

Factors affecting Service Performance: A Comparative Study between Commercial Bank of Ethiopia and Dashen Bank, Hawassa branch, Ethiopia

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The main aim of this study was to assess factors affecting Service Performance: A comparative study between Commercial Bank of Ethiopia (CBE) and Dashen Bank (DB), Hawassa Branch. The types of research employed in this study were descriptive and exploratory research. Moreover, this study utilized cross-sectional survey. 398 respondents were selected by using simple random sampling techniques, Self-Administered Questionnaires (238 CBE AND 160 to DB) were randomly distributed to collect the primary data based on random sampling method and out of those, 368 relevant questionnaires (215 from CBE and 153 from DB) were properly filled and returned by respondents. The questionnaire comprises of respondents' demographic characteristics, and service performance dimensions, The collected data were analyzed through descriptive statistics, The descriptive analysis result manifested that customers of CBE are highly agreed with tangibility and responsiveness dimension and agreed less with assurance dimensions and customers of DB highly agreed with all the dimensions of service performance. The findings of the T- test result revealed that, CBE and DB significantly differ with five service performance dimensions. The mean result indicated that the tangibility, reliability, responsiveness, assurance, and empathy aspect of service performance for Dashen Bank is greater than that of Commercial Bank of Ethiopia. This implied that commercial bank of Ethiopia needs to improve its service in order to be competent and attract more customers.

Keyword: *Service performance dimensions, Dashen Bank, commercial bank of Ethiopia*

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I. Introduction

Every business is established having the aim of achieving success and being profitable. The service industry as any other business sector shares this aim. 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 Wirtz (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 delivery forward with increasing in demand for service performance. Since services are intangible in nature their success and failure is not easily measured or quantified (Christopher, 2006). The success of any service providing organization can be measured in terms of its customers' attitude towards the service delivery practiced which means service performance will be the dominant element in customers' evaluations of a given service. Customers' go to service providers expecting to get a quality service and the level of expectation among each individual varies. Finding out what customers' expect is essential in service performance. This can be done through marketing 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 (Al-Hawary, 2011).

The banking industry is among the service giving organization in the world. It provides various services such as accepting deposit, in the form of saving and current account, extending loan and advance for various purpose like foreign and local money transfer service, availing credit facility, rendering automated teller machine (ATM) service etc. Banking is an evolutionary concept which is in continuous expansion concerning its different activities and function, keeping on the process of the economic growth of the country (Munusamy, 2010). Developing a profitable and long term relationship with customers is one of the objectives of public and private Commercial banks. Therefore, this research conducted a comparative analysis to investigate whether

there is service performance difference between Commercial bank of Ethiopia and Dashen Bank by focusing on service performance dimensions:

1.1 Statement of the Problem

In the world of competition, service performance is the most important parameter that needs critical attention for an organization to exceed its competitors. This is especially true in the service sector where there is a frequent interaction with customers which hold the highest stake in ensuring the organization surpass its competitors and excel 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 performance of services provided by competing organizations (Endalkachew, 2015) Service plays a major role in building and maintaining the development and growth of a country's economy. Hence, the size of the service sector is increasing around the world. On the other hand, the service performance provided by banks and other service providers is not fulfilling customer's wants consistently. People complain about late deliveries, incompetent personnel's, inconvenient service hours, needlessly complicate procedures, long queues, and a lot of other problems (Lovelock and Wirtz; 2004).

Today, banks in Ethiopia are facing challenges with stiff competition. Hence, delivering prominence services and creating customer satisfaction is expected of them to win this competition. Most banks are facing the challenges for delivering effective service which can satisfy their customers such as high and persistent rate of inflation, and the weak technology they use like unstable internet and network connections, lack of trained manpower, the non-performing loans they carry, the dominance of the state owned banks in the market, sometimes the government uses them to implement its policies, and they are also to a certain extent vulnerable to international economic and financial crises so on. Most of the time, there is a gap between customer expectation and service provided by the banks. These gaps in service expectation and delivery can damage the relationship with customers. So, it becomes very important for banks to meet or exceed the target customers' satisfaction with the performance of service expected by them (Beliyu, 2012). Unsatisfactory service leads to a drop in customer satisfaction and willingness to recommend the service to a friend. This would in turn lead to an increase the number of customers shifts to competitors.

