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FACTORS INFLUENCING CUSTOMERS' EVALUATION OF SERVICE QUALITY AND CUSTOMER SATISFACTION – FINDINGS FROM TANZANIA

Ahmed Mohamed Ame*

Abstract

This study was put in place to investigate within the Tanzanian context, the various environmental factors which are given importance by customers when evaluating service quality and customer satisfaction. The study was approached qualitatively by employing an embedded case study design using bank cases. Data was collected through direct interviews guided by study protocol and by using documentary review. Analysis was accomplished using comparisons, pattern matching and extensive explanation building. It has been found out that a host of environmental factors are there which mould customer satisfaction apart from service quality. Such variables depend on customer market segmentation and they differ among segments even if same services are rendered by same companies. It is recommended that perfect conceptualization of service quality is that one which is not based on gap formulation due to the modelling conforming to customer satisfaction. Also, service firm managers need to have systems in place to enable them understand environmental factors given weight by their customers in deriving satisfaction. Thereafter, they should put a mechanism to make the factors predictable.

Key words: Customer, services, service quality, customer satisfaction, market segment

***** The University of Dodoma, Dodoma, Tanzania

Introduction

Background Information

It has been observed that in service encounters, customers evaluate a service and form an overall judgement of the service quality. This overall judgement about service quality of the firm is reached if a customer continuously gets service from the firm. After a customer evaluates the quality of the service, he/she derives customer satisfaction that is in the form of cumulative, i.e. overall customer satisfaction (Liljander, 1995) which is subject to multiple usage of the service.

In addition, the relationship between service quality and customer satisfaction has been reported to differ in terms of strength between industries as well as between contexts (Ame, 2005, 2009; Lee, Lee, & Yoo, 2000; Sureshchandar, Rajendran, & Anantharaman, 2002). Accordingly, researchers believe that some factors must be responsible in influencing the relationship between these variables. These include but not limited to the type of industry studied, nature of service, measurement method employed to operationalize the variables, income levels of customers, market segment, management culture, customers' social culture, firms' offerings, gender, etc, (Ame, 2005; Lee et al., 2000). These factors are anticipated to have influence on both constructs, that is, service quality and customer satisfaction.

Statement of the research problem

The various empirical findings on studies about service quality and customer satisfaction have suggested that relationships on these variables may be moderated by factors peculiar from one context to another as well as from industry to industry (Ame, 2005, 2009; Lee et al., 2000). Not only that, but also, results may vary from firm to firm operating under the same industry within the same context or environmental conditions (Lee et al., 2000; Sureshchandar et al., 2002; Ame, 2009). To be in a better position to understand the relationship between these variables, this study was set to investigate, within the Tanzanian context, the various environmental factors which are given importance by customers when evaluating service quality and customer satisfaction.

Research questions

The following research questions guided the investigation:

1) What are the environmental factors which customers consider when assessing service quality and customer satisfaction in Tanzania?

2) Why do customers in Tanzania put emphasis on such factors?

3) Do service firms in Tanzania recognise such factors? If yes, are there any strategies on such factors to make them predictable?

Research objectives

The broad objective of the study was to investigate on the environmental factors that customers consider when assessing service quality and customer satisfaction. This broad objective was met by fulfilling the following specific objectives:

1) To investigate and understand the environmental factors within the study context which are considered by customers during evaluation of service quality and when they derive their satisfaction.

2) To understand the secret behind customers' emphasis on such environmental factors during service evaluations.

3) To understand whether service firms recognise such factors and how they deal with them to ensure better quality and formation of customer satisfaction.

Materials and methods

Research design

This study followed a qualitative methodology. It was designed to cover the phenomena of interest as well as its context. Gummesson (2000) puts that, as long as you keep searching for new knowledge and do not believe you have found the ultimate truth but, rather the best available for the moment, the traditional demand for generalization becomes less urgent. Actually, there is substantial risk that generalizations in a social context act as prejudice that effectively blocks understanding rather than constituting supportive pre-understanding. Thus, the study applied an explanatory case study design (Yin, 1994) where a multiple – embedded case study approach was employed in order to allow comparisons.

Selection of the cases

Glaser and Strauss (1967) advocate the use of comparison approach in selecting cases. That is, they propose selection of cases that represent different aspects of reality. According to Ame (2009), in a study that involved banks and hotels, it was found out that some of these firms were ranked high

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and others were ranked low by their customers in terms of the average scores of service quality and customer satisfaction. The current study is an extension of the earlier one and involves one of the industries that were considered during the earlier study. In this case, two firms from the bank industry were chosen for further investigation. These firms were selected based on the pattern of the average scores of service quality and customer satisfaction ratings already established in the earlier study (Ame, 2009). One firm showing the lowest scores and another one recording the highest scores were selected in the bank industry.

