CUSTOMERS' SERVICE SATISFACTION AT UCHUMI COMMERCIAL BANK IN MOSHI MUNICIPALITY, TANZANIA

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT FOR THE REQUIREMENTS OF THE MASTER DEGREE OF BUSINESS ADMINISTRATION OF THE OPEN UNIVERSITY OF TANZANIA

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CERTIFICATION

I the undersigned certify that I have read and hereby recommend for acceptance by the Open University of Tanzania a dissertation entitled Assessment of Service Quality in Tanzanian Museums and Its Effect on Visitor Satisfaction: A case of Iringa Region Tanzania, in partial /fulfillment of the requirements for the award of the Master's Degree of Business Administration.

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This Dissertation is dedicated to my Family.

ACKNOWLEDGEMENTS

ABSTRACT

The study centered on understanding customers' service satisfaction at Uchumi Commercial Bank in Moshi Municipality. Specifically, the study identified the groups of services provided by the bank, factors influencing customers' satisfaction and measuring customers' satisfaction levels. A case study research design was deployed where data were collected by using interviews and questionnaire to a sample of 55 respondents obtained conveniently. The study revealed that customer satisfaction in Uchumi Commercial Bank is at satisfactory level as affirmed by test results in one sample T-test, independent sample T-test and One Way ANOVA. Factors revealed to influence customer satisfaction levels significantly include; timeliness (ability to deliver service timely), reliability (performance of service facilities, goods, and staff), staff competence (skills, expertise and professionalism with which the service is executed), Staff attitude (politeness and friendliness), look and feel (appearance, comfort of environment, facilities and staff). Likewise, the test results show that there is no significant difference between perception of different groups in terms of customer satisfaction level as determined by one way ANOVA test results and post-hoc analysis. Based on these findings it is recommended that, there is a need to increase coverage area, improving reliability and use of modern technology to improve service delivery and maintain customer satisfaction level.

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LIST OF ABBREVIATIONS

SMEs   :   Small and Medium Enterprises

UCB   :   Uchumi Commercial Bank

ELCT-ND   :   Evangelical Lutheran Church in Tanzania Northern Diocese

BOT   :   Bank of Tanzania

CHAPTER ONE

1.0 STUDY SETTING

1.1 Introduction

This chapter introduces the background of the study, statement of the problem, research objectives, research question, significance of the study, study contribution and dissertation structure.

1.2 Background to the Study

Customer satisfaction is considered important in defining organizational performance. Enhancing customer satisfaction is critical because it is a key to business success of any banking institution. In the competitive economy, customer's satisfaction has come under limelight due to stiff competition where organizations are trying to take competitive advantage through the human factor and customers (Singh *et al*, 2011). Business environment in developed and developing countries has changed due to globalization and free trade and global competition is increasing with exploding. Because of these reasons, to stay in a competitive environment and deliver acceptable financial returns, managers must know how to handle changes which are unexpected by cementing on customers' satisfaction (Naseem *et al*, 2011).

In developing countries customers' satisfaction has become important to business success of banking institutions. Suggested reasons for this apparent trend include flexible employment, higher mobility and competition in banking industry (Panda, 2003). In this context one may wonder how banking institutions in Tanzania survive in the mentioned environment by cementing on customers' satisfaction. Thus,

understanding customers' satisfaction in banking institutions is important not only from economic perspective but also from creation of good image of banking institutions for organizational and staff development.

Tanzania banking sector has gone into significant changes after the liberalization of the banking system. The reforms removed barriers to the entry of commercial banks and supported the improvement of institutional framework and more efficiently the performance of banks which increased banking competition (Qin and Pastory, 2012). The liberalization increased the banking sector and shift the markets from the government owned banks to private owned banks. Recently there are about 56 banking institutions in Tanzania (BOT, 2013).

Banking institutions across the globe have recognized the importance of customers' satisfaction and developing and maintaining enduring relationship with their customers as two crucial parameters leading to increased business profits. At the same time, several banking institutions are experiencing increasing level of retail customers' dissatisfaction (Mistry, 2013). The causes of dissatisfaction are not well known empirically however from rational point of view, the probable causes may include low technology, low responsiveness from bank employees and unreliable service. However, whether any of these really holds true and the extent to which they impact on customer satisfaction is not known. Moreover, there may be other causes which are out of the above list of possible causes but none has been established.

Bank customers are likely to focus on banks employees responsiveness, how banks fulfill their promise and how they show interest to do work. This includes criteria

like, promptness in giving service and willingness to help customers. Also customer assurance like safety of transaction and consistency in service delivery are other criteria which customers are likely to focus on. Therefore banks whether they are private sector or public sector they should give more focus on increasing reliability, responsiveness and assurance (Mistry, 2013).

The study is of particular interest in Tanzania as the banking industry is growing. Many studies have been conducted at international level and substantial literatures have focused on service quality, therefore to fill the above gap this study examined the factors influencing customers' satisfaction in banking sector.

1.3 Statement of the Research Problem

In order to succeed, a company has to do a better job in creating satisfactory experiences for both employees and customers than its competitors. Even though customer satisfaction has been studied extensively (Shah, 2012; Parvin, 2011; Naseem, 2011; Ibok and Udofot, 2012), impacts of customer satisfaction on performance of banking institutions have not received much attention. The issue of customers' satisfaction and its determinants in banking institutions in Tanzania context has yet to be addressed in the literature.

Several studies on satisfaction of bank customers have been conducted including Shanka (2012) which described relationship between service quality, customer satisfaction and loyalty in Ethiopia; Awan*et al.* (2011) centered on the service quality and its relationship to customer satisfaction in Pakistan, Haq and Muhammad (2012) study compared public and private sector banks of Pakistan by

evaluating their customer satisfaction, where a study by Shah (2012) focused on factors affecting customer satisfaction in retail banking in India. On top of that Mboma (2006) conducted a study on the effects of ATMs on customers' satisfaction in the Tanzanian banking sector. However, to the best of my knowledge no study on the customer service satisfaction in community bank has been conducted in Tanzania particularly, in Kilimanjaro Region which is among the regions with many banks. Therefore this study aimed to bridge the existing knowledge gap particularly on the factors influencing customers' satisfaction in community banks.

1.4 Study Objectives

The overall objective of the study was to analyze customer satisfaction with banking services in Uchumi Commercial Bank.

Specifically the study sought to:

i) To identify groups of customers and services provided by the bank

ii) To identify factors that influence banks customers' satisfaction

iii) To measure satisfaction levels of bank customers

1.5 Research Questions

i) Which groups of customers and services are provided by the bank?

ii) What are the factors that influence banks' customer satisfaction?

iii) What are the satisfaction levels of bank customers?

1.6 Significance of the Study

Findings arising from this study are expected to widen the general understanding and contribute to literature on customers' satisfaction in micro banking institutions. The

methodology adopted provides insight for further learning when one wants to investigate issues regarding to employees and customers' satisfaction. The study findings may spring up further research into similar contexts which address issues related to customers' satisfaction in micro finance institutions. The study findings can be used to enhance micro finance institutions' policy maker's knowledge in formulating favorable policies for customers' satisfaction.

1.7 Study Contribution and Dissertation Structure

The study focused on understanding Bank customers' satisfaction. Uchumi Commercial Bank in Moshi Municipality, Tanzania was chosen as a case study. Specifically the study analyzed groups of customers and services provided by the bank and measure satisfaction levels of customers. Key informant interviews, questionnaires and documentary review were deployed as methods for data collection. Through the application of the above mentioned methods, the study objectives have been achieved and key findings have been documented with regard to the objectives. The study shows that there are different groups of services and customers served by Uchumi Commercial Bank. These services include; loans, savings, technical assistance, and money transfer. Customers served by the bank include; farmers, groups, civil societies, religious institutions, business people and SACCOS. The level of customer satisfaction has been revealed to be adequate.

In view of the above achievement and contribution of customers' satisfaction, this thesis has been organized in five chapters. The first chapter is about the study setting and introduction of customers' satisfaction in different contexts, clarification of the problem and objectives. The second chapter covers operational definitions of key

concepts and conceptual framework and empirical case study reviews related to customer satisfaction in different contexts. The third chapter is about methodology for assessing the evidence; it covers study location, sampling and sample frameworks and methods for data collection. Chapter four presents study findings, discussions, and analysis. Chapter five concludes the findings and draw recommendations for present and future organizational, staff and research agenda.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This section discusses the theoretical, empirical and conceptual framework of the study. The first part reviews theory on customers' satisfaction which is selected bearing to the research topic, objective, research questions and the expected contributions. The second part introduces the conceptual framework upon which the study was based on. The third part surveys empirical studies undertaken in different countries on customer satisfaction and draws relevant lessons there from.

