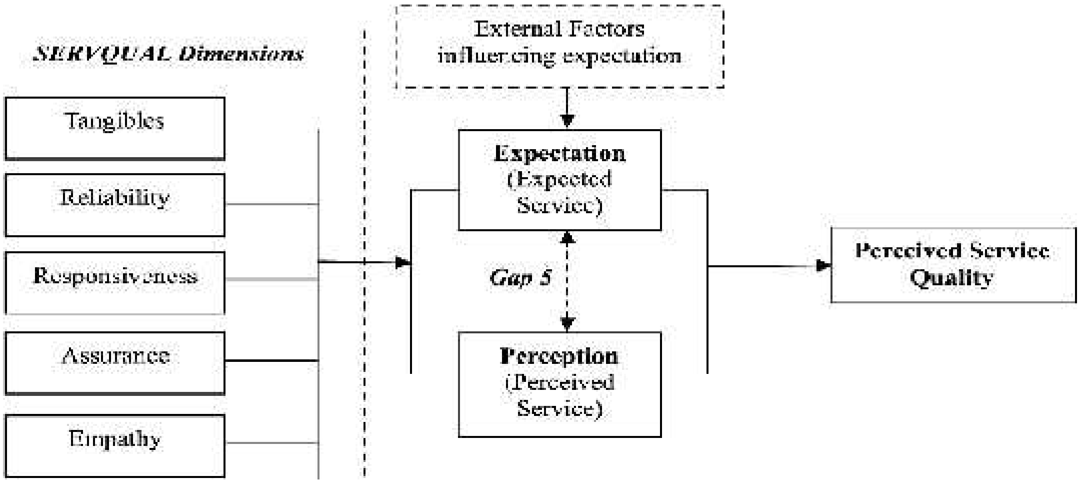
Gap 4: Service delivery – external communications gap

External communications can affect not only consumer expectations of service, but also consumer perceptions of the delivered service. Companies can neglect to inform consumers of special efforts to assure quality that are not visible to them and this could influence service quality perceptions of consumers.

Gap 5: Expected Service – perceived service gap

From their study, it showed that the key to ensuring good service quality is meeting or exceeding what consumers expect from the service and that judgment of high and low service quality depend on how consumers perceive the actual performance in the context of what they expected. Parasuraman et al., (1988), later developed the SERVQUAL model which is a multi item scale developed to assess customer perceptions of service quality in service and retail businesses. The scale decomposes the notion of service quality into five dimensions; Tangibles, Reliability, Responsiveness, Assurance and empathy. It bases on capturing the gap between customers expectations and experiences/perceptions which could be negative or positive, if the expectation is higher than experience or expectation is less than or equal to experience respectively see the figure 2.1.

Figure 2.1 Measuring service quality using the SERVQUAL model



Source; adapted from (Kumar et al, 2009)

2.1.8.1 Service quality model:

The SERVQUAL model represents service quality as the discrepancy between a customer's expectation of service offering and the customer's perceptions of the service received. This makes it an attitude measure, what this model strives to measure exactly is the consumer perception of the service quality which depends on the size of the gap between expected service and perceived service which in turn, depends on the gaps under the control of the service provider such as delivery of service, marketing. This measurement of service quality is based on both on how consumer evaluates the service delivery process and the outcome of the service. A good service quality is considered as one which meets or exceeds consumer's expectations of the service . The SERVQUAL model was made of ten dimensions of service quality when created; tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding the customer, and access, (Parasuraman et al., 1985). The authors later on these dimensions were reduced to five because some dimensions were overlapping (communication, credibility, security, competence, courtesy, understanding customers and access) and they included, *Tangibles*- physical facilities, equipments, and staff appearance. *Reliability*- ability to perform the promised service dependably and accurately; *Responsiveness*- willingness to help customers and provide prompt service;

Assurance- knowledge and courtesy of employees and their ability to inspire trust and confidence; *Empathy*- caring, individual attention the firm provides its customers (Parasuraman et al., (1988:23).The dimensions mainly focus on the *human aspects* of service delivery (responsiveness, reliability, assurance, and empathy) and the tangibles of service.

The study conducted by (Ladhari, 2009), the study recommended that the SERVQUAL model is a good scale to use when measuring service quality in various specific industries, but that it is appropriate to choose the most important dimensions of this model that fit to that particular service being measured in order to assure reliable and valid results. In respect of this state, this study will use the SERVQUAL model because it takes into account member's expectation of a service delivered by SACCO's organization as well as perceptions of the credit service which is the best way to measure service quality in the service sector. (Buttle, 1996:8), have mentioned several researchers that have used the SERVQUAL model in various industries (retailing, restaurants, banking, telecommunication, industry, airline catering, local government, hotels, hospitals, and education). He further suggests that service quality has become an important topic because of its apparent relationship to costs, profitability, customer satisfaction, customer retention and positive word of mouth and it is widely considered as a *driver of corporate marketing and financial performance*. In this study, the researcher is interested in credit service quality and customer satisfaction offered by employee based SACCOS in Tanzania by using the SERVQUAL model to assess the members' satisfactions on credit service quality offered by employees based SACCO's as a microfinance institution.

Service quality and customer satisfaction have received a great deal of attention from both scholars and practitioners because of their relevancy and relationship, according to Eshghi, Roy, & Ganguli (2008), the main reason for focusing on these issues is improving overall performance of organizations (Magi & Julander, 1996:40). Customer satisfaction has been studied by some researchers using a single item scale Cronin & Taylor, (1992) means customer's overall feeling towards a service is asked to measure satisfaction while others use a multiple item scale Parasuraman et al., (1985, 1988) satisfaction is measured using various dimensions for example the SERVQUAL dimensions. Customer satisfaction is defined as a function of the customer's expectations and perceptions of performance, according to the *expectancy - disconfirmation paradigm* (Tse & Wilton, 1988) and it is a construct closely related to perceived service quality (Magi & Julander, 1996:34) various studies that focused on a link between satisfaction and quality argued for different views in terms of relationship. Some of them thought that quality leads to satisfaction, McDougall & Levesque, (2000); Negi, (2009) and others support that satisfaction leads to quality (Cronin & Taylor, 1992). Some researcher proposes that quality and satisfaction are determined by the same attributes like Parasuraman et al., (1988:16), the authors tried to relate customer satisfaction with service quality simply because what SERVQUAL model struggles to measure is attitude. They see customer satisfaction as transaction specific meaning consumers get satisfied with a specific aspect of service while perceived service quality is a global judgment or attitude to a service.

Customer satisfaction is based on the level of service quality delivered by the service providers (Saravanan & Rao, 2007:436) which is determined by the consumer's cumulative experiences at all of the points of contact with a service provider. This shows that there is some link between service quality and customer satisfaction which highlights that the importance of customer satisfaction when defining of quality (Wicks & Roethlein, 2009:83). All these studies confirm the relationship between service quality and customer satisfaction. This is why the study wants to use the SERVQUAL instrument with its dimensions to measure the quality of credit service and SACCOS members' satisfaction due to the fact that service quality leads to customer satisfaction, the study will make that assumption in the research in order to measure members satisfaction for the quality of credit service offered by employees based SACCOS.

2.1.8.2 Functioning of the SERVQUAL

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions. The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction (Parasuraman et al., 1988). The difference between expectations and perceptions is called the gap which is the determinant of customers' perception of service quality as shown on figure 2.1.

The expectations of customers are subject to external factors which are under the control of the service provider as shown on the diagram. The gap 5 on the diagram represents the difference between customers' expectations and customers' perceptions, which is referred to as the perceived service. In this regards our study were focused on assessment of quality of credit service, thus the difference between RUTESCO members' expectations and perceptions of service offered by their institution will determine the quality and satisfactions for members.

2.2.1 Empirical Reviews.

Kumar et al., (2009) used the SERVQUAL model in a research to determine the relative importance of critical factors in delivering service quality of banks in Malaysia. In their article they modified the SERVQUAL model and considered six dimensions; tangibility, reliability, responsiveness, assurance empathy and convenience and these consist of 26 statements. They considered convenience because it is an important determinant of satisfaction for banking customers in Malaysia and contributes very highly in the customers' appreciation of the quality of services offered by the bank. The study realized that there are four critical factors; tangibility, reliability, convenience and competence. These variables had significant differences between expectations and perceptions with tangibility having the smallest gap and convenience has the largest gap. They end up with the recommendation that banks need to be more competent in delivering their services and fulfilling the assurance of customers and providing the banking services more conveniently.

Kwame (2012), the study of an assessment of customer satisfaction in the Microfinance Industry in Ghana. The study used a descriptive approach based on case study design and it uses 110 samples. The results indicated that most customers were satisfied with the kind of services rendered by Company at the various branches; majority of them also thought that the banking halls were well defined by available infrastructure, although a few additions to the already existing products were suggested. The study recommended that company continues to render quality service in order to sustain and even increase the approval ratings of clients; increase the education of clients on knowledge of available products by adapting interpersonal media such as peer-to-peer education; train proactive loan officers and front line staff who will be in the position to assist clients to identify the ultimate loan product as well as explicitly explain the features of products and services to semi-literate clients; and also make both ATM cards and mobile banking accessible to all clients in order to increase their satisfaction levels.

Duodu & Amankwah (2011), they made an analysis and assessment of customer satisfaction with service quality in insurance industry in Ghana, The study was a cross-sectional survey that used self-administered structured questionnaire to the target population of customers of insurance companies in Ghana. The study used 1100 sample. They used Structural Equation Modeling approach to analyzed the results and test relationships among variables. The study found that Reliability and Responsiveness are Functional quality dimensions that were found to have significant impact on customer satisfaction in Ghana Insurance Industry. Again, Technical quality, Price, and image quality were found to be factors that do not significantly affect customer satisfaction determination the study. Moreover, customer satisfaction was found to have significant and positive impact on behaviour intentions, such as likelihood, switching intention and repurchase intention. Furthermore, demographic characteristics such as gender, age, education, and income levels were found to have no significant impact on the relationship between customer satisfaction and behaviour intentions.

Kanyurhi (2012), he conducted a study on Evaluation of customer satisfaction with the services of a Micro-finance Institution in Togo, the analysis was made through factor analysis, Customer Satisfaction Index using modified SERVQUAL of 22 items of Likert Scale and ANOVA tests. The study used a sample of 353 Women and Association for Gain both Economic and Social customers in Togo, Results reveal that customer's branch, customer's revenue and number of services accessed by customers strongly influence customer's satisfaction. Results also indicate that the current customer satisfaction equaling to 71.2%. The study shows that customers are more satisfied with saving services than with loans products.

Rahman (2006), studied client satisfaction in a microfinance program in Bangladesh under the INCOME III project of CARE Bangladesh. The study was qualitative based on focus group interviews (29 focus group of 456 clients) this study assessed the client satisfaction for microfinance programs. Results revealed that "efficiency of service delivery and financial sustainability of the partner of MFIs has significantly increased.

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 are preferably not being 'changed /swapped".

Murray (2001), concentrated his study on customer satisfaction levels using data from four MFIs affiliated to Women's World Banking 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 the 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 the MFI want to be given preferential treatment, while all customers are demanding increasing levels of customer service.

Othman & Owen (2001), 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 the cultural or religious dimension.

2.2.2 Research gap

The SERVQUAL model is used as a main concept to assess service quality and customer satisfaction. This means that customer satisfaction could be measured using the various service quality dimensions. This is because it is important to be aware of how customers perceive the quality of credit service in their SACCOS and the factors that affect their perceptions. In Tanzania there is no enough evidence on literatures which shows that the SERVQUAL model has been used to assess the quality of credit service and customer satisfaction in the Employee based SACCOS, thus it is necessary for this research study to close this research gap by assessing members' satisfaction using the SERVIQUAL model. This will also enable the study to use and assess the applicability of the SERVQUAL model in SACCO's business settings by knowing the perceptions and satisfaction of the members in relation to institutional offerings. The study will also like to measure the level of members' satisfaction using generic established SERVIQUAL dimensions by Parasuraman et al., (1988) and determine which dimension matters most to members in satisfaction. These questions will be answered using quantifiable data collected from respondents and will enable the study to come out with findings and conclusions based on how RUTESCO members perceived the quality of credit service, also the level of perceived quality offered by the institution will be calculated and which dimensions in the model have satisfied them.

2.3.1 Conceptual Frame Work and Research Model.

There are different proposed frameworks by scholars and practitioners for measuring Customer satisfaction in the microfinance industry. Parasuraman et al., (1985) developed a model known as SERVQUAL. The conceptual framework (Figure 2.2) explains the underlying process, which is applied to guide and monitor the study. In this study SERVQUAL model is suitable for measuring service quality and member satisfaction in SACCO's business settings, using the five service quality dimensions. The study will Use the same dimensions to measure both service quality and member's satisfaction of credit service offered by SACCOS with an assumption that, both are related. In this research, the 22 items of SERVQUAL model are included to measure the perceived service quality and customer satisfaction in a SACCOS business settings. The model is a summary of the 22-items, thus this study wants to find out the overall service quality perceived by Members of SACCOS and this will make clear understanding which dimensions are SACCOS members are more satisfied with. This study will use the SERVQUAL model because it proposes to assess member's satisfaction of the quality of credit services offered by employees based SACCOs' and this will be determined by Service Quality Dimensions such as Reliability, Responsiveness, Assurance, Empathy and Tangibles as depicted in figure 2.2 in the conceptual framework. In View of our conceptual framework, the influence of service quality dimensions on member satisfactions will depends on credit delivery service by RUTESCO organization in relations to meet Members' expectations. This means that the Influence of Service quality dimensions and Sub dimension items on members Satisfaction will depend on the nature of the gap between member's expectation and actual perceived service quality. The positive gap score (P-E=+), will signify that perceived service quality of member is Satisfactory and hence members are satisfied with the quality of credit service offered by the institution, and if the gap is neural or zero (P-E=0) the members are satisfied or indifference. On the other hand, if the gap is negative (P-E=-), this will means that the expectations were not met and hence perceived service quality is low and thus members are dissatisfied. In general, satisfaction is the person’s feelings of pleasure or disappointment resulting from comparing a service’s perceived performance (or outcome) in relation to expectations, thus under this juncture satisfaction may be negative, neutral, or positive. As this definition makes clear, satisfaction is a function of perceived performance and expectations. If the performance falls short of expectations, the client is dissatisfied (P<E or negative gap scores). If the performance matches with the expectations (P=E gap is equal to zero), the member is satisfied or indifferent. If the performance exceeds expectations, the member is highly satisfied or delighted (P>E gap is equal to positive). “Customer satisfaction is captured as the positive feeling (satisfaction), indifference (neutral), or negative feelings (dissatisfaction)” (Bhattacherjee, 2001) cited by (Swaid and Wigand 2007).

Figure 2.2. Conceptual Frame work of the study

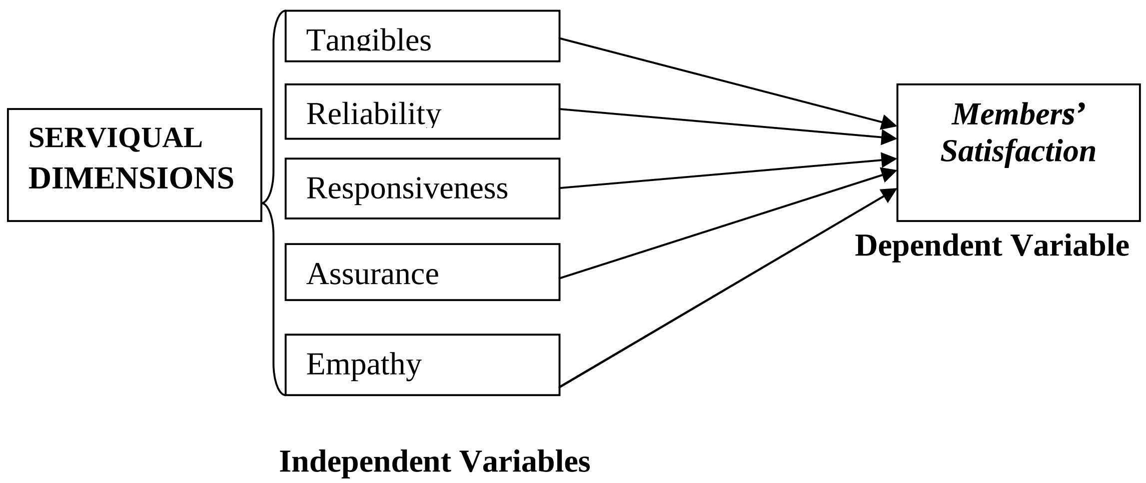


Figure 2.2: - Modified framework for measuring members' satisfaction for credit service quality offered by employee based SACCOS in Tanzania: A researcher's has constructed using the SERVQUAL model ideas of Parasuraman et al,. (1988, 1991).

