ASSESSMENT OF CUSTOMERS' PERCEPTION AND EXPECTATIONS OF SERVICE QUALITY IN TANZANIA'S COMMERCIAL BANKS

THE CASE OF AZANIA BANK

By

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CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled***: Assessment of customers perception and expectations of service quality in Tanzania's commercial banks: The case of Azania Bank*** fulfillment of the requirement for award of Master of Business Administration (MBA Corporate Management) Mzumbe University.

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I, **Joyce Mwandosya,** declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for a similar or any other degree award.

Signature...

Date…………………………

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I say thanks to almighty GOD for his abundant grace and lovely for giving me strength and health which enable me to work successfully

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While acknowledging the assistance of those mentioned above, I am solely responsible for all the views and any other shortcomings in this study.

DEDICATION

This dissertation is dedicated to my beloved husband Mr. Francis Pondo for love, care and support, my parents Mr. and Mrs. Mwandosya for the support of my studies. Secondly, my lovely daughters Milka and Mercy for their patience during my absence that enabled the completion of my master degree; to them I say thank you.

ABSTRACT

The aim of the study was to assess the customers' perception and satisfaction in Tanzania commercial banks. Data were collected through questionnaire, person interview and documentary methods. A total of 45 sample sizes were used among the customers.

The researcher found out that, service businesses have been growing rapidly in recent decades, while customer demand for high quality service is increasing. This is certainly the case at the Azania Bank. To remain competitive, the banks need to analyze service quality towards customer satisfaction.From findings of the study, the researcher found out assurance, tangibles, empathy and responsiveness as the main effective possible factors that may influence service quality of towards customer satisfaction. Customers accept that there is a great relationship between service quality and customer satisfaction, they added that good quality services satisfy the customers in the bank industry.

The findings in the field have revealed that assurance dimension was at the high level, followed by empathy and responsiveness which determine the highest customer satisfaction. Most customers expected staff to be trustworthy

The study recommends that the employees at front desk are the key personnel who form the impression of the bank. Therefore, their appearance needs to be neat. They should strive to provide each customer a personalized touch. So that their commitment with their respective bank is lasting, the bank management should focus on the main factors that contributing towards customer satisfaction, for example in the bank industry, customer satisfaction of bank service quality was influenced by the two variables/dimensions namely tangibles, empathy and the bank management has to more interaction with the bank customers to understand their needs and expectation. With this practice, more customers was attracted and enjoyed with the service provided.

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

%	-	Percentage
Et al	-	And others
N	-	Number of Respondents
SERVQUAL	-	Service Quality
SPSS	-	Statistical Package for Social Science

CHAPTER ONE

INTRODUCTION

1.1 An Overview

This chapter provides the background to the study, problem statement, and justification for research. It further present the research objectives, research questions, limitations and delimitations of the study definitions of common terminologies and conclusion are presented at the end of the chapter.

1.2 Background to the Problem

Increasingly quality is becoming a more important element in determining the value of a service proposal as it provides a basis for customers to distinguish between competing service organizations. It is therefore important that the service organizations, such as financial institutions, are aware of service quality towards customer satisfaction and the methods employ to measure it.

Before 1983, the definition of quality was defined primarily based on the concept of quality control with corresponding standards focused completely on achieving quality. Juran (1974) defined quality as “suitable use”. Moreover, Crosby (1979) defined quality as “consistent with needs”, and assumed the existence of correspondence between quality and operational standards.

Cornell (1984) considered that the service industry required a broader definition of quality than that used by the manufacturing industry; Zimmerman (1985) took the quality control concept of the manufacturing industry and applied it to service quality. Zimmerman considered the components of service quality, including: practically, replication of manufacturing ability, immediacy, ultimate user satisfaction, and corresponding standards. Based on the concept of PZB (1985) and Zeithmal (1988), consumers see the process of service quality formation as employing both interior and exterior attributes of low- level production quality or service quality, passing through an internal united comparison, and proceeding to establish a higher level of perceived service quality.

Many service organizations consider quality as being the magic word in competition as it impacts on both present and future customers with many clients being more aware of quality than mere quantity (Coxe 1990).

Lewis and Booms (1983) described service quality as ‘a measure of how well the service level delivered matches customer expectations’ with the deliverance of quality service meaning the conformance to customer expectations on a consistent basis.’ Delivering service quality should be based around the expectations of customers, as one of the most common causes for poor service quality by service firms revolved around not knowing what the customers expected. (Zeithmal et al 1990) Quality is differentiable and stem from the expectations of customers. Hence, it is necessary to identify and prioritize expectations for service and incorporate these expectations into a process for improving service quality (Kassim and Bojei, 2001; Goodman et. Al., 1986).

Implementing and evaluating service quality is a very complex process. Two aspects need to be taken into consideration when evaluating service quality: content and delivery (Zeithmal and Bitner, 1996). Customers may be in the best position to evaluate the quality of delivery, while the service providers are the best judges of the content of the message.

Service quality has been recognized as having the potential to deliver strategic benefits, such as improved customer retention rates, whilst also enhancing operational efficiency and profitability (Cronin, 2003; Rust et al., 2001; Zeithml, 2000). It differs from material goods quality. Bateson and Hoffman (1999) defined services as deeds, efforts or performance whilst Regan (1963) saw services as activities, benefits or satisfactions offered for sale or provided in connection with the sale of goods.

The main single factor influence on business unit performance is goods and service quality. The service – profit chain of Heskett et al. (1994) clarifies the role of quality, and its inter- relationships with operational aspects of a service organization. The arguments in Heskett et al. proceed as follows: (i) profit and growth are stimulated primarily by customer loyalty; (ii) loyalty is a direct result of customer satisfaction; (iii) satisfaction is largely influenced by the value of services provided to customers; (v) value is created by satisfied, loyal and productive employees; (vi) employee satisfaction results primarily from high – quality support services and policies that enable employees to deliver results to customers.

Banking can be traced back to the year 1694 with the establishment of the bank of England. The bank was started by a few individuals who were actually money lenders with an aim of lending money at interest.

The banking industry is traditionally conservative because of its traditional management methods and legal restrictions. Because the quality of business activities is very high and price competition is easily imitated, non- price competition can reach Porter's (1980) differentiation of competitive superiority; moreover, non- price competition inevitably increases service quality and introduces new financial goods.

In general, banks the world over offer similar kinds of services (Lim & Tang 2000), quickly matching their competitor's innovations. However, customers can perceive differences in the quality of service. Banks have realized the importance of concentrating on service quality as a way to increase customer satisfaction and loyalty, and to improve their core competence and business performance (Kunst & Lemmink, 2000; Stafford, 1996). This realization stems from believing that service quality is difficult for competitors to copy (Reichheld & Sasser, 1990).

Service quality has been defined as customers' overall impressions of an organization's services in terms of relative superiority or inferiority (Johnston, 1995). It should not only meet but also exceed customer expectations and should include a continuous improvement process (Lloyd- Walker & Cheung, 1998). Customers evaluate banks' performance mainly on the basis of their personal contact and interaction (Gronroos, 1990). Judgments are formed by comparing service expectations with the service actually receive (Bloemer et al., 1998).

In terms of qualitative benefits, customer satisfaction and loyalty have been perceived as major concerns; it is widely accepted that a business must concentrate on pursuing service quality to achieve customer satisfaction because survival of the business greatly depends on that satisfaction (Naumann, 1995). Quantitative benefits can be illustrated by this example: After a US bank enhanced service quality in 1988 there was an increase in return on assets from 1.05 to 1.38 per cent and a rise in return on equity from 16.10 to 21.22 per cent (Harvey, 1996).

Furthermore, Zairi (2000) found that satisfied customers possibly share their experiences with five or six people while dissatisfied clients might inform another ten. It cost 25 per cent more to recruit new customers than maintain existing ones. Naumann (1995) and Dawes and Swailes (1999) also pointed out that retaining an existing customer costs about five times less in money, time and corporate resources than attracting a new customer. Newman et al. (1998) indicated that an increase of only 5 per cent in customer loyalty would lift profitability about 25-85 per cen.

The financial system around the world has been facing a lot of changes. Mergers and acquisitions, deregulation, increased competition, changing information systems and technology, and human resources with different skills are just a few 'forces' that are influencing the banking business

The banking Industry in Tanzania has tremendously changed its dynamics for the last one decade. Many banks have joined the industry both local and foreign. Notably, the on- banks financial institutions have been mushrooming by an alarming speed

1.3 Statement of the problem

When customers evaluate the quality of the service they receive from a banking institution they use different criteria which are likely to differ in their importance, usually some being more important than others. While several criteria are important only a few are more important. These determinant attributes are the ones that will define service quality from the customer's perspective (Loudon and Della Bitta, 1988).

However, many established models of service quality have tended to focus on expectations and marginalize the issue of importance. Thus, for example, of the most widely used model to measure perceived service quality was developed by Parasuraman et al.(1985; 1988).

The banking industry has already been depicted (e.g. in Parasuman ct al., 2001) as exhibiting little market orientation and fulfilling services with little regard to customer needs as well as including branches dissimilar in efficiency. Long lines, limited time for customer servicing, transaction errors, excessive bureaucracy, security and network failures have been said to be the most frequent problems in using banking services (Mattos, 1999). This highly lower customer's perception on the quality of service offered and hence reduces the bank's profitability and credibility.