Respondents and their selection

This study gathered information from three sources; customers, employees and the management in order to employ data triangulation. On the selection of management personnel, preference was given to middle level managers as compared to top-level managers, the aim was to avoid good wording syndrome. Actually, in both cases, operations managers were appointed for the task. Also, selection of employees was done among front desk workers. These included tellers and other front desk officers. Regarding the selection of customers, the primary emphasis was based on the opportunity to learn as well as theoretical sampling. Customers who were ready to co-operate and agreed to spend time for in-depth interviews were considered. Apart from co-operation of customers, various age categories, gender, and tribes were also considered as much as conditions allowed. The number of customers interviewed was determined by saturation (Gummesson, 2000), and count shows that 19 customers for the first bank and 24 for the second were interviewed.

Data collection instrument, methods and procedure

Data collection was guided by the study protocol as suggested by Yin (1994) for multiple case designs. On collection method, the researcher employed the direct interviews in evidence gathering. The other method applied was the documentation where brochures and fliers were used. The researcher alone was involved in the data collection work that was preceded by a pilot case study. Also, data and information was validated using respondents validation by taking the stories back to the banks before analysis was made.

Data analysis

Data analysis was guided by an analytic strategy as proposed by Yin (1994) and was done using pattern matching between data collected in respective case studies to the information known about the cases before the investigation; comparison of data between the two cases, and; explanation building to give explanations that reflect the research questions. Together with these core methods of analysis, supplementary methods of analysing the embedded units and noting the repeated observations were employed. This was deemed necessary because the study involved three units of analysis; customers, employees and management.

Results and discussion

Results

Full description of cases is covered here. Data and information gathered on the two cases are presented. Finally, general observations for data pattern are articulated.

Dar es Salaam city commercial bank (DCCB) ltd

The Dar es Salaam City Commercial Bank Ltd[1] is a small bank that started in 1997. The bank had only one branch until year 2000 and the number of branches increased to four by year 2005. During the time of the study (2011), the bank had expanded to six branches. All the branches are situated in Dar es Salaam region. The number of customers interviewed at all branches of the bank was 19.

Initially, this bank was focusing on both corporate banking and micro financing. However, micro financing was not given emphasis compared to corporate banking. In the year 2002, the bank found that it had done much in corporate banking. As a result, the management decided to give priority to micro financing as its main product. It seems that, the bank is doing well in this area of business, actually, it has been providing micro, small, and medium loans for individuals, groups, salary earners, etc.

Most of the customers interviewed for this bank are people with low incomes. Some of them are small business holders and others are salaried people. According to customers themselves, they

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[1] Anonymously, both cases have been given candid names. This is so because the management of the firms selected for case studies did not like their companies to appear in a paper. This was part of the agreement to allow accessibility.

joined the bank in anticipation of getting loans that the bank provides. For example, one of the customers interviewed stated that, "I do not use this bank because of convenience; I stay very far from here. I stay at Buguruni (about 10 kilometres from the bank branch). Also, I do not have any kind of commitment with the bank apart from the loan that I have obtained. Actually, the products offered by the bank attract me and in fact services are good". Another customer maintained that, "long queue is not an issue; it is an indication that many people accept the bank. The issue is getting what we are looking for (i.e. loan). Previously, I was a customer of other banks, but now I have come here because other banks have not addressed my needs".

According to the operations manager, factors like promptness and cleanliness are not important at all to make their customers satisfied. For example, as he put it, "Look at the kind of customers we have, a person looking for a loan of Tshs 30,000 (USD 20 approx.) cannot consider the environment of the bank or the time spent for services if he/she is assured of the loan. Actually, we have cases of many customers who closed their accounts after their applications for loans were disqualified". According to the operations manager, the management of the bank has an open door policy. It allows its customers to meet people they want at the bank. The bank also gets close to people by trying to understand their needs. "I feel that we are co-operative and accessible. This gives us an opportunity to get a lot of information from our customers. The information we get helps us to improve our services. Let them air their views".

Customers of one branch visited maintain that, they had recommended the bank to friends and relatives because of the way the branch manager treats them. The manager is close to people; he directs and assists customers in many ways including filling the forms for loan requests. In addition, the management is also close to its employees. The working environment is friendly, conducive, and harmonious. Employees have access to the management and they get listened to when they explain their problems.

From the interviews conducted, there was also found some cultural aspects, which were observed as playing a role in the process of service quality evaluation and customer satisfaction formation. These are:

1) Level of cleanliness.
2) Sense of indigenousness.

3) Friendliness.