The study has adopted the 22-items of SERVQUAL instruments to assess SACCOS members' satisfaction with quality of credit service in order to make clear assessment the most important dimensions that matter most to SACCOS members and that bring them satisfaction, the 22 items are outlined in the questionnaire as an appendix **A,** for English version and **B**, for Swahili version.

CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Introduction

Research methodology refers the procedural framework within which the research is conducted. The research methodology is characterized by procedures and methods for arriving at results, findings and tools for proofing or disproving such knowledge Saunders, Lewis & Thornhill (2007).

3.1 Type of the Study

This research is deductive/quantitative in nature, and the strategy applied in this study is case study based on members survey and Cross-sectional design in collection of data. The study adopted positivism model in studying customer satisfaction on credit service offered by the employee based SACCOS in Tanzania and this will help in examining credit service quality and satisfaction of the SACCOS members objectively using SERVQUAL dimensions, by using self administered structured questionnaires, thus the final analysis upon the results perhaps will help in providing a frame work on employee based SACCOS in Tanzania from the research findings.

Case study:

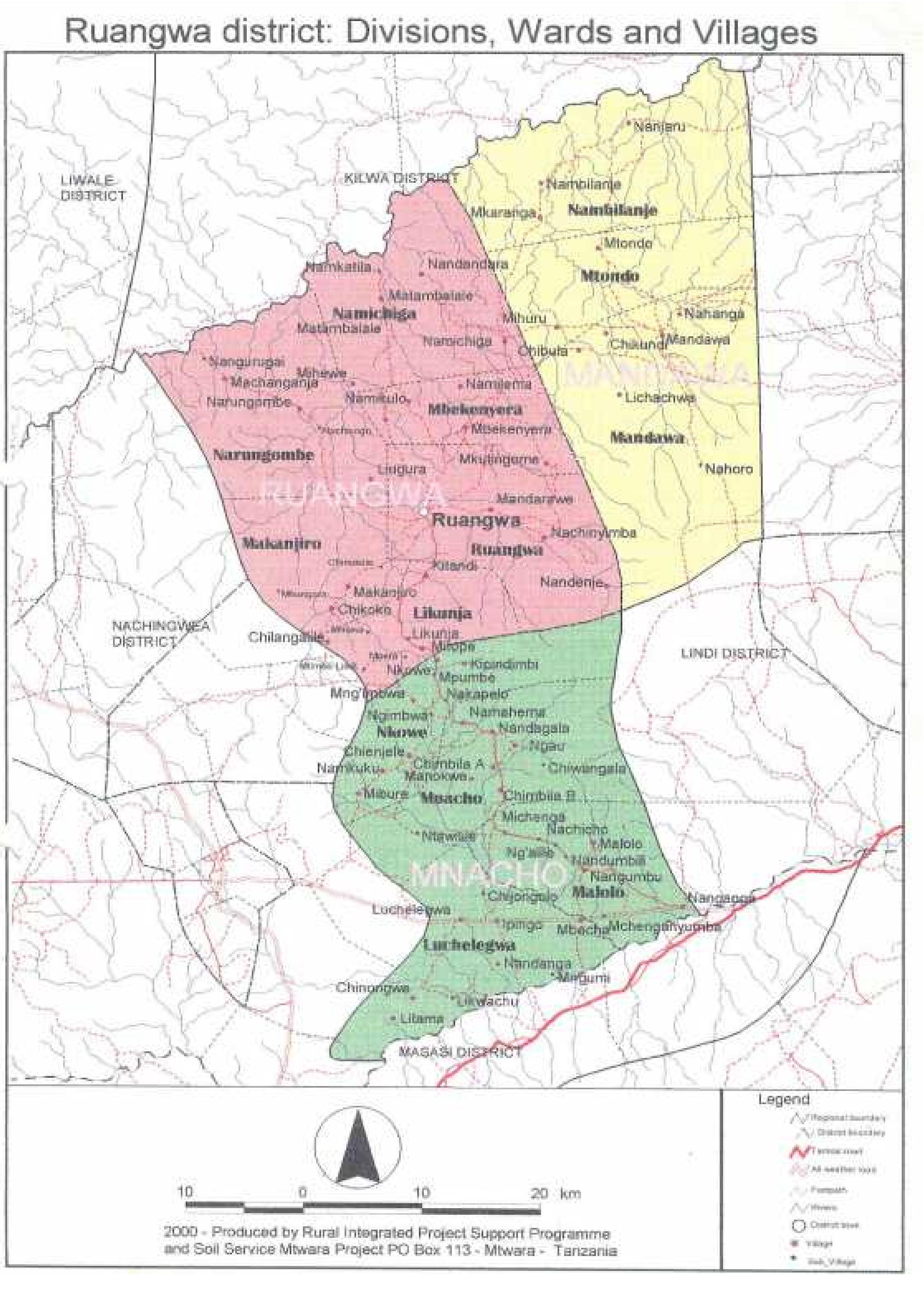
According to Yin (2013), he views the goal of case studies as understanding complex social phenomena, and real–life events such as organizational and managerial processes. He puts it– in a nutshell– as follows: " A case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident"A specific case means a place or a facility, for example a workplace or an organization. To answer the problem formulated and the specific objectives of the study, the researcher have chosen a Ruangwa Teachers and Savings Cooperative Societies as a case-study, from there, the study can make a members' survey to gather the required data in order to answer the research questions and fulfil the study objectives. The study opted to choose RUTESCO because the researcher knows that there are many members/teachers at this institution with different expectations and perceptions toward the service quality offered by the institution, and eventually could give different views to the problem under investigation.

Survey: A survey is a type of method in which the opinions of the sample or population is sought by the researcher, usually with a more objective research instrument, say a structured questionnaire. It is usually associated with a deductive approach and is conducted usually in business and management research to prove or disprove certain assumed propositions and hypothesis. It allows for the collection of large amounts of data from a large population economically. It is most frequently conducted to answer research questions relating to 'who, what, how much and how many' involved in a problem of study.

3.2 Study Area

The study was conducted in Ruangwa District Council in Lindi Region where the population of the study have been drawn. Ruangwa is one of the 6 Districts which forms Lindi Region with a total area of 2,560 km^2, which is approximately equal to 256,036 hectares. It lies between latitude 9.5^0S and10^0 S and longitude 38.5^0E and 39.5^0E. The district shares borders with Kilwa District in the North, Liwale in the Northwest, Nachingwea and Masasi in the South and Lindi in the East. The District headquarter is known as Ruangwa Town and is about 152 kilometres from the Region headquarter Lindi Town. Arable land covers about 204,826 hectares, natural and planted forests 40,614 hectors and 10,562 hectors is used for human settlements and other uses. (RDSP, 2012-2017, Page 2-3) see the map figure 3.1.

Figure 3.1 Ruangwa District Council Map



Source: Ruangwa District Council (2012-2017) *strategic plan* document from planning department.

3.3 Study Population

In this study the target population refers to group of individuals, items from which as sample taken for measurement. According to Kombo & Tromp (2006), they state that it is a complete set of cases or group members. The population of this study includes all members of RUTESCO, and currently the institution as a total of 352 members, which has been drawn from Education departments in Ruangwa district council see Table 3.1. The sample of this research project was drawn from the total population in which the members who has been in a SACCOS and use the service offered by institution at least for three years were selected by a convenience method.

3.4 Units of analysis

Trochim (2006), explains that the most important ideas in a research projects are the unit of analysis. The unit of analysis is the major entity that you are analysing in your study. The unit of analysis in this study is Ruangwa Teachers Savings and Cooperative, from there the members who have been in the organization for at least the duration of three years (3years) and above were selected as a respondents.

In this study, we selected RUTESCO as a unit of analysis because the Research found that in Ruangwa District council the institution under investigation is active and it provides the credit services to its members. The study selected member who has been in the organization for a period from three years and above to complete the questionnaire because study thought that, three years experience will be satisfactory for the members to portray the credit service quality perceived from his/her SACCOS, thus we can assess the level of satisfaction from the unit of analysis.

3.4.1. Profile of Ruangwa Teachers Savings and Cooperative (RUTESCO)

Ruangwa Teachers Savings and Cooperative Society, is a cooperative financial institution guided by its members, Volunteers (Board of Directors and Supervisory Committee) and management staffs. RUTESCO was registered 2002 with registered No. LDR- 522 under co-operative law No. 15 of 1971 and reviewed by Act No. 20 of year 2003. It is owned, democratically and controlled by its members were by members get together to save money and provide loans, under principles of cooperative law. It is mutual financial co-operative which is committed to improving the quality of life for its members. Joining with RUTESCO you need to buy membership shares and you must be a primary or secondary school Teacher of Ruangwa District council and be a trustworthy. RUTESCO does not make profit from their members, but it makes surplus for their members. The founder members at the time of establishment were 60 in which 25 (41.67%) were female and 35(58.33%) were male. Since its establishment the institution experienced significant increases for its members and currently the RUTESCO have 352 members, where by 154 are female, 197 are male and 1 is an institution Teachers Union (CWT-Ruangwa Branch (RUTESCO-2015). At the time of establishment the target clients of the SACCOS were primary school teachers who employed by Ruangwa District Council. According to RDSP (2012-2017), they were about 534 teachers in the District of whom 9 are Diploma holders, 2 graduates, Grade B 12 and 511 are Grade IIIA. Table 3.1 presents a profile summary of the RUTESCO institution.

Table 3.1 Profile of Ruangwa Teachers Savings and Cooperative

S/N	Description	
1	**Founded**	2002
2	**Founder Members** i. Female 25 ii. Male 35	60
3	**Current Active Members** i. Female 154 ii. Male 197 iii. Institution 001	352
4	**Registration Number**	LDR. 522
5	**Target Clients**	➢ Main Primary Schools, Teachers
6	**Services offered**	➢ Credit Delivery Services ➢ Savings Delivery Services
7	**Types of credit services** i. Long term credit offerings **ii.** Short term credit offerings	➢ 12-60 Months ➢ 3-4 Months
8	**Sources of funds** **I.** Internal II. External	Compulsory Servings, Normal Savings, Sales of Shares and Loans/grants from partners/donors

Source:- RUTESCO January, 2015

3.5 variables and their measurements

3.5.1 Variables

Overall Satisfaction (dependent variable) and Reliability, Responsiveness Assurance, Empathy, Tangibles by numerous attributes of influence (independent variables).

Overall satisfaction- Is the consumer fulfilment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfilment (Oliver, 1997).

Tangibles – Is physical facilities, equipment, staff appearance and communication materials etc.;

Reliability –Is an ability to perform the promised service dependably and accurately service; promises about delivery, service provision, problem resolution, and pricing.

Responsiveness – Is the willingness to help customers and to provide prompt service needed by the customers timely.

Assurance – Is the ability of staffs/employees to inspire confidence and trust to customers.

Empathy **–** Is the caring, individualized attention the firm provides its customized services that customers are unique and special.

3.5.2 Measurements

The independent variables will be measured by gap score (P-E) thereafter, this gap score will determine whether members are satisfied or not by looking the nature of gap, i.e., if the gap is negative will shows that the members are not satisfied with the service, if the gap is zero the members are either satisfied or indifferent and if the gap is positive it will signify the satisfaction to members on service quality offered by the institution.

The dependent variable will be measures by overall perceived service quality score and the overall member satisfaction index, which will be calculated mathematically using the SERVIQUAL analysis and customer satisfaction index in relation to service quality. The SERVQUAL model is used to assess members' expectations and perceptions regarding quality of credit service offered by SACCOS. In here both expectations and perceptions are measured using a 7-point Likert scale to rate their level of disagreement or agreement (1- strongly disagree and 7- strongly agree), on which the higher numbers indicate a higher level of expectation or perceptions. Perceptions are based on the actual service they receive from RUTESCO as a financial institution in Ruangwa District council, and expectations are based on past experiences of credit service received from the SACCOS organization. Service quality scores are the difference between the perception and expectation scores i.e Perceptions-Expectations (P-E) with a possible range of from ±6 (-6 stands for very dissatisfied and +6 means very satisfied).

The quality score measures the service gap or the degree to which expectations exceed perceptions. The more positive the P-E scores, the higher the level of service quality leading to a higher level of member satisfaction. Satisfaction and service quality are both treated together as functions of a customer's perception and expectations. In most cases, when expectation and perception are equal, service quality is satisfactory. In this study, we use the disconfirmation paradigm which is based on the discrepancy theories. According to this paradigm, consumer's satisfaction judgments are the result of consumer's perceptions of the difference between their perception of performance and their expectations. Positive disconfirmation leads to increased satisfaction while negative disconfirmation leads to decreased satisfaction. This theory has been used to develop a questionnaire.

3.5.3 Steps to obtain Overall perceived service quality

Unweighted SERVQUAL score

Step 1. First obtain the score for each of the 22 expectation questions. Next, obtain a score for each of the perception questions. Calculate the Gap Score each of the statements (Gap Score = Perception – Expectation).

Step 2. Obtain an average Gap Score for each dimension by assessing the Gap Scores for each of the statements that constitute the dimension and dividing the sum by the number of statements making up the dimension.

Step 3. Transfer the average dimension SERVQUAL scores (for all five dimensions) from the SERVQUAL instrument. Sum up the scores and divide it by five to obtain the unweighted measure of service quality.

Weighted SERVQUAL score

Step 1. Calculate the importance weights for each of the five dimensions constituting the SERVQUAL scale.

Step 2. Multiply the average score for each dimension with its importance weight, which are being obtained by allocating 100 points to each dimension from the questionnaire.

Step 3. Add the weighted SERVQUAL scores for each dimension to obtain the overall weighted SERVQUAL score.

Tangibles (TA) **=** (P1-E1+P2-E2+P3-E3+P4-E4)/4

Reliability (RL) = (P5-E5+P6-E6+P7-E7+P8-E8+P9-E9)/5

Responsiveness (RN) = (P10-E10+P11-E11+P12-E12+P13-E13)/4

Assurance (AS) **=** (P14-E14+P15-E15+P16-E16+P17-E17)/4

Empathy EM) = (P18-E18+P19-E19+P20-E20+P21-E21+P22-E22)/5

Overall perceived service quality score = (TAW+RLW+RNW+ASW+EMW)/5

Note: W= weight of dimension which is allocated by members on the questionnaires.

3.6 sample size and sample techniques

3.6.1 Sample size

Using sample in a research enhances an effective scientific exploration of the problem. A sample can be defines as a representation of the whole. The study is being carried out in RUTESCO in Ruangwa District Council, in here the study is interested to find out about how SACCOS members perceive the quality of credit service offered by their organization. Thus, in this regards the sample is from RUTESCO members who have been in the organization for the period not less than three years will be selected because we found three years duration and above is enough for them to portray perceptions of the quality of credit service rendered from

SACCOS. This study will use a sample of one hundred and twenty (120) SACCO's members to get inquirer.

3.6.2 Sampling techniques

The study focused on the RUTESCO members in Ruangwa District Council, we used non probability sampling techniques based on a convenience to select the respondents. The reasons for this technique is because it was actually impossible for the researcher to carry on a probability sampling because we wanted only members who have been in a SACCOS business for the period not less than three years and whom had provided a credit service with the institution, also there were no point in time in which all qualified SACCOS members to participating in the study are around at one point due to the fact that the members of RUTESCO are the Teachers of primary and secondary school, therefore schools are scattered over the whole district and not all members ranges within the interest group of respondents having an experiences of 3 years and above, thus it is impossible for the study to use probability sampling technique due the time, accessibility, nature of data needed from the respondents and effort needed.

