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Assessment of Service Delivery Practice and Customer Satisfaction of Micro Finance Institutions: (The Case of ACSI, Gondar)

Kibret Tekeba [α] & Ermias Worku Mengistu [σ]

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I. Introduction

Every business is established with the aim of achieving success and being profitable. The service industry like any other business sector shares this objective. The service industry is among the oldest and most diverse industries in the world. Services vary in many ways and include various stages. Lovelock and Wirt (2004) defined service as "an act or performance made by one party to another although the process may be tied to a physical product, the performance is transitory, often intangible in nature and does not normally result in ownership of any of the factors of production". It is an economic activity that creates value and provides benefits for customer at specific time and place by bringing about a desired change in or on behalf of the recipient of the service.

The service industry is among the highly dynamic industries as consumers and customers often demands change. These changes further drive the service provision and deliver forward with increasing demand for better service. Since services are intangible in nature their success and failure is not easily measured or quantified. The success of any service providing organization according to Huffman & Bateson (2001) can be measured in terms of its customers' Expectation towards the service delivery practice, which means service quality, will be the dominant element in customers' evaluations of a given service. Customers' go to service providers expecting to get a good service and the level of expectation among each individual varies. Finding out what customers' expect is essential in providing a quality service. This can be done through business research focusing on issues such as what features are important to customers, what levels of these features customers expect and what customers think the company can and should do when problems occur in service delivery practice.

In a service rendered business, the customer and the front-line service employee interact to create the service. Effective interaction, in turn, depends on the skills of front-line service employees and on the support processes backing these employees. Thus, successful service companies focus their attention on their customers (Kotler and Armstrong, 2012). Unlike product manufacturers who can adjust their machinery and inputs until everything is perfect, service delivery will always vary, depending on the interactions between employees and customers.

Microfinance plays a very important role in the economic life of a nation. Although the microfinance is growing and offering various types of financial services to the public (particularly to low income citizens) their mere existence does not do anything unless they deliver a quality service.

In Ethiopia various different microfinance institutions: Amhara Saving and Credit Institution, Dedebit Saving and Credit Institution, Addis Micro Finance Institution etc. are established for supporting the lower level income citizens, in relation to their financial gain, to support them through providing loans and saving services. Most of these institutions are government oriented and the service delivery system is expected to meet the satisfaction level of the customers. This research is, therefore tries to assess the service delivery practice and customer satisfaction of Micro Finance Institutions, in case of Amhara Credit and Saving Institution (ACSI) in Gondar city branches.

II. Statement of the Problem

It is very important that service rendered companies' measure and monitor service delivery practice and customer satisfaction with the view of influencing the behavioral intention of their customers (Saha and Theingi, 2009). Unsatisfactory customer

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service leads to a drop in customer satisfaction and no willingness to recommend others to come and use this institution.

This is especially true in Micro Finance Institutions (MFIs) where there is frequent interaction with customers which hold the highest stake in ensuring the organization to exceed its competitors and outshine in the service it provides. In winning this competition, it is obvious that customer satisfaction is a critical issue as it is highly correlated with the quality of services provided by competing organizations (Zegeye, 2013).Currently, both service quality and customer satisfaction are the mirror image targets of microfinance institutions in getting significant number of customers for such institutions (Lafourcadeetal., 2005).

Most studies conducted on MFIs concentrated on the following areas; outreach service and sustainability of the MFIs (Facade, 2011), contribution of MFIs to beneficiaries (Marta, 2014) performance of MFIs in Ethiopia (Alemayehu, 2008). Findings of these studies reveal that a number of problems are hindering the smooth delivery of the microfinance services. There is customer's dissatisfaction over the service offered and the available services do not match the expectation of the customers.

Customers' point of view regarding quality service delivery and customer satisfaction was not properly studied. Therefore, this research tried to address significant outcome of service quality and customer satisfaction of ACSI from customer' point of view. Moreover, the issue of both ensuring quick service delivery and customer satisfaction are still unanswered question in ACSI. So, this research attempts to fill this gabby answering the following basic research questions.

