

Service Quality and Customer Satisfaction in Selected Banks in Rwanda

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Abstract

This study was set to determine the relationship between service quality and customer satisfaction in Banque Populaire du Rwanda, Kigali branches. It was based on both descriptive and cross-sectional survey designs. A self-administered questionnaire was used to collect primary data from 498 customers, using convenient sampling technique. Data were analyzed using SPSS's frequencies and percentages, means, and Pearson's Linear Correlation Coefficient.

The study was based on five research objectives: (a) to determine the profile of respondents in terms of gender, type of account, educational qualification and banking experience, (b) to determine the level of service quality in BPR, (c) to determine the level of customer satisfaction among BPR customers (d) to determine relationship between service quality and customers' satisfaction in BPR and (e) to recommend strategies enhance customer satisfaction basing on the study findings.

The findings revealed that majority of the respondents were female, over three equators with current type of account, over half of the respondents had no professional education qualification and majority of the respondents had been customers for BPR for relatively a long period of time that is from three years and above. It went ahead to revealed that both the level of service quality and customer satisfaction was at mean ≈ 3 (high level). The findings from PLCC showed a significant and positive relationship between service quality and customer satisfaction while comparing dimension like customer loyalty with reliability, responsiveness and assurance. On the other hand, comparison based on positive word of mouth with service quality sub-variables like Reliability, Assurance, tangibles, empathy and responsiveness, revealed that there was no significant relationship between the variables.

The researcher recommended that if BPR is to improve on service it offers to her customers to ensure their satisfaction, BPR staff should: (a) maintains on error-free records service, (b) handle customer problems in constant manner, (c) be willing to solve customer problems promptly and (d) understand specific needs of individual customers.

Keywords: Service quality; Customer satisfaction; Bank

The Problem and Its Scope

Background of the study

Nowadays, the incredible growth of the globalization and especially liberalization of banking services, are changing the way banks conduct business with customers who are increasingly expecting higher quality of services, becoming time saver and wanting more conveniences. However, due to services intangibility, inseparability, heterogeneity and perishability of production and consumption, service quality becomes hard to evaluate. This is a critical area where private sector in particular, banks should focus on and thus, catches up the level of customer satisfaction. In the survey report done 2009 by Institute of Policy Analysis and Research (IPAR) showing the level of customer care in Rwanda, banking sector was ranked to 50% of the overall service perception compared to customer expectations. The foremost findings were: first, customer service seen was ranked as the worst in the region; secondly, there is relationship between service quality; staff skills and lack of competition. These are areas where more improvement is needed (IPAR, 2009). To take this issue seriously, the government policy focused on by prioritizing it with particular importance. As said by the President of the Republic in his speech starting the year 2009, "Customer service remains highly problematic in private, public and civil society domains, something that is most certainly going to preoccupy us in the coming days, months and years. We can no longer accept a culture of mediocrity either from Rwandan business and government institutions that give poor services, or Rwandan customers who quietly accept substandard 'customer care', if I can call it that" (Ibidem).

For BPR organization under study, shifted in 2008 from a cooperative bank to be a commercial bank. It has been using manual

system with which customers were never happy. However, even if it moved to computerized and networked system, still it has faced a number of challenges due to experienced competitors in the industry that were tapping at the door at that time. Among issues that are facing BPR, there are: (1) long queuing lines ahead of BPR tellers; (2) it takes days to get transfers matured (e.g., salaries, etc., from other banks) deposited on customers' accounts, consequently many customers' complaints; (3) Some branches are still using bank books; means money can only be withdrawn by the account owner, yet the practice of using cheques and ATM is only for few branches.

On the other hand, more efforts have been put in place. Along with them we can enumerate: (1) BPR system has been networked where identification of account's owner can be viewed by any branch staff that has the right. The result is that customers can withdraw cash wherever there is BPR teller. (2) Advertises and awareness mechanisms have been multiplied to disclose about new products and services introduced including ATM service. (3) The convenience issue has been minimized by increasing the number of outlets and sub-branches to facilitate

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customers to access their bank without problem of long distance; and working hours to continue serving customers within weekend and night hours.

BPR is now extended countrywide but five BPR branches are subjects in this research. They are based in urban area Kigali town where competition is too tough. The fear of competition is due to many factors among them includes the quality of its service. So to focus our case study on five BPR branches in Kigali is not a random choice without reasons on support.

Statement of the problem

Despite the efforts provided by BPR to improve its service, there is still evidence of challenges on quality of the service which leads to customer satisfaction once played down by maintaining customers who are loyal to the bank and who can positively recommend it to associates. Anderson, Fornell, and Lehmann stated that global perceptions of service quality exert a strong influence on global perceptions of customer satisfaction with the firm that finally is made by customer loyalty and positive word of mouth communication. The matter has been evaluated particularly in terms of commercial banking sector where competition has knocked at the door as mentioned before. Based on the discussion above, the aim of this study is to examine how service quality would impact so to improve the level of satisfaction of BPR customers.

Purpose of the study

The purpose of this study was to determine the relationship between service quality and customers satisfaction BPR.

Research objectives general objective

To determine the effectiveness of service quality on customer satisfaction in Banque Populaire du Rwanda

Specific objectives

The study was guided by the following specific objectives

1. To determine the respondent's profile in terms of gender, type of account, education background and banking experience
2. To determine the level of service quality in BPR
3. To determine the level of customer satisfaction in BPR.
4. To determine the relationship between service quality and customers' satisfaction in BPR;
5. To establish strategies to enhance customer satisfaction in BPR based on the findings of the study.

Research questions

The study was guided by the following research questions:

1. What are the respondent's profile in terms of gender, type of account, education background and banking experience?
2. What is the level of service quality in BPR?
3. What is the level of customer satisfaction in BPR
4. What is the relationship between service quality and customer satisfaction in BPR?
5. What are strategies to put in place in order to enhance customer satisfaction in BPR?

Hypothesis of the study

The study was guided by the following hypothesis "there is no significant relationship between service quality and customer satisfaction in BPR".

Scope of the study

Geographically: The study was conducted in the five out of the eighteen branches of BPR namely: Main branch, Muhima, Remera, Nyamirambo, and BPF (for women) and it basically employed BPR customers.

Theoretical scope: The study was guided by the Service Quality model developed by Christian Gronross in 1984, which looks at service quality being determined by the differences between customers' expectations of the service provider's performance and their evaluation of the services they received.

Time scope: The study on service quality and customer satisfaction was conducted between January 2011–September 2011 and it covered a historical period that ranges from 2001 up to date.

Content scope: The study specifically looked at the respondents' profile, the level of service quality, the level of customer satisfaction, the relationship between service quality and customer satisfaction, and recommended strategies to enhance customer satisfaction in BPR.

Significance of the study

The findings of the study are likely to assist service providers (commercial banks) to identify service quality dimensions that most predict customers' satisfaction, in order to concentrate on them according to their degree of importance. Thus, the present study helped bank managers to better understand how to hold loyal customers by satisfying their overall needs with expectation that they will advocate for the bank, and hold their trust upon the bank which results good profit, and enhances reputation as well.

The findings from this study are likely also to be used as references for further research work by anyone who might be interested in this area of study. The study are likely to contribute academically towards future research by leveling the sensitivity of different attributes of service quality on the customer satisfaction and providing strategies to be put in place in order to meet customers' needs in terms of satisfaction.

The findings of this study are likely to assist policy makers in different Banks including BPR its self, government and general public. They are likely to use it while reviewing and Drafting policies that often act as guidelines on the approach that they always consider to ensure customer satisfaction.

Finally the study is likely to help customers to express their feelings and perceived position on the way banks are delivering services, with expectation to receive improved service quality. The consideration that banks will give to findings from this study is taken by customers as a potential upgrading of perceived service.

Operational definitions of key terms

Service means a non-object that performances cannot be seen, felt, tasted, or touched before an exchange agreement is concluded. The service performance is vary and cannot be stored or reserved for the next use. Service cannot be separated from provider; it needs the interaction directly between provider and consumer.

Service quality means a form of an attitude, related but not equivalent

to satisfaction that results from the comparison of expectation with performance. The customers generally use certain criteria to evaluate service quality by examining reliability, responsiveness, assurance, empathy and physical aspects.

Reliability means that the firm performs the service right the first time and the firm honors its promise. This includes punctual service delivery and ability to keep to agreements made with the customer. It concerns the ability to keep service promise accurately and consistently. It includes correct service and accurate record and prompt reply to customer.

Responsiveness refers to speed and timeliness of service delivery. It also includes willingness and readiness of employees to provide service. It concerns ability to provide appropriate information to customers when a problem occurs. It includes prompt response, prompt services and quick problem solving.

Assurance is defined as knowledge and courtesy of employees and their ability to convey trust and confidence. It's a combination of the following: Competence (having the requisite skills and knowledge); Courtesy (politeness, respect, consideration and friendliness of contact staff); Credibility (trustworthiness, believability and honesty of staff) and Security (freedom from danger, risk or doubt).

Empathy concerns with caring and individualized attention the firm provides its customers. It's a combination of the following: (1) Access (physical and social): approachability and ease of contact. (2) Communication: keeping customers informed in a language they understand and really listening to them. (3) Understanding the customer: making the effort to get to know customers and their specific needs.

Tangibles are appearance of physical facilities, equipment, personnel, and communication materials. Positive Word of Mouth Communication means the informal conversation between customers about service provided by a bank. Customers can gain a wealth of information about a bank simply by communicating with a friend, family member, or acquaintance. It also shows that you certainly feel pleased with the service at the point you can advocate for it.

Review of Related Literature

Concepts, opinions, ideas from authors/experts

Service quality is commonly noted as a critical prerequisite and determinant of competitiveness for establishing and sustaining satisfying relationships with customers. Previous studying suggests that service quality is an important indicator of customer satisfaction. According to Wang and Wang [1], service quality is a form of an attitude, related but not equivalent to satisfaction that results from the comparison of expectation with performance. The customers generally use certain criteria to evaluate service quality by examining reliability, responsiveness, assurance, empathy and physical aspects

Customer Loyalty means the relationship between the relative attitude toward an entity (service) and patronage behavior [2]. Loyalty involves a psychological bond to the service provider and means you are at a certain high degree of customer satisfaction and commitment.

According to Suda and Sarunya, customer satisfaction does not only express a happy customer, but rather complex than that ref. [3]. It is actually a term most widely used in the business and commerce industry. It is a business term explaining about a measurement of the kind of products and services provided by a company to meet its customer's expectation.

Theoretical review

The study was guided by one of the most comprehensive Service Quality models advanced by Christian Gronross in 1984. The model contends that service quality is determined by the differences between customers' expectations of the service provider's performance and their evaluation of the services they received.

Furthermore, Parasuraman et al. suggested the "Service Quality Model" in order to serve as a framework for further research [4]. Figures 1 and 2 schematically illustrated this model. Five gaps are listed below:

Gap 1, customer expectation-management perception gap: Management may have inaccurate perceptions of what consumers actually expect. It requires the appropriate management processes, market analysis tools and attitude.

Gap 2, service quality specification gap: There may be an inability on the part of the management to translate customer expectations into service quality specifications. This gap relates to aspects of service design.

Gap 3, service delivery gap: Guidelines for service delivery do not guarantee high-quality service delivery or performance. Reasons for this include lack of sufficient support for the frontline staff, process problems, or frontline/contact staff performance variability.

Gap 4, external communication gap: Consumer expectations are fashioned by the external communications of an organization.

Gap 5, expected service-perceived service gap: Perceived quality of service depends on the size and direction of Gap 5, which in turn depends on the nature of the gaps associated with marketing, design and delivery of services. Service quality can also be defined according to both the "what" and the "how" of a product or service delivered (Figure 1).