2.2 Definition of Key Concepts

A concept is defined as abstract statement or object of the study phenomena with a separate identity and meaning (Nalzaro, 2012). Key concepts defined in this research include bank, customer satisfaction and customer loyalty.

Bank; according to Rabb (2013) bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank is the connection between customers that have capital deficits and customers with capital surpluses.

Customer satisfaction; Murphy (2000) defines customer satisfaction as the minimum acceptable levels of service that provide customer satisfaction in the key areas that are critical and where service quality thresholds need to be set. To fall below the minimum threshold in any key area puts one into the

danger zone and one's customer will not be satisfied. In this study, customer satisfaction will be defined as the minimum requirement to meet customer service needs.

Customer Loyalty; Oliver (1999) cited in Akgam (2013) defined customer loyalty as a deeply held commitment to rebuy a preferred product/service consistently in the future, thereby causing repetitive same- brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

2.3 Theoretical Review

The theoretical literature review undertaken covered the expectancy disconfirmation theory and contrast theory that contributes to the concept of customers' satisfaction in the banking sector. The review formed the base upon which the study was undertaken.

2.3.1 Expectancy-Disconfirmation Paradigm

Expectancy-Disconfirmation Paradigm (EDP) has been proposed by Oliver (1977, 1980) as the most promising theoretical framework for the assessment of customer satisfaction. The theory was developed on the premise that, consumers purchase goods and services with pre-purchase expectations about the anticipated performance. According to this theory, the expectation level then becomes a standard against which the product is judged. That is, once the product or service has been used, outcomes are compared against expectations. If the outcome matches the expectation confirmation occurs.

Oliver (1980) asserts that, disconfirmation occurs where there is a difference between expectations and outcomes. In a banking industry a customer is either satisfied or dissatisfied as a result of positive or negative difference between expectations and perceptions. Thus, when service offered by the bank is better than what the customer had initially expected, there is likely a positive disconfirmation between expectations and performance which result in satisfaction, while when service performance is as expected, there is a confirmation between expectations and perceptions which result in satisfaction.

In contrast, when service performance is not as good as what the customer expected, there is a negative disconfirmation between expectations and perceptions which causes dissatisfaction. This type of discrepancy theory has a long history in the satisfaction literature dating back at least to Howard's & Sheth's (1967) definition of satisfaction which states that, it is a function of the degree of congruency between aspirations and perceived reality of experiences. Porter (1961) can be credited with early empirical applications of this comparative model of customer satisfaction in the field of job satisfaction (Oliver, 1997). In his study, Porter, for instance, compared the worker's perception of how much of a job facet (for example, pay) there should be to the worker's perception of how much is the facet there now. In support of Porter's view, Swan and Trawick (1981 proposed that this discrepancy methodology could be employed in assessing employees' job satisfaction.

This literature review demonstrates that in addition to customer satisfaction literature, this model has found great a degree of support from researchers in other

disciplines, and has been widely used to evaluate satisfaction with different products and services, for example with restaurant services (Bearden & Teel, 1983; Cadotte, Woodruff & Jenkins, 1987; Swan & Trawick, 1981), and with stock market services (Oliver & De Sarbo, 1988). Therefore, from the insights that Expectancy-Disconfirmation Paradigm and related research provide about customer satisfaction, the theory is considered to be suitable to explain customer satisfaction in commercial banks.

2.3.2 Contrast Theory

Contrast Theory suggests that when actual product performance falls short of consumer's expectations about the product, the contrast between the expectation and outcome will cause the consumer to exaggerate the disparity (Yi, 1990) cited in Yüksel and Yüksel (2008). The Contrast Theory maintains that a customer, who receives a product less valuable than expected, will magnify the difference between the product received and the product expected. According to this theory "outcomes deviating from expectations will cause the subject to favorably or unfavorably react to the disconfirmation experience in that, a negative disconfirmation is believed to result in a poor product evaluation, whereas positive disconfirmation should cause the product to be highly appraised" (Oliver, 1977, p. 81) cited in Yüksel and Yüksel (2008).

Moreover it is argued that, any discrepancy of experience from expectations will be exaggerated in the direction of discrepancy. If a bank raises expectations in its advertising, and then customer's experience is only slightly less than the one

promised, the product/service might be rejected as totally un-satisfactory. Conversely, under-promising in advertising and over-delivering might cause positive disconfirmation also to be exaggerated.

In this view customers might view the bank services as unsatisfactory and therefore not appropriate to use. Since banking is part a of service industry, customer expectations and outcome will be crucial in examining the satisfaction of customers in commercial banks. We also draw from these theories to show how the services offered by banks influence customer satisfaction. As stated earlier, customers are either negatively or positively affected with service delivery based on their expectations and perceptions. Therefore banks should have ability to provide services to meet customer's expectation and perceptions and therefore contribute to banks performance.Therefore expectancy-disconfirmation theory and contrast theory have been used to measure customer satisfaction using performance scale and satisfaction scale.

2.4 Policy and Regulatory Framework

The study is in line with government MFIs policy of 2000 which states that the widespread access to microfinance throughout the country is made possible by institutions operating on commercial principles. A policy statement asserts that, a wide range of institutions will be involved in the provision of services, including specialised and non-specialised banks, non-banking financial institutions, rural community banks, cooperative banks, SACCOS and NGOs.

2.5 Empirical Studies

Shah (2012) documents market research on factors affecting customer satisfaction in retail banking in India taking Vadodara and Gujarat in western India. The objectives of the study were measuring the overall levels of satisfaction of retail banking customers and identifying the major factors of customers' satisfaction in retail banks. The methodology adopted in this study included random sampling, cross-sectional research design. Additionally, data were collected by using questionnaires and interview.

The key findings related to factors for customer satisfaction in retail banks include; services provided, risk and privacy implemented by the banks, the image or personality of the banks, bank charges, banking convenience felt by customers and pricing policies. Other factors are charges levied by the banks, maintenance of relationship with the customers, features of a bank and the attributes of its personnel and service delivery. In this study impact, challenges and factors influencing customers' satisfaction have not been documented.

Naseem (2011) has addressed impact of employee and customers' satisfaction on success of organization relation between customer experience and employee satisfaction in Pakistan. The study shows that employee satisfaction is closely related to service quality and customer satisfaction which is then related to firm profitability. Service quality has a positive persuade on customer satisfaction. Besides this, firm profitability has a reasonable non-recursive effect on employee satisfaction. Employee satisfaction plays a considerable role in enhancing the firm profitability and improving operational performance of organizations and quality of goods and

services.

Ibok and Udofot (2012) affirm that customers' satisfaction has traditionally been recognized as a major determinant of continued loyalty and long term responsive behavior. They pointed out that, customers' satisfaction is a measure of how firm's product or service is able to meet or surpass customers' expectation. Thus, in a competitive market like the banking industry, it consists of the firm crafting holistic strategies in order to keep the customers happy. Undoubtedly, the micro finance banks are gradually expanding both in scope and content, hence they call for re-strategisation not only in beating competition but also in creating more values for the customers. This therefore requires the building of strong business customer relationships and sustained competitive advantage. They also found that customer satisfaction is critical in the service industry because of the nature of the industry.

As suggested by the two authors, providing customers with a superior quality is likely to lead to satisfied customers who are both loyal to the organization and able to provide the customer with an excellent service experience. The Customers will recognize and value the outstanding service offered to them. Over time, they will exhibit loyalty behaviors, such as continued purchasing and increased referrals. These loyalty behaviors will generate both market share and increased profit to the firm.

A study by Timothy *et al.* (2007) observed that satisfied customers tend to be loyal, with less sensitivity to price changes and less attention to competition advertising. These authors maintain that satisfaction influences repurchased intention and

satisfied customers are likely to be retained. Moreover, Timothy *et al*. (2007) argued that satisfied customers portray favorable disposition towards the organization and are always more committed and loyal. Hence the organizations will benefit from retaining their existing customers, which is cheaper to keep than to recruit new ones. Because of the assumption that satisfied employees will create satisfied and loyal customers, which will result in higher sales therefore higher financial returns Timothy *et al.* (2007) maintains that service companies have been allocating significant resources for customer satisfaction.