Currently, Commercial banks of Ethiopia and Dashen Bank, Hawassa branches are negatively affected by network failure and system interruption which result delayed service delivery time. As a result customers are sometimes forced to stay long time in the premises of the banks. Since the Implementation of Business Processing Re-engineering (BPR) banks in Ethiopia has shown a rapid improvement in providing their services, still customers complain for long waiting at the banking hall, incompetent employees, repetitive failure of network system, and power interruptions, failure and low accessibility of Automatic Teller Machines (ATM's), and inability of branch managers to listen customers' problems related with the services provided in Commercial Bank of Ethiopia and Dashen Bank (Ayenew, 2014). However, there are few published studies which demonstrate the performance of banking service in Ethiopia. Therefore, this study aims to compare service performance between Commercial Bank of Ethiopia and Dashen Bank, Hawassa Branch

1.2 Objective of the study

1.2.1 General objective

To compare service performance between Commercial Bank of Ethiopia and Dashen Bank, Hawassa Branch

1. To identify the most important service feature(s) that affects the service performance in CBE and DB
2. To investigate whether there is a significant difference with aspects of service dimensions (Tangibility, Reliability, Responsiveness, Assurance, Empathy) between commercial bank of Ethiopia and Dashen Bank

1.2.2 Research Hypothesis

- ❖ H_{01} There is no significant difference in service performance dimensions ((Tangibility, Reliability, Responsiveness, Assurance, and Empathy) between commercial banks of Ethiopia and Dashen Bank
- ❖ H_{a1} There is significant difference in service performance dimensions between commercial banks of Ethiopia and Dashen Bank

1.3 Significance of the study

The banking industry is expanding rapidly in Ethiopia. In order to win and maintain the market share, banks must give attention to the existing and potential customer need, want, and preferences. Though the ultimate goal of every service giving industry is satisfying customers, many of service delivering organization failed to satisfy as a result of not understanding customers' interest very well. Because unsatisfactory service leads to drop in customers' satisfaction and willingness to recommend the service to friends in turn leads to shift to other competitors. Therefore, the significance of this study is to help bank managers understand the needs and wants of their customers and give emphasis on the major service performance dimensions. This study is expected to provide knowledge on the importance of banks service performance to managers, employees, and

other government bodies who are concerned on the improvement of service delivery towards customers in banking industry

II. Literature Review

Zeithaml (1988) defined service performance as a customer's judgment about the superiority, esteem, or excellence of the brand in relative terms. In the service-dominant industry (Wirtz, 1994) customers evaluate the perceived quality of a service on the basis of their understanding of the delivery and performance, and integrate all of the service characteristics of their associations to arrive at an evaluation of quality. Thus, service performance creates direct experiences that allow clients to be accustomed to awareness and meanings, thus building customer loyalty. Brady and Cronin (2001) suggested that customers form their service performance perceptions on the basis of evaluations of three levels. Customers have ultimately combined these judgments (personal interaction with suppliers, physical environment and outcome of the service encounter) in an overall service quality outlook.

In this regard, company's performance might be assessed according to satisfaction level which shows the strong and the weak points of an organization. Modern management focuses on customer satisfaction as a main criterion of performance and excellence for a business organization (Kazi, 2011). It also provides a sense of achievement for all employees involved in customer service process (Mishre, 2009). Customer orientation is evaluated according to two indicators of quality and quantity, and its performance is based on some principles which have three more determinants: (1) supplying for continuous customer needs (2) creating value for customers, (3) providing customer satisfaction. Banks are important business organizations to deliver service to their customers in a better way as there have been a lot of considerations from the banks managers to customers. The most important category for customers in banking affairs is high speed in services delivery, so modern IT technology and fast service delivery are the main aspects for customer satisfaction. Modern banking system in Iran includes customer oriented service delivery, modern approaches in marketing, and advanced IT technology that enables banks to deliver fast and high quality of banking services (Mishre, 2009).

