

**SERVICE QUALITY AND CUSTOMER SATISFACTION IN SAVINGS AND
CREDIT COOPERATIVES:
A CASE OF ELECTORAL COMMISSION STAFF SAVINGS AND CREDIT
SOCIETY**

BY

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DECLARATION

I Henry Makabayi, hereby declare that this dissertation is my own effort and has never been produced in Kyambogo University or any other institution of higher learning for any award.

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APPROVAL

This dissertation has been done under our supervision and has met the requirement of Kyambogo University and is now ready for submission.

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DEDICATION

I dedicate this dissertation to my departed parents Mr. Zablon Musoga and Mrs Theresa Y. Musoga, my departed sisters Grace Namwadiko and Florence Wegosasa, my sister Rev. Sr. Beatrice Nadunga, my wife Edith Nakazigye and my daughters Dr. Teddy Kwaga and Dorothy Nabulobi.

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Lastly, I acknowledge the support from Electoral Commission Staff Cooperative Savings and Credit Society Ltd for allowing me use the organisation as a case for this research. The support from staff of EC SACCO and customers who participated in providing information for this research is highly appreciated.

ABBREVIATIONS AND ACRONYMS

BOU	:	Bank of Uganda
EC	:	Electoral Commission
EC SACCO	:	Electoral Commission Staff Cooperative Savings and Credit Society Ltd.
SACCO	:	Savings and Credit Cooperative Society
SERVEQUAL	:	Service Quality
SPSS	:	Statistical Package for the Social Sciences

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ABSTRACT

The study sought to examine the relationship between service quality and customer satisfaction in savings and credit cooperatives with specific focus on Uganda Electoral Commission staff SACCO. It focused on addressing six objectives that included; (i) to establish the relationship between reliability of services and customer satisfaction at EC Staff SACCO, (ii) to establish the relationship between service responsiveness to customer needs and customer satisfaction at EC Staff SACCO, (iii) to establish the relationship between service assurance and customer satisfaction at EC Staff SACCO, (iv) to establish the relationship between empathy and customer satisfaction at EC Staff SACCO, (v) to establish the relationship between tangibility and customer satisfaction at EC Staff SACCO and (vi) to examine the moderating effect of competition (bank salary loans) on the relationship between service quality and customer satisfaction at EC Staff SACCO. This study was guided by: the expectancy disconfirmation theory, SERVQUAL model and Michael Porter's generic strategies. The study adopted a case study research design that was rooted on both quantitative and qualitative approaches on which data was collected from a sample of 248 from a study population of 693 members of the EC SACCO that was determined using simple random sampling. The study used univariate analysis such as descriptive statistics to analyze sample characteristics. Bivariate analysis was conducted in form of Pearson's correlation analysis to address the study objectives that sought to establish the nature of relationships. A multivariate analysis, using a hierarchical regression model was performed to determine the moderation effect of competition on the relationship between service quality and customer satisfaction. From the analysis, the study established that there is a significant positive relationship between service reliability and customer satisfaction, there is a significant positive relationship between service responsiveness and customer satisfaction, there is also a significant positive relationship between assurance of service quality and customer satisfaction. Similarly, it was also established that there is a significant positive relationship between empathy and customer satisfaction and there is a significant positive relationship between service tangibility and customer satisfaction. Furthermore, the study established that competition may not be a good moderator of the relationship between service quality and customer satisfaction given that the moderating effect is insignificant. The study concluded that improving service quality at the SACCO is observed to register high level of customer satisfaction, with all the elements of service quality that were tested in the study indicating a statistically significant relationship with customer satisfaction. The study recommends that savings and credit cooperatives should strengthen efforts in enhancing their responsiveness to the customers' needs by initiating online services as much as possible. EC staff savings and credit cooperative should increase its loan repayment period and reduce interest rates as a means of showing empathy to the customers.

Key Words: Reliability, responsiveness, assurance, empathy, tangibility, service quality and customer satisfaction

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study sought to investigate the relationship between service quality dimensions and customer satisfaction and the moderating effect of competition in savings and credit cooperatives with reference to Electoral Commission Staff SACCO as the unit of analysis. The essence of this study was to examine how Staff SACCOs in Uganda can address the challenges relating to customer satisfaction. The sections that follow in this chapter present the background to the study, statement of the problem, the purpose of the study, study objectives, research questions, scope of the study, significance of the study and conceptual framework.

1.1 Background to the Study

The background to this study is presented in four perspectives that include historical, theoretical, and conceptual and the contextual perspective as discussed below.

1.1.1 Historical background

The roots of service quality can be traced way back in the 1950s when there was a paradigm shift from production orientation to service orientation (Mukhtar, Anwar, & Ilyas, 2017). It is argued that Fredrick W Taylor who is considered the father of scientific management gave birth to service quality. This is because back in his days he performed quality inspection into production (Tjiptono & Chandra, 2011). According to Parasuraman, Zeithaml and Berry (1988), Taylor employed inspection as one of the major tools to achieve an effective and efficient quality of goods and services.

According to Prakasha and Mohanty (2013) the paradigm shift from good orientation to service orientation started in 1950 when customers stopped buying goods in a traditional way and started

demanding value provided by the product that was intangible hence referred to as a service. By the early 1980s the service quality discussions were rising and concerns about customer satisfaction received much attention from several researchers (Angelova & Zekiri, 2011).

In 1985, the first conceptual model (SERVQUAL) was developed by Parasuraman nicknamed PAR-SU which sparked the writing of several articles, books, and reports and was adopted by several organizations to measure service quality (Seth, Deshmukh, & Vrat, 2005; Mukhtar, Anwar, & Ilyas, 2017; Ali & Raza, 2017; Pakurár, Haddad, Nagy, Popp, & Oláh, 2019). The model is clearly providing for how organisations measure the difference between perceived performance and customer expectation.

According to Angelova and Zekiri (2011), customer satisfaction is defined as the measure of how the organization collaborates the needs and responses, and deliver product or service that exceed customer expectation. They point out that the idea of customer satisfaction is presumed to have started in the early 1970's when there was a shift from sales concept/orientation into marketing orientation where the advocates of this mode pointed out the need for organizations to deliver products of value that satisfy customer needs rather than concentrating on just selling quantities of products. In order to achieve customer satisfaction, there should be a very good relationship between the customer and the supplier (Subashini & Gopalsamy, 2016). Therefore, in today's competitive business marketplace, a customer should be regarded as a king by the organizations. Customer satisfaction has become an important performance exponent and basic differentiator of business strategies of different organizations.

This historical background was beneficial to this study because of the current challenges that firms face related to achieving customer satisfaction.

1.1.2 Theoretical background

This study was guided by the disconfirmation paradigm theory and supported by SERVQUAL model and Michael Porter's generic strategies.

1.1.2.1 The Expectancy disconfirmation paradigm theory

This theory was proposed by Oliver in 1977 (Elkhani & Bakri, 2016). The theory has over years drawn interest from various scholars in trying to understand the interrelationship between the concepts of service quality and customer satisfaction (Aigbavboa & Thwala, 2013). The theory postulates that consumers have a predetermined expectation prior to the purchase of a product or service. Customers, therefore, rely on these predetermined expectations as standards to judge the performance of the product or service towards satisfying their needs. For instance, consumers expect that a certain level of quality of product or service meets their desired level of satisfaction. The theory highlights that once the customer uses the products, the outcomes of the product or service are compared to the expectation level (Khadka et al., 2017).

In addition to that the theory further asserts that once the customer expectations are met with the outcomes of the product or service, there occurs confirmation. On the other hand, if the customers' expectations are not met by the service, there occurs a state of disconfirmation (Elkhani & Bakri, 2016).

According to the expectancy disconfirmation theory, the customer will experience either of the two states. When the customer perceives the service performance to be higher than what he or she expects that means there is a confirmation between perception and expectations and the results of this is customer satisfaction (Subashini & Gopalsamy, 2016). However, when the reverse is true, there was disconfirmation between expectations of the customer and perception. The theory urges firms to concentrate on delivering better services that confirm between

customer expectations and customer perception so as to ensure customer satisfaction (Suchánek & Králová, 2015).

The explanations in this theory were found valuable in addressing the concepts for this study. This is because the theory provides an explanation of how firms such as SACCOs that are posed with the central challenge of satisfying customers can succeed in a highly competitive environment today. Therefore, in line with expectation disconfirmation theory, the specific dimensions of service quality for this study were tangibles, responsiveness, reliability, empathy and assurance which according to the SERVQUAL model, when addressed, may lead to customer satisfaction.

1.1.2.2 The SERVQUAL model

The fast pace of developments in business raises customers' demand for high service quality (Wilson, Zeithaml V.A, & D, 2018). Businesses including EC Staff SACCO cannot be oblivious of service quality if they are to keep abreast with these developments and continue surviving in the challenging business environment. The SERVQUAL model developed by Parasuraman, Zeithaml and Berry was in 1985 based on the disconfirmation paradigm has received wide recognition in explaining the state of service quality (Shanka, 2012) and has been applied in different fields and studies in measuring service quality. The model is a very relevant tool for measuring consumer perceptions of service quality.

The SERVQUAL model highlights service quality as a result of comparing perceived and expected performance and it identifies several dimensions against which service quality can be measured (Krishna Naik, Gantasala, & Prabhakar, 2010). The dimensions include; tangibility which is looked at in terms of physical characteristics associated with the service encounter, reliability which is the ability to provide accurate and dependable services to customers, responsiveness defined as willingness to assist customers by providing fast and efficient service

performances, assurance which relates to providing confidence to customer, and empathy which means firm's readiness to provide each customer with personal service. The proponents of the model suggest that service quality can be measured by identifying the difference between customers' expectations of the service and their perceptions of the actual performance of service (Ismaila, Ayanda, & Nassir, 2017).

The model was relevant to this study because it provided for the dimensions against which service quality was measured and therefore this study borrowed from the theory the dimensions of reliability, responsiveness, empathy, tangibility, and assurance to understand the variations in the level of customers' satisfaction in savings and credit cooperatives in Uganda with specific focus on the EC staff SACCO.

1.1.2.3 Competition – Michael Porter's Generic Strategies

Competitive advantage grows fundamentally out of value a firm is able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price (Riley, 2012). The basic types of competitive advantage are cost leadership, differentiation and focus. Cost leadership arises when a business offers lower prices than its competitors.

Differentiation refers to what distinguishes a business' product or service from that of its rivals. Focus refers to what section (niche) of the market the business concentrates on (Eric Tyson, Jim Schell, 2018). By understanding the competitive environment under which a firm operates, it can be better placed to deliver quality services that satisfy its customers leading to a longer term relationship and mutual benefit. Peppers and Rogers (2017) indicate that service quality may not lead to competitiveness because regardless of the quality of service being offered, a competitor will not be prevented from offering better quality or even a better price.

Offering consistent higher quality than that provided by rivals can be a basis of differentiation so consistence is of essence in enhancing competitive advantage. Competition influences what customers expect. If competitors offer relatively higher quality it raises what customers expect from their current service provider in a way that the higher the benchmarks, the higher customer expectations was (Phuc Nguyen, 2014). This means that competition is so much valued in any business as it pushes to timely and quality service.

1.1.3 Conceptual background

The specific concepts for this study were service quality and customer satisfaction. These concepts have received a remarkable recognition for explaining the general stand of firms in the competitive market. Service quality and customer satisfaction have been defined by many scholars in different ways and are pointed out to have a significant relationship as observed in the previous studies (Al-Tit, 2015). This study borrowed the service quality model dimensions of reliability, responsiveness, empathy, tangibles and assurance that may be adopted by firms for attention so as to bridge the gap between service quality and customer satisfaction.

Service quality is defined as the difference between what a customer expects from the service and the perceived standards of delivery (Silvestri, Aquilani, & Ruggieri, 2017). Service quality is also observed as a level of service offered by one firm as compared to that offered by competitors. If the one offered by the firm is high before the eyes of the customers than that offered by other firms, then it means the service is of quality (Adil, Ghaswyneh, & Albkour, 2013). During the past few years, service quality has become an area of interest to firms, practitioners, policymakers, and scholars owing to the fact that it plays a major role in determining the level of customer satisfaction (Marković, Dorčić, & Katušić, 2015)

The SERVQUAL model identified various dimensions of quality service which include; tangibles, reliability, responsiveness, competence, credibility, empathy and communication

(Pakurár et al. 2019). In an investigation by Dadzie (2017), the study identified furthermore dimensions of service quality. The study was done with the use of a focus group interview from which the findings indicated that reliability, responsiveness, access, courtesy, communication, credibility, security, understanding, and tangibles are major dimensions of service quality (Al-Tit, 2015)

However, the dimensions identified by Parasuraman et al. (1988) and Dadzie (2017) have remarkably addressed the challenge of meeting customer satisfaction. This study, therefore, borrowed from these models and ideas the dimensions of reliability, responsiveness, empathy, tangibility and assurance to investigate the relationship between service quality and customer satisfaction.

Customer satisfaction is defined as a function of the degree of conformity between customer expectation and perceived reality of the service outcome (Nyarku et al., 2018). Porter, (1961) in his empirical investigation applied the comparative model of customer satisfaction in the field of job satisfaction and found out that customer satisfaction has a significant relationship to service quality (Jahanshahi, 2009).

Customer satisfaction is a very vital factor in business success. It is considered as a function of the customers' expectations and perceived performance of the service, which is necessary not only to retain customers but also to attract new customers. It is pointed out that a customer who is satisfied not only demands more services but also remains loyal to the firm and would continuously purchase more services. The findings further indicate that a firm that achieves customer satisfaction would reap from long term survival of a business (Grönroos & Gummerus, 2014). As a result, this study adopted customer satisfaction as a dependent variable and was measured in terms of customer retention, repeated use of services and readiness to recommend others to use the services of the SACCO.

1.1.4 Contextual background

Savings and Credit Cooperatives are meant to furnish their members with a convenient and secure means of saving money and securing credit at reasonable rates of interest. Owing to limitations within SACCOS, members consider accessing these services from other financial institutions that can readily meet their needs (Semaw Henock, 2019).

The idea to form Electoral Commission Staff Cooperative Savings and Credit Society was mooted in 2003 and actualized in November 2004 when 57 members started saving. The number of members reached 102 by November 2005 when the first Annual General Meeting of the SACCO was held. The formation was motivated by the high interest rates (ranging from 20% per annum to 60% per annum) that were being charged by microfinance institutions from which the staff of Electoral Commission were borrowing. The other motivation was to avail cash for members to buy what they needed in cash rather than hire purchase where the prices turned out to be almost double the cash prices (EC Staff SACCO, 2018). The SACCO was also set up to offer an opportunity for the members to save. Customer complaints and customers opting to use competitors' services may have been and could still be as a result of the level of service quality and customer satisfaction at the SACCO (EC Staff SACCO, 2018)

1.2 Problem Statement

Electoral Commission Staff Cooperative Savings and Credit Society Ltd was established with the aim of mobilizing savings from members and offering loans at mutually agreed rates that meet customers' expectations (EC Staff SACCO Executive Committee Report, 2018). The SACCO has over years registered a rapid increase in the number of members from 57 to 615 members in the last 14 years (EC Staff SACCO, 2018). This is an indication that there has been a growing interest from staff to save and access loans from the SACCO.