Mukhtar *et al*. (2014) documented on customer satisfaction towards financial services of banks in Bahawalpur, Pakistan. The study used correlation analysis to check the intensity of relation of customer satisfaction with dimensions of service quality. These dimensions included reliability, assurance, responsiveness, empathy and tangibility. The study found that service quality is positively correlated with customers' satisfaction. The most important variable that affects customer satisfaction is tangibility, which is followed by assurance. Regression equation derived from regression analysis shows that only assurance and tangibility has significant correlation with customer satisfaction, but reliability, empathy and responsiveness has no importance relationship with customer satisfaction. Banks utilize their assets in right direction, providing better tangibility and assurance to customers about their services. Banks focus their attention towards their tangible services, such as; ATM machines, building and interior designs.

Customer satisfaction can be determined by either subjective factors (e.g. customer needs, emotions) or objective factors (e. g. product and service features). Applying

to the banking industry, there have been numerous studies that examined attributes that clients expect regarding customer satisfaction. In this regard, Oduro (2013) investigated factors that determine customer satisfaction level in banking institutions from Ghanaian Banking Industry. His study used factor analysis and found that three factors influence consumers' satisfaction level of the banks. These factors were found to be customer relation and service, staff competency and responsive and convenient banking.

Potluri and Zeleke (2009) investigated the influence of employees' competency to customer satisfaction in Ethiopian banking sector. The study asserted that competencies are observable behaviours, knowledge, skills, and abilities of marketing personnel to attract and retain customers by delivering quality service. The study found that competent frontline employees are invaluable assets for any organization's survival in the dynamic and competitive environment. The study recommended that in assessing the competency level of employees helps organizations to communicate desired behaviours, control costs and increase customer satisfaction.

Shanka (2012) studied the relationship between service quality, customer satisfaction and loyalty using five dimensions of SERVPERF model which are reliability, assurance, tangibility, empathy and responsiveness in private banks in Ethiopia. The study used correlation and multiple regressions to analyze data from a convenient sample of 260 respondents. The study shows that all service quality dimensions are positively correlated with customer satisfaction indicating quality banking service as a prerequisite for establishing and having satisfied customers.

Mboma (2006) studied the effects of ATMs on customers' satisfaction in Tanzanian banking sector by interviewing customers of three banks as a case study. The study established that ATM services enhance operations and customer satisfaction in terms of flexibility of time. Also they add value in terms of speedy handling of voluminous transactions which traditional services were unable to handle efficiently and expediently. However the level of satisfaction is reduced by technological and processing failures, the perception that the service delivery mode is expensive and insecure regarding stand-alone ATMs, which creates customer dissatisfaction.

Awan *et al.* (2011) investigated the service quality and its relationship to customer satisfaction among the customers of conventional banks and Islamic banks. They carried a survey using a modified SERVQUAL scale to 200 walk-in customers conveniently drawn. The study used regression analysis and identified five service quality dimensions namely; empathy, service architecture, convenience service encounter, employee service criteria, customer focus and five customer satisfaction dimensions: responsiveness, competency, safe transaction, competitive services and knowledge for the overall banking.

Joseph *et al*. (1999) investigated the role that technology plays in Australian banking and its impact on the delivery of perceived service quality. A sample of 440 electronic banking customers was taken and 300 useable questionnaires were analyzed. Using the Hemmasi importance-performance grid, results indicated that consumers have perceptual problems with some aspects of electronic banking. Haq and Muhammad (2012) compared public and private sector banks of Pakistan by evaluating their customer satisfaction. The study used questionnaires which were

distributed to 351 respondents. The study showed that customers' satisfaction varies according to the nature of services and in this case, highest customers' satisfaction is shown in such areas like price charged by banks which is nominal, convenient location of bank branches and staff attitude toward problem solving of customers. Moreover, when the private sector banks are compared with public sector banks, private bank customers were more satisfied with their bank because of their multiple branches at convenient locations and technology. The issue of customers' satisfaction and its determinants in banking institutions in Tanzania context has yet to be addressed in the literature. This study aimed to fill this gap with specific attention given to the factors influencing levels of customers' satisfaction in banking institution.

2.6 Conceptual Framework

The conceptual framework (Figure 2.1) describes the interrelationship between different actors, factors and operational guidelines for enhanced bank performance. The conceptual framework shows independent variables which upon fulfillment enhances the level of satisfaction (dependent variable). Independent variables comprise of timeliness, reliability, staff competence, staff attitude and look and feel perceived by customers. The interplay of these factors results into enhanced customers' satisfaction.

Independent Variables	Dependent Variables

tdd
Timeliness

Customer satisfaction

Reality

Staff competence
Staff competence

Staff attitude

Look and feel
Look and feel

Satisfaction

Determinants
Satisfaction
Determinants

- loyalty
- retention

- Retention

Positive word
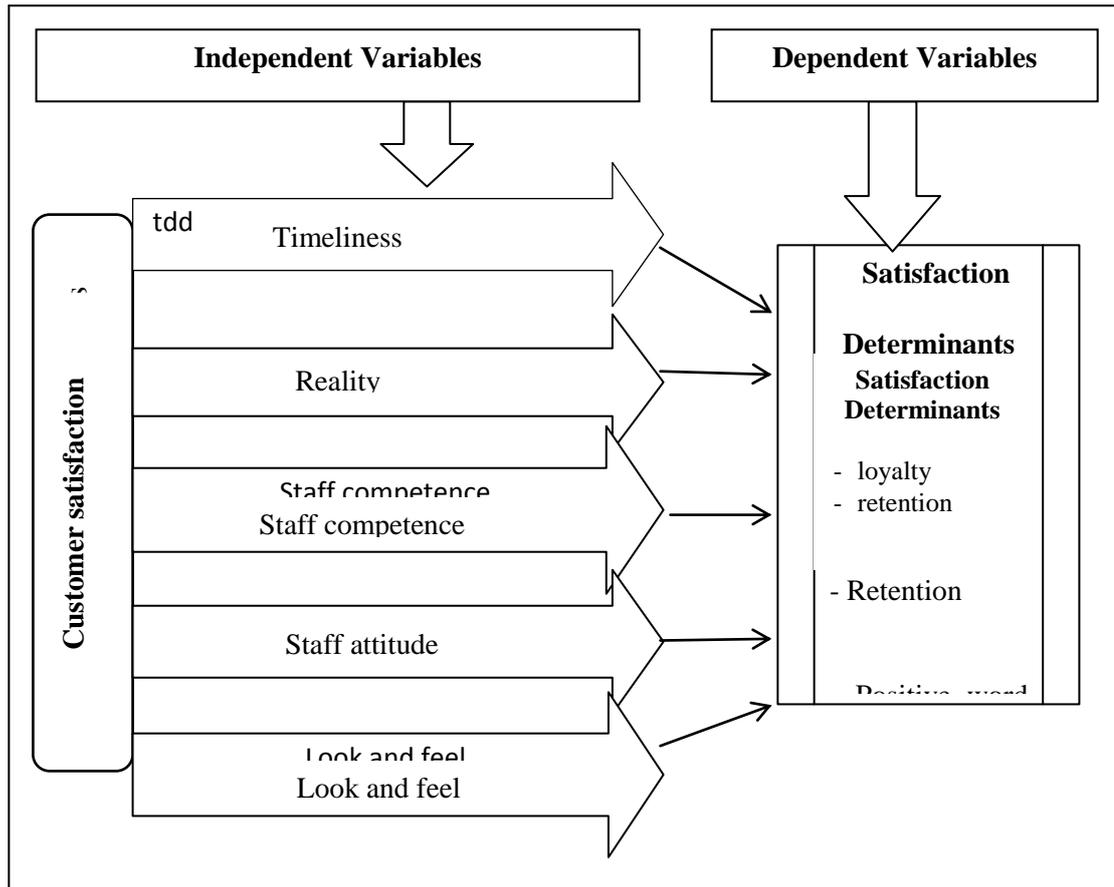
Figure 2.1: Conceptual Framework

CHAPTER THREE

3.0 MATERIALS AND METHODS

3.1 Introduction

The previous chapter discussed a review of literature. This chapter discusses the research design, study area, sampling and sample frame, type of data, data collection tools and technique, source of data and data analysis.

3.2 Research Design

Research design is the logic that links the data to be collected and conclusion to be drawn to the initial questions of the study (Yin, 2003). In this context case study research design was adopted. The case study research design allows investigators to retain the holistic and meaningful characteristics of real life events. Likewise, it allows the investigator to use various methods during the data collection (Yin, 2003). These reasons make the selection of the case study research design rather than other research design.