In the current climate, competition in the banking industry is intense, with new financial service providers emerging all the time. Quality of service is seen more than ever as a key differentiator in the marketplace. According to Joseph et al. (2003), reliable and accurate banking services; customer services; personalized services; and accurate records are some of the factors which are considered by the customers in their choice of a given type of service delivery channel.

Particular problematic areas in Tanzania's commercial banks which were identified during the pilot study include knowledge and understanding, providing explanations for decisions, queuing, charges, collateral requirements, network failure and insecurity. Due to this, customer satisfactions levels are at all-time low and it dragging the bank's image. Existence of complaints about service quality suggests those customers are not satisfied. As there are no comprehensive and systematic studies on how the service quality in the commercial banks, this study intends to bridge the gap, therefore the study has used the case of Azania Bank LTD.

1.4 Research Objectives:

General Objective

The general research objective was to examine service quality towards customer satisfaction in Tanzania's commercial banks.

Specific Objectives

1. To identify the possible factors that may influence service quality towards customer satisfaction.
2. To determine the relationship between service quality and customer satisfaction
3. To assess the best mechanism that ensure customers are satisfied with service quality.

4. To identify the service quality dimensions which determine the highest customer satisfaction

1.5 Research Questions

Research questions of this study are:

1. What are the possible factors that may influence service quality towards customer satisfaction?

2. What is the relationship between service quality and customer satisfaction?

3. What are best mechanisms that ensure customers are satisfied with service quality

4. What are the service quality dimensions which determine the highest customer satisfaction

1.6 Significance of the Study

Was determined the service quality towards customer satisfaction in Tanzania's commercial banks and come out with solutions which bring socio economic development within the banking industry and the country in general, since it is known that satisfying customer needs is very important for the enterprises survival. The outcome of using quality practices is (1) understanding and improving of operational processes (2) identifying problems quickly and systematically (3) measuring customer satisfaction and other performance outcomes.

This research also provided managers with a framework to help them assess the likely impact of any service quality initiative in terms of its effect and importance. Managers will tend to focus, quite understandably, on doing the things that improved customer satisfaction.

The study serve as a guide- map to other researchers who would like to conduct large – scale studies on customers' perceptions and expectations of service quality in any sector whether public or private in order to bring social- economic development in our economy.

1.7 Scope of the study

The study covered the Azania Bank assessment of service quality dimensions towards customer satisfaction. The study was carried out in two AZANIA branches in Mwanza City Municipal including Nkrumah and Mwaloni Branch, as representatives of other Azania Bank customers.

1.8 Limitations of the Study

The researcher expected to face some challenges when collecting the data in the field such as hiding of information from the Azania bank officials concerning the issues related to service quality and customers satisfaction. For example some Azania bank officials was not providing information which will require them to explain whether they are putting any efforts in order to satisfy the customers or not The tendency of hiding some information affects/ limit the objectives of the study. The researcher, however, will try to overcome this by assuring that the information was solely be used for academic purposes, and that their views be confidentially treated.

1.9 Organization of the dissertation

This dissertation is divided into six (6) chapters. Chapter 1 introduces the research problem. The explanation of the background to research problem, the objectives of the study and main research questions guiding this study, significance of the study, limitation and the scope of the study have all been provided in this first chapter. Chapter 2 provides an overview of both theoretical and empirical review of literatures regarding service quality and customer satisfaction. Chapter 3 presents the research methodology adopted to carry out the study. Chapter 4 provides the findings of from the study in relation to the research objectives. Chapter 5 is about the discussion of the findings while chapter 6 is a summary, conclusions and policy implications derived from the contributions of the research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents an overview of current literature in the frame of presented research problem. The following key sections of this chapter includes: (1) Definition of key concepts (2) Empirical literature review (3) Conceptual framework.

2.2 Conceptual Definitions

2.2.1 Service Quality

Service quality is the result of the comparison that customers make between their expectations about service and their perception about a service and their perception of the way the service has been performed (Gronroos, 1984; Parasuraman et al, 1985, 1988). A number of experts define service quality differently. Parasuraman et al, (1985) define it as a difference between a customers' expectation of services and their perceived services. If the expectation is greater than service performance, perceived quality is less than satisfactory and hence, customer dissatisfaction occurs. Lewis and Michel (1990), Dotchin and Oakland (1994), and Asubonteng et al, (1996) define service quality as the extent to which a service meets customers' need and expectation.

Service quality has been recognized as a key factor in differentiating service products. Customer satisfaction can be secured through high-quality products and services (Getty & Getty, 2003; Gupta & Chen, 1995; Tsang & Qu, 2000). Edvardsson (1996) highlighted that the concept of service should be approached from the customer's point of view, since it will be his/her perception of the outcome that constituted the service.

Customers may have different values and different grounds for assessment and, most of the time; they may perceive the same service in different ways.

Kandampully (2000) revealed that service quality is crucial to the success of any service organization. As the customers participate in the production and consumption of services, they interact closely with various aspects of the organization. This inside knowledge gives them the opportunity to assess critically the services provided, in particular the quality of service. Customers will assess service quality by comparing the service they get with the service they desire. Hence, service quality is one of the crucial factors within the control of the hospitality service provider, Lee, Barker, & Kandampully (2003) suggested that enhancing the quality of service at all levels of service delivery has therefore become mandatory for organization survival.

There are high degrees of variability in the performance of services. Services are difficult to standardize, in contrast to manufactured goods. The quality of a service can vary from producer to producer, from customer to customer, and from day to day (O'Brien and Deans, 1996). Service providers have to rely heavily on the ability of their staff to understand the requirements of the customer and react in an appropriate manner (Ghobadian, Speller, and Jones, 1994).

2.2.2 Customer Satisfaction

Customer satisfaction is a term frequently used in marketing, is a measure of how products and services supplied by a company meet or surpass customer expectation. Customer satisfaction is defined as "the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals." In a survey of nearly 200 senior marketing managers, 71 percent responded that they found a customer satisfaction metric very useful in managing and monitoring their businesses (Wikipedia, the free encyclopedia).

Within organizations, customer satisfaction ratings can have powerful effects. They focus employees on the importance of fulfilling customers' expectations. Furthermore, when these ratings dip, they warn of problems that can affect sales and profitability. These metrics quantify an important dynamic. Therefore, it is essential for businesses to effectively manage customer satisfaction. To be able do this, firms need reliable and representative measures of satisfaction.

In researching satisfaction, firms generally ask customers whether their product or service has met or exceeded expectations. Thus, expectations are a key factor behind satisfaction. When customers have high expectations and the reality falls short, they will be disappointed and will likely rate their experience as less than satisfying (Wikipedia, the free encyclopedia).

2.3 The Link between Service Quality and Customer Satisfaction

Service quality plays an essential part in creating customer satisfaction. The connection between service quality and customer satisfaction has been well established in service marketing literature (Antony et al. 2004; Ladhari 2009; Sivadas and Baker-Prewitt 2000). In general, it is commonly argued that a high level of service quality leads to a high level of customer satisfaction. Ladhari (2009), for example, finds that customers who receive high level of service quality are likely to be more satisfied with the customs s compared to those who receive low level of service quality.

2.4 Service Quality Measurement

Service quality is vital to all organizations. Many service strategies are implemented to achieve customers' service quality expectations. Before each business makes a decision of which strategies are to be used, they have to know their strengths and weaknesses in order to make the right decision. A way to help the organizations determine their own situation is to measure the existing service quality provided to its customers. Several methods are used including customer satisfaction measurement, measurement by the critical incident technique, performance measurement, and attribute-based measurement. As the study focused on the attribute-based measurement, therefore expectation-perception approach (SERVQUAL) and only-performance approach (SERVPERF) will be described. Soutar (2001) specified the most commonly used measurement of service quality will be the SERVQUAL.

Schneider and White (2004) suggested the perception-expectation measurement of service quality provided practical and research benefits. By using the perception-expectation measure, the practitioners knew which dimensions needed to be improved. For the research benefit, the perception-expectation measure offered opportunities for the researchers to track the service quality.

According to Johns and Howard (1998), quality measurements only have operational value if they are able to indicate the ways in which service will be or will be not satisfactory. For service providers, the assessment of service quality is made during the actual delivery of the service. Much current research on service quality is rooted in expectancy-disconfirmation theory, which holds that customers perceive service quality as the difference between when the actual service performances exceeds expectations and negative when the opposite is the case.

Parker and Mathews (2001) found that many studies supported the disconfirmation paradigm but others did not, for example, Churchill and Surprenant (1982) found that neither disconfirmation nor expectations had any effect on customer satisfaction with durable products.

Lewis (1987) suggested that what can be measured are the differences between the abstractions. So if we can measure the difference between expectations and perceptions, which will be defined as perceived quality, we can therefore determine the level of satisfaction. This concept will be quite similar to the conceptual model of service quality suggested by Parasuraman, Zeithaml and Berry (1985), which applied the expectancy disconfirmation theory. These authors had identified that there are five key discrepancies that can influence customer evaluations of service quality

2.4.1 SERVQUAL approach

Subsequent to the gap model, Parasuraman et al. (1985) designed the SERVQUAL instrument to identify and measure the gaps between customers' expectations and perceptions of service quality. Parasuraman et al. (1985) defined service quality in 10 major dimensions that consumers use in forming expectations about, and perceptions of, services.

