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THE IMPACT OF ELECTRONIC SERVICE QUALITY ON CUSTOMER SATISFACTION IN THE BOTSWANA **COMMERCIAL BANKING SECTOR**

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Abstract

The study focused on the impact of electronic service quality on customer satisfaction in the commercial banking sector of Botswana. The main objective of the study was to find the relationship between electronic service quality and customer satisfaction using the four dimensions of the e-s-qual model. Causal research design was used to find out how electronic service quality affects customer satisfaction in the commercial banking sector of Botswana and the study used questionnaires for collecting primary data. Non probability sampling techniques were used in selecting the respondents. A sample size of 150 was used for the study. The data collected was analysed through the use of SPSS Version 21 by regressing and correlating the variables in order to determine the strength of the relationship. The research findings from the hypothesis tests using the e-s-qual model explore that e-service quality is a very strong



predictor of customer satisfaction in the commercial banking industry of Botswana with R2 value of 0.819. The study concluded that e-service quality does contribute significantly to customer satisfaction and recommended the commercial banks to build confidence in the e-service privacy.

Keywords: Customer satisfaction, Electronic Service quality, Commercial banks, E-S-Qual

INTRODUCTION

Commercial banks interact with the public more than any other type of bank and for this reason, the reserve bank is always keen to improve their service quality and productivity. Service quality is a determinant of whether an organization sinks or swims in the aggressive competition that characterizes the business world (Gronroos, 2007). How these services are provided is very key, with almost all commercial banks providing almost the same services due to uniform policies of the reserve bank (Naeem, 2011).

Botswana's financial system is made up of pension funds and commercial banks being the two most important segments by asset size, it is however dominated by commercial banks. The banking sector comprises of ten commercial banks, (Barclays Bank of Botswana, Standard charted bank of Botswana, First National Bank, Stanbic Bank, Bank Gaborone, Bank of Baroda, Bank of India, Capital Bank, Banc ABC and ABN AMRO). The sector is however dominated by Five banks (Barclays Bank, Standard Chatered Bank, First National Bank, Stanbic Bank and Banc ABC), which account for 90% of total banking assets. The banks are regulated and supervised by the Bank of Botswana in terms of the banking Act (CAP 46:01). The Banks provide services through diverse delivery channels which include: (Branches, ATMs, internet banking, Mobile banking). To be able to survive in the market, most of these banks attempt to create suitable banking activities for their customers, although all of these suitable services are provided by all the banks what then becomes the focus is the quality of the service provided. Due to intense competition and the hostility of environmental factors, service quality has become an important marketