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**IMPACT OF BUSINESS PROCESS REENGINEERING (BPR) ON CUSTOMER SATISFACTION, EMPLOYEE EMPOWERMENT AND SERVICE QUALITY:**

**CASE STUDY ON COMMERCIAL BANK OF ETHIOPIA**

**Business Administration**

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Abstract

This research work is done with a focus on the pre and post business process reengineering (BPR) of Commercial Bank of Ethiopia (CBE) that targets to improve service quality and customer satisfaction. CBE is the biggest bank in Ethiopia which has branches all over the country. The stiff competition in the banking service sector was a pushing factor for CBE to improve its service provision. To achieve the desired goal, improving service quality and satisfying its customers, the bank implemented BPR, the new system transformation in 2008/09 fiscal year.

The aim of this research work is targeted to identify and ascertain what results CBE achieved through the implementation of BPR in the service process.

The method applied in the study was qualitative research strategy with an inductive view in which the researchers tried to thoroughly understand the whole phenomenon under the case study. To conduct the research, the researchers used primary data through interview and questionnaires from the case study company and secondary data from articles, university website, company website and annual reports. In doing so, the result of the research was planned to answer research questions: what benefits are gained from empowering service employees with respect to Human resources development and customer satisfaction? And did the bank achieve an improvement in service quality and customer satisfaction in connection with the implementation of the new service transformation (BPR)?

After conducting the study, the result of the research work gave the researchers a ground to conclude that the bank has undergone many changes in connection with BPR implementation like empowering employees and introducing new service delivery systems and customer satisfaction is enhanced to a great extent. The business world changes every day and CBE has started its big improvements but the researchers would like to infer continuous efforts has to be made to meet the bank’s vision of becoming a world class bank.

This research work was carried out on a single case study, BPR implementation at CBE. The development of service sector is vital for a country’s economy. The researchers believe this study can serve as a standing ground for further and deep study in the area.

**Keywords:** Service, employee empowerment, customer satisfaction, Business Process Reengineering, CBE
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..................................................  ..................................................
Kebede, Semahegn Woldeismaet               Eshetu, Mesay Shibere
ABBREVIATIONS

**BPR**-Branch Process Reengineering
**CBE**-Commercial Bank of Ethiopia
**HRD**-Human Resource Development
**HRM**-Human Resource Management
**STD**-Service delivery time
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1. INTRODUCTION

This chapter starts by introducing the main theme of the research work service, customer satisfaction and employee empowerment. The research problem, significance and limitations are explained here under. The chapter ends up with thesis disposition.

1.1 Background

Recent studies advocates and demonstrated that there is an increase of employee empowerment in various companies around the world in the last few decades. Employees in a service organization and particularly in banks those who have frequent contacts with the customer usually viewed as an ambassador of both the organization and their products or services to the customer over the counter. The quality of the service and the satisfaction the customer may derive will be an assessment of the entire service experience. Employees who are empowered in an organization can either portray a positive or negative picture to the customers. Considering that, a satisfied customer and employee are of important value to the organization; it therefore, becomes the duty of the management to put in place a system that would ultimately generate either satisfaction, or dissatisfaction from their customers and employees. Since the employees have a major role to play in determining, whether a customer would enjoy the experience or turn to their competitors for better solutions. Organizations that are committed to the ongoing growth of their employees recognize employee empowerment as one of their most important strategic methods to motivate employees. Employee empowerment is also a key strategy to enable people who have the need, the answers, and the knowledge, to make decisions about how to best serve customers. Despite all the advantages employee empowerment has, it is so rarely implemented effectively.

Most advocates of employee empowerment link it positively with service quality and customer satisfaction. Both of them interrelated and have a major influence on customer purchase intentions in service environments. A review of excising literature suggests that customer satisfaction is associated with a good service quality that is offered to customer that will lead them to have a good relationship with the company (Steven & Thomas 1994).
1.2 Research problem
The purpose of this research is to ascertain the extent to which Commercial Bank of Ethiopia (CBE) practices on employee empowerment in their organization, and how this change made an impact on service quality and customer satisfaction. The research attempts to assess and compare the changes on the quality of service deliverance and employee and customer satisfaction as well based on split of time (before and after the implementation of Business Process Re-engineering (BPR) within the bank).

Therefore, the researchers plan this research work to answer the following questions.

1. What benefits are gained from empowering service employees with respect to Human resources development and customer satisfaction?

2. Did the bank achieve an improvement in service quality and customer satisfaction in connection with the implementation of the new service transformation (BPR)?

1.3 Significance of the research

The purpose of this study is to determine the effect of employee empowerment with relation to human resource development and customer satisfaction as result of Business Process Reengineering (BPR). Since most bank services are easy to duplicate and provides nearly identical services; they can only distinguish themselves on the basis of quality of service. Therefore, the paper potentially tries to look whether an employee empowerment and improvement in quality of service is an effective tool or not that every bank can use to gain a strategic advantage. So, this paper examines the impact of several relevant concepts that influence consumers’ satisfaction.

1.4 Limitations of the research
The paper will mainly be focused on CBE as a case of research and is delimited to the extent of implementation of employees’ empowerment practices of CBE in connection with the
bank’s recent BPR implementation and how service delivery and customer satisfaction has been affected. However, there is no comparison made with other banks within the same industry. Moreover, there is a time; cost limitation and as well distance problem to approach the respondents in person.

1.5 Thesis disposition

<table>
<thead>
<tr>
<th>Chapter 1 Introduction</th>
<th>Provides an overview of methodological procedures that the research uses and gives a description on the qualitative method that the research uses, the process of collecting data, analysis and interpretation.</th>
</tr>
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<tr>
<td>Chapter 2 Research Methodology</td>
<td>Different interrelated concepts concerning on employee empowerment, service quality and customer satisfaction are explored that will help to guide the research to determine a gauge to measure and analyze the collected data.</td>
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<td>It presents the data which were collected during the research. The research uses interviews; questionnaires, survey material, books, articles and some organizational report to collected the data and presented what is collected in this section.</td>
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<td>Chapter 4 Empirical study/findings</td>
<td>Details of analytical discussion is carried out in a sense that the researchers tried to link and show the interrelations between the theoretical framework outlined and the empirical findings based on the information gathered through interview, questionnaires and personal observation.</td>
</tr>
<tr>
<td>Chapter 5 analysis and discussion</td>
<td>This sectionpinpoint the result of the study and the reserachers put their conclusion indication what result has been achieved and further suggestions and recommendations are forwarded.</td>
</tr>
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Fig 1.1: Thesis disposition
2. RESEARCH METHODOLOGY

This chapter focuses describing the different methods applied in the research to gather data and the type of data used to carry out the research. The strategy and design of the research is also under discussion.

2.1 Research strategy

Bryman and Bell (2007) stated that a research strategy can be seen as a general mechanism a researcher use to the conduct of business research. Furthermore in explaining about research strategy, they mentioned two types. Quantitative research strategy is one type in which the research bases on quantification of measures and analysis of the data gathered. The other research strategy, according to the authors, qualitative research strategy is characterized usually with its dependency and much more concern on emphasizing words rather than numbers to explain the theory and its relation with the data gathered from the real world through observation.

The researchers in this research project are engaged with qualitative research strategy. The research also follows an inductive view, Bryman and Bell (2007) in which the relationship between the theory and research through observation will be clarified to understand the social world by examining the interpretation of the world by its participants.

As described by Ghauri and Grönhaug (2010), historical review, group discussion and case studies, most of the times are what researchers use in qualitative research method. The study of Saunders et al. (2009) explains that through a qualitative research approach, researchers can be able to thoroughly understand and get a holistic view of a certain problem. Ghauri and Grönhaug (2010) also stated that qualitative research as a combination of the rational, explorative and intuitive way which gives more emphasis on understanding and interpreting the research data gained from respondents and observation in a natural setting.
2.2 Research design

Bryman and Bell (2007) argued that a detailed and intensive analysis is applied while researchers are engaged in studying a single case in case study research design. While researchers engage in a case study, their focus can be on a single organization or a single location in an organization like production site. It can also be a study of a single person through life history or biographical approach. Case study research design can also have a single event to be investigated and interpreted.

Case study, as explained by Ghauri and Grönhaug (2010), is useful to answer how or why questions and the research will have focus on the current phenomenon in the real-life context. Both primary and secondary data are to be used during a case study. Verbal reports, personal interviews and observation are used as sources of primary data. On the other hand, financial reports, archives, budget and operating statements use as sources of secondary data (Ghauri & Grönhaug 2010).

As stated in the book of Saunders et al (2009), case study implies the strategy of doing research that involves an empirical investigation of a particular course of action or phenomena within its real life context using multiple sources of evidence.

In this research project the researchers developed a single case, employees’ empowerment and its associated change in service quality and customer satisfaction in Commercial Bank of Ethiopia. The researchers desire to study and find out the results of employees’ empowerment and its pros and cons in the case study company carried out by the human resources department in connection with the recent implementation of Branch Process Reengineering (BPR) in the bank to attain bank’s vision of becoming a world class bank. The BPR implementation is a grand system change in the bank history to improve its service delivery process and serve its customers with quality service. This single case and its related functions are the main focus the research project revolves around.

2.3 Types of data

2.3.1 Primary data

To carry out any type of research, the first thing a researcher needs to do after defining the research problem and what issue the research is going to cover, to search for data which relates to the study area. According to Ghauri et al. (1995), when researchers believe that their secondary data is not sufficient and not able to answer their research question, they need
to collect primary data by themselves which they believe are relevant for their study and can answer their research problem. Personal observations, surveys (questionnaires) and interviews can serve as a means of collecting primary data.

The research problem and design guides a researcher for what kind of information she/he needs to look for, question about and gather while trying to collect primary data.

The advantage a researcher gets from observation for primary data collection is that, observation helps a researcher to collect firsthand information in a natural way. A researcher will have the chance to understand and interpret more accurately the data she/he gathered through observation than questionnaires and interviews. But as discussed by Ghauri et al. (1995), care should be taken as individual observations and translation of a phenomenon might be difficult to put it to scientifically useful information.

Interviews, as discussed by Ghauri et al. (1995), could be survey research interviews in which researcher uses a standard format interview. This type has a fixed response nature. Whereas, the other type of interview, unstructured interview lets the respondent to have a full freedom in discussing and expressing reactions, opinions and behavior on a particular case. The role of the interviewer in this case will be forwarding lead questions and recording responses.