In later research, Parasuraman et al. (1988) revised and defined the service quality into five dimensions--reliability, responsiveness, assurance, empathy, and tangibles (see Table 1 for definitions). The instrument suggested service quality as the gap between customer's expectations (E) and their perception of the service provider's performance (P). Hence the service quality scores (Q) can be measured by subtracting the customer's perception score from the customer's expectations score. This is as denoted by the following equation:

$$Q = P - E$$

The relevant literature and survey developed by past studies provided the basis for the development of the closed-ended and self-administered questionnaire for this study. After review of the literature, 25 customs attributes, instead of the original 22-item SERVQUAL questionnaire (Parasuraman et al., 1988), will be developed in this modified version of the SERVQUAL questionnaire (refer to Appendix A) to identify and analyse the gaps between the expectations and the perceptions of customs s' customers. The modification will be made to suit the hospitality industry condition. A 7-point Likert scale used in this questionnaire, which comprised four sections. The first section measured the respondents' expectations regarding service quality in the customs industry by using the five SERVQUAL service quality dimensions. The second section examined the respondents' perceptions of service quality actually provided by the customs that they stayed. The third section examined the respondents' overall level of satisfaction with their customs stay. The last section collected the demographic and traveling characteristics of the respondents. These five dimensions are identified as follows:

1. Tangibility

The physical evidence of front office staff is including a personality and appearance of personal tools, and equipment used to provide the service. For example, some customs s ensures that properties conform to standards of facilities. In this study, is focusing how well-dressed the front office are.

2. Reliability

The ability involves performing the promised service dependably and accurately. It includes “Doing it right the first time”, which is one of the most important service components for customers. Reliability also extends to provide services when promised and maintain error-free records.

3. Responsiveness

The front office staffs are willing to help customers and provide prompt service to customers such as quick service, professionalism in handling and recovering from mistakes. Service provider’s ability to provide services in timely manner is critical component of service quality for many customers.

4. Assurance

Assurance refers to the knowledge and courtesy of employees and their ability to convey trust and confidence, courtesy of employees and their ability to convey trust and confidence including competence, courtesy, credibility and security.

5. Empathy

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

In this study, the researcher will use SERVQUAL approach as instrument to explore customers' expectations and perceptions levels of service quality towards the front office.

2.5 Empirical Literature Review

SERVQUAL has been widely used by service quality researchers for some considerable period of time (Albacete-Saez, Fuentes-Fuentes and Llorens-Montes 2007; Chow, Lau, Lo, Sha and Yun 2007). The five components of the model became the most popular strategy for competing in a service environment, especially where a high level of competition will be evident (Akbaba 2006). Consequently, the introduction of SERVQUAL changed the face of the service industry. Since the items defined in the SERVQUAL instrument are thought to be too general (Akbaba 2006), many modified versions of SERVQUAL have been developed to suit the nature of such specific contexts as lodging (Knutson, Stevens, Wullaert, Patton and Yokoyama 1990) and restaurant (Stevens, Knutson and Patton 1995). In the restaurant context, DINESERV developed by Stevens, Knutson and Patton (1995) is used by many researchers to measure service quality (e.g., Heung, Wong and Qu 2000; Kim, McCahon and Miller 2003; Knutson, Stevens and Patton 1995).

There have been a number of studies on the needs and criteria of customers. The need to comprehend the elements resulted in the development of systems, such as SERVQUAL, and LODGEQUAL to map food and beverages as well as accommodation services (Ingram, 1999). Research on customs attributes has focused on the relationships between customer satisfactions and service quality or services and facilities (Choi & Chu, 2000).

Tsang and Qu (2000), in the International Journal of Contemporary Hospitality Management, used 35 customs service quality attributes to identify the perceptions gaps of tourists and customs managers. This study adapted Parasuraman et al.'s (1985) gap analysis. The researchers found that overall service quality provided by the customs industry in China fell below tourist expectations. The biggest gap between expectations and perceptions of tourists will be related to 'physical facilities', 'staff skills and performance' and 'price and value'.

On the other hand, Kandampully and Suhartanto (2000) have identified four factors (i.e., reception, housekeeping, food and beverages, and price) that will be important in determining customer satisfaction. They concluded that not all aspects of a customs operation will be equally important to a customer. Customer satisfaction with housekeeping will be found to be the only significant factor that determined customer loyalty. Reception, food and beverages, and price will be regarded as supporting factors when deciding to return, recommend or demonstrate loyalty to a particular customs.

The SERVQUAL will be criticized for its validity, predictive power, and length. The validity of some dimensions will be doubted but the original developers argued their dimensions will be conceptually distinguished, but somewhat interrelated. The empirical research by Carmen (1990) commented on the validity and applicability of the SERVQUAL instrument. Its dimensions will be criticized for not being generic enough that they could be used without adding new items or factors which will be considered potentially important to the quality of given service firms. The empirical findings of Cronin and Taylor (1992) found the inconsistency of item scales defining service quality in different industries. In fact, Parasuraman and colleagues had recognized this limitation and suggested other researchers to consider minor modifications of their instrument to a particular service industry.

Despite mentioned few critiques; the SERVQUAL has been widely applied in various service industries. The review research indicates Over the past twenty years in particular, there have been a number of studies on the improvement of service quality in many restaurant contexts including fast-food restaurants (Lee and Ulgado 1997), airport restaurants (Heung, Wong and Qu 2000), full service restaurants (Chow, Lau, Lo, Cha and Yun 2007) and ethnic restaurants (Ha and Jang 2010). A meta-analysis of service quality studies by Carrillat, Jaramillo and Mulki (2009) reveals that service quality is a major determinant of customer satisfaction which, in rum, plays an important role in eliciting customer loyalty.

2.5.1 Service Quality in Hospitality Industry

Many researchers in hospital industry applied the SERVQUAL or modified instrument to identify the perception of service quality in the hospitality industry (Douglas, Connor, 2003: Juwaheer & Ross, 2003: Antony, Antony, & Ghosh, 2004: Ndhlovu & Senguder, 2002: Chen, Ekinci, Riley, Yoon, & Tjelflaat, 2001: Tsang & Qu, 2000: Ingram & Daskalakis, 1999: Mei, Dean, & White, 1999: Gabbie & O'Neill, 1996: Webster & Hung, 1994: Saleh & Ryan, 1991).

Service quality is extremely important to today's businesses, particularly those in the hospitality industry. The industry simply cannot survive without delivering satisfied

Quality of their services

A survey of Canadian hospitality found that service quality be the most popular subject for education and training programs (Shaw & Patterson, 1995). Knutson (1988) and Haksever, Render, Russell, and Murdick (2000) rationalized the essentials of service quality including higher customer loyalty, higher market share, higher returns to investors, loyal employees, lower costs, and lesser vulnerability to price competition. Based on academic literatures, Wuest (2001) reported similar impacts of service quality in tourism, hospitality, and leisure businesses which will be improving customer convenience; enhancing service provider's image; ensuring customer security; generating traffic linking to profits, saving costs, and higher market share; and establishing a competitive edge, and customer demand. They will be specifically explained in the following statements:

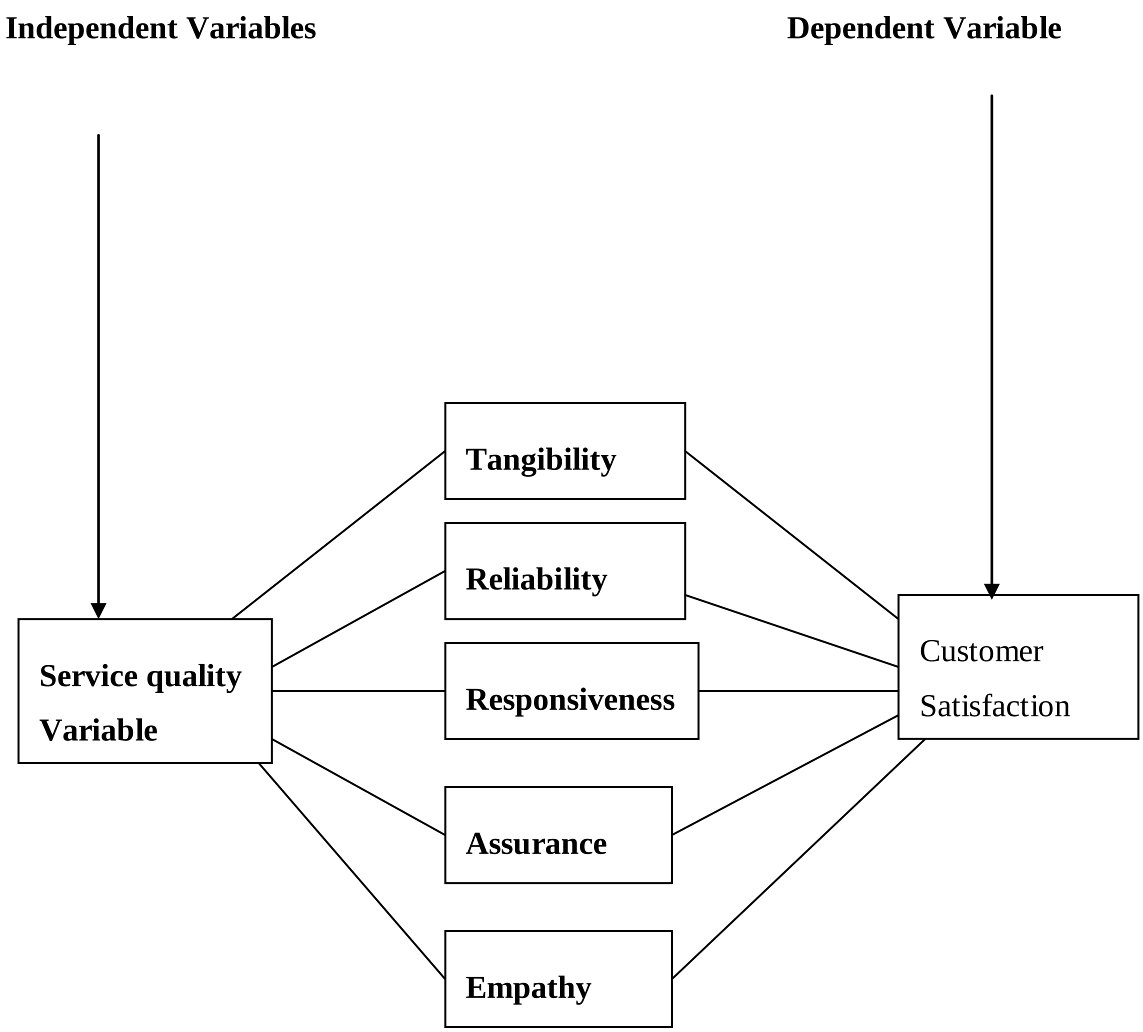
For the attempts of the hospitality industry to attain service quality as sustainable competitive advantage, O'Neill (2001) affirmed that hospitality organizations will be actively receptive to service quality initiatives, such as the British Standards Institute, the European Quality Award, the Malcolm Baldrige National Quality Award, and the Edwards Deming prize. In addition, the hospitality organizations paid close attention to raising the service quality through investment in human resources development. Furthermore, a suggestion will be made for hospitality professionals to incorporate the measurement of service quality in their quality improvement program in order to understand customers' perceptions of actual service delivered and to stay ahead of the ahead of the customers by anticipating their needs.

In Tanzania there are a minimal number of research studies related to service quality in the hospitality industry.

2.6 Conceptual Framework

The service quality variables are dimensions which were identified by Parasuraman et al. (1988). These are: reliabilities, tangibility, responsiveness, assurance and empathy influence customer satisfaction. The figure below shows the conceptual framework that was be used in this study. The model suggest that the dimensions for service quality has been shown to have a significant effect on the customer satisfaction thus reliabilities, tangibility, responsiveness, assurance and empathy influence customer satisfaction are regarded as the independent variables while customer satisfaction are considered as the depended variables in this model.

Figure 2.5: The Conceptual Framework



(Source: Researcher Own Construction, 2013)

CHAPTER THREE

RESEACH METHODOLOGY

3.1 Research Design

According to Rwegashora (2006) research design is the plan guiding the research process which involves collection and analysis of data to reach a conclusion effectively and efficiently. This study employed a case study design. Kathori (2004) and Robson (2007) contend that, a case study is a design which involves an in- depth study of a social unit as a whole. Basing on the design, the researcher was able to get enough information about the behavioral pattern of the respondents and enabled the researcher to have deep and clear insight with regard to service quality in Tanzania's commercial banks.

3.2. Area of Study

This study was conducted in Tanzania with the research focused in Tanzania's Commercial Banks. The main area is Azania Bank Ltd, Tanzania. The reason for selecting the Commercial Bank among many other existing work organizations is that, the banking industry of Tanzania has been growing at a high speed for the last decade. These are good news to the customers. On the other hand this has increased a tremendous competition within the industry. The bargaining power of the customers is high and also barriers to entry are gentle hence allowing more entrants to get to the industry. Since customers have a high bargaining power, it is imperative for the banks to make sure that they have a customer retention strategy in place. In this industry therefore, it is about survival of the fittest. There is no room for losers but winners only.

Therefore the study about the ‘ Customer perceptions and expectations of service quality in Tanzania’s commercial banks’ is a very good topic for the researcher who decides to focus on the industry which so competitive and dynamic and where the issue of ‘ service quality’ is crucial for the betterment of the country development.

3.3 Target Population

According to Enon (1998) population refers to people that a researcher has in mind from whom he or she expects to obtain information for the study. Population may also imply anything which a researcher wishes to researcher in order to establish new knowledge. The population of this study was the individual customers who have been with the Bank for at least a year.

3.4 Sampling and Sampling Techniques

According to Kombo and Tromp (2006) a sample is a finite part of statistical population whose properties are studied to gain information about the whole. They further state that sampling is a procedure a researcher uses to identify people, places or thing to study. Thus, sampling is the process of selecting a small group from a large population with the aim of determining the characteristics of that large population.

The study involved individual customers of Azania Bank. It comprises a sample of 45 respondents. These respondents were different customers with different status .i.e. normal customers and corporate customers. The main reason for choosing customers of different status is that all customers are the main stakeholders of the banking services and the targeted group for service quality plan. Babbie (1983) suggests 3 factors when deciding on a sample size, these are; the degree of precision required, the variability of the population and method of sampling to be used. It is advice to have as large sample in order to increase the possibility of applying rigorous methods of analysis and decrease sampling error.

This study employed convenience sampling and purposive sampling techniques. The Purposive sampling was used to select corporate customers who their decision on service quality of the Bank they worked with have huge effect to the Bank's outputs.

3.5 Data Collection Techniques

Both primary and secondary sources of data were employed for the study.

3.5.1 Primary data collection

Primary data is that data collected afresh and for the first time and thus happens to be original in character. Moreover, Primary data can be expressed at the first- hand information collected through various methods such as observation, interviews and questionnaires.

Questionnaire

A questionnaire is a written set of questions that can be mailed or passed out to subject. It can be explained that the questions are designed to elicit the desired information (Dillon et al., (1990)

Interview

This is a method where a researcher collects data from one or more than one respondents by asking questions and recording the answers for analysis. Creswell (2005) pointed out two types of interview namely one- to – one interview, where a researcher asks questions to an individual person, and a focus group interview commonly known as focus group discussion which is used to collect shared understanding from several individuals. In this research, one –to one interview was used to collect information from all customers.

Observation

It is a technique of collecting data by drawing direct evidence of the eye to witness the event. Peil (1995) explained that observation is a method which enables the researcher to obtain data directly from the original source. It does not rely on what other people say, think or do. This helps the researcher to find out how individuals or people in groups react in the actual social setting either naturally or artificially. Observation is of two types namely participant observation where the observer participates actively in the group which is being researched, and non- participant observation where the researcher is in the group but does not participate in the activities of the group and only maintains the status of an observer.

Service quality was observed to obtain data but also to verify data obtained in the field through other method like interview. Non- participant observation used to analyze service quality towards customer satisfaction. The method helped the researcher to obtain first-hand information about service quality in that particular bank office without any influence from the group.

3.5.2 Secondary Data Collection

Secondary data are those which have been collected by someone else and have already passed through statistical process (Kathori, 1990). Also, Secondary data can be described as the facts and figures that have already been recorded before the project at hand (Gercowitz, 1994). For the purpose of this study, appropriate and relevant secondary documents like previous dissertations, reports etc. complemented the primary data sources.

3.6 Instrumentation and validation of research instruments

In the whole process of data collection the researcher used different data collection instruments as shown above.

To obtain valid and reliable data, a pre testing of the research instruments was done at Azania Bank Ltd. Five employees were used to test the instruments for gathering the data. Their comments, criticisms, and areas of difficulty pointed out in responding to items in the instruments were noted and corrected to improve the research instruments. However, as per usual practice in qualitative research, further refining of the research instruments was done while collecting data in the field whenever it deemed necessary.

3.7 Data Analysis Procedure

Data collected through observation, interview and documentary review was analyzed according to the respective research questions. Bogdad and Bicklen (1992) explained data analysis as a systematic process of working with data which involves describing, organizing, summarizing, comparing as well as dividing the collected data into small manageable portions.

In this study, content analysis was employed in analyzing the qualitative data. Denscombe (1998) considers content analysis as a method which helps the researcher to analyse the text in the form of writing, sound or picture. The researcher used content analysis because the data collected in the study was qualitative in nature which included respondents' feelings, options and suggestions on customer perceptions and expectations of service quality in Tanzania's Commercial Bank. All relevant information was classified according to units of meaning generated from responses and in accordance with the research questions. The quantitative data was manually computed into frequencies and percentage and then the findings were presented into tables.

3.8 Data Presentation

The study was qualitative in nature; the data collected were presented using some techniques like figures, tables, percentages and key statements. The Statistical Programme for Social Sciences (SPSS) was used to process the data under this study. Frequency distribution tables, pie charts and bar graphs were used to analyze data in this study.