With respect to level of cleanliness, it was observed that; one of the branches of the bank is situated around an area where there is a "chaotic" bar. The place is quite dirty and cases of fighting and pick pocketing are not uncommon. However, customers do not mind about this situation, they keep coming to the bank happily and also recommend the bank to relatives and friends. "Look at the location of our branch at… Actually, this was our target market". This is a statement from the operations manager of the bank. Also, one customer who was asked about his opinion on the surrounding environment of the bank said that, the place was okay, "we are here attending a course on how to process loan, to do our business and how to return the money to the bank". With the exception of the headquarter, the rest of bank branches are situated at highly crowded areas, having most of its customers doing petty businesses mainly in the informal sector like 'mama lishe' (small food vendors), second hand clothes dealers, etc. For the case of sense of indigenousness, it was found out that, there are customers who feel satisfied by bank services because fellow Tanzanians own the bank. It seems that they perceive a sense of ownership to the bank. One customer commented that, he likes this bank because it is the bank of Tanzanians. Another customer indicated that the bank was theirs when she said, "this is a peoples' bank. It has come to liberate us". Finally, with regard to the question of friendliness, according to customers themselves, employees and management of the bank portray friendly atmosphere in their services. For example, one customer reported, "employees are so friendly and considerate; they spend a lot of time directing us like how to get the loans." The operations manager confirmed the friendliness culture of the firm by saying, "we try hard to be friendly to our customers because they feel valued and they become free to express their views. This helps us improve our services to suit the needs of customers."

One issue of interest in this case was that, during the study, there were few ladies who maintained that they would have felt much better to be served by male employees than their fellow females. Their reason was that they felt the male employees were more helpful and friendly than the female ones. However, most of the customers interviewed seemed not to bother about the gender of who gives them services. "As long as the services are good and I have what I need within reasonable time, I would not mind who serves me". This was a statement from one male customer. What fascinates is that, the management of the bank felt that, it was important to have female employees especially at the front desk.

African international bank – AIB (T) ltd

The African International Bank (T) Ltd. is relatively a small bank that started its operations in the country in 1996. By year 2005, the bank was operating in 7 other countries in Europe and Africa. During the time of this study (2011), the bank was operating in more than 12 countries internationally. It has got four small branches here in Tanzania, all of them situated in Dar es Salaam. Accordingly, the bank is growing both vertically (in terms of operations and number of customers) and horizontally (in terms of number of branches) since it started with only one branch. The reason towards considering the bank for an in-depth study is that, it provided the highest scores for study variables during the survey study (Ame, 2009). The level of service quality ranked by customers for the bank was quite outstanding. Consistent with that, customers had shown high level of customer satisfaction. As the name of the bank suggests, AIB (T) Ltd. is a foreign bank. Due to that, the bank was not popular when it started because many Tanzanians were sceptic with foreign banks after the bankruptcy of the Meridian Biao and Green Land Banks. However, the bank has now been accepted due to a number of reasons like, low commissions on services, attractive interests rates, quick transfer of funds, etc, which the bank offers.

From customers' opinions, the bank appearance is neat and attractive in all the branches visited. According to customers themselves, customer care is quite impressive and accessibility of the bank management is high. Also, the bank is quiet at all times as if there was nothing taking place inside. Customer service rate is high while customer arrival rate is moderate. Due to that, customers spend very few minutes at the bank waiting for services. Some of the comments customers gave in relation to these facts were: "Customer care is one that makes me satisfied with the services of this bank." Until when saturation was reached, 24 customers had been interviewed from this bank.

The bank provides three major services in general. These are: consumer banking, corporate banking, and international banking. According to the management however, the bank focuses more on corporate banking. Due to that, there were complaints from some customers that it was high time that the bank also considers financing of micro businesses. On the side of the bank, this seems not a feasible endeavour.

Accordingly, most of the customers for this bank are big ones including:

1) Individuals or organisations operating current accounts.

2) Individuals or organisations that transfer funds.

3) Individuals or organisations that keep fixed deposits.

4) Customers operating saving accounts.

According to the management, most of their customers fall under these categories, because the bank charges no commission on local currency withdrawal, the commissions that the bank charges are relatively lower compared to what other banks charge, bank's flexibility and easiness in funds transfer, and the bank offers high interest income on fixed deposits.

According to customers themselves, they are highly impressed with promptness on transactions, good communication during services, high rates of interest income and knowledge on the side of the employees on what exactly customers want. For example, one of the customers interviewed said; "I use this bank because it gives high rates on fixed deposits. Also, there is no delay to effect payments when the account matures". According to the management of the bank, these were the characteristics of corporate customers because they were people who have been operating with big international banks. So, this is what they care most. The management gets to understand this through suggestion boxes and through direct conversation with their customers as they are given direct and prompt access to the management to discuss business issues.

The management feels that, what makes it different from other banks was that:

1) They provide high interest income on deposits.

2) They do not delay payments upon maturity of say fixed deposits, etc.

3) The high levels of customer care that the bank exercises.

4) The high level of prompt and accurate services that the bank delivers to customers.

5) Accessibility of the bank management especially for corporate customers.

6) Consideration and relaxation of conditions on service provisions.

Apart from that, the management likes to be very close to its customers by arranging some gatherings where they informally get to discuss issues related to business. Such gatherings included periodical cocktail and new-year parties, where customers used to mix with bank directors. In such informal meetings, the management of the bank gets to understand what their customers need. Together with that, the management has also built a tradition of giving away, certain items such as cards, T- shirts, mugs, pens, wheel covers, key holders, etc, all having the bank emblem.

Another custom practised by the bank was to allow customers have a direct and prompt access to the top management. Also, employees indicated positive accounts regarding the internal relationship

between themselves and their management. Employees' satisfaction is high due to benefits, good work environment and the trainings offered.

All customers interviewed seemed not to have been influenced by cultures of where they came from. All of them showed almost similar behaviours in terms of how they liked to be serviced. Here are some examples of what these customers really wanted:

1) "Very recently, I recommended a Briton to open his account at this bank. Myself, I have two accounts, one at this bank and another one at... however, I often come here because of prompt services".

2) "I use this bank because it gives high rates on fixed deposits. Also, there is no delay to effect payments when the cheque matures.

3) "I like services of this bank because it takes very short time to complete transactions. In that way, it is also secured".

4) "This bank is perfect because of prompt services and security".

These people are highly influenced with time in their consideration of services. This has been observed to be the culture of customers for this bank. It may not be regarded as social culture as such but rather a goal-oriented culture, i.e. behaviour of a given type of customers. Since this behaviour differentiates this market segment from others, it has therefore been referred to as the social culture of customers.

All customers interviewed indicated that they were not bothered with the gender of who gives them services. Almost all of them talked about time consideration, interest income, good communication and customer care. For example, when one customer was asked about how he perceived his level of customer satisfaction in respect to the gender of someone rendering services, the response was; "I have come here for good services and nothing else". Another customer said, "I hate servers who are slow and not their gender".

However, the management felt that there was a need to have female employees especially in the front desk. Their reasons were:

Female employees form part and parcel of good appearance of the front desk.

Many customers feel better when served by female attendants.

Employees on their part felt that, gender combination in the work place brought about harmonious and natural working environment.

Analysis

Analysis of case 1 (the within case analysis)

Actually, this bank was selected because it was the least as regards to levels of service quality and customer satisfaction. Fascinatingly, the in-depth study findings show that the bank was providing services of good quality to its target market. Customers were satisfied with the services offered by the bank. According to the management of the bank, factors that make their customers satisfied were mainly two:

Possibility to meet any person in the bank whom customers wanted to, and;

The type of products offered by the bank, i.e. micro, small and medium loans.

Customers on their side said that, they were satisfied due to the following factors that the bank had improved on:

1) Loan expectation;
2) Good services;
3) Security level at the bank, and;
4) Good communication from employees and management.

Apart from that, the improvement in the service quality and customer satisfaction at the bank may also be attributed to the environmental factors as found from the case. These are:

Offerings of the bank: Offerings of the bank are considered because this bank had changed its line of business from corporate banking to micro financing. This has brought significant changes as regards to service quality and customer satisfaction. Accordingly, it is due to offerings where a firm can segment its customers according to different behaviours (Kotler, 2000).

Customer income levels/ market segment: Market Segment because the bank had improved its performance after it introduced new products which enabled it to determine its target market and then started providing what the market really needed. According to the bank's target market, the need was to have small loans for financing micro businesses. This position is embraced by

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Iacobucci, Grayson, & Ostrom (1994), who pointed the need of considering differentiation of customer groups when setting expectations of customers as standards for evaluating service quality. It is not true that the services of this bank were of good quality by all standards. Both, the management and the customers admitted that some of the bank branches were not located at clean environments. However, customers were satisfied with that condition simply because they were poor and they needed the money to support their businesses.

Social culture: Social Culture because it can be seen from the case that, customers of this bank do not mind dirtiness and chaos around the bank. Actually, based on their culture, it was just fine for them to remain with the bank as long as the bank processed their loans. This finding agrees with the stand of Mattila (1999), who classified the influence of culture on service encounter evaluations into type of customers and purchase motivation as well as Furrer, Liu, & Sudharshan (2000) who state that cultural element has something to do with the norms that are perceived important by customers. Another sense of culture is that of some customers becoming satisfied with services simply because they have feelings of belonging to the bank. They feel that they are doing business with their brothers or sisters (Tanzanians) because the bank is locally owned.

Management culture: Management culture also played a role in evaluating the services of the bank favourably as well as in producing satisfied customers. This has taken place in two ways:

The way the management entertains people to air their views, the extent to which the management is helpful and participatory in servicing customers, and the level of friendship the management exercises to its customers. The management does not discriminate or degrade its customers because they are low-income earners or because they accept to be serviced under dirty environment. "Actually, we are targeting these people". So, the bank is in business and it shows how marketing oriented the management is. This finding is in line with Hallowell (1996) argument that, a strong marketing culture leads to increased customer satisfaction and customer retention. Thus, this distinct culture of the management has made customers feel valued and hence satisfied with services.

The way the management treats its employees. The conducive and transparent work environment. The relationship between the top management and the operatives and the extent of power to make decisions vested on the employees. This situation makes the employees become motivated and

likely to do good job. Eskildsen & Nussler (2000) made a point that it is satisfied employees which lead to satisfied customers.

Gender of the service provider: There was no clear contribution from the findings that gender of the service provider has effect on the evaluation of service quality and customer satisfaction. This was evidenced by the fact that almost all the customers interviewed were just indifferent in considering gender when they get service. There were few ladies who preferred to be serviced by male employees. Their reason however was that, these people were more friendly and helpful. So, one could not be quite certain that the question here is gender sensitivity rather than helpfulness and friendship. Thus, it can be inferred that, gender of the service provider for this particular case does not influence the evaluation of service quality and customer satisfaction.