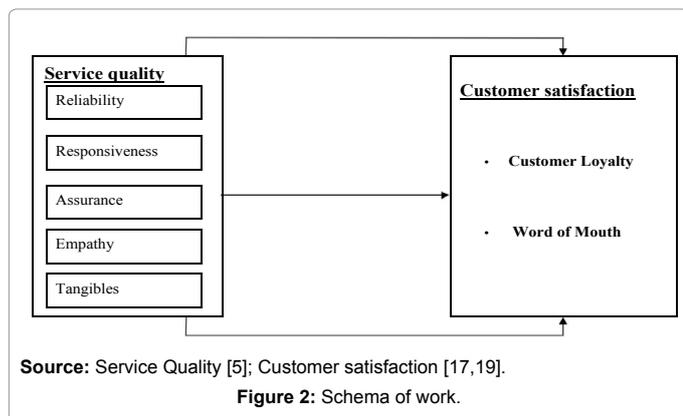
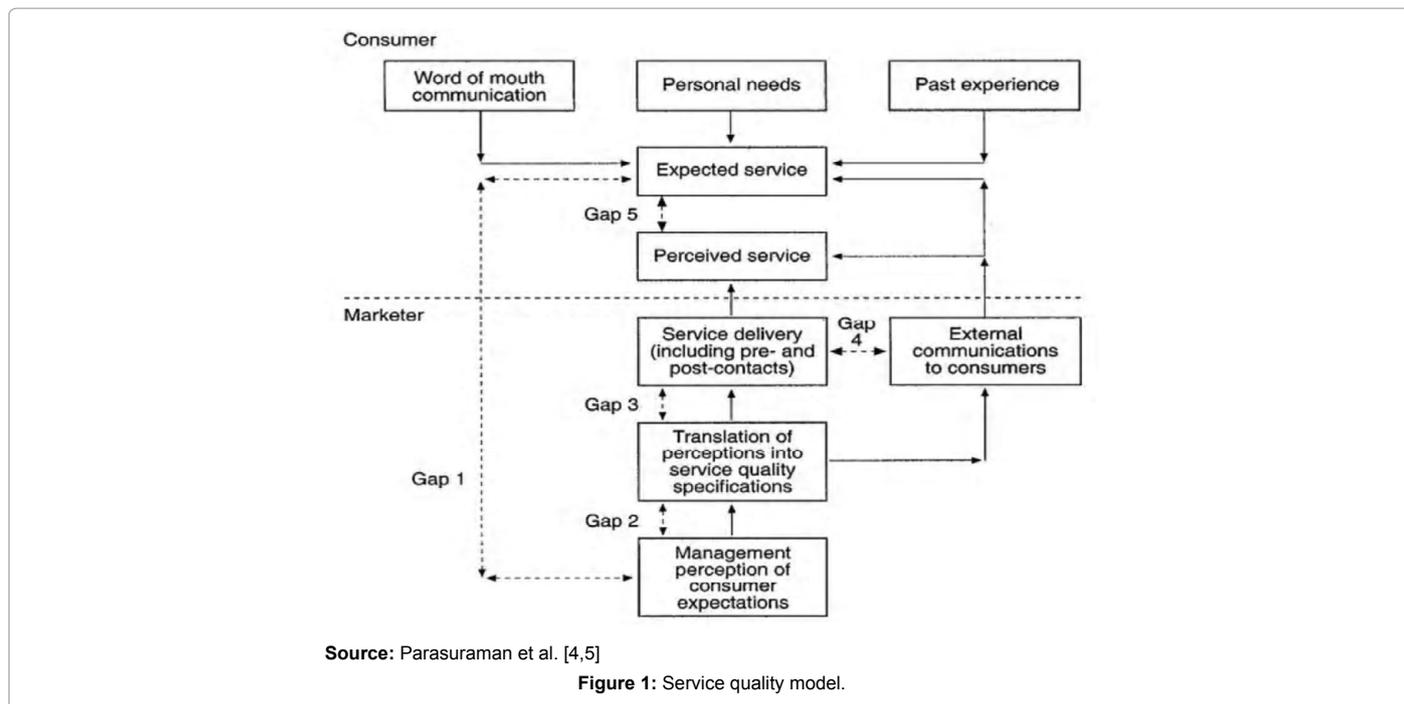
Schema of work

The relationship between service quality variables and customer satisfaction variables can be shown in the figure below. The five traditional service quality dimensions have been developed by Parasuraman and adopted by many researchers as appropriate model to measure the service quality [5]. The measurement was to analyze the gap between the expected and perceived service. In our case study, the technique adopted is a bit different as it measured the correlation associated between the perceived service quality elements and the level of satisfaction through its behavioral variables (customer loyalty and word of mouth communication) (Figure 2).

Related studies

Service quality: Various researchers have developed alternative concepts for service quality, like the European perspective and the American perspective [4-6]. The European perspective states that service quality should include three dimensions, like technical quality, functional quality and corporate image. The American perspective proposes that service quality may be evaluated on the functional quality dimension, described by five components: tangibles, reliability, responsibility, assurance, and empathy [7].

According to Parasuraman et al. [4], service quality can be defined as the difference between service expectation and service performance. They proposed service quality to be a function of pre-purchase customer expectations, perceived process quality, and perceived output quality. According to Woodside et al. (1989), service quality is



represented by answers to such questions as: is the service delivered to customer what they expected or different from what they expected? Was the service they received approximately what they expected or better or worse than expected? A majority studies have sought to find the criteria that contribute to evaluate service quality in the traditional service environment [6].

According to Asubonteng et al. [8], service quality is the difference between the customer expectations for service performance prior to the service encounter and their perceptions of the service received. Gefan (2002) defined service quality as the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get [2].

The definition of service quality is based on customer-led quality definition where quality is defined as satisfying customer's requirements, relying on the ability of the organization to determine customers' requirements and then meet these requirements.