3.7 Types and Source of Data

In this study qualitative and quantitative data included both from primary and secondary sources in order to answer the research questions objectively. According to Malhotra & Birks (2007:94), "Primary data is a data originated by the researcher for the specific purpose of addressing the research problem." It is what the researcher originally collects from the sample or target population. In this study the primary data were collected from SACCO's members and were accessed via a questionnaire survey. Secondary data are data collected for any purpose other than the problem at hand (Malhotra & Birks, 2007:94).

3.7.1 Secondary Data.

Secondary data for this study were utilized from various sources, including minutes, RUTESCO reports textbooks, research findings and internet via various web sites on the issues under investigation.

3.7.2 Primary Data.

The primary were obtained via self-administered questionnaires to selected respondents. A structured and closed-ended questionnaire was employed and administered one-on-one on RUTESCO SACCOS members. With this technique we have used to ensure that clients who found difficulties on the statements and questions on questionnaires to be assisted fairly to the research. The survey results elicited information regarding their background, their perceptions of quality of service provided by their organizations, their expectations and other issues which were suitable for answering the study questions and objectives.

3.8 Data Collection Methods

According to many scholars, in the use of survey strategy, the main instruments used are self administered/interviewer, administered or structured/unstructured interviews and questionnaires or a combination of both (Saunders, et al., 2007); (Cooper & Schindler, 2006); Malhotra & Birks (2007). These authors agree that, generally, the questionnaire can be used for descriptive, exploratory or explanatory study, and must have a good layout, unambiguous questions, complete items, non-offensive, but relevant items, logical arrangements of items, and the ability to draw willingness to answer in respondents. As a result, in this study, the data had been obtained by the use of self administered, structured questionnaire as shown in Appendix **A** for English version and Appendix **B** for Swahili version. The purpose of the questionnaire was to have insight into Members' satisfaction with the quality of credit service offered by their SACCOS, and finally to collect respondent's bio-data. The administered questionnaire comprised of mainly five dimensions of the SERVQUAL Model with 22 items, dimensions developed by Parasuraman, et al., 1985, 1988, personal demographics and some general questions.

3.9 Quality Issues

3.9.1 Validity

Validity refers to whether the statistical instrument measures the purpose it is intended to measure, i.e. accuracy of a measurement (Saunders, et al., 2007). Validity can be internal or external. The following are the relevant forms of internal validity ensured in this study:

- Face validity: involves assessing whether a logical relationship exists between the variables and the proposed measure. This type of validity is highly subjective and thus does not provide enough proof of validity. Therefore, it is logical to study member satisfaction with credit service quality offered by their SACCOS using a questionnaire-based instrument in a survey that involves one case of employee based SACCOS in Ruangwa District Council.
- Content validity: content, validity or sampling validity refers to whether a measurement instrument has adequate and representative coverage of the concepts in the variables being measured. It is usually achieved by seeking opinion of other investigators or experts. The questionnaire for this study constructed based on SERVQUAL Model developed by Parasuraman, et al., (1988 &1990).
- Construct validity: This has to do with measuring an instrument to an overall theoretical framework in order to determine whether the device confirms a series of research questions/ hypothesis derived from an existing theory. Thus, the instrument must have existing conceptual or theoretical bases in the literature. In this work, this construct validity is ensured by deriving the five dimensions of service quality in the context of microfinance industry as suggested by Bloemer, De Ruyter & Wetzels (1999); Parasuraman, et al., (1985, 1988), Cronin & Taylor (1992).
- External validity: This refers to the extent to which the results of a study could be generalized. In this work, to ensure external validity, the findings and results will be interpreted in the context of Employee based SACCOS in Tanzania.

3.9.2 Reliability Coefficient of the study

Checking the reliability and validity of the generic SERVQUAL model made up of five dimensions, the Cronbach's alpha was computed for overall and each sub dimension items of the SERVQUAL model to check the internal reliability and consistency of results in order to determine the reliability of the findings, since the study uses multiple-items of the SERVQUAL model which was made up by five items of service quality and 22 sub dimensions items. According to George & Mallery (2003:231) these authors they provided the following rules of thumb on cronbach's Alpha value; $\alpha \geq 0.9$ Excellent, $\alpha \geq 0.8$ Good, $\alpha \geq 0.7$ Acceptable, $\alpha \geq 0.6$ Questionable, $\alpha \geq 0.5$ Poor, and $\alpha \geq 0.4$ Unacceptable. The Cronbach's alpha ranges between 0 (denoting no internal reliability) and 1 (denoting perfect internal reliability) see table 3.2 an overall reliability statistics result.

Table 3.2 Overall Reliability Statistics

Cronbach's Alpha	No of Items
0.884	22

Source: SPSS output on surveys data January-February 2015

By looking at the reliability coefficients of our overall value of alphas is 0.884 and for sub dimensions variables are shown in table 3.2, the study results in reliability to all sub dimensions items have coefficients above alpha threshold value of 0.7. This showed that the coefficients are higher than 0.7, meaning that all these five SERVIQUAL dimensions and sub dimensions items comprised of items which shows a true measurement of credit service quality of the members of the RUTESCO see table 3.3.

Table.3.3 Reliability Coefficient (Cronbach's Alphas)

SERVIQUAL Dimensions	Total number of items	The item label	SERVIQUAL Sub Dimension variable used	Cronbach's Alpha if Item Deleted
TANGIBLES	4	TANG1	RUTESCO Has Modern looking equipments	.877
		TANG2	Visually appealing physical facilities	.873
		TANG3	Professional appearance of employees	.881
		TANG4	Visually appealing materials.	.879
RELIABILITY	5	RELIAB1	RUTESCO act according to promises.	.879
		RELIAB2	Sincere interest in solving problems.	.878
		RELIAB3	Services are performed right the first time.	.874
		RELIAB4	Provide services at the time promised.	.878
		RELIAB5	Insist on error free records	.881
RESPONSIVENESS	4	RESPON1	Informs exactly when services will be provided.	.881
		RESPON2	Provides prompt services	.879
		RESPON3	Always willing to help.	.878
		RESPON4	Never too busy to respond to service requests	.883
ASSUARANCE	4	ASSUAR1	Employee behaviour instills confidence.	.884
		ASSUAR2	Members feel secure in their transactions	.874
		ASSUAR3	Employees are consistently courteous	.876
		ASSUAR4	Employees have the knowledge to answer questions	.878
EMPATHY	5	EMPH1	RUTESCO Provides individual attention.	.883
		EMPH2	RUTESCO Has convenient operating hours	.881
		EMPH3	Employees provide personal attention.	.881
		EMPH4	Has the best interest of the members at heart.	.879
		EMPH5	Employees understand the needs of their members	.878

Source: SPSS output of surveys, data January-February 2015

3.10 Data analysis methods

Since the study is quantitative research and this involved some quantitative analysis with the use of Statistical Package for the Social Sciences (SPSS version 16.0), mathematical formula and Microsoft Excel version 2007, have been deployed for analysis. The gathered data were edited, coded, classified, and tabulated and finally the data were fed into SPSS and microsoft excels and processed. The data collected also were adjusted and cleared (Kothari, 2003), Sunders, et al., (2003; Mugenda & Mugenda (1999). The reliability and internal consistency of the scale used has been tested to get scale reliability and found having good internal consistency of the data.The analysis of the report involved the calculation of gap (P-E) perceptions minus expectations, calculating overall service quality or Satisfaction Index by

SERVQUAL Model approaches. SPSS version 16 has been used to analysis data and presentations, such frequencies, mean, tables, charts and graphs also we made use of microsoft excel 2007. The study has made use of the said methods/techniques because we wanted the report to be simple and easily understood. All data collected have been organized, and presented so as to make them meet the objectives of this study and provide plausible conclusions and recommendations of this research study findings.

3.11 Questionnaires Administration

As mentioned earlier in this study, this study used a convenience sampling technique which is non probability. There were 120 questionnaires to administer to our respondents and it took us three days to dish them using a motorcycle with Registration No. MC 113 ACM which was hired for the task and the total of 116 distributed questionnaires were received and found to be suitable for analysis. The researcher approached the head of schools and gives them a short briefing and requested to assist the researcher to meet respondents who had qualification needed to participate in the study and handle over the questionnaires to them. They were given 3-4 days maximum period to complete the task of filling the questionnaires. The reasons for opting that strategy was to give them enough time in understanding the questions in questionnaires and to make sure that the questionnaires are well filled with maximum accuracy. The researcher explained to all respondents that the study sought to measure the gap between what they want from their SACCOS in terms of credit service quality and what they perceived in terms of credit service quality offered by their SACCOS, and some general questions. The researcher asked head of schools in which the study was conducted to help the researcher that their subordinates who qualified in participation for the study to take it seriously. We did this because it was essential to keep them focus so that they do not go astray since some respondents may possibly ignore reading the instructions and it could give the work unacceptable and invalid.

CHAPTER FOUR
DATA PRESENTATION AND ANALYSIS OF THE FINDINGS

4.0 Introduction

The findings of the study are presented in this chapter. The main purpose of this study was to assess how well does the RUTESCO satisfies its members in credit delivering services and how do members perceive the quality of credit service offered by their organization. The study was a cross-sectional case survey that involved the use of self-administered structured questionnaires to collect primary data from the RUTESCO members in Ruangwa District council Lindi region. The total of 120 questionnaires were dished to RUTESCO members between 18th and 24th January, 2015. In which 116 out 120 questionnaires went out were returned and found to be substantially for processing and analysis. The SPSS version 16.0 and microsoft excel version 2007 were used for data analysis.

The data analysis of this study was conducted in two main steps, the step one was analysis by the means of descriptive statistics, which was basically aimed to make a summarization of respondent demographic characteristics by the use of SPSS software and microsoft excel. The frequency tables, means and percentages helped in an understanding of the data general characteristics of the surveyed population. The step two of our analysis involved the calculations of gap scores (P-E), the purpose of this was to find out the gap within the SERVQUAL dimensions. The gap score was applied to summarize the means of perceptions and expectations of members toward the service quality. Finally the calculation of perception, minus the expectation (P-E) scores for each SERVIQUAL dimensions items and sub dimension items were done in order to identify the service quality gaps. The application of the SERVQUAL tool in this study involved rewording and we changed the questions into Swahili language in order to make it relevant and understood to the Ruangwa Teachers Savings and Cooperative society respondents.

4.1 Response Rate

Response Rate From the 120 questionnaires administered, 116 (96.67%) were collected and found usable for analysis and 4 (3.33%) questionnaires were not collected from respondents. This indicates that the response rate was 96.67% and the non response rate were 4 (3.33%) respectively see table 4.1.

Table 4.1 Response Rate

Total SACCOS Population	Sample Size	Response Rate of Sample	Non Response of Sample
352	**120**	**116**	**4**
100%	**34.1%**	96.67%	3.33%

Source: Field survey Data January- February 2015

4.2 Respondents Demographical Characteristics

The findings of the study as presented in Table 4.2 show that 67 (57.8%) of respondents were Males and 49 (42.2%) of the respondents constituted of the female. In considering the marital status of the respondents, the results shows that about 75.9% of the surveyed sample were married, 10.3% were singles, 6.0% were separated, 4.3% were living together, 1.7 divorced and 1.7 % were widows. The demographic variable age of the SACCOS members, were found that a large sample falls between the ages of 30- 39 years, which depicts 36.2%, between 50 and above accounted for 30.2%, those between 40- 49 years accounts for 27.6%, and those from 20-29 years were 6.0%. These data indicates that most members of the SACCOs their ages range between 30 and 50 and above years. The data collected shows that the majority of the respondents their highest level of education attained were form four which accounts 66.4%, followed by certificate 17.2%, diploma 10.3%, first degree accounts 4.3% while primary education found to be 1.7% see table 4.2.

Table 4.2 Shows Respondents Characteristics

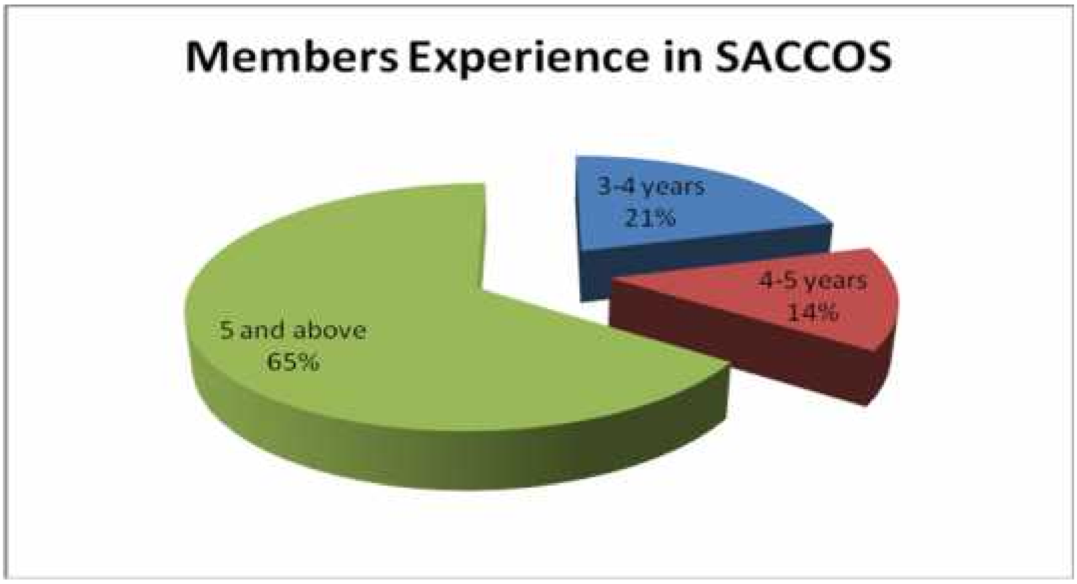
No	Variable Characteristics	Frequency	Percent	Valid Percent	Cumulative Percent
1	**GENDER**				
	Male	67	57.8	57.8	57.8
	Female	49	42.2	42.2	100.0
	Total	**116**	**100.0**	**100.0**	
2	**MARITAL STATUS**				
	Single	12	10.3	10.3	10.3
	Married	88	75.9	75.9	86.2
	Divorced	2	1.7	1.7	87.9
	Living together	5	4.3	4.3	92.2
	Widows	2	1.7	1.7	94.0
	Separated	7	6.0	6.0	100.0
	Total	**116**	**100.0**	**100.0**	
3	**AGE (YEARS)**				
	20 - 29 years	7	6.0	6.0	6.0
	30-39 years	42	36.2	36.2	42.2
	40-49 years	32	27.6	27.6	69.8
	50 and above	35	30.2	30.2	100.0
	Total	**116**	**100.0**	**100.0**	
4	**EDUCATION**				
	Primary level	2	1.7	1.7	1.7
	Form IV	77	66.4	66.4	68.1
	Certificate	20	17.2	17.2	85.3
	Diploma	12	10.3	10.3	95.7
	First degree	5	4.3	4.3	100.0
	Total	**116**	**100.0**	**100.0**	
5	**EXPERIENCE IN SACCOS**				
	3-4 years	24	20.7	20.7	20.7
	4-5 years	16	13.8	13.8	34.5
	5 and above	76	65.5	65.5	100.0
	Total	**116**	**100.0**	**100.0**	
6	**THE NEED FOR WORK PLACE SACCO**				
	YES	104	89.7	89.7	89.7
	NO	12	10.3	10.3	100.0
	Total	**116**	**100.0**	**100.0**	

Source: Field Data January-February 2015

4.2 Experience Years in the SACCOS

The respondents were asked to indicate the years, which they have been a member of the RUTESCO. The study also revealed that 16 (13.8%) have been a SACCO Member for 4-5 years, 24(20.7%) of the respondents have been in the SACCO from 3-4 years, and majority 76(65.5%) have been in a RUTESCO for the duration of more than 5years see table 4.2 and figure 4.1

Figure 4.1 the experience in SACCOS for members

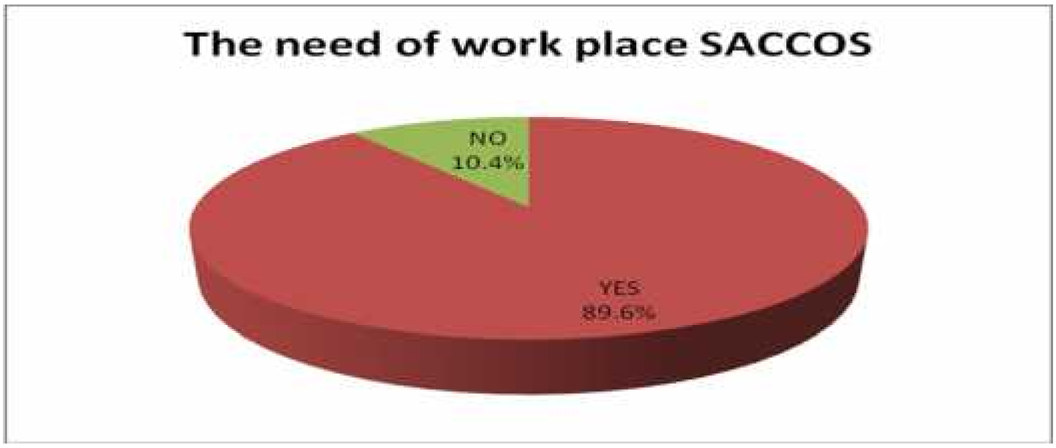


Source: Table 4.2 field Data-January-Feb 2015

4.3 The need of workplace SACCOS

The respondents were asked if they need the place of work SACCOS. In this juncture the total of 104(89.7%) respondents answered they need work Place SACCOS, while 12(10.3%) of the respondents they responded that they don't need work place SACCOS see table 4.2 and figure 4.2.