Analysis of case 2 (the within case analysis)

Findings from the earlier study indicated high levels of performance for this bank in terms of perceived service quality and customer satisfaction. According to the in-depth study findings, customers' views still showed that the bank was maintaining its status of providing services of good quality and also produced satisfied customers. According to the management perceptions, the secret to the bank's success in making customers satisfied lies in the following factors:

1) Prompt services;
2) Good communication, and;
3) Knowledge about what customers want.
4) On the other hand, customers claim to be highly satisfied by the bank services due to the following:
5) Good services (quality services) that the bank provides;
6) Promptness in providing the services;
7) Security levels at the bank;
8) High rates on fixed deposits/good interest income;
9) Customer care;
10) Short term loan expectation, and;
11) Cleanliness of the bank in general.

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This means that there is a difference between management understanding on what customers are looking for and what customers claim to be satisfied with. Besides the quality factors as indicated above, one might argue that the bank's success towards maintaining service quality and customer satisfaction is also attributed to the factors discussed below:

Offerings of the bank: Offerings of a business firm have to deal with identification of target market and then decide to offer the right product. Once this is done, what remains is to provide the product and make the customers satisfied because their needs have been identified and met. This is what the bank has been focusing on since it started. Its main line of business has been corporate banking and has perfect knowledge on how to deal with its customers. It offers the required needs and in the manner it should be. These needs have emanated from careful analysis of the class of customers the bank deals with. These include high rates on fixed deposits/good interest income for those who like to invest their money with the bank and short-term loans for those who are looking for working capital to boost their businesses. Also, the bank charges competitive levels of commissions for services it offers.

Customer income levels/ market segment: The bank understands that the market segment it deals with is that of high-income earners or people who operate big businesses. Such people would always like to maintain their high status. In that way, they would anticipate to do business under clean and attractive environment. Having known that, the bank operates within the expectations of its target market. Analogous to the position of Iacobucci, et al., (1994), this bank has segmented its market not just on the basis of price but also on other factors that have made impact on customers' choice and evaluation. In this case, factors that have been used by the bank are the income benefits, efficiency and good services which customers anticipate when joining the bank.

On the other hand, there is another market segment that is not categorically emphasised by the bank. This segment is that of small holders who operate their accounts with the bank in anticipation of good interest income and also the possibility of getting loans. Since the bank does not consider micro financing, these people were complaining that, it was high time the bank to thought about this trade. The failure on the part of the bank to satisfy the needs of this market segment explains why they aired complaints signifying dissatisfaction in a way. This also underscores the importance of market segmentation in relation to reaching evaluations of service quality and customer satisfaction.

Management culture: It seems that, the management of this bank has adopted a certain culture to suit the kind of customers it trades with. Since the bank deals with big customers, there is no doubt it has to treat them like business partners. That is why the bank exercises high level of customer care, provides high degree of accessibility to the bank management and exempts customers of conditions with a lot of considerations on various provisions. The relaxation of conditions and openness of the management suits well the corporate customers who become very satisfied with bank services. The bank may be found to exercise a well oriented marketing culture that according to Hallowell (1996) has the likelihood to increase customer satisfaction and customer retention. In this way, one can find the direct influence management culture has on the formation of customer satisfaction.

Social culture: The market segment served by this bank was also found to be influenced by a certain culture in evaluating services and in forming customer satisfaction. This culture is not exactly social culture but rather goal-oriented culture. It is the behaviour of business minded people to care so much about time (promptness of services). They seemed to adhere to an old business idiom "time is money". All the customers interviewed indicated to have been impressed with services to the extent of recommending the bank to people like Britons. Mostly, Customers indicated to have been impressed because of promptness of services, non-existence of delays on payments upon maturity of deposits, and the short time it takes to complete transactions. This implies that these are people who care about time, which is a common culture possessed by most business minded people based on behavioural differences among buyers (Kotler, 2000). With regard to type of customer, Mattila (1999) found that business travellers acted as a relatively homogenous target market (people with similar behaviours), regardless of their social cultural backgrounds.

Similarly, the target market for this bank considers efficiency (including the speed of service) as more crucial in the delivery of services. The management understands this peculiar culture of the targeted customers. It thus ensures prompt services in order to win the customers who ultimately feel satisfied. So, we find once again that, culture, be it social or goal-oriented, affects service quality evaluations and customer satisfaction formation as long as the required needs are met.

Gender of the service provider: According to customers themselves, it becomes clear that, gender of the service provider has nothing to do with evaluations of service quality and customer satisfaction. This makes sense since these are people who are interested in doing business. On the other hand, gender of the service provider may be found to have an indirect relationship to evaluations of service quality and customer satisfaction. This is so because, the employees themselves feel good and motivated to work under a gender mixed environment. Since satisfied employees lead to high firm performance (Eskildsen & Nussler, 2000) that finally leads to satisfied customers, then gender of the service provider cannot be underrated in the role it plays towards evaluation of service quality and customer satisfaction.