Basically, service quality in banking can be viewed from two perspectives: customer perspective and bank perspective

Service characteristics: The characteristics of services are often described as four unique characters: intangibility, inseparability, heterogeneity, and perishability, which make services different from physical products and hard to evaluate [4]. Services said to be intangible because they can be seen, tasted, felt, heard, or smelled before they are purchased. They are performance rather than objects [9]. It means that services are more like a process than a thing, more a performance than a physical object, and are experienced rather than consumed. Inseparability of services refers to that services are produced and consumed simultaneously. Unlike services, physical products are first produced, then sold and then consumed. Heterogeneity refers to the service performance are highly variable from one service transaction to another and one time to another since services depend on who provide them, when and where they are provided. Finally, perishability means service can't be stored or saved. It can be understood as services will not exist if they are not consumed at their appointed time. It also reflects that service marketers have less control for handling supply and demand fluctuations (ibid). With highly growth of new technology, the increased use of Internet has big impact on these four services characteristics (ibid).

Service quality dimensions: Numerous studies have sought to uncover the global attributes of services that contribute most significantly to relevant quality assessments in the traditional service environment [4,5]; Grönroos argue that service quality should include three dimensions: (1) The technical quality of outcome: That is to say, the actual outcome of the service encounter. The service outcome can often measured by the consumer in an objective manner. (2) The functional quality of the service encounter: This element of quality is concerned with the interaction between the provider and recipient of a service and is often perceived in a subject manner. (3) The corporate image: This is concerned with the customers' perception of the service organization. The image depends on: technical and functional quality; price; external communications; physical location; appearance of the site and the competence and behavior of service firms' employees.

Similarly, Lehtinen and Lehtinen also state that service quality has three dimensions, however, the differences can be seen below: (1) Physical quality. This includes items such as the condition of buildings and enabling equipment [6]. (2) Corporate quality. This refers to the organization’s image and profile. (3) Interactive quality. This derives from the interaction between service organization’s personnel and customer as well as the interaction between customers. In addition, they argue that in examining the determinants of quality it is necessary to differentiate between the quality associated with the process of service delivery and the quality associated with the outcome of the service. Comparing the work between Lehtinen and Swartz drew some distinctions concerning the dimensions of service quality [6,10]. They stated that what the service delivers is evaluated after performance. This dimension is called technical quality by Grönroos, physical quality by Lehtinen and Lehtinen [6]. They also stated that how the service is delivered is evaluated during delivery. This dimension is called functional quality by Grönroos, interactive quality by Lehtinen and Lehtinen [6]. According to Parasuraman et al. [4], detailed dimensions of service quality through focus group studies are listed as: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, competence, understanding the customer and tangibles. Among these ten service quality determinants, reliability is identified as the most important.

In their subsequent research [5], they then purified and distilled the ten dimensions to five: tangibles, reliability, responsiveness, assurance, and empathy, which constitute the base of a global measurement for service quality. Based on these five dimensions listed above, the researchers developed 22-item Service Quality scale (shown in Table 1). Moreover, they state that there’s a range of tolerance where customer perception on a service dimension, anchored by the minimum level consumers would be willing to accept and the level that customers believe can and should be delivered. According to their study, reliability was the most critical dimension, followed by responsiveness, assurance and empathy. The tangibles were of least concern to customers (Table 1).

Another useful study is conducted by Johnston [11], in which he provides 18 service dimensions and their definitions: access, aesthetics, attentiveness, availability, care, cleanliness/tidiness, comfort, commitment, communication, competence, courtesy, flexibility, friendliness, functionality, integrity, reliability, responsiveness, and security. In their study, reliability is considered as the most important (ibid). Yang et al. concluded that both studies of Parasuraman et al. and Johnston offer particularly robust service quality dimensions for measuring traditional services and could serve as a good starting point for further research [5,12].

Customer satisfaction: In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. There is a substantial body of empirical literature that establishes the benefits of customer satisfaction for firms. It is well established that satisfied customers are key to long-term business success [3]. It also defined as a global issue that affects all organizations, regardless of its size, whether profit or non-profit, local or multi-national. Companies that have a more satisfied customer base also experience higher economic returns [3].

Consequently, higher customer satisfaction leads to greater customer loyalty [13]; Anderson and Sullivan, which in turn leads to higher future revenue [3]. For that matter, many market leaders are found to be highly superior-customer-service orientated. They have been rewarded with high revenue and customer retention as well.

For that matter, organizations in the same market sector are compelled to assess the quality of the services that they provide in order to attract and retain their customers. Apparently, many researchers conceptualize customer satisfaction as an individual’s feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation [3]. There are two general conceptualizations of satisfaction here, namely, the transaction-specific satisfaction and the cumulative satisfaction [3]. Transaction-

Service quality dimensions	22-Item scale
Reliability	Providing service as promised
	Dependability in handling customers’ service problems.
	Performing services right first time
	Providing services at the promised time
Responsiveness	Maintaining error-free record
	Keeping customer informed as to when service will be performed
	Prompt service to customers
	Willingness to help customers
	Readiness to respond to customers’ requests
Assurance	Employees will instill confidence in customers
	Making customers feel safe in their transactions
	Employees who are consistently courteous
	Employees who have the knowledge to answer customers’ questions
Empathy	Giving customers individual attention
	Employees who deal with customers in a caring fashion
	Having the customer’s best interests at heart
	Employees who understand the needs of their customers
Tangibles	Convenience business hour
	Modern equipment
	Visually appealing facilities
	Employees who have a neat, professional appearance
	Visually appealing materials associated with the service

Source: Chun Wang and Zheng Wang, 2006.

Table 1: 22-Items Service Quality Scale.

specific satisfaction is the customer’s very own valuation of his or her experience and reaction towards a particular service encounter [14]. This reaction is expressed by the customer who experiences a product or service for the first time. Meanwhile, cumulative satisfaction refers to the customer’s overall evaluation of the consumption experience to date; an own accumulation of contacts with services provided them from day-to-day. It is from this accumulation that customers establish a personal standard which is used to gauge service quality. However, in general, it is agreed that customer satisfaction measurement is a post-consumption assessment by the user, about the products or services gained [3].