1. What is the quality of the services delivered by ACSI?
2. Are clients of ACSI satisfied with available services?
3. What is the relationship between service quality and customer satisfaction?
4. What is the effect of service delivery in terms of quality on customer satisfaction of ACSI?

III. Literature Review

According to Kotler and Armstrong (2006), service is any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. From customer's perspective, Johnston and Clark (2008), define service as the combination of customers' experience and their perception of the outcome of the service. The customer experience is the customers' direct experience of the service process and concerns the way the customer is dealt with by the service provider. It includes the customer's personal interaction with the organization, its customer facing staff, technology and facilities.

A service occurs when an interaction is established between customers and service providers and/or the physical component of the service and/or the systems through which the service is delivered (Shahin & Jonathan, 2011).

The concept of service is used and defined in various perspectives by many scholars. A service is a commodity with no physical existence, usually created and consumed at the same time. Gronroos (2001) described a service as a process resulting in an outcome in a partly simultaneous production and consumption process. This definition points to the fact that service provision and consumption are simultaneous activities.

Service is intangible in nature, it cannot be mass produced. It cannot be inventoried and stored after production. Due to the fact that services and consumers of services are inseparable, they cannot be produced until the consumer is ready to consume them. Providing consistent quality is difficult for service because of the characteristic of variability (Clow and Kurtz, 2003). When one puts it in the simplest term; services are deeds, processes and performances (Zeithaml and Bitner, 2004). It is apparent that services are produced not only by service businesses but also are integral to the offering of many manufactured goods producers. Philip kittler (2000) defines services as "A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership or anything, it's production may not be tied to a physical product.''

a) Characteristics of financial Services

Service Intangibility: Services cannot be seen, tasted, felt, heard, or smelled before they are bought. For this reason, customers try to evaluate the quality of a service by looking at tangible components such as the place, people, price, equipment, and communications apparent (Armstrong &Kotler, 2011).

Service Inseparability: Services cannot be separated from their providers, whether the providers are people or machines. This means that the employee providing the service becomes part of the service, in most cases, the customer is also present at the time of providing the service. Therefore, the provider-customer interaction becomes important in determining the outcome of the service (Armstrong &Kotler, 2011)

Service Variability: The quality of services depends on who provides them as well as when, where, and how they are provided (Armstrong & Kotler, 2011). This means that the quality of a service provided is not just determined by the company but by the service provider too. Therefore, understanding the role of service providers is crucial to understand perceptions of service quality.

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Service Perishability: Services cannot be stored for later sale or use (Armstrong & Kotler, 2011), although Lovelock and Wirtz (2011) argue that "not all service performances are perishable" like video recordings of events and concerts. One problematic situation that accompanies this characteristic is when demand exceeds supply (Armstrong & Kotler, 2011). This can be applied to the banking sector when there is traffic at the counters and no enough service providers, thus the service in that case cannot be stored for later use. In this case, banks should think of better ways to match the service supply with the demand. For this reason, understanding perish ability of services is important in the context of this study.

b) Service Quality

Quality can only be judged in a context of customer's expectations and experience. Its value to the customers which should be the driving force of q quality needs to be a dynamic Factor responding to change. Jim whittles (1995) cited in Ken Irons (1997) said "service is the one Unique opportunity we have to be better than competitors and make sure our customers return" which would mainly be the result of a quality service. Gringos (1984) defined service quality as the outcome of an evaluation of process where the consumer compares their expectations with the service they received. He postulated that customer perceived service quality is a function of expected service, perceived service, and image quality Lehtinen and Lehtinen (1982) defined service quality in terms of physical quality, interactive quality and corporate (image) quality. Physical quality is associated with tangible aspects of the service. Interactive quality involves the interactive nature of services and refers to the two-way flow, which occurs between the customer and the service provider, or his/her representative, including both automated and animated interactions. Corporate quality refers to the image attributed to a service provider by its current and potential customers, as well as other publics. They also suggested that, when compared with the other two quality dimensions, corporate quality tends to be more stable over time. Researchers argue that the distinctive nature of services requires a distinctive approach to defining and measuring service quality. As a result of the intangible multifaceted nature of many services, it may be harder to evaluate the quality of a service than of a good. Because customers are often involved in service production particularly in people processing services, distinction needs to be drawn between the process of service delivery and the actual output of the service. Perceived quality of service is the result of an evaluation process in which customers compare their perception of service delivery and its outcome against what they expect. The most extensive research in to service quality is strongly user oriented. Valarie Zeithmal and Leonard Berry (1990) cited in Lovelock and Wirtz (2004) identified criteria consumers use in evaluating service quality. In subsequent research, they found a high degree of correlation among several of these variables and so consolidated them into five broad dimensions.

c) Measuring Service Quality

Conceptual service quality models are useful to provide an overview of the factors which have the potential to influence the quality of an organization and its service offerings. They facilitate our understanding and can help organizations to clarify how quality shortfalls develop. However, human behavior significantly affects the quality of an organization and its offerings, and this is more evident in service organizations. The most widely used models in measuring service quality in the banking sector are the SERVQUAL and SERVPERF model.

d) Customer Expectation

Customer expectations according to Davis and Heineken (2003) is the customer's pre-conceived notions of what level of service they should receive from a particular service. It is also viewed as what customers feel a service provider should offer rather than would offer (Simon and Foresight, 2009). Expectations can be derived from several sources; advertising, word of mouth, and previous experiences with similar types of operations Davis and Heineken (2003).

As Johnston and Clark (2008) described the customer is an input resource for many service operations and thus not only do we need to know how to manage customers but also we need to understand what they expect from the operation. The purpose of understanding customer's expectations is to try to insure that service can be designed and delivered in order to meet those expectations. Thus expectations and indeed perceptions are key components in delivering a quality service. Customer expectations about service delivery vary from person to person, product to product, service to service, culture to culture, etc. and failure to meet adequate service delivery expectations results in customer dissatisfaction (Fogli, 2006). He further explained that when customers experience long wait times, late deliveries, incompetent service, or complicated procedures, they respond with dissatisfaction in various ways.

e) Customer Satisfaction

Satisfaction is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under or over-fulfillment (Oliver 2010).

Zenithal and Bitner (2000) defined customer satisfaction as the customers' evaluation of a product or service in terms of whether that product or service has met their needs and expectations.

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Customer satisfaction can also be defined as the "customer's response to the evaluation of the perceived discrepancy between prior expectation and the actual performance of the product as perceived after its consumption" (Test and Wilton, 1998). Jamal and Nader (2002) argued that customer satisfaction is not only linked with the view of customers but also on their experience with the service delivery process. (Abram path Amah Mensa 2010) Customer satisfaction reflects the degree of a customer's positive reaction for a service provider in a bank context, it is necessary for service providers (bank) to recognize the customer's vision of their services. A high level of customer satisfaction can have a positive impact on customer loyalty (Deng et al., 2010).

f) The Relationship between Customer Satisfaction and quality Service delivery

To achieve a high level of customer satisfaction, most researchers suggest that a high level of service should be delivered by the service provider as better service delivery is normally considered an antecedent of customer satisfaction (Cronin and Taylor, 1992). However, the exact relationship between satisfaction and service delivery has been described as a complex issue, characterized by debate regarding the distinction between the two constructs and the casual direction of their relationship. Parasuraman et al. (1988) concluded that the confusion surrounding the distinction between the two concepts was partly attributed to practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult. Interpretations of the role of service delivery and satisfaction have varied considerably (Cronin and Taylor, 1992; Parasuraman, et al. 1988). Parasuraman et al. (1988) confined satisfaction to relate to a specific transaction as service. This meant that expected service delivery was a global judgment, relating to the superiority of the service. Cronin and Taylor (1992) argued against Parasuraman et al.'s categorization. Cronin and Taylor (1992) found empirical support for the idea that perceived service delivery led to satisfaction and argued that service delivery was actually an antecedent of consumer satisfaction. Cronin and Taylor (1992) asserted that consumer satisfaction appeared to exert a stronger influence on purchase intention than service delivery, and concluded that the strategic emphasis of service organizations should focus on total customer satisfaction programs.