Among the different data collection methods, surveys and questionnaires are the most popular ones that researchers use in business studies. One type of questionnaire is analytical in which the researcher can verify the theory by taking the subject under study in to the field so that due attention will be given to the existing literature, theory and research. Descriptive surveys are another type of data collection methods in which researchers try to get opinion of customers (consumers) about a product or service they get and opinions of employees about their organization. This type also serves as important means to see behaviors of employees with regard to motivation, job satisfaction and complaints (Ghauri et al. 1995).
In this research project, the researchers employ descriptive questionnaires which are prepared both to the customers and employees of the case study company (CBE). The questionnaires are designed to gather information from customers on their feeling about the service that they get from the bank and what kind of service quality is being delivered to them to improve their satisfaction. With regard to employees of the bank, the questionnaires focused how employees see the new service type which resulted due to the implementation of the Business Process Reengineering (BPR). Do the employees feel pressurized or empowered by the new system? And how do they perceive the new service system with regard to service quality improvement and customer satisfaction are the main issues to be included to gather information to answer our research problem.

### 2.3.2 Secondary data

There are different sources of secondary data a researcher can gather from. Ghauri and Grönhaug (2010) discussed that; websites of different companies and organization, studies and reports of institution and departments such as universities and other research institutions, central and local government studies and reports, state budget, rules on international trade,
academic as well as professional journal and newsletter, historical studies, text book and other published material and international trade website can serve as sources of secondary data.

The advantage to use a secondary data as explained by Ghauri and Grönhaug (2010) emanates from the benefit a researcher can generate by saving time and money. When using secondary data, the verification process is more rapid and the reliability of the information and conclusions is greatly enhanced.

The other advantage of secondary data as explained by Ghauri et al. (1995), a researcher will have the ability to interpret and understand the primary data as secondary data provides a comparison instrument. With all the advantages secondary data has, many scholars suggest to use secondary data at the outset and then look for primary data when a researcher believes his/her secondary data is exhausted.

Ghauri and Grönhaug (2010) also argued that secondary data sources help provide useful historical data and researchers can be able to easily understand their target and can also carry out comparison to two or more countries or organization with a similar data.

As discussed by Saunders et al (2009), secondary data with in business and management research work can be used for both quantitative and qualitative research methods in which the data collected is used most frequently as part of a case study.

This research project will employ the secondary data from the case study company (CBE) official website information, annual reports, and other different websites which relate with our study. A focus of our investigation revolves around employee empowerment in the bank in connection with BPR implementation and what kind of service quality change and customer satisfaction is achieved.

2.4 Method of data collection
According to most literature on research methods Kothari (2004), data collection begins after the research problem has been defined and research design layout has been performed. When a researcher thinks about how to collect data, the researcher should consider two types of data collection methods which are Primary and secondary.
2.4.1 Primary data collection method
According to Kothari (2004), Primary data collection engages in collection of fresh data and data that are gathered for the first time and thus happened to be original in character. In this research, a structured open ended type of questionnaire was prepared and delivered to employees of the bank, customers and senior HR managers of the bank. The data collected will help the researchers to have an in depth knowledge of empowerment practice by the bank and to compare it with the concepts of empowerment based on the defined on the literature review frame of reference.

Interviews
This kind of data collection method engages presentation of oral –verbal communication and the response is via in the same way (oral-verbal). this method involves personal interview or if it is possible, through telephone interviews (Kothari 2004). The researchers has made a phone and Skype interview with one manager customer service at CBE Africa Union branch and two research officers at business and development department; research and development sub process of the bank with unstructured interview. The purpose of this interview helps to know what the management’s perspective is towards employee empowerment and what kind of benefit in general the company gets. The response from the HR manager will help the researchers to analyze and make a good finding by counterchecking with the response obtained from employees and customers.

Questionnaires
This kind of data collection method is most popular and preferred by most researchers due to the fact that it is easy to accommodate and get response in case of big enquires. It consists of questions in structured form or set of forms (Kothari 2004). The researchers prepared a set of questionnaires for CBE employees, customers as well as HR management staffs. 30 questionnaires were handled to both for the employees and customers side. The purpose of collecting data from customers is to gain their perspective about what level of satisfaction they got due to employee empowerment and what kind of new service they discover as a result of the bank’s BPR implementation (bank’s new customer service). The aim of collecting data from employees gives insight to the researchers that what kind of feeling they
have before and after they are empowered and to what extent empowerment gives a sense of freedom to perform their job effectively.

2.4.2 Secondary data sources and collection method

It involves in data collection of those which are already collected by another researcher or author and the researcher should give a great deal of concern in using secondary data since there is a possibility of using data that are unsuitable or may be inadequate in the context of problem (Kothari 2004). The researchers use articles, newspaper, academic journals and company’s reports which were published are more believed to provide credibility. To overcome source credibility problems, the paper uses articles mostly from the university data base. Even if there are some probabilities of deficiency with regard to integrity and reliability of secondary data, the researchers will refer both the pros and cons to avoid bias during the course of the research.

Figure 2.2: sources of secondary data
Source: from Ghauri and Grönhaug-2010
2.5 Data analysis (Qualitative analysis)

After the data is gathered it has to be analyzed as per the plan that was already defined at the time of developing the research plan. Data analysis involves a number of related processes that are performed through summarizing the collected data and later organize this data in such a manner that whether they answer the intended research question(s) (Kothari 2004). The research uses a case study based on qualitative way of analyzing data.

Qualitative method is seen as simple since the method essentially is descriptive and inferential in character. This method primarily focuses fundamentally on the kind of information that gathered (what respondents tell you, what they do) that will help the researchers to understand the meaning of what is going on (Gilliam Bill 2010). Milles and Huberman (1994) describe the two ways of analyzing the organized data:

• **Within-case analysis:**
  Within-case analysis is the kind of data analysis engaged in making a researcher on a single case study.

• **Cross-case analysis:**
  When there is more than one case, the researcher can also use a Cross-case analysis and compare one case to the other.

In this case study, the paper uses a single within case analysis and it will be studied inductively from the developed theoretical framework and these theoretical frameworks are going to be compared with a case analysis to our empirical data that is obtained through interview, questionnaire, documents… etc.

2.6 Reliability and Validity

The two important and fundamental characteristics of research measurements are reliability and validity. It is better to define them with regard to qualitative researches perspectives for this paper. Reliability and validity are the key indicators of the quality of work.

2.6.1 Reliability

Reliability entails consistency and freedom from measurement error. Reliability refers to the accuracy and precision of a measurement procedure (Dhawan 2010). It is reliable if it gives a consistent result. Once the instrument measure and is valid then it means that it is reliable but
not vise-versa (Dhawan 2010). According to Dhawan (2010), one way of increasing reliability is to standardize the conditions under which the measurement takes place. In this paper to come up with this issue, the researchers try to ensure that external sources of to become less fatigue as much as possible through using company’s website and university data base to access secondary information. Moreover, to increase the reliability of measurements, the researchers distributed questionnaires through the bank’s staff to avoid variations from customer to customer since they have the best stand point of sight to their customers.

2.6.2 Validity
Validity refers to the extent to which the instrument measures what the researcher(s) actually wish to measure (Dhawan 2010). Validity is assessed by examining how well the observations agree with alternative measures of the same construct. How come the paper could determine validity? The research paper collects data with the assistance of questionnaires to employees and customers. In addition to this, an interview was conducted with HR officials to validate the content. Moreover, the paper put what is going to be measured while designing the theoretical framework and this will guarantee the papers validity .The questionnaires and interview gave a coherent evidence for the paper’s consistency in data collection. To increase the validity, the researchers used university’s online database for reference of published books and articles.
3. LITERATURE REVIEW

This chapter talks about the detailed theoretical concepts that the researchers believe they provide a good background to carry out the research work. Concepts like service, customer satisfaction, human resource development and management strategies, employee empowerment, business process reengineering are the main focuses.

3.1 Service

Service has a special character as compared to products. As argued by Chesbrough and Davie (2010), Service can’t be inventoried. It is intangible and it has a subsequent consumption when produced and this nature of service leads to the basic demand that service requires close interaction between the provider and the customer (end user). Service has an intangible nature. Organizations involved in service delivery needs to be more vigilant and function proactively to stay competitive in the service sector. According to Grönroos (2001), service has a unique feature which differs from a product. The most important characteristic of service is manifested in its nature that it is a process unlike to a product which can be perceived as a thing and be inventoried.

Service is also characterized by its simultaneous production and consumption which according to Grönroos (2001), service leaves service providers to be engaged in more interactive processes with customers.

Discussing about the notion of service, Grönroos (2001) stated that for the service to be produced and delivered to the end user, service providers integrate their most valuable resources like employees, technologies, physical resources, governing systems and customers as well in the best possible way so that service quality can be assured.

Unlike to a product in tangible form, customers of service see and perceive a service from its process point of view and how it is delivered to them and this according to Grönroos (2001), gives service to have a characteristic of process consumption. This clarifies that, service providers strive to satisfy their customers by integrating their resources and systems to make the service provision process as attractive as possible so that their customers will be and stay loyal to them.

Goldstein et al (2002) also argued that service is a combination of processes, human resource skills, materials which needs to be appropriately integrated in order to reach or achieve a planned or designed service.
Customers in the real world have their perception and expectation of a service to be delivered to them which may arise from their real experience and information about the service they are looking for. As discussed in the article of Goldstein et al (2002), service organizations has to be consistent and careful enough to make sure the service and its major components (physical and non-physical) has to be in-line with the design of the service projected in order to satisfy their customers. As further explained in the article, the major challenge to service organizations therefore lies on ensuring the decisions at different levels of service to be consistent and focused to be delivered correctly to targeted customers.

For service organization or service provider, satisfying or fulfilling the expectation of its customer is one of the major goals. It is stated in the article of Goldstein et al (2002) that for service providers, their main task is to reduce the mismatch or gap between what the organization planned to provide and what the end users (customers) are expecting to benefit from the service they have been offered.

Keltner and Finegold (1996) briefly discussed and explained that customers in the current time are becoming more and more aware of the different service types to be offered. This situation, according to Keltner and Finegold (1996) makes service industries not only concentrate on the reasonable price they ask for the service they provide but also to be more concerned on the quality of service to stay competitive.

As competition of service provision in the financial industry especially banks is high, Keltner and Finegold (1996) argued that the quality of service can be used as a differentiating factor from one another to attract customers. The other main point to notice from the banks (service providers) point of view is that, there need to be close interaction between banks (service providers) and their customers. This enables service providers to customize their products and services in a way which pleases their customers and it makes it hard for the customers to leave their service providers.

It is mostly viewed that in many service provider organizations, a reduction in the price of service is taken as a means to attract customers. But more has to be done than mere price reduction to retain customers and keep them satisfied. Elaborating this idea, Keltner and Finegold (1996) argued that training front line employees and creating integrated service process enhances the quality of service.

Grandey et al. (2005) argued that there is a positive and rewarding response from customers for service providers who have employees with a positive smile during service encounters. Positive impressions are critical and really matter being as a major role for service providers. Organizations should be able to create favorable conditions for positive impressions to be
developed during service encounters. Some of the techniques in which organizations can control the display of positive impressions among their employees during service encounters are through training their employees, monitoring and rewards. Authentic smiles from employees who are representative of their service providing organization help create positive relationship with their customers. And this type of genuine relation between employees and customers can result from skilled impression management.

3.2 Business Process Re-engineering (BPR)

Nowadays, customers are becoming more and more aware of the services and associated processes, as increasing number of service providers are flooding in to the service market which gave customers a chance to know and experience different services. This puts pressure on service providers to be more cautious on the time they consume to process and deliver a service.

BPR has become a new contemporary strategy in which business organizations strive to re-engineer the service process they used to deliver and add up new service provision system to attract new customers and retain and satisfy the existing ones as well.

In the service market, it is natural for competition to sky rocket among service providers with similar service types like the one in our case, bank service. Service as discussed earlier has intangible nature and easy to imitate by other competitors in the market. The high competition and the intangibility of service in the service industry forces service providers to stay vigilant and proactive to win the competition and stay strong and lead the market. For this to happen, most businesses try to adopt new systems and strategies to improve their existing system and to introduce new service delivery mechanisms.

Business Process Re-engineering is one mechanism in which service providers wish to re-engineer their service process and Chan and Choi (1997) argue that many companies are engaging themselves and applying a BPR process in their system and according to their study many has failed.

The authors put two reasons for many organizations to fail in their BPR project. Most managers misunderstand and enthusiastically consider BPR as intuitive and improvement program while it is a reengineering of the whole business process. Many senior executives also have unrealistic expectations setting unachievable goal which at last leaves them to think their BPR project has failed.
The inability of many organizations to properly carry out the BPR process and implement it in their business process and see its end result is also one main reason mentioned for the BPR project (effort) to fail. As explained in their article, when business firms are not ready to be proactive and rethink their business concept, when they do not accept new emerging information technologies which enhance their business process, it is possible to see a reengineering process fail because reengineering requires a new way of thinking to escape from the old system.

3.3 Employee empowerment

Employee empowerment is crucial to facilitate the work interaction between employees and their customers. It enables front line employees to take actions over the counter in fulfilling customers’ needs and it fosters flexibility rather than doing all the work by the rule of the book. But managers need to know how and when to implement the empowerment strategies as empowerment has its own costs as it has benefits (Bowen & Lawler 1992). Employees will develop initiatives and become more responsible as they are empowered. It enables workers to be solution finders, problem solvers, initiative takers, As customers’ needs are varied and customer needs also born over the counter, organizations need to have active and alert employees who have the ability to be creative enough to provide immediate solutions.

Empowerment benefits (Bowen & Lawler 1992)

1. Employees will have confidence that they have all what they need to send back their customers fully satisfied. They will be active in responding for customers unplanned and immediate requests without delaying till they approve it from their supervisors.
2. When empowered, employees can be able to recover what went wrong during service delivery if not, letting the customer go rather dissatisfied.
3. Empowerment gives sense of belongingness and control to employees. And more over, employees feel sense of ownership and take more responsibilities which in turn make their work meaningful.
4. Customers are more likely to receive a more warm and enthusiastic service while employees are empowered and feel that the management is favoring them and looking after their needs.
5. Proactive thinking and great source of ideas evolve from empowered employees.
6. Empowerment lets employees take responsibilities and enable them use their hidden efforts as they feel motivated and solution finders for customer demands over the counter. Employees feel free and responsible to act to the limit they are empowered.

3.4 Human Resources Management

For organizations to have a competitive advantage and create a comfortable environment for employees to put their maximum capacity which in turn helps the organization to prosper and achieve its organizational goal, there need to be a well-established HRM system. In the modern time in order to get employees exert their full potential in their work, develop their attitudes and behavior, according to Bratton and Gold (1999), three aspects of managerial control are necessary which are organizational design, culture and HR policies and practices. Many argue that a flat hierarchical structure with greater employee autonomy and employee empowerment is needed in the current managerial system.

In their article Yeung and Berman (1997) explained that an organization’s HR practice plays three major roles:

a) Building critical organizational capabilities
b) Enhancing employee satisfaction
c) Improving customer and shareholder satisfaction

In any service providing organization, we find three stakeholders (shareholders, customers and employees) who play a major role and their integrated functions will result in business to succeed in the long run. According to Yeung and Berman (1997), for this to happen, the expectations of these three stakeholders need to be satisfied. For HR, to make a difference in any business practice, there has to be a way developed which flourish employee commitment. This is because; committed employees take their responsibilities and discharge in a way that creates positive relationship with customers which in turn has a positive implication for the company they are working with.

It is argued in the article of Yeung and Berman (1997) that, it leaves a major role to play for the HR practice to integrate and coordinate the positive relationship between the three stake holders as they are interrelated and the satisfaction of one of the stake holders has a positive effect on the other and vice versa. Here the authors explained that employees’ attitude has an impact on the level of customer satisfaction and retention. In addition, customers’ attitude and perception on the service they get has an impact on share holders’ satisfaction. When shareholders are satisfied with what is going on, their attitude has an impact on employee
satisfaction which can be through bonuses, stock options and further investments in employee development.

In most business organizations human resource (Labor force) is considered as cost which needs to be minimized to the business and in most of the times, the HRM practices show how to reduce costs associated with labor (human resource). In their article Becker and Gerhart (1996), argued that the contemporary HRM practices will be in a better position to get competitive advantage when they strive to create value through human resource rather than considering it as mere organizational cost.

Studies show that firms can create a sustainable competitive advantage in their favor through effective Human Resource Management practice by creating value in their business which will be rare and difficult for other competitors to copy and imitate.

According to Becker and Gerhart (1996), for HRM system, when it is developed properly and put to work in the operational system, it serves as basic input which creates value and enhances organizational capabilities.

For an organization, to pursue effectiveness in its efforts and achieve its goal to the highest level, its HRM system and practices has to develop and realize the full potential of its labor force through maintenance of an environment conducive for full participation among employees, quality leadership, personal and organizational growth (Bowen & Lawler III 1992).

As discussed in the article of Bowen and Lawler III (1992), some of the major activities which can be carried out by HRM to improve organizational competence include Carrying out trainings on the job, improving departmental relations and fostering teamwork by minimizing or removing barriers, developing employees confidence in their work place, providing an opportunity for employees to have a program of education and self-improvement.

For service rendering (providing) organizations, as can be testified from their real actions, it will be more important for their HR department to exert their efforts on service driven functions rather than mere production functions. In their article Bowen and Lawler III (1992) discussed that, HR departments have to be more focused on service oriented functions rather than product oriented ones in order to be closer and satisfy their customers. It is further explained that, when HR departments become production oriented, they will be driven more by their own internal technologies, systems and programs than focusing what their customers’ need is.
Service delivery will be at its pick when service providing organizations stop to always act by the rule of the book and be flexible to understand the changing needs of their customers. Bowen and Lawler III (1992) explained that, in service oriented HR departments, it is possible to see that they strive to satisfy customers in a way that they will be willing to customize their offerings to customers and open their door to involve customers in decision making processes which affect the services they are going to receive. Here HR departments give emphasis on the intangibility nature of service and service is projected to satisfy and fulfill the needs of end users.

It is also argued and stated by different writers that for HR department to be more successful and achieve its desired business goal enhancing that capacity of its organization and satisfying clients, there also need to flourish the active involvement of employees in decision making. Fear has to be driven out from workplace (ibid). This can be achieved when employees have autonomy to make decisions without fearing and waiting for their bosses to make the decision. Here comes employee empowerment which allows employees to have a space in making their own decision during service delivery. When employees do not feel empowered, it creates distraction among them from doing their work with high quality and cooperation. This justifies that; HR supervisors need to make sure there is an employee empowerment which allows a practical employee involvement and cooperation throughout their work place.

3.5 Service and customer satisfaction

Recently, in the era of in which competition is so stiff between rivalries organizations, the concept of customer satisfaction become one of a vital thing for their success and gets much attention, especially in service industry. In this part of the paper, emphasize on customer satisfaction and what kind of relationship it has with service in general through analyzing of various customer satisfaction model. There is a great deal of research work has being found recently concerning customer satisfaction and concepts and theories are discussed on this topic too. Advocates of customer satisfaction are mainly emphasize on the importance of giving service according to specifications, and handling customer complaints in a good way to achieve their organizational goals.

What is the definition of customer satisfaction, before that, it is better to define and have a clear picture of what customer is. It is a person or a party the one which receives the product
or service of a process on the system (Voltaire 2003). Most of the time most authors put only to refer a party only on the other side, those who only interacts with employees in order to receive a product or service and most definition omits employees by itself from the definition of customer which could be seen as a customer to the company (Szwarc 2005). Therefore, it is very important that a company ensures that all its employees who are engaged in service delivery should gain their best level of satisfaction too in addition to customer satisfaction in order to meet an overall satisfaction. One of the basic motivational factors to the employees that a company always does is deliver them a best treatment to the highest level and prevent them from dissatisfaction. Dissatisfied employee develops a sense of frustration and at the same time they develop a sense of revenge which led to a bad customer service (ibid). Whatever the cause for the employee’s dissatisfaction, it is easy to imagine the consequence that would be created by unsatisfied employee in the course of customer handling. Therefore, by the time when customer satisfaction concept is raised, there should be a need to raise a point on employee satisfaction too.

