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By Teklemariam Fitwi & Gemechu Abdissa

Mizan-Tepi University, Ethiopia

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The Impact of Internal Service Climate on Employees' Job Satisfaction: With Reference to Commercial Bank of Ethiopia, Gedeo Zone

Teklemariam Fitwi [α] & Gemechu Abdissa [σ]

Abstract- It is of great interest to improve an organization's service quality by investigating the antecedents of customers' satisfaction in a dynamic, global business environment. Service industries try to compete by providing high-quality customer service via developing their internal service climate. Currently both industry and academia have shown a growing interest in the concept of internal service climate. Furthermore, internal service climate increases job satisfaction and reduces role stress. The main purpose of this study is to investigate the impact of internal service climate on employees' job satisfaction. The research design is a descriptive research. Both primary and secondary data were used in this research. A survey questionnaire with five point Likert scale was a main tool for gathering primary data about internal service climate effect on job satisfaction. 123 permanent employees were participated in filling the questionnaires. The researcher used censes sampling method. The data was analyzed by using appropriate statistical tools such as mean, standard deviation correlation, and regression, ANOVA, by using SPSS (statistical packaging for Social Science). The findings show that ISC have impact on employees' job satisfaction. All the independent variables are positively and directly related to employees' job satisfaction particularly in commercial bank of Ethiopia. The relationship between internal service climate and employees' job satisfaction is significant. Again internal service climate is also significant. From the internal service climate reliability and assurance highly explain employees' job satisfaction. Internal service climate is highly explains employees' job satisfaction. Therefore, the bank should focus more on reliability and assurance from the Internal Service Climate and meaningfulness to increase employees, motivation, moral and productivity.

Keywords: internal service climate (reliability, assurance, empathy, tangibility, and responsiveness), ANOVA, SPSS, likert scale.

I. Introduction

Financial institutions are a service setting that most consumers are likely to use on a relatively frequent basis. Because of their knowledge and experience, consumers can able to evaluate financial institutions (particularly banks) in terms of both expectations and perceptions of service quality (Awoke, 2010). The delivery of quality internal services is critical to customer satisfaction since improvements in internal service quality are expected to produce improved external service quality and satisfaction" (Kang *et* al., 2002) cited in (Wasihun 2011).

Employees of the organization manage all the resources of the organization for effective and efficient utilizations of resources to achieve the Vision, missions and objectives over a specified period of time. Therefore, employees are the most crucial assets of the organizations. It is known that each and every resource has value but the values of the resources are different to one another. On the other hand, employee in an organization works in a various work environments/conditions that is called service climate. These service climates have either positive or negative impact on employees' job satisfaction. Having a good internal service climate makes the organization to gain highest market share and also makes to encourage employees' moral, commitment and job satisfaction. According to Marshall, Baker and Finn (1998), recently there has been risen an interest in service quality issues in business to business markets, both in internal and external perspective. The authors continue that the service quality requirements of external customers have been the focus of much research, but internal customer service requirements have received few attentions in the recent researches. Usually, according to various researchers, there is positive relationship between service climate and employees' job satisfaction (Dimitriades and Maroudas, 2007, Hui et al., 2004). This indicate that if internal service climate is poor that is usually described based on the five service quality dimensions (reliability, assurance, tangibles, empathy and responsiveness) the employees' moral, commitment, productivity and job satisfaction are negatively affected.

Currently employees' in an organization are more qualified and well experienced to their jobs than ever before (Bhatnagar and Sandhu, 2005). Even in Ethiopia number of qualified employees' in various professions is increasing. Therefore, these people are more capable to perform tasks that are assigned to them effectively and efficiently. They do not wait orders from bosses to perform a task/job. As a result, today, the issue of psychological empowerment is among concerns in workplace which negatively/positively affects the employees' attitude to the job and job

Author α σ: Lecturer, Department of management, College of Business and Economics, Mizan-Tepi University.
e-mails: tfitwi@gmail.com , gemechu.mtu@gmail.com

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satisfactions. Job satisfaction is an earliest anticipated or predictors outcomes of empowerment (Spreitzer, Kizilos & Nason, 2007). The authors argue that psychological empowerment is significantly positively related with job satisfaction. If employees' are not empowered in their jobs, they may waste more working hours in waiting decisions from bosses. As a result, according to Doughty (2003) cited in chen (2008), employees' moral, productivity and employees' job satisfaction might be deteriorated. In Commercial Bank of Ethiopia in Gedeo zone, internal service climate and psychological empowerment practices are not yet fully developed and implemented and there is a significant lack of practical and empirical research.

Commercial Bank of Ethiopia is one of the leading banks in Ethiopia by 677 branch and 13106 employees' and it has more than four million account holders (www.cbe.com). Out of the whole 8 branches and 123 employees' with 56 thousand account holders are in Gedeo zone. To serve the loyal and potential customers the existence of attractive working environment is necessary. The internal service climate practice in the bank affects employees' job satisfaction. To serve their potential and loyal customer with the appropriate time and free from error, their knowledge and politeness, equipments used, willingness to accommodate special needs of co-workers/ prompt service, providing accurate and necessary information, meaning to their job, autonomy how to do their job, the ability to perform and their impact on their department affects employees' job satisfaction positively/negatively. On this ground, the researchers put forward that the relationship and impacts between internal service climate on employees job satisfaction is worthy of investigation in the case of Commercial Bank of Ethiopia in Gedeo zone.

II. Literature Review

The world Bureau of Labour Statistics reports that the service-producing sector will continue to be the dominant employment generator in the economy, adding 20.5 million jobs by 2010. Employment in the service producing sector is expected to increase by 19 percent over the 2000-2010 periods, whereas manufacturing employment is expected to increase by only 3percent. In fact, manufacturing's share of total jobs is expected to decline from 13 percent in 2000 to 11 percent in 2010.These numbers and others have led to a growing interest in the special problems of marketing services (Kotler and Keller, 2006).

Service, can define as: any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product (Ibid).

Services possess several unique features that often have a significant impact on marketing program development. Manufacturing organizations produce tangible goods that can be numbered, stored and consumed at a later time whereas, services are intangible performance. These special features of services may cause problems and often result in making decisions that are substantially different from those found in connection with the marketing of goods.