According to Jennings (2001), the SPSS software package enables the researchers to enter and store data, engages in statistical analyses, generates graphs and reports, write reports, manage research reports and utilize retrieval strategies.

CHAPTER FOUR

PRESENTATION OF FINDINGS

Introduction

This section presents the findings obtained from the field. The first part of the section provides demographic profiles of the respondents. The second part focuses on the possible factors that may influence service quality of the front office staff towards customer satisfaction. The third part explains the relationship between service quality and customer satisfaction. The fourth spells out the best mechanism that will ensure customers are satisfied with service quality. The fifty parts explain the service quality dimensions which determine the most customer satisfaction. The last part of the section details the limitations of the study and areas for further research.

4.1. Profile of the respondents

4.1.1. Socio-economic characteristics

The socio-economic characteristics of the respondents participated in this study are presented in figures 2, 3, 4 and 5 below.

4.1.2 Respondent Demographic Profile

4.1.2.1 Gender

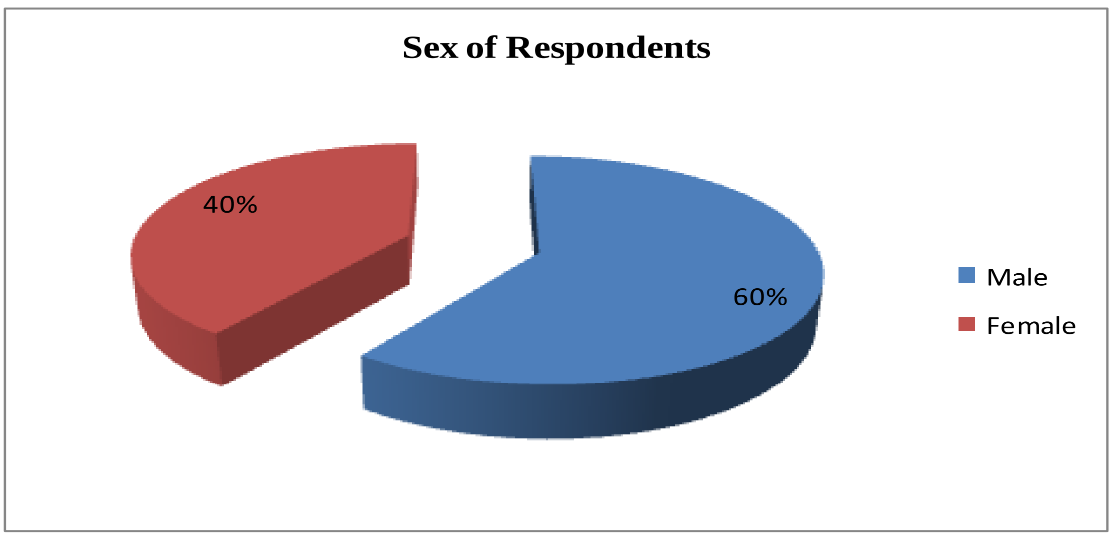
The response of each demographic profile is expressed as a percentage (%) of the total 45 respondents. The results of the survey, with regards to two gender group are presented in figure 2. The number of male respondents were 60% (45) while than female respondents were 40% (45 respondents).

Table 1 Sex of Respondents

Sex	Frequency	Percentage (%)
Male	27	60
Female	18	40
Total	45	100

Source: Study findings, 2013

Figure 2: Gender of the respondents



4.1.2.2 Age

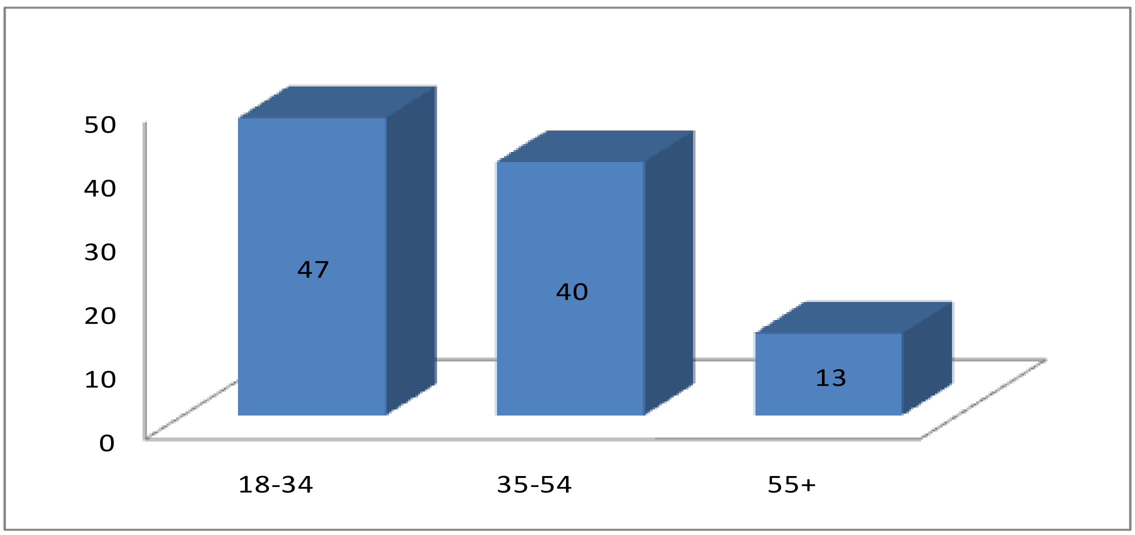
Figure 2 shows that majority of the respondents fall under the age group of 18-34 i.e. 45 respondents (47%), followed by 45 respondents (40%) from the age group of 35-54. The group of 55+ was 13% out of 45 respondents.

Table 2 Ages of Respondents

Age group	Frequency	Percentage (%)
18-34	21	47
35-54	18	40
55+	6	13
Total	45	100

Source: Study findings, 2013

Figure 3: Age of the respondents



4.1.2.3 Marital Status

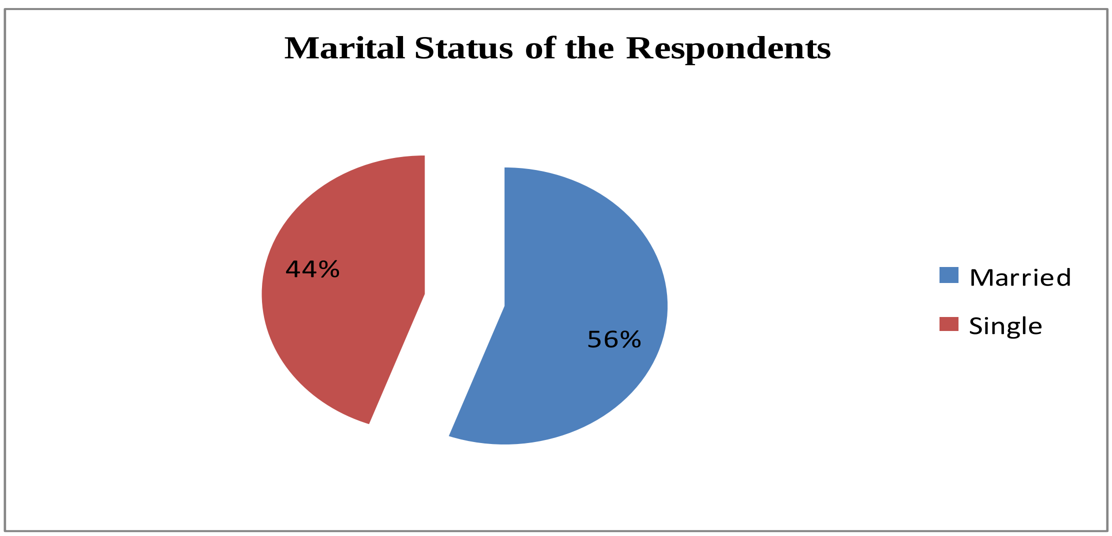
As presented in figure 4, the frequency and percentage of the 90 respondents were based on their marital status. Most of the respondents were married (57%, 90 respondents). Besides that, there were 37% (90) of respondents who were single. There was only one respondent constituting 6% categorized as widowed.