To define customer satisfaction, it is the customer’s perception that his or her expectations have been met or surpassed (Richard & Gerson 1993). It has a simple and easy definition and it depends on customers’ perception whether his/her expectation is met or not. Other authors broaden the spectrum of the definition as a customer satisfaction is a multifaceted concept especially in service industry as one of a major criterion to deals with quality product and value addition through value evidence to come up with the ultimate goal which is customer satisfaction (Govind 2009). Many authors argue that one of the main common assumptions to attain customer satisfaction in a service industry relies mainly on the front line employees. The frontline employee has more personal understand for her/his customer by virtue of regular customer contact (Govind 2009).

Employee empowerment relates to a positive outcome of customer satisfaction. The more employees are given the chance to take personal decision on their job with having a good communication skills with customer will led them to perform well and finally customer satisfaction is attained (Voltaire 2003).

What is the reason why service companies want to improve their service quality? One approach suggested that they want to minimize cost, enhance time to implement the program and to have a positive customer service impact. All these three working together gives the integral part for understanding and implementing the system and work towards organizational and customer optimal satisfaction (Voltaire 2003).
So, how come one company identifies that whether it attained its predetermined customer service quality and its objective? The main solution for this is to develop a good feedback systems for customers to evaluate service quality and develop the feedback system that will give a best responsive to the customers’ needs, wants and expectation. In response to these issues (Voltaire 2003) states that companies look for an answer and focuses on the following area: to know what customers’ perception about the company itself and company’s service, company’s competitors, to measure and improve company’s performance, to turn company’s strongest areas into market differentiators, to identify the weakness and turn it to developmental opportunity before it is too late that someone else in the market does, to develop a good internal communication system and to demonstrate your commitment to quality. One of the difficult things in service industry is to quantify and measure customer needs, wants and expectation. The basic thing is that service by nature itself is intangible and perishable that it might be interpreted based on different customers perception (ibid). This means that satisfaction depends on personal feeling and the level of satisfaction differs from customer to customer depending on their personal interpretation.

What does a literature state about how to measure customer satisfaction on a retail bank? According to Terrence and Gordon (1996), suggests that the major things that influence customer satisfaction are likely to fall in one of the following three concepts:

1 Service quality - based on empirical studies and some theoretical arguments service quality is divided in to two dimensions which are the core or outcome aspects(contractual) and the relational or process aspects (Customer employee relationship) of the service. While reliability is largely concerned with the service outcome, tangibles, responsiveness, assurance, and empathy are more concerned with the service process. Whereas customers judge the accuracy and dependability (i.e. reliability) of the delivered service, they judge the other dimensions as the service is being delivered (Terrence & Gordon 1996).

2 Service features - related to the kind of service that the bank offers and this definitely affects customers’ overall satisfaction and ongoing customer handling. For example location is one feature among others that most banks get benefited from their customers due to its convenience and accessibility to its customers. Moreover, feature like competitive interest rates are another feature that customer satisfaction is likely to be influenced by the perceived competitiveness (Terrence & Gordon 1996).
3 Customer complaint handling - when customers encounter and face difficulties they might respond by switching service provider. Customer switching cost is too high and makes the bank to be passive in taking action for unsatisfied customer. Moreover, if the service providers give a timely response to its complaints then more customers are getting satisfied. This means that companies customer handling have a linkage with customer satisfaction (Terrence & Gordon 1996).

In general there are a couple of empirical evidence exists that customer’s specific product selection has an impact on customer satisfactions. For example, in retail banking business which has different customer segmentation, for a customer who used specific product like (Loan) might focuses on loan service feature other than and other customers might focus on either to quality or complaint handling based on their specific products (Terrence & Gordon 1996). The following picture will summarize as follows,

Table 3.1: The measures used: Determinants of customer satisfaction in retail banking (Terrence and Gordon (1996, pp. 15)

<table>
<thead>
<tr>
<th>Service quality</th>
<th>Service features</th>
<th>Customer satisfaction and future intentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core</td>
<td>Enabling</td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td></td>
<td>• My bank promises to do something by a certain time, it does so</td>
<td>• Considering everything, I am extremely satisfied with my bank</td>
</tr>
<tr>
<td></td>
<td>• My bank performs the service right the first time</td>
<td>• My bank always meets my expectations</td>
</tr>
<tr>
<td></td>
<td>• My bank provides its services at the time it promises to do so</td>
<td>• The overall quality of the services provided by my bank is excellent</td>
</tr>
<tr>
<td></td>
<td>• My bank performs the service accurately</td>
<td>Future Intentions</td>
</tr>
<tr>
<td></td>
<td>• My bank tells you exactly when services will be performed</td>
<td>• If people asked me, I would strongly recommend that they deal with my bank</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Things happen at my bank that make me want to switch my accounts elsewhere</td>
</tr>
<tr>
<td>Relational</td>
<td>Competitive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Employees in my bank have the required skills and knowledge to perform the service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Employees in my bank are always willing to help</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Employees in my bank are consistently courteous</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• My bank gives me individual attention</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Employees of my bank understand my specific needs</td>
<td></td>
</tr>
<tr>
<td>Tangibles</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• My bank's physical facilities are visually appealing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• My bank's employees are neat in appearance</td>
<td></td>
</tr>
</tbody>
</table>
3.6 How to empower?

Employee empowerment engages in a process of when managers or superiors pass a decision for the non-managerial employees make their own decision without participating or consulting their managers. This kind of process can be a small or large scale that depends on the company wishes on how, who and when to empower employees. Therefore, companies should design an empowerment model that gives each employee the ability to make some decision by their own.

Why to empower (the benefit gained through empowering service employees)

- **Quicker on-line responses to customer needs during service delivery**
  Since customers are looking for a quick response for their enquiries, empowered employee often like to be able to respond without consulting their supervisors or managerial employees. Therefore, empowering leads to a kind of spontaneous, creative rule breaking that will result finally to calm down an angry and frustrated customer into a satisfied one. This kind of decision is so vital when the time is too short since an empowered employee doesn’t waste much time to consult or refer the case to its supervisor. Empowerment gives a confidence for employees that; they feel that they have all the necessary resources at their hand to provide customers (Bowen & Lawler 1992).

- **Quicker on-line responses to unsatisfied customers during service recovery.**
  Customer service has not only delivering a good service to the customer but it also includes recovering of poor service too. Although good service depends on the understanding of each customer, and they have the feeling that every service should be fixed by the business when that specific service went wrong. When service is recovered, that was already delivered as poor, later on it makes customers to be satisfied as well as to feel that their request is answered properly. Otherwise if the employee lacks the ability to solve the problem and recover the service due to lack of power, this leads to customer dissatisfaction (Bowen & Lawler 1992). The figure below illustrates the relationships between service delivery, recovery and customer satisfaction.
Best Outcome

- A good delivery encounter.
- A poor delivery encounter with complaint elicited and recovery achieved
- A poor delivery encounter with complaint elicited and recovery not achieved
- A poor encounter with complaint elicited.

Worst Outcome

Fig 3.1: Possible Outcomes during Service Delivery and Recovery:
Source: Bowen and Lawler 1992, P.33

- Employees feel better about their job and will interact with customers with more warmth and enthusiasm.

It is obvious that putting strict rules on employees can belittle their dignity. But giving a freedom to employees to decide on their job allows them to feel a kind of “ownership” of the job and develop a great deal of responsibility for their duty and find the work meaningful.

Recently researches show that most customer service quality is shaped and designed by courtesy, empathy and responsiveness of service employees. Customers want service employees to approach them in a concerned way that they will develop a confidence that their needs will be easily solved. Based on the research when employees are treated and supervised in a fine way, trained and rewarded, well then customers receive a high level of quality service. In short, the more those managers taking care of their employees, the more customers get satisfied. In service encounters, employees’ perception about their job is reflected over to affect how customers feel about the service they get. This kind of situation is elicited in a period of when employees are paid a low wage. If employees are not feeling good about their payment they will exhibit an intended character that would led to customer dissatisfaction. To overcome this problem company’s first should invest them heavily.
in training and quickly educate them to accept and believe in the organization’s culture and values. If the training was not good then the company will probably lose its investment since these employees wouldn’t be around long to provide a return on the investment. As a solution the company should pay them adequate higher wages to its permanent (full time employees), but the drawback here is these employees become idle in a period that if business is going slowly (Bowen & Lawler 1992).

The ultimate goal for employee empowerment is that it allows the employees to practice autonomy, full control on their own job and use their utmost capacity and skills to attain organizational goal and their own benefits too. Empowering is more familiar with industrialized sector than service employees in service delivery. The reason is that in production-line approach is a good control model of organization design and management in an industrial sector. Empowerment is still evolving “commitment” or “Involvement”. Involvement is a process of letting employees to take their own decisions but if they are properly handled, socialized, trained and informed. So, this involvement approach assumes that employees become more productive and generates good ideas for operating the business. The commitment and involvement models differs each other that there are four key features that are concentrated at the top organization in the former and pushed down in the organization in the latter. These four features are:

1. Organizational performance information (income, competitors etc.)
2. Reward system based on performance
3. Knowledge that they have, that assists organizational performance (problem solving skills)
4. Power to make own personal decision (Bowen & Lawler 1992)
There are three approaches to empowering employees can be identified. It can be demonstrated that, level of empowerment increases as knowledge, information, power, and rewards are given to the low level employees especially employees who are engaged to the front line customer service. Therefore empowerment is not a matter of choosing an alternative but rather that a choice of the following three options:

1. **Suggestion Involvement** - It is a little bit different from the control model. In this process there is formal way of suggestion programs or quality circles but there is no change on their day to day jobs due to the suggestions. Service employees are only empowered to suggest and recommend and the management typically has the power to decide whether to practice based on the suggestions (Bowen & Lawler 1992).