3.3 Study Area Description and Criteria for its Selection:

This study was conducted in Uchumi Commercial Bank which is found in Moshi Municipality in Kilimanjaro, Tanzania. Uchumi Commercial Bank was established in 2005 by the Evangelical Lutheran Church of Tanzania Northern Diocese (ELCT-ND). It was granted license by Bank of Tanzania (BOT) on 19th September, 2005 to operate as a regional unit bank that provides all normal commercial banking services in Northern Tanzania. It is licensed under the Banking and Financial Institutions Act 2006 and regulated by the Bank of Tanzania Act 2006. Its main focus is to work with organized grassroots economic groups that have hitherto been largely under-banked,

individuals employed in both public and private institutions and principally individuals running small and medium enterprises (SMEs) in Northern Tanzania.

The main shareholder of UCB is the Northern Diocese of the Evangelical Lutheran Church in Tanzania (ELCT-ND) based in Moshi Municipality. The bank has however extended ownership to individuals and other entities and currently has over 330 shareholders under ELCT-ND and sixteen stand-alone shareholders; most of these are ordinary Tanzanians. There was no special criterion of choosing this bank but I selected the bank because it was the only bank that gave me a quick response when I requested to get information from its customers. In a bank like this, I could get customers who are able to evaluate the services rendered to them. Thus selection of UCB reduces the biasness; therefore the results have represented banks with similar characteristics.

3.4. Study Population

Sample frame is a complete list of all the cases in the population from which the sample is drawn (Saunders *et al*, 2009). In this context the sample frame was all customers of UCB.

3.5 Sampling Techniques

3.5.1 Sample and Sample Size

In this study the sample size was considered to have detailed understanding of the study phenomena which provides lessons of experience to other banking institutions and interested stakeholders for learning. In this study the sample had the total of 55 respondents where 50 were customers 5 were key informants. Key informants

included operations manager, credit manager, marketing manager, head of ICT and general manager as presented in Table 3.1.

Table 3.1: Respondents Selected in the Study

Target group	Number of respondents	Percent (%)
Customers	50	91
Employees	5	9
Total	**55**	**100**

3.5.2 Sampling Procedures

Sampling techniques provide a range of methods that enable one to reduce the amount of data needed for a study by considering only data from a sub-group rather than all possible elements (Saunders *et al.*, 2009). In this respect convenient sampling was employed to explore the case. Since the study focus was on customer satisfaction in a banking sector I administered the questionnaire to customers of UCB who were arriving at the bank hall and use bank services. This technique was used since the bank was not ready to provide the list of their customers for security and confidentiality reasons. Key informants were purposively selected based on the positions they hold in relation to the study.

3.6 Data Collection

Data collection is the process of gathering and measuring information on variables of interest in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes (Dodge, 2003). In this study various types, sources and data collection tools were utilized.

3.6.1 Data Type and Source

For this study both primary and secondary data were collected in order to address objectives of the study.

3.6.1.1 Primary Data

Primary data refer to information obtained firsthand by the researcher on the variables of interest for the specific purpose of the study (Sekaran, 2003). In this study primary data collected included characteristics of the respondents and customers attitudes toward the bank services. These data were collected from employees and customers of UCB.

3.6.1.2 Secondary Data

Secondary data refer to information gathered from sources already existing (Sekaran, 2003). In this study secondary data such as services provided by the bank and targeted customers were used. They were collected through reviewing literatures from various sources such as journals, books, reports from UCB, internet and research publications from libraries.

3.6.2 Tools for Data Collection

In view to types of data collected under this study the following tools were used;

3.6.2.1 Interviews

Interviews involve presentation of oral-verbal stimuli and reply in terms of oral-verbal responses (Kothari, 2004). In this context both structured and unstructured interview were used. In-depth interviews were used to collect the qualitative data from 5 key informants. Also unstructured interviews were used to supplement the

structured interviews and questionnaire in cases where the respondent's feelings and perceptions were noted.

3.6.2.2 Questionnaire

A questionnaire is a pre formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives (Sekaran, 2003). Semi-structured questionnaire of closed and open ended questions was used to collect the quantitative data. To capture satisfaction of the respondents towards service delivery the questionnaire was constructed by using a modified SERVQUAL scale to operationalize the constructs. These include timeliness, reliability, staff competence, staff attitude, look and feel. The first part of the questionnaire intended to understand personal information of respondents using nominal scale. The second part consisted the perceptions of respondents regarding the constructs of the model using ordinal scale. All constructs were measured using multiple items by a five point Likert-type scale (1= very dissatisfied, 2= dissatisfied, 3= neutral, 4= satisfied, and 5= very satisfied) see Appendix 1.

3.7 Data Analysis

Data analysis is the process of gathering, sorting, organizing, and structuring data. The process involves the ordering and structuring of data to produce knowledge (Magigi, 2013). Data gathered during the field were analyzed according to their types. Analysis of quantitative data obtained from the field is presented in tables and figures, and this was after the compilation, coding and processing of numerical data that was facilitated by the use of Statistical Package for Social Sciences. Statistical (SPSS) tools employed in this study are frequency analysis and one way Analysis of

Variance (ANOVA). The reliability of the data was carried out by using Cronbach's alpha value. Frequency analysis indicated overall satisfaction levels of respondents with banking services while ANOVA was employed to find the significant factor which will determine the overall customer satisfaction (Singh 2013).

Content analysis was employed to analyze qualitative data and share the understanding and perception of others by discussing in detail phenomenon under the study (Berg & Lune, 2004). Specifically content analysis was employed to analyse qualitative data from the customers on service satisfaction and from the key informants. This was done by summarizing, categorizing, explicating and structuring the data collected (Bryman, 2009; Jenner, Flick, von Kardoff, & Steinke, 2004).

CHAPTER FOUR

4.0 STUDY FINDINGS AND DISCUSSION

4.1 Introduction

The previous chapter has discussed the methodology and tools used for assessing the evidence of the study phenomenon. This chapter discusses findings related to groups of customers and services provided by the bank, levels of customer satisfaction, factors influencing customers' satisfaction, implication of customers' satisfaction and challenges of customer satisfaction.

4.2 Group of Services and Customers Served by Uchumi Commercial Bank

4.2.1 Group of Customers Served by Uchumi Commercial Bank

Uchumi Commercial Bank provides friendly, professional and state of the art commercial banking services at its Moshi branch. Legal persons of all beliefs and occupations can be the UCB customers. These customers include; individuals, groups, community organizations; SACCOS/unions/associations; religious organizations; schools; trusts; NGO's, companies/corporations; local governments; village governments and projects can all benefit from a wide range of savings products, loans, fund transfer and technical advice provided by UCB. For more details on type of services served to customers are discussed in detail in section 4.2.2.

4.2.2 Group of Services Offered by Uchumi Commercial Bank

The study shows that, the bank provides a wide range of products including savings, loans, funds transfer, and technical advice. These are explained below in detail;

4.2.2.1 Savings Products

Savings Products with differentiated and attractive interest rates (4%per annum on normal savings and up to 6% per annum on fixed time deposits), include: ordinary savings, microfinance savings account, fixed deposit account, current account, elimu junior account and wosia/will account.

i) Ordinary Savings Account

This is the account for small savers which includes individuals, groups, SACCOS, institutions and companies. Is featured by; minimum amount required for opening an account is Tsh 10,000 and amount of balance can fluctuate due to additional deposits or withdrawals. Others features are; interest earning whose minimum balance is Tshs 50,000, calculated daily and electronically printed identification card issued to account holders. Customers' benefits are; much secured from burglars, pests, fire, loss of memory and death. On top of that, customers can deposit or withdraw frequently without notice. Likewise, interest income is earned from the savings, savings can be used as collateral/security for future loans, and unplanned expenditure is minimized.

ii) Microfinance Savings Account

The account is particularly suitable for micro, small and medium scale business, including groups and SACCOS. The main features of the account are; minimum amount required for opening an account is Tsh 10,000/= and the amount of balance can fluctuate due to additional deposits or withdrawals. Also interest earning minimum balance is Tsh 50,000/=, calculated daily and electronically printed Identification Card issued to account holders.

iii) Fixed Deposit Account (FDR)