Mohammed & Shirly (2009) study result indicated that consumers perceive highly Tangibles and empathy aspects of service dimension as compared to competence and reliability. Munusany, Chankar & Wia (2010) found that Assurance, empathy, reliability and responsiveness have no significant effect on customer satisfaction. Tangibles have a significant effect on customer satisfaction. Ehsan Naeen and Arif (2010) study found that Assurance and reliability has a significant positive r/ship with customer satisfaction and empathy and responsiveness found out having no significant relationship with customer satisfaction. Babak et.al (2011) study result indicated that Reliability and responsiveness has positive correlation with customer satisfaction, also tangibles and empathy has a moderate positive correlation with customer satisfaction.

Banking industry in America during 1960's and 1970's witnessed high customer loyalty. A recent research showed that 75 percent of the clients changed banks only when they changed their residence (Farzad, 2010). Thus, banks have concentrated on attracting new residents in an area. This empirical study provided evidence that banks customers in Australian and New Zealand had three main reasons for changing banks. These were, service failure, pricing, and denied services. Finally, their results showed that problems with pricing had the most important effect on changing behavior. Customer service is one of the core parts of the banking industry. Banking industry is facing challenges due to concentrated competition, changing market, risk and uncertainty, environment, and demanding customers. These changes impacted on both the structure of the industry and the nature of competition between banks. It has been said, service performance has become increasingly important factor for surviving and success in the banking sector and there is a need to sense the nature of the service performance perceived by the customers of the bank.

III. Research Methodology

3.1 Research Design

The types of research employed under this study were descriptive and exploratory research. The major purpose of descriptive research is description of the state of affairs as it exists at present. Descriptive research critically assesses service performance in Commercial Bank of Ethiopia and Dashen Bank, Hawassa District whereas, exploratory research was employed to investigate the differences between service performance of commercial bank of Ethiopia and Dashen bank with the integrated influence of the five service performance dimensions. Moreover, this study utilized cross-sectional survey in the sense that all relevant data will be collected at a point in time (Samaraz, 2012).

3.2 Type and Source of Data

Primary data was collected through self-administered questionnaires (SAQ). The Self-Administered questionnaires were distributed to saving and current account clients of both bank branches. The variables were about client's attitude with regard to the customers' knowledge, preferences, and using behavior by using Likert

scale with five response categories. The Secondary data were collected from different kinds of sources such as, subject related published and unpublished research studies, existing annual publications, websites, different kinds of books for assessing theories and principles related to the topic, articles, research works, journals and publications for assessing existing findings, periodicals released by the bank, national and international newspaper and magazine, quarter reports of the banks, that have relevance to the research study.

3.4 Population of the study

The populations of this study were all saving and current account customers who are currently receiving services from Commercial Bank of Ethiopia and Dashen Bank, Hawassa branch. The target population from which the sample respondents selected is 97,589 the total number of current and saving account customers of CBE and DB, Hawassa branches. These branches are selected for this research because they carry out all banking functions, larger volume of service transaction and larger treasury reserve compared to other branches, acts as an issue center for sub- branch banks, and consist of two account holders (current and saving account holders). For this reason the branches can be qualified as a good representative of the various categories of customer of CBE and DB.

Table 3.1: List of Banks and Population

No.	Name of Bank	Location	Number of Customer		Total
			Current account	Saving account	
1	CBE	Hawassa Town	3,856	54,546	58,402
2	DB	Hawassa Town	926	38,261	39,187
Total			4,782	92,807	97,589

Source: CBE and DB, Hawassa branch,

3.5 Sample size and sampling techniques

Commercial Bank of Ethiopia and Dashen Bank, Hawassa branches uses an administrative operation system uniformly all across its branches throughout the country. These banks employ grading system to its branches ranging from Grade I to Grade IV based on the amount of transactions, number of facilities and employees. Commercial bank of Ethiopia grade IV and Dashen Bank grade III branches were selected for this study following their respective offices in Hawassa District. Commercial Bank of Ethiopia was established in 1942 G.C and has a lot of branches expanding throughout the country. Even though, Dashen Bank was established in 1995 G.C. it is growing at an alarming rate throughout the country.