2. **Job Involvement** - It completely differs from the control model due its nature of dramatic “opening up” of job content. Employees enjoy practicing variety of their skills and jobs are usually redesigned to facilitate this. Employees have full freedom to decide and they have a good channel for feedback to and in generally they handle whole pieces of work. However, despite having this much empowerment, this approach doesn’t allow them to decide on issues concerning to organizational structure, power etc. and these kind of decision will remain on top management (Bowen & Lawler 1992).
3. **High-Involvement** - in this approach company’s usually gives an authority for its low level employees to the total organization’s performance. In this case business information is shared, employees develop skills in teamwork, problem solving and participate in a work-unit management decisions. As a matter of fact there is also employee’s profit sharing mechanism and employee ownership. However, this approach thought to be very expensive to implement and cause troublesome to management since management techniques are relatively underdeveloped and untested (Bowen & Lawler 1992).
4. EMPIRICAL STUDY

This chapter deals with describing the main activities of the case study company (Commercial Bank of Ethiopia). Historical background of the bank and its service activities are also explained under this chapter. Empirical data gathered through primary and secondary data collection methods which revolve around service, customer satisfaction, employee empowerment, BPR implementation are explained in detail.

4.1 Company background history

Commercial Bank of Ethiopia (CBE) was legally established and took its shape as a share company in 1963. CBE took over the commercial banking activity of the then state bank of Ethiopia which was originally founded in 1942. The state bank of Ethiopia had been responsibly engaged in performing the duties of both commercial and central banking (CBE 2008/09).

Commercial bank of Ethiopia is a state owned bank. CBE plays an important role in the country’s economy and dominates the market in terms of asset, deposit, capital, and customer base and branch network. While CBE faces a growing competition in the banking industry from private banks, it still stands in the leading position with its long year bank service experience (CBE 2006/07).

The rich experience of the bank in the service market, its strong capital base and large branch network enabled CBE to attract and engulf extremely high demand from both private and public companies and gave the bank the opportunity to increase its revenue in a sustainable base (CBE 2006/07).

Currently, the bank has 526 branches all over the country and it still takes the lead contributing bigger share in the country’s economy than other private competitive banks (http://www.combanketh.com/ dd. 25.04.12).
4.2 Company mission, Vision and Value statement

Commercial bank of Ethiopia, as it is the biggest bank in the country with 526 branches and many international correspondents; it operates with a vision of becoming a world class bank. In The mission that the bank draws is targeted to assure that shareholders value is maximized and as well customers’ satisfaction is attained. The bank believes this big mission will be achieved through its devoted employees who discharge their responsibilities with great care. The bank also has a strong belief that its success comes by providing its products and services with international practice and by creating reliability and public confidence among its valued customers as well (CBE 2005/06).

The values that the bank tries to stand still encompass from providing an improved and quality service to being a corporate citizen. Commitments for an uncompromised customer satisfaction, consideration of employees as valuable assets, striving to increase shareholder values, fostering transparency, accountability and professionalism, being an equal opportunity employer are believed to be the special traits of the bank and its core values (CBE 2008/09).

4.3 The notion of Service at Commercial Bank of Ethiopia (CBE)

For CBE, to stand still as a big competitor in the current market with stiff competition in the service sector, the bank strongly believes attaining high quality in service and maintaining customer satisfaction is very essential. Employees of the bank are the most valuable asset to move the bank forward to achieve its goal. Even if the management of the bank believes that improving service quality is crucial for its survival and maintaining customer satisfaction, this precisely depends with having a qualified staff. The management advocates the perception that only having the ability to identify opportunities and managing risks is not enough unless backed by committed employees. In order to make sure that its employees are equipped with and ready for delivering good customer service, the bank trains them with required skills and competencies and at the same time employees are motivated to understand in a better way what their customers need from them. The bank has participated around 6862 employees in various skill upgrading trainings to meet its target (CBE 2008/09).

The bank, in order to satisfy and maintain the commitment of its employees, scheme is employed for employees to be rewarded with attractive benefits in addition to creating conducive working environment.
Communication is one of the main engines for an organization to stir and stimulate the free flow of information among employees. For CBE, to let its employees stay regularly updated about new events and let them participate and contribute ideas regarding financial, economic, social and legal matters as well, the bank’s newsletter plays an important role. The bank’s management in this regard strongly believes that the newsletter is an important instrument in which it fosters the discussion of service delivery improvement and business matters which in turn helps the bank to improve and deliver optimum customer satisfaction. A two way communication in which employees also participate in decision making process is realized through the bank’s newsletter (CBE 2008/09).

For a service providing company, creating a positive relationship with its customers is the first criteria (issue) to deal with. CBE putting this perception as its base factor, the bank regularly take measurement actions to improve the level of its service quality to meet the ever growing customers’ demand and requirements (CBE 2006/07).

- A surprise visit to branches is carried out by executive managements of the bank to conduct discussions with regard to problems on service delivery with customers and employees so that corrective actions will be taken.
- The bank conducts yearly in-bank customer satisfaction survey in order to check customers are satisfied and their need has been met.
- Branch managers are oriented to play a marketing role and be vigilant to check customers are receiving appropriate service
- Introducing relationship managers who have frequent contacts with prominent customers of the bank as these potential customers have big influence on the banks profit. The relationship managers give due attention and even consult customers in their business matters.
- As employees are valued assets and the means to execute the policies and plan of the bank, trainings in service marketing and customer handling is provided to the staffs to equip them with knowledge of the bank operation.

The above mentioned points are some of the major techniques the bank utilizes to show its due commitment to satisfy and stand together with its esteemed customers (CBE 2006/07).
4.4 Pre-BPR operations and experiences
Despite several achievements of the Commercial bank of Ethiopia has been into so many critics were forwarded from different stockholders on the banks way of operation and problems which were identified in order to take a remedial actions (CBE Annual Report 2005/06). The bank acknowledges all the complaints and benefited from this to have a insight about the issues around customer satisfaction and to fix the problems as much as possible. Before the implementation of BPR the bank tries to figure out customers complaints and try to identify problems related to service delivery practices in various levels through a series of assessment. The bank through different feedback mechanism identified a list of problems that needs a considerable change including: the changing business environment, growing customers’ expectation, increased intensity of competition and the declining market share of the bank, and the need for increased utilization of technology; customer dissatisfaction. The ensuing change was meant to reduce cycle time, increase customers’ level of satisfaction and decrease processing cost, hence ensuring efficient and effective service delivery (Customer survey 2009).

4.5 Purpose and Objective of BPR implementation at CBE
The bank has experienced a fundamental change in its history in the fiscal year 2008/09. The implementation of BPR is one of a radical change that the bank engages itself in which it meant to improve the service delivery and enhance its service quality. This massive transformation of the system was carried out in both core business and support areas of the bank (CBE 2008/09).

The management of the bank, with the implementation of BPR, strongly believes that the bank can realize its business objectives and goals of becoming performance oriented and customer oriented and market driven (CBE 2009/10). So that the bank can look for new businesses which pave the way for growth in addition to efficient delivery of the existing products and services (CBE 2008/09).

CBE strives to win the existing and stiff market competition and put itself as part of the world class bank, a massive transformation in its service delivery was one major step the bank needs to take. Moreover, it continued in awareness creation activity and that was one of the strategies the bank’s management took to make employees committed to the new transformed system and reduce the inconvenience and resistance created among them and customers’ dissatisfaction in the early stages of the BPR implementation (CBE 2008/09).

BPR implementation in CBE has also resulted in the creation of new branch structure as part of the transformation in which customer service officials are assigned to handle day to day
customer complaints and give immediate solutions. At CBE, the management believes the bank will attain its goal when the bank’s day to day operating system, management style, customer handling and achievements become to the world class level and that is the main reason which backed the bank to the BPR transformation (CBE 2009/10).

4.6 Post-BPR Customer satisfaction and service quality

The ultimate goal of commercial bank of Ethiopia is to become a world class commercial bank and to attend this vision the bank should assure that all of its customers receive the right type of quality service and be satisfied. Without customer there isn’t success in their business and these customers’ needs need to be satisfied. Therefore, maintaining and assuring their satisfaction is a bit difficult job and needs a great deal of work to attain and come up with a service that fulfill their needs and want.

CBE undertake business process reengineering (BPR) in 2009 and changes the traditional way of service delivery in various level and brings a new way of system with various ideas that will help the bank to attain its vision. There is need for change to advance the service giving system since the bank identified rationales including: business environment, market share decline due to new competitors, customer expectation, technology and mainly customer complaints (Customer survey 2009).

The question is how could CBE determine that its customers are satisfied with the product and service it gives? In 2009 a survey was made by the CBE itself in order to assess the impact of BPR implementation with regard to customers and employees responses in terms of service quality and customer satisfaction, even if it was too early to appraise the system. The main objective of the research was to evaluate the BPR within the bank in terms of satisfaction, to assess employees’ attitude towards BPR and to give a solution to those problems which are identified by customers and employees. During the survey made by CBE a total of 528 and 375 questionnaires were distributed to customers and staffs respectively to its branches. Respondents from the customer side are of having the same kind of years of relationship of at least 5 years of being customer within the bank since it would give the opportunity to evaluate the bank overall performance within a frame of time, pre and post BPR implementation. All customers used for the survey are different
service users that are offered by the bank which are saving, Current, Local Transfer and Credit services (Customer survey 2009).

Moreover, this research gathers information through questionnaires, reports and survey and will present it alongside with secondary data. All the data is in a summarized way through categorizing them which have the same type of pattern and theme altogether in one place in order to simplify the load of analysis part. This section is divided in to three parts including data collected from customer, employee and one HR official will be put in different three sections.

4.7 General views of customer respondents’ and suggestion from data collected from questionnaire and from banks survey.

In 200 questionnaires were distributed to customers that was designed in a way that to help the survey to measure the impact of BPR implementation on service quality and customer satisfaction. The main questions are revolve around on respondents’ view on the impact of BPR implementation, Respondents’ satisfaction level on the quality of the services, respondents’ satisfaction level on the product and service that the bank is giving, respondents’ view on employees capability and efforts on handling compliments, respondents’ perception on employees giving ability and ethical conduct. The survey puts in one section its customer’s response and tries to review respondents’ opinions, ideas, suggestions, and complements with respect to their similarities of nature. Moreover, this research conduct a survey on customers’ perspective to the newly implemented BPR and distributed 20 open ended questionnaires with regard to designed to measure customer satisfaction with pre-BPR and post-BPR. The paper categorizes/sorted answers given from customers depending on their patter and theme in the following way.

4.7.1 Services/product related:

- Delay in local transfer service above reasonable time/days: especially in services like Draft, Blocking both saving and cheque and CPO;
• In order to get fast service of the Western Union service, money transfers from abroad, there is a need to change the infrastructure and use an advanced internet connection.