Service quality and customer satisfaction: Customer satisfaction and service quality are inter-related. The higher the service quality, the higher is the customer satisfaction. Many agree that in the banking sector, there are no recognized standard scales to measure the perceived quality of a bank service. Thus, competitive advantage through high quality service is an increasingly important weapon to survive.

As a process in time, service quality takes place before, and leads to overall customer satisfaction. Service quality has been found to be an important input to customer satisfaction [15]. Cronin and Taylor originally hypothesized that satisfaction is an antecedent of service quality [14]. They argued also that service quality appears as the only one of the service factors contributing to customers’ satisfaction judgments.

Lasser et al. cited by Suda S and Sarunya L examined the effects of service quality on customer satisfaction in private banking sector by using two well-known measures, the SERVQUAL and the technical/functional quality [3]. They compared and contrasted empirically SERVQUAL and technical/functional quality model. They tried to compare the various dimensions of the two quality service models and their effects on satisfaction. They mentioned that customer satisfaction is a multidimensional construct, and that these dimensions will be differentially impacted by the various components of service quality.

Research Methodology

Research design

The research is descriptive and cross-sectional. The basic reason for carrying out descriptive research is to identify the cause of something that is happening. It used structured instrument and, specifically designed to measure the characteristics described in the research questions using quantitative approach. Variables of interest in a sample of subjects are examined once and the relationships between them are determined. The quantitative analysis was used to determine the correlation between independent and dependent variables [16].

Research population

The study population was made up of customer of BPR Kigali branches who were requesting or not requesting services at the time questionnaires were distributed [17]. In total they are 110,449 customers for the five branches, 59,642 are taken as shareholders since BPR shifted from Cooperative bank to commercial bank (in January 2008). This means, 50,807 customers are research population.

Sample size

From the total population of 50,807 customers BPR Kigali branches, the sample size was 384 respondents. The sample size is determined using the Sloven’s formula; which states as follow:

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

Where n=Sample size, N=Accessible population and e=Level of significance at 0.05.

The table below shows the population, sample size (Table 2).

Sampling procedure

The research used non-probability sampling technique, specifically convenience sampling technique to collect data because it is fast, inexpensive, and easy and the subjects are readily available. The sample of this research was made up of customers who have been demanding service from BPR branches under study during the data collection period [18]. Researchers use convenience sampling not just because it is easy to use, but because it also has other research advantages. Convenience sample is usually used because it allows the researcher to obtain basic data and trends regarding his study without the complications of using a randomized sample.

Research instrument

Questionnaire technique was used for data collection of this study. Questionnaires were distributed to respondents under the researcher supervision. All respondents were given a questionnaire with explanation before filling in. In the measurement of independent and dependant variables, Likert scales were used in order to identify the respondents’ leveling on perceived banking service through statistical techniques of correlations between dependent variable and independent variables [19]. Total number twenty-two questions on service quality and ten questions on customer satisfaction were administered to the sample of the population on which the analysis was based. Respondents were expected to tick the chosen appropriate answer, which are corresponding to a given mark in likert scale starting by 1=strong disagree to 4=strong agree. There are several reasons behind the selection of this method. First, it allows large amounts of information to be obtained at a relatively low cost. Second, more accurate and precise responses are obtained because interviewer bias can be avoided.

Reliability and validity of the instrument

In order to reduce the possibility of getting the wrong answer, attention was paid on the reliability and validity of the questionnaire. Numbers of different steps were taken to ensure the validity and reliability of the study: Data were collected from the reliable sources. With meaning that respondent must be a customer of the bank under research [20]; questionnaire was made based on literature review to ensure the validity of the result; questionnaire was pre-tested by experienced persons to ensure it measured what it was supposed to; data were collected through a short period of time which is a guarantee of no big change happened on the related topic; a pre-tested translated questionnaire was available to make sure respondents who use local

Branch name	Population size	Sample size
BPR Main Branch	8 406	61
BPR Muhima Branch	6 910	58
BPR Remera Branch	11 584	84
BPR Nyamirambo Branch	14 269	108
BPF Branch	9 638	73
Total	50,807	384

Source: BPR database, 2011

Table 2: Category of respondents.

language are involved without any problem and the whole research was carried out under supervision of the researcher to avoid missing data.

Data gathering procedures

Before data gathering: Upon accomplishment of defending and acceptance of the research proposal, the researcher obtained an introductory letter from the School of Postgraduate Studies and Research and Evaluation of Kampala International University, seeking for permission from the human resource management department of BPR to allow him to get access to customers to participate in the study.

During data gathering: The researcher was available to give necessary explanation on some question where need was. Then the researcher carried out a pilot study before the actual research to check feasibility of the research instrument, in order to make necessary improvement and adjustments in the study and to avoid wasting time. The researcher also made use of secondary data by reviewing available relevant text books, journal articles, periodicals, manuals dissertations, publications and visiting websites of the concerned organization.

After data gathering, after two weeks, primary data was collected through questionnaires which respondents returned back to the researcher which allowed the researcher to go ahead to analyze the data. Completed (SAQs) were coded, edited, categorized and entered into a computer for the Statistical Package for Social Scientists (SPSS) for data processing and analysis.

Data analysis

After data collection, the researcher analyzed statistically. Frequencies and percentage distributions were used to analyze data on the respondent's profile. Means were used to analyze data on the level of service quality and level of customer satisfaction. Pearson's linear correlation coefficient was used to establish whether there is any significant relationship between service quality and customer satisfaction in BPR [21]. The 0.05 level of significance was used to determine the strength of the relationship between the independent and dependent variables.

Ethical considerations

To ensure that ethics was practiced in this study as well as utmost confidentiality for respondents and the data provided by them, the following was done: (i) coding of all questionnaires; (ii) the respondent were requested to sign the informed consent; (iii) authors mentioned in this study were acknowledged within the text; (iv) findings were presented in a generalized manner.

Limitations of the study

The anticipated threats to the validity in this study were as follows:

1. Intervening or confounding variables which were beyond the researcher's control such as honesty of respondents and the respondents and personal biases. To minimize such conditions, the researcher requested respondents to be as honest as possible and to be impartial/unbiased when answering the questionnaires.