Figure 4.2 the Need of workplace SACCOS



Source; field survey January –February 2015 extracted from table 4.2

4.4 Members Perception on credit Service toward the SERVQUAL dimensions

To analyze the result we use the SERVQUAL model statements (Parasuraman et al., (1990). That means that we measure customer expectations and customer perceptions and make a comparison between different areas of service. Each answer alternative is given a score and the score for expectations is summarized and the score for perceptions is summarized. Then the difference between expectations and perceptions is counted as a judgement about the service quality is. The overall perception in service quality level is showed through counting the score of each dimension and then summarize them. The overall averages mean score for perception against expectation as an ingredient of service quality and satisfaction is 5.595, while expectation mean score is 5.3308, also the overall perceptions minus expectations is 0.2642. The score indicates that the perceptions of members of RUTESCO regarding the quality of credit delivery service is high compared to what they were expected from the institution's offerings. The higher perception score indicates that the institution has done a lot of effort to meet the members' expectations. See table 4.3.

Table 4.3 SERVQUAL Dimension and Average Perception Gap Scores

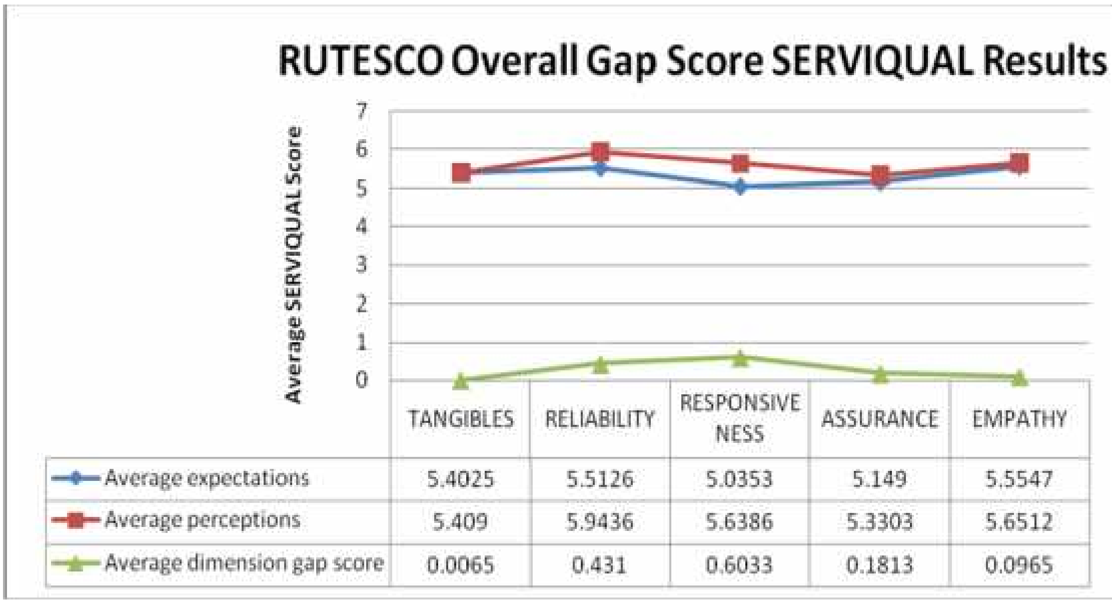
SERVQUAL Dimensions	Dimension Variables	Expectation (E)	Perception (P)	Gap Scores (P-E)	Average SERVQUAL (P) Dimension Score
TANGIBLES	Modern looking equipment.	4.9272	4.910	-0.0172	**5.409**
	Visually appealing physical facilities	5.037	4.8646	-0.1724	
	Professional appearance of employees	5.7638	6.031	0.2672	
	Visually appealing materials.	5.8827	5.8310	-0.0517	
	Average Unweighted score			**0.0065**	
	Important weight dimension score			**20.87**	
RELIABILITIES	RUTESCO act according to promises.	5.2351	5.8817	0.6466	**5.94364**
	Sincere interest in solving problems.	5.546	5.7184	0.1724	
	Services are performed right the first time.	6.0688	6.724	0.6552	
	Provide services at the time promised.	5.73	6.2645	0.5345	
	Insist on error free records	4.983	5.1296	0.1466	
	Average Unweighted score			**0.4311**	
	Important weight dimension score			**19.19**	
RESPONSIVENESS	Informs exactly when services will be provided.	4.9604	5.3052	0.3448	**5.63855**
	Provides prompt services	4.983	5.931	0.948	
	Always willing to help.	4.7146	4.887	0.1724	
	Never too busy to respond to service requests	5.483	6.431	0.948	
	Average Unweighted score			**0.6033**	
	Important weight dimension score			**22.84**	
ASSURANCE	Employee behaviour instills confidence.	5.4482	6.112	0.6638	**5.33025**
	Members feel secure in their transactions	4.7247	4.673	-0.0517	
	Employees are consistently courteous	5.103	4.966	-0.1379	
	Employees have the knowledge to answer questions	5.32	5.57	0.2500	
	Average Unweighted score			**0.181**	
	Important weight score			**18.78**	
EMPHATY	Provides individual attention.	6.4455	5.911	-0.5345	**5.6512**
	Has convenient operating hours	4.9966	5.100	0.1034	
	Employees provide personal attention.	6.2344	6.381	0.1466	
	Has the best interest of the members at heart.	5.3838	5.970	0.5862	
	Employees understand the needs of their members	4.713	4.894	0.1810	
	Average Unweighted score			**0.0965**	
	Important weight dimension score			**18.48**	

Source Field Survey January-February 2015

4.5 The Perception and Expectation gap score analysis

The level of service quality is represented by the gap between perceived and expected service. The quality score measures the service gap or the degree to which expectations exceed perceptions. The more positive the P-E scores, the higher the level of service quality leading to a higher level of customer satisfaction. Satisfaction and service quality are both treated together as functions of a customer's perception and expectations. According to Parasuraman et al., (1988), overall service quality is measured by obtaining an average gap score of the SERVQUAL dimensions in respects with the dimensions important weights. In this regard, to evaluate the overall service quality as perceived by RUTESCO members, here is a point of departure. The gap score analysis is crucial because it is a stepping stone which further will enable the study to assess how members overall perceived service quality of credit service offered by the RUTESCO see summarized in table 4.3. Parasuraman et al., (1985 p48) the higher (more positive) the perception (P) minus the expectation (E) score, the higher the perceived service quality and thereafter leading to a higher level of customer satisfaction and the opposite is true. The perceptions and Expectations under this study were both measured using the 7-point Likert's scale ranging from 1 which denoted strong disagrees and 7 strongly agree. *The quality score measures the service gap or the degree to which expectations exceed perceptions.* The more positive the P-E scores, the higher the level of service quality leading to a higher level of customer satisfaction. Satisfaction and service quality are both treated together as functions of a customer's perception and expectations see figure 4.3.

Figure 4.3 the overall SERVIQUAL gap score for Dimensions



Source:Field Data January –February 2015

From the figure 4.3 above and table 4.4 below, the study results show that the responsiveness, is the first dimension, reliability second assurance the third dimension, empathy is fourth and tangible is least in satisfying the member when members contacting with the organization in transacting for credit related services. From this score it shows that the organization have tried its best to satisfy their members responsiveness dimensions and reliability dimensions are the best while assurance and empathy fair and tangible dimension is poor.

Table 4.4 shows a summary of the SERVIQUAL dimensions gap score

SERVIQUAL Dimensions	Average Expectations	Average Perceptions	Number of dimension items	Average Dimension gap scores
A	B	C	D	E
TANGIBLES	5.4025	5.4090	4	0.0065
RELIABILITY	5.5126	5.9436	5	0.4310
RESPONSIVENESS	5.0353	5.6386	4	0.6033
ASSURANCE	5.1490	5.3303	4	0.1813
EMPATHY	5.5547	5.6512	5	0.0965
AVEARGE	**5.3308**	**5.595**		

Sources: Extracted from Table 4.3

The table 4.4 provides the gap score for each individual SERVIQUAL dimension score. The values have been obtained by differences between perceptions and expectations score in the SERVIQUAL dimension by dividing the gap with number of SERVIQUAL sub dimension items, these sometimes is called an unweighted gap score and if these values multiplied by its important weight we get the weighted perceived service quality from the members perspective.

4.5.2 SERVQUAL Results on gap score for an Individual Dimension

4.5.2.1 Tangibles

The Tangibility dimension of the SERVQUAL customer perception tool is comprised of the first four questions which assess RUTESCO's member perceptions and expectations of the tangibles appearance aspects, i.e., Equipments, materials, physical facilities and employees of the SACCOS. According to Parasurman et al., (1990) tangibles are about physical facilities, equipment, personnel and communication material. This dimension includes physical facilities, equipment, personnel and communication material and if the personnel appear neat. RUTESCO members showed overall expectations in this dimension as a mean score of 5.4025. Meanwhile, their perception mean about the dimension is 5.4090 and overall gap score for tangibility dimension is 0.0065. In here the study shows that expectations exceed their perceptions in the areas of modern looking equipment-TANG1 (gap score – P-E = -0.0172), in visually appealing materials TANG2 (gap score – P-E = -0.1724), visually appealing facilities -TANG4 (gap score – P-E = (gap score – P-E = -0.0517) and Perceptions exceed expectations in the area of professional appearance of employees which denoted as TANG3 (gap score – P-E =0.2672). The study experienced overall average unweighted gap score (P-E) for the tangibility dimension of customer satisfaction is 0.0065, thus when we apply the tangibility weight score of 20.8 to the gap score, the weighted gap score increases from unweighted gap score 0.0065 to 0.1357 an overall weighted service quality of tangible dimension items. When looking the mean gap score for the tangible and its sub dimension items it shows that the members do not think that RUTESCO fulfill their expectations about modern looking equipments, gap score -0.0172 general physical appearance gap score -0.1724 and visually appealing materials gap score -0.0517, the negative gap score indicates dissatisfaction on those dimensions. The positive gap score experienced on statement number 3 labeled as Tang3 shows a positive result which means that the perceptions about the Professional appearance of employees gap score 0.2672 and this shows that exceeding the expectations. Thus in looking for the weighted gap score of 0.1357 which is positive in nature, for Tangible dimension's and its sub items, the study shows that the overall perceived service quality of the RUTESCO members for tangibles dimension exceeded their expectations of the tangibles in RUTESCO (P>E) which denoted that members are satisfied with the service quality see table 4.5.

Table 4.5 Tangibles SERVIQUAL Dimensions perception and Sub Variables Summary

SERVQUAL Dimensions	Dimension Variables	Expectation (E)	Perception (P)	Item Label	Gap Scores (P-E)	Average SERVQUAL (P) Dimension Score
TANGIBLES	Modern looking equipment.	4.9272	4.910	TANG1	-0.0172	**5.409**
	Visually appealing physical facilities	5.037	4.8646	TANG2	-0.1724	
	Professional appearance of employees	5.7638	6.031	TANG3	0.2672	
	Visually appealing materials.	5.8827	5.8310	TANG4	-0.0517	
	DIMENSION WEIGHT SCORE				**20.87**	
	Average Unweighted Tangibility Gap Score:				**0.0065**	
	WEIGHTED GAP SCORE FOR TANGIBLES:				**0.1357**	

Source:- *field data January –February 2015:- scale used ranges from 1 strongly disagrees, 4 neither disagree nor agree and 7 strongly agree*

4.5.2.2 Reliability

The Reliability dimension of the SERVQUAL instrument were comprised of 5 sub dimensions to assess the satisfaction of credit services offered by RUTESCO, the sub dimensions questions includes; acting according to promises, Sincerity in problems solving, performing the Services right at the first time, Provide services at the promised time and insistence on error free records. Those reliability ingredients where used to assess RUTESCO Members perceptions in relation to expectations towards the credit services from their institution. The study results on reliability for overall SERVIQUAL and sub dimensions perceived service scores exceed the expectations scores to all five reliabilities sub dimension items by having a mean score of 0.4311; Acting according to promises- RELIAB1 gap score P-E= 0.6466, Sincere interest in solving problems- RELIAB2 gap score P-E =0.1724, Services are performed right the first time RELIAB3 gap score P-E=0.6552, Provide services at the time promised RELIAB4 gap score P-E =0.5345 and Insistence on error free records RELIAB5- gap score P-E= 0.1466. The study observed overall average unweighted gap score for the reliability dimension mean on perceived service quality is 0.4311, thus when we apply the reliability important weight score of 19.19 to the unweighted gap score of 0.4311, the weighted gap score increases from unweighted gap score 0.4311 to 8.273 for overall service quality for reliability dimension. Thus in looking for the overall weighted gap score of 8.273 which is positive in nature, for reliability dimension's and its five sub dimensions, the study results shows that the perceived service quality of the RUTESCO members toward credit service on the reliability dimension exceeded their expectations (P>E) which denoted that members are satisfied with the dimension see the summary on the table 4.6.

Table No. 4.6 Reliabilities SERVIQUAL Dimensions and Sub Variables Summary

SERVQUAL Dimensions	Dimension Variables	Expectation (E)	Perception (P)	Item Label	Gap Scores (P-E)	Average SERVQUAL (P) Dimension Score
Reliability	RUTESCO act according to promises.	5.2351	5.8817	RELIAB1	0.6466	**5.9436**
	Sincere interest in solving problems.	5.546	5.7184	RELIAB2	0.1724	
	Services are performed right the first time.	6.0688	6.724	RELIAB3	0.6552	
	Provide services at the time promised.	5.73	6.2645	RELIAB4	0.5345	
	Insist on error free records	4.983	5.1296	RELIAB5	0.1466	
	DIMENSION WEIGHT SCORE				**19.19**	
	Average Unweighted Reliability Gap Score:				**0.4311**	
	WEIGHTED GAP SCORE FOR RELIABILITY:				**8.273**	

Source:- *field data January –February 2015:- extracted from table 4.5 scale used ranges from 1 strongly disagree, 4 neither disagree nor agree and 7 strongly agree*

4.5.2.3 Responsiveness

In assessing members' perceptions on SERVQUAL responsiveness dimension and its ingredients the responsiveness statements, like informing when services will be performed, providing services promptly, willingness to help, never being too busy to respond to request for service) for RUTESCO. The SERVIQUAL dimension has a mean gap score of 0.6033 on the perceived service quality offered by SACCOS organization. The results for gap analysis in four dimensions statements for responsiveness SERVIQUAL dimension on members satisfaction for responsiveness, shows that their perceptions on credit service quality exceed expectations (P>E) in all four areas i.e., informs exactly when services will be provided gap score –P-E=0.3448, provides prompt services gap score P-E=0.948, always willing to help gap score P-E=0.1724 and never too busy to respond to service requests the gap score P-E=0.948 respectively. An overall average unweighted gap score (P-E) for the responsiveness dimension and sub variables, statements for member’s satisfaction is 0.6033, and the important weight score/marks on responsiveness dimension was 22.84. Thus, when applying the responsiveness important weight score of 22.84 to unweighted gap score of 0.6033 the gap score, the gap score increases/jump from 0.6033 unweighted scores to weighted score of 13.779. In all cases, the study witnessed that the perceived service quality of RUTESCO members is 13.779, since the total dimension perceived service quality is positive which means that P>E their members are satisfied with the dimensions see the table 4.7 in dimension results summary.