Table 3 Marital Status of the Respondents

Marital Status	Frequency	Percentage (%)
Married	25	55
Single	20	45
Total	45	100

Source: Study findings, 2013

Figure 4: Marital status of the respondents



4.1.2.4 Level of education

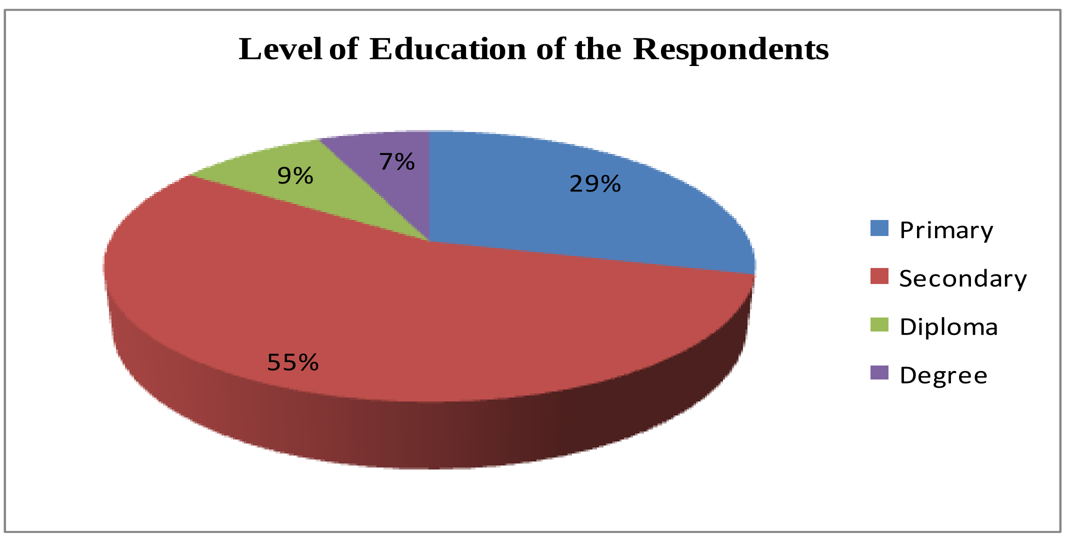
Figure 5 indicates the frequency and percentage of the 90 respondents based on their level of education. Most of the respondents had attained diploma education (34%, 90 respondents). Besides that, there were 19 % (90) of respondents who had a degree holder. This implies that the level of literacy was high in the study banks.

Table 4 Level of Education of the Respondents

Education Level	Frequency	Percentage (%)
Primary	13	29
Secondary	25	55
Diploma	4	9
Degree	3	7
Total	45	100

Source: Study findings, 2013

Figure 5: Level of education of the respondents



4.2 Factors influencing service quality

Customers were asked to identify the possible factors that may influence service quality towards customer satisfaction. Five factors were mentioned in the study area. These includes: reliability, responsiveness, assurance, empathy, and tangibles.

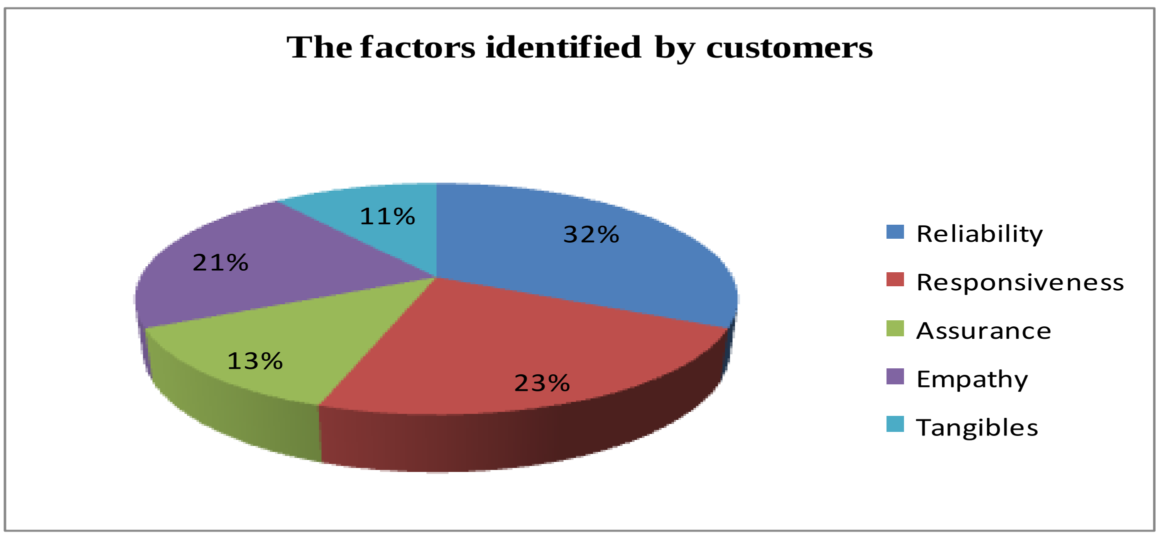
The findings suggested by customers revealed that majority of the respondents 15 (33%) said that reliability was the main possible factor that may influence service quality towards customer satisfaction, responsiveness was supported by 11 (24%) and 10 (21%) suggested on empathy to be the possible factors that may influence service quality towards customer satisfaction. The results show that most of the customers at Azania Bank were more satisfied with when the workers of banks are able to resolve problems encountered by customers, security and safety of customers and caring and individualized attention. One customer in the field noted that different customers have different expectations, based on their knowledge of a product or service. This can be implied that a customer may estimate what the service performance will be or may think what the performance ought to be. If the service performance meets or exceeds customers and expectation, the customers will be satisfied. On the other hand, customers are more likely to be dissatisfied if the service performance is less than what they have expected (source, field data, 2013).

Table 5: The factors identified by customers

Reasons Suggested by customers (N=45)	Frequency	Percent (%)
Reliability	15	33
Responsiveness	11	24
Assurance	6	12
Empathy	10	21
Tangibles	5	10
Total	45	100

Source: field data, 2013

Figure



The findings presented above concur with the study done by Min and Min (1997) who presented the idea that services have the attributes that are considered most important, particularly in forming the following impressions of service quality; tangibility (how well the bank staff are dressed); reliability (ability to resolve problems encountered by customers); responsiveness (convenience of making the reservation, promptness of check-in/checkout process); assurance (security and safety of customers); & empathy (caring and individualized attention).

In the Mauritian banks (Juwaheer & Ross, 2003), ;assurance factors& such as security and safety of customers determined by firstly, and secondly ;reliability factors& such as banks perform task that have been promised to customers on resolving problems encountered by. Juwaheer & Ross found that by focusing on these factors, Banks in Mauritius would be able to achieve high levels of satisfaction. In the Bank industry, most researchers are interested in maximizing customer satisfaction; satisfied customers tend to return and make the profit to Bank Hernon & Whitwan (2001)

4.3 The Relationship between Service Quality and Customer Satisfaction

Respondents were asked to identify if there is a relationship between service quality and customer satisfaction in the study area. Two levels of relationship were identified by the customers in the study area. These includes: yes and no.

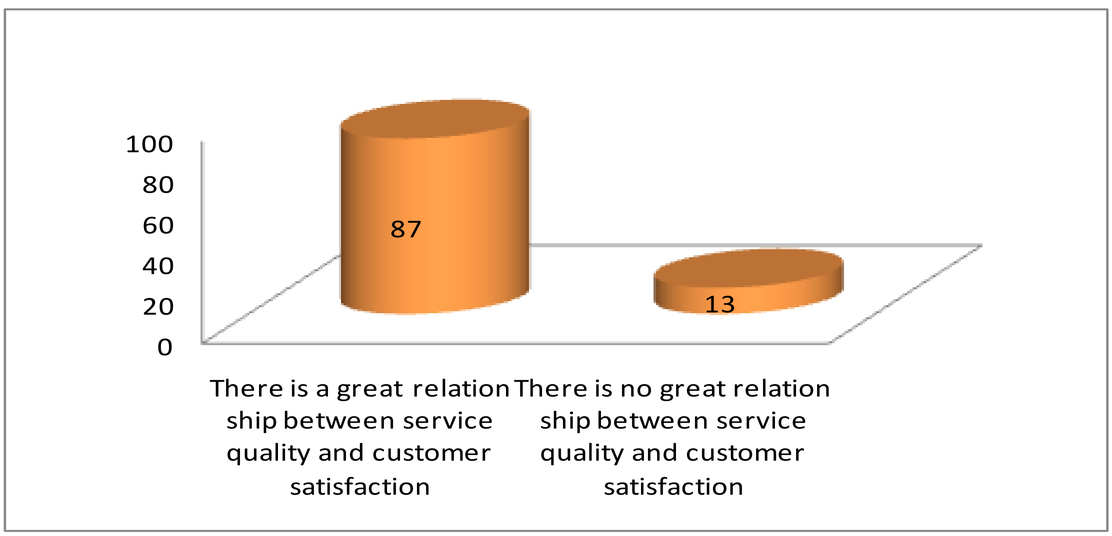
Results in figure 5 indicated the findings suggested by customers who were asked to identify if there is any relationship between service quality and customer satisfaction. According to field data, about 39 (87%) of the respondents accepts that there is a great relationship between service quality and customer satisfaction, while 6 (13%) disagree concerning the relationship between service quality and customer satisfaction by arguing that service quality has been conceptualized as the difference between customer expectations regarding a service to be received and perceptions of the service being provided (see figure 6 below).

Table 6 The response identified by customers

The Response Suggested by customers (N=45)	Frequency	Percent (%)
There is a great relationship between service quality and customer satisfaction	39	87
There is no great relationship between service quality and customer satisfaction	6	13
Total	45	100

Source: Field data, 2013.

Figure 8: The response identified by customers



Source: field data, 2013.

The findings presented above correlate with the study done by Ribbink et.al (2004), Spreng and Mackoy (1996) and Sureshchandar et al, (2003). Over the past few years there has been a heightened emphasis on service quality and customer satisfaction in business and academia alike. Sureshchandar et al, (2003) identified that strong relationships exist between service quality and customer satisfaction while emphasizing that these two are conceptually distinct constructs from the customers' point of view.