However, EC SACCO members in the last three years expressed a sign of low satisfaction with the quality of the services offered by the SACCO. This is justified by the report (EC Staff SACCO, 2018) that indicated that the SACCO had experienced an attrition of 168 which is a churn rate 27.3 percent of its members opting out of the SACCO for bank loans instead of taking low rated loans of 12 percent per annum that the SACCO charges (EC Staff SACCO, 2018) which is lower than commercial bank prime lending rates which range from 18% to 23% per annum (Bank of Uganda, 2019). In addition to that, the SACCO in 2018 registered a backlog of unpaid loan applications of Shs. 2 billion and net monthly savings were also declining with members having saved only Shs.180 million in January 2019 yet savings withdrawals amounted to Shs. 182 million in the same month (EC Staff SACCO, 2018). It is against this ground that this study sought to examine the relationship between service quality and customer satisfaction at Electoral Commission Staff Cooperative Savings and Credit Society Ltd.

1.3 Objectives of the Study

The objectives of the study are divided into a general objective and specific objectives.

1.3.1 General objective

The general objective was to assess the relationship between service quality and customer satisfaction at Electoral Commission Staff Savings and Credit Cooperative Society Ltd of Uganda

1.3.2 Specific objectives

The specific objectives sought by the study were:

- i. To investigate the relationship between reliability of services and customer satisfaction at EC Staff SACCO, Uganda.

- ii. To examine the relationship between service responsiveness to customer needs and customer satisfaction at EC Staff SACCO, Uganda.
- iii. To assess the relationship between service assurance and customer satisfaction at EC Staff SACCO, Uganda.
- iv. To examine the relationship between empathy and customer satisfaction at EC Staff SACCO, Uganda.
- v. To analyze the relationship between tangibility and customer satisfaction at EC Staff SACCO, Uganda.
- vi. To examine the moderating effect of competition on the relationship between service quality and customer satisfaction at EC Staff SACCO, Uganda.

1.4 Research questions

- i. What is the relationship between service reliability and customer satisfaction at EC Staff SACCO, Uganda?
- ii. What is the relationship between service responsiveness to the needs of customers and customer satisfaction at EC Staff SACCO, Uganda?
- iii. What is the relationship between service assurance and customer satisfaction at EC Staff SACCO, Uganda?
- iv. What is the relationship between service empathy and customer satisfaction at EC Staff SACCO, Uganda?
- v. What is the relationship between service tangibility and customer satisfaction at EC Staff SACCO, Uganda?
- vi. To what extent does competition posed by bank salary loans moderate the relationship between service quality and customer satisfaction at EC Staff SACCO, Uganda?

1.5 Research hypotheses

H₁: There is a significant relationship between service reliability and customer satisfaction at EC Staff SACCO

H₂ : There is a significant relationship between service responsiveness to the and customer satisfaction at EC Staff SACCO.

H₃ : There is a significant relationship between service assurance and customer satisfaction at EC Staff SACCO.

H₄ : There is a significant relationship between service empathy and customer satisfaction at EC Staff SACCO.

H₅ : There is a significant relationship between service tangibility and customer satisfaction at EC Staff SACCO.

H₆ : Competition moderates the relationship between service quality and customer satisfaction at EC Staff SACCO.

1.6 Scope of the study

The scope of this study was categorized into content, geographical and time scopes.

1.6.1 Content scope

The scope of the study was limited to service quality as the independent variable, customer satisfaction as the dependent variable and competition as a moderating variable. The study was limited to establishing the relationship between service quality dimensions and customer satisfaction and the moderating effect of competition at Electoral Commission Staff Cooperative Savings and Credit Society Ltd, Uganda.

1.6.2 Geographical scope

This study was conducted at the Electoral Commission Staff Cooperative Savings and Credit Society Ltd, located at the Uganda Electoral Commission headquarters, Plot 55 Jinja Road, in Kampala City Authority. The SACCO operates one office that serves members who are spread across Uganda. This SACCO was chosen because of the ease of access to the premises and information required for the study.

1.6.3 Time scope

The study was conducted for a period of six months from the month of June to November 2020. The study gathered relevant information ranging from 2017-2020 when it was observed that some members were opting to get credit from institutions other than EC Staff SACCO

1.7 Significance of the study

This study is expected to be of significance to management of the SACCO, researchers and policy makers. To the management of the Electoral Commission SACCO, this study is expected to help in policy making especially on how to the contribution of service quality can be leveraged to improve on customer satisfaction in SACCOS. In addition, management is able to understand how focusing on the various dimensions of service quality; tangibles, empathy, reliability, responsiveness, and assurance can help to address the central challenge of low customer satisfaction.

To future researchers, the study is expected to provide information that enriches their knowledge. They may benefit by applying this information on related studies that look at addressing issues related to customer satisfaction and service quality improvement.

To the policy makers of cooperatives, financial institutions and government, this study is expected to enable them to derive measures of how SACCOS can deliver quality services that meet customers' standards hence enhancing customer satisfaction.

1.8 Conceptual Framework

The conceptual frameworks are developed to help understand the relationship between study variables (Eden, Nielsen, & Verbeke, 2020). For this study, the framework was developed to hypothesize that service quality has a direct relationship with customer satisfaction and that competition has a moderating effect the relationship between service quality and customer satisfaction. Broadly, the conceptual model proposed dimensions of tangibility, empathy, reliability, responsiveness and assurance of the SERVQUAL model influence customer satisfaction.

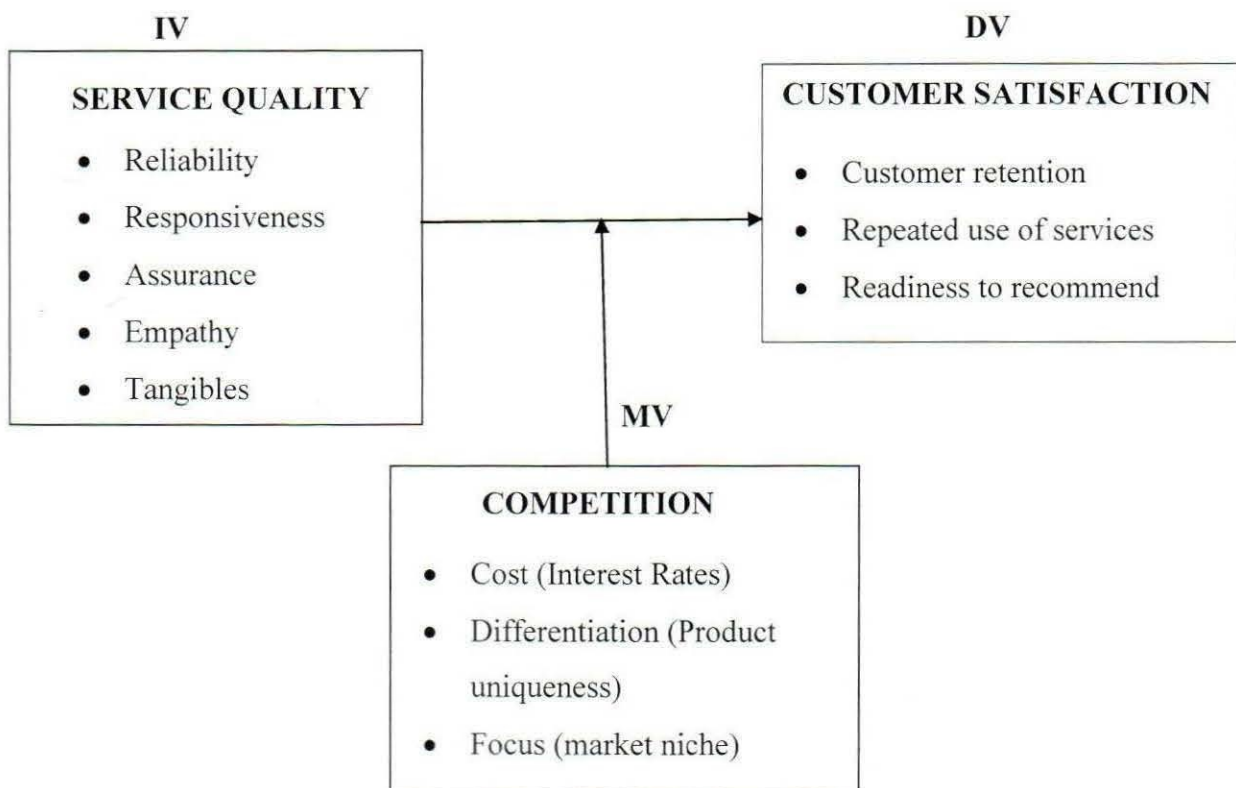


Figure 1: A conceptual framework of service quality and customer satisfaction

Source: Adapted from Gorondutse and Hilman (2014); Shanka (2012); Kabu and Maharjan (2017)

From Figure 1 above, service quality was the independent variable, customer satisfaction was the dependent variable and competition was the moderating variable. The framework suggests that service quality has a direct relationship with customer satisfaction (Gorondutse & Hilman, 2014). However, the framework also hypothesizes that the relationship between service quality and customer satisfaction is moderated by competition by way of bank salary loans (Shanka, 2012). According to the framework, service quality was conceptualized into five dimensions; reliability, responsiveness, assurance, tangibility and empathy and while customer satisfaction was conceptualized in three dimensions; customer retention, readiness to recommend services to others and repeat use of services (Kabu & Maharjan, 2017).

1.9 Definition of key terms

1.9.1 Customer satisfaction

Customer satisfaction (often abbreviated as CSAT) is a term frequently used in marketing. It is a measure of how products and services supplied by a company meet or surpass customer expectation (Rhoda, 2017). Customer satisfaction is defined as the number of customers, or percentage of total customers, whose reported experience with a firm, its products, or its services (ratings) exceeds specified satisfaction goals (Reibstein, Farris, Bendle, & Pfeifer, 2019). Customer satisfaction provides a leading indicator of consumer purchase intentions and loyalty. Customer satisfaction data are among the most frequently collected indicators of market perceptions (Reibstein et al. 2019)

1.9.2 Service quality

Service quality generally refers to a customer's comparison of service expectations as it relates to a company's performance (Yarimoglu, 2014). A business with a high level of service quality is likely capable of meeting customer needs while also remaining economically competitive in

their respective industry. Successful businesses who remain competitive and relevant in the marketplace work proactively to obtain information from their current or potential customer base so they can ensure they are meeting their needs (Rasyida, Mujiya Ulkhaq, Setiowati, & Setyorini, 2016).

Service quality (SQ), in its contemporary conceptualization, is a comparison of perceived expectations (E) of a service with perceived performance (P), giving rise to the equation $SQ = P - E$ (Nde, Berinyuy, & Lukong, 2010). This conceptualization of service quality has its origins in the expectancy-disconfirmation paradigm (Rabbani, Qadri, & Ishfaq, 2017). A business with high service quality will meet or exceed customer expectations whilst remaining economically competitive. Evidence from empirical studies suggests that improved service quality increases profitability and long-term economic competitiveness. Improvements to service quality may be achieved by improving operational processes; identifying problems quickly and systematically; establishing valid and reliable service performance measures and measuring customer satisfaction and other performance outcomes (Shanka, 2012).

1.9.3 Competition

Competition refers to a state where two or more firms from the same industry are producing and selling similar products or services with the goal of achieving revenue, profit, and market share growth (Susanto, 2019). The goal of competition is to increase sales volume and market share. A firm that is not competitive and is not providing services to the expectation of its customers is likely to lose customers and revenue to its competitors.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section presents the theoretical review, conceptual review and the underlying gaps in the literature that the study intended to fill in relation to the study concepts and the research objectives. The literature review in this study has been done by careful consideration of the works that have been done by other scholars regarding the variables in the study that is; service quality and customer satisfaction.

2.1 Theoretical review

There are several theories that have been applied by different scholars in the underlying study of service quality and customer satisfaction among which include; expectancy disconfirmation theory, dissonance theory and the assimilation theory. However, this study was guided by Disconfirmation Paradigm Theory supported by SERVQUAL Model and Michael Porter's Generic Strategies.

2.1.1 Expectancy Disconfirmation Theory

The Expectancy disconfirmation paradigm theory was proposed by Oliver (1977) in (Elkhani & Bakri, 2016). This theory has over years drawn interest from various scholars in trying to understand the concepts of service quality and customer satisfaction (Khadka et al., 2017). The theory postulates that consumers have predetermined expectations prior to the purchase of the product or service. Customers, therefore, rely on these predetermined expectations as standards to judge the performance of the product or service towards satisfying their needs (Aigbavboa & Thwala, 2013). The theory ascertains that once the customer uses the products, the outcomes of the product or service are compared to the expectation level. In addition, the theory further

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There are several theories that have been applied by different scholars in the underlying study of service quality and customer satisfaction among which include; expectancy disconfirmation theory, dissonance theory and the assimilation theory. However, this study was guided by Disconfirmation Paradigm Theory supported by SERVQUAL Model and Michael Porter's Generic Strategies.

2.1.1 Expectancy Disconfirmation Theory

The Expectancy disconfirmation paradigm theory was proposed by Oliver (1977) in (Elkhani & Bakri, 2016). This theory has over years drawn interest from various scholars in trying to understand the concepts of service quality and customer satisfaction (Khadka et al., 2017). The theory postulates that consumers have predetermined expectations prior to the purchase of the product or service. Customers, therefore, rely on these predetermined expectations as standards to judge the performance of the product or service towards satisfying their needs (Aigbavboa & Thwala, 2013). The theory ascertains that once the customer uses the products, the outcomes of the product or service are compared to the expectation level. In addition, the theory further

ascertains that once the customer expectations are met with the outcomes of the product, there occurs confirmation.

However, on the other hand, if the customers' expectations are not met by the service, there occurs a state of disconfirmation. According to the theory, the customer will experience either of the two states. When the customer perceives the service performance to be higher than what he or she expects that means there is a confirmation between perception and expectations and the results of this is customer satisfaction (Elkhani & Bakri, 2016).

The study by Subashini and Gopalsamy (2016) pointed out that the disconfirmation theory is one of the most popular theories because it urges the level of customer disconfirmation can be determined through comparing the service outcome with the predetermined expectations from the service. In their study, they identified that the theory helps to explain that satisfaction is basically the result of customers' experience with the service. This argument is also in line with Suchánek and Králová (2015) who also pointed out that the theory is the best predictor of paradigm shift from product orientation to service orientation.