Table 4.7 Responsiveness SERVIQUAL Dimensions and Sub Variables Summary

SERVQUAL Dimensions	Dimension Variables	Expectation (E)	Perception (P)	Item Label	Gap Scores (P-E)	Average SERVQUAL (P) Dimension Score
RESPONSIVENESS	Informs exactly when services will be provided.	4.9604	5.3052	RESPON1	0.3448	**5.63855**
	Provides prompt services	4.983	5.931	RESPON2	0.948	
	Always willing to help.	4.7146	4.887	RESPON3	0.1724	
	Never too busy to respond to service requests	5.483	6.431	RESPON4	0.948	
	DIMENSION WEIGHT SCORE				**22.84**	
	Average Unweighted Responsiveness Gap Score:				**0.6033**	
	WEIGHTED GAP SCORE FOR RESPONSIVENESS:				**13.779**	

Source:- field data January –February 2015:- scale used ranges from 1 strongly disagrees, 4 neither disagree nor agree and 7 strongly agree

4.5.2.4 Assurance

The Assurance dimension of the SERVQUAL instrument is comprised of four sub dimension statements to assess member satisfactions on credit services offered by RUTESCO on perceptions of the assurance dimension, i.e., employee behaviour instills confidence, members feel secure in their transactions, employees are consistently courteous and employees have the knowledge to answer questions. The study revealed the overall gap score mean of assurance dimension is 0.181 of the members on service quality. The gap score for sub dimensions are as follows; Employee behaviour instills confidence gap score P-E= 0.6638, members feel secure in their transactions gap score P-E= -0.0517, Employees are consistently courteous gap score P-E= -0.1379 and Employees have the knowledge to answer questions gap score P-E=0.2500 respectively. On these findings the study discovered that for each of the sub dimensions variables on assurance aspect the members' satisfaction, the expectations of the RUTESCO members in relation to their the perceptions exceeded in two sub dimensions out of four areas for Assurance sub dimensions items. When looking the mean gap score for the assurance and its sub dimension items, it shows that the members do not think that RUTESCO fulfil their expectations about securities in transactions with the institutional gap score P-E= -0.0517, and consistently courteous of employee gap score P-E= -0.1379. On the other hands Perception of members exceeds expectation in the area of Employee behaviour instills confidence gap score P-E= 0.6638 and Employees have the knowledge to answer questions gap score P-E=0.2500. The average unweighted gap score (P-E) for the SERVIQUAL on assurance and sub dimension items for satisfaction is 0.181 and its important weight score was 18.78, and when applied the Assurance weight score of 18.78 to the unweighted average gap score of 0.181, the weighted gap score/perceived service quality which measures satisfaction increases from an unweighted gap of 0.181 to the weighted gap of 3.400 see the summary in the table 4.8. The results show that members are satisfied in some dimensions which had a positive gap score.

Table 4.8 Assurance SERVIQUAL Dimensions and Sub Variables Summary

SERVQUAL Dimensions	Dimension Variables	Expectation (E)	Perception (P)	Item Label	Gap Scores (P-E)	Average SERVQUAL (P) Dimension Score
ASSURANCE	Employee behaviour instills confidence.	5.4482	6.112	ASSUR1	0.6638	**5.3303**
	Members feel secure in their transactions	4.7247	4.673	ASSUR2	-0.0517	
	Employees are consistently courteous	5.103	4.966	ASSUR3	-0.1379	
	Employees have the knowledge to answer questions	5.32	5.57	ASSUR4	0.2500	
	DIMENSION WEIGHT SCORE				**18.78**	
	Average Unweighted Assurance Gap Score:				**0.181**	
	WEIGHTED GAP SCORE FOR ASSURANCE:				**3.40**	

Source:- field data January –February 2015:- scale used ranges from 1 strongly disagree, 4 neither disagree nor agree and 7 strongly agree

4.5.2.5 Empathy

The Empathy SERVQUAL dimension had five basic elements in which used in assessing RUTESCO members the level of perceptions of service quality from their SACCOS. The mean of the perception of the members toward the credit service of the dimension is 0.0965. The empathy was comprised with five sub dimensions elements which were; Provides individual attention, RUTESCO has convenient operating hours, Employees provide personal attention, RUTESCO has the best interest of the members at heart and Employees understand the specific needs of the members. The results show that in Provides of an individual attention the SACCOS had scored a gap score P-E= -0.5345, convenient operating hour gap score P-E=0. 1034, Employees provide the personal attention gap score P-E=0.1466, RUTESCO has the best interest of the members at heart gap score P-E= 0.5862 and Employees understand the specific needs of the member's gap score P-E= 0.1810. The study revealed that four (4) out of five (5) of dimensions make the empathy members perceptions of the quality has exceeded in four dimensions and expectations exceed perceptions on one dimension in providing members individual attention which the gap score is negative, i.e., -0.5345, this indicates the perceived service quality of this

SERVIQUAL sub dimension item is non, because of having a negative gap score. The overall average unweighted gap score for empathy score ∑(P-E)/5 for the SERVIQUAL Empathy on sub dimension items for the RUTESCO Members' satisfaction is 0.0965 and its important weight score was 18.48, and when we applied the empathy weight score of 18.48 to the unweighted average gap score of 0.0965, the weighted gap score increases from 0.0965 to 1.7840, The customers show overall expectations in this dimension at mean 5.5547. Their perceptions show mean of 5.6512. The members do not satisfy with quality described in providing members individual attention. This shows that overall dimension perceived service quality in four dimensions and one dimension do not satisfy the members at all; see a summary in table 4.9.

Table 4.9 Average Empathy Dimension score and Sub Variables gap score

SERVQUAL Dimensions	Dimension Variables	Expectation (E)	Perception (P)	Item Label	Gap Scores (P-E)	Average SERVQUAL (P) Dimension Score
EMPATHY	Provides individual attention.	6.4455	5.911	EMPH1	-0.5345	**5.6512**
	Has convenient operating hours	4.9966	5.100	EMPH2	0.1034	
	Employees provide personal attention.	6.2344	6.381	EMPH3	0.1466	
	Has the best interest of the members at heart.	5.3838	5.970	EMPH4	0.5862	
	Employees understand the needs of their members	4.713	4.894	EMPH5	0.1810	
	DIMENSION WEIGHT SCORE				**18.48**	
	Average Unweighted Empathy Gap Score:				**0.0965**	
	WEIGHTED GAP SCORE FOR EMPHATY				**1.7840**	

Source: - field data January –February 2015:-

The scale used ranges from *1 strongly disagree*, *4 neither disagree nor agree* and *7 strongly agree*

4.6 The negatives SERVIQUAL dimension Gaps score

Based on the results presented earlier, although the overall perceived service quality for all five dimensions of SERVIQUAL found to range within a satisfactory level, which signifies good service quality and hence satisfaction, but there are some areas still SACCOS organization need to adjust and make some major and minor corrective measures/improvements to sub dimensions items which shows disatifactions as indicated with negative gap scores as shown in the table 4.10. The study discovered that members are not satisfied in three Tangibility dimension items which denoted by negative gap score on possession of modern looking equipments, visually appealing physical facilities and Visually appealing materials; also on Assurance dimension two sub dimensions items shows that members are dissatisfied with the quality of service offered by their SACCOS as indicated with a negative gaps score on members feel secure in their transactions with RUTESCO and Employees are consistently courteous; Finally on Empathy dimensions RUTESCO not doing fine on providing members individual attention when contacting with the institution see a dissatisfaction dimensions summary in table 4.10

Table 4.10 Shows negative gap SERVIQUAL dimension and sub dimensions items score

SERVIQUAL Dimension	Total items	Total item with negative gap	The item label	Sub Dimension Items Description	Gap scored	% of default items	% of perceived quality
TANGIBLES	4	3	Tang1	RUTESCO Has Modern looking equipments	-0.0172	75	25
			Tang2	Visually appealing physical facilities	-0.1724		
			Tang4	Visually appealing materials.	-0.0517		
ASSURANCE	4	2	Assur2	Members feel secure in their transactions with RUTESCO	-0.0517	50	50
			Assur3	Employees are consistently courteous	-0.1379		
EMPATHY	5	1	Empah 1	RUTESCO Provides individual attention.	-0.5345	20	80

Source; field data January –February 2015 Extracted of negative gap score from table 4.3

4.7.1 SERVQUAL Dimension Importance weight Scores.

The SERVQUAL instrument was administered to the RUTESCO members comprised the Expectation and Perception sections. On the same dimensions the respondents were asked to assign the most points to the most important dimension and fewer points to the least important dimensions out of 100 marks (points) between the five SERVIQUAL dimensions based upon their perception of the five dimensions in relation to their views of importance and the results are shown in the table 4.11. In this task the respondents were asked to evaluate the best experience they had when contacted with the institution to render the credit service, they instructed to allocate more points to those dimensions which they thought the experienced meet their wishes. The SERVQUAL developers' researchers indicated that the customers don't hold each of the service quality dimensions in the same regard and also are not same or uniformly important in the minds of customers. Therefore, the SERVQUAL instruments also collect respondents input as to the importance of each construct by instructing them to allocate a total of 100 points across the various service quality dimensions. *This information allows for a measure of salience that can be used to determine which of the service quality dimensions are the most important to the customers.* The salience scores may also be used to weigh the results of the SERVQUAL scores for each service quality construct by multiplying the score by the salience score obtained from the survey population. The weighted scores provide greater insight as to the overall importance of the service quality construct to the survey population, thus allowing service leaders to implement more targeted service improvement initiatives later on (Parasuraman et al., 1991).

Table 4.11 Shows important weights score for SERVIQUAL dimensions

SERVQUAL Dimensions	Dimension Importance Weight score
A	**B**
Tangible	20.87
Reliability	19.19
Responsiveness	22.84
Assurance	18.78
Empathy	18.48
TOTAL	**100**

Source: Field Data January –February, 2015

The above table shows that members allocate more marks/points on responsiveness dimension 22.84%, followed by tangible dimensions 20.87%, and reliability 19.19%, while assurance and empathy got 18.78% and 18.48% marks respectively.

4.7.2 RUTESCO Overall Service quality /Members satisfaction index

A more direct measure for service quality evaluation is provided by an overall perceived service quality or satisfaction index when expressed in percentage. it often called "Customer Satisfaction Index". Customer satisfaction index can be defined as an overall evaluation of a firm's post-purchase performance or utilization of a service. CSI represents a measure of service quality on the basis of the user/consumer perceptions of service aspects expressed in terms of importance rates, compared with user/ consumer expectations expressed in terms of satisfaction rates. CSI plugs the gap of SERVQUAL because is based on judgments expressed according to a numerical scale. SERVQUAL provides an index calculated through the *difference between perception* and *expectation rates* expressed in the items, weighted as a *function of the five service quality dimensions* which make SERVIQUAL dimensions (five items) and the value is expressed in percentage based on 7 points Likerts scale used in this study. The study shows that the responsiveness dimension is one of the most feature which satisfies the RUTESCO members on service quality by having a mean of 0.6033 and total weights of 13.7794, Reliability is the second SERVIQUAL dimension with the mean of 0.4311and total weights of 8.2728 while Assurance dimension was the third important feature for satisfaction with a mean of 0.1810 and weight of 3.3992. The tangibles and empathy all these dimensions have played a very low level in relation to members satisfaction with credit service quality see graph in figure 4.4 The overall perceived service quality is hereby calculated quantitatively as follows:-

$OSQ=\sum ((X_1W+X_2W+X_3W+\ldots.. X_iW) /N)$ ---(1)

Where as;

OSQ/CSI= Overall Service Quality/customer satisfaction index--------------------(2)

$x_1, x_2, \ldots. x_i$= dimensions unweighted or (average gap score) ------------------------(3)

W = importance dimension weighted score from (100marks) --------------------- (4)

N= Number of dimensions used --- (5)

From table 4.11 and a summary made in table 4.12 we can now mathematically complete the overall perceive service quality and enventually member satisfaction index.

OSQ/CSI »»» (0.1357+8.273+13.779+3.40+1.7840) /5=**5.4741**--------------------(6)

*The study used the scale which ranges from 1-7 (strongly disagree to strongly agree) therefore overall credit service quality/member satisfaction index or the voice of RUTESCO members on satisfaction of the credit service quality offered by their institution is 5.4741/7*100= 78.20%.*--(7)

Table 4.12 Summary of overall SERVIQUAL weights.

SERVQUAL Dimension	**Average Dimension gap scores**	**Dimension Importance Weight score**	**Weighted Score** B*C
A	**B**	**C**	**D**
TANGIBLES	0.0065	20.87	0.1357
RELIABILITY	0.4311	19.19	8.2728
RESPONSIVENESS	0.6033	22.84	13.7794
ASSURANCE	0.1810	18.78	3.3992
EMPATHY	0.0965	18.48	1.7833
		Total	**27.3704**
AVERAGE (= Total / 5) WEIGHTED SERVQUAL SCORE			**5.4741**

Source: field data January –February 2015

From table 4.12 which shows the calculation of the overall perceived service quality or satisfaction index the study discovered that the overall perceived credit service quality of their institution is 5.4741/7×100 = 78.20%, this values shows that the SACCOS is providing a satisfactory service to members.

4.7.3 The contribution of perceived service quality for individual SERVIQUAL Dimension.

The amount of individual SERVIQUAL dimension contribution to each dimension in order to determine the overall factor/variable contribution to perceived service quality are presented in table 4.13 and figure 4.4.

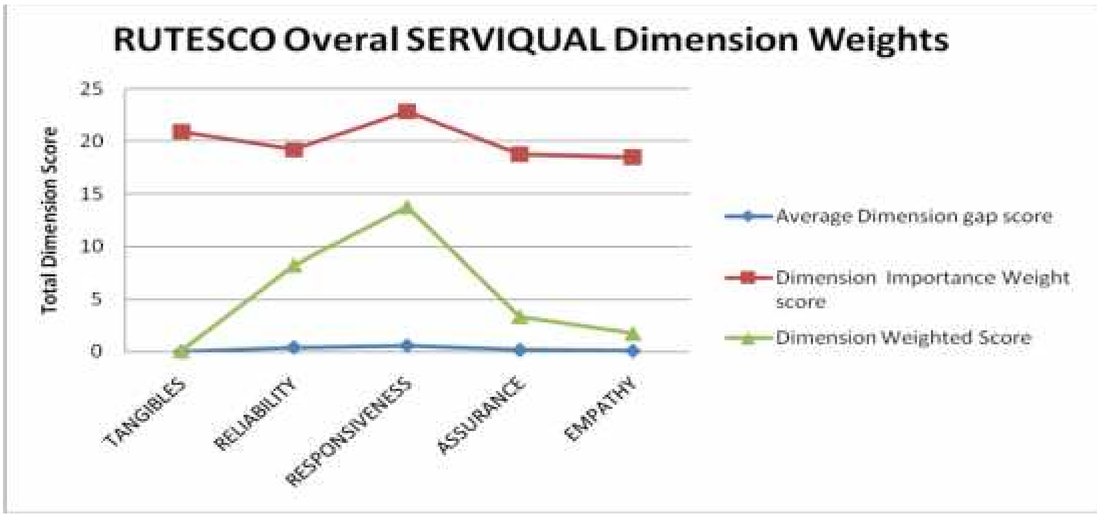
Table 4.13 Shows the individual SERVIQUAL dimension contribution to total perceived credit service quality to RUTESCO members

SERVIQUAL dimensions	Weighted Score	Dimension Contribution Perceived Quality		Remarks
		% in total weighted score	% in overall perceived service quality	
TANGIBLES	0.1357	0.50	0.39	
RELIABILITY	8.2728	30.22	23.64	Second Contributor
RESPONSIVENESS	13.7794	50.34	39.37	First Contributor
ASSURANCE	3.3992	12.42	9.71	Least Contributor
EMPATHY	1.7833	6.51	5.10	
TOTAL	**27.3704**	**100**	**78.20**	
Weighted Average	**5.4741**			

Source: Calculation based on field data gathered January –February, 2015

The study reveals that among the five SERVIQUAL dimensions, Responsiveness, has imaged the first important contributor to overall perceived credit service quality and satisfaction, followed by ‘reliability’ dimension and the least is assurance dimension see table 4.13 and figure 4.4.