Spreng and Mackoy (1996) also showed that service quality leads to customer satisfaction while working on the model developed by Oliver (1997). In a recent study conducted by Ribbink et.al (2004) revealed that this relationship also exists in the e-commerce industry. Reisig & Chandek (2001) discussed the fact that different customers have different expectations, based on their knowledge of a product or service.

This can be implied that a customer may estimate what the service performance will be or may think what the performance ought to be. If the service performance meets or exceeds customers& expectation, the customers will be satisfied. On the other hand, customers are more likely to be dissatisfied if the service performance is less than what they have expected. As mentioned earlier, a greater number of satisfied customers will make the bank business more successful and more profitable.

4.4 The mechanism for customers satisfaction with service quality

Respondents in the field were asked to describe the best mechanism that ensures customers are satisfied with service provided. Six mechanisms were described by customers, such as improve personality of front staffs, respect the customers, improve security of customers, improve communication between the staffs and customers, competence of staffs and improve trust between the staffs and customers

According to field data, about 15 (33%) of the respondents said that what they need from the banks is the respect of customers from the bank officials, improve personality of front staffs was supported by 10 (22%) to be the best mechanism that will ensure customers are satisfied with service provided, 8 (18%) argued that improvement of security to the customers and competence of staffs was supported by 6 (14%) to be the best mechanism that will ensure customers are satisfied with service provided. The findings indicate that trust is viewed as one of the most relevant antecedents of stable and collaborative relationships. Researchers had established that trust is essential for building and maintaining long-term relationships. One manager in the study area had this to say concerning the importance of good communication to customers ‘Communication means keeping customers informed in language they can understand. It means listening to customers, adjusting its language for different consumers and speaking simply and plainly with a novice. It also involves explaining the service itself, explaining how much the service will cost, and assuring the customer that a problem will be handled’ (source, field data, 2013)

Table 7: The mechanisms identified by customers

Mechanism Suggested by customers (N=45)	**Frequency**	**Percent (%)**
improve personality of front staffs	10	22
respect the customers	15	33
improve security of customers	8	18
improve communication between the staffs and customers	2	4
competence of staffs	6	14
improve trust between the staffs and customers	4	9
Total	45	100

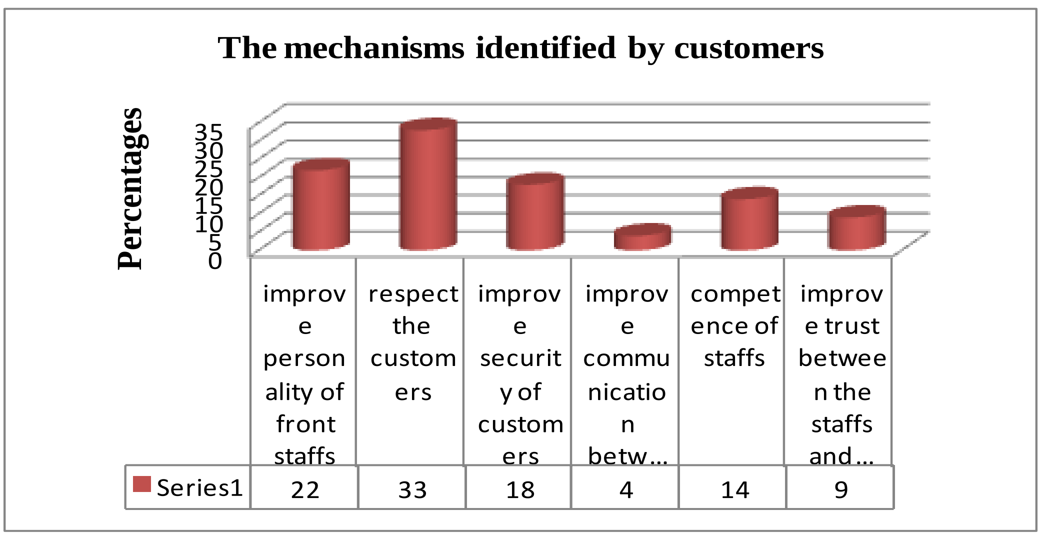
Source: Field data, 2013

Morgan and Hunt (1994) stated that trust exists only when one party has confidence in an exchange partner’s reliability and integrity.

While defining trust Moorman, Deshpande, and Zaltman (1993) referred to the willingness to rely on an exchange partner in whom one has confidence. According to Lau and Lee (1999), if one party trusts another party that eventually engenders positive behavioral intentions towards the second party.

From Anderson and Narus (1990) it can be safely deduced that if one party believes that the actions of the other party will bring positive outcomes to the first party, trust can be developed. Doney and Cannon (1997) added that the concerned party also must have the ability to continue to meet its obligations towards its customers within the cost-benefits relationship; so, the customer should not only foresee the positive outcomes but also believe that these positive outcomes will continue in the future.

As Harrington, and Akehurst, (1996) stated that good communication skills are required in dealing with customers, and strive to resolve the problems when they arise



Source: Field data, 2013 Figure

4.5 Service quality dimensions for customer satisfaction

This section presents the highest dimensions towards service quality dimensions which determine the highest customer satisfaction. Service quality dimensions are composed of tangibility, reliability, responsiveness, assurance, and empathy. The 45 respondents were asked to rate each statement concerning their highest customer satisfaction dimensions of service quality of front office staff (see Appendix A). The findings of the service quality of each dimension were as follows:

4.5.1 Tangibility

Table 5 shows that overall satisfaction of customers towards tangibility. Cleanliness of uniform and appearance of staff both received high ranking at 17 (37%) of the respondents. When front office staffs are well dressed and wear smart uniforms, their appearance impresses customers who feel more confident with bank services. In addition, the front office staff of the Paradise Bank are well trained in terms of the bank slogan ‘the best service & cleanliness in the region’.

Table 8: The dimensions identified by customers

Tangibility Dimensions Suggested by customers (N=45)	Frequency	Percent (%)
The staff dresses appropriately	11	24
The staff uniforms are clean.	17	37
The staff provide you service with a smile	3	7
The staffs have attractive appearance e.g. elegant, smart.	12	27
Total	45	100

Source: Field data, 2013

The tangibility dimension includes physical aspects such as the physical appearance of bank services including the neatness of front office staff and professionalism of employees (Dabholkar et al., 1996).

4.5.2 Reliability

Overall satisfaction of perception towards reliability dimension is also at the highest level, with the staff provide service as promised receiving the highest score 17 (38%) of the respondents said that the staff provide you accurate information. This may be because the front office staff provide service correctly the first time and keep their promises to customers. Consequently, customers feel satisfied with the reliability of service.

Table 9: The dimensions identified by front staffs managers and customers

Reliability Dimensions Suggested by customers and front staffs managers (N=45)	Frequency	Percent (%)
The staff provide service as promised	14	31
The staff provide you accurate information	17	38
The staff perform service for you correctly the first time	1	2
The staff tell you exactly when service will be provided	13	29
Total	45	100

Source: field data, 2013.

The reliability dimension refers to the ability of the front office bank staff to provide services dependably and accurately (Dabholkar et al., 1996). Reliable service performance has to meet customers' expectation. Service must be accomplished on time, every time, in the same manner and without errors.

4.5.3 Responsiveness

Table 7 shows that overall expectation towards responsiveness dimension was at the high level. The staff respond to your request quickly received the highest ranking of expectation at 21 (53%). It is highly possible that customers are satisfied when they receive a quick response from the bank staff. This is supported by a first time customer at the bank who commented that, 'the front office staffs are willing to help me when I am looking for the bank direction. It makes me feel that she is full of service mind in heart'. This shows that this customer received good help when needed. The ability to respond to customers' requests reflected to customer satisfaction.

Table 10: The dimensions identified by customers

Responsiveness Dimensions Suggested by customers(N=45)	Frequency	Percent (%)
The staff respond to your requests quickly	23	51
The staff give customers prompt service.	2	5
The staff are willing to help you.	20	44
Total	**45**	**100**

Source: field data, 2013.

The responsiveness dimension involves willingness to help customers and provide prompt services (Zeithaml et al., 1988). It is essential that front office staffs are willing and able to help customers provide prompt service and meet customers expectation.

4.5.4 Assurance

Table 8 shows that overall expectation towards assurance dimension was at a high level, with trustworthiness ranking most important 24 (53%). Most customers expect front office staff to make them feel safe when staying at the bank. In addition, cashiers should be credible and responsible when handling expenses or money from customers.

Table 11: The dimensions identified by customers

Assurance Dimensions Suggested by customers (N=45)	Frequency	Percent (%)
The staff have product Knowledge of the bank	12	27
The staff have the skills required to perform service	4	9
The staff speak with you by using appropriate forms	3	7
The staff are trustworthy	24	53
The staff make you feel safe when staying at the bank	2	4
Total	45	100

Source: Field data, 2013

The assurance dimension refers to the knowledge and courtesy of employees and their ability to inspire trust and confidence including competence, courtesy, credibility and security (Parasuraman et al., 1991).