Service, as stated by Kotler (1996), generally has the following major characteristics that greatly affect the design of service management programs. These are intangibility, heterogeneity, inseparability, Variability and perishability features of services. Services are intangible, unlike physical products, they cannot be felt, smelled, heard, or tasted before they are bought or rendered. Heterogeneity refers to the difficult nature of services to standardize them; as a result, output can vary widely in quality. Services are usually designed around the specific requirements of the individual customer. Services are inseparable because they are typically produced and consumed simultaneously i.e. production and consumption occurs at the same time. It is usually impossible to separate the production and consumption. Customers participate in the service delivery system, and they receive the value as the service is produced. Services possess a potential for high variability in the quality of output. Because they depend on people who provide them and when and where they are provided. It cannot be guaranteed to be identical in all aspects to those that have gone before and to those that will follow. Perishable is to mean that services cannot be stored because it is not tangible goods.

Services intangibility, inseparability and heterogeneity underline the importance of the "human interaction element of service delivery" – the service encounter (Bitner *et* al., 1990) cited in (Dimitriades and Maroudas 2007). The term service encounter is used to denote person-to-person interaction between a customer and an employee of an organization during the acquisition of a service. Indeed, Berry and Parasuraman (1991) cited in Dimitriades and Maroudas (2007) expand the "customer" construct by viewing employees' as "internal customers". An internal customer is defined as anyone in an organization who is supplied with products or services by distinct organizational departments or by persons working in them.

Internal services can be defined as services provided by distinctive organizational units or people working in these departments to other units or to the employees within an organization (Stauss, 1995). The above definition involves a wide range of miscellaneous services within an organization, which include human resources management, R&D and marketing departments, internal logistics services, maintenance support, and so on.

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a) Service Climate

Service climate refers to the shared perception of employees concerning the practices, procedures, and kinds of behaviour that get rewarded and supported in a particular setting (Schneider *et* al., 1998). The service climate is the message employees get about how important service is in their organization. Employees get this message from the experiences they have during their workday (Schneider & Bowen, 1995). It has been claimed by Schneider and Snyder (1975) cited in Safius (2003) that the molar or holistic nature of climate perceptions is such that perceptions function as a frame of reference for the attainment of some congruity between behaviour and the system's practices and procedures. Further, because satisfaction is a personal evaluation of a system's practices and procedures, people in the system will tend to agree less on their satisfaction than on their description of the system climate. Moran and Volkwein (1992) cited in Safius (2003), defined climate as: a relatively enduring characteristic of an organization, which distinguishes it from other organizations and (a) embodies members' collective perceptions about their organization with respect to such dimensions as autonomy, trust, cohesiveness, support, recognition, innovation and fairness; (b) produced by member interaction; (c) serves as a basis for interpreting the situation; (d) reflects the prevalent norms and attitudes of the organization's culture; and (e) acts as a source of influence for shaping behaviour.

b) Organizational Climate

Organizational climate concepts are employees' attitude towards their organization which has great impact towards their working ways and contributions; in consequence organizational climate causes organization performance because this relates directly to employees' motivation. Employees' perception to organization as defined in six factors (Stringer, 2002) cited in (Safius, 2003).

Structure: means employees understand clearly about their duties and responsibilities including each rank decision power.

Standards: means employees take their efforts to develop their working quality to proud levels toward quality working.

Responsibility: reflects the employees' feeling in term of courage used in problem solving without taking into consideration of decisions of others.

Recognition: reflects the feeling of employees who receive rewards, blame and appropriate punishment. In addition to this includes balance and consistency.

Support: the trust and the contributing to share with one another as a working team and colleagues and the ability to get the chief's assistance, whenever it is needed.

Commitment: reflects the employees' feeling in sense of integration to the organization and commitment level towards the objectives of the organization (Ibid).

c) Service Quality Dimensions of Internal Service

Because the characteristics services are complex, the quality of services can also be complicated. When service providers understand how customers evaluate the service quality, they can also better control and manage the service quality. Groonroos (2000) various researchers have contributed to the identification of service quality dimensions, but the most publicized quality dimensions are the dimensions identified by (Parasuranam, Zeithaml and Berry 1988; 1990). They first identified ten different dimensions, but through exploratory research consolidated them into five principal dimensions that customers use in judging the service quality. These dimensions are reliability, responsiveness, assurance, empathy and tangibles. The concise definitions for the dimensions are discussed below.

Reliability:- means the service provider's ability to perform the promised service both dependably and accurately. Customers expect reliable service delivery and that the service is delivered on time, in the same manner, and without errors every time (Awoke, 2010).

Responsiveness:- is customer service's willingness to help customers and to provide prompt service. For example keeping customers waiting may create unnecessary negative perceptions of quality. Whenever a service failure occurs, the ability to recover quickly and with professionalism can still leave customers very positive perceptions of service quality Groonroos, 2000).

Assurance:- refers to the knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer, and the general attitude that the server has the customer's best interests at heart (Awoke, 2010).

Empathy:- refers to the caring and individualized attention what the customer gets during the service delivery. This includes the approachability, sensitivity of service employees and effort to understand the customer's needs (Parasuranam, Zeithaml and Berry, 1988; 1990).

Tangibles:- are the physical aspects of service delivery i.e. the appearance of physical facilities, equipment, personnel, and communication materials (Awoke, 2010). The five service quality dimensions are suitable for measuring the quality of internal services as well, and not just for measuring external service quality: "SERVQUAL, with appropriate adaptation, can be used by departments and divisions within a company to

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ascertain the quality of services they provide to employees in other departments and divisions" (Ibid).