Furthermore, services particularly related to saving and current account are commonly available in all branches of CBE and DB throughout the country taking this into consideration and since studying the total population of CBE and DB at time is impossible; a sample study was found the only feasible approach. Taking the relative size, years of operation of the branches, cost and availability of time for the study into consideration, CBE and DB, Hawassa branches were selected by purposive sampling method and are believed to be a representative samples. As such the researcher used the following sample size determination formula to estimate the representative sample of the two banks. The formula was developed by Taro Yamane (1967). As such the researcher used the following sample size determination formula to estimate the representative sample of the two banks. The formula was developed by Taro Yamane (1967). It is calculated as;

$$n = \frac{N}{1 + N(e)^2}$$

Where, n=the sample size

N is the population size = 97,589

e, is the level of precision or sampling error

$$n = \frac{97,589}{1 + 97,589 (.05)^2} = 398.3 \approx (398) \quad \text{Total sample size (n) = 398.}$$

Thus, the total sample size is approximately 398. Since the number of clients in each sampled bank would not be the same, there is a need to proportionate this for each bank and calculated using this formula:

$$n = nN \frac{1}{N} \quad \text{where: } n \text{ is total number of sample}$$

$$N \quad N \text{ is total number of population}$$

$$N1 \text{ is total number of population in each bank.}$$

Table 3.2: Bank list and Sample proportionate

No.	Name of the branch bank	Total No. of Population	Type of customers		Percentage of Population	Total No. of Sample
			Current account	Saving account		
1	Hawassa CBE	58,402	16	222	59.85%	238
2	Hawassa DB	39,187	4	156	40.15%	160
Total		97,589	28	372	100%	398

3.6 Methods and Tools of Data Collection

In this study, a quantitative research approaches were employed. The reason for choosing quantitative research approach is to examine whether service performance difference exists between commercial bank of Ethiopia and Dashen bank with aspects of five service performance dimensions. In this study, self-administered questionnaires employed in order to gather primary data. This SAQ were consisting of two parts. Part one consist of personal information, Part two was about service performance feature(s). Part two incorporates service performance dimensions of the respondents involving 25 questionnaires, which was measured by Likert scale, which includes strongly agree (5), agree (4), neutral (3), disagree (2) and strongly disagree (1). After a review of literature was made, 25 items pertaining to service performance dimensions was developed by SERVPERF model was the basic foundation for the development of questionnaires.

3.7 Method of Data analysis

This is the further transformation of the processed data to look for patterns and relationships between and/or among data groups through statistical tools, namely descriptive and T-test analysis. The Statistical Package for Social Science (SPSS) version 20 was employed to analyze and present it into meaningful terms the data obtained from the primary sources.

3.8 Variables description

Service performance-This measure was based on SERVPERF model which is adapted from SERVQUAL model and is an instrument which captures similar comparison of perceived performance with expectation in a battery of single statements. The service performance items that make SERVPERF are categorized under five dimensions, which consist of 25 items, are:

- 1. Tangibility**- consists of physical facilities, equipment’s, personal and written attention.
- 2. Reliability**- refers to the degree of consistency and dealing with the performance of the service and present correctly in the first time, bank’s ability to accomplish or perform the promised service accurately.
- 3. Response**- refers to willingness to help customers, the speed in which service providers’ response to the demand and the needs of customers. The response is the presence of the will to help customers and provide them with the service immediately.
- 4. Assurance**- indicates the knowledge and courtesy of employees and their ability to inspire trust and confidence in customers.
- 5. Empathy**- refers to caring, easy access, good communication, customer understanding and individualized attention.