The explanations in this theory were found valuable in addressing the concepts for this study. This is because the theory provided an explanation of how firms such as SACCOs that are posed with the central challenge of satisfying customers can succeed in a highly competitive environment today. Therefore, in line with expectation disconfirmation theory, the specific dimensions of service quality for this were responsiveness, reliability, empathy, tangibles and assurance.

2.1.2 Theory of cognitive dissonance

The state of cognitive dissonance is as a result of uncomfortable feeling in a customer due to the possession of two contradictory ideas simultaneously. The theory of cognitive dissonance

developed in 1957 is attributed to Festinger and it proposes that customers have a motivational drive aimed at reducing the state of dissonance by changing their attitudes, beliefs, and behaviors (Festinger, 1997). The theory has been adopted by several studies to describe a psychologically uncomfortable state within the customer that arises from the existence of contradictory views about the product (Mensah & Mensah, 2018; Tanford & Montgomery, 2015). The theory reveals that buyers are often in a state of discomfort after purchasing the product or service.

The theory is very vital in explaining the state of customer satisfaction. Consumers seek to avoid dissonance by changing their perceptions about a service or product so as to bring the service in line with their expectations (Liu & Lee, 2016). He adds that consumers can also reduce it by changing expectations so to match the perceived product performance.

The theory is therefore applicable in understanding the concept of customer satisfaction. This is because the theory reveals that if the customer fails to reduce the state of dissonance after the purchase of a product then he or she is likely to be unsatisfied with the product. Therefore, the service (reliability, responsiveness, assurance, empathy, tangibility) should change the customer's attitude, beliefs and behaviors. Should this be achieved, the customer would have been satisfied with the service (Halvorsrud, Kvale, & Følstad, 2016).

2.1.3 SERVQUAL model

The SERVQUAL model built on the expectancy-disconfirmation paradigm has received wide recognition in explaining the state of service quality. The model was developed by Parasuraman et al. (1988) and has been applied in different fields and studies in order to measure service quality. The model is a very relevant tool for measuring consumer perceptions of service quality. It identifies several dimensions against which service quality can be measured. The dimensions include; tangibility which is looked at in terms of physical characteristics associated with the service encounter, reliability which is the ability to provide accurate and dependable services to

customers, responsiveness defined as willingness to assist customers by providing fast and efficient service performances, assurance which relates to providing confidence to customer, and empathy which means a firm's readiness to provide each customer with personal service. The proponents of the model suggest that service quality can be measured by identifying the difference between a customer's expectations of the service and their perceptions of the actual performance of service.

Ismaila, Ayanda and Nassir (2017), used dimensions as proposed by the SERQUAL model to investigate the relationship between customer satisfaction and service quality. They suggested that firms should adopt the SERQUAL model dimensions to improve on their service quality which in return would result in customer satisfaction. The model has also received great recognition from various scholars such as Mensah and Mensah (2018); Bharwana & Mohsin (2013).

The model is relevant to this study because it provides for the dimensions against which service quality can be measured and therefore this study borrows from the theory the dimensions of reliability, responsiveness, and assurance to understand the variations in the level of customers' satisfaction in credit and savings cooperatives in Uganda (Shanka, 2012). However, for this specific study, much focus has been drawn from the expectancy disconfirmation theory and the SERQUAL model to understand the relationship between service quality and customer satisfaction (Krishna Naik et al., 2010). This is because the two theories have been found to be very relevant in addressing the two concepts as observed in the explanations above.

2.2 Conceptual Review

This subsection reviews the studies that have applied the dimensions of service quality under the SERVQUAL Model and customer satisfaction in line with the objectives of the current study.

2.2.1 Service reliability and customer satisfaction

Reliability as one of the elements of service quality pointed out in the model has received several interest from various scholars in order to understand the changes in customer satisfaction levels in different fields among which include; (Parasuraman et al., 1988; Mensah & Mensah, 2018; Bharwana & Mohsin, 2013; Henson & Bitner, 2013; Rubogora, 2017; Rahhal, 2015).

According to Parasuraman et al. (1988), reliability refers to a service provider's ability to provide services that are dependable and will consistently perform as expected by the customers. It is believed that if the service consistently serves its purpose then the customer's gap between the expected outcome and perception of the service reduces and as a result customer's satisfaction is realized. This is supported by the findings of empirical studies as discussed below.

In an empirical study by Henson and Bitner (2013) that was carried out to investigate the relationship between customer satisfaction and service quality identified that reliability and empathy were the only elements in the SERQUAL model that had a significant positive relationship with customer satisfaction. He, however, suggested that firms should develop quality services that are reliable because such services improve on satisfaction levels of customers. This received support from a study by (Mensah & Mensah, 2018) who examined the effect of service quality and customer satisfaction on restaurants. Data was collected on 200 respondents from 10 restaurants and the findings indicated that reliability and other elements of service quality had a significant positive effect on customer satisfaction.

Bharwana and Mohsin (2013) also carried out a study that tested service quality elements of reliability, empathy, tangible, responsiveness and assurance. Simple random sampling was used to select respondents and the findings of the study revealed that all elements except empathy had a significant positive relationship with customer satisfaction. This is also observed in the study by Rahhal (2015) that carried out a study in Syrian mobile phone companies that aimed at

establishing the effect of perceived service quality on customer satisfaction. The study considered a sample of 460 respondents selected using convenience sampling and the findings however indicated that only three elements of reliability, responsiveness, and network quality had a direct significant effect on customer satisfaction.

On the other hand, Oduro (2016) carried out an empirical survey on 50 customers of Bank of India to examine the effect of service quality on customer satisfaction. The results, however, appeared to be in disagreement with the majority of the scholars above because the reliability dimension of service quality had a least mean score below the average as compared to other dimensions. It was revealed that reliability had a weak positive relationship with customer satisfaction which may be attributed to the small sample size compared to other studies.

2.2.2 Responsiveness and customer satisfaction

Ever since the period of paradigm shift to service quality, responsiveness has received several interest from various scholars in order to understand the changes in customer satisfaction levels in different fields (Parasuraman et al., 1988; Sivaraman, 2013; Chintkuntla, 2015; Iqbal, Hassan, Sharif, & Habibah, 2017; Agbor & Eriksson, 2010; Mosahab, Mahamad, & Ramayah, 2014; Rubogora, 2017; Dehghan (2006).

The SERQUAL model is identified to be one of the most frequent approaches to understanding the variations in customer satisfaction (Mosahab et al., 2014). The model indicated the gaps between customer expectations and customer perception of the outcome of the service (Parasuraman et al., 1988). The elements, however, have been tested by several scholars to identify their influence on customer satisfaction. One of the most tested elements is responsiveness. The study by Mosahab et al. (2014) which tested the elements of SERQUAL to establish Service quality, customer satisfaction and loyalty revealed that responsiveness together with other elements play a major role in determining customer satisfaction. Firms should,

therefore, adopt these elements of service quality so as to register long term success in the competitive environment.

Agbor and Eriksson (2010) carried out an investigation in Vodafone Ghana that aimed at establishing the effect of service quality on customer satisfaction in the utility industry. The findings showed that all the elements of service quality as represented in the SERVQUAL model were equally important to companies if they are to ensure customer satisfaction. The study adopted a multiple regression analysis and revealed that responsiveness is a good predictor of customer satisfaction. This is supported by findings of an empirical study by Iqbal et al. (2017) who ascertained that high-quality services and creating value to customers help the organisation to achieve customer satisfaction. The study also revealed that responsiveness is a very vital element that predicts customer satisfaction levels.

A study by Chintkuntla (2015) on the relationship between service loyalty and service quality with consideration of customer satisfaction as a moderating variable, revealed that customer satisfaction has no moderating effect on the relationship between service loyalty and service quality. However, service quality was pointed out to be having a direct positive effect on customer satisfaction. Dehghan (2006) also carried out a study on 579 anecdotes to examine the determinants of service quality. His findings indicated that responsiveness, attentiveness, care, and functionality as a source of satisfaction however responsiveness stood out to be the most crucial determinant.

In addition, Rubogora (2017) also carried out a study in Rwandan Banks in order to establish the relationship between service quality and customer satisfaction and the findings were in an agreement with the above that reliability is one of the crucial elements of service quality that has a positive relationship with customer satisfaction. The study concluded that service quality should be taken slightly by firms because it is the major determinant of customer satisfaction.

On contrary to the above, Manyiagbor (2011) carried out a study to establish the relationship between customer satisfaction and service quality on three sectors of UMEA. The study used chi-square tests to test the hypotheses and used quantitative data. The findings indicated that aggregately the five elements of the SERQUAL model had a significant relationship with customer satisfaction. However, when elements were tested individually, responsiveness had no significant relationship with customer satisfaction which may be attributed to reliability and validity of the constructs in the tool used to collect data.

2.2.3 Assurance and customer satisfaction

Ever since the period of paradigm shift to service quality, reliability has received a lot of interest from various scholars in order to understand the changes in customer satisfaction levels in different fields (Manyiagbor, 2011; Bharwana et al. 2013; Adiele & Grend, 2019; Nyarku et al., 2018; Khan & Fasih 2014; Ali and Raza 2015; Mcdougall & Levesque, 2000; Naik, Gantasala, & Prabhakar, 2010; Mosahab et al. 2014).

Adiele & Miebaka (2014) carried a study on customer satisfaction determinants in Nigeria Telecommunication firm. The survey was done on 200 customers and linear regression was used to ascertain the effect of customer assurance on customer satisfaction. However, their findings indicated that customer assurance has a positive effect on customer satisfaction therefore it could be relied on to determine customer satisfaction levels with the services provided by the firm. In continuum with Nyarku et al. (2018) who did an investigation on the influence of service quality on customer satisfaction in the technology service business industry in Taiwan. Their findings indicate that service quality positively affects customer satisfaction.

In addition to the above, Khan & Fasih (2014) also carried out an empirical study on the impact of service quality on customer satisfaction and customer loyalty in the banking sector of Pakistan. The study was carried out on 225 customers using survey questionnaires and their

findings indicated that customer satisfaction is greatly influenced by service quality since the evidence from the survey portrayed that all dimensions of service quality had positive coefficients that were significant. This has also considerable support from Ali and Raza (2015) who carried a study on 450 customers of Pakistan Islamic Bank to determine measures of service quality. Their study findings revealed that service quality dimensions as per the SERQUAL model are very important in maintaining customer satisfaction.

Additionally, Mcdougall & Levesque (2000) point out that service quality assurance is one of the most important drivers of customer satisfaction. This is from the findings of their study that aimed at investigating the relationship between three elements of service quality assurance, perceived value, and rational service quality. This is also in line with Naik, Gantasala, and Prabhakar (2010) who investigated service quality and its effect on customer satisfaction in retailing in India with consideration of dimensions of the SERQUAL model. The study was done on 369 respondents and the findings indicated that the dimensions of assurance, reliability, and responsiveness are very crucial in determining the level of customer satisfaction. Therefore these dimensions must be taken into consideration by firms so as to beat competition.

Customers are one of the important stakeholders to the firm that should be treated well and their satisfaction should be of great concern to firms (Manyiagbor, 2011). According to Mosahab et al. (2014), service quality dimensions were tested by a qualitative approach and the observation was that service quality assurance has a very strong impact on customer satisfaction.

The above studies agree with each other that assurance as service quality dimension has an impact on customer satisfaction. Therefore, recommending firms to adopt service quality assurance so as to maintain the satisfaction of their customers. The suggestions are that firms that adopt this will achieve long term success through customer retention.

2.2.4 Tangibility and Customer Satisfaction

In a study by Mian (2014) carried out in Pakistan on the impact of service quality on customer satisfaction in Islamic banking, where a sample of 191 customers was used, it was established that tangibility as a variable of service quality was important to customer satisfaction. This study was in an Islamic country where religion and such aspects as not charging commercial interest are central in business. The study disapproved the previous studies by noting that tangibility does not affect customer satisfaction.

Awuor (2014) conducted a study in Kenya to determine the service quality and customer satisfaction in the banking sector used descriptive research design that targeted 44 commercial banks in Nairobi Central Business District. The study employed the stratified sampling technique with a sample of 338 respondents. The study revealed that bank customers were pleased with technology and equipment used and they perceived employees as presentable and smart. The study recommended further research in other sectors of service provision with a focus on customer satisfaction.

In a study in India by Kant and Jaiswal (2017) whose objective was to determine customer satisfaction in public sector banks in India, six institutions were used with a sample size of 480 respondents. It was established that tangible factors like location of the bank, cleanliness, teller counter, suggestion/complaint box, customer meetings, seating arrangement, drinking water, security systems and parking space were highly regarded by customers. India is a more developed economy with better infrastructure than Uganda which is the setting where this case study operates.

2.2.5 Empathy and Customer Satisfaction

A study carried out by Pakurár et al. (2019) on customer satisfaction and service quality focusing on banking sector in Jordan, used convenience sampling to get a sample of 825 respondents. The study data was analyzed through exploratory factor analysis using the SPSS program to determine service quality perception and customer satisfaction. In this study it was found that empathy resulted in customer satisfaction. The study also found that assurance was preferred more by customers that disconfirmed the previous study. Minh, Thu Ha, Chi Anh and Matsui (2015) studied service quality and customer satisfaction focusing on hotel industry in Vietnam. They studied 33 three star hotels using a sample of 500 respondents. The results indicated that empathy significantly affected customer satisfaction. While that study focused on the hospitality industry, this study is focused on financial industry. A study by Ismail, Alli, Abdullah and Parasuraman, (2014) explored the relationships among service quality features, perceived value and customer satisfaction in selected public institutions of higher learning in Malaysia using a cross-sectional research design and a sample of 102 customers. The results of the study showed that perceived value increased the effect of empathy on customer satisfaction.

2.3 Summary of the literature review and literature gap

Several studies have established that service quality is the major determinant of customer satisfaction. It is also observed that the SERQUAL model has been adopted and applied by several studies (Mensah & Mensah, 2018; Bharwana & Mohsin, 2013; Henson & Bitner, 2013; Rubogora, 2017; Rahhal, 2015) to measure the service quality effect on customer satisfaction. These studies have adopted the five dimensions of reliability, responsiveness, tangible, assurance and empathy for testing.

However, some studies (Rubogora, 2017; Adiele & Miebaka, 2014) tested only a few selected elements especially reliability and empathy and ignored others. It is also observed that some studies are in disagreement in their findings as they indicated that not all the five dimensions are crucial in determining customer satisfaction. It can also be observed that few studies have been done in the context of Ugandan SACCOs (Buwule, Kakundwa & Nyonyintono, 2016).

In addition, most of the studies have only tested the relationship between service quality and customer satisfaction without consideration of a moderating variable. This study, therefore, sought to investigate the effect of service quality on customer satisfaction with considering competition by way of bank loans as the moderating variable. This study also sought to analyse how SACCOs in Uganda might utilise the opportunity of dimensions of the SERQUAL model to satisfy their customers so as to retain them and reduce their opting for bank loans, an issue that has not been addressed in the previous studies above.