• The interest rate on saving is low; and Compute interest payment for saving on monthly basis as other banks (Customer survey 2009).

Responses collected from the questionnaires that were designed for this research purpose:

• New products and services are added like a new money transfer system while before it was a traditional way of sending a message which used to take a long time.
• Service delivery time (SDT) is improved, according to an interview made with Mr. Daniel Mitiku, HRM planning officer, services at the front desk are expected to be finalized within three minutes and it is actually attained.
• Customers have complaints with the banks low saving interest rate and online connection problems which sometimes interrupt service delivery.

4.7.2 Technology related:

• The queue manager gives only one ticket at a time for a customer while the customer expects different services at a same time like requiring service cheque withdrawal, cheque clearance, and Local transfer simultaneously.

• To network all the branches throughout the country.

• Sometimes, there are computer interruptions /network failure;

Responses collected from the questionnaires that were designed for this research:
• A number of new ATM and point of sale (POS) machines are installed so as to give customers a 24 hour service during closing hours.
• Enhance its IT infrastructure
• New banking technology (software) is implemented
• Still network failure and interruption during working hours.

4.7.3 Working hour related:

• Lunch hour service is not satisfactory and needs some improvement since the service is being provided at few windows;

• Extension of working hour is required; (the bank is opened at 08:00AM till 04:30PM on weekdays and 08:00AM till 12:00AM on Saturday)

Responses collected from the questionnaires that were designed to this research:

• Extends its working hours and starts to work on weekends (Saturday afternoon).

4.7.4 Others

• The number of windows and employees are not enough to accommodate the increasing number of customers;
• It seems that the employees are dissatisfied which is reflected on their face when they handle customers. Hence, the bank should satisfy its internal customers so as to improve the satisfaction level of its external customers, and
• Some employees need to have an adequate and appropriate training so as to serve the customer properly.

Responses collected from the questionnaires that were designed for this research:
• Still employees complain on their salary that the amount is not satisfactory comparing to the amount of task and risk given to them after the implementation of BPR.

• Employees are given the appropriate type of training and workshops periodically to create awareness and to be fit with the new system.

4.8 General Customers’ view on the impact of the BPR implementation

Respondents were requested to compare post BPR implementation services with pre-BPR periods with respect to work flow, technology and employees attitude.

While most respondents believe that the bank has showed significant changes in its service delivery in employing better system after the BPR implementation, though still a few respondents suggested that there is no significant improvement in the service quality due to the BPR implementation. Respondents who perceived significant improvement in the service delivery attributed their perception to the following parameters: Employees’ politeness and cooperation, Introduction of new technologies, Employees’ punctuality and attendance at the counter, Service delivery time, Knowledge of the job, the bank’s policy and procedure, Branch office organization and layout.

Of those respondents who gave their response that there is no significant change, gives a response indicating the service delivery time is not far improved, the introduction of new technology, the bank’s policy and procedure and employees politeness are the main areas where the bank needs to improve to bring about significant change, should it achieve its vision of becoming a “world class commercial bank”. They further argued that, short working hour, overcrowding of branches during salary payment, delay on special clearance service, the long and time taking collateral valuation process on loan processing etc. are other areas that need due focus to bring about fundamental and sustainable service delivery improvement. The data gathered during the survey uses sample customers’ suggestion register book that was found in each branch also support this view. The majority of customers stress on the point that there should be a need to pay a significant attention to work on the inefficient and late service delivery time, poor customer handling, backward technology, and working hour of branches (Customer survey 2009).
These respondents have gone beyond identifying problems give some suggestions that will give the bank an insight to its problem to identify and to take timely measures. Therefore this will direct the bank among others newly implemented system to attain its main objective. The following suggestions are gathered from the suggestion books which were placed on the counter of each bank that is to be filled during service hour in order to have a good feedback system.

- Facilitate networking of inter branch transaction in all branches to bolster the service rendered;
- Revising and extending working hours of the bank, both in weekdays and weekends;
- Design mechanisms for reducing employees negligence;
- Resolve branch congestion during salary payment using ATM and other electronic delivery channels;
- Provide all services during lunch hour (skeleton service hour) at all branches and assign reasonable number of staffs during this time;
- Design efficient ways to provide cheque Clearance system service within a day
- Expand services of like foreign and credit services in all branches of the bank (Customer survey 2009).

Moreover during the survey customers suggestion were collected and major complaints were presented in the following way extracted for customer’s opinion register book which is founded on each counter of the branches. The suggestions and complements are collected thereof are considered as suggestions of customers provided after the starting point of the BPR implementation. The responses which are collected from the registered book is much of similar with the data collected during the survey indicating that there is Inefficient and extended service delivery time, Employees’ behavior and poor customer handling ,Service delivery system, procedure and environment ,technology working hour related (Customer survey 2009).

Responses collected from the questionnaires that were designed for this research:

- Improved service Delivery time (SDT)
- Witnessed a new technology implemented within the bank and are satisfied with it.
- Needs working hours to be extended
- Branch customer congestion is relatively decreased
- Needs more politeness and courtesy from branch employees
- In general, the service that they are receiving is more relatively good comparing with a couple years ago, meanwhile customers expects more product and service state that the bank is so experienced and big so that it is operating under its capacity.

4.9 Employees’ Response

During the survey employees response is also evaluated with regard to BPR implementation process since putting employees suggestions and opinions is vital to understand their and customer satisfaction and their attitude towards the new system. The sample constitutes of staffs that have long time of service year in the bank and employees who worked at the front line to make the sample representative of the population.

4.9.1 Employees’ satisfaction on their current job assignment after BPR implementation

It is obvious that to have a mixture of feelings from each employee when the part of BPR system is implemented. The bank assigned the person at the right position but it is hard to fulfill each and every employee within the bank and it is natural to expect different level of satisfaction from the new assignment. To this end, the staffs forwarded their perception on the level of job satisfaction including their reasons for the dissatisfaction: Lack of fairness in employees’ assignment, Inequitable salary and benefit payment with the work done, Lack of both inequitable benefits and fairness, Burden of the work and Educational level and experience (seniority) received little point. However, bonus and salary adjustment is made during transformation that includes a lot of beneficial employees within the bank in order to have an impact on employee motivation so as to work as punctual as possible.

4.9.2 Employees responses on the impact of the BPR implementation

Staffs response and express their view on the service quality improvement over the service delivery and other relevant attributes after the implementation of BPR. Some attribute indicators like attitudinal change of supervisors, effectiveness of employees, attitude of employees towards their duty and customers, employee empowerment and new structure to workflow involved in employees’ response.
As can be inferred from the responses most employees responded positively towards attitude of supervisors towards customer service; effectiveness of employees and attitude of employees towards their duty and customers. Furthermore, employees believe that there is an improvement on workflow, division of work and service delivery, respectively.

4.9.3 Employees’ view on customers’ satisfaction

One of the major measurements of the BPR effectiveness is gauged by the level of external customer satisfaction. As a front line staffs in which they always have a perfect view of customers attitude, they can comprehend and estimate the satisfaction level of their customers. In terms of employees’ perception of customers’ satisfaction across the service deliverance and quality, they responded there is a big change in service improvement. In general most employees rated customer satisfaction as high after the implementation of BPR through comparing pre-BPR service delivery experience.

4.10 Employee empowerment at CBE

To have a clear understanding of what the employees perceive about their power and how they act up on it, the researchers forwarded questions to get primary data with this regard. From the responses gathered from the questionnaire forwarded to employees of the bank, many of them agreed that they have been given discretionary limit in which they will have the autonomy to make decisions over the counter. The employees responded that one of the goals of BPR is to reduce the bureaucratic procedures which used to dissatisfy customers in the pre-BPR time.

The BPR transformation in the service system has in general brought a good result as employees described. They responded that they are given power to solve customers’ requests over the counter and if the case is beyond their power they transfer it to immediate supervisor or manager.

One major point raised and explained as a benefit of BPR among employees is that the empowerment resulted from BPR transformation changed employees from being specialists to generalist. Employees stated that, before BPR, if one employee was assigned in receiving or payment or if s/he was assigned in one section that was the sole responsibility and specialization. But after BPR, employees became generalists and perform all services over
the counter which improves service provision and gives employees the opportunity to acquire all bank service knowledge.

Employees as well agreed that empowerment gave them confidence to take responsibility and act to solve problems and send back their customers satisfied. Moreover, Employees are given the right type of training before starting working with the new system so as to be familiar with it. Employees have responded that they are relatively satisfied with their job after they are given empowerment by the bank. However, the amount of risk that they are receiving is higher than the way it used to be and the bank made salary adjustment but due to some reasons like the country’s economic situation the adjustment made by the bank won’t last long to keep employees satisfied and all the respondents agreed that there should be another salary adjustment that considers the current economic crises that affects the status of living standard within the country. Moreover, the bank has reward system to reduce the risks of associating with employees’ fraud.

4.11 Interview responses from HR staffs of CBE

The interviews were forwarded to one CBE HR manager Africa Union branch and one HRM planning officer. According to the interview made, they explained that undertaking of new automation system to facilitate service delivery is one of the major changes which come with BPR transformation. The bank used to use “branch power” system but now to further improve its service delivery, a new software system called “T24” is under implementation. Moreover, working hour at the bank which used to be a big complaint factor by customers has now been improved. Before BPR implementation, the bank working hour was from 8 AM till 4PM for Monday to Friday and from 8AM till 12AM on Saturday. The BPR transformation has brought a non-stop service from 8 AM till 6PM including lunch hour from Monday till Friday and from 8AM till 5PM on Saturday. Before BPR implementation, there used to be sections in branches of the bank like Savings account, Current or checking account section, Local money transfer section as core sections in a branch and customers were supposed to go here and there to get bank services. With the new transformation system, front line employees are empowered to deliver all of the services under their autonomy (discretion power) which brought a “one window service” in which customers come to one window and get any service they demand to get. According to the HR staffs response, the commencement of the one window service and the empowerment of front line employees resulted cutting off bureaucratic processes which used to let customers complain and make service delivery time too long. Explaining their perception, the HR staffs
answered our question mentioning external customers are very much happy with the new service provision process. To back up their argument, the manager customer service at AU branch responded customers’ complaint has decreased to a great extent after BPR implementation as the new automation system improved the service delivery process and in turn increased customers’ satisfaction.