3.9 Reliability Test

As stated by Hair et al., (2007) reliability indicates the extents to which a variables or set of variables is consistent in what it is intended to measure. George and Mallery (2003) also stated that a reliability score of greater than 0.9 is excellent, greater than 0.8 is good, greater than 0.7 is acceptable, greater than 0.6 questionable, greater than 0.5 is poor and less than 0.5 is unacceptable. The reliability for each scale is measured using Cronbach’s alpha and the table below shows inter-item correlation. The findings show that Cronbach alpha for all dimensions are above 0.70, and the overall reliability of the questionnaire.

Table 3.3: Reliability of the Survey Questionnaire

Dimensions	No. of attributes	Cronbach’s alpha	Leveled as to George and Mallery
	CBE/ DB	CBE/ DB	CBE/ DB
Tangibility	6	0.931	Excellent
Reliability	4	0.780	Acceptable
Responsiveness	5	0.901	Excellent
Assurance	4	0.861	Good
Empathy	6	0.752	Acceptable

3.10 Validity test

The questionnaire was tested to identify whether it is able to capture the required data as expected. The test was conducted to find out whether the questionnaire was easily understandable by respondents and if there was any vague and confusing questions in the questionnaire. Questionnaires were distributed to ten willing respondents who have different professions and backgrounds. Furthermore, the questionnaire is reviewed by experts in the field.

IV. Results and discussion

Table 4.1: Response rate of respondents

Respondents	No. of distributed questionnaires		No. of returned questionnaire		Response rate Percentage	
	CBE	DB	CBE	DB	CBE	DB
Customers	238	160	215	153	90.3%	95.6%

Table 4.2: Demographic Characteristics of the Respondents

No.	Indicators	Category	Banks			
			CBE		DB	
			FR	Percent	FR	Percent
1	Sex	Male	120	55.8	102	66.7
		Female	95	44.2	51	33.3
Total			215	100.0	153	100.0
2	Age	Below 20	20	9.3	15	9.8
		20-29	75	34.9	40	26.1
		30-39	81	37.7	54	35.3
		40-49	30	14.0	31	20.3
		>50	9	4.2	13	8.5
Total			215	100.0	153	100.0
3	Education	Illiterate	3	1.4	4	2.6
		Elementary	4	1.9	3	2.0
		High school	30	14.0	23	15.0
		Diploma	40	18.6	18	11.8
		First degree	110	51.2	79	51.6
		Second degree & Above	28	13.0	26	17.0
Total			215	100.0	153	100.0
4	Occupation	Government	97	45.1	42	27.5
		Private	71	33.0	60	39.2
		Student	45	20.9	38	24.8
		Un-employed	2	.9	13	8.5
Total			215	100.0	153	100.0
5	Income	500 - 1,500	44	20.5	43	28.1
		2,000 - 5,000	54	25.1	34	22.2
		5,000 - 10,000	63	29.3	32	20.9
		10,000 - 30,000	37	17.2	25	16.3
		30,000 - 50,000	4	1.9	13	8.5
		> 100,000	13	6.0	6	3.9
Total			215	100.0	153	100.0
6	Frequency of using the bank	Daily	4	1.9	2	1.3
		Twice a week	11	5.1	8	5.2
		Weekly	75	34.9	54	35.3
		Monthly	125	58.1	89	58.2
Total			215	100.0	153	100.0
7	Account type	Saving	199	92.6	149	97.4
		Current	16	7.4	4	2.6
Total			215	100.0	153	100.0

4.1 Descriptive Analysis of Study variables

Descriptive statistics is a powerful tool to describe and understand the data so that researchers can easily comprehend the data (Andy, F. 2009). This part of the analysis is made based on survey questionnaires gathered from both banks' branch customers using 5-point Likert's scale. The study has five variables: Tangibility, Reliability, Responsiveness, Assurance, and Empathy. Accordingly, the descriptive statistics employed in this study includes frequency, distribution, percentage, mean and standard deviation with the aim of providing an overall view of the respondents' perception concerning each construct/item listed in the Likert

scale based on the standardized agree listed range developed by Al-Sayaad et al. (2006) described below on the following table:

Table 4.3: Five-Scaled Likert’s Criterion

Range	Members Perceptions
1.00 to 1.80	Strongly Disagree
1.80 to 2.60	Disagree
2.60 to 3.40	Neutral or Undecided
3.40 to 4.20	Agree
4.20 to 5.00	Strongly Agree

Source: Al-sayaad et al. (2006)

Standard deviation is a widely used measurement of variability or diversity used in statistics and probability theory. It shows how much variation or "dispersion" there is from the average (mean, or expected value). A low standard deviation indicates that the *data points* tend to be very close to the *mean*, whereas high standard deviation indicates that the data are spread out over a large range of *values*.

4.2T- test analysis

Table 4.4: Group Statistics Table

Service performance dimensions	Type of banks	N	Mean	Std. Deviation	Std. Error Mean
Tangibility	CBE	215	4.0907	.58731	.04005
	DB	153	4.5369	.37152	.03004
Reliability	CBE	215	3.4349	.80147	.05466
	DB	153	4.7614	.26057	.02107
Responsiveness	CBE	215	3.4307	.76536	.05220
	DB	153	4.4052	.61972	.05010
Assurance	CBE	215	3.1860	1.05748	.07212
	DB	153	4.3359	.49399	.03994
Empathy	CBE	215	3.2597	.94384	.06437
	DB	153	4.1225	.62967	.05091

Table 4.4: Independent Samples Test

Service performance dimensions	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	T	Df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Tangibility	31.523	.000	-8.289	366	.000	-.44618	.05383	-.55204	-.34033
Reliability	153.688	.000	-19.738	366	.000	-1.32655	.06721	-1.45872	-1.19439
Responsiveness	8.650	.003	-13.004	366	.000	-.97453	.07494	-1.12190	-.82716
Assurance	108.342	.000	-12.510	366	.000	-1.14990	.09192	-1.33065	-.96915
Empathy	31.913	.000	-9.853	366	.000	-.86286	.08757	-1.03507	-.69065

As shown in the above table 4.11, the results from an independent samples *t*- test indicated that for tangibility dimension the appropriate $t = -8.912$, degree of freedom (df) = 361.437, and $p = .000$. This t is statically significant as the p -value is less than 0.05 ($p < .05$). This is reported as: $t(361.437) = -8.912, p = .000$. So, there was a significant difference in the scores for DB ($M = 4.5369, SD = .37152$) and CBE ($M = 4.0907, SD = .58731$) conditions and the 95% confidence interval for the difference between the group means was

relatively precise (-.54464 to -.34773). Based on the means, we can say tangibility aspect of service performance for DB is greater than that of CBE.

For reliability dimension of service performance, the appropriate $t = -22.646$, degree of freedom (df) = 273.789, and $p = .000$. This t is statically significant as the p-value is less than 0.05 ($p < .05$). This is reported as: $t(273.789) = -22.646$, $p = .000$. So, there was a significant difference in the scores for DB ($M = 4.7614$, $SD = .26057$) and CBE ($M = 3.4349$, $SD = .80147$) conditions and the 95% confidence interval for the difference between the group means was relatively precise (-1.44188 to -1.21123). Based on the means, we can say reliability aspect of service performance for DB is greater than that of CBE.

As for responsiveness dimension of service performance, the appropriate $t = -13.469$, degree of freedom (df) = 359.888, and $p = .003$. This t is statically significant as the p-value is less than 0.05 ($p < .05$). This is reported as: $t(359.888) = -13.469$, $p = .000$. So, there was a significant difference in the scores for DB ($M = 4.4052$, $SD = .61972$) and CBE ($M = 3.4307$, $SD = .76536$) conditions and the 95% confidence interval for the difference between the group means was relatively precise (-1.11682 to -.83225). Based on the means, we can say responsiveness aspect of service performance for DB is greater than that of CBE.