Upper level analysis (pattern matching between cases)

This analysis was based on the main factors that emerged in the two cases. It also looked at factors, which were found to effect customer satisfaction. In short, the analysis provides differences/similarities on the pattern of data for the two banks.

1)   Comparison of factors depicted in the cases

Table 1 below summarises the similarities and differences on the important factors that emerged from the two cases of the bank industry.

Table 1: Comparison of factors depicted in the cases

Observed Factors	Dar es Salaam City Commercial Bank (DCCB) Ltd	African International Bank – AIB (T) Ltd
Firm's Offerings	Micro financing	Corporate Banking
Market Segment	Low and medium level income earners (small holders and loan seekers)	Medium and high-level income earners (investors/depositors).
Management culture	1) Accessibility is very high 2) Management is close to customers through assistance and considerations 3) Employee/management tie is good and allows employees to be heard. 4) Employees' behaviour	1) Accessibility is very high 2) Management is close to customers through gatherings flexibility and considerations. 3) Employee/management tie is friendly and there is casual senior-junior relationship. 4) Employee behaviour covered

	covered with friendship, helpfulness and consideration.	with friendship, customer care, good communication and helpfulness.
Social culture	1) Social culture influences customer satisfaction. The aspects of culture contributing to that being: 2) Level of cleanliness. 3) Sense of indigenousness and 4) Friendliness	Behaviour in the form of goal-oriented has been found to effect level of customer satisfaction.
Level of Service quality	Moderate	High
Level of Business Performance	Flourishing, with customers intending to come back and also recommend the firm.	Flourishing, with customers intending to come back and also recommend the firm.
Level of customer satisfaction	Moderate/high	Moderate/high

According to the data presented in Table 1 above, one finds that, the key issue in the whole process of evaluating services and formation of customer satisfaction is the offering of the firm. The offering is the one that has segmented the market to be served and the way to provide the required needs. It is possible to have different levels of quality of services for different firms as shown in the Table. However, it is also possible to have the market segments serviced by such firms evaluate services favourably and also become quite satisfied. The reason is that such segments have different needs and also have different factors and motives when evaluating services.

2.   Comparison of factors affecting customer satisfaction

Table 2 below compares the factors discovered to have effects on customer satisfaction for the cases.

Table 2:   Comparison of factors affecting customer satisfaction

Dar es Salaam City Commercial Bank (DCCB) Ltd	African International Bank – AIB (T) Ltd

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1) Firm's offerings 2) Customers' income levels/market segment. 3) Management culture. 4) Social culture. 5) Relationship with service provider.	1) Firm's offerings. 2) Customers' income levels/market segment. 3) Management culture. 4) Culture of customers in the form of goal-oriented. 5) Gender of the service provider.

It can be observed from Table 2 above that, the environmental factors affecting customer satisfaction for the two cases differ somehow. For example, customers of one bank are influenced by their social culture in deriving customer satisfaction where as those of another bank are influenced by goal-oriented behaviour. The relationship with service provider factor seems to influence customers of only one bank in the derivation of customer satisfaction. The same happens for gender of service provider. It is interesting to note that people seeking same services (bank services in this case) have different considerations to environmental factors in deriving their customer satisfaction. The reality is that these customers belong to diverge market segments and thus have varying behaviours and needs. Due to this, they become motivated by different customer satisfaction factors.

3.   Comparison between management, employees and customers views

The findings of this study have detected some discrepancies on the research issue on the views of management of firms, employees and customers. These discrepancies imply that there exist some gaps between what customers require, management understanding of customers' requirements, what the management thinks it delivers and what the firms actually deliver. These gaps are analysed below as follows:

a)   Gap between what customers require and management understanding on customers' requirements (Gap 1)

It was evidenced from Dar es Salaam City Commercial bank Ltd. that customers accepted being serviced under dirty and chaotic environments. Management thinking is that as long as these low income customers were made to get the loans they need, it was just okay. "Look at the kind of customers we have, a person looking for a loan of Tshs 30,000 cannot consider the environment of the bank or the time spent for services if assured of the loan." Logically speaking, these customers

do not like dirty environment. However, cleanliness to them is of second priority in comparison to the loan that can make their ends meet. The situation is reasonably consistent with Maslow's hierarchy of needs theory (Maslow, 1954).