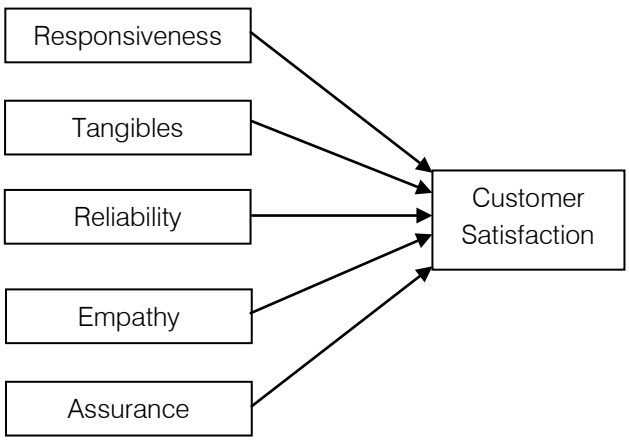
g) Empirical studies on service delivery and customer satisfaction

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

Murray (2001) concentrated his study on customer satisfaction levels using data from four MFIs affiliated to Women's World Banking in three countries: Colombia (America), Bangladesh (Asia) and Uganda (Africa) with a total sample of 3,000 clients. Using Liker's scale, the author took into account expectations and perceptions items plotting results on a two-axis grid. Results proved that customers are more satisfied by accessing higher loan amounts, faster turnaround times, lower loan requirements and lower prices. However, it seemed that customers preferring to develop a long-term relationship with the MFI want to be given preferential treatment while all customers are demanding increasing levels of customer service.

h) Conceptual Framework

The conceptual framework indicates the relationship between the quality service delivery (independent variables of the study) responsiveness, tangibles, reliability, empathy, assurance and customer satisfaction (dependent variable of the study).



Source: Parasuraman, et al, 1988

IV. Research Methodology

a) Research Design

The research employed quantitative research design. This approach was used so as to take the findings of the study for generalizability purpose. Data was collected on the service quality dimensions using SERVQUAL model. Explanatory study is used to explain the relationship between the independent variables, (Tangibility, Reliability, Responsiveness, Empathy and

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Assurance) and the dependent variable (customer satisfaction).

b) Sampling Technique and Size

For this study, cluster sampling technique was used. Those 23 administrative areas were clustered in to seven branches where the service is being delivered. These branches are Arbegnoch Adebabay, Mehalarada, Gebrial, Advisable, Maraca, Azezo and Teda. Among those seven branches three of them were selected by using simple random sampling technique. Lottery system was employed for the better selection of the three branches. Based on this, the three branches which the researcher uses are Arbegnoch Adebabay, Maraki, and Azezo. The total populations of these three branches were found in the following table.

Table 1: Number of customers in three branches or clusters

Clusters or Branches	Total Customer
Arbegnoch cluster	432
Maraki cluster	564
Azezo cluster	454
Total	1450

(Source: ACSI, 2016)

The target populations of the study were customers of ACSI, in three branches of Gondar city. ACSI has 6,086 customers and there are seven branches of (Dec, 30/2016. The sample size of this study is determined by using the formula developed by Taro Yamane (1967) as:

$$n = 1450 \div 1 + 1450\ (0.5)^2 = 314$$

Thus, the sample size of the study was 314 customers. Proportions of customers in each branch were taken in to consideration while selecting participants of the study. Accordingly, samples were drawn from the three branches shown in the table below.