Assurance dimension of service performance, the appropriate $t = -13.949$, degree of freedom (df) = 322.653, and $p = .000$. This t is statically significant as the p-value is less than 0.05 ($p < .05$). This is reported as: $t(322.653) = -13.949$, $p = .000$. So, there was a significant difference in the scores for DB ($M = 4.3359$, $SD = .49399$) and CBE ($M = 3.1860$, $SD = 1.05748$) conditions and the 95% confidence interval for the difference between the group means was relatively precise (-1.31209 to -.98772). Based on the means, we can say assurance aspect of service performance for DB is greater than that of CBE.

Lastly, empathy dimension of service performance, appropriate $t = -10.514$, degree of freedom (df) = 364.601, and $p = .000$. This t is statically significant as the p-value is less than 0.05 ($p < .05$). This is reported as: $t(364.601) = -10.514$, $p = .000$. So, there was a significant difference in the scores for DB ($M = 4.1225$, $SD = .62967$) and CBE ($M = 3.2597$, $SD = .94384$) conditions and the 95% confidence interval for the difference between the group means was relatively precise (-.54464 to -.34773). Based on the means, we can say empathy aspect of service performance for DB is greater than that of CBE.

This indicates that most customers of DB strongly agreed with all the dimensions as compared to CBE customers. In general, the dimensions in DB have scored higher mean value relative to CBE. Therefore we reject the null hypothesis and accept the alternative hypothesis. There is significant difference in service performance dimensions (Tangibility, Reliability, Responsiveness, Assurance, and Empathy) between commercial banks of Ethiopia and Dashen Bank at $p < .05$ level.

5. Conclusion

The purpose of this study is to compare service performance between commercial bank of Ethiopia and Dashen bank. The responses to service performance dimensions were used to measure the performance of banking services provided by Commercial Bank of Ethiopia and Dashen Bank. The findings of the study revealed that based on the means, the tangibility, reliability, responsiveness, assurance, and empathy aspect of service performance for Dashen Bank is greater than that of Commercial Bank of Ethiopia. In general it was found that there is a significant difference between Dashen banks and commercial bank of Ethiopia for all aspects of service performance dimensions. Hence, commercial bank of Ethiopia needs to improve all service dimension related factors in order to be competent in the banking industry.

V. Recommendations

- Based on the analysis and the findings, the following are recommended to help both banks in improving their service performance. It is recommended for both banks that certain service performance dimensions need a pragmatic effort to ensure improvement customer service delivery in banks.
- The results of the findings revealed that CBE, Hawassa branch has not been giving much attention for tangibility, reliability, responsiveness, assurance, and empathy dimensions. CBE, Hawassa branch needs to revisit these aspects in order to be competent and attract more customers toward the bank. Commercial bank of Ethiopia should work on the indicators of these dimensions i.e. the bank should invest on trainings to enhance its employees knowledge and behavior and also the bank should ensure that customer feels safe in all transactions made. The bank should also realize that the improvement of these dimensions would enhance customer satisfaction which in turn results in better performance of the bank.
- Moreover, management of the bank needs to motivate and train the existing employees or hire competitive and professional employees so that customers' question could be answered in a satisfying manner. The bank also needs to give attention to service performance dimensions which means the bank managers need to work hard in employee- customer relations.
- CBE should motivate and train the staff members to give customers personal attention, to understand customers' specific needs and to have customers' best interest at heart. Besides, an improvement on the

operating hours is quite recommended so that the bank could enhance the level of its service towards customers.

- Despite the fact that DB is performing better as compared to commercial bank of Ethiopia with all aspects of service performance dimensions, the bank needs to give much attention for these service dimensions in order to be more competent at the market. Dashen Bank, Hawassa branch customers are expecting more from the employees' ability in installing confidence and safe transactional process. Hence, the bank should motivate and train the staff members to give customers personal attention and to understand customers' specific needs.

VI. Suggestion for future research

Future researchers are invited to carry out on the determinants of service quality of private and public banks in other *region* of the country by incorporating large samples. It is suggested that future research can also be conducted on the marketing performance of private and public banks.

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