Further, the research of Reynoso and Moores (1995) confirms that these five dimensions of Parasuranam *et* al. can be used when studying internal customer's perception on the service quality. However, these dimensions are not to be used as the only ones for measuring internal service quality, but there can be other additional dimensions important to internal customers. For example, Vandermerwe & Gilbert (1991), identified six key needs of internal customer in their research on internal services. These six key needs are responsiveness, relevance, i.e. the service provided is useful and easy to use, reliability, cost within budget, i.e. cost of the service does not exceed its expected price, and on time service, i.e. service is delivered when promised. However, most of these dimensions are highly consistent with those identified by (Parasuranam et al. 1988). Only the cost within budget and relevance are different from the dimensions of (Ibid).

d) Internal service Climate

According to Dimitriades and Maroudas (2007) having empowered contact employees' is a necessary but not sufficient condition of effective service delivery. To respond to customers' needs and expectations, employees depend on quality internal services (Kang *et* al., 2002). "The delivery of quality internal services is critical to customer satisfaction since improvements in internal service quality are expected to produce improved external service quality and satisfaction" (Kang *et* al., 2002) cited in (Wasihun 2011).

e) Job Satisfaction

Job satisfaction has become a primary factor that will influence the individuals jobs and to the job experience. If there is enhancement of employees' job satisfaction within the organization, this will in turn lead to increase in individual employee and overall organization productivity and performance, improve employee creativity and innovative, reduced turnover rate as well as absenteeism (Dickson & Lorenz, 2009). Sometime, job satisfaction is responsible to act as important roles to determine an individual employee either to resign or remain with the organization. If he or she has a low job satisfaction, then he or she tends to resign or leave the organization.

Although, there are many different definitions of job satisfaction from various researchers, but the meaning of job satisfaction is remain the same. Job satisfaction can be defined as an indication of the employees' emotional and their physical feelings (Hoppock, 1935) cited in (Dickson & Lorenz 2009). Vroom (1964) has further explain the job satisfaction in more detailed and precisely which if one individual job or job experience has been evaluate and appraise by the organization, then the employee will have a pleasant feelings and positive emotional state. This meant the job evaluation and appraisal of their work outcome will determine whether an individual employee get a good or bad feedback. The feedback will lead to employees emotional state and pleasant feelings which will affect the level of employees' job satisfaction. Locke (1976) has defined the job satisfaction as a pleasant or positive emotional state as a result of the job evaluation and appraisal or job experience.

Hirschfeld (2000) defined intrinsic job satisfaction as the way in which a person feels about the nature of the tasks itself and extrinsic job satisfaction as the way an employee feels about aspects of the work situation that are external to the job tasks.

Robbins (2003) found that the level of job satisfaction is influenced by the work itself, promotional opportunities, the ability of the supervisors to provide emotional and technical support, the extent to which fellow workers are supported, working conditions and the equitability of remuneration. Considering Hirschfeld (2000) definition it seemed that Robbins (2003) was mostly referring to extrinsic factors of satisfaction.

Job satisfaction seems to be influenced not only by what the job can offer for the employees but also the expectations of the employees in relation to what the job offers. To a great extent the environment influences the satisfaction being experienced although in similar working environments different levels of satisfaction could be influenced by other factors such as age, sex, race or educational experience (Hirschfeld 2000; and Lu, Robbins, 2003; White & Barriball, 2005). This is also another indication that satisfaction stems from the cognition of the employee since employees could be exposed to the same working environment although experience it distinctly different.

Job satisfaction is defined as "a state that depends on the interaction of employees, their personal characteristics and expectations with the working environment and the organisation" (Pinikahana & Happell, 2004). They have highlighted that this is a state, meaning that it can be altered and influenced depending on how the employee see/experience these interventions.

Buitendach and De Witte (2005) distinguished that job satisfaction can be categorised into two dimensions namely intrinsic and extrinsic satisfaction. "Extrinsic satisfaction refers to satisfaction with aspects that have little to do with the job tasks or content of the work itself, such as pay, working conditions and co-workers. Intrinsic satisfaction refers to the job tasks themselves. (E.g. variety, skill utilisation, autonomy) (Buitendach & De Witte, 2005).

Job satisfaction was also defined by Hausknecht, Hiller and Vance (2008) as the shared sense of enjoyment that individuals derive from their experiences on the job and within a work unit. Considering the support of colleagues, supervisors and

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how team members interact could also be influence job satisfaction positively or negatively. This will only be the case for employees that value the support of colleagues and this was also supported by Robbins (2003), Hirschfeld (2000) and Lu, White and Barriball (2005) emphasising the unique expectations of employees.

III. Conceptual Framework

Standing form the model presented by Carless (2004) the researcher tried to study the effect of internal service climate on job satisfaction. To use the carless (2004) model on this study Wasihun.M (2011) makes slight modification on the model. As the internal service climate have an effect on employees' job satisfactions discussed in the literature it is a major independent factors on job satisfaction (dependent factor). Diagrammatically, the conceptual framework of the study is presented below.

ISC are as indicated described with the reliability, assurance, tangibles, empathy and responsiveness, if these things in the organization are not good employees' are not directly satisfied with their jobs.

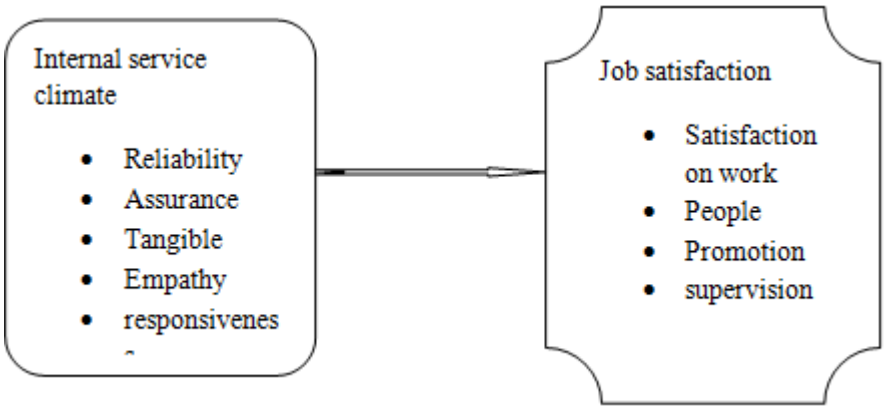

Figure 1 : Conceptual framework

IV. Materials and Methods

This section has addressed the overall methodology used in this research. It consists of brief discussion of the research approach, research design, types and sources of data population definition, sample size determination, sampling technique, method of data collection and the data analysis method.