Figure 4.4 the best contributor of SERVIQUAL Dimension based on weighted score, important weights and the mean gap score for RUTESCO-members



From field data January –February 2015

4.8 Ranked Important Dimensions that Matter Most to Members

The respondents were asked to write the number of SERVIQUAL dimensions with respect to its importance in a form of first most important, second most important and the least important feature basing on their view of important in respect to Service quality and satisfaction, the frequency of results are presented on table 4.14

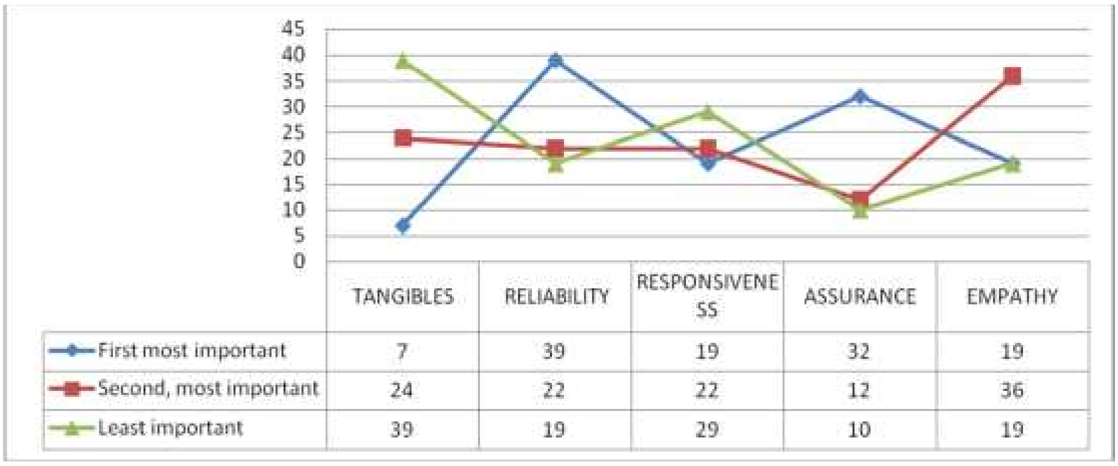
Table 4.14 Important ranking features in SERVIQUAL Dimensions to RUTESCO Members.

SERVIQUAL Dimensions	First most important	Second, most important	Least important
TANGIBLES	7	24	39
RELIABILITY	39	22	19
RESPONSIVENESS	19	22	29
ASSURANCE	32	12	10
EMPATHY	19	36	19
No. of Observations	**116**	**116**	**116**

Source: Field Survey January-February 2015

In views of the table 4.14 above the respondents listed that reliability is most preferably to them in SERVIQUAL dimension which score 39 of the total among the five in first most important category, while empathy ranked to be the second most important dimension in second important dimension by having a frequency of 36 and the least important dimension feature to RUTESCO members is the tangibles dimension by scoring a frequency of 39 at least important features to them see figure 4.5.

Figure 4.5 Combined Graph for ranking important SERVIQUAL Dimensions features for RUTESCO Members



4.8.1 First ranked important feature

The respondents were asked to rank the SERVIQUAL dimensions according to its importance; the statements required them to rank the first most important feature among five dimensions. The study discovered that reliability dimension has got more attention to most of the members. This means that Members wants the SACCOS to have an ability of performing the promised service dependably and accurately. This dimension scored 34%, while assurance 28%, responsiveness 16%, empathy 16% and finally Tangibles scored 6%.

4.8.2 Second, most Important Feature

The respondents were also asked to rank the SERVIQUAL dimensions according to its importance; under this the clients required to select the second important feature among five dimensions. The study discovered that Empathy dimension scored the second most important feature to the members. The results show that Members wish the SACCOS to attitude of caring, individualized and also the firm to have strong attention in providing credit service to its members. The empathy dimension in this juncture scores 31%, while Tangibles score 21%. Responsiveness 19%, reliability 19% and finally assurance 10%.

4.8.3 Least Important feature on SERVIQUAL Dimension

When respondents asked to rank one of least important dimension, the majority of the respondents 39 (34%) listed that tangible dimensions seemed to have less important to them. The respondents were not valuing the general appearances of the SACCOS such as areas like physical facilities, equipments, and appearance of employees. Other dimensions like responsiveness responsiveness scored 25%, empathy 16%, reliability 16% and assurance scored 9%.

CHAPTER FIVE
DISCUSSION OF THE FINDINGS

5.0 Introduction

The discussions are made in this chapter based on study findings in respects to the research questions or prepositions we made early in our research study on assessment of credit service quality and member satisfaction in employees based SACCOS business settings.

5.1 Discussion on Research Question One

How do SACCO's members perceive the quality of credit service offered by employees' based SACCOS?

5.1.1 RUTESCO Members Perception for the quality of credit service

Perceptions of credit service quality are the degree to which RUTESCO members find various credit service attributes important in enhancing their satisfaction in relations with the service rendered from the institution. From data presented the study revealed that the main dimensions of perceived service quality in RUTESCO are 'Reliability, 'Empathy and Responsiveness in which the perceptions mean of service quality on those predictors are 5.9436, 5.6512 and 5.6386 respectively. Tangibles dimensions and Assurance dimensions have a low perception score compared to three above. The tangibles have a mean of 5.5409 and assurance has a mean of 5.3303. The overall average perception score for service quality in the institution is 5.595 and the expectation mean score is 5.3308. This means that dimensions with higher perception scores depict higher satisfaction on the part of members and lower perception scores depicts lower satisfaction. Parasuraman et al., (1985, 1988) suggested that when perceived service quality is high, then it will lead to increase in customer satisfaction. They support the fact that service quality leads to customer satisfaction and this is in line with (Saravana & Rao, 2007, p.436); (Lee, Lee, &Yoo, 2000 pp.226). These researchers acknowledge that customer satisfaction is based upon the level of service quality provided by the service provider. This is a good ground for asserting whether members are satisfied with the credit service quality in employee based SACCOS or not but since the overall average perception score is complying with the minimum requirements of an average acceptable level of 7 point scale used under this research study, it can be said that RUTESCO members are satisfied with credit service quality offered by their institution. A higher perceptions also indicate higher satisfaction as service quality and satisfaction are positively related. This means that dimensions with higher perception scores depict higher satisfaction on the part of members and lower perception scores depicts lower satisfaction. Based on our empirical investigations and results presented in this study, also based from previously study done by various researchers contacted from the literatures, it can be noted that RUTESCO members' perception on the quality of credit delivery services offered by their institution is high since the overall average SERVIQUAL perception score for all five dimensions used in this study found to be 5.595 out 7 maximum level and this results is equivalent to (79.93%). From the study results we can proudly say that perceptions of service surpass expectations which is 5.595 compared to expectations which is 5.3308 out of a maximum score of 7, this meaning that RUTESCO members they have experienced a good perception on the quality of credit delivering services from their SACCOS than what they expected from the institution offerings, therefore under this regards it is signified that the members are satisfied with credit service quality offered by their SACCOS.

5.2 Discussions under Research Question Two

Are the SACCOS members satisfied with the quality of credit service offered by employee based SACCOS?

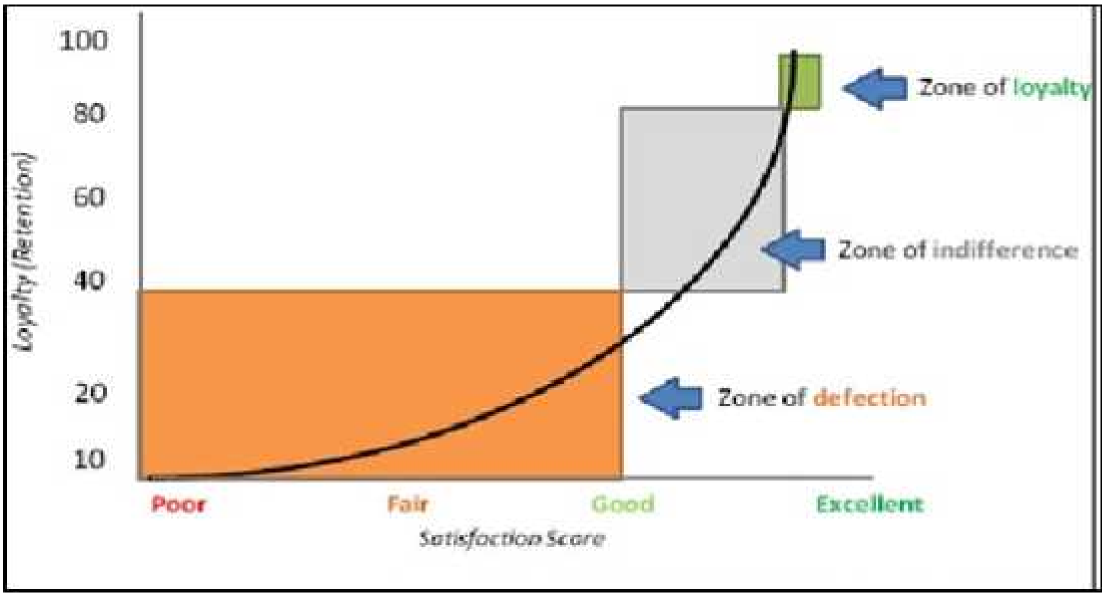
5.2.1 Overall perceived service quality

We have assessed the gap between members' expectations and their perceptions (P-E) of the service quality of Ruangwa Teachers SACCOS see table 4.3. From the results presented earlier, the study has discovered that the respondents' overall perceived service quality or member satisfaction index using Likert's 7 point scale is 5.4741. When we look at five SERVIQUAL dimensions individually, the study revealed that RUTESCO members perceived high service quality on responsiveness, and reliability because in those areas there were no negative gaps scored. Based on the findings presented earlier, although the overall perceived service quality for all five dimensions of SERVIQUAL found to range within a satisfactory level, which signifies good service quality attained by members and hence satisfaction, the study found out there are some areas still SACCOS organization need to adjust itself and make some immediately corrective measures to iron out the negative gaps score to service quality perceived, because the members encountered some negative gaps score in some sub dimension items. The negative gaps were found on sub dimensions items were as follows; three Tangibility dimension items on; - possession of the modern looking equipments, having visually appealing physical facilities and attracting visually appealing materials, also on assurance dimension two sub dimensions items score a negative gap on members feel secure in their transactions with the institution and Employees being consistently courteous. While on empathy dimension one item scored a negative gap on organization ability to Provide an individual attention see a summary in table 4.10. According to Heskert et al., (1997), *these researchers and authors of customer service and satisfactions they suggested that the overall perceived score of* 5.6 is an acceptable when using a scale of 7 points Likert's scale as a minimum score for acceptance to measure factual satisfaction for the overall SERVIQUAL dimensions and for each dimension of the Service quality tool.

The 5.6 is the threshold/cutoff point for acceptable level, i.e. (1+2+3+4+5+6+7) /7=5.6 (80%). This means that, if the SERVQUAL respondents perceived service quality is at 5.6 would indicate an acceptable level of perceived service quality and satisfaction and below that points it is just a normal service quality. Likewise, if the same respondents perceived service quality scores above 5.6 would indicate the high service quality which may lead higher satisfaction or delights. These authors and researchers they recommended that customer satisfaction will be higher if the score will be above 5.6 threshold, when 7 point Likert's scale used, and if the score is lower than 5.6 is unacceptable, and thus it is a duty of the service providers to strive to be above that level so as to maintain a high retention level and maximum satisfaction which inturn building customers' royalty with the firm.

According to Heskert et al., (1997), they wrote that the customers confronts with three zones when encounters with service providers/ Suppliers in relation to retentions and Loyalty see figure 5.1.

Figure 5.1 Zone of, defection, indifference and Loyalty



Source:**adapted from, (Heskert, Sasser, & Schlesinger, 1997*)*

According to Heskert et al., 1997, there are zones of defection which resulted due to failure of the Service providers/suppliers to provide a satisfactory service. This zone occurs due to providing a customer's poor and fair services and this range from offering a quality of service of 40% and below. The Second zone is a zone of indifference, under this zone, the customer experienced when an organization offered a good service and start above 40% and below 80%. The last zone according them is a zone of loyalty and this emanated when an organization provides the service quality from 80% and above see illustration from figure 5.1.

Parasuraman et al., (1985 &1988) suggested that when perceived service quality is high, then it will lead to increase in customer satisfaction. They support the fact that service quality leads to customer satisfaction and this is in line with Saravana & Rao, (2007, p. 436) and Lee et al., (2000:226). All these researchers acknowledge that customer satisfaction is based upon the level of service quality provided by the service provider.

Based on our results on overall perceived service quality which is 5.4741 on a scale of 7 points and this is equal to 78.20% as total members voice or credit quality service or satisfaction index; it is healthily to say that RUTESCO members are normal satisfied with the credit service offered by their SACCOS. The overall perceived service quality of 5.4741 (78.2%) indicates that the institution had not provided an excellent service to its members because the members satisfaction index obtained is below the threshold point value of 5.6 (80%) out of 7points scale and this is due to the observed negative gaps scored (dissatisfaction) from some SERVIQUAL dimensions and sub-dimension items, Tangibles 3 items with negative gaps, Assurance 2 and 1 gap from Empathy dimension see a summarised negative gap scores in table 4.10.

The overall perceived SERVQUAL score for the five dimensions of customer satisfaction is 5.4741 out 7 points maximum score or 78.20%. This indicates a satisfactory level to members in the credit service quality, as assessed by the members. From the quantitative analysis study found that, although gaps exist in expectations in relation to perceived level of service quality and hence satisfaction, the RUTESCO members are satisfied with the quality of credit service being offered by their institution. The study indicates that there are some areas where major and minor efforts is needed to improve the situation in provision of service to its members. The negative gap scores (dissatisfaction) emanated from SERVIQUAL dimensions and its sub dimension items indicates that RUTESCO need some improvement in order to correct the situation, more specifically those areas of Tangibles and Assurance which need major improvements, while Empathy dimension which need some minor correction to improve the situation. The study results indicates that there is 21.80% uncovered service quality from the institution inoder to attain maximum service quality to make members delighted or fully satisfied with the credit service quality and this is because of the negative gaps that existed to those sub dimension items mentioned early see table 4.10.

5.3 Discussions under Research Question three.

What are the most important dimensions that matter most to SACCO's members and that bring them satisfaction?

5.3.1. The important attributes of Perceived Credit Service Quality to RUTESCO members.

The study was trying to investigate what dimensions in the model of service quality are important on members' point of views in relation to perceived service and bring them satisfaction. From the findings we have the study shows that the dimensions which matter most in meeting their expectations in SERVIQUAL dimensions are responsiveness is the first best predictor of perceived credit service quality offered by RUTESCO, reliability is the second best attribute of perceived service quality and assurance emerged as a least predictor of perceived service quality. Generally the two dimensions score have higher value compared with the rest three among five dimension items used in prediction of overall perceived service quality in this study, the total of 63.01% with the distribution of 39.37% on responsiveness and 23.64% on reliability. Responsiveness and Reliability are Functional quality dimensions that were found to have significant impact on members satisfaction credit service quality. Generally, these findings provide evidence in support of previous studies. Specifically, are consistent with previous studies such as Duodu & Amankwah, (2011); Gyasi & Azumah (2009); Heskett et al., (1994); Parasuraman et al., (1985), Pizam & Taylor (1999), Bitner, Hubbert, Rust, & Oliver (1994) and (Sattari, 2007), that also found Reliability and Responsiveness of the service provider to be important and significant predictors of satisfaction of customers in service contexts. As noted by Parasuraman et al., (1988), the relative importance of service quality dimensions may differ from industry to industry in different service contexts, therefore, this study lends support to this fact in that reliability and Responsiveness of the service provider happen to be the most relatively important determinants or predictors of satisfaction to SACCOS members.