The different studies are noted to have used varying sample sizes such as Oduro(2016) who used a sample size of 50, Adiele and Miebaka, (2014) who used 200. These samples were low compared to the sample size of 248 used in this study.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the methodology that was used for the study. It included the research design, study population, sample size and its selection, sampling techniques and procedures used, data collection instruments, data quality control with respect to validity and reliability, procedure of data collection, and data analysis and measurement of research variables.

3.2 Research design

Research design is the conceptual blueprint within which research is conducted (Grösser, 2013). It can be taken to be an arrangement of conditions for the collection and analysis of data in a way that combines relevance and purpose of research. It is the conceptual structure within which research is conducted.

A case study research design was adopted in this study for an in-depth investigation of the study variables. This involved gathering views, opinions and perceptions of respondents on service quality, customer satisfaction and competition at the EC SACCO. Both qualitative and quantitative methods were used because they supplement each other. The qualitative approach was used to describe subjective assessments, analyses and interpretation of attitudes, opinions, and behaviour of the respondents as expressed verbatim from interviews and focus group discussions (Edmonds & Kennedy, 2017). Analysis of text was carried out for responses to open ended questions (Siebert & Darcy, 2018). The quantitative methods helped in generating numerical data, which was statistically analysed to meet required objectives through descriptive statistics (frequencies and percentages) and inferential statistics, which tested hypotheses using correlations and coefficients of determination (Simpson, 2018).

Using a combination of qualitative and quantitative data allowed triangulation by ensuring that the limitations of one type of data are balanced by the strengths of another.

A good amount of research on service quality and customer satisfaction has focused on the relation between these two variables. This research introduced a third variable effect by introducing competition as a moderating variable.

3.3 Study population

The study was carried out at Electoral Commission Staff Cooperative Savings and Credit Society Ltd. The SACCO has got 690 members (customers) spread in all districts of Uganda (EC SACCO, 2018).

3.4 Sample size and selection

A sample size of 248 respondents was used. This was determined using Krejcie and Morgan (1970) Table of Sample Determination that indicates that out of a target population of 690 respondents, 248 respondents are considered as the sample size.

3.5 Sampling Techniques and Procedure

The study used both simple random sampling and census techniques. The census technique involved collection of data from all the three employees who were knowledgeable about and experienced with a phenomenon of interest (Etikan, 2017).

Simple random sampling is a strategy that adds credibility to a sample when the potential purposeful sample is larger than one can handle whereby it uses small sample sizes, thus the goal is credibility, not representativeness or the ability to generalize (Patton, 2001). This sampling technique was used to select the SACCO customers that participated in the research. The study

chose this sampling technique because each member in this population was accorded an equal chance of being included in the sample.

3.6 Data collection instruments

The study employed a questionnaire and an interview guide as data collection instruments. A questionnaire is a data collection instrument used to gather data over a large sample or number of respondents (Kombo & Tromp, 2009). The structured questionnaire was developed following recommended guidelines by various scholars based on the Likert Scale of 1 – 5 where 1 represents ‘strongly disagree’, 2 represents ‘disagree’, 3 stands for ‘not sure,’ 4 represents ‘agree’ and 5 stands for ‘strongly agree’ (Kothari, 2004; Sekaran & Bougie, 2013). The first section of the instrument addressed issues of demographic data, the second section addressed service quality, the third, customer satisfaction and the next section addressed competition and the last section captured respondents’ comments about service quality and customer satisfaction at the SACCO. In each section, the respondents were given clear instructions on how to complete the item. The questionnaire was refined guided by responses from a pilot study.

An interview guide is a set of questions that the researcher asks during the interview (Shea & Onwuegbuzie, 2008). An interview guide was designed for the study for use during interview of the key respondents who were the SACCO staff. The interviewer posed questions intended to lead the respondents towards giving data to meet the study objectives. The interviewer sought clarification about responses provided. A structured interview guide was used for the SACCO management to stimulate them into detailed discussion of organizational factors that affect service quality and customer satisfaction.

Structured interviews are useful not only because they show excellent validity in meta-analytic research (Hox & Boeije, 2004) but also because they provide a chance to probe the answers of the management and understand precisely what they mean. Interviewing is a very useful

approach for data collection because it allows the study to have control over the construction of the data and it has the flexibility to allow issues that emerge during dialogue and discussion to be pursued (Sutton & Austin, 2015).

3.7 Validity and Reliability

The study ensured both validity and reliability of the research instruments so as to yield more reliable results.

3.7.1 Validity

The study ensured content validity of the research instrument. Validity is the degree to which a test measures what it is supposed to (Sekaran & Bougie, 2013). The content, criterion, convergent, discriminant and construct validity of the research instrument were determined by seeking expert judgment of supervisors. In addition, a pretest of the instrument was carried out to establish the content validity index (CVI). These validity tests were conducted to establish how well the instrument was representative, captured relationships between the variables as well as measured the concepts (Saunders & Tosey, 2013 and Sekaran & Bougie, 2013).

Content validity ratio was used to calculate the Content Validity Index, using the formula below:

$$CVI = \frac{\text{Total Number of items rated as relevant by all respondents (48)}}{\text{Total Number of items in the Instrument (65)}}$$

A content validity index of 0.73 was determined which was above the threshold of 0.7. This implied that the instrument was valid as per Yusoff (2019) thereby qualifying it for the study.

This study also utilized triangulation to ensure validity of research findings prior to the administration of the research instruments.

3.7.2 Reliability

Reliability is defined by Noble and Smith (2015) as the consistency of either measurement or design to give the same conclusions if used at different times or by different scholars. The first step in ensuring reliability was by providing clear operational definitions of the variables under study. Thereafter, internal consistency was measured through internal consistency reliability (Sekaran & Bougie, 2013) as well as split-half reliability using Cronbach's alpha. If the R² (Alpha) value equaled to 0.7 and above, the instrument is deemed satisfactory (Cronbach, 1951; Mooi & Sarstedt, 2014 and Sekaran & Bougie, 2013). The Chronbach's alpha for the variables of the study was found to be above 0.7. After the data collection, reliability analysis was done to point out the findings for each of the variables. (Taber, 2018; Vaske, Beaman, & Sponarski, 2017).

Table 1: Table showing reliability test results for different variables that were chosen for the study

Variables	N of Items	Cronbach's Alpha
Reliability	8	.813
Responsiveness	5	.715
Assurance	8	.836
Empathy	5	.832
Tangibles	7	.873
Satisfaction	9	.856
Competition	6	.737
Overall average	7	.809

Source: Primary data (2020)

It can be observed that the Cronbach's Alpha coefficients of different variables chosen for the study were above 0.7 implying that the study instrument was reliable.

3.8 Procedures of data collection

3.8.1 Procedures of data collection for quantitative research

The study sought approval from Kyambogo University Graduate School in an effort to ensure ethical conduct of the research. A letter of introduction was obtained from the University and presented to the EC SACCO. Formal acceptance was sought from EC SACCO to allow its members to be interviewed.

Each questionnaire had an opening introductory request for the respondent's cooperation in providing the required information for the study. The respondents were further assured of confidentiality of the information provided and that the study findings were to be used for academic purposes only and necessary corrective measures in the SACCO.

3.9 Data Analysis

The study conducted both quantitative and qualitative data analysis. This involved uncovering structures, extracting important variables, detecting any irregularity and testing any assumptions (Kombo & Tromp, 2009). Triangulation method of analysis was used to enable the study come up with appropriate conclusions and recommendations.(Carter, Bryant-Lukosius, Dicenso, Blythe, & Neville, 2014)

3.9.1 Quantitative data analysis

The quantitative data analysis consisted of numerical values from which description statistics such as mean and standard deviations were computed (Singh, 2015). Data collected was checked to ensure reliability and accuracy; which was useful in ensuring that the objectives of the study

were being addressed. Analysis was done based on the objectives of the study. The data generated by questionnaires was cleaned, edited and coded before analysis was done. The data was analysed using descriptive statistics and regression analysis aided by the Statistical Package for Social Sciences (SPSS) Version 23. Summary statistics in form of qualitative and quantitative measures, frequencies and percentages were run and interpretations made. Hierarchical regression analysis was run to establish the moderation effect of competition on the relationship between the selected dimensions of service quality and customer satisfaction. Finally, conclusions and recommendations were derived and presented in Chapter Five. Triangulation helped to improve the validity and richness of the information gathered.

3.9.2 Qualitative data analysis

All the qualitative data that was collected from written comments in the questionnaires, key informant interviews was edited on a continuous basis to ensure completeness. Data collected was then be put into meaningful and exhaustive categories. Content analysis was conducted as the main method of analysing the data collected to determine the adequacy of the information, credibility, usefulness and consistency (Halcomb & Hickman, 2015). Data collected was categorized according to emerging variables of reliability, responsiveness, assurance, empathy and tangibility from each question in the interview guide and discussions. At the end of it a report was written.

3.10 Measurement of variables

The questionnaire was measured on a five interval Likert Scale. The respondents were asked about their view on a certain variable in form of: Strongly Agree which represented high extent agreement, Agree represented somehow agree, not sure represents that the respondent was not sure, Strongly Disagree represented the opinion that a respondent disagreed to a high extent, Disagree represented that a respondent disagreed to some extent.

The independent variable in this study was service quality which was conceptualized in five dimensions of: (i) reliability which was operationalized based on ease of access, timeliness and fulfilling promises; (ii) responsiveness, operationalized by customer care and response; (iii) empathy was operationalized by staff attitude and respect for customers; (iv) assurance, operationalized by trustworthiness, confidentiality and knowledge of staff as well as perceived safety; and tangibles which were operationalized using physical aspects relating to service delivery.

The dependent variable was customer satisfaction which was measured in terms of customer retention, repeated use of services and readiness to recommend others to use services of the SACCO.

The variables were measured using nominal and ordinal types of measurements and the numbers in the ordinal scale represented a relative position or order among the variables (Dorsten & Hotchkiss, 2019). The nominal scale of measurement applies to cases which have some common characteristics such as sex, age, and employment title among others. In nominal measurement of variables, numbers were assigned only for the purposes of identification but were not allowed for comparison of the variables to be measured. On the other hand, interval scales of measurement was used to capture personal data of respondents (Budiaji, 2013).

3.11 Ethical Considerations

It is a professional requirement that research should be conducted in an ethical manner so that no one is harmed or suffers adverse consequences from the research activities (Cooper & Schindler, 2011). The study protected the rights of the respondents by: ensuring that none of the respondents was named during the research or subsequent dissertation. The study made sure that the respondents were selected to participate without compulsion. Respondents were informed about the reason and purpose of the research. They were also informed that consent had been

sought from the management of EC SACCO before the commencement of this research initiative. Research invariably influences and affects other people, and therefore, taking account of ethical considerations was imperative, including issues of permission, confidentiality, participation, study relationship, and transparency (Gajjar, 2013).

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND RESULTS

4.0 Introduction

This chapter presents, interprets and analyses the findings from the study. A presentation is made of the response rate, demographic characteristics, and descriptive statistics. Correlation analysis is also presented to establish the correlations between the variables of the study. In addition, regression analysis is presented to show the moderating effect of competition on the independent and dependent variables.

4.1 Response rate

A sample of 248 members of EC SACCO was selected for the study. From the 248 questionnaires that were administered, 211 responses were received giving a response rate of 85.08%. This response rate was high and the outcome is deemed representative of the population (Baruch and Holtom, 2008).

4.2 Background information

The background information was required in this study to determine the sample characteristics, opinions about service quality and customer satisfaction and whether or not the respondents from whom data was collected possessed characteristics which are comparable to those of the targeted population such as their gender, age group, education and work station. In addition, the respondents were asked to state their highest level of education, how long they have used EC SACCO services, which service offered by the SACCO they use most and the service they consider most important. The information gathered in this section was crucial in

order to determine the respondents' characteristics in this study. The data collected is summarized in Table 2 below:

Table 2: Respondents' characteristics

Gender	Frequency	Percent
Male	117	55.5
Female	94	44.5
Total	211	100.0
Age Group	Frequency	Percent
25-34years	34	16.1
35-44 years	78	37.0
45-54 years	75	35.5
55-60 years	20	9.5
Above 60 years	4	1.9
Total	211	100.0
Work Station	Frequency	Percent
EC Headquarters	138	65.4
EC Regional Office	10	4.7
EC District Office	63	29.9
Total	211	100.0
Education Level	Frequency	Percent
O' Level	14	6.6
A' Level	2	.9
Tertiary Certificate	7	3.3
Diploma	32	15.2
Bachelor's Degree	69	32.7
Post Graduate Diploma	32	15.2
Master's Degree	54	25.6
PhD	1	.5
Total	211	100.0

Duration of Usage of SACCO Services	Frequency	Percent
Less than 1 year	3	1.4
1-2 years	12	5.7
3-5 years	25	11.8
6-10 years	79	37.4
More than 10 years	92	43.6
Total	211	100.0

Source: Primary data (2020)

4.2.1 Gender of Respondents

A total of 211 respondents participated in this study. The gender distribution of the respondents was 117 (55.5%) male and 94 (44.5%) were women. This compares reasonably with the gender distribution of the entire membership of EC SACCO which is 53% male and 47%% female. The findings imply that both genders were represented in the study minimizing the potential for gender bias.

4.2.2 Age of Respondents

Most of the respondents in the 35-44 age category and these were 78 accounting for 37% of the sample respondents. This was followed by those in the 45-54 age group who were 75 (35.5%). The 25-34 years' age category had 34 (16.1%) respondents while the 55-60 years' group were 20 (9.5%). Those above 60 years were 4 (1.9%). This age group is small because it is of people who have attained retirement age, are on contract and are usually a small group of the participants in the SACCO. This implies that most people cease to save or take loans from the SACCO upon attaining the retirement age of 60 because EC SACCO serves employees of the Electoral Commission. (Electoral Commission, 2017)

4.2.3 Work Station of Respondents

Most of the respondents (138) comprising 65.4% were based at EC Headquarters. This was the most easily accessible group and it was easier to follow up to fill and return the questionnaires. The second largest respondents were from District Offices and they were 63 in number constituting 29.9% of the respondents. 10 (4.7%) of the participants were from the Regional Offices. These findings show that responses were from all the locations where EC SACCO members and customers are based thereby offering a reasonably representation of population of study.

4.2.4 Education Level

The different levels of academic qualifications of the respondents were; O' Level 14 (6.6%), A' Level 2 (0.9%), Tertiary Certificate 7 (3.3%), Diploma 32 (15.2%), Bachelor's Degree 69 (32.7%), Post Graduate Diploma 32 (15.2%), Master's Degree 54 (25.6%) and PhD 1 (0.5%). 156 (73.93%) of the respondents had attained university degrees. Given that all the respondents had attained a level of education of O' level and above, they were deemed to have had an understanding of the concept of service quality and its contribution to customer satisfaction.