Likewise, African International Bank Ltd. management thinks that the success of their bank lies behind providing prompt services, good communication with customers and knowledge about what customers want. However, Customers themselves claimed to be satisfied by good services, prompt services, security, high rates of interests, customer care, short-term loan expectation and cleanliness. Together with that, there were customers who required micro financing service that the bank did not even consider it at all.

b)   Gap between management understanding on customers' requirements and what management thinks the firm delivers (Gap 2)

Definitely, management understanding on customers' requirements should become a focal point of what should be delivered to customers. Since management has wrong (different view from reality) on customer's requirements, it creates a deviation between management understanding on customers' requirements and what management thinks the firm delivers. This may be evidenced by the fact that African International Bank management understanding that their customers are fond of prompt services and good communication. This made the management work hard to see that customers perceive these factors. In actual sense, customers wanted micro financing as well. That is, the bank had not been able to segment its market adequately.

c)   Gap between what management thinks the firm delivers and what is actually delivered (Gap 3)

In the African International Bank case, there was a gap between what the management thought it delivered to customers and what it actually delivered to them. This was evidenced by the opposite views management and employees had on factors, which make customers satisfied. For instance, the management of the bank felt that, gender of the server had something to do with customer satisfaction but employees said that they felt good to have gender mix during work. So, failure to have gender mix could lead to customer dissatisfaction through employee's dissatisfaction without management's knowledge. Another example is that of the management of Dar es Salaam City

Commercial Bank not knowing that their customers consider bank ownership as one of the factors that made them satisfied.

d)　　　Gap between what firms actually deliver and what is required by customers (Gap 4)

According to case studies' findings, there is a gap between customers' requirements and what firms actually deliver to those customers in order to satisfy them. This gap is a result of the existence of three gaps explained above. Its magnitude depends on the deviations existing on the first three gaps. The gap (gap 4) represents the level of customer satisfaction/dissatisfaction.

Parasuraman, Zeithaml, & Berry (1985), identified four gaps in the process of evaluating service quality. The gaps are:

Gap 1: Difference between consumer expectations and management perceptions of consumer expectations.
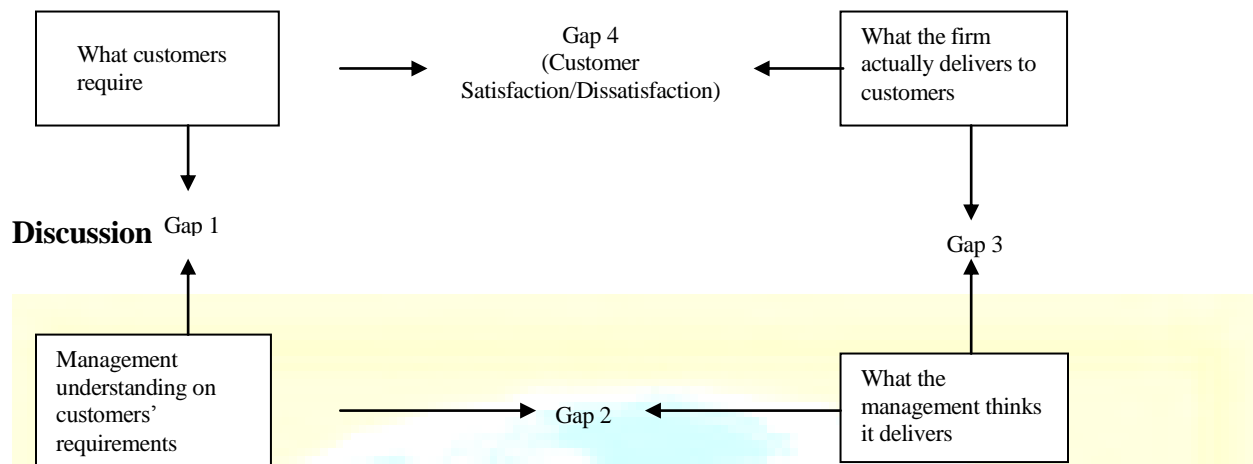
Gap 2: Difference between management perceptions of consumer expectations and service quality specifications.

Gap 3: Difference between service quality specifications and the service actually delivered.

Gap 4: Difference between service delivery and what is communicated about the service to consumers.

This study has therefore been able to identify the four gaps as shown by Parasuraman, et. al., (1985). The wider the gaps the more unsatisfied customer would become. To make customers become satisfied, effort needs to be done in order to narrow down the gaps whenever they exist. The first three gaps are translated by Gap 4; which is the difference between what firms actually deliver to customers and what customers themselves really require. The gap determines the extent of customer satisfaction/dissatisfaction. Figure 1 shown below represents the gaps discussed with gap 4 indicating customer satisfaction/dissatisfaction level.

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Figure 1: Gap analysis on customer satisfaction

Discussion

Environmental factors which customers consider when assessing service quality and customer satisfaction

It has been found out that there exist environmental factors that are not the determinants of service quality, which influence customer satisfaction as well. The factors according to the findings in this study are:

1) Firm's offerings.
2) Customers' income levels/market segment.
3) Management culture.
4) Social culture.
5) Relationship with service provider.
6) Culture of customers in the form of goal-oriented.
7) Gender of the service provider.

Due to that and from the analysis presented, it follows that:

Customer satisfaction may be reached regardless of the level of perceived service quality customers may have. This tendency is caused by the presence of the environmental factors, which have been reported to influence customer satisfaction.

Factors, which are considered by customers in evaluating service quality and for bringing about customer satisfaction, are normally not the same even if the firms being considered are in the same service industry and doing the same business. What matters is mainly the market segment.