CHAPTER SIX
SUMMARY, CONCLUSIONS, RECOMMENDATIONS AND STUDY POLICY IMPLICATIONS

6.0 Introduction

This chapter presents a summary of the research work, it will also covers conclusions arrived based on the results, recommendations made, limitations and study quality issues, suggestions for further research and the policy implications.

6.0 Summary

6.1.1 Study Summary

The research study was quantitative based on Cross-sectional design, the main purpose of the study were to explore whether the employees based SACCOS members in Tanzania are really satisfied with the quality of credit service offered by their institution? , basically, it was attained through assessing and determine the level of credit service quality and perceived service quality and member satisfaction in the RUTESCO. The study also aimed to determine the dimensions which matter most in the SERVIQUAL model in relation to member's satisfaction. The respondents of the study were 120 out of 352 of the total population of the unit of analysis in which the response rate were 116 out sample of 120 and this gives the response rate of 96.67%. The sample was selected based on convenience sampling techniques because we wanted only respondents who have been in the SACCOS and uses the service at least for three years and above, because we sought that by having an experience of three years will make enough for evaluations of the quality of credit service from the institution under investigation. The respondents were dosed with structured questionnaires which were developed using a SERVIQUAL mode to answer the questions quantitatively by a means of seven points Likert's scale which ranges from 1 strongly disagree to 7 strongly agree, the demographic questions were present to gather some information outside the model. The analysis of the study were analysed using the SERVIQUAL model questionnaires based techniques to arrive the results aided with a descriptive statistics from SPSS version 16.0 of 2008 and Microsoft Excel version 2007.

6.1.2 Summary of the Findings

The study major findings are hereby summarized:

The study showed that, the general expectations is 5.3308 and perceptions of the members toward credit Service quality is 5.595 out of 7 maximum possible score for 7 points rating Likert's scale used. Thus the result shows that the members are satisfied with credit service quality rendered from their SACCOS due to high perceptions score of 5.595 than expectations score of 5.3308; this means that SACCOS offer good service quality compared to what the members expected from their institution's offerings. The results also shows that the SACCOS have done better in meeting the expections of their clients in relation to credit service quality because the results shows that perceptions of members on credit service quality is higher compared to what the members expected from the institution offerings i.e; perceptions is greater than expectation (P>E). Thus when perceptions minus expectations (P-E), we get positive gap score of 0.2642 (5.595-5.3308= 0.2642) which indicates that members are satisfied with the credit service quality. Since satisfaction is captured as the positive feeling (satisfaction), indifference (neutral), or negative feelings (dissatisfaction)" and if the overall perceptions falls short of expectations, the members are dissatisfied (P<E or negative gap scores), also if the perceptions matches with the expectations (P=E gap is equal to zero) the members are satisfied or indifferent and finally if the perception exceeds expectations (5.595>5.3308) like our case the members are satisfied with the credit service since P>E. The findings indicates that the RUTESCO has done much in credit delivering service to her members and the members are getting a satisfactory credit service quality because the Overall perceived credit quality/satisfaction index is good about 78.20% also findings revealed that Responsiveness and Reliability are the best attributes of overall perceived credit quality to RUTESCO. Furthermore about 89.60% of respondents still need the workplace SACCOS. The study revealed that apart from those two SERVIQUAL dimensions which were main sources for their satisfactions also they ranked reliability to be the most first important attribute to them and assurance as the most second important dimension among those five features, most of respondents were male about 57.80%, the age group comprises majority about 36.20% were from 30-39 years old, 66.40% of the respondents have completed form four secondary education, about 65.50% of the survey population have been a SACCOS members for 5 years and above in addition the majority of respondents have married which is about 75.90%.

6.2 Conclusions

The study made use of SERVIQUAL tools and found it better in understanding how overall members perceived service quality/Satisfaction as well as the organization strived to meet the needs and expectations of their clients. Based on the results, the study conclude that RUTESCO members have positive views of their organization since what they expected from their institution exceed from actual perceived credit service quality due to overall positive gap score and the institution is also striving to satisfy their members in credit delivering services. The SERVIQUAL instrument also provides a benchmark based tools on clients' opinions in relation to credit service quality offered by RUTESCO and to any serious organization operating under today's aggressive competitive microfinance business environment in Tanzania, in every one is struggling to service the same markets.

6.3 Recommendation

Based on the results from the study and conclusions drawn from it, the following recommendations are spelt out:

6.3.1 Recommendations based on gap scores

Due to the general poor image of SACCOS and employees observed by the respondents through the study the institution should make some major and minor corrective measures to rescue the situation on tangible, assurance and empathy as follows:

6.3.1.1 Tangible dimensions

The physical evidence of Service from "staff Counter", includes organization's personality, appearance of personnel, tools, and equipment used to provide services. The sub dimensions includes general appearances like physical facilities, having modern equipments, quality of serviceable materials, and appearance of personnel in the organization. The negative gap score/dissatisfaction appears on three items with an exception to appearance of employees which indicate positive gap score. The respondents are not satisfied in general physical environment like cleanliness, equipments and serviceable materials. Hereby study recommends that SACCOS should make an aggressive measure to procure modern equipments and to make general environment clean.

6.3.1.2 Empathy dimension

Empathy refers to the provision of caring and individualized attention to customers, including access, communication and understanding the clients.

This is how they positioned on member's foot it includes the ability to be approachable, forinstance being a good listener. Under this dimension there was one negative gap score, which shows that SACCOS is not competent in providing member’s individual attention as a results the members are not satisfied with the sub dimension item. The study recommends that the SACCOS should understand the need of the members individually and provide services in respects to their requests without unnecessary delayal.

The management of SACCOS/RUTESCO also should continue improving customer services through studies on member’s behaviour and their expectations towards the institution to avoid members withdraw due to the negligence and carelessly even if the study revealed that members still need the workplace SACCOS see figure 4.2 on this report.

It is clear from the above results that customers like to be given enough individualized attention and treated with care. It thus allows the customers to easily approach and spell out their needs regarding the service being provided. The importance of empathy may be the root of the statement. ‘‘*If one looks at who is winning, it tends to be an organization that sees the customer as an individual*.’

6.3.1.3 Assurance dimension

This an Ability to convey trust and confidence. Example: being polite and showing respect to members.

Here, the members are not feeling secure in their transactions with the employees of the RUTESCO. The study recommends to promote the principle of confidentiality for information and transactions through information security systems, i.e, employees should be encouraged and told to be smart, not disclosing any information's related to the members, as well as maintaining high standards of secret and privacy in transactions.

The institution also should provide training courses to their workers in customer care and retention in order to understand and improve the performance of workers and paying attention based on clients needs to avoid problems they may encounter to attain a higher level of service they expected.

6.4 Study Limitations and quality issues

The external validity of the study would be weak because the study did not apply a probability sampling technique meaning our results could not be generalised to a larger population. However the test for reliability was high overall in dimensions of the SERVQUAL model therefore the results showed that there is a significant reliability meaning they were cohesive in terms of measurement of service quality in SACCOS credit delivering service, therefore the researcher think that if this study is carried out again, the same results will be collected because the methodology used was good in terms of collecting and trustworthy of data from respondents.

Furthermore, it is still possible that results collected later could change because expectations from members are not the same throughout, thus are always changing.

The study could be consider credible because the researchers' tried at all means to obtain unbiased answers from respondents and also the analysis was exactly what the study had as primary data from the respondents thus no additional or alterations to primary data on this study, this means that a high degree of honesty was applied in the study.

6.5 Policy Implications of the study

6.5.1 Theoretical implications

From the study findings, it implies that the SERVQUAL model is the best tool to use in understanding and measuring the quality of credit delivering service in microfinance institutions SACCOS in particular, because the dimensions and its sub dimension items as shown a good Cronbach's alpha of 0.884 from a reliability test of internal consistency.

The study contributes to the literature on assessment of members' satisfaction with the credit service offered by SACCOS particularly those formed at workplaces in Tanzanian context, since knowledge of factors which determine member's satisfactions on SERVIQUAL model is lacking in Tanzania.

Furthermore, this study is one among the first research study conducted on members satisfaction on credit service quality and member satisfaction for employee based SACCOS in Tanzania using the generic SERVIQUAL model. Therefore, the study has provided an empirical investigation and support that customer satisfaction in the microfinance industry influenced by service quality as well as supported done by various research studies conducted on microfinance as discussed earlier.

The study specifically, provides an empirical support for the fact that the relative importance of responsiveness and reliability of the service provider in determining customer satisfaction in microfinance SACCOS in particular.

6.5.2 Practical implications

Suggests that Ruangwa Teachers SACCOS is providing the satisfactory level of credit service quality demanded by their members and members are satisfied with quality of credit, this witnessed by the overall total perceived quality of 78.20%. Accoding to the results the management of the SACCOS must try to their level best to achieve a higher level of members satisfaction and improve service quality to the maximum. They must pay an attention to invest on customer care and rentetion mechanisms in order to survival in microfinance market. Again the management/board members of RUTESCO should do some major and minor improvements on Tangibles, assurance and empathy dimensions found with negative gaps score from the analysis carried as indicated in table 4.10 of this report.

6.6 Suggestions for further Research

This study used quantitative methods in assessment of members satisfaction of credit service offered by employees based SACCOS in Tanzania, future research is recommended to assess clients satisfaction on credit service quality using the SERVIQUAL model by combination of both qualitative and quantitantive approach that will make use of interviews and focus group discussion to workers, management and clients. Furthermore the study is recommended to make a comparative study between employee based SACCOS and non employees based SACCOS, to examine the determinants of clients satisfaction using the SERVIQUAL model.

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APPENDIX (A) -English version

QUESTIONNAIRE

QUESTIONNAIRE NO.: ………

QUESTIONNAIRE FOR RUTESCO- MEMBERS

PREAMBLE

Dear SACCOS Member,

My name is Mr. **RASHID SAID KILAMBO**, the students' from Mzumbe University Main Campus-Morogoro, Pursuing Master of Science in Entrepreneurship (MSc-Entrep). I'm here just for Academic Exercise aimed at gathering primary data which will enable me to write a dissertation on **Assessment of Members' Satisfaction for the Credit Service Offered by Employee Based SACCOS in Tanzania**. Your cooperation in providing honest and promptly responses to the questionnaire provided would be very much appreciated. Privacy and confidentiality of your responses will be highly observed and the data which you provide will be used only for academic purposes.

Thank you very much for your Co-operation and taking your Time!

PART A - TABLE 1. MEMBER'S EXPECTATIONS & PERCEPTIONS FOR THE SERVICE QUALITY.

These Segments wants your opinions about your quality of credit services offered by your SACCOS. Please show the extent to which you think Your SACCOS should posses the following features, we are interested a number that best shows your expectations about the quality of Credit service offered by your Organization which has been denoted by E1 to E22 and perceived service from your ASACCOS has denoted by P1 to P22 on the table below.

Please circle a number only one option into each sentence based on the options provided here.

Strongly Disagree **strongly Agree**

1 2 3 4 5 6 7

TANGEBLES	**SELECTION 1-7**						
E1.Ruangwa Teachers SACCOS will have modern looking equipment.	1	2	3	4	5	6	7
E2. The physical facilities at Ruangwa Teachers SACCOS will be visually appealing.	1	2	3	4	5	6	7
E3. Employees at Ruangwa Teachers SACCOS will be neat appearing.	1	2	3	4	5	6	7
E4. Materials associated with the service (such as pamphlets or statements) will be visually appealing at Ruangwa Teachers SACCOS.	1	2	3	4	5	6	7
RELIABILITIES							
E5. When Ruangwa Teachers SACCOS promise to do something by a certain time, they do	1	2	3	4	5	6	7
E6. When a Member has a problem, RUTESCO will show a sincere interest in solving it.	1	2	3	4	5	6	7

E7. RUTESCO will perform the service right the first time	1	2	3	4	5	6	7
E8.RUTESCO will provide the service at the time they promise to do so.	1	2	3	4	5	6	7
E9. RUTESCO will insist on error free records	1	2	3	4	5	6	7
RESPONSIVENESS							
E10. Employees of RUTESCO will tell customers exactly when services will be performed	1	2	3	4	5	6	7
E11. Employees of RUTESCO will give prompt service to customers	1	2	3	4	5	6	7
E12. Employees of RUTESCO will always be willing to help customers.	1	2	3	4	5	6	7
E13. Employees of RUTESCO will never be too busy to respond to Members' requests.	1	2	3	4	5	6	7
ASSURANCE							
E14. The behavior of employees in RUTESCO will instill confidence in Members	1	2	3	4	5	6	7
E15. Members of RUTESCO will feel safe in transactions.	1	2	3	4	5	6	7
E16. Employees of RUTESCO will be consistently courteous with customers.	1	2	3	4	5	6	7
E17. Employees of RUTESCO will have the knowledge to answer customers' questions.	1	2	3	4	5	6	7
EMPATHY							
E18. RUTESCO will give Members individual attention	1	2	3	4	5	6	7
E19. RUTESCO will have operating hours convenient to all their members	1	2	3	4	5	6	7
E20. RUTESCO will have employees who give Members personal attention.	1	2	3	4	5	6	7
E21. RUTESCO will have their Member's best interests at heart	1	2	3	4	5	6	7
E22. The employees of RUTESCO will understand the specific needs of their Members.	1	2	3	4	5	6	7
TANGEBLES							
P1. RUTESCO has modern looking equipments	1	2	3	4	5	6	7
P2.RUTESCO's physical facilities are visually appealing	1	2	3	4	5	6	7
P3. RUTESCO's reception desk employees are neat appearing	1	2	3	4	5	6	7
P4. Materials associated with the service (such as pamphlets or statements) are visually appealing at RUTESCO.	1	2	3	4	5	6	7
RELIABILITIES							
P5. When RUTESCO promises to do something by a certain time, it does so.	1	2	3	4	5	6	7
P6. When you have a problem, RUTESCO shows a sincere interest in solving it.	1	2	3	4	5	6	7
P7. RUTESCO performs the service right the first time	1	2	3	4	5	6	7
P8. RUTESCO provides its service at the time it promises to do so.	1	2	3	4	5	6	7
P9. RUTESCO insists on error free records	1	2	3	4	5	6	7
RESPONSIVENESS							
P10. Employees in RUTESCO tell you exactly when services will be performed	1		2	3	5	6	7
P11. Employees in RUTESCO give you prompt service.	1	2	3	4	5	6	7
P12. Employees in RETESCO are always willing to help you.	1	2	3	4	5	6	7
P13. Employees in RUTESCO are never too busy to respond to your request.	1	2	3	4	5	6	7
ASSURANCE							
P14. The behavior of employees in RUTESCO instills confidence in you.	1	2	3	4	5	6	7
P15. You feel safe in your transactions with RUTESCO	1	2	3	4	5	6	7
P16. Employees in RUTESCO area consistently courteous with you	1	2	3	4	5	6	7
P17. Employees in RUTESCO have the knowledge to answer your questions.	1	2	3	4	5	6	7
EMPATHY							
P18.RUTESCO gives you individual attention.	1	2	3	4	5	6	7
P19. RUTESCO has operating hours convenient to all its Members.	1	2	3	4	5	6	7
P20. RUTESCO employees who give you personal attention.	1	2	3	4	5	6	7
P21. RUTESCO has your best interest at heart.	1	2	3	4	5	6	7
P22. The employees of RUTESCO understand your specific needs.	1	2	3	4	5	6	7

PART B - TABLE 2 SERVQUAL IMPORTANCE WEIGHTS

23. Listed below are five features pertaining to your SACCOS and the service they offer. We would like to know how important each of these features is to *you* when you evaluate the service offered by YOUR SACCOS. Please allocate a total of 100 points among the five features *according to how important each feature is to you* - the more important a feature is to you, the more points you should allocate to it. Please ensure that the points you allocate to the five features add up to 100.