4.2.5 Duration of Usage of SACCO Services

The study revealed that 92 (43.6%) of the participants had used the SACCO services for more than 10 years. 79 (37.4%) had used the services of the SACCO for a duration between 6 and 10 years. 25 (11.8%) had a usage experience of 3-5 years and 12 (5.7%) had been served by the SACCO for 1-2 years. Only 3 (1.4%) had used the services for less than a year. 98.6% of the respondents had used the services of the SACCO for more than a year. This implied that majority of the respondents had experienced the services of the SACCO for a reasonable time to be able to express their perceptions on the quality of service and satisfaction offered by EC SACCO.

4.2.6 EC SACCO service use characteristics

It can be observed in Table 2 above that majority of the respondents had used the service for more than ten years comprising a percentage of 43.6%. Those that had used the services of EC SACCO for less than a year ranked the least percentage of 1.4%. This implies that majority respondents, owing to their long usage of the services of the SACCO were knowledgeable of the quality of these services and would express their level of satisfaction.

Table 3: Distribution of service usage and importance

Most used service	Frequency	Percent
Savings	90	42.7
Loans	60	28.4
Mobile Money	24	11.4
Savings and Loans	15	7.1
Savings Loans Mobile Money	17	8.1
Loans and Mobile Money	3	1.4
Savings and Mobile Money	2	.9
Total	211	100.0
Most Important Service	Frequency	Percent
Savings	107	50.7
Loans	79	37.4
Mobile Money	3	1.4
Savings and Loans	16	7.6
Savings, Loans Mobile Money	6	2.8
Total	211	100.0

Source: Primary data (2020)

4.2.7 Most Used Service

Savings was the most used service at EC SACCO. This was attested to by 90 (42.7%) of the respondents. This was followed by acquisition of loans, represented by 60 (28.4%) respondents. These two leading services happen to be the principal objectives for which the SACCO was formed so the members still uphold the said objectives. Mobile money transfer services were ranked third in importance as indicated by 24 respondents who constituted 11.7% of the participants. The rest of the respondents 37 (17.5%) stated that they joined the SACCO for multiple services. The implication is that the customers were in position to draw a comparison among the various services offered by the SACCO and express their level of satisfaction.

4.2.8 Most Important Service

Savings was taken to be the most important service at EC SACCO. This is according to 107 (50.7%) of the respondents. This was followed by loans, represented by 79 (37.4%) of the respondents. Savings and loans happen to be the principal objectives for which the SACCO was formed and the responses show that they are still important objectives to them. Savings and loans were deemed equally important by 16 (7.6%) of the respondents and ranked third in importance. 6 (2.8%) respondents expressed gave an equal rating to the three services of savings, loans and mobile money. 3 (1.4%) rated mobile money as the most important service offered to them by the SACCO. The high rating of importance of savings and loans is an indication of the need to focus on these services. This may imply that members had drawn a comparison between the SACCOS services and similar services offered by competitors.

4.3 Descriptive statistics for service quality and customer satisfaction at EC SACCO

The items of the variables were measured on a five point Likert scale where 1 was for strongly disagree and 5 meant strongly agree. The mean represents the average of all the 211 responses and the standard deviation (SD) shows how far the responses are from the mean.

4.3.1 Descriptive findings for services reliability at EC SACCO

Respondents were required to indicate the extent to which they perceived reliability by the EC SACCO and therefore they were to indicate their level of agreement as per the Likert scale of 1-5 in which mean score below 3 would be considered disagreement and mean score above 3 would be treated as an agreement. The findings are presented in Table 4 below.

Table 4: Descriptive statistics on Reliability

Items	Mean	Std. Deviation
EC SACCO provides the services it promises	4.24	.706
EC SACCO is accessible at the time it promises	4.24	.744
EC SACCO tells customers the exact opening times	3.90	.888
EC SACCO is willing to solve customers' problems	4.33	.698
EC SACCO is quick in solving problems of customers	3.98	.928
EC SACCO dependable when handling service problems	4.09	.747
EC SACCO loan disbursement is quick	3.68	1.041
EC SACCO provides reliable services.	4.09	.699
Grand mean	4.07	.806

N=211

Source: Primary data

The statistics in Table 4 above show that there is general agreement about reliability of the services offered by EC SACCO (Mean=4.07, SD=0.806). Willingness to solve customers' problems (Mean=4.33, SD=0.698) ranked highest among the attributes of reliability of EC

SACCO services. This is followed by the capacity of the SACCO to honor its promised services (Mean=4.24, SD=0.744) and accessibility at promised time (Mean=4.24, SD=0.706). Reliable services (Mean=4.09, SD=0.699) and dependable handling of service problems (Mean=4.09, SD=0.747) follow in significance. This is further followed by quick solution of customers' problems (Mean=3.98, SD=.928). Telling customers, the exact opening times (Mean=3.90, SD=0.888) and speed of loan disbursement (Mean=3.68, SD=1.041) registered the least means and largest standard deviations compared to the other attributes of reliability of EC SACCO services. This implied that respondents perceived the services of EC SACCO as reliable and they would be comfortable to continue using them.

The general finding of the study shows that the services offered by the EC staff SACCO are reliable which was also supported by the interview response from the Deputy Chairperson (DC), who when asked to comment on the reliability of the SACCO services had this to say;

“EC SACCO ensures reliability by looking into the lending problems. We ensure that all members can access credit at any time upon filling the application forms. In situations where we run short of finances to meet customer needs, we opt for borrowing from Microfinance Support Centre so as to meet the demand of our members and thereby bring back all members who may have left the SACCO for the bank loans.”

4.3.2 Descriptive findings for responsiveness of clients of EC SACCO

Respondents were required to indicate the extent to which they perceived responsiveness by the EC SACCO and therefore they were to indicate their level of agreement as per the Likert scale of 1-5 in which mean score below 3 would be considered disagreement and mean score above 3 would be treated as an agreement. The findings are presented in Table 5 below.

Table 5: Descriptive statistics on Responsiveness

Items	Mean	Std. Deviation
Employees of EC SACCO are always willing to help me	4.50	.572
EC SACCO staff are friendly when dealing with customers	4.35	.676
EC SACCO employees respond fast even at busy times	4.05	.818
EC SACCO employees respond fast even during emergencies	4.16	.723
EC SACCO provides financial literacy to its members	3.22	1.057
Grand mean	4.06	.769

N=211

Source: Primary data

Respondents generally agreed that EC SACCO is responsive to their needs (Mean=4.06, SD=0.769). The highest level of agreement was on the item of willingness of employees to help (Mean=4.50, SD=0.572). There was general agreement on staff friendliness when dealing with customers (Mean=4.35, SD=0.676), fast response by employees even during emergencies (Mean=4.16, SD=.723) and fast response by employees even at busy times (Mean=4.05, SD=0.818). The least agreement among the respondents was with the provision of financial literacy to members (Mean=3.22, SD=1.057). This implied that respondents perceived the EC Staff SACCO to be responsive in addressing their needs and meeting their expectations so they would be comfortable to continue using the services.

This finding is supported by the interview response from one customer (C1) who when asked to comment on the responsiveness of the SACCO had this to say;

“I am very happy with the way the SACCO responds to customers’ needs. The SACCO staff often help me even at short notice during emergencies. The leadership is very good and considerate of all staff members. The atmosphere with the management is often good and friendly. I am very happy with the staff who are very welcoming and always ready to give satisfactory advice on loan acquisition. However, some staff are not fully friendly to customers.”

4.3.3 Descriptive findings for respondents' perception on assurance at EC SACCO

Respondents were required to indicate the extent to which they perceived assurance to be applied by the EC SACCO and therefore they were to indicate their level of agreement as per the Likert scale of 1-5 in which mean score below 3 would be considered disagreement and mean score above 3 would be treated as an agreement. The findings are therefore presented in Table 6 below.

Table 6: Descriptive statistics on assurance of the services at EC SACCO

Items	Mean	S.D
EC SACCO staff are polite	4.14	.772
EC SACCO staff are reliable and trustworthy	4.22	.699
EC SACCO staff are passionate about work	4.17	.676
I feel safe dealing with EC SACCO	4.52	.604
EC SACCO staff are knowledgeable about their work	4.31	.558
EC SACCO provides quality financial services	4.02	.740
EC SACCO maintains confidentiality of members' records	4.26	.756
I feel my money is safe with EC SACCO	4.52	.604
Grand mean	4.27	.676

N =211

Source: Primary data

According to the findings in Table 6 above, it is observed that there was a high level of agreement that EC SACCO staff were considerate of assurance as one of the elements of service quality indicated by grand mean of 4.27. Respondents agreed that EC SACCO staff were often polite (Mean =4.14 and S.D =.772). The EC SACCO staff were considered reliable and trustworthy by majority of the respondents (Mean =4.22, S.D =.699) and also considered to be passionate about work (Mean =4.17, S.D =.676). In addition, respondents showed that they felt safe dealing with EC SACCO (Mean =4.52, S.D =.604) whom they perceived to be knowledgeable about their

work (Mean =4.31, S.D =.558). There was also an indication that EC SACCO provided quality financial services (Mean =4.02, S.D =.740). Respondents were also satisfied with the level of confidentiality at the EC SACCO which is represented by a mean score of 4.26 and S.D of .756. Lastly respondents agreed that their money was safe with the EC SACCO (Mean =4.52, S.D =.604). This implies that majority of the respondents had faith in the services offered by the SACCO. They trust the staff of the SACCO who maintain confidentiality and safety of their individual accounts.

This finding is supported by the interview response from the SACCO Chairperson (SC), who when asked to comment on the level of assurance by the SACCO had this to say;

“The operations of EC SACCO and services have generally been good characterised by a balanced and hardworking Executive as well as dedicated and efficient staff. SACCO response to emergencies is highly appreciated by our customers. It assures customers of timely disbursement of savings when requested and ensures full payment of approved loan. The SACCO staff maintain confidentiality of customer information and ensures services meet the expectation of customers. All in all, the customers feel satisfied with the services of EC SACCO.”

4.3.4 Descriptive findings for respondents’ perception of empathy at EC SACCO

The study required respondents to indicate the extent to which they perceived empathy at EC SACCO. They were required to indicate the level to which they either agreed or disagreed to the items that were chosen to measure empathy as presented in Table 7 below.

Table 7: Descriptive statistics on Empathy

Items	Mean	S. D
EC SACCO understands and attends to members' needs	4.19	.606
EC SACCO has members' interests at heart	4.10	.707
The staff of EC SACCO have positive attitude towards members	4.11	.778
The staff of EC SACCO treat members with respect	4.23	.689
The staff of EC SACCO value members' opinions	3.83	.865
Grand mean	4.09	.729

N =211

Source: Primary data

The findings in table 7 indicate that the respondents perceived EC SACCO services to be fitting well into their shoes with grand mean of 4.09 being above the average of 3.00. However, respondents indicated differences in the way they perceived various items that were chosen in the study to measure empathy of the EC SACCO. For instance, respondents agreed that EC SACCO understands and attends to members' needs which recorded a mean score of 4.19 and S.D of .606. There was also agreement by respondents that EC SACCO has members' interests at heart (Mean =4.10, S.D =.707). Findings also showed that the staff of EC SACCO had a positive attitude towards members (Mean =4.11, S.D =.778). There was also a clear indication that the staff of EC SACCO treated members with respect with a mean score of 4.23 and S.D of .689 recorded representing respondents' agreement. Lastly the respondents also perceived the staff of EC SACCO to be valuing members' opinions (Mean =3.83, S.D =.865). This implies that majority of the respondents perceived that the SACCO staff to have respect for them and possess a positive attitude towards serving them.

This finding is contrary to the interview response from the one customer (C2), who when asked to comment on the level of empathy by the SACCO had this to say;

“The services of EC SACCO are very good and we appreciate highly but we will appreciate more when one applies for a loan for a particular problem and it is given in full amounts. Because EC SACCO sometimes gives loans in installments. When a loan is given in installments it does not meet the problem it was applied for.”

4.3.5 Descriptive findings for respondents’ perception of EC SACCO Tangibles

Respondents were also required to indicate their perception of the tangibles dimension of the services at EC SACCO in a bid to establish if they were satisfied with the services. They were required to indicate their level of agreement or disagreement to the items presented in Table 8 below.

Table 8: Descriptive statistics on the tangibles dimension of the services offered by at EC SACCO

Items	Mean	S. D
EC SACCO has modern facilities	2.69	1.017
EC SACCO facilities have nice appearances	2.75	1.072
EC SACCO documents are appealing in appearance	3.01	1.056
EC SACCO office is neat	3.56	.990
EC SACCO has convenient working hours	4.12	.724
Materials associated with EC SACCO services are visually appealing	3.36	.982
EC SACCO office is comfortable	2.98	1.159
Grand mean	3.21	1.00

N =211

Source: Primary data

Findings in Table 8 above show that there was a notable variation in responses to different items with majority of the respondents agreeing that EC SACCO has a convenient working hours registering a highest mean score of 4.12 and S.D of .724 while Respondents also disagreed to EC SACCO having modern facilities (Mean =2.69 and S.D =1.017) which ranked the least and below the average of 3.00. Findings also indicate that the respondents were not pleased with the

appearance of EC SACCO facilities e (Mean =2.75, S.D =1.072). In addition, it can be observed that respondents seemed not to be sure as to whether EC SACCO documents are appealing in appearance (Mean =3.00, S.D =1.056). EC SACCO office were agreed by respondents to be neat (Mean =3.56, S.D =.990). Meanwhile respondents also agreed that materials associated with EC SACCO services were visually appealing (Mean =3.36, S.D =.982) and lastly, the respondents disagreed that EC SACCO office is comfortable (Mean =2.98 and S.D =1.159). This implied that respondents did not give a high rating for the tangible aspects of service delivery by EC Staff SACCO.

In relation to the low rating of tangibles, one of the customers had this to say;

‘The current premises, located in one room at EC HQ do not offer a pleasant image to a growing institution.’

Another customer commented that the:

‘Office space is congested so there is need to look into bigger space for offices after relocation.’

This finding is supported by the interview response from the SACCO Chairperson (SC), who when asked to comment on tangibles of service delivery by the SACCO had this to say;

“The SACCO has over years improved on the office appearance. However, the SACCO office is still very small with limited space though we are working on expansion of the offices in future. EC SACCO is also considering regionalising the SACCO offices for easy access.”