a) Description of the Study Area

The Commercial Bank of Ethiopia (CBE) is the largest commercial bank in the country; presently having 677 branches nationwide out of which 46 are located in the Addis Ababa area, and one subsidiary office in Juba (Southern Sudan). The CBE also has a majority owned subsidiary, Commercial Nominees Private Ltd., Co. The CBE is owned by the government of Ethiopia and was established in 1942 making it the oldest bank in the country with a total of more than 8000 employees. Currently the bank has 13106 employees' with 155 billion Birr capital. At present, the CBE is providing a wide range of commercial banking services ranging from the provision of Savings, Current Accounts, Overdrafts and Loans to International Letters of Credit and other international transactions. Currently the bank's strategic direction is focused on achieving its vision "to become World Class Commercial Bank" (www.cbe.com). From the total 677 branches and 13106 employees'; 8 branches and 123 employees' are in Gedeo zone.

b) Research Approach

According to Dawson (2002), there are three types of research approaches: quantitative, qualitative and mixed method. Mixed methods research is an approach that combines or associates both quantitative and qualitative forms. Depending on aspects like timing, weighting, mixing and theorizing mixed method led writers to develop procedures like sequential, concurrent and transformative procedure are stated in the work of (Creswell, 2009). In this research paper, the researcher have used a sequential exploratory procedure (qualitative – quantitative), because the researcher use the result of qualitative response from managers to gather quantitative data from employees.'

c) Research Design

A research design "is the framework for the generation of evidences that are suited both to a certain set of criteria and to the research question in which the investigator is interested" (Bryman and Bell, 2007). The objective of this research is to explore the impact of internal service climate on job satisfaction in Commercial Bank of Ethiopia in Gedeo zone using an appropriate sampling technique.

The researcher used a descriptive research. A descriptive research "uses a set of scientific methods

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and procedures to collect raw data and create data structure that describes the existing characteristics of a defined target population" (Shiu *et* al., 2009). This research design deals with everything that can be statistically measured and counted numerically in a study. Therefore, descriptive research is also known as statistical research and gathered data to describe characteristics of a population or phenomenon.

With emphasis on descriptive type, in order to conduct primary data the researcher has questionnaires on the impacts of internal service climate and psychological empowerment on employees' job satisfaction. Models and hypothesis will test to link to the factors made mention for the analyses.

d) Types of Data and Sources

Both primary and secondary data were employed in this research in order to gather detailed information on internal service climate on employees' job satisfaction. The primary sources of data were collected from sample respondents focussing to their attitudes towards ISC to see how they influence their job satisfaction. The secondary data were collected by reviewing books, previous research works, articles and journals and related online information available.

e) Target Population

To study internal service climate on employees' job satisfaction, the study population units constitute one hundred twenty three permanent employees of CBE in Gedeo zone.

f) Sample Design

Sampling is a part of statistical practice concerned with the selection of individual observations intended to yield some knowledge about a population of concern especially for the purposes of statistical inferences. According to Kumar (2005), sampling can be defined as, the process of selecting a few (a sample) from bigger group (the sampling population) to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group. In CBE Gedeo zone there are 123 permanent employees'. Since the population is small the researcher was used the whole population.

V. Sampling Techniques and Sampling Size

a) Sampling Techniques

Sampling is a part of statistical practice concerned with the selection of individual observations intended to yield some knowledge about a population of concern especially for the purposes of statistical inferences. According to Kumar (2005), sampling can be defined as, the process of selecting a few (a sample) from bigger group (the sampling population) to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group.

The total populations of commercial Bank of Ethiopia in Gedeo zone are 123 permanent employees; working in eight branches of CBE in Gedeo zone. Since the number of population is small, the researcher use censes survey method. According to Kothari (2004), censes survey is important method when the universe is a small one; it is no use resorting to a sample survey. When field studies are undertaken in practical life, considerations of time and cost almost invariably lead to a selection of respondents i.e., selection of only a few items.

b) Sampling Size

There is no one hard and fast rule of presenting the sample size. Therefore, different researchers take different sample sizes like, 5percent, 10 percent, 15 percent, and 20 percent …of the population under investigation (Kothari, 2004).

For this study the whole population permanent employees' who are working in the bank in Gedeo zone was participated in filling the questionnaires. As per the data collected from the branch managers of the banks, totally there are 123 employees'. Among these, 37 were from the main branch (Dilla Branch), 15 were from Sessa branch, 10 were from Michile Branch, 8 were from Wonago, 25 were from Yiga cheffee, 10 from chelellektu, 8 from Gedeb and the remaining 10 were from Hanchullcha branch.

VI. Data Collection Instruments

Quantitative research use to collect the data that involves larger, more respondent's samples and numerical calculation of results (Wiid and Diggines, 2009). The research derives some advantages by using the quantitative research design over the qualitative one. It has merits on the validity, reliability, replication and generalization which are valuable for the quality criteria of the thesis (Bryman, 2012 and Shiu *et* al., 2009).

The study was conducted based on both secondary and primary data sources. It began with the analysis of secondary data through the detailed review of related literatures. To effectively accomplish it books, articles, journals, magazines, bulletins and the Banks' policy and procedure documents were reviewed.

Primary data about the impact of internal service climate and psychological empowerment was collected through questionnaire surveys. The questionnaires about internal service climate adapted from (Parasuranam, Zeithaml and Berry, 1988; 1990) and employees' job satisfactions from (Minnesota, 1967). The questionnaire comprises both close end and open-end questionnaires, about items to the effect of internal service climate on job satisfaction, based on the measures of Reliability, Assurance, Tangibles, Empathy, and Responsiveness for internal service climate.

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Moreover, related to job satisfaction the following measures was used: satisfaction on work, people, promotion, communication and supervision. And a five point Likert scale that range from 1 (strongly disagree) to 5 (strongly agree) was used. Finally, the researcher was incorporating an open ended question that gives respondents a chance their own explanation to the phenomenon.