2. The research environments were classified as uncontrolled setting where extraneous variables would influence on the data gathered such as comments from other respondents, anxiety, stress, motivation on the part of the respondents while on the process of answering the questionnaires. Although these were beyond the researcher's control, efforts were made to request the respondents to be as objective as possible in answering the questionnaires.

3. Testing: It was feared that the use research assistants may render inconsistencies such as differences in conditions and time when the data was obtained from respondents. This was minimized by orienting and briefing the researcher assistants on the data gathering procedures.

4. Instrumentation: The research tool was non standardized hence validity and reliability test was done to arrive at a reasonable data measuring tool.

5. Attrition: There was fear that representative sample could not be reached as computed due to circumstances within the respondents and beyond the control of the researcher. The researcher distributed questionnaires exceeding beyond the minimum sample size to avoid this situation.

Presentation, Analysis and Interpretation of Data

Respondent's profile

In this study, the researcher described respondents profile in terms of gender, type of account, and experience with the bank. Respondents were asked to state their characteristics for purposes of classifying and comparing them thereafter. The study employed a closed ended questionnaire to categorize respondent's profiles and their responses were analyzed using frequencies and percentage distributions as shown in the following Table 3.

The results in Table 3 show that female were the majority respondents as represented by 213 (or 55.4%) and male were the minority 171 (or 44.6%). The findings revealed that there is big gender imbalance in the Bank.

In regard to type of accounts held, 308 (or 80.1%) respondents had current accounts whereas only 76 (or 19.9%) had saving accounts. The study therefore indicates that majority of the Bank customers prefer current accounts.

Concerning the education qualification, over half of the respondents had no professional qualification. This revealed by respondents with

Gender	Frequency	Per cent
Male	171	44.6
Female	213	55.4
Total	384	100
Type of Account		
Current	308	80.1
Saving	76	19.9
Total	384	100
Level of Education		
A-level	96	25.1
Diploma	68	17.7
Undergraduate	45	11.8
Postgraduate	25	6.4
Others	150	39
Total	384	100
Experience with the Bank		
Below 1year	80	20.7
1 - 2years	45	11.8
3 - 4years	136	35.3
5 - 6years	24	6.2
Over six years	99	25.9
Total	384	100

Source: Primary Data, 2011

Table 3: Description of respondent's profile.

Diploma, Degree and postgraduate qualifications being 68 (or 17.7%), 45 (or 11.8%) and 25 (or 6.4%) customers, respectively. Respondents in the category of others who included among others customers with without any academic qualification and those with some certificates of attendance dominated the study with 194 (or 39.0%), followed by respondents with A-level qualification at 96 (or 25.1%). These results indicate that majority of Bank customers are semi-illiterate.

Lastly in regard to experience with the Bank 136 (or 35.3%) respondents have been customers for this bank for a period ranging between 3-4 years, 99 (or 25.9%) respondents had Banked with BPR for a period of over 6 years, 80 (or 20.74%) respondents had banked for with BPR for less than a year, and 24 (or 6.2%) have been customer for a period ranging between 5 and 6 years. This indicates that majority of the respondents had Knowledge and experience about the bank since they had been BPR customers for relatively long period of time that is 3 years and above.

Level of service quality

The second objective was set to determine the level service quality in BPR services. In this study, service quality was measured using 22 quantitative questions in which respondents were required to indicate the extent to which they agree or disagree with each statement by indicating the number that best describe their perceptions. All the twenty two items on service quality were likert scaled using four points ranging between 1=Strongly Disagree, 2=Disagree, 3=Agree and 4=Strongly Agree. Their responses were analyzed and described using Means as summarized in Table 3 below.

Table 4 reveals service quality in BPR exists at different levels. For instance the findings portray two dimensions with the highest (very high) level of service quality; tangibles and assurance at (mean=3.90 and 3.55 respectively); and all these are equivalent to Strongly Agree

	Mean	Std. Deviation	Interpretation	Rank
Reliability				
Whenever I request for banking service BPR Provides it at the promised time	2.8	0.562	High	1
Whenever I request for banking service BPR Performs it right first time	2.78	0.908	High	2
Whenever I request for service (cash deposit, cash withdrawal, bank statement, etc.), BPR staff provide it as promised	2.44	0.613	Low	3
Always BPR maintains on error-free records service	2.42	0.946	Low	4
Whenever I experience problem, BPR staffs handle it in constant manner	2.41	0.877	Low	5
Sub-total	2.57		High	
Responsiveness				
Whenever I need service BPR staffs give me prompt service	2.65	0.845	High	1
Whenever I ask for service BPR staffs serve me readily in a good manner.	2.5	0.508	Low	2
Always BPR staffs are willing to solve customer problems	2.33	0.771	Low	3
Always BPR Keeps me informed as to when service will be performed	2.19	0.653	Low	4
Sub-total	2.42		Low	
Assurance				
The behavior of all employees in BPR instills confidence in me when handling their	3.63	0.484	Very high	1
I always feel safe in my transactions with BPR (account maintenance, cash transfer, cash withdrawal and deposit, ATM PIN code, etc.).	3.62	0.485	Very high	2
Always employees of BPR have the knowledge to answer my questions	3.49	0.793	Very high	3
Every time employees in BPR are consistently courteous with me	3.45	0.703	Very high	4
Sub-total	3.55		Very high	
Empathy				
All employees in PBR pass transactions in a caring manner.	2.72	0.763	High	1
Always BPR staffs have my best interests at heart when I'm asking for service	2.55	0.72	High	2
BPR has convenient branches (sub branches/outlet) and operates in extended hours to all its customers without spending much time on long queues		0.872	High	3
All employees of BPR understand my specific needs with a specific attention	2.23	0.846	Low	4
Whenever I request for service, BPR staff gives me individual attention	2.11	0.9	Low	5
Sub-total	2.42		Low	
Tangibles				
BPR has modern-looking equipments (computers, fast ICT facilities, etc.)	4	0.785	Very high	1
Employees of BPR Main Branch are professionally dressed	3.95	0.567	Very high	2
The interior and exterior of BPR is visually appealing and spacious (comfortability conditions, waiting queue chairs, audio-visual screen, public notice board, etc.).	3.79	0.405	Very high	3
Materials and equipments associated with the service (Computers, ATM Machine, Teller station, bank statement, pamphlets, etc.) are visually appealing.	3.54	0.72	Very high	4
Sub-total	3.9		Very High	
Overall total	2.97		High	