CHAPTER FIVE

DISCUSSION OF FINDINGS

5.0 Introduction

This study was set to assess service quality dimension towards customer satisfaction in Tanzania's commercial banks. The study had four major objectives: To identify the possible factors that may influence service quality towards customer satisfaction, to determine the relationship between service quality and customer satisfaction, to explore the best mechanism that ensure customers are satisfied with service quality and to identify the service quality dimensions which determine the highest customer satisfaction.

5.1 Major findings

Findings on Objectives which explored the possible factors that may influence service quality towards customer satisfaction. The results has shown that the15 (33%) said that reliability was the main possible factor that may influence service quality towards customer satisfaction, responsiveness was supported by 11 (24%) and 10 (21%) suggested on empathy to be the possible factors that may influence service quality towards customer satisfaction.

The results show that most of the customers at Azania Bank were more satisfied with when the workers of banks are able to resolve problems encountered by customers, security and safety of customers and caring and individualized attention. One customer in the field noted that different customers have different expectations, based on their knowledge of a product or service. Min and Min (1997) who presented the idea that services have the attributes that are considered most important, particularly in forming the following impressions of service quality; tangibility (how well the bank staff are dressed); reliability (ability to resolve problems encountered by customers); responsiveness (convenience of making the reservation, promptness of check-in/checkout process); assurance (security and safety of customers); & empathy (caring and individualized attention).

Task Two investigated the relationship between service quality and customer satisfaction. about 39 (87%) of the respondents accepts that there is a great relationship between service quality and customer satisfaction, while 6 (13%) disagree concerning the relationship between service quality and customer satisfaction by arguing that service quality has been conceptualized as the difference between customer expectations regarding a service to be received and perceptions of the service being provided.

These findings are also supported by Spreng and Mackoy (1996) who also showed that service quality leads to customer satisfaction while working on the model developed by Oliver (1997). In a recent study conducted by Ribbink et.al (2004) revealed that this relationship also exists in the e-commerce industry. Reisig & Chandek (2001) discussed the fact that different customers have different expectations, based on their knowledge of a product or service.

Regarding Task three which explored the best mechanism that ensure customers are satisfied with service quality. It was discovered that15 (33%) of the respondents said that what they need from the banks is the respect of customers from the bank officials, improve personality of front staffs was supported by 10 (22%) to be the best mechanism that ensure customers are satisfied with service provided, 8 (18%) argued that improvement of security to the customers and competence of staff was supported by 6 (14%) to be the best mechanism that ensure customers are satisfied with service provided. The findings indicate that trust was viewed as one of the most relevant antecedents of stable and collaborative relationships. Researchers had established that trust is essential for building and maintaining long-term relationships. While defining trust Moorman, Deshpande, and Zaltman (1993) referred to the willingness to rely on an exchange partner in whom one has confidence. According to Lau and Lee (1999), if one party trusts another party that eventually engenders positive behavioral intentions towards the second party. From Anderson and Narus (1990) it can be safely deduced that if one party believes that the actions of the other party will bring positive outcomes to the first party, trust can be developed.

Task four investigated the service quality dimensions which determine the highest customer satisfaction. It was discovered that Service quality dimensions are composed of tangibility, reliability, responsiveness, assurance, and empathy, results shows that tangibility, reliability, responsiveness and empathy were the highest customer satisfaction.

The tangibility dimension includes physical aspects such as the physical appearance of bank services including the neatness of front office staff and professionalism of employees (Dabholkar et al., 1996). The responsiveness dimension involves willingness to help customers and provide prompt services (Zeithaml et al., 1988). It is essential that front office staff were willing and able to help customers provide prompt service and meet customers’ expectation. The reliability dimension refers to the ability of the front office bank staff to provide services dependably and accurately (Dabholkar et al., 1996). Reliable service performance has to meet customers’ expectation. Service must be accomplished on time, every time, in the same manner and without errors.

CHAPTER SIX

CONCLUSION AND RECOMENDATION

6.0 Introduction

This chapter presents the conclusions and recommendations made with regard to the study findings and objectives.

6.1 Conclusion

Service businesses have been growing rapidly in recent decades, while customer demand for high quality service is increasing. This is certainly the case at the Azania Bank. To remain competitive, the banks need to analyze customer's expectation and perception towards the service quality of its front office staff.

From findings of the study, the researcher found out tangibles, empathy and responsiveness as the main effective possible factors that may influence service quality towards customer satisfaction

Customers accept that there is a great relationship between service quality and customer satisfaction, they added that good quality services satisfy the customers in the bank industry.

Improving trust between the staffs and customers, respect the customers and improving the communication between the staffs and customers were identified as the main effective mechanism that ensure customers are satisfied with service provided in the study area.

The findings in the field have revealed that assurance dimension was at the high level, followed by empathy and responsiveness which determine the highest customer satisfaction. Most customers expected the front office staff (especially the cashier) to be trustworthy because they are responsible for the bank expenses or collecting money from bank customers.

6.2 Recommendations

Staffs should make their customers happy and satisfied. As keys to the customer satisfaction driver, the front office staffs are critical to the continued success of the bank. They offer constant customer interaction, with the most diverse operating exposure in the bank. The important thing, the front office staff will also reflect the image of the bank to the customers and they have a keen sense to anticipate the customers, needs and exceed their expectations.

Employees at front desk are the key personnel who form the impression of the bank. Therefore, their appearance needs to be neat. They should strive to provide each customer a personalized touch so that their commitment with their respective bank is lasting. The bank management should focus on the main factors that contributing towards customer satisfaction, for example in the bank, customer satisfaction of bank service quality was influenced by the three variables/dimensions namely tangibles and empathy.

The bank management has to more interaction with the bank customers to understand their needs and expectation. With this practice, more customers be attracted and enjoyed with the service provided.

Banks should understand the needs of the customer and provide courteous services efficiently in catering such needs.

6.3 Areas for further research

This study has revealed areas which call for further research. The study covered only one bank in Mwanza region, therefore there is a need to conduct a research at the national level to find more issues related to the other factors contributing to customers' satisfaction

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APPENDIX

QUESTIONNAIRE

The purpose of this questionnaire is to assist in collecting data for the study on the service quality towards customers' satisfaction in Tanzania Commercial Banks. Based on their answers the researcher will be able to gain a better insight on the customers' perceptions and expectations of service quality in Tanzania's Commercial Bank , to determine different types of service offered by Tanzania's Commercial Banks, to identify the quality factors that are the most important to customers, examining the factors that influence services quality by the banks and identifying the quality factors which tend to delight customers and those that tend to dissatisfy.

PART A:

Personal characteristics and general information (Please indicate by a tick to the category you belong)

(1) Do you have any bank account?

(a) Yes

(b) No

(2) Are you satisfied with the banking services?

(a) Yes

(b) No

(3) Bank Name (Where do you have an account?)……………….

(4) Gender

(a) Male

(b) Female

(5) Marital status

(a) Marriage

(b) Single

(6) Age Interval

(a) 18 years to 28 years

(b) 28 years to 38 years

(c) 38 years to 48 years

(d) 48 years to 58 years

(e) 58 years to 68 years

(f) Any others

(7) Job …………………………………. Qualification……………………………….

(8) Monthly Income

(a) 100,000 Tshs- 250,000Tshs

(b) 250,000 Tshs- 400,000Tshs

(c) 400,000 Tshs- 550,000Tshs

(d) 550,000 Tshs- 700,000Tshs

(e) 700,000 Tshs- 850,000Tshs

(f) Any Other ………………………………………

PART B:

What among the listed factors affect most the service quality towards customer satisfaction (tick to where you belong)

1. Reliability
2. Responsiveness
3. Assurance
4. Empathy
5. Tangibles

What is the best dimension ensure customer are satisfied with service quality

1. Tangibility
2. Reliability
3. Responsiveness
4. Assurance
5. Empathy

Is there any relationship between service quality and customer satisfaction (Write yes or no)

1. There is great relationship between service quality and customer satisfaction
2. There is no great relationship between service quality and customer satisfaction

What are the best mechanisms identified by customers

1. Improve personality of front office
2. Respect the customers
3. Improve security of customers
4. Improve communication between the staffs and customers
5. Competence of staff
6. Improve trust between the staff and customers

What is the best tangibility for bank staff?

1. The staff dresses appropriately
2. The staff uniforms clean
3. The staff provides service with smile
4. The staff has attractive appearance, smart

What are the best assurance dimensions for customers?

1. The staff have product knowledge to the bank
2. The staff have skills required to perform service
3. The staff are trustworthy
4. The staff make customer feel safe when staying at the bank
5. Staff speak with customer by using appropriate forms

What are reliability dimension for staff

1. The staff provides service as promised
2. The staff provides accurate information
3. The staff performs service for correctly the first time
4. The staff tells exactly when service will be provided

What are the best responsiveness dimensions?

1. The staff respond the request quickly
2. The staff give prompt service
3. The staff are willing to help

PART C: Quality factors which tend to delight customers and those that tend to dissatisfy write agree or disagree

1. Service of this Bank is in line with social values
2. Service of the Bank contributed to the welfare of the society
3. Service of this bank has high in the society
4. Service of this Bank is consistence with my life goals

THANK YOU FOR YOUR COOPERATION