Table 2: Appropriate sample size from each of the branches

Branches	Number of Customers	Proportion = Number of customers in each branch/ Total number of customers	The required sample size (314)	Sample size from each branch = Proportion X Total sample size
Arbegnoch Adebabay	432	0.29	314	94
Maraki	564	0.38	314	122
Azezo	454	0.31	314	98
Total	1450	0.98	314	314

(Source: own survey, 2017)

c) Method of Data Analysis

Both descriptive and inferential statistics were used to analyze and interpret the findings. Demographic variables of the respondents and mean scores of the service quality dimensions are interpreted using descriptive statistics whereas inferential statistics is used to find out the relationship between service quality dimensions and customer satisfaction using correlation and regression analysis. All quantitative data were analyzed using SPSS Version 20. The open ended questions and interview responses were analyzed through the use of content analysis by categorizing similar responses and interests in their identical partition.

V. Data Analysis and Interpretation

To measure customers' satisfaction of the service quality provided by Amharic Credit and Saving Institution, SERVQUAL model is used. SERVQUALirectly measures the service quality performance that leads respondents automatically to compare their expectations with the quality service delivery levels being provided. The model contains 25 questions and a five point liker scale is used to assess performance. For all the service quality dimensions (Tangibles, Reliability, Responsiveness, Empathy and Assurance), the mean score have been computed. The table below represents the result.

a) Tangibility

Tangibility refers to the appearance of physical facilities, equipment, personnel and communication materials.

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Mean score for Tangibility

		ACSI employees up-to-date equipment and technology	ACSI physical facilities are visually appealing	ACSI's employees are well dressed and appear neat and had uniforms.	The offices of ACSI are pleasant and attractive	The offices of ACSI are clean	The physical facilities and technology of ACSI goes with the type of service they provide	Tangibility
N	Valid	302	302	302	302	302	302	302
	Missing	0	0	0	0	0	0	0
Mean		2.69	2.90	2.15	3.42	3.54	2.76	2.91

Accordingly the mean value of tangibility is 2.91 and as it can be seen from the table above from the 6 questions asked under tangibility the highest mean score is obtained on the offices of ACSI are clean which shows that majority of the respondent's agree that the offices of ACSI is clean. The lowest mean score is obtained in the statement which asks whether ACSI's employees are well dressed and appear neat and had uniforms or not.

b) Reliability

Reliability is the ability to perform the promised service dependably, accurately and consistently. It is performing the service right the first time. It also means that the firm honors its promises. Reliability of service designates ACSI's capability to supply the promised output at the stated level.

Mean Score for Reliability

		ACSI provide services at the time they promise to do so	ACSI's employees show genuine interest in solving a problem you face	ACSI perform services right the first time (error free service)	ACSI keeps your records accurately (statements, account balance, information…)	Reliability
N	Valid	302	302	302	302	302
	Missing	0	0	0	0	0
Mean		3.34	3.12	2.91	3.78	3.29

Accordingly the mean value of reliability is 3.29 which are the highest from all the service quality dimensions. The highest mean score is 3.78 and obtained on questions no.4 thus respondents agree that ACSI keeps your records accurately (statements, account balance, information…). The lowest mean score is 2.91 and obtained on question no.3 which asks whether ACSI perform services right the first time (error free service) or not.

c) Responsiveness

Responsiveness refers to the prompt response to the service need of the customer and the readiness of Employees to provide service. It is the speed and timeliness of service delivery. This includes the ability of the service to respond promptly to customer service requests, with minimal waiting and queuing time.

Mean Score for Responsiveness

		There are always adequate numbers of employees to respond to your needs at the branches of ACSI	ACSI lets you know exactly when the service will be performed	You receive on time service from ACSI office	ACSI responded quickly to solve the problems of customers	ACSI's employees are never busy to respond to your enquires	Responsiveness
N	Valid	302	302	302	302	302	302
	Missing	0	0	0	0	0	0
Mean		3.03	2.94	2.93	2.74	2.84	2.90

When the customer is kept waiting for no apparent reason creates unnecessary negative perceptions of quality. Conversely, the ability for the ACSI to recover quickly when service fails. This

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dimension touched on subjects as information about the request by customers being authorized promptly, communication of new services to customers and handling of customer professionally. As it can be noted from the above table the mean score of responsiveness is 2.90. The highest mean score is 3.03 and obtained on question number 1. Here majority of the respondents agree that there are always adequate numbers of employees to respond to your needs at the branches of ACSI. Whereas the lowest mean score is 2.74 and obtained on question number 4.

d) Empathy

Empathy is providing caring and individualized attention to customers to make them feel they are receiving caring services and individualized attention. Service empathy characterizes both the service provider's willingness and capability to respond to individual customer desires. This means putting one's self in the shoes of the customer.