Source: Primary Data, 2011

Key: Mean range Interpretation on the level of service quality

3.26 – 4.00 Very high level

2.51 – 3.25 High level

1.76 – 2.50 Low level

1.00 – 1.75 Very low level

Table 4: Description of the level of service quality.

on the likert scale. Secondly service quality which corresponds with the agree item in the likert scale was reliability at (mean=2.57). However, on the other hand, results show a low level of service quality coming from empathy and responsiveness with means (means=2.423 and 2.419 respectively) which are all equivalent to disagree on the likert scale.

Level of customer satisfaction

The third study objective was to determine the level of customer satisfaction in BPR. The level of customer satisfaction in BPR was measured using 10 questions in which respondents were requested to indicate the extent to which they agree or disagree with the statement by writing the number that best describes their perception. Each of the items in the questionnaire was rated with the aid of four likert scaled subjects ranging between one and four; where 1=Strongly Disagree, 2=Disagree, 3=Agree, 4=Strongly Agree. Their responses were described using means as summarized in Table 5.

The results in Table 5 reveal that there is one level of customer satisfaction in BPR. The results depict two major indicators/predictors of customer satisfaction that is customer loyalty and positive words of mouth all at high level: Customer loyalty (which include among other:-extremely satisfied with new innovations and creativity made by BPR; doing more business with BPR in the next few years than I do right now; BPR does good job of satisfying my needs and all things being equal, intention to continue the bank in future; considering myself to be loyal to BPR ; being satisfied with financial services rendered by BPR) and positive word of mouth (including saying positive things about BPR to my friends, relatives; encouraging friends and colleagues to do business with BPR; talking about good financial services offered BPR to others quite frequently; being proud to say to others that I'm BPR's customer; recommending friends, relatives, associates, etc., to open accounts and do business with BPR) at (mean=2.55 and 2.65 respectively) which are all equivalent to agree on the likert scale.

Relationship between service quality and customer satisfaction

The fourth objective of this study was to determine if there is a significant relationship between service quality and customer satisfaction in BPR, for which it was hypothesized that "there is no significant relationship between service quality and customer satisfaction in BPR" To test this null hypothesis, and to get an overall picture of the relationship, the researcher combined all the mean perceptions computed in Tables 3 and 4 above, and two mean indices were computed and generated (service quality and customer satisfaction) after which the two indices were correlated using the Pearson's linear correlation coefficient (PLCC, or r). Results of this test are indicated in Table 6 below.

Results in Table 6 indicate that customer loyalty and reliability are positively and significantly correlated at ($r=0.124$, $sig=0.006$); customer loyalty is also significantly correlated with responsiveness at ($r=0.095$, $sig=0.033$), still the same positive significance was found on Assurance ($r=0.147$, $sig=0.001$). Basing on this analysis, the null hypothesis which states that "there is no significant relationship between service quality and customer satisfaction in BPR" is rejected. In general, service quality does influence customer satisfaction in BPR due to the fact that the significant value which is the main predictor of the correlation is less than 0.05. However, on the other hand, results indicated that there was no positive significant relationship between service quality when comparisons were made between customer loyalty and empathy, customer loyalty and tangible at ($r= -0.014$, $sig=0.759$) and ($r= -0.018$, $sig=0.685$) respectively. On both items the findings revealed that there is negative insignificant relationship between the variables, therefore we accepted the null hypothesis.

On measuring the degree of significance between service quality and customer satisfaction using reliability, responsiveness, assurance, empathy and tangibles under service quality while using positive

Customer Loyalty	Mean	Std. Deviation	Interpretation	Rank
I'm extremely satisfied with new innovations and creativity made by BPR, so I will keep on working with it.	2.85	0.737	High	1
I will do more business with BPR in the next few years than I do right now.	2.55	0.521	High	2
I'm extremely satisfied with financial services rendered by BPR, therefore I will stick with.	2.52	0.635	High	3
I consider myself to be loyal to BPR because it is usually a very satisfying experience.	2.42	0.505	Low	4
BPR does good job of satisfying my needs and all things being equal, I really intend to continue using it in the future	2.41	0.5	Low	5
Sub-total	2.55		High	
Positive Word of Mouth				
I say positive things about BPR to my friends, relatives, associates, etc.	2.92	0.657	High	1
I encourage friends and colleagues to do business with BPR	2.74	0.448	High	2
I always talk about good financial services offered BPR to others quite frequently	2.71	0.652	High	3
I'm proud to say to others that I'm BPR's customer	2.5	0.5	Low	4
I will recommend my friends, relatives, associates, etc to open in an account and do business with BPR	2.36	0.481	Low	5
Sub-total	2.65		High	
Overall total	2.58		High	

Source: Primary Data, 2011

Key: mean range Interpretation on the level of service quality

3.26 – 4.00 Very high level

2.51 – 3.25 High level

1.76 – 2.50 Low level

1.00 – 1.75 Very low levels

Table 5: Description of the level of customer satisfaction.

Variables correlated	R- value	Sig-value	Interpretation	Decision on Ho
Customer loyalty vs. Reliability	0.124	0.006	Significant relationship	Reject
Customer loyalty vs. Responsiveness	0.095	0.033	Significant relationship	Reject
Customer loyalty vs. Assurance	0.147	0.001	Significant relationship	Reject
Customer loyalty vs. Empathy	-0.014	0.759	Negative and insignificant relationship	Accept
Customer loyalty vs. Tangibles	-0.018	0.685	Negative and insignificant relationship	Accept
Positive word of mouth vs. Reliability	0.038	0.396	No significant relationship	Accept
Positive word of mouth vs. Responsiveness	0.082	0.066	No significant relationship	Accept
Positive word of mouth vs. Tangibles	0.044	0.325	No significant relationship	Accept
Positive word of mouth vs. Empathy	0.027	0.549	No significant relationship	Accept
Positive word of mouth vs. Assurance	0.015	0.74	No significant relationship	Accept

Source: Primary Data, 2011

Table 6: Correlation results between service quality and customer satisfaction.