4.3.6 Descriptive findings for respondents’ perception of the level of customer satisfaction at EC SACCO

The respondents were required to show the extent to which they either agreed or disagreed to the items that measured the level of customer satisfaction in which the mean score below 3.00 represented respondent’s disagreement and items that scored a mean score above

3.00 represented respondents' agreement to them. The findings are therefore presented in Table 9 below:

Table 9: Descriptive statistics for Customer Satisfaction

Items	Mean	S.D
EC SACCO provides value for money services.	3.93	.845
EC SACCO ensures that my expectations as a customer are met.	3.96	.894
The staff of EC SACCO endeavor to keep old and attract new customers.	3.99	.853
I am likely recommend someone to join and use the services of EC SACCO.	4.44	.756
I have a good understanding of processes at EC SACCO.	3.89	.847
I am committed to and identify with EC SACCO services	4.23	.668
I will definitely continue using the services of EC SACCO	4.59	.589
Overall, I am satisfied with the services of EC SACCO.	4.21	.838
Overall, how would you rate the quality of service offered by EC SACCO?	3.88	.704
Grand mean	4.12	.773

N =211

Source: Primary data

The findings indicate that respondents were satisfied with the services that were offered by EC SACCO with all items on average recording a grand mean of 4.12 (S.D .773). However, there was a notable variation on how respondents showed their level of satisfaction with the services with respondents who agreed that EC SACCO provides value for money services registering a mean score of 3.9 and S.D of .845. It was also found out that respondents agreed that EC SACCO ensures that expectations of customers are met (Mean =3.96, S.D =.894). There was an effort by EC SACCO staff to keep old and attract new customers (Mean =3.99, S.D =.853). The respondents also agreed that they would be willing to recommend someone to join and use the services of EC SACCO (Mean =4.44, S.D =.756). Furthermore, respondents indicated that they understood the processes of EC SACCO (Mean = 3.89, S.D = .847). With regard to the degree

of the respondents' commitment to identify with EC SACCO service a mean score of 4.23 and S.D of.668 was registered. Commitment to continue using the services of EC SACCO scored a mean of 4.59 and S.D of .589 which ranked the highest. The respondents also agreed that they were often satisfied with the services of EC SACCO (Mean =4.21, S.D =.838) and therefore they would rate the quality of the services offered by the EC SACCO high (Mean=3.88, S.D =.704).

This implies that majority of the respondents had an above average rating of their satisfaction with the quality of services offered by the SACCO. They were willing to recommend others to use these services, they would continue to use the services the staff of the SACCO.

4.3.7 Descriptive findings for respondents' perception of competition

Respondents were required to indicate their level of agreement or disagreement to the items in Table 10 below.

Table 10: Descriptive statistics on perception of competition at EC SACCO

Items	Mean	S.D
I can access to a bank salary loan easily.	3.08	1.189
Banks process salary loans faster than EC SACCO loans.	2.68	1.335
Banks offer a longer period for repayment of salary loans.	3.94	.998
I can get a bigger bank salary loan than what the SACCO can offer me.	3.55	1.212
I can get a loan top-up from a bank more easily that from EC SACCO.	2.76	1.106
Banks offer more flexible terms for their loans than EC SACCO.	2.29	1.137
Grand mean	3.05	1.163

N =211

Source: Primary data

Table 10 above presents the findings on the respondents' perception of competition that EC SACCO faces. In regards to whether respondents could access bank salary loan easily recorded

a mean score of 3.08 and S.D of 1.189 which was slightly above the average of 3.00 implying there was a very slight agreement by respondents. Respondents also disagreed to whether banks process salary loans faster than EC SACCO loan registering a mean score of 2.68 and S.D of 1.335 which was below neutral score of 3.00. The findings indicated that there was agreement by respondents that banks offer a longer period for repayment of salary loans (Mean= 3.94, S.D =.998). The findings also showed that customers would get bigger bank salary loans than what the SACCO can offer me (Mean =3.55, S.D =1.212). The respondents however disagreed to the statement that was asserting that they could get a loan top-up from a bank more easily than from EC SACCO (Mean =2.76, S.D =1.106). Lastly the respondents also disagreed regarding banks offering more flexible terms for their loans than EC SACCO registering a mean score of 2.29 and S.D of 1.137 which mean was below the average of 3.00.

This implies that the respondents were more satisfied with the quality of services of EC Staff SACCO in comparison to those of its competitors. They therefore had a preference of the SACCO services to those of banks.

This finding is supported by the interview response from one of the Member of the SACCO (M1), who when asked to comment on the level of satisfaction of the services of the SACCO in comparison to those of banks had this to say;

“My time at the SACCO has been a memorable one. I have achieved a lot and I don't regret any service received from EC SACCO. The improvement in service delivery has brought back members like me who had decided to look for financial services elsewhere like money lenders and banks. The SACCO satisfies all our dire needs.”

4.4 Relationship between service quality and customer satisfaction at the EC SACCO

The specific objectives of the research were to establish the relationship between the service quality dimensions (of the SERVQUAL Model) and customer satisfaction. The research was

also to test and investigate the moderating effect of competition on the relationship between service quality and customer satisfaction.

4.4.1 The relationship between reliability of EC SACCO services and customer satisfaction

In a bid to address the objective that sought to establish the relationship between reliability of EC SACCO services and customer satisfaction at EC SACCO, a Pearson’s correlation analysis was conducted and the results are presented in Table 11 below.

Table 11: Correlation results on the relationship between reliability of EC SACCO services and customer satisfaction at EC SACCO

Variables		Reliability	Customer satisfaction
Reliability	Pearson Correlation	1	.748**
	Sig. (2-tailed)		.000
	N	211	211
Customer satisfaction	Pearson Correlation	.748**	1
	Sig. (2-tailed)	.000	
	N	211	211

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

From the findings presented in the Pearson’s correlation table above, it can be observed that there was a strong positive relationship between service reliability and customer satisfaction. The P-Value of 0.000 which is less than the test significance level of 0.01 indicated that the relationship was significant. This implies that any effort to provide reliable services by the SACCO would result into an increase in the level of satisfaction of its customers.

This finding is supported by the interview response from the Customer (C4), who said that;

“EC SACCO services are reliable and dependable and I feel safe dealing with the SACCO. I am [a] satisfied customer and I can testify that I have benefitted from EC SACCO loans through proper use.”

4.4.2 The relationship between responsiveness of EC SACCO and customer satisfaction at EC SACCO

The study conducted a correlation analysis to establish the nature of the relationship between responsiveness and customer satisfaction at the EC SACCO and the findings are presented in Table 12 below.

Table 12: Correlation result on the relationship between assurance and customer satisfaction

Variables		Responsiveness	Customer satisfaction
Responsiveness	Pearson Correlation	1	.508**
	Sig. (2-tailed)		.000
	N	211	211
Customer satisfaction	Pearson Correlation	.508**	1
	Sig. (2-tailed)	.000	
	N	211	211

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

The results presented in the Pearson correlation table above indicate that there is a positive and significant relationship between responsiveness and customer satisfaction (R =0.508, P-value <0.01). This implies that any effort to respond to the needs of customers by the SACCO would result into an increase in the level of satisfaction of its customers.

This finding is supported by the interview response from the SACCO Treasurer (ST), who said;

“The SACCO responds fast to the financial need requirements of the clients and easily meets small financial needs or loans. There is general satisfaction of

members especially with regard to general financial management/conduct. With the current management EC SACCO services have highly improved and I can comfortably say the customer satisfaction levels are increasing.”

4.4.3 The relationship between assurance of service quality and customer satisfaction

The study also conducted a correlation analysis to establish the nature of the relationship between assurance and customer satisfaction at the EC SACCO and the findings are presented in Table 13 below.

Table 13: Correlation result on the relationship between assurance and customer satisfaction

Variables		Assurance	Customer satisfaction
Assurance	Pearson Correlation	1	.629**
	Sig. (2-tailed)		.000
	N	211	211
Customer satisfaction	Pearson Correlation	.629**	1
	Sig. (2-tailed)	.000	
	N	211	211

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

From the findings in Table above, it was established that there is a positive Pearson correlation between assurance and level of customer satisfaction (R =0.629). Given that the P-value (0.000) is less than the significant test level of 0.01, the relationship was therefore significant. This implies that any effort to provide assurance of quality by the SACCO would result into an increase in the level of satisfaction of its customers.

This finding is supported by the interview response from the Customer (C4), who commented that;

“The EC SACCO assures good services for customers and as a member, I am fully satisfied with the services provided from the time I joined. I have no complaint.”

4.4.4 The relationship between empathy during service delivery and customer satisfaction

The study also sought to examine the relationship between empathy and customer satisfaction. To address this objective, a correlation analysis was conducted and the findings are presented in Table 14 below.

Table 14: Correlation results on the relationship between empathy and customer satisfaction

Variables		Empathy	Customer satisfaction
Empathy	Pearson Correlation	1	.709**
	Sig. (2-tailed)		.000
	N	211	211
Customer satisfaction	Pearson Correlation	.709**	1
	Sig. (2-tailed)	.000	
	N	211	211

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

The findings in Table 14 indicate that empathy is significantly related to customer satisfaction indicated by P-value (0.000) which is less than the test significance level of 0.01. The relationship was found to be strong and positive (R =0.709). This implies that there is a strong association between empathy and customer satisfaction and any effort by the SACCO to exhibit and ensure empathy would result into an increase in the level of satisfaction by the customers.

This finding was however contrary to the interview response from a Customer (C6) who said;

“I really prefer the EC SACCO loan to the bank because it considers the need of individual customer but the delay in loan payment discourages some members, especially if they have an urgent problem to solve. For example, I wanted a loan very fast but was told to wait for a couple of months. In addition, EC SACCO services have to a great extent afforded me the opportunity to save. However, as a customer I am not fully satisfied because of failure to provide access to some of my records.”

4.4.5 The relationship between tangibles and customer satisfaction

In a bid to address the objective that sought to establish the relationship between tangibles and customer satisfaction at EC SACCO, a Pearson’s correlation analysis was done and the results are presented in Table15 below.

Table 15: Correlation results on the relationship between tangibles and customer satisfaction

Variables		Tangibles	Customer satisfaction
Tangibles	Pearson Correlation	1	.493**
	Sig. (2-tailed)		.000
	N	211	211
Customer satisfaction	Pearson Correlation	.493**	1
	Sig. (2-tailed)	.000	
	N	211	211

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Primary data

Findings in Table above indicate that there is a moderate significant relationship between tangibles and customer satisfaction (R =0.493, P-value <0.01).

This implies that any effort to respond to the tangible aspects of service quality by the SACCO would result into an increase in the level of satisfaction of its customers.

This finding is supported by the interview response from the SACCO Member (M2) who commented that;

“I commend the SACCO for the initiative to improve on the SACCO office appearance and also what it has done to create more awareness to rural based members. These new improvements have drawn interest from the non-members to start using SACCO services. The already existing members now feel very satisfied with the SACCO tangibility.”

4.5 Regression analysis

In order to address the general objective of the study that sought to establish the relationship between service quality and customer satisfaction, a multiple regression was done and the results are presented in Table 16 below.

Table 16: The relationship between service quality and customer satisfaction

<i>Model Summary</i>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.814 ^a	.663	.655	.31391

a. Predictors: (Constant), Tangibles, Reliability, Responsiveness, Assurance, Empathy

<i>ANOVA^a</i>						
Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	39.720	5	7.944	80.618	.000 ^b
1	Residual	20.200	205	.099		
	Total	59.920	210			

a. Dependent Variable: Satisfaction

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

Model	Coefficients				
	Unstandardized		Standardized		Sig.
	Coefficients		Coefficients		
B	Std. Error	Beta	T		
(Constant)	.514	.211		2.439	.016
Reliability	.483	.055	.485	8.755	.000
Responsiveness	-.126	.061	-.127	-2.079	.039
Assurance	.173	.077	.150	2.256	.025
Empathy	.288	.066	.306	4.337	.000
Tangibles	.076	.036	.108	2.134	.034

a. Dependent Variable: Customer satisfaction

N =211

Source: Primary data

In the Table 16 above, the ANOVA shows that the model fits well the data, a clear indication that the predictors in this study significantly explain the amount of variance in the expected level of customer satisfaction ($F=80.618$, $P\text{-Value} < 0.05$). The model summary shows Adjusted R square =0.655 implying that service quality explains 65.5% variations in customer satisfaction with 34.5% being explained by other factors. Furthermore, the coefficient shows that service reliability is the highest determinant of customer satisfaction with a unit increase in service reliability contributing to 0.485 increase in customer satisfaction ($Beta=0.485$) whereas responsiveness was the least contributor ($Beta=-0.127$). This implies that service quality makes a significant contribution to customer satisfaction and if taken into consideration would improve on the level of customer satisfaction.

This is supported by the interview response from Customer (C5) who said that;

“Generally, our SACCO is one of the most customer-oriented financial institutions I have ever joined. Since I joined way back in 2013, I have never encountered any problem especially on the quality of the services offered. I am contented with the services and I am honestly very satisfied with EC SACCO.”

4.6 The moderation effect of competition on the relationship between study variables

The study tested for the moderation effect of competition on the relationship that each study variable that was chosen in the study has on customer satisfaction. The findings are presented as below

4.6.1 The moderation effect of competition on the relationship between service reliability and customer satisfaction at the EC Staff SACCO

To establish the moderation effect of competition on the relationship between service reliability and customer satisfaction, the study adopted a hierarchical regression. The results are presented in Table 17 below

Table 17: Regression results on the moderation effect of competition on the relationship between service reliability and customer satisfaction

<i>Model Summary</i>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	.748 ^a	.560	.558	.35516	
2	.749 ^b	.561	.555	.35628	

a. Predictors: (Constant), Reliability

b. Predictors: (Constant), Reliability, Reliability x competition, Competition

<i>ANOVA^a</i>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.557	1	33.557	266.037	.000 ^b
	Residual	26.363	209	.126		
	Total	59.920	210			
2	Regression	33.645	3	11.215	88.351	.000 ^c
	Residual	26.276	207	.127		
	Total	59.920	210			

c. Predictors: (Constant), Reliability, Reliability x competition, Competition

		<i>Coefficients</i>				
Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	4.125	.024		168.724	.000
	Reliability	.745	.046	.748	16.311	.000
2	(Constant)	4.207	.105		40.028	.000
	Reliability	.735	.048	.738	15.274	.000
	Competition	-.027	.033	-.039	-.809	.419
	Reliability x Competition	-.009	.054	-.007	-.159	.874

a. Dependent Variable: Customer satisfaction

N =211

From regression results in Table 17 above, the ANOVA shows that model 1 was a good fit for the data and statistically significant ($F=266.037$, $Sig=0.000$). Similarly, it shows that the interaction model is also statistically significant ($F =88.351$, $P<0.05$). Nonetheless, the interaction coefficient (Beta = -0.007) is not statistically significant ($P\text{-value} >0.05$). This implies that competition may not be an important moderator of the relationship between service reliability and customer satisfaction at the EC Staff SACCO.