Ideal for medium and large size business, also suitable for individuals, groups, SACCOS, institutions, projects, employees and other savers interested in fixed term deposit services. The FDR is characterized by; minimum amount required for opening an account is Tsh 100,000 and amount of balance in a fixed account. Others are; interest earned on entire balance for a full agreed period, electronically printed Fixed Deposit Receipt (FDR) issued to account holders. The main benefits from FDR are; savings are very secure from burglars, pests, fire, loss of memory and death and customers can withdraw entire amount at end of period or renew for a new period. Other benefits are, high interest income is earned from the savings, savings can be used as collateral/security for future UCB loans and unplanned expenditure is minimized.

iv) Current Accounts

Current accounts are particularly suitable for exporters and importers; they are also useful to travelers and other individuals sensitive to exchange rate fluctuations. The current accounts are featured by; minimum amount required for opening an account is Tsh 100,000/= and amount of balance can fluctuate due to additional deposits or withdrawals. Other features are; the account can be allowed to overdraw. Additionally electronically printed identification cards are issued to account holders. Likewise, benefits from this account are; savings are very secure from burglars, pests, fire, loss of memory and death and can deposit or withdraw frequently without notice and savings can be used as collateral/security for future loans. Also, unplanned expenditure is minimized and a stylish UCB Card, which can serve as an

Identity elsewhere, is issued.

v) Junior Account

This account is designed special for children through parents/guardians, whereby they save for their children.

vi) Wosia/Will Account

The account is designed for anyone desiring to leave funds for specified beneficiaries.

4.2.2.2 Loans

Loan products timely obtained with soft terms (lending rate of 1.5% per month and repaid in convenient installments): these include *Kilimo* loans for individual farmers, groups, SACCO, *Mtaji* loans - for multipurpose uses by small traders, salaries loans - for employees in all sectors and General Loans - for individuals, general business clients.

i) Kilimo Loans

These loans are provided to farmers who operate a savings account for farm activities and repay the loan using farm proceeds. They are closely organized by local self-help groups, SACCOS or other forms of groups. These loans are characterized by; credit needs depend on farm activities, savings accepted as collateral and group guarantee required for small individuals. The *kilimo* loans are disbursement according to seasonal needs, repayment terms based on harvest season and financing the entire production cycle, including provident needs.

ii) Mtaji Loans

These are suitable for small saving traders who operate a savings account in form of Microfinance Savings Account. Traders accumulate small amounts of deposits in their account, which they use to operate and repay UCB business loans, specifically targeting microfinance activities. Mtaji loans is characterized by needs built from actual business requirements and savings used as collateral. In this context, loans amount according to needs, flexible repayment terms and reasonable interest rates.

iii) Salaries Loans

Ideal for employees in various sectors, private companies, all ELCT-ND parishes, institutions, SACCOS, and projects, as long as they have accounts at UCB. These loans base on individual or group agreement with UCB, endorsed by employer, and loan deductions effected through check-off system and also the maximum loan amount depends on the basic salary plus other income if any. Customers get their loans through their salary account, and also enjoy very convenient repayment terms and reasonable interest rate.

iv) General Loans

Suitable for businesses and individuals who can meet conventional business lending terms. The minimum loan amount is one million shillings and the acceptable collateral/security is required. The repayment terms are flexible according to business needs and also the interest rate is negotiable.

4.2.2.3 Funds Transfer

The fund transfer services are provided speedily and at low cost. UCB can reach customers deep down at parish/village level. Funds transfer is grouped in to two

groups; inward transfer - for individuals, groups, Institutions, Parishes, NGOs among others and outward transfer - for individuals, groups, Institutions, Parishes, NGOs among others.

4.2.2.4 Technical Advice

UCB provides the technical advices to customers when the need arises. Examples of technical advices provided to customers include; using Automatic Teller Machine (ATM), business management, loans repayment and opening of accounts.

4.3 Level of Customer Satisfaction

4.3.1 Reliability and Validity of the Measuring Instrument

In measuring customer satisfaction levels, five parameters were used; timeliness (ability to deliver service timely), reliability (performance of service facilities, goods, and staff), staff competence (skills, expertise and professionalism with which the service is executed), staff attitude (politeness and friendliness) and look and feel (appearance, comfort of environment, facilities and staff). In each parameter constructs were developed as attached in (Appendix 1) to measure the level of customer satisfaction using one sample T-test, independent sample T-test and one way ANOVA.

To test the internal consistent of the measuring instrument (Likert scale), a Cronbach's alpha test was applied. The reliability of the construct in each parameter was ensured using Cronbach's alpha coefficient which had a total score of 0.772 which according to George and Mallery (2003) the observed coefficient is within the acceptable range.

Cronbach's alpha reliability coefficient normally ranges between 0 and 1. The closer the coefficient is to 1.0, the greater is the internal consistency of the items (variables) in the scale. Cronbach's alpha coefficient increases either as the number of items (variables) increase, or as the average inter-item correlations increase (i.e. when number of items is held constant. The output is interpreted based on the rule of George and Mallery (2003) : >0.9 (excellent), >0.8 (Good), >0.7 (Acceptable), >0.6 (Questionable), >0.5 (Poor), and <0.5 (Unacceptable). See Table 4.1.

Table 4.1: Reliability Test of Measuring Internal Consistent of the Variables

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N0. of Items
0.772	0.772	5

The average mean scores of constructs in each parameter are presented in Table 4.2 which all fall above the midpoint of the Likert scale items for 5 point scale. The maximum mean score was 3.76 and the minimum was 3.4.

Table 4.2: Mean and Standard Deviation for Satisfaction Parameter Measured

Parameter	Mean	Std. Deviation	N
Timeliness (*Ability to deliver service timely*)	3.7600	.38119	50
Reliability (*Performance of service facilities, goods, and staff*)	3.3540	.62994	50
Staff competence (*Skills, expertise and professionalism with which the service is executed*)	3.5480	.51715	50
Staff attitude (*politeness and friendliness*)	3.6700	.44043	50
Look and feel (*Appearance, comfort of environment, facilities and staff*)	3.4000	.76772	50

4.3.2 Level of Customer Satisfaction

4.3.2.1 One Sample T-test

In carrying out one sample T-test a normal satisfaction level mean score of 3.0 as an acceptable score for 5 point Likert Scale values was set as a Test value. It has been observed that the overall mean satisfaction level score of 3.5374 was higher than the normal population well-being score 3.0. Thus, one sample T-test result confirms that the level of satisfaction is significantly higher than the test value of 3.0 with a *p* value of 0.000. See Table 4.3 and 4.4.

Table 4.3: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Customer satisfaction	50	3.5374	.39785	.05626

Table 4.4: One - Sample Test Results

	Test Value = 3.0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Customer satisfaction	9.551	49	.000	.53740	.4243	.6505

4.3.2.2 Independent Sample Test

In order to determine whether there was a significant difference in satisfaction levels among men and women customers and customers who had attained secondary and tertiary education levels, the two independent sample T-test was conducted.

4.3.2.3 Independent Sample Test for Age Group of Customers

The group statistics show that males were 23 and females were 27 with a mean difference of (3.6550 ± 1.31482 and 3.4377 ± 1.38486) respectively (Table 4.5). Test results indicate the F-value of 1.831 and a *p*-value of 0.774 which is above 0.05. This implies that there is no significant difference between perceived levels of satisfaction among the two groups. This is presented in Table 4.5 and 4.6.

Table 4.5: Group Statistics for Independent Sample T-Test

	gender	N	Mean	Std. Deviation	Std. Error Mean
Customer	male	23	3.7630	.30379	.06334
satisfaction	female	27	3.3452	.36988	.07118

Table 4.6: Independent Sample T-Test Results

		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
Customer satisfaction	Equal variances assumed	1.831	.182	4.316	48	.000	.41786	.09681	.22321	.61251
	Equal variances not assumed			4.385	47.948	.000	.41786	.09529	.22627	.60945

4.3.2.4 Independent Samples Test for levels of education

The group statistics show that customers who had secondary education were 2 and

those with tertiary education were 40 with a mean difference of (3.6400 ± 0.0000

and 3.5580 ± 0.39716) respectively (Table 4.7). Test results in Table 4.7 and 4.8

indicate the F-value of 2.935 and a *p*-value of 0.774 which is above 0.05. This

implies that there is no significant difference between perceived levels of satisfaction

among the two groups.