Variables Regressed	Adjusted r ²	F-value	Sig.	Interpretation	Decision on Ho
Customer satisfaction vs. Service Quality	0.015	8.785	0.003	Significant effect	Rejected

Source: Primary data, 2011

Table 7: Regression Analysis of Customer satisfaction and Service quality.

word of mouth on the side of customer satisfaction, the study revealed the following results: positive words of mouth are not significantly correlated to Reliability, Assurance, tangibles, empathy and responsiveness at ($r=0.038$, $sig=0.396$), ($r=0.082$, $sig=0.066$), ($r=0.044$, $sig=0.325$), ($r=0.027$, $sig=0.549$) and ($r=0.740$, $sig=0.015$) respectively. Therefore basing on the above analysis, the null hypothesis that “there is no significant relationship between service quality and customer satisfaction in BPR” is accepted. To sum it all, service quality does not significantly correlate with customer satisfaction in BPR due to the fact that the significant value which is the main predictor of the correlation is greater than 0.05

Results in Table 7 above indicate that aspects of customer satisfaction significantly affect service quality ($f=8.785$, $sig=0.003$). According to the regression analysis, the aspects in the dependent variable (customer satisfaction) account for 15% variation in the independent variable (service quality), indicated by a lower adjusted r-square of 0.015.

Findings, Conclusions and Recommendation

Findings

The study on service quality and customer satisfaction in BPR – Kigali branches was guided by five study objectives that were: (a) to determine the respondents profile in terms of gender, type of account, educational qualification, and customer’s banking experience with BPR, (b) to determine the level of service quality in BPR, (c) to determine the level of customer satisfaction among BPR customers, (d) to determine the relationship between service quality and customer satisfaction in BPR and lastly (e) to recommend strategies enhance customer satisfaction basing on the findings of the study.

Data analysis using SPSS’s descriptive statistics showing means on respondents profile, showed that majority of the respondents were female, over three equators with current type of account, over half of the respondents had no professional and majority of the respondents had been customers for BPR for relatively a long period of time that is from three years and above.

Data analysis using SPSS’s descriptive statistics showing means revealed that the level of service quality in BPR stands at mean ≈ 3 (high level). In general the level of service quality range from moderate to high; similarly the study went ahead to reveal through the mean that customer satisfaction was at ≈ 3 (high level).

Concerning the analysis of relationship between the study variable, findings from the Pearson linear correlation coefficient show a significant and positive relationship between service quality and customer satisfaction while comparing dimension like using customer loyalty with reliability, responsiveness and assurance at ($r=0.124$, $sig=0.006$; $r=0.095$, $sig=0.033$ and $r=0.147$, $sig=0.001$) respectively. Looking at the relationship between service quality and customer satisfaction while comparing the positive word of mouth with service quality sub-variables like Reliability, Assurance, tangibles, empathy and responsiveness, the study findings revealed that there was no significant relationship between the variables at ($r=0.038$, $sig=0.396$), ($r=0.082$, $sig=0.066$), ($r=0.044$, $sig=0.325$), ($r=0.027$, $sig=0.549$) and ($r=0.015$, $sig=0.740$), respectively.

Conclusion

In this subsection, the researcher makes conclusion of the study findings in relation to the study objectives set in chapter one.

Level of service quality in BPR: The first objective was to determine the level of service quality in BPR for which it was hypothesized that service quality at BPR was low. Basing on the findings of the study, the null hypothesis is rejected leading to a conclusion that service quality is high in BPR.

Level of customer satisfaction among BPR customers: The second study objective was to determine the level of customer satisfaction among BPR customers for it was hypothesized that the level of customer satisfaction low. Basing on the study findings, the null hypothesis is rejected hence concluding that customer satisfaction among BPR customers is high.

Relationship between service quality and customer satisfaction in BPR: The third study objective was to determine if there is a significant relationship between service quality and customer satisfaction; and it was assumed that there is no significant relationship between service quality and customer satisfaction in BPR. The null hypothesis was accepted hence concluding that there is no significant relationship between service quality and customer satisfaction in BPR.

Strategies to enhance customer satisfaction in BPR: The last study objective was to recommend strategies that will enhance customer satisfaction basing on the findings of the study. Basing on the study findings, if BPR to improve on service it offers to her customers to

ensure their satisfaction, BPR staff should: (a) maintains on error-free records service, (b) handle customer problems in constant manner, (c) be willing to solve customer problems promptly and (d) understand specific needs of individual customers.

Recommendations

This section tackles the recommendations obtained from the study findings and conclusion. These recommendations are presented basing on the research objectives and relevant hypotheses

According to the study findings, the researcher would recommend BPR to improve the quality of its service in order to increase the level of customer satisfaction by (1) increasing employees' ability to handle customers' complaint and customers' problems in consistency manner; (3); BPR management should consistently be updated where service has failed and look for a solution without delay, especially where more staff are needed due to great number of customers to avoid long waiting lines.

Based on researcher personal observation, more trained staffs in charge of handling customers' problems are needed so that to solve problems of long waiting lines. This is identifiable in most of branches in Kigali, especially at main branch, where many customers' complaints are addressed to one staff, and sometimes he or she may be bored by much work and hence lower motivation to solve problems in good manner. This will affect absolutely customers' feeling by lowering their appreciation toward BPR service quality and then bring them to dissatisfaction. Remember that it's not always easy to bring satisfaction where it has failed before as it's a matter of feelings.

Areas for further research

Basing on the fact that this study was conducted or focused only on BPR Kigali Branches, the same study should be replicated in other branches of the bank to test its validity since Kigali branches are not even a half of the branches.

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