VII. Data Analysis and Presentation

After collecting the data through questionnaire and interview, the process of analysis began. Analysis of data in this research was done by using statistical tools like regression and correlation models. Regression analysis was used to know by how much the independent variable i.e. ISC explains or influences the dependent variable which is employees' job satisfaction. Correlation analysis also conducted to measure the strength of the association between ISC and Employees' job satisfaction. And also descriptive analysis was used to measure employees' perception towards the ISC practice of the bank and for the demographic factors such as gender, age, education, occupation, monthly income and for service years in the bank. Tools like tables and percentage are used. Data analysis was performed by using SPSS software version 16.

In order to reduce the possibility of getting wrong answers, different actions were taken to ensure the soundness of this study.

- Data were collected from reliable sources, from respondents who are permanent employees of the bank to maintain the reliability of the study.
- The questionnaire was based on literature review to ensure the soundness of the results.
- SPSS software version 16.0 was used to analyze the data and special emphasis was given during data coding.

VIII. Reliability Test Result

Alpha reliability is regarded as a measure of internal consistency of the mean of the items at the time of administration of the questionnaire. Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively related to one another (WWW.Wikipedia.com).It is computed in terms of the average inter correlations among the items measuring the concept. Reliability is calculated in such a way that it represents the reliability of the mean of the items, not the reliability of any single item. So, the alpha reliability of 10 items would be higher than that of 5 similar items. This coefficient can hold a value of 0 to 1. The result of 0.7 and above implies an acceptable level of internal reliability. The result of reliability test for the questionnaire is shown in the following table. As it is indicated in the table, the test result is between 0.747 and 0.923. Therefore, based on the test, the results for the items are reliable and acceptable.

Table-1 : Reliability Test Result for the Questionnaire

Item	Number of item	Cronbach's alpha
Reliability	5	0.889
Assurance	4	0.834
Tangibility	4	0.785
Empathy	5	0.758
Employees' job satisfaction	25	0.923

IX. Data Analysis and Interpretation

To analyse the collected data in line with the overall objectives of the research undertaking, statistical procedures were carried using SPSS 16.00. In this part to identify the major issues and to provide workable recommendations for the problems concerning internal service climate, on employees' job satisfaction the researcher has collected data through self- administered questionnaire. In this chapter the findings of the study are presented. During the survey a total of 123 questionnaires were distributed to employees. All 123 distributed questionnaires were returned. So the analysis was made based on 123 responded questionnaires. Questionnaire was developed in five scales ranging from five to one; where 5 represents strongly agree, 4 agree, 3 no opinion/neutral, 2 disagree, and 1 strongly disagree. All questionnaires were filled by the employees' of CBE in Gedeo zone.

Descriptive statistics were used for demographic factors and scale type. In addition correlation and regression analysis were also conducted for scale typed questionnaires.

a) Descriptive Analyses

The editing and coding phase was followed by descriptive analysis of the sample. Descriptive analysis refers to "the elementary transformation of raw data in a way that describes the basic characteristics such as central tendency, distribution and variability" (Zikmund *et* al., 2010).

Every variable in the questionnaire has been examined by several statements. For the purpose of this research the statements investigating the same variable

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were transformed into a variable index by computing mean values of the responses. The mean values are presented in table form, together with standard deviation of values for each variable. The standard deviation is defined as "the spread or variability of the sample distribution values from the mean" (Hair *et* al., 2007).

This descriptive analysis is used to look at the data collected and to describe that information. It is used to describe the demographic factors and for employees' opinion on ISC for more clarification. The demographics factors used in this research are gender, age, education qualification, monthly income, and length of time the respondents work in the bank. For the scale typed questionnaires for all variables mean or average response of respondents was used.

b) Employees' Response to Internal Service Climate Effect on Job Satisfaction

Here, employees' response to the major issue of the topic "impact of internal service climate on employees' job satisfaction" was presented in detail. In addition to this, the relationship and impacts between internal service climate on employees' job satisfaction was determined.

Responses of employees' were measured on five point Likert scale with 1= Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5 = Strongly Agree. To make an easy interpretation, the following range of values was assigned to each scale: 1-1.80 or below = Strongly Disagree; 1.81- 2.60 = Disagree; 2.61- 3.4 = Neutral; 3.41 – 4.20 = Agree; and 4.21 and above = Strongly Agree (Best, 1995).

c) Employees' response on ISC (Internal Service Climate)

Table 2 : Descriptive Statistics of Reliability

Reliability	N	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
My Co-workers provide service that is promised	123	1	2	6	69	45	4.26	.699
Coworkers are dependable for handling my problems	123		15	15	45	48	4.02	1.004
My Co-workers perform services right the first time, to avoid having to make corrections later	123	3	22	4	65	29	3.77	1.077
My Co-workers provide correct and necessary information	123		2	4	66	51	4.35	.627
My Co-workers are reliable	123			22	52	49	4.22	.730
Total	615	4	41	51	297	222		
Percentile		0.65	6.67	8.29	48.29	36.10		
Total mean (mean of means)							4.12	0.8274

The table 2 above indicates that the reliability of the service provider's ability to perform the promised service both dependably and accurately, handling problems, providing correct and necessary information and customers expect reliable service delivery and that the service is delivered on time, in the same manner, and without errors every time. The table above 3 reveals that 84.39 percent of the respondents to all questions respond positively, 7.32 percent of the respondents respond negatively and 8.29 percent are neutral. Consistently, when we see the mean value, the result indicates 4.12 with the standard deviation of 0.8274 which are generally agreed as per the standard mean range mentioned above. From this it is possible to infer that employees' of the bank are satisfied and they can provide correct, necessary and reliable information to the internal users.