4.6.2 The moderation effect of competition on the relationship between service responsiveness and customer satisfaction at the EC Staff SACCO

The study also tested for the moderation effect of competition on the relationship between service responsiveness and customer satisfaction as seen in Table 18 below

Table 18: Regression results on the moderation effect of competition on the relationship between service responsiveness and customer satisfaction

<i>Model Summary</i>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.508 ^a	.259	.255	.46105
2	.520 ^b	.270	.260	.45957

a. Predictors: (Constant), Responsiveness

b. Predictors: (Constant), Responsiveness, Responsiveness x competition, Competition

<i>ANOVA^a</i>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.493	1	15.493	72.885	.000 ^b
	Residual	44.427	209	.213		
	Total	59.920	210			
2	Regression	16.201	3	5.400	25.570	.000 ^c
	Residual	43.719	207	.211		
	Total	59.920	210			

c. Predictors: (Constant), Responsiveness, Responsiveness x competition, Competition

<i>Coefficients</i>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.125	.032		129.972	.000
	Responsiveness	.505	.059	.508	8.537	.000
2	(Constant)	4.363	.136		32.130	.000
	Responsiveness	.474	.061	.477	7.709	.000
	Competition	-.078	.043	-.113	-1.820	.070
	Responsiveness x Competition	-.010	.077	-.008	-.129	.897

a. Dependent Variable: Customer satisfaction

N =211

The ANOVA shows that the multiple regression model (model 1) was a good fit for the data and statistically significant ($F = 72.885$, $p < 0.05$). Similarly, it shows that the interaction model is also statistically significant ($F = 25.570$, $P\text{-value} < 0.05$) indicating that the model fits well the data and therefore the results can be relied on. However, the interaction coefficient ($\text{Beta} = -0.008$) is not statistically significant implying that competition may not be an important moderator of the relationship between service responsiveness and customer satisfaction at the EC Staff SACCO.

4.6.3 The moderation effect of competition on the relationship between service assurance and customer satisfaction at the EC Staff SACCO

It was in the study's interest to establish the moderation effect of competition on the relationship between service assurance and customer satisfaction at the EC Staff SACCO. The results are presented in Table 19 below:

Table 19: Regression results on the moderation effect of competition on the relationship between service assurance of service quality and customer satisfaction

<i>Model Summary</i>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.629 ^a	.395	.392	.41641
2	.644 ^b	.414	.406	.41175

a. Predictors: (Constant), Assurance

b. Predictors: (Constant), Assurance, Assurance x competition, Competition

<i>ANOVA^a</i>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.680	1	23.680	136.563	.000 ^b
	Residual	36.240	209	.173		
	Total	59.920	210			
2	Regression	24.826	3	8.275	48.811	.000 ^c
	Residual	35.094	207	.170		
	Total	59.920	210			

c. Predictors: (Constant), Assurance, Assurance x competition, Competition

		<i>Coefficients</i>				
Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	4.125	.029		143.905	.000
	Assurance	.724	.062	.629	11.686	.000
2	(Constant)	4.429	.120		36.876	.000
	Assurance	.693	.062	.602	11.103	.000
	Competition	-.099	.038	-.142	-2.600	.010
	Assurance X Competition	.032	.081	.022	.402	.688

a. Dependent Variable: Customer satisfaction

N =211

The ANOVA above shows that the multiple regression model (model 1) was a good fit for the data and statistically significant ($F =136.563$, $P\text{-value} <0.05$). Similarly, it indicates that the interaction model (Model 2) is also statistically significant ($F =48.811$, $P\text{-value} <0.05$) indicating that the model fits well the data and therefore the results can be relied on. However, the interaction coefficient ($Beta =0.022$) is not statistically significant with the $P\text{-value} >0.05$. This implies that competition may not be an important moderator of the relationship between assurance of service quality and customer satisfaction at the EC Staff SACCO.

4.6.4 The moderation effect of competition on the relationship between empathy and customer satisfaction at the EC Staff SACCO

The study also conducted a hierarchical regression to establish whether competition has a moderation effect on the relationship between empathy and customer satisfaction. The results are presented in Table 20 below:

Table 20: Regression results on the moderation effect of competition on the relationship between empathy and customer satisfaction

<i>Model Summary</i>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.709 ^a	.502	.500	.37781
2	.720 ^b	.518	.511	.37339

a. Predictors: (Constant), Empathy

b. Predictors: (Constant), Empathy, Empathy x competition, Competition

<i>ANOVA^a</i>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.087	1	30.087	210.779	.000 ^b
	Residual	29.833	209	.143		
	Total	59.920	210			
2	Regression	31.060	3	10.353	74.258	.000 ^c
	Residual	28.860	207	.139		
	Total	59.920	210			

c. Predictors: (Constant), Empathy, Empathy x competition, Competition

<i>Coefficients</i>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.125	.026		158.607	.000
	Empathy	.666	.046	.709	14.518	.000
2	(Constant)	4.404	.109		40.392	.000
	Empathy	.645	.046	.686	13.993	.000
	Competition	-.090	.034	-.130	-2.618	.009
	Empathy x Competition	.045	.062	.035	.726	.469

a. Dependent Variable: Customer satisfaction

N=211

As indicated in Table 20 above, the ANOVA shows $F = 210.779$ and $P\text{-value} < 0.05$ indicating that the multiple regression model (model 1) was a good fit for the data and statistically significant. Similarly, the interaction model (Model 2) is also statistically significant ($F = 74.253$, $P\text{-value} < 0.05$) which indicates that the model fits well the data and therefore the results can be relied on. However, the interaction coefficient ($\text{Beta} = 0.035$) as presented in the interaction model is not statistically significant with the $P\text{-value} > 0.05$. This implies that competition may not be an important moderator of the relationship between empathy and customer satisfaction at EC Staff SACCO.

4.6.5 The moderation effect of competition on the relationship between service tangibility and customer satisfaction

The study also conducted a hierarchical regression to establish the moderation effect of competition on the relationship between service tangibility and customer satisfaction as seen in Table 21 below:

Table 21: Regression results on the moderation effect of competition on the relationship between service tangibility and customer satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.493 ^a	.243	.240	.46581
2	.525 ^b	.275	.265	.45799

a. Predictors: (Constant), Tangibility

b. Predictors: (Constant), Tangibility, Tangibility x competition, Competition

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.571	1	14.571	67.153	.000 ^b
	Residual	45.349	209	.217		
	Total	59.920	210			
2	Regression	16.500	3	5.500	26.221	.000 ^c
	Residual	43.420	207	.210		
	Total	59.920	210			

c. Predictors: (Constant), Tangibility, Tangibility x competition, Competition

Coefficients

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	4.125	.032		128.644	.000
	Tangibility	.347	.042	.493	8.195	.000
2	(Constant)	4.489	.133		33.799	.000
	Tangibility	.327	.042	.464	7.733	.000
	Competition	-.120	.042	-.173	-2.855	.005
	Tangibility X Competition	-.033	.054	-.037	-.608	.544

a. Dependent Variable: Customer satisfaction

N =211

As indicated in Table 21 above, the ANOVA shows that the regression model (model 1) was statistically significant and a good fit for the data (F = 67.153 and P < .05). Similarly, the interaction model (Model 2) is also statistically significant (F =26.221, P-value<0.05) indicating that the model fits well the data and therefore the results can be relied on. However, the interaction coefficient (Beta = -0.037) as presented in the interaction model is not statistically significant with the P-value >0.05. This implies that competition may not be an important moderator of the relationship between empathy and customer satisfaction at the EC Staff SACCO.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The study sought to examine the influence of service quality on customer satisfaction in savings and credit cooperatives. In this chapter, the summary, discussion, conclusions and recommendations from the study findings are presented in the sub sections below.

5.1 Summary of the findings

The study set to investigate the nature of the relationship between service quality and customer satisfaction. The specific objectives of the study were; to establish the relationship between service reliability, service responsiveness, service assurance, empathy, tangibility and customer satisfaction. To address these objectives, the study used Pearson's correlation analysis from which the study found out that reliability, responsiveness, assurance, empathy, and tangibility of the service all had positive significant relationships with customer satisfaction. The study also investigated the moderation effect of competition on the relationship between service quality and customer satisfaction using regression analysis. The findings with regard to this moderation effect were null. As a result, the study findings supported the direct relationship between service quality and customer satisfaction. However, the data did not support moderating effects of competition on the relationship between service quality and customer satisfaction.

5.2 Discussion of the findings

The discussion of the findings in this section is as per the specific study objectives which were adopted in the study as seen below.

5.2.1 The relationship between reliability and customer satisfaction

It has been a general view that services ought to be reliable in order to drive customer satisfaction in organizations. Several studies have been conducted in various organizations such as banks, universities and insurance companies with a view of establishing the relationship between reliability of the service and customer satisfaction. This study also set out to examine the relationship between service reliability and customer satisfaction in EC staff SACCO. It was found out that service reliability has a positive significant relationship with customer satisfaction. The findings therefore provided a supporting evidence for the study to accept its hypothesis.

The study finding also provides evidence in support of proponents of the SERVQUAL model that presumed that reliability is significantly related to customer satisfaction. Shanka (2012) in his study noted that consumer perception of service quality can be measured using SERVQUAL model tool. His study found out that reliability was significantly related to customer satisfaction. This is in line with the findings of the current study conducted at EC staff SACCO. The finding of Henson and Bitner (2013) are also in line with this study finding as they found out that reliability was one of the elements in the SERVQUAL model that had a significant positive relationship with customer satisfaction.

However, the findings were contrary to the follow-up interviews with Manager of the EC staff SACCO who indicated that despite the existence of customer satisfaction policy, the services were not reliable. He noted that they often received complaints from the customers in regards to inability of the loans given to customers to meet their needs. He added that the reason as to why the loans were not reliable is because the SACCO had limited funds to meet all customer demands. This has therefore forced some of the SACCO members to resort to borrowing from commercial banks indicating low levels of satisfaction.

5.2.2 The relationship between responsiveness and customer satisfaction

The study found a significant positive relationship between responsiveness and customer satisfaction. As a result, the study accepted its hypothesis that stated that there is a significant relationship between responsiveness and customer satisfaction. The findings add supporting evidence from the cooperatives especially EC staff SACCO. The study finding receives support from the Expectancy disconfirmation theory which ascertains that customers often want the outcomes of the service to meet their expected level. For instance, one of the expectation of the customer is that the organization or service provider should be in position to respond very first to their needs.

The study finding is consistent with the findings of several studies such as Mosahab et al. (2014), Agbor and Eriksson (2010) and Rubogora (2017) who all found a significant relationship between responsiveness and customer satisfaction. However, the findings are contrary to empirical study by Manyiagbor (2011) who found out that SERVQUAL model elements had a significant relationship with customer satisfaction except responsiveness. This could have been as a result of differences in study contexts where in his study the focus was on three sectors while in this study, focus was on one sector of savings and credit cooperatives. As a result, this study takes a standpoint that supports the SERVQUAL dimensions as significant contributors to customer satisfaction in SACCOS.

5.2.3 The relationship between assurance and customer satisfaction

The study sought to establish the relationship between assurance and customer satisfaction with alternative hypothesis stating that there is a significant relationship between assurance and customer satisfaction. To address the objective, the study conducted a correlation analysis and ascertained that there is a significant positive relationship between assurance and customer satisfaction. This prompted the study to accept the hypothesis.

The finding of this study is support of the SERVQUAL model that denotes that customer assurance of the service quality drives customer satisfactions (Naik, Gantasala, and Prabhakar, 2010). It was found that assurance is one of the most important drivers of customer satisfaction which is in line with the findings of Mcdougall and Levesque (2000) who also found a significant relationship between assurance and customer satisfaction. It is also in agreement with Mosahab et al. (2014) who also noted that assurance has a very strong impact on customer satisfaction.

Follow up interviews with the accountant indicated that SACCO considers assurance in service delivery. She noted that they often assure the SACCO members of the interest rates that lower compared to commercial banks offer. The SACCO also assures its customers of a long repayment period to enable them plan well their repayment. She also noted that members are sensitized on the financial management especially the benefits of savings and investment with the SACCO. According to her, assurance of service quality has played a very vital role in improving customer satisfaction with many members resorting to saving with the SACCO.

5.2.4 The relationship between tangibility and customer satisfaction

This study sought to investigate the relationship between tangibility and customer satisfaction. It adopted a correlation analysis to address this objective. It was therefore found out that there is a significant positive relationship between tangibility of the service and customer satisfaction. This provided evidence in support of the SERVQUAL model that proposes that organizations that adopt the elements of the model are likely to achieve customer satisfaction.

This finding is in agreement with empirical study by Mian (2014) that provides evidence from Pakistan's Islamic banks that tangibility of the service significantly relates to customer satisfaction. The study carried by Awuor (2014) in Kenyan firms also agrees with the findings of this study in which it was found that tangibility of the service in form of technology used to offer the service and the smartness of the service providers significantly affect the level of customer satisfaction. The

study also receives support from the findings of Kant and Jaiswal (2017) who also carried out a study in the public sector banks of India and established that there is a significant relationship between tangible aspects of the service such as location, cleanliness and sitting arrangements with customer satisfaction.

5.2.5 The relationship between empathy and customer satisfaction

The study sought to establish the nature of relationship that exists between empathy and customer satisfaction. It was established that there is a positive significant relationship between empathy and customer satisfaction. This provides supporting evidence to the general public perspective that proper treatment of the customers through putting on their shoes by feeling what they are feeling would improve on their level of satisfaction.

The finding is in agreement with the proponents of the SERVQUAL model who noted that empathy is one of the most important elements that should be considered by organizations that would like to register improved level of customer satisfaction. In the same line Minh, Thu Ha, Chi Anh and Matsui (2015) also in their study on hotel industry in Vietnam also found a significant relationship between empathy and customer performance. This is in agreement with the current findings of this study in Savings and credit cooperatives.

Follow-up interviews with the accounts assistant noted that she had served the EC staff SACCO for seven years indicated that the SACCO considers customer satisfaction as an important matter. She added that empathy was very vital during their extension of the service in which each customers' needs are analyzed individually and handled according to urgency. She further pointed out that due to the treatment given to individual customers, there has been a reduction in customer complaints, an indication of satisfaction with the service quality.

5.2.6 The moderation effect of competition

The study also sought to establish the moderation effect of competition on the relationship between service quality and customer satisfaction. From the findings, it was indicated that all the interaction coefficients of competition and dimensions of service quality were not statistically significant. Therefore, there was no evidence to prove that competition moderates the relationship between service quality and customer satisfaction.

The finding is also supported by an interview response of the SACCO manager who indicated that the SACCO keeps on improving the services so as to meet the customer needs regardless of whether competitors are also doing so or not. He indicated that as much as competition is important in today's business world especially in the financial institutions, improving service quality should not only be based on the competitive levels but rather a continuous process. He therefore noted that customer complaints have dropped because of the improvement of the SACCO services.