S/N	**FIVE RANKING FEATURES**	**Marks Allocated to each**
1	The appearance of the SACCO's physical facilities, equipment, personnel and Services.	
2	The Ruangwa Teachers SACCOS ability to perform the promised service dependably and accurately.	
3	The Ruangwa Teachers SACCOS willingness to help Members and provide a prompt service.	
4	The knowledge and courtesy of the Ruangwa Teachers SACCOS personnel and their ability to convey trust and confidence.	
5	The caring, individualized attention the Ruangwa Teachers SACCOS provides its Members	
	TOTAL MARKS	**100**

24. To each of the above features enter the feature's number according to explanation below**.**

Which feature of the above five is the *most* important to you? -----------

Which feature is the *second* most important to you? -----------

Which feature is the *least* important to you? ------------

PART C –DEMOGRAPHICAL DATA

25. Please what is your gender? Male [ ] Female [ ]

26. Please select your age group? Below 20 yrs [ ] 20 – 29yrs [ ] 30-39yrs [ ]
40 – 49yrs [ ] 50yrs and above [ ]

27. What is your marital status? Single [ ] Married [ ] divorced [ ] living together [ ]
Widowed [ ] separated [ ]

28**.** Select your highest academic or professional qualification?

Primary [ ] O level [ ] Certificate [ ] A level [ ] Vocational [ ] Diploma [ ] Degree [ ] Postgraduate Diploma/Master [ ]

29. How long have you been a member to your SACCOS?
3-4yrs [ ] 4-5yrs [ ] 5yrs and more [ ]

30. In your opinion do you still need the employee based SACCOS at work place?
Yes ☐ No ☐

End of Questionnaire

Appendex B- Swahili Version

KIAMBATISHO B- DODOSO
Toleo la Kiswahili

DODOSO Na .. ..

DODOSO KWA AJILI YA WANACHAMA WA RUTESCO

DIBAJI
Ndugu Mwanachama wa SACCOS,
Jina langu ni ndugu **RASHID SAID KILAMBO**, mwanachuo wa Shahada ya Pili Chuo Kikuu Mzumbe Morogoro, fani ya Sayansi Ujasiriamali (MSc-Entrepeneurship). Niko hapa kwa ajili ya mafunzo kwa lengo la kukusanya taarifa/takwimu ambazo zitaniwezesha kuandika taarifa ya tafiti juu ya ***Tathmini ya ubora wa huduma ya mikopo itolewayo na vyama vya kuweka na kukopa (SACCOS) vya wafanyakazi Tanzania.***

Tunashukuru sana kwa Ushirikiano wako katika kutoa taarifa sahihi zinazohitajika kwa wakati kwenye dodoso hili. Aidha tunapenda kukuhakikishia kwamba Faragha na usiri wa majibu yako itazingatiwa pia taarifa zozote ambayo utazitoa zitatumika kwa ajili ya masomo tu.
Asante sana kwa Ushirikiano wako na kuchukua muda wako!

SEHEMU:- A. MATARAJIO (E1........22) NA MAPOKEO (P1.......22) YA UBORA WA HUDUMA ZA MIKOPO.
sehemu hii inataka maoni yako kuhusu ubora wa huduma ya mikopo inayotolewa na chama chako cha kuweka na kukopa (SACCOS). Tafadhali onyesha kiwango cha ubora wa huduma ambacho unafikiri SACCOS yako inastahili kuwa nayo kwenye makala zifuatazo. Jibu kwa kuzungushia namba inayoonyesha **Matarajio (E1-22)** na **Mapokeo (P1-22)** kuhusu huduma ya mikopo inayotolewa na RUTESCO.

(Tafadhali weka chaguo moja tu kwa kuzungushia chaguo katika kila sentensi uliyopewa kulingana na chaguzi zilizotolewa yaani 1 hadi 7).
1 =Sikubaliani kabisa kabisa **2= Sikubaliani kabisa** **3= Sikubaliani**
4 =Sikubaliani wala Siafiki **5 =Nakubalina** **6 = Nakubaliana kabisa**
7= Nakubaliana kabisa kabisa

MATARAJIO YA WANACHAMA KUHUSU UBORA WA HUDUMA YA SACCOS							
MIUNDOMBINU/RASILIMALI	MACHUGUO						
E1. Ruangwa Walimu SACCOS itakuwa na vifaa vya kisasa.	1	2	3	4	5	6	7
E2. Ruangwa walimu SACCOS itakuwa na Vifaa vya muonekano wa kisasa.	1	2	3	4	5	6	7
E3. Wafanyakazi wa SACCOS ya walimu Ruangwa watakuwa nadhifu kimwonekana.	1	2	3	4	5	6	7

E4. SACCOS ya Walimu Ruangwa itakuwa naVifaa nadhifu vya kutolea huduma (kama vile vipeperushi, shajala)	1	2	3	4	5	6	7
UWAJIBIKAJI	**MACHUGUO**						
E5.Ruangwa Walimu SACCOS ikitoa ahadi ya kufanya kitu kwa muda fulani, wao hufanya	1	2	3	4	5	6	7
E6. Wakati mwanachama ana tatizo, RUTESCO kuonyesha nia ya kweli katika kulitatua.	1	2	3	4	5	6	7
E7. RUTESCO itatoa huduma sahihi mara moja na kwa wakati	1	2	3	4	5	6	7
E8. RUTESCO hutoa huduma kwa wakati pindi tu wanapoahidi kufanya hivyo.	1	2	3	4	5	6	7
E9. RUTESCO kusisitiza juu ya utoaji wa huduma kwa weledi	1	2	3	4	5	6	7
MWITIKIO	**MACHUGUO**						
E10. Wafanyakazi wa RUTESCO watawaambia wanachama muda maalumu ambao huduma itakuwa inatolewa	1	2	3	4	5	6	7
E11. Wafanyakazi wa RUTESCO hutoa huduma ya haraka kwa wateja	1	2	3	4	5	6	7
E12. Wafanyakazi wa RUTESCO daima huwa tayari kusaidia wateja.	1	2	3	4	5	6	7
E13. Wafanyakazi wa RUTESCO kamwe hawasiti kuwa tayari kutoa huduma kwa wanachama.	1	2	3	4	5	6	7
UHAKIKA	**MACHUGUO**						
E14. Tabia ya wafanyakazi wa RUTESCO zinajenga imani kwa wanachama	1	2	3	4	5	6	7
E15. wanachama wa RUTESCO kujisikia salama pindi wanapopata huduma.	1	2	3	4	5	6	7
E16. Wafanyakazi wa RUTESCO mara nyingi wana adabu/nidhamu kwa wanachama.	1	2	3	4	5	6	7
E17. Wafanyakazi wa RUTESCO wana maarifa katika kujibu maswali ya wanachama.	1	2	3	4	5	6	7
UELEWA	**MACHUGUO**						
E18. RUTESCO watamjali na kumdumia mwanachama kulingana na mahitaji yake	1	2	3	4	5	6	7
E19. RUTESCO watakuwa na muda muafaka wa kutoa huduma kwa wanachama wao wote	1	2	3	4	5	6	7
E20. RUTESCO itakuwa na wafanyakazi wanaotoa huduma kulingana na mahitaji ya mwanachama.	1	2	3	4	5	6	7
E21. RUTESCO itakuwa na maslahi bora kwa wanachama wake.	1	2	3	4	5	6	7
E22. Wafanyakazi wa RUTESCO wanaelewa mahitaji maalum ya Wanachama wao.	1	2	3	4	5	6	7
MAPOKEO YA WANACHAMA JUU YA UBORA WA HUDUMA WALIYOIPATA							
MIUNDOMBINU/RASILIMALI	**MACHUGUO**						
P1. RUTESCO ina vifaa vya kisasa	1	2	3	4	5	6	7
P2.RUTESCO ina vifaa na miundombinu ya kuvutia	1	2	3	4	5	6	7
P3. Wafanyakazi wa dawati la mapokezi wa RUTESCO muonekano wao ni nadhifu.	1	2	3	4	5	6	7
P4. Muonekano wa vifaa vya kutolea huduma RUTESCO (kama vile vipeperushi au maelezo) ni nadhifu	1	2	3	4	5	6	7

UWAJIBIKAJI	MACHUGUO						
P5. RUTESCO ikitoa ahadi ya kufanya jambo kwa muda fulani, hufanya hivyo.	1	2	3	4	5	6	7
P6. Wakati unapokuwa na tatizo, RUTESCO inaonyesha nia ya kweli katika kulitatua.	1	2	3	4	5	6	7
P7. RUTESCO hutoa huduma ya haki mara moja.	1	2	3	4	5	6	7
P8. RUTESCO ikitoa ahadi ya huduma inafanya kwa wakati kama ilivyoahidi.	1	2	3	4	5	6	7
P9. RUTESCO inatoa huduma zake kwa weledi mkubwa.	1	2	3	4	5	6	7
MWITIKIO	MACHUGUO						
P10. Wafanyakazi wa RUTESCO huwaambia wanachama muda gani huduma itakuwa inatolewa.	1	2	3	4	5	6	7
P11. Wafanyakazi wa RUTESCO hutoa huduma kwa wateja kwa haraka.	1	2	3	4	5	6	7
P12. Wafanyakazi wa RUTESCO daima huwa tayari kukusaidia.	1	2	3	4	5	6	7
P13. Wafanyakazi wa RUTESCO wapo tayari kutoa huduma kwa wanachama.	1	2	3	4	5	6	7
UHAKIKA	MACHUGUO						
P14. Tabia ya wafanyakazi wa RUTESCO ni waaminifu kwa Wanachama.	1	2	3	4	5	6	7
P15. Unaweza kujisikia salama wakati unahudumiwa na RUTESCO.	1	2	3	4	5	6	7
P16. Wafanyakazi wa RUTESCO mara kwa mara wanaonesha nidhamu.	1	2	3	4	5		
P17. Wafanyakazi wa RUTESCO wana uwezo na elimu katika kujibu maswali ya wanachama.	1	2	3	4	5	6	7
UELEWA	MACHUGUO						
P18.RUTESCO inakupa kipaumbele katika mahitaji yako binafsi.	1	2	3	4	5	6	7
P19. RUTESCO ina fanya kazi kwa masaa na uendeshaji rahisi kwa wanachama wake wote.	1	2	3	4	5	6	7
P20. RUTESCO ina wafanyakazi ambao kutoa tahadhari kwa mwanachama.	1	2	3	4	5	6	7
P21. RUTESCO inathamini maslahi bora kwa mwanachama.	1	2	3	4	5	6	7
P22. Wafanyakazi wa RUTESCO huelewa mahitaji yako maalum.	1	2	3	4	5	6	7

SEHEMU B: MGAWAVYO WA ALAMA KWA KUZINGATIA UZITO/UMUHIMU

23. Hapa chini ni makala tano zinazohusiana na SACCOS yako na huduma zitolewazo. Tungependa kujua muhimu wa kila makala kwa kadri uonavyo wewe. Tunahitaji wewe kutathmini huduma zinazotolewa na SACCOS yako. Tafadhali elekeza jumla ya alama 100 (Marks) miongoni mwa sifa tano kwa kulingana na umuhimu wa kila makala kwa mtazamo wako. Tafadhali hakikisha kwamba unaweka alama kulingana na umuhimu na jumla ya alama hizo ziwe 100.

Jedwali Na. 2 Makala Tano.

Na	MAKALA MUHIMU TANO	Alama iliyopewa
1	Muonekano wa RUTESCO kama vile miundo mbinu, vifaa, wafanyakazi na Huduma.	
2	Uwezo wa RUTESCO katika kutoa huduma ya mikopo kama ilivyoahidi na kwa usahihi.	
3	Ruangwa Walimu SACCOS dhamira yao ya kusaidia Wanachama, kutoa huduma bora na kwa haraka.	

4	Wafanyakazi wa Ruangwa Walimu SACCOS Maarifa yao, uaminifu wao, hisani na uwezo wao wa kufikiri na kujiamini.	
5	Ruangwa Walimu SACCOS uwezo wake wa kujali na kuchukua tahadhari kwa mwanachama.	
	JUMLA YA ALAMA (MARKS)	**100**

24. **Kwa kila mojawapo ya makala** ya hapo **juu** andika namba ya makala kulingana na umuhimu wake hapa **chini.**

Makala ipi kati ya tano ambayo ni ya kwanza kwa muhimu zaidi ? ....

Makala ipi kati ya tano ambayo ni ya pili kwa umuhimu kati ya hizo tano ? ....

Makala ipi ambayo ni ya mwisho kwa muhimu kwako kati ya tano ? ....

SEHEMU C: TAARIFA BINAFSI

Tafadhali Jibu kwa kuweka alama ya vema [√] tu katika kisanduku kimoja kwenye mabano.

25. Tafadhali ni nini jinsia yako? Kiume [ ] Mwanamke [ ]

26. Tafadhali chagua kundi la umri wako.

chini miaka 20 [ ] miaka 20 - 29 [ ] Miaka 30-39 [ ], miaka 40 - 49 [ ],

miaka 50 na zaidi [ ]

27. Nini hali ya ndoa? Hujaoa/hujaolewa [ ], umeoa/ umeolewa [ ],

mmetalikiana[ ], mnaishi pamoja [ ], mjane/mgane[ ], mmetengana [ ].

28. Nini kiwango chako cha taaluma au kitaaluma? Elimu ya Msingi [ ]

kidato cha nne [ ] ngazi ya cheti [ ] Ufundi [ ] Stashahada [ ] Shahada [ ]

Shahada/Stashahada ya Uzamili [ ].

29. Kwa Muda gani umekuwa mwanachama wa SACCOS yako?
miaka 3-4 [ ] miaka 4-5 [ ] miaka 5 na zaidi [ ].

30. Kwa maoni yako wewe je wafanyakazi wanahitaji kuwa na SACCOS zao mahala pa kazi? Ndiyo [ ], Hapana [ ].

----------------------MWISHO WA DODOSO----------------------

Appendix C. Data Collection Permision Letter from RUTESCO

CHAMA CHA USHIRIKA CHA AKIBA NA MIKOPO CHA WALIMU RUANGWA (RUTESCO)

REG.LDR/522

S.L.P 32
Ruangwa
LINDI

KUMB. NA. RUT/ESC/8/218

Tarehe 15/01/2015

Ndugu;

Rashid S. Kilambo
Mwanachuo wa Shahada ya Pili
Chuo Kikuu Mzumbe
Morogoro

YAH. KUKUBALIWA KUFANYA UTAFITI CHAMA CHA USHIRIKA CHA WALIMU RUANGWA (RUTESCO)

Kichwa cha habari hapo juu chausika na barua hii.

Rejea barua yenye **KUMB NA. MU/DAF/MSC.THESIS/55/VOL..IV/58** ya tarehe **18/12/2014** ya kuomba kufanya utafiti kwenye **SACCOS** yetu imezingatiwa.

Napenda kukutaarifu kwamba umekubaliwa kuja kufanya utafiti kwenye SACCOS yetu kuanzia tarehe ya barua hii.

Karibu sana.

Benjamin G. Ndomba
KATIBU MTENDAJI WA CHAMA
RUTESCO

KATIBU - RUTESCO
RUANGWA

Appendix D. Field Research Data Collection Reference Letter

MZUMBE UNIVERSITY
(CHUO KIKUU MZUMBE)
SCHOOL OF BUSINESS
Department of Accounting and Finance

E-mail: fcommerce@mzumbe.ac.tz
Tel: +255 (0) 23 2604380/1/3/4
Fax: +255 (0) 23 2604382
Website: www.mzumbe.ac.tz

P.O.BOX 6,
MZUMBE,
MOROGORO, TANZANIA

Ref: No. MU/DAF/MSc. THESIS/55/Vol. IV/58 — 18th December, 2014

TO WHOM IT MAY CONCERN

Re: Field Research for MSc. Dissertation
KILAMBO, R.S.

Kilambo R.S. is our student pursuing Master of Sciences - (Entrepreneurship). All our graduate students are required to write dissertation as part of their evaluation. In this respect they need to conduct field research in organizations within the country.

Kilambo R.S. Dissertation Topic: **"An Assessment of Members Satisfactions with the Credit Services Offered by Employees Based SACCOS in Tanzania: An Experience from Ruangwa Teachers SACOOS."**

We kindly request you to provide him with the necessary information he may require from your organization in order to accomplish his study.

We wish to express our gratitude for your continued support to our graduate programmes.

Sincerely,

Dr. Benedicto Lukanima
For VICE CHANCELLOR

DEAN
SCHOOL OF BUSINESS
MZUMBE UNIVERSITY
P. O. BOX 6
MZUMBE