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Table 3 : Descriptive Statistics of Assurance Dimensions

Assurance	N	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
I can trust my coworkers	123	2	1	12	54	54	4.28	.803
I feel safe in dealing with co-workers	123		12	6	57	48	4.15	.902
My Co-workers are polite and kind	123		13	2	61	47	4.15	.897
My Co-workers are knowledgeable	123		19	9	64	31	3.87	.966
Total	492	2	45	29	236	180		
Percentile		0.46	9.15	5.89	47.97	36.59		
Total mean (mean of means)							4.11	0.892

Beside to the knowledge and courtesy of the company's employees' and their ability to convey trust and confidence/assurance in the service climate, the table 3 above indicates that more than half 84.56 percent of the respondents to all questions agreed/ positively response, 9.61 percent of the respondents respond negatively and 5.89 percent are neutral. In addition, when we see the mean value of each question, the result indicates more than 3.87 and less than 4.28 which are generally labeled as agreed to this analysis. Therefore, the major indication in assurance dimension, 84.56 percent of respondents are agree on the knowledge and courtesy of co-workers and their ability to convey trust and confidence in the organization is satisfactory /good, with the mean value of 4.11.

Table 4 : Descriptive statistics of Tangibility Dimensions

Tangibility	N	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
We have up-to-date equipment	123	19	64	2	25	13	3.37	1.021
Working environment is comfortable a nd attractive	123	24	28	13	32	16	2.96	0.986
My Co-workers have a neat, professional appearance	123		8	11	49	55	3.98	.867
The materials used in the work place are visually appealing	123	21	25	30	37	10	3.24	0.998
Total	492	64	126	56	143	94		
Percentile		13.08	25.61	11.38	29.07	19.11		
Total mean (mean of means)							3.39	0.968

Regarding the tangibility dimensions means equipments used in a bank, working environment of the organization is comfortable and attractive, Co workers neatness and professional appearance, and physical arrangement of materials, equipment's and facilities in the workplace, the table 4 shows that majority 48.18 percent of the respondents agree/ positive response and 38.6percent of respondents disagree/ negative response to the statement and the remain, 11.38 percent are neutral. Consistently, when we see the mean value (see table 4), above the result indicates 3.39 with the standard deviation of 0.968 which are generally neutral as per the standard mean range mentioned above. Other open-end question was raised "do you think that your working environment is attractive?" their response was No. their reason is there is no full resource, up-to date material and geographical locations. So, from this we can infer, equipment's used in the bank, the working environment and the appearance of the bank's physical facilities, equipment's and personnel are not attractive and appealing with the mean value of 3.39.

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Table 5 : Descriptive statistics of Empathy Dimensions

Empathy	N	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
My Co-workers are sincerely concerned about problems	123		13	8	53	49	4.12	.937
We have convenient working hours	123	10	28	15	40	30	3.42	1.101
My Co-workers give me individual attention	123	24	29	26	34	10	2.81	1.003
Co-workers seem to have each other's best interests in mind	123	2	13	24	66	18	3.69	.907
Co-workers are sensitive to my work-related needs	123	2	20	37	42	22	3.50	.897
Total	492	38	103	110	235	129		
Percentile		7.72	20.93	22.36	47.76	26.22		
Total mean (mean of means)							3.51	0.969

As clearly demonstrated in the table 5 above, large number 73.98 percent of respondents are answered positive to the statement that "Co-workers are sincerely concerned about problems", working hours, co-workers give each individual attention and co-workers are sensitive to my work related needs. Similarly, small number (28.65 percent and 20.93 percent) of respondent's replied disagree and neutral to the statement respectively. The average value indicates (see table 5) 3.508, with the standard deviation of 0.969 which are generally agreed as per the standard mean range mentioned above.

From this we can understand the mean scores of empathy, (3.508); this is to mean that the bank is empathic for its employees. The implication, the bank's individual attention, convenient working hours and to work-related needs is less satisfactory; its ability to understand the dynamic, specific customer feelings and needs is lower.

Table 6 : Summary of employees' responsiveness

Responsiveness	N	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
My communication with co-workers is appropriate, accurate, and clear	123	1	8	3	71	40	4.15	.817
Co-workers respond quickly and efficiently to my requests	123	1	9	18	71	24	3.88	.836
Co-workers are willing to help me	123	2	17	2	78	24	3.85	.947
Co-workers are willing to accommodate special requests and needs	123	16	25	24	42	16	3.14	1.201
Total	492	20	59	47	262	104		
Percentile		4.06	11.99	9.55	53.25	21.14		
Total mean (mean of means)							3.76	0.950

The illustration in the table 6 above reveals, 74.39 percent of the respondents replied positively to the questions "communication with co-workers is appropriate, accurate and clear, Co-workers respond

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quickly and efficiently to my requests, Co-workers are willing to help each other and Co-workers are willing to accommodate special requests and needs". And 16.05 percent of the respondents have negative response to the idea. Consistently, when we see the mean value in the table above 6, the result indicates 3.76 with the standard deviation of 0.950 which are generally agreed as per the standard mean range mentioned above. This result implies that employees' of the bank are satisfied with the appropriateness, accurate, and clear communication, quickly and efficiently response, and willing to help among co-workers. But they are not agreed or disagree with the idea of willingness of co-workers to help and accommodate special requests and needs of each other.

d) Employees' Level of Agreement on Job Satisfaction

As stated in the literature, Job satisfaction has been a result of various factors. Most commonly satisfaction on work, people, promotion, communication and supervision are used to examine the level of employees, job satisfaction. Accordingly, these five factors were used to measure employees' job satisfaction in the bank. Therefore, the response of employees' related to job satisfaction is presented here below.

Table 7 : Summary of employees' response to Job satisfaction (with in a work)

Job satisfaction	N	Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Mean	Standard deviation
Within the work	123	2.60	39.84	10.73	16.59	30.24	3.30	1.0596
People	123	1.23	13.82	6.91	60.57	17.48	3.8	0.9315
Communication	123	2.76	13.98	10.24	48.78	24.07	3.77	1.0518
Supervision	123	4.07	10.84	7.95	50.32	26.74	3.85	1.033
Promotion	123	14.63	38.48	13.55	24.39	8.94	2.59	1.248
Total		25.29	116.96	49.38	200.65	107.47	18.34	
Percentile		5.10	23.39	9.88	40.13	21.50		
Total mean (mean of means							3.46	1.065

The illustration in the table above 7 reveals, 61.63 percent of the respondents replied positively to the questions "concerning work within the bank, people, communication, supervision and promotion." And 28.49 percent of the respondents have negative response to the idea. The rest 9.88 percents of the respondents are neutral. Consistently, when we see the mean value in the table above 7, the result indicates 3.46 with the standard deviation of 1.065 which are generally agreed as per the standard mean range mentioned above. This result implies that employees' of the bank are satisfied.