With regard to employees, the HR staffs responded, there were some resentments and resistance among employees to accept and cop up with the new system. But the bank is trying to attach positions with attractive salary so that employees will be motivated at their job. Trainings to equip and update front line employees about the different bank products and services are underway.
5. ANALYSIS AND DISCUSSION

In this part of the research, details of analytical discussion is carried out in a sense that the researchers tried to link and show the interrelations between the theoretical framework outlined and the empirical findings based on the information gathered through interview, questionnaires and personal observation.

5.1 Service and customer satisfaction

One of the major challenges for service industries is to deliver a high quality service to its customer and the competition force most service giving companies to look on how to deliver a good service. Chesbrough and Davie (2010), Service can’t be inventoried and is intangible so that it is difficult to measure the customer satisfaction and be sure that customers are receiving the right quality kind of service. However, Grönroos (2001) stated that for the service to be produced and delivered to the end user will be assessed by service providers through integrating their most valuable resources like employees, technologies, physical resources, governing systems and customers as well in the best possible way so that service quality can be assured. Therefore, the research will assess the banks service quality in the base of the above mentioned attributes.

According to Terrence and Gordon (1996), one of the determinants of service quality is its physical facilities those which are visually applying to customer. It is oblivious that the bank is advancing its service in different dimension to meet its vision to be a world class bank and installed different kind of technologies like ATMs, online banking system and upgrades its system in well organized and advanced way. While technology is still involved due to customers’ literate level and some infrastructural problems there is still some difficult to attain and promote its service quality at full capacity. Another determinate for the bank’s passion of service quality is employees within the bank of havening the required skills and knowledge to perform their given tasks, willingness to help and understanding specific needs of their customers and these all attributes are exhibited by employees in the aftermath of BPR implementation and customers are optimistic for the new system since most of them are satisfied of having a good service.

Voltaire (2003) states that one of the basic way of identifying whether the company attained its predetermined customer service quality or its objective is having good feedback systems allowing customers to evaluate the service quality. The bank has an open door to accept any
kind of suggestion in person and put customer suggestion book in each of its branch lobby and receive suggestions in its website. According to Voltaire one of the reason why service companies want to improve their service quality and managing all customers’ suggestions and complaints is so constructive and vital which influence the banks performance and customers’ perception and attitude on the image of the bank.

Govind (2009) states that one of the main common assumptions to attain customer satisfaction in a service industry relies mainly on the front line employees. The bank made a great deal of change concerning empowerment of its employees especially front line employees to make decisions based on their pre-determined discretionary limit and this helps customers to get service in a single outlet without going here and there and according to Govind the front line personnel understand their customer priorities by virtue of regular customer contract and helps the companies to manage customer satisfaction. Employee satisfaction and customer satisfaction goes together, if the employee is not happy about her/his job it is difficult to deliver the best service out. Szwarc (2005) states that one of the basic motivational factors to the employees that a company always does is deliver them a best treatment to the highest level and prevent them from dissatisfaction. Dissatisfied employee develops a sense of frustration and at the same time they develop a sense of revenge which led to a bad customer service. The bank made a change on its salary scale and it had been revised once after the implementation of the BPR since employees are taking more tasks and risks but as the economic condition of the country is changing every time, it is not compatible and sufficient enough to cope up with and to put it as employees are having a satisfactory amount of salary. Moreover, employees are given to exercise their freedom on doing their tasks and the number of superior they have is decreased so that most of them feels comfortable and more happy than pre-BPR times.

As the country’s financial sector is growing recently, banking industry become a competitive environment in terms of service and the bank for the couple of years loses its market share and needs to implement a new system like BPR and this competition made the bank to stressed on the strategic importance of customer satisfaction, service quality and empowering employees more in their daily activities, so as to win the customers preferences and to attain a sustainable growth in the market. In 2009/10 fiscal year financial report of the bank shows that there is increase on total income by 16.4% over the corresponding fiscal year of 2008/2009. This was explained by the remarkable and tangible change in service quality and
human resource development. The bank still dominates in terms of market share and income. It has a strong financial capital, has a decade’s years of experience and aided with a branch networked system allows the bank to accommodate the large customer demand for its service and subsequently increased its income through year to year.

Fig 5.1: Annual profit before tax (bln. ETB\(^1\)) for the last five years of CBE
Source: CBE annual report (2005/06-2010/11)

Authors states there is a great deal of relationship with Service quality and customer satisfaction. Some basic improvements have been made in line with BPR and the aftermath shows that more customers response relatively satisfied with the banks new service delivery system, one related reason for this is a new quality service is implemented and new technologies are installed. Currently, the bank made an agreement to buy a new banking technology with a total cost of 6 million USD called T-24, which make the bank to operate more efficiently and a number of ATMs are installed within the country to forward a quality service to customer. Moreover, to promote and to come up with a good quality service the bank works together with an experienced consultant firm to enhance the day to day activity of

\(^1\) Bln ETB= Billion Ethiopian Birr (Ethiopian Currency)
the bank. This shows the bank is directing its main strategy towards customer satisfaction evaluating the tangible and intangible attributes including its working speed, accuracy, responsiveness, courtesy, commitment and communication.

Meanwhile, still customers has a huge complaints considering the 2009 survey made by the bank it shows that the bank should do a lot to provide a reliable and effective service. However, 2009 was early to judge the new system which BPR and still it was under introduction level. In addition, the survey conducted on this research exhibits relatively positive result of BPR with regard to service quality and customer satisfaction but still the bank has a lot to do and believe to be that it is unsatisfactory service deliverance comparing to the other private banks considering its long period experience and capital capacity.

5.2 Employees’ empowerment and their attitude
Front line employees are the one with high contact with customers. The empowerment of employees has an advantage in a way that employees can take responsibilities and be active in finding solutions to satisfy their customers. Bowen and Lawler (1992) stated that customers’ needs some times are born immediately over the counter and for this reason service organizations need to have active employees over the counter who will provide satisfactory service for customers. That is what BPR all about to achieve organizational goal easily and the management group give more responsibility through empowering them so as to give the best quality of service for the customer at the counter and no need to refer their supervisor like the ways it used to before the implementation of BPR. CBE believes that the bank needs to have a quality staff and to come up with this the bank is giving a continuous training programs. Keltner and Finegold (1996) argued that training front line employees and creating an integrated service process enhances the quality of service. This is what the research identified during its course of action. Employees are given appropriate training and customers satisfaction relatively increased and a lot of service deliverance systems are changed and replaced with a new designed service that works towards customer satisfaction.

The bank considers its employees as valuable assets who will take responsibilities and strive to make its goal come true. In this study, it became clear that the bank has under gone a massive service system transformation and technological infrastructure to improve its service
quality. In addition to the system change, much has been done to equip employees of the bank and at the same time create awareness of the new system among them. Staffs of the bank especially those at the front line has felt the empowerment. The researchers came to understand this from the point that employees have their own discretionary power to make decisions, to be able to give all service in one window which made the employees from being specialists to generalists (become all rounded banker).

As Bowen and Lawler (1992) argued, one of the benefits of empowerment is to give employees confidence in a sense that they will feel to have the capacity to respond to the customers’ immediate and unplanned requests. With the empowerment they are charged with, employees of CBE take the chance to communicate and try to solve queries and complaints of customers. However, all employees explained in their response that the salary that they are receiving is not satisfactory at all. The employees explained that after the empowerment to their posts, they are supposed to do a lot of task and take more risk and for this, they say they need to be compensated with attractive salary. Grandey et al. (2005) argued that Organizations should be able to create favorable conditions for positive impressions to achieve their objective. Since employees who encounters service most of the time influences customers perception upon service deliverance. Some of the techniques in which organizations uses to employees to display positive impressions among their employees during service encounters are through training their employees, monitoring and rewards. Employees are given different type of training and workshops including about customer satisfaction. However, the reward system still has a problem and employees need a change with regard to this matter.

5.3 BPR for service improvements and its outcome
Nowadays the competition among service providers is very high in the service market. Customers’ awareness is increasing about different services and service delivery mechanisms. Chan and Choi (1997) argued BPR is one mechanism service providers apply in their system to reengineer the service delivery process. In the case of CBE, the target in transforming the previous service delivery system to the new one and implementing BPR is to meet the banks vision of becoming a world class bank and its mission of being performance oriented and customer oriented so that stakeholders’ (shareholders, customers, employees) satisfaction can be maximized to a great extent.
However, after the implementation of the new system employees are looking for a progress and more change within the working environment like continued trainings and a reward in addition to the service improvement BPR is intended for. Chan and Choi (1997) argue that many studies concluded that most companies which are engaging themselves and applying a BPR process in their system has failed so, the bank should try to identify problems related to the new system and give a timely solution since there is a probability of failure.

5.4 Activities to improve service quality from HRD perspective

The importance of management group in an organization is to create an environment which enhance its human resources use its maximum capacity in a way that helps an organization to achieve its business goal. As argued by Yeung and Berman (1997), the HR practice of an organization should aim at benefiting the three main stake holders (shareholders, customers and employees) through creating employee commitment and positive relationship among each other.

For a service organization, like CBE, to be able to satisfy its customers, one of the strategies the management promotes is reaching its customers. The study Point that, CBE is accelerating its branch network in many parts of the country and opens a considerable number of Branches throughout the county. Above all the HR officers of the bank believes that the bank’s employees are valuable assets who will work together to the achievement of the bank goal.

Bratton and Gold (1999) stated there should be a paradigm shift that in this modern time in order to get employees exert their full potential in their work, develop their attitudes and behavior, companies need to develop a strong quality culture and HR policies and practices. Yeung and Berman (1997) explained that an organization’s HR practice revolves around building organizational capacities, like CBE undergoing a considerable investment on each employee for training and to develop their skills in order to enhance employee satisfaction, improving service quality and shareholder satisfaction. For this to happen, trainings, manuals, discussion panels, meetings in branches are underway so that employees’ awareness can be developed which in turn brings service improvement. From the study after reviewing the responses of front line employees, the researchers understand that all the necessary procedures are set to train employees. But still many argue that there need to be a consistent and regular training provided to all employees and moreover, the bank need to pay Attractive salary to keep employees satisfied and motivated.
6. CONCLUSION AND RECOMMENDATIONS

This section pinpoint the results of the study and the researchers put their conclusion indicating what results has been achieved. In doing so, this section answers the research questions set out previously in problem discussion and at the same time further suggestions and recommendations are forwarded for future study as well.