Mean score on Empathy

		ACSI's employees give you individual attention during service delivery (ex. For pregnant, elders, disables…)	ACSI's service hours are convenient to you	ACSI's branches are easily accessible to you	ACSI's forms are easily understandable (deposit, account opening,)	ACSI's employees understand customers specific needs	Empathy
N	Valid	302	302	302	302	302	302
	Missing	0	0	0	0	0	0
Mean		2.74	3.40	3.32	3.46	2.68	3.12

The mean score of Empathy is 3.12. The majority of the respondents agree that ACSI's forms are easily understandable (deposit, account opening,) and hence the highest mean score is 3.46 and obtained here. The lowest mean score is 2.68 and obtained on the question which asks whether ACSI's employees understand customer's specific needs or not.

e) Assurance

Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence so that the customer feels he or she is in courteous, able and competent hands. It relates to the capability of the service provider to deliver the output, specifically in terms of the knowledge, politeness and trustworthiness of the employees to the customer of the service firm. This dimension is about the behavior and ability of the employees to instill confidence, secure transactions, courtesy of the employees and the knowledge of the employees to answer questions from customers.

Mean Score for Assurance

		The behavior of ACSI's employees Instills confidence in you	You feel safe in Credit and Saving with ACSI	ACSI's employees are consistently polite to welcome customers	ACSI provides you the adequate information on the service you requested.	The services of ACSI are trustworthy	Assurance
N	Valid	302	302	302	302	302	302
	Missing	0	0	0	0	0	0
Mean		3.07	3.36	3.11	3.19	3.48	3.24

Accordingly assurance has a mean score of 3.24 which is the second highest from all the service quality dimensions. The highest contributor for this score is question number 5 where the majority of the respondents agree that the services of ACSI are trustworthy. The lowest mean score is 3.07 and obtained on question number 1.

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In summary the mean and standard deviation of each service quality dimensions is represented in the table below. The service quality dimension with the highest mean score is Reliability 3.29, followed by Assurance 3.24; Empathy 3.12, Tangibility 2.91 and Responsiveness 2.90 With this we can infer that the service provided by ACSI Gondar branches are somewhat focus on reliability and assurance.

Mean score and Standard Deviation for Service Quality Dimensions

	N	Mean	Std. Deviation
Tangibility	302	2.91	.733
Reliability	302	3.29	.772
Responsivenes	302	2.90	.870
Empathy	302	3.12	.838
Assurance	302	3.24	.949
Valid N (listwise)	302		

f) Customer Satisfaction

As explained in the literature review, customer satisfaction involves the fulfillment of customers' expectation of the goods and services. Customers become satisfied if the performance of the good or service is equivalent to, or even surpasses, the original expectation. Accordingly identifying satisfaction level of customers is one interest of this study. The satisfaction level in this study is also categorized and it ranges from highly dissatisfied, Dissatisfied, Neutral, Satisfied and Highly Satisfied. The table below presents the overall level of customer satisfaction.

Overall Customer satisfaction level

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly Dissatisfied	34	11.3	11.3	11.3
	Dissatisfied	112	37.1	37.1	48.3
	Neutral	34	11.3	11.3	59.6
	Satisfied	111	36.8	36.8	96.4
	Highly Satisfied	11	3.6	3.6	100.0
	Total	302	100.0	100.0	

As it can be seen from the above table 37.1% of the respondents are dissatisfied, 11.3% percent of the respondents are highly dissatisfied, 11.3% chose to remain neutral, 36.8% are satisfied and 3.6% is highly satisfied. Therefore the highest percentage of respondents that is 48.4 % are dissatisfied by the service provided by ACSI Gondar branches 40.6% of the respondents are satisfied from these one can infer that ACSI needs to work more to improve and change this result and highly satisfy its customers because customers are key drivers of micro finance institutions performance in today's environment.