X. Pearson Correlation Analysis

This research is investigating the strength of relationships between the studied variables. The study employs the Pearson correlation which "measures the linear association between two metric variables" (Hair et al., 2008). The Pearson correlations were calculated as measures of relationships between the independent variables and dependent variables. This test gives an indication of both directions, positive (when one variable increases and so does the other one), or negative (when one variable increases and the other one decreases) (Pallant, 2010). The test also indicates the strength of a relationship between variables by a value that can range from --1.00 to 1.00; when 0 indicates no relationship, -1.00 indicates a negative correlation, and 1.00 indicates a perfect positive correlation (Pallant, 2010). For the rest of the values is used the following guideline:

- small correlation for value 0.1 to 0.29
- medium correlation for 0.3 to 0.49
- Large correlation for 0.50 to 1.0 (Pallant, 2010).

Like the demographic factors, the scale typed questionnaire entered to the SPSS software version16.00, to process correlation analysis. Based on the questionnaire which was filled by the employees' of the bank, the following correlation analysis was made.

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Table 8 : Correlation analysis result between internal service climate and employees' job satisfaction

ISC dimensions		Reliability	Assurance	Tangibility	Empathy	Responsiveness	Job satisfaction
Reliability	Pearson Correlation	1	.401**	.357**	.412**	.312**	.732**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	123	123	123	123	123	123
Assurance	Pearson Correlation	.401**	1	.314**	.497**	.391**	.691**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	123	123	123	123	123	123
Tangibility	Pearson Correlation	.357**	.314**	1	.454**	.403**	.603**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	123	123	123	123	123	123
Empathy	Pearson Correlation	.412**	.497**	.454**	1	.413**	.613**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	123	123	123	123	123	123
Responsiveness	Pearson Correlation	.312**	.391**	.403**	.413**	1	.687**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	123	123	123	123	123	123
Job satisfaction	Pearson Correlation	.732**	.691**	.603**	.613**	.687**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	123	123	123	123	123	123

***. Correlation is significant at the 0.01 level (2 tai tailed)*

The values of correlation are also used for checking multicollinearity. The correlation between each of the independent variables is not too high, meaning that the correlation is not above value 0.5. It can be concluded that in this study is no problem with multicollinearity. The strongest relationship between the independent variables is 0.497 between empathy and assurance.

The Pearson correlations between independent variables reliability, assurance, tangibility, Empathy and responsiveness and the dependent variable employees' job satisfaction are depicted in Figure 2 below.



Figure 2 : The Model with Correlation Coefficients

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a) Correlation Analysis between Reliability and Employees' Job Satisfaction

The table 8 above shows, the relationship between reliability and employees' job satisfaction was investigated using Pearson correlation coefficient. Preliminary analyses were performed to ensure no violation of the assumption of normality and linearity. There was a strong positive correlation between the two variables, r=0.732, n=123, p<0.01.

b) Correlation Analysis between Assurance and Employees' Job Satisfaction

For these variables Pearson correlation test was conducted and the results are (see table 8) above. As it is shown in the table, there is significant correlation between assurance dimension and employees' job satisfaction. In other words assurance dimension and employees' job satisfaction have high relationship (r=0.691 with p< 0.01).

c) Correlation Analysis between Tangibility and Employees' Job Satisfaction

For these variables Pearson correlation test was conducted and the results are shown in table 8 above. As it is shown in the table, there is significant correlation between Tangibility dimension and employees' job satisfaction. In other words, tangibility dimension and employees' job satisfaction have high relationship (r=0.603 with p< 0.01).

d) Correlation Analysis between Empathy and Employees' job satisfaction

For these variables Pearson correlation test was conducted and the results are (see table 8). As it is shown in the table, there is significant correlation between empathy dimension and employees' job satisfaction. In other words, empathy dimension and employees' job satisfaction have high relationship (r=0.613 with p< 0.01).

e) Correlation Analysis between Responsiveness and Employees' Job Satisfaction

For these variables Pearson correlation test was conducted and the results are shown in table 8. As it is shown in the table, there is significant correlation between responsiveness dimension and employees' job satisfaction. In other words, responsiveness dimension and employees' job satisfaction have high relationship (r=0.687 with p< 0.01).

The values of correlation are also used for checking multicollinearity. The correlation between each of the independent variables is not too high, meaning that the correlation is not above value 0.5. It can be concluded that in this study no problem with multicollinearity.

The Pearson correlations between independent variables reliability, assurance, tangibility, Empathy and responsiveness and the dependent variable employees' job satisfaction are depicted in Figure 3 below.

XI. Regression Results

The multiple regression analysis is "an analysis of association in which the effects of two or more independent variables on a single, interval scaled dependent variable are investigated simultaneously" (Zikmund et al., 2010). The results of this analysis indicate how well a set of variables is able to predict the dependent variable. Furthermore, it shows how much unique variance in the dependent variable is explained by each of independent variables (Pallant, 2010).

Regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable (Assurance, Empathy, Tangibility, responsiveness) explains the dependent variable that is employees' job satisfaction.

When a small sample is involved the Adjusted R square value in the sample tends to be a rather optimistic overestimation of the true value in the population. The adjusted R square statistic corrects this value to provide a better estimation of the true population value, rather than the normal R square value (Pallant, 2010).

So, for the whole regression analysis of this study the adjusted R square were considered to provide a better estimation of the true population than the normal R square. The results of the regression analysis are as following.

a) Regression Analysis of Internal Service Climate and Employees' job satisfaction

To analyze the conceptual framework several independent variables were entered into the multiple regression equation: Reliability, Assurance, Tan gibility, Empathy and Responsiveness. The model summary in Table 9 presents how much of the variance in the dependent variable employees' job satisfaction is explained by the model.