Table 4.7: Group Statistics for Education Levels

	Education level	N	Mean	Std. Deviation	Std. Error Mean
Customer satisfaction	Secondary	2	3.6400	.00000	.00000
	Tertiary	40	3.5580	.39716	.06280

Table 4.8: Independent Sample T-Test Results for Education Level Groups

		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
Customer satisfaction	Equal variances assumed	2.935	.094	.289	40	.774	.08200	.28415	-.49229	.65629
	Equal variances not assumed			1.306	39.000	.199	.08200	.06280	-.04502	.20902

4.3.2.5 One Way ANOVA Test Among Customers with Different Age Groups

This was a further analysis to determine whether there is significant difference between the satisfaction levels among customers with different age groups and customers with different occupations at UCB. The satisfaction levels among customers with different age groups the one way ANOVA Test results show that, the F-value was 3.661and p-value was 0.033. This implies that at 47 degree of freedom, there was significant difference in satisfaction levels among customers with different age groups. This is presented in Table 4.9.

Table 4.9: One way ANOVA Test results for Customer Satisfaction Levels

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.045	2	.523	3.661	.033
Within Groups	6.710	47	.143		
Total	7.756	49			

Table 4.10: Post hoc Analysis for Customer Satisfaction between Customers Age: Groups

(I) age	(J) age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
21-30	41-50	-.37646[*]	.14209	.029	-.7203	-.0326
	31-40	-.21556	.18361	.474	-.6599	.2288
41-50	21-30	.37646[*]	.14209	.029	.0326	.7203
	31-40	.16091	.14891	.531	-.1995	.5213
31-40	21-30	.21556	.18361	.474	-.2288	.6599
	41-50	-.16091	.14891	.531	-.5213	.1995

*The mean difference is significant at the 0.05 level.

To determine the difference in satisfaction levels among customers, a post hoc analysis for multiple comparisons was undertaken. The results revealed that the

significant difference exists to customers aged 41-50 years with a mean difference of -0.37646* and customers aged 21-30 with a mean difference of 0.37646*. See Table 4.10.

4.3.2.6 One way ANOVA Test Among Customers with Different Age Groups

The satisfaction levels among customers with different professions the one way ANOVA Test results show that, the F-value was 0.671 and *p*-value was 0.576. This implies that at 47 degree of freedom, there was no significant difference in satisfaction levels among customers with different professions. This is shown in Table 4.11.

Table 4.11: One Way ANOVA Test results for Customers Satisfaction

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.311	3	.104	.671	.576
Within Groups	4.940	32	.154		
Total	5.251	35			

4.4 Factors Influencing Customers Satisfaction

Customer satisfaction has been defined earlier in this study as a person's overall feelings of pleasure or disappointment that comes about as a result of comparing a particular product's perceived performance. This study has directed much of its effort towards finding factors influencing customers' satisfaction in UCB. Among the factors revealed from customers' point of view are; loan services (33%), savings (29%), ATM services (13%), quality customer care (12%), group lending through SACCOS (4%), quick cheque/cash transactions (4%) and shares (4%) as presented in figure 4.1.

From the findings, customers in UCB wanted more to a product than just a loan. Customers were more interested in how flexible a loan needs to be and not only its accessibility, how much was involved and its associated interest rate. They also wanted more innovative way of service provision like ATM services that will excite and satisfy their needs and improved customer care services as presented in Figure 4.1.
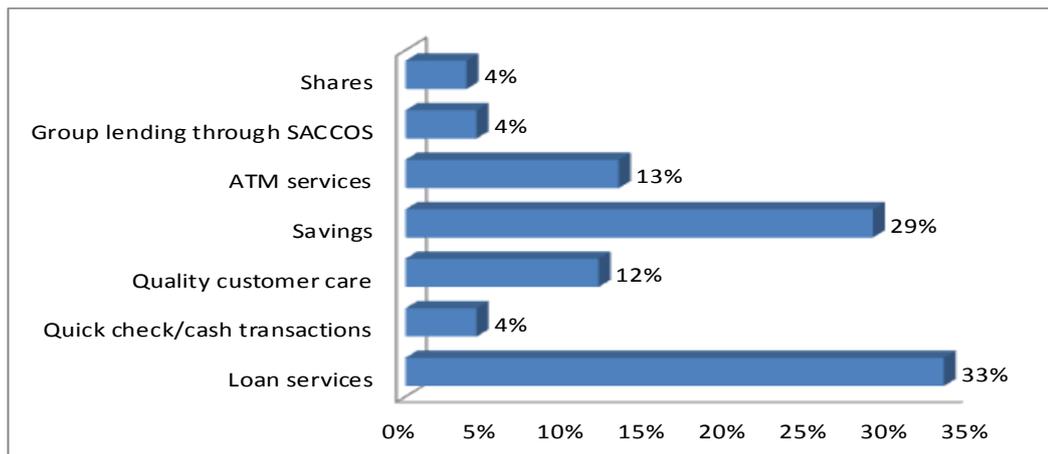
Figure 4.1: Services Preferred by Customers at Uchumi Commercial Bank

Efforts of Uchumi Commercial Bank towards Enhancing Customer Satisfaction and Retention. Towards enhancing quality service provision, satisfying, and retaining customers, various measures have been proposed by customers as presented in Figure 4.2. In view to the measures proposed, 22% of the customers emphasized that education provision to customers can be useful towards enhancing customer satisfaction and retention. Training should focus on variety of products offered by the bank and how customers can properly use the loans for their benefits such as consumer loans and productive loans.

Listening to customers demand and provide timely solutions is among the measures proposed by interviewed customers. Since banking business is a highly competitive

sector, then timely provision of services is among the innovative ways to attract and retain customers. This finding is in line with Kotler (1997) who asserted that the cost of finding a new customer is five times as much as the cost of making the existing happy. Thus, it is imperative to try as much as possible to retain customers for the better performance of the bank. With the emergence of foreign banks, UCB needs to improve its service quality by providing more experienced employees to serve the customers in the operations as perceived by 21% of interviewed customers. Other customers (16%) were of the opinion that bank employees may visit customers regularly particularly those who take large loans to make follow up whether the loan are used as proposed as shown in Figure 4.2. Increasing number of ATMs in areas where UCB does not have a branch can be useful to satisfy and retain customers. Thus, through these efforts UCB can adequately satisfy and retain its customers and survive in the current competitive financial service market.
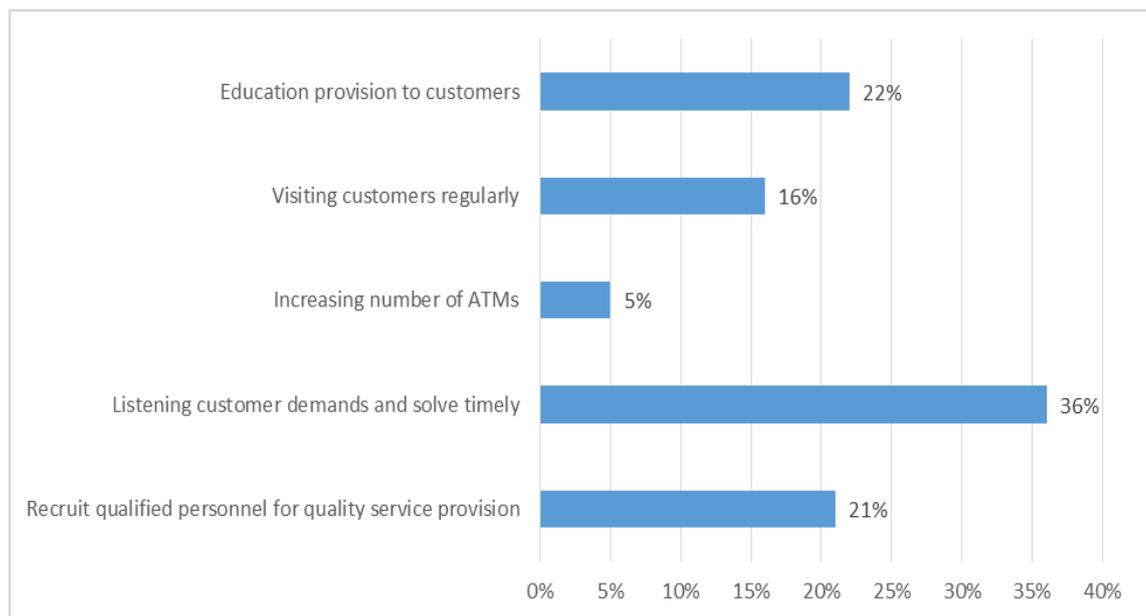

Figure 4.2: Efforts Undertaken by UCB towards Enhancing Customer Satisfaction and Retention

4.5 Implication of Customers' Satisfaction

In the banking sector it is vital to note that customer satisfaction relates directly to service quality as documented by Kotler (1997) who emphasized that, "the cost of keeping a new customer is estimated to be five times the cost of keeping a customer happy". In this regard, Kotler (1997) asserts that customer satisfaction relates to person's overall feelings of pleasure or disappointment that comes about as a result of comparing a particular product's perceived performance.