For the sake of analyzing service quality dimensions and satisfaction level, mean difference based on gender was computed and summary of the results are presented in the table below.

Mean difference on service quality dimensions and satisfaction level based on gender

Variable	Sex	N	Mean	Std. Deviation	Std. Error Mean	t-value
Tangibility	Male	167	16.62	4.473	.346	-3.758**
	Female	135	18.50	4.094	.352	
Reliability	Male	167	12.89	3.312	.256	-1.671
	Female	135	13.48	2.759	.237	
Responsiveness	Male	167	13.41	4.483	.347	-4.937**
	Female	135	15.81	3.796	.327	
Empathy	Male	167	14.87	4.602	.356	-3.419**
	Female	135	16.50	3.423	.295	
Assurance	Male	167	15.50	5.093	.394	-2.907**
	Female	135	17.07	4.130	.355	
Satisfaction Level	Male	167	2.63	1.164	.090	-3.711**
	Female	135	3.11	1.070	.092	

$^{**}p<0.01$

Independent t test is undertaken to find out whether there is a significant difference on the response of male and female customers towards service quality dimensions and satisfaction level. The table above

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states the mean score of the service quality dimensions for female and male respondents and from the score we can observe that the responses of female and male respondents on reliability dimension is not statistically significant and differences are observed on tangibility, responsiveness, empathy and assurance dimension. On the independent t test, t value and p value of tangibility is -3.758 ,-4.937,-3.419 and -2.907 respectively at 99% confidence interval which confirms that the response of the male and female respondents have statistically significant different on tangibility, responsiveness, empathy and assurance the mean score stated on the above table also confirms same. In addition to this level of customer satisfaction between male and female respondents have been found to be statistically significant difference.

g) Correlation Analysis between Service Quality and Customer Satisfaction

Table 7: Correlations

Variables		Tangibility	Reliability	Responsiveness	Empathy	Assurance	Satisfaction Level
Tangibility	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	302					
Reliability	Pearson Correlation	.487**	1				
	Sig. (2-tailed)	.000					
	N	302	302				
Responsiveness	Pearson Correlation	.526**	.690**	1			
	Sig. (2-tailed)	.000	.000				
	N	302	302	302			
Empathy	Pearson Correlation	.525**	.605**	.660**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	302	302	302	302		
Assurance	Pearson Correlation	.498**	.633**	.700**	.710**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	302	302	302	302	302	
Satisfaction Level	Pearson Correlation	.539**	.472**	.537**	.488**	.612**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	302	302	302	302	302	302

From the result above we can see that assurance is highly correlated to satisfaction (0.612) followed by tangibility (0.539), responsiveness (0.537), and empathy (0.488) and reliability (0.472). When we look at the inter correlation between the service quality dimensions we can see that there is a positive and significant relationship which implies that a change made in one of the service quality dimension will positively motivate the other service quality dimension.

h) Regression Analysis

Regression analysis is a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps one understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. In this study regression analysis is used to identify the effect of service quality on customer satisfaction of ACSI. Thus it answers the third research question.

Table 8.a: Model Summary for Tangibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.539[a]	.291	.288	.967

a. Predictors: (Constant), Tangibility

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ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	114.969	1	114.969	122.867	.000[b]
	Residual	280.716	300	.936		
	Total	395.685	301			

From the regression analysis above us can see that there is a positive statistical relationship between tangibility (the independent variable) and customer satisfaction (the dependent variable). As the table above shows the coefficient of determination (R-squared) indicates the proportionate amount of variation in the response variable (customer satisfaction) explained by the independent variable (tangibility) in the linear regression model. The larger the R-squared is, the more variability is explained by the linear regression model. Thus, 29% (R2 =.291) of the variation on customer satisfaction is explained by tangibility.