Table-9 : Model Summary of ISC

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.786[a]	.618	.605	.42257	2.108

a. Predictors: (Constant), Empathy, Assurance, Tangibility, reliability, responsiveness
b. Dependent Variable: job satisfaction

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The Results of regression analysis against employees' job satisfaction can be seen in table 15. The result shows that internal service climate has the power to explain employees' job satisfaction. In this case the results of correlation of internal service climate and employees' job satisfaction and adjusted R Square (0.605) were taken into consideration. The regression analysis model summary indicates that internal service climate which is entered into the regression model on SPSS has relationship with employees' job satisfaction with correlation coefficient of 0.786. The adjusted coefficient of determination (R^2) 0.605 indicates the average effect/variability of internal service climate on employees' job satisfaction.

Therefore, it is pointed out that 60.5 percent of internal service climate can explain the dependent variable that is employees' job satisfaction. As it is indicated in the ANOVA table, the total internal service climate is considered as predictors of employees' job satisfaction and reported high level of significance $p<0.01$. And also the adjusted R square value of 0.605 confirming that, 60.5 percent of the variation in employees' job satisfaction is explained by internal service climate. Internal service climate as used for prediction was found to be significantly related to employees' job satisfaction as the p-value is less than 0.01.

Table-10 : Coefficients of Internal Service Climate

Model	Un-standardized Coefficients		standardized Coefficients		
	B	Sta. error	Beta	T	Sig.
(Constant)	.283	.271		1.047	.297
Reliability	.370	.109	.343	3.407	.001
Assurance	.311	.076	.338	4.097	.000
Tangibility	.022	.062	.032	.364	.032
Empathy	.161	.072	.187	2.232	.027
Responsiveness	.032	.052	0.068	1.356	.002

a. Dependent Variable: job satisfaction

By looking at the Sig.-value in Table 10 it is possible to interpret whether the particular independent variable has a significant relationship with the dependent variable employees' job satisfaction. The relationship is significant if the Sig.-value is not larger than 0.05. The results show that there is a significant relationship for reliability (0.001), assurance (0.000), tangibility (0.032), empathy (0.027) and responsiveness (0.002) this means that the variables reliability, assurance, tangibility, empathy and responsiveness are good predictors of the dependent variable which is employees' job satisfaction.

The multiple regression result table 3 indicates that ISC dimensions (reliability, assurance, tangibility, empathy and responsiveness) have positive and significant influence on employees' job satisfaction. The value of (β= 0.343., 0.338, 0.032, 0.187, and 0.068) respectively show that there is a positive direction and its influence is significant at $p< 0.05$. Hence the above proposed hypothesis is accepted.

Furthermore, the study aims to identify which of the variables contributed the most to prediction of the dependent variable. This information can be investigated via Standardized coefficient (Beta in Table 16). The standardized coefficients mean that "values for each of the different variables have been converted to the same scale so they can be compared (Pallant, 2010). In this study the highest Beta value is 0.343 for reliability, and second highest is 0.338 for assurance. Both independent variables are statistically significant since the Sig. value is less than 0.01. These results indicate that the variables reliability and assurance make the strongest unique contribution in explaining the dependent variable employees' job satisfaction.

These results enable to conclude that the model explains 60.5 percent of the variance in employees' job satisfaction. The largest unique contribution is provided by the variables reliability, empathy and assurance. Thus, these variables represent good predictors of the dependent variable.

XII. Conclusion

Based on the findings of this study we can conclude as follows; the finding indicates that, on internal service climate employees' levels of response or agreement fall in the range of agree level. So, the researcher can conclude that the higher level of internal service climate perceived by the employees will result higher level of employees' job satisfaction on working environment in the bank and vice versa.

In general, People working in the bank are satisfied with their jobs but, there are some inconvenience regarding gaining recognition, creativeness of the job, routines and tiresome of their jobs (work within the bank) and promotion.

With regard to the Pearson correlation analysis, it can be clearly seen that the five ISC dimensions

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namely (Reliability, assurance, empathy, tangibility, responsiveness) are positively and significantly correlated to employees' job satisfaction in CBE.

On the regression analysis part, it is clearly shown that ISC explain employees' job satisfaction. ISC model summery explains 60.5 percent of the variance in employees' job satisfaction. The largest unique contribution is provided by the variables reliability and assurance. Thus, these variables represent good predictors of the dependent variable.

XIII. Recommendations

In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to CBE for improving ISC activities to assure employees' job satisfaction.

- The appearance of the banks physical facilities, equipments and personnel is not more attractive and appealing. So, management of the bank should either maintain the existing technologies performance or change with new technologies. Moreover, the appearance of the company's physical facilities and equipments is not attractive and appealing as it showed. As a result it needs to be arranged properly. Further study should be conducted to make proper appearance.
- Employees' of the bank are not satisfied by the banks giving recognition, creativeness of the job, routines and tiresome of their jobs. Therefore, CBE should invest in its employees, to satisfy them to serve customers best. To satisfy employees and get their commitment, the principal of bank should offer them a challenging work, attractive salary that recognizes the contribution of their effort towards the overall success of the bank.
- According to the response of employees', there is no regular opportunity for employees' advancement both financial and non-financial rewards to motivate them. Promotion criteria's are not clear to employees' and also it was not conducted based on abilities. The researcher of this study suggests that the principals of the bank should develop strategies to meet the career needs of all employees' to encourage their competence and further enhance organizational productivity i.e. sponsoring further education, creating merit and ability based promotion and the management of the bank should communicate with employees' to give clear information about the rules, procedures and practices of promotion in the bank.
- The regression analysis result shows that internal service climate has a power to explain employees' job satisfaction. So, CBE should be focus on ISC dimensions that will help the bank to build and support positive employees' job satisfaction. Since the bank is providing services to customers, it is a must to give high value for employees' job satisfaction. Employees' job satisfaction can be improved by focusing on the ISC. Especially from the ISC the bank should focus on Reliability and Assurance dimensions. The more satisfied employees will perform their work well; as a result banks profit can increase and employees' turnover will be less.
- Furthermore, by considering the scope and limitation of this study, future research might extend to other sectors to asses more general and reliable results about employees' job satisfaction.

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