Besides the social culture, customers possess their own culture, a culture of how they would like business transactions to be handled. This can be called goal-oriented culture. This culture has been discovered to emanate from the market segment. It is this culture that figures out the type of service to be accepted by the customer. The culture also determines the desired outcome of the predetermined service. In that case, the culture systematically moulds the formation of customer satisfaction.

Relationship with the service provider is one of the factors that effect customer satisfaction. However, customers of high-income class have not been found to depend on this relationship in order to become satisfied with services. It is those customers with low level of income who rely on the relationship with the service provider. The relationship is in the form of friendship, feelings of indigenousness and feelings of ownership.

The overall culture of the firm (i.e. management culture towards business, employees and customers, employees culture towards customers and between themselves) influences customer satisfaction. The better the relationship between these groups the more likely the customers will become satisfied with services of the firm. On the same argument, the more hostile the relationship is between the groups, the more likely customers will become dissatisfied with services.

Reasons as to why customers put emphasis on the explored factors

The major reason why customers consider the environmental factors when they evaluate services and when they derive customer satisfaction is that the factors are the cause of meeting their needs and also in the manner they want. Actually, those factors are what define their segment, i.e. the factors classify their distinctiveness. If such factors are not there one will be talking of a different market segment.

Recognition of such factors by the management and strategies in place

It has been found that:

There is a gap between what customers require and management understanding on customers' requirements (Gap 1).

There is a gap between management understanding on customers' requirements and what management thinks the firm delivers (Gap 2).

There is a gap between what management thinks the firm delivers and what is actually delivered (Gap 3).

There is a gap between what firms actually deliver and what customers require (Gap 4).

Thus, it can be concluded that, some service firms in Tanzania do not recognise all the factors, which make their customers evaluate services favourably and which make them satisfied. For some of the factors that are known by the management, there are strategies designed to make customers predict such factors so that they perceive service quality and also become satisfied. The strategies include training of employees, giving customers access to management, conducting occasional informal gatherings with customers and providing gifts.

There are also firms that do not have strategies, which make their customers perceive service quality and have customer satisfaction as a result of environmental factors. This is because the management and the employees do not recognise such environmental factors.

Conclusion and recommendations

Conclusion

According to the findings of this research, it has been discovered that; for service quality and customer satisfaction theories to adequately function in contexts, consideration on environmental factors is required. In fact, service quality and customer satisfaction are moderated or influenced by factors like business firm's offerings, customers' income levels/market segment, social culture, goal-oriented culture of customers, management culture, and gender of the service provider. Also, customer satisfaction has been found to be further influenced by the relationship a customer might have with the service provider.

Regarding evaluation of services and customer satisfaction by customers, the question of market segmentation is vital. This is so because customers evaluate services and then generate customer satisfaction according to their needs, which have been found to differ among people of different market segments. For example, a market segment of high-income customers have their needs and this class would always look for the right place that matches their needs. Likewise, low-income customers have got their needs. This group is in fact vulnerable and is likely to be influenced by factors like relationship with a service provider.

On the issue of modelling service quality, this study has been able to identify four gaps associated with customer satisfaction formation. The same gaps were systematically laid down by Parasuraman, et. al., (1985) in the gap analysis model. Since the gaps have been connected to customer satisfaction and not service quality evaluation here, it raises doubt on the conceptualisation of service quality gap model. That is, the gap model takes the form of customer satisfaction conceptualisation. This issue has also been raised by other researchers (Cronin & Taylor, 1992, 1994; Van Dyke, Kappelman, & Prybutok, 1997, etc.). Therefore, the best approach to model service quality should not be to use the gap formulation.

As regards to the environmental based service quality factors (management culture and gender), the study concludes as follows:

Management culture in the form of management accessibility is a surrogate of service quality to bring about customer satisfaction. It has been found that, if management of a business firm is accessible, it is possible to have customers satisfied even if service quality is of low standard. Also, if management of a business firm is not accessible, then level of customer satisfaction will be low even if service quality is of high standard.

Gender of the service provider (employee gender) moulds service quality that finally leads to customer satisfaction. This takes place through enabling harmonious and conducive working environment something that brings employees' satisfaction. It is the employees' satisfaction that can then lead to customer satisfaction.

Recommendations

Theoretical recommendations

In order for service quality and customer satisfaction theories to adequately function in contexts, consideration on environmental factors is required. It is due to those factors where evaluation of the two constructs will never be found to be consistent even if similar firms offering similar business are compared.

This study confirms that, the gap model takes the form of customer satisfaction conceptualisation. Therefore, conceptualising service quality using gap formulation is actually flawed and misleading. It is hereby recommended to adequately conceptualize service quality using performance modelling.

Managerial recommendations

Apart from exploring and then managing the service quality factors as a strategy to retain customers, it is vital to understand the environmental customer satisfaction factors. These factors are connected to needs of customers. Therefore, knowledge on what customers need would help firms to understand their target markets that would necessitate proper changes in the firms' offerings.

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