i. *Reliability*

Table 8.b: Model Summary for Reliability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.472[a]	.223	.221	1.012

a. Predictors: (Constant), Reliability

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	88.305	1	88.305	86.184	.000[b]
	Residual	307.381	300	1.025		
	Total	395.685	301			

b. Predictors: (Constant), Reliability

From the regression analysis above us can see that there is a positive statistical relationship between reliability (the independent variable) and customer satisfaction (the dependent variable). Thus 22% (R2 =.223) of the variation on customer satisfaction is explained by the independent variable reliability.

ii. *Responsiveness*

Table 8.c: Model Summary for Responsiveness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.537[a]	.288	.286	.969

a. Predictors: (Constant), Responsiveness

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	113.984	1	113.984	121.388	.000[b]
	Residual	281.701	300	.939		
	Total	395.685	301			

b. Predictors: (Constant), Responsiveness

From the regression analysis we can see that here is a positive statistical relationship between responsiveness (the independent variable) and customer satisfaction (the dependent variable). Thus 28% (R2 = .288) of the variation on customer satisfaction is explained by the independent variable responsiveness which indicates a high level effect on customer satisfaction.

iii. *Empathy*

Table 8.d: Model Summary for Empathy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.488[a]	.238	.235	1.003

a. Predictors: (Constant), Empathy

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ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	94.143	1	94.143	93.662	.000[b]
	Residual	301.542	300	1.005		
	Total	395.685	301			

b. Predictors: (Constant), Empathy

From the regression analysis above us can see that there is a positive and statistically signify can't Relationship between empathy (the independent and customer satisfaction (the dependent variable).has 23% (R2 = .238) variation level of customer satisfaction is explained by the independent variable empathy.

iv. *Assurance*

Table 8.f: Model Summary for Assurance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.612[a]	.375	.373	.908

a. Predictors: (Constant), Assurance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	148.302	1	148.302	179.844	.000[b]
	Residual	247.384	300	.825		
	Total	395.685	301			

b. Predictors: (Constant), Assurance

From the regression analysis we can see that there is a positive and statistically significant relationship between assurance (the independent variable) and customer satisfaction (the dependent variable). Thus 62 % (R2 =.612) variation level of customer satisfaction is explained by the independent variable assurance.

v. *Overall Regression Analysis*

Table 8.g: Model Summary of Service Quality Dimensions

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.674[a]	.454	.445	.854

a. Predictors: (Constant), Assurance, Tangibility, Reliability, Empathy, pensiveness

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	179.822	5	35.964	49.316	.000[b]
	Residual	215.864	296	.729		
	Total	395.685	301			

b. Predictors: (Constant), Assurance, Tangibility, Reliability, Empathy, Responsiveness

As it can be seen from the above table there is a positive and statistically significant relationship between the independent variables (tangibility, reliability, responsiveness, empathy and assurance) and the dependent variable (customer satisfaction). Thus 45% (R2 =.454) variation on customer satisfaction is explained by the independent variables.

From the ANOVA table 8.g. above it has been determined that F = 49.316 and Sig. is .000 which confirms that service quality have significant effect on customer satisfaction. Hence the result seen that Service delivery interims of Quality has a significant effect on Customer Satisfaction in Amhara credit and saving institution Gondar branches. Therefore question number three of the research question is answered.

VI. Conclusion

In today's competitive environment standing out from other competitor requires challenging effort. In order to win the competition, business organizations have to work more on their customers. Customers expect better service quality from their service providers. Understanding customers' needs and improving the service quality on the basis of their demand is a critical issue.

In addition, they were asked to express their satisfaction level and suggestion to improve the service delivery of ACSI. From this study, it was found that customers experience about the service delivery practice of ACSI to be at least to their expectation level. However, in most service quality dimensions, the performance of ACSI Gondar branch was found below customers' expectation.

The overall service quality was also below customers' expectation. Furthermore, the study revealed that the majority of customers were dissatisfied with the service delivery of ACSI. In order to fill the gap and improve the service delivery performance of this

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institution customers pointed out the measures that needs to be done.

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