What benefits are gained from empowering service employees with respect to Human resources development and customer satisfaction?

CBE has made a remarkable transformation in its service delivery process in the fiscal year 2008/09 by introducing BPR. The main target of implementing the BPR in the bank’s service process was to improve the service quality and satisfy customers. The researchers understand from this study that, BPR involves the empowerment of employees so that they can execute policies and procedures with the autonomy they are given and at the same time employees feel confident and take responsibilities in their work when they have power.

- Employees became active in finding solutions and providing satisfactory service for customers
- Employees started taking responsibilities in a way to exert their maximum capacity
- Employees have been given discretionary power to act up on and this enabled employees to a flexibility on their work rather than doing the entire job by the rule of the book.
- With the empowerment, CBE employees got the opportunity for training and give all the services of the bank in the new service system the bank designed “one window service” in which a customer can get all the services s/he desires from one window.
- As employees are empowered, they can do all the tasks under their discretion over the counter. The empowerment in CBE resulted in reducing the Service Delivery Time (SDT) so that customers will not have to wait long time to get a service.
- The result of this research study exhibited Customer satisfaction is enhanced.

On the other hand employees are satisfied with the given empowerment that they believe it gave them sense of belongingness and created good working environment while making decision for own task.
Did the bank achieve an improvement in service quality and customer satisfaction in connection with the implementation of the new service transformation (BPR)?

The target of CBE in implementing BPR was to bring a grand change in the service delivery process. It has been seen that BPR has made the service delivery so simple and customers’ complaints are changed to gratitude as it avoids bureaucratic procedures which used to be the source of complaints among customers in the early BPR time. Employees became empowered as they involved in delivering not only a single service but all the services in one window. This enables employees to know more about the services of the bank and at the same time become generalists rather than specialists.

One window service in which customers can get all the service they desire in one window rather than going to one section for a service and other section for another service. This brought a big advantage in saving time for customers.

The bank changed its traditional bureaucratic way of serving customers and started working closely with customers and came up with an idea that there is a need of change in the working system that will satisfy customers’ expectation and requirement. CBE’s implementation of Business process reengineering provided a better solution in branches towards service quality and customer satisfaction comparing to the Pre-BPR period. The new system considerably decreased some major problems including branch customer congestion, workloads and improved SDT. At CBE, much of the work was done manually before BPR implementation; the new computerized system reduced the workloads to a great extent which resulted in improvement in the working environment as well. However, employees and customers of the bank expect more from the bank putting a consideration of bank’s long term experience and capital capacity.

6.1 Recommendation and further study

The bank is on its big era in introducing and as well undertaking big service improvements. From our study we have come to understand that for a service organization to achieve its business goal, it is its employees who are the ambassadors and put forward the policies and procedures. For this to happen, the bank has to give due attention over employees’ satisfaction and keep them motivated as some of the resistance from employees come from dissatisfaction of rewards (salary payments and promotion), working in one place for long time (lack of rotation) in some big branches. The researchers want to recommend the bank to
correct and take measures to adjust to the discrepancies mentioned so that employees will be satisfied and exert their full capacity to the satisfaction of customers.

Team work should be developed so that employees can support and exchange ideas and there will be easy flow of information. Theoretically it is believed that two way communication, from managers to employees and from employees to managers should be developed in an organization so that free flow of information and transparency will be developed. What is practically seen and commented by most employees is that practical participation of employees and channels of communication to all organizational levels are not yet well at work at CBE.

Continuous trainings and dedication still needed from the bank to update and equip its employees. Globalization creates a situation that customers will have access and knowledge about different services. So the bank needs to have fundamental change to satisfy customer needs. HRM should work hard to update its employees to the alarming change the business world experience every day.

Service, as it has been discussed in detail, has an intangible nature and it needs close control from the providers’ angle so that the desired goal will be achieved. In this research work the researchers gave due attention and focused on the implementation of BPR at CBE and the results gained and as well service improvements in connection with the new service system transformation. The subject matter under study requires further deep investigation so as to improve service in the banking industry by including other areas to compare and contrast. So, further study in the service sector with wide perspective is appreciated.
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APPENDICES
APPENDIX I
Questionnaire forwarded to customers
Date ………………

Dear Participant:

We are graduate students at Karlstad University. For our final project, we are examining Customer satisfaction in Commercial Bank of Ethiopia. Since you are one of the customers of the bank, we are inviting you to participate in this research study and assist us by completing the attached survey. Our main aim is focused on the bank’s new service delivery process specially connected with the implementation of the Business process Re-engineering (BPR) system and the effect of empowerment of service employees to enhance customer satisfaction.

The questionnaire will take approximately 10 minutes. We guarantee that all of your answers will be completely confidential.

Thank you for taking the time to help us in our educational endeavors.

Name Eshetu, Messay Shiibre (measi10@yahoo.com)
Kebede, Semahegn Woldesemaet (semahegn2011@gmail.com)

(1) How long have you been a customer of commercial Bank of Ethiopia?
(2) What service qualities of Commercial Bank of Ethiopia (CBE) make you prefer to be its customer?
(3) How satisfied are you with the bank’s staff and procedures for services you wish to receive?
(4) What do you think about the general service of CBE?
(5) Do you think that the bank’s procedure of handling customer request is meant to give immediate response?
(6) How do you think that your request is handled at the front desk, is it prompt or a late response?
(7) What do you think of the appearance, office layout and location of CBE branches as designed to give comfortable and attractive service?
(8) What is your comment on employees friendless and their courteous manner?
(9) How do you rate the process and waiting time of your request for a service comparing it back to 3 and 4 years ago before the new system was applied?

(10) What do you think about the front line employees’ skill and knowledge to give you satisfactory service?

(11) What do you think about your relationship with the front line employees do you feel valued as customer?

(12) Do you believe front line employees are empowered enough to give you all kind of service you request?

(13) Is there any request of you that the front line employee is forced to consult with his superior? If any, can you mention the type of request you made?

(14) What kind of new services did you observe with the bank’s BPR implementation to facilitate service delivery process? Example. One window service, ATM, queue machine …etc.

(15) What is the general difference that you notice in the bank for the last five years?

(16) If you have any additional suggestions and comments on the bank and its services?

Thank you very much!
APPENDIX II
Questionnaire forwarded to Employees

Date:

Dear Participant;

We are a graduate student at Karlstad University. For our final project, we are examining Customer satisfaction in Commercial Bank of Ethiopia. Since you are one of the customers of the bank (internal customer), we are inviting you to participate in this research study and assist us by completing the attached survey. Our main aim is focused on the bank’s new service delivery process specially connected with the implementation of the Business process Re-engineering (BPR) system and the effect of empowerment of service employees to enhance customer satisfaction.

The questionnaire will take approximately 10 minutes. We guarantee that all of your answers will be completely confidential.

Thank you for taking the time to help us in our educational endeavors.

Name: Eshetu,Messay Shiibre (measi10@yahoo.com)

Kebede, Semahegn Woldeismaeet (semahegn2011@gmail.com)

1) Explain your opinion about the newly implemented system in the bank Business Process Reengineering.
2) Do you think CBE is the best service provider bank in Ethiopia? Pleases give a reason
3) What is the method you use to handle your customers’ complaint (give them a solution by your own or forward them to your superiors)?
4) What mechanism is provided to you to have a clear knowledge of your given organizational working procedure and what is expected? It could be like manuals, trainings, meetings
5) Do you think that you have all the necessary equipment and material to handle your job efficiently?
6) Is there an open and good channel to address your requests across all level of organization?
7) What opportunities do you have (like participating in meetings, development programs) to suggest ways to improve and influence on your job quality?

8) What is your opinion about trainings and working conditions in the bank so that you deliver satisfactory service for customers?

9) What options do you have (like your own discretion authority when you are a maker, checker or supervisor) to take risks in an effort to improve and solve Customers’ immediate requests?

10) What do you think about the access and availability to the information you need to make a good decisions and immediate one in service delivery process?

11) What is your opinion about the new service system (Business process Re-engineering) in bringing a change to the service delivery process?

12) Have you participated in any motivational training to increase your awareness in the bank’s products and services? If so, explain

13) Have you ever participated in the bank’s development process that made you feel as you are valued in the company? If so explain

14) If you have any additional comments for improvements in service quality, customer and employee satisfaction.

Thank you very much!
APPENDIX III
Interview questions forwarded to HR Officers

Date: …………………

Dear Sirs:

We are a graduate student at Karlstad University. For our final project, we are examining Customer satisfaction in Commercial Bank of Ethiopia. Since you are one of HR employee of the bank, we are inviting you to participate in this research study and assist us by completing the attached survey. The questions are designed to investigate what kind of difference was made especially on customer satisfaction and human resource development after the implementation of the newly implemented system (BPR).

The questionnaire will take approximately a few minutes. We guarantee that all of your answers will be completely confidential.

Thank you for taking the time to assisting in our educational endeavors.

Name  Eshetu, Messay Shiibre (measi10@yahoo.com)

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1) What system does HR department of the bank uses to select and empower each employee (like giving trainings, official appointments…etc.) to improve service?
2) From human resources and service improvement point of view, what major result did the bank achieve after implementation of the new system?
3) What kind of pay system or reward for reinforcing or penalizing is designed for empowered employees?
4) What was the major objective behind, for applying this new system (like increase revenue, quality of service, to introduce new service…etc.)?
5) How much time is reduced per cycle for customer handling on the frontline spot as a result of the new system?
6) What kind of training and education program is given to employees to enhance employees’ knowledge and skill?
7) What kind of action plan does the bank have concerning employee empowerment to improve customer satisfaction?
8) What kind of facility is employed to improve service quality when implementing the new system? (train employee, new organizational structure, technology…)
9) What can you say about the cost incurred to implement the new system in terms of employee training, IT support, Equipment and the benefit the bank generated?
10) How does the management monitor the bank’s customer satisfaction level?
11) How far does the management allow their front line employees to decide on their job?

12) How your department does handles employees’ ideas and opinions which are suggested when change is considered with human resource development?

13) Is there any unintended negative consequence occurred after the system is implemented?

14) How do you think the employee empowerment system and one window service simplified the service provision process?

Thank you very much!