From the findings several benefits have been revealed for the bank with regard to customer satisfaction. The satisfied customers are likely to convince other prospective customers to join the bank including their friends, relatives and fellow workers as indicated by 38% of the interviewed customers. This finding reflects the fact put forward by other commentators in the field of customer satisfaction research such as Harris (2007) who pointed out that satisfied customers are likely to bring in other customers.

Customer satisfaction builds loyalty and thus creates friendlier environment for customers and workers interaction which then result into trust as revealed by 12% of the customers. This observation is in line with the findings of Panda (2003) who affirms that, success of a service provider depends on the high quality relationship with customers which determines customer satisfaction and loyalty. Furthermore, service quality and customer satisfaction have been found to be related to customer loyalty through repurchase intentions as perceived by 19% of the interviewed customers. Thus it can be comprehended that delivering quality service to customers is a must for a success and survival in today's competitive banking. It has to be noted

that loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations (Teich, 1997).

Thus customer loyalty portrays itself in the sense that, the degree to which a customer exhibits repeats purchasing behavior from a service provider, possesses a positive attitudinal disposition towards the provider, and considers using only this provider when a need for this service exists. In todays' banking business customers are more educated and knowledgeable; their demand is also on an increasing trend. In order to stay in the business, banks need to improvise their customer service campaign. Loyalty program can be used as one of the tools to retain customer. Retaining customers creates more capital pool as most of them are likely to buy shares and become part of the owners of the bank. The benefits of satisfying customers are shown in Figure 4.3.
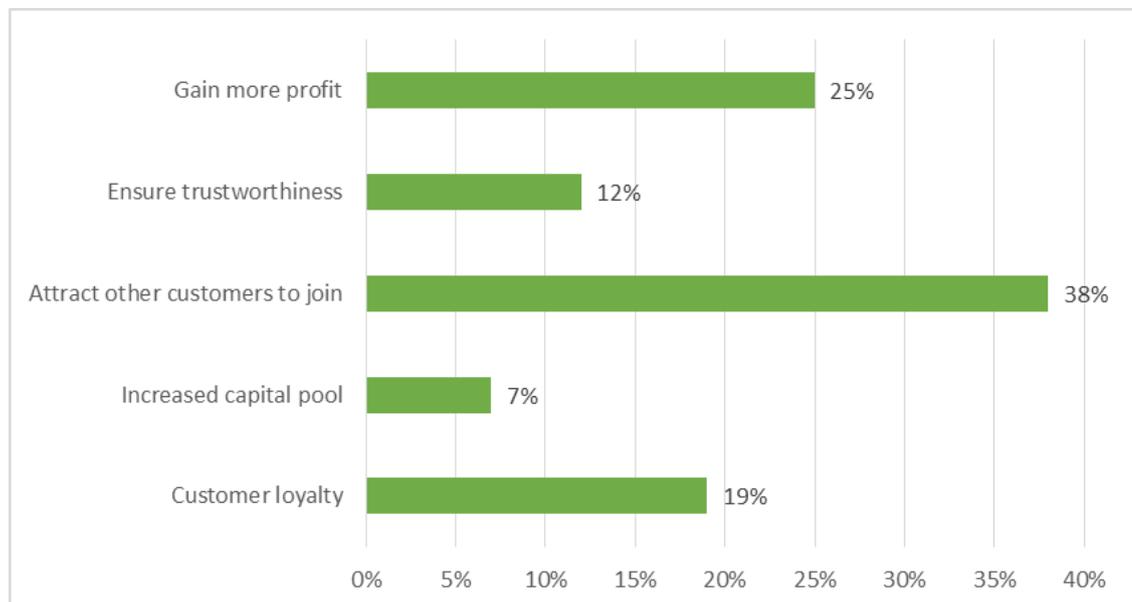

Figure 4.3: Benefits for Customers Satisfaction in the Bank Performance

This study has shown that customer satisfaction influences organizational outcome such as performance superiority and increasing sales profit as revealed by 25% of the interviewed customers.

4.6 Challenges Affecting Customers' Satisfaction and Retention in Uchumi Commercial Bank

4.6.1 Challenges

The banking sector around the world and in Tanzania particularly has faced number of challenges. A number of challenges that have been revealed from the customers' perception include; increased competition in the banking sector (32%), inadequate number of branches in other areas (31%), staff turnover (23%), emergence of mobile phone money transfer services (5%), and the use of outdated technology (9%). Increased competition in the banking sector has been revealed to be the leading challenge in the sector in Tanzania. A number of branches of commercial banks have been opened recently in 2012 and 2013 in Moshi Municipality. This depicts the increased competition in the sector. Among the branches are Azania Bank, Mwanga Community Bank and Commercial Bank of Africa.

Inadequate number of branches is a challenge to UCB and based on this, it cannot afford to expand to other areas and tape the opportunities existing outside Moshi Municipality. Apart from having single branch, emergence of mobile phone money transfer services has jeopardized the banking sector where people now save and transfer their money through mobile phone network as revealed by 5% of the interviewed customers. The question is how banks can adopt innovative ways to

integrate their business in line with rapid change in technology particularly information communication technology. The increase in branches of commercial banks in Moshi Municipality and other areas has resulted into staff turnover where employees want to be employed in banks that provide more remuneration and attractive work conditions. The interviewed customers (23%) revealed that, UCB experiences staff turnover due to lack of attractive remuneration and attractive working condition as compared to other banks of similar nature. Figure 4.4 presents challenges affecting customer satisfaction and retention in UCB.
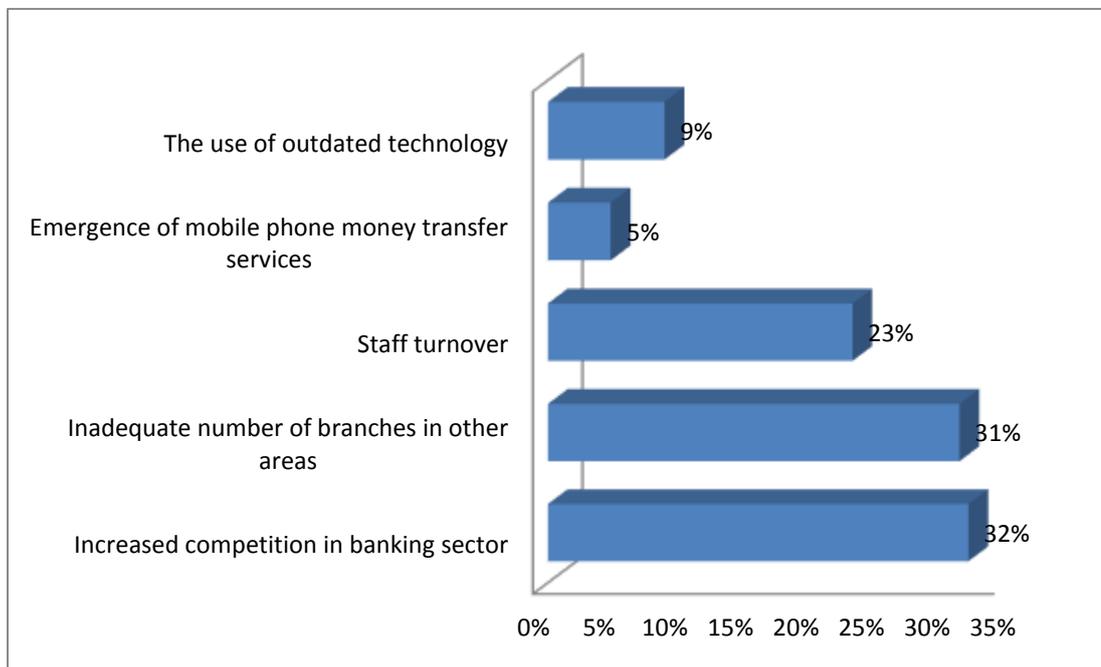

Figure 4.4 Challenges Affecting Customer Satisfaction and Retention in Uchumi Bank

4.6.1 Proposed Solutions to the Challenges

The proposed solutions are in accordance with the customer views resulting from the interviews conducted. Measures have been proposed to be undertaken for service provision improvement. Among the propositions are; opening more branches in

Tanzania to facilitate service outreach and customer satisfaction as proposed by 28% of the interviewed customers (Table 4.12). Increasing number of employees was proposed by 19% of customers who suggested that it is important to employ more customers since customers complained that workers were not enough to serve the increasing number of customers. Among the departments that need more employees are credit officers and customer care service.