5.3 Conclusion

The study sought to examine the relationship between service quality and customer satisfaction in savings and credit cooperatives. It focused on addressing six objectives which included; (i) to establish the relationship between reliability of services and customer satisfaction at EC Staff SACCO, (ii) to establish the relationship between service responsiveness to customer needs and customer satisfaction at EC Staff SACCO, (iii) to establish the relationship between service assurance and customer satisfaction at EC Staff SACCO, (iv) to establish the relationship between empathy and customer satisfaction at EC Staff SACCO, (v) to establish the relationship between tangibility and customer satisfaction at EC Staff SACCO and (vi) to examine the moderating effect of competition (bank salary loans) on the relationship between service quality and customer satisfaction at EC Staff SACCO.

The study used a Pearson's correlation analysis to address the study objectives from which the study concluded that generally there is a significant positive relationship between service quality and customer satisfaction. This is because all the elements of SERVQUAL model that were adopted and tested in this study turned up to be having a positive significant relationship with customer satisfaction. The study therefore accepted its hypotheses. This implies that organizations that offer quality services are also observed to report high levels of customer satisfaction.

The study also sought to establish the moderation effect of competition on the relationship between service quality and customer satisfaction. From the findings, the study given that all the interaction co-efficient between competition and dimensions of service quality chosen in the study are not significant, the study concluded that there is no statistical evidence that competition moderates the relationship between service quality and customer satisfaction.

5.4 Recommendations

The study recommends the following;

With the study indicating a significant relationship between responsiveness and customer satisfaction, the study recommends that EC Staff SACCO should strengthen efforts in enhancing their responsiveness to the customers' needs. This might mean looking at modern online applications such as online access of personal statements. Online loan application and online savings withdrawal could be considered given that a good number of the customers are based up-country which makes it costly for them to travel to the SACCO office in Kampala to transact.

The study also recommends the EC staff savings and credit cooperative to continuously encourage empathy so as to improve on customer satisfaction. In a bid to do so the SACCO should consider increasing the loan repayment period and reduce interest rates as a means of

showing empathy to the customers who earn little and yet would be limited from borrowing big amounts that would solve their domestic needs.

The study also found a significant relationship between tangibility and customer satisfaction and thereby recommends that EC Staff improve on the visibility and convenience of the service centers by obtaining large office space and encouraging the service providers to dress in organization uniform during work.

With the study showing a significant relationship between service reliability and customer satisfaction, there is a need for EC Staff SACCO to encourage reliability of the services through transforming into one stop center where all and different customer needs can be addressed to ensure reliability. They should encourage more savings from customers so as to have money readily available to meet loan demands.

5.5 Areas of further research

The study did not look at the modern ways through which some of the key service quality aspects that are found to be significant to customer satisfaction in the context of SACCOs can be implemented in Uganda as it only focused on the SERVQUAL model dimensions. Future research can therefore address these areas. Specifically, future research can look at the effect of online application in area of improving service quality on customer satisfaction among SACCO members.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

ELECTORAL COMMISSION STAFF COOPERATIVE SAVINGS AND CREDIT SOCIETY LTD (EC SACCO) QUESTIONNAIRE

Research Title: “Service Quality and Customer Satisfaction in Savings and Credit Cooperatives: A case of Electoral Commission Staff Cooperative Savings And Credit Society Ltd”

Dear Respondent,

I am a student of Kyambogo University, pursuing a Masters of Business Administration. The questionnaire is intended to help the study get information on **Service Quality and Customer Satisfaction at Electoral Commission Staff Cooperative Savings and Credit Society Ltd.** The purpose of the study is purely academic and information given was treated with the highest degree of confidence. You have been selected as a key respondent for this study. Kindly, complete the questionnaire to enable the researcher complete the study. Please tick the answer which represents your opinion on the subject.

I appreciate your participation in this effort.

Please write/type the number corresponding to your preferred response in the space provided.

SECTION A: PERSONAL INFORMATION

Question	Response
P1. What is your Sex? 1) Male2) Female	
P2. What is your age group? 1) 18-24years 2) 25-34years3) 35-44 years 4) 45-54 years 5) 55-60 years 6) Above 60 years	
P3. What is your work station? 1) Headquarters 2) Regional Office 3) District Office	

<p>P4. What is your highest level of education? 1) Primary 2) O'Level</p> <p>3) A' Level 4) Tertiary Certificate 5) Diploma 6) Bachelor's Degree</p> <p>7) Post Graduate Diploma 8) Master's Degree 9) PhD</p>	
<p>P5. How long have you used SACCO services?1) Less than 1 year</p> <p>2) 1-2 years 3) 3-5 years 4) 6-10 years 5) MORE THAN 10 years</p>	
<p>P6. Which SACCO service do you use most?</p> <p>1) Savings 2) Loans 3) Mobile Money</p>	
<p>P7. Which SACCO service do you consider more important?</p> <p>1) Savings 2) Loans 3) Mobile Money</p>	

SECTION B: SERVICE QUALITY

On a Likert like scale of 1 - 5 where 1 is strongly disagree and 5 is strongly agree, to what extent do the following statements describe service quality at EC SACCO?

Please show the extent to which you agree or disagree with the statements as indicated by the scale below:

Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
1	2	3	4	5

Please type / write the number corresponding to your preferred response in the space provided.

Reliability		Response
R1	EC SACCO provides the services it promises.	
R2	EC SACCO is accessible at the time it promises.	
R3	EC SACCO tells customers the exact opening times.	
R4	EC SACCO is willing to solve customers' problems.	
R5	EC SACCO is quick in solving problems of customers.	
R6	EC SACCO dependable when handling service problems.	

R7	EC SACCO services are offered with minimum errors.	
R8	EC SACCO loan approval is quick.	
R9	EC SACCO loan disbursement is quick.	
R10	EC SACCO pays loans applied for in one full instalment.	
R11	EC SACCO savings payment is quick.	
R12	My records at EC SACCO are updated at the right time.	
R13	My statement at EC SACCO is accurate.	
R14	EC SACCO provides reliable services.	
Responsiveness		
RS1	Employees of EC SACCO are always willing to help me.	
RS2	EC SACCO staff are friendly when dealing with customers.	
RS3	EC SACCO employees respond fast even at busy times.	
RS4	EC SACCO employees respond fast even during emergencies.	
RS5	EC SACCO communicates effectively on any developments.	
RS6	EC SACCO provides financial literacy to its members.	
RS7	Information about EC SACCO products and services is readily available.	
Assurance		
A1	EC SACCO staff are polite	
A2	EC SACCO staff are reliable and trustworthy	
A3	EC SACCO staff are passionate about work	
A4	I feel safe dealing with EC SACCO	
A5	EC SACCO staff are knowledgeable about their work	
A6	EC SACCO provides quality financial services	
A7	EC SACCO maintains confidentiality of members' records	
A8	I feel my money is safe with EC SACCO	
Empathy		
E1	EC SACCO staff help me to bank the money I apply for.	
E2	EC SACCO understands and attends to members' needs.	
E3	EC SACCO has members' interests at heart.	
E4	The staff of EC SACCO have positive attitude towards members.	
E5	The staff of EC SACCO treat members with respect.	

E6	The staff of EC SACCO value members 'opinions.	
Tangibles		
T1	EC SACCO has modern facilities.	
T2	EC SACCO facilities have nice appearances.	
T3	EC SACCO documents are appealing in appearance.	
T4	EC SACCO office is neat.	
T5	EC SACCO staff dress decently.	
T6	EC SACCO has convenient working hours.	
T7	Materials associated with EC SACCO services are visually appealing.	
T8	EC SACCO office is comfortable.	

SECTION C: CUSTOMER SATISFACTION

Please indicate the level to which you agree or disagree with the following statements about customer satisfaction during your encounter with EC SACCO basing on the following scale.

Please write/type the number corresponding to your preferred response in the space provided.

Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
1	2	3	4	5

	Statement	Response
S1	EC SACCO provides value for money services.	
S2	EC SACCO ensures that my expectations as a customer are met.	
S3	The staff of EC SACCO value me as a customer.	
S4	The staff of EC SACCO endeavor to keep old and attract new customers.	
S5	The staff give individualized attention to customers.	
S6	I feel satisfied when I get prompt services.	
S7	I feel satisfied when a confident staff attends to me.	
S8	I always feel valued when I am given individualised attention.	
S9	I am satisfied with the convenience of EC SACCO premises.	

S10	I am likely to recommend someone to join and use the services of EC SACCO.	
S11	I have a good understanding of processes at EC SACCO.	
S12	I am committed to and identify with EC SACCO services	
S13	I resist taking loans from competitors of EC SACCO	
S14	I will definitely continue using the services of EC SACCO	
S15	Overall, I am satisfied with the services of EC SACCO.	

Very low quality	Low Quality	Neither Nor Quality	High, Low	High Quality	Very High Quality
1	2	3	4	5	
S16	Overall, how would you rate the quality of service offered by EC SACCO?				

Strongly Disagree	Disagree	Not sure	Agree	Strongly Agree
1	2	3	4	5

SECTION D: COMPETITION (BANK SALARY LOANS)

Please write/type the number corresponding to your preferred response in the space provided.

	Statement	Response
C1	I can access a bank salary loan more easily.	
C2	Banks process salary loans faster than EC SACCO loans.	
C3	Banks offer a longer period for repayment of salary loans.	
C4	I can get a bigger bank salary loan than what the SACCO can offer me.	
C5	I can get a loan top-up from a bank more easily than from EC SACCO.	
C6	EC SACCO charges a lower interest rate than commercial banks.	
C7	Banks offer more flexible terms for their loans than EC SACCO.	

SECTION E:

Please comment on EC SACCO quality of services and customer satisfaction.

Thank you very much for providing your feedback regarding service quality and customer satisfaction at Electoral Commission Staff Cooperative Savings and Credit Society Ltd.

**APPENDIX II: INTERVIEW GUIDE FOR RESEARCH ON SERVICE QUALITY AND
CUSTOMER SATISFACTION**

**(EMPLOYEES OF EC STAFF COOPERATIVE SAVINGS AND CREDIT SOCIETY
LTD)**

Instructions

Briefly answer the questions below, giving your relevant explanations.

1. Gender :.....
2. Highest level of education:.....:
3. Age
4. Position held
5. How long (years) have you worked at EC Staff SACCO?
6. How many members does the SACCO have?
 - a. How many are active?
7. What services does the SACCO offer?
.....
.....
.....
8. Does EC Staff SACCO have a Service Quality Policy?
9. Does EC Staff SACCO have a Customer Satisfaction Policy?
10. Does the SACCO pay savings requests at the time they are needed?

11. Does the SACCO approve and pay loans according to the members' expectations?

12. Do your customers have complaints about any of your services?

.....

13. If so, which service(s) do customers complain about most?

.....
.....
.....

14. What do you consider to be the cause of the problem(s) customers complain about?

.....
.....
.....

15. How has the SACCO handled the main complaint(s)?

.....
.....
.....

16. Does the SACCO consider service quality as an important matter in its operations?

.....
.....
.....

17. Does the SACCO consider customer satisfaction as an important matter in its operations?

.....
.....
.....

14 What does the SACCO do to ensure that its customers are satisfied with the quality of

its services?

.....

.....

.....

.....

.....

Thank you for your time

APPENDIX III: TABLE OF SAMPLE DETERMINATION

N-----n	N-----n	N-----n	N-----n	N-----n
10-----10	100-----80	280-----162	800-----260	2800-----338
15-----14	110-----86	290-----165	850-----265	3000-----341
20-----19	120-----92	300-----169	900-----269	3500-----346
25-----24	130-----97	320-----175	950-----274	4000-----351
30-----28	140-----103	340-----181	1000-----278	4500-----354
35-----32	150-----108	360-----186	1100-----285	5000-----357
40-----36	160-----113	380-----191	1200-----291	6000-----361
45-----40	170-----118	400-----196	1300-----297	7000-----364
50-----44	180-----123	420-----201	1400-----302	8000-----367
55-----48	190-----127	440-----205	1500-----306	9000-----368
60-----52	200-----132	460-----210	1600-----310	10000-----370
65-----56	210-----136	480-----214	1700-----313	15000-----375
70-----59	220-----140	500-----217	1800-----317	20000-----377
75-----63	230-----144	550-----226	1900-----320	30000-----379
80-----66	240-----148	600-----234	2000-----322	40000-----380
85-----70	250-----152	650-----242	2200-----327	50000-----381
90-----73	260-----155	700-----248	2400-----331	75000-----382
95-----76	270-----159	750-----254	2600-----335	100000-----384

Source: Krejcie and Morgan (1970). *Determining Sample Size for Research Activities*. In Hill, R. (2008).

APPENDIX IV: SAMPLE SIZE CALCULATION

Sample Size Calculation Using Krejcie-Morgan Formula:

$$n = \frac{x^2NP(1-P)}{e^2 (N-1) + x^2P(1-P)}$$

where N = population size

n = sample size

P = population proportion

e = margin of error

x^2 = chi-square value at 95% confidence level with degree of freedom of 1

N = 693, e = 0.05 at 95% confidence level, P = 0.5 (standard)

$x^2 = 3.841$ – this is the chi-square value at 95% confidence level with degree of freedom of 1

$$n = \frac{x^2NP(1-P)}{e^2 (N-1) + x^2P(1-P)}$$

$$n = \frac{3.841 \times 693 \times 0.5(1 - 0.5)}{0.05^2 (693-1) + 3.841 \times 0.5(0.5)}$$

$$n = \frac{3.841 \times 693 \times 0.5(1 - 0.5)}{0.05^2 (693-1) + 3.841 \times 0.5(0.5)}$$

$$n = \frac{3.841 \times 693 \times 0.5(0.5)}{(0.0025 \times 692) + (3.841 \times 0.25)}$$

$$n = \frac{665.45325}{1.73 + 0.96025}$$

$$n = \frac{665.45325}{2.69025}$$

$$n = 247.357$$

Sample size n = 248

APPENDIX V: AUTHORISATION TO CONDUCT RESEARCH AT EC STAFF SACCO



**ELECTORAL COMMISSION STAFF CO-OPERATIVE
SAVINGS AND CREDIT SOCIETY LTD.**

Plot 53/56 Jinja Road, P. O. Box 22678 Kampala Tel: 0414-337500 Email: ...
REG. No. 7417 RCS

Our Ref:.....KYU/20/001..

Your Ref:.....

Date:.....July 19, 2020...

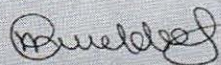
Makabayi Henry
Graduate School,
Kyambogo University

**RE: AUTHORISATION TO CONDUCT RESEARCH ON SERVICE QUALITY
AND CUSTOMER SATISFACTION AT ELECTORAL COMMISSION
SAVINGS AND CREDIT COOPERATIVE SOCIETY**

This is to inform you that your request to conduct research at our Savings and Credit Cooperative Society has been granted.

You are requested to maintain confidentiality of the information that gets to your attention in the course of your research. We also request you to share with us your final research report.

We wish you the best in your research and pledge our cooperation.

PP 

JOHN PAUL MUHIIRE

MANAGER, EC STAFF SACCO



Vision: To foster prosperity, personal development and financial certainty to the members leading to a motivated and stable work force.