There is a challenge of power cut-off, customers have proposed for the bank to buy a generator for alternative power source when electricity cut-off to avoid disturbance to customers and unnecessarily service failures. There are areas of weaknesses that require employing or hiring specialists or consultants to improve the working condition. These services include more innovative loan products that reach every segment of the community.

Table 4.12: Proposed Solutions to the Challenges Facing Uchumi Commercial Bank:

Proposed solutions to the challenges	Percent
Proper screening before loan provision to avoid delinquency	9%
Increasing number of employees	19%
To have a generator for alternative power sources	13%
Opening more branches in Tanzania	28%
Employ specialists in areas of weakness	15%
Improving working condition	10%
Increasing capital for service expansion and coverage	5%
Total	**100%**

Improving working conditions was proposed among the measures to address the challenges and enhance customer satisfaction and retention. In this regard, it can be traced that customer satisfaction is related to working condition of employees who directly work with the customers. Thus providing conducive working facilities may enhance proper service provision and hence improved customer satisfaction and retention. Proposed solutions for challenges facing UCB are shown in Table 4.12.

CHAPTER FIVE

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The previous chapter has discussed the findings of the study; this chapter provides conclusion and recommendations based on the set objectives.

5.2 Conclusion

Uchumi Commercial Bank offers a variety of services to its customers. It has been revealed that these services include savings account, loans account, *wosia*/will account and *Utumishi Usio Koma* Account. These services are provided in a friendly, professional and state of the art commercial banking services. The quality of services provides the basis for customer satisfaction levels. The potential customers of the bank include; workers in formal and informal sectors, institutions such as SACCOS, farmers, and business organizations.

The level of customer satisfaction in UCB was measured using service quality dimensions and attributes of customer satisfaction as presented in conceptual framework in figure 2.1. The study revealed that customer satisfaction in UCB is at satisfactory level as affirmed by test results in one sample T-test, independent sample T-test and One Way ANOVA. Different factors have been revealed to contribute to customer satisfaction levels significantly including; timeliness (ability to deliver service timely), reliability (performance of service facilities, goods, and staff), staff competence (skills, expertise and professionalism with which the service is executed), staff attitude (politeness and friendliness), look and feel (appearance, comfort of environment, facilities and staff). Similarly, the test results show that

there is no significant difference between perception of different groups in terms of customer satisfaction as determined by one way ANOVA test results and post-hoc analysis.

This study has provided insight into the effect of service offered by the bank on overall customer satisfaction. It gives evidence that the provision of service that meets customers' needs it is an important factor that could influence their satisfaction with banking services. This study, also, increases existing knowledge on the issue of customer satisfaction with banking service in Tanzania particularly with small banks, which has not received much attention in the literature.

5.3 Recommendations

On the basis of the findings of this study, the followings recommendations would help to improve satisfaction and retention of employees and customers in Micro Finance Institutions:

   i)   There is a need to increase coverage of the banking services through opening branches in other areas and increase advertisement of the services to reach majority customers who are in need of banking services.

   ii) Emphasis need to be placed on improving reliability (*Performance of service facilities, goods, and staff*) of services provision facilities particularly coverage of Automatic Teller Machines in areas where there are no branches.

   iii) Applications of modern technology can help improve service excellence, by improving operating processes and helping to gain and collate more

information for the customers' satisfaction and improve service delivery to customers and maintain customer satisfaction levels.

iv) Areas for further research are recommended in aspects related to building competitive advantage over other banking institutions to strengthen satisfaction of customers in banking institutions.

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APPENDICES

Appendix I: Questionnaire to Customers:

QUESTIONNAIRE FOR UCHUMI COMMERCIAL BANK CUSTOMERS:

The purpose of this questionnaire is to collect data from Uchumi commercial bank customers in Moshi that will be used for academic purpose only. This data will not be shared for any other purpose and will be confidentially treated. May you please provide your time and cooperation to give valuable data.

A: Respondent's Characteristics

1. Gender i. Male ( )   ii. Female ( )

2. Age i. below 20 ( )   ii. 21-30 ( ) iii. 31-40 ( ) iv. 41-50 ( )

   v. 51-60 ( ) vi. 61+ ( )

3. Education level. i. primary ( ) ii. Secondary ( ) iii. tertiary ( )

4. Occupation i. Peasant ( ) ii. Civil servant ( ) iii. Business man/woman iv. Self-employed v. others (specify) …………………….

5. How satisfied are you with the service provided by Uchumi commercial Bank?

   i) Very dissatisfied

   ii) Dissatisfied

   iii) Neither satisfied nor dissatisfied

   iv) Satisfied

   v) Very satisfied

B: Indicate your level of satisfaction with regard to the following service satisfaction indicators

6. Timeliness - Ability to deliver service timely:

	Very Dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied
Staff provides the services at the time they					
Staff consistently respond within promised					
Staff responds promptly to customers' requests					
Staffs responds minimal waiting and queuing time					

7. Reliability – Performance of service facilities, goods, and staff:

	Very Dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied
Staffs consistently perform their services					
Staffs show sincere interest in solving					
consistency of performance of services facilities (ATM)					
Staff are consistency in performing their duties					

8. Staff competence - Skills, expertise and professionalism with which the service is executed

	Very Dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied
Staff are correct in providing instructions to					
Staff provides sound advice to customers					
Staff's apparent commitment and carefulness to their work					
staff's ability to do a good job					

9. Staff attitude - politeness and friendliness:

	Very Dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied
The politeness, respect and propriety shown by customer care services providers					
Personal approachability and cheerful of customer care services providers					
The concern, considerations and patience shown to the customer					
The extent to which the staff provides help to the customers and willingness to serve					

10. Look and feel - Appearance, comfort of environment, facilities and staff:

	Very Dissatisfied	Dissatisfied	Neither satisfied nor dissatisfied	Satisfied	Very satisfied
The clean and tidy appearance of the service environment and staff					
The physical comfort of the service facilities (like ATMs)					
The personal safety and confidentiality while receiving the service					
Ease of obtaining product or services					
The degree to which customers perceive the product or service as worth the expense					

11. What factors influence your satisfaction with banking services in this bank?

   i.   ………………………………………………………………..

   ii.   ………………………………………………………………..

   iii.   ……………………………………………………………….

   iv.   ……………………………………………………………….

12. If you are not satisfied with the banking services, what are the reasons for your

   dissatisfaction?

   i.   …………………………………………………………………

   ii.   ………………………………………………………………..

   iii.   …………………………………………………………………

   iv.   …………………………………………………………………

13. What are the efforts of Uchumi bank towards ensuring customer satisfaction and

   retention?

i.   ………………………………………………………………

ii.   ………………………………………………………………

iii.   ………………………………………………………………

iv.   ………………………………………………………………

14. What do you think are the challenges towards ensuring customer satisfaction

   and retention?

   i.   ………………………………………………………………..

   ii.   ………………………………………………………………..

   iii.   ………………………………………………………………

   iv.   ………………………………………………………………..

15. How can these challenges be dealt with by the bank to enhance customer satisfaction and retention for the performance of Uchumi bank?

   i. …………………………………………………………………………

   ii. ………………………………………………………………………

   iii. ………………………………………………………………………

   iv. ………………………………………………………………………

Appendix II: Data Table Matrix

Research objective	Research question	Types of data collected	Source of data	Methods for data collection
To identify groups of customers and services provided by the bank	Which groups of customers and services are provided by the bank?	- Groups of customers - Savings products - Loans products	-Employees	-Documentary review -Interview
To measure satisfaction levels of customers	What is the satisfaction level of customers?	- Perceptions on timeliness, reliability, staff competence and staff altitude, and look and feel. - Factors for customer satisfaction - Efforts done by management in ensuring customer satisfaction -Challenges in ensuring customer satisfaction - Proposed solutions in ensuring	- Employee -Customers	-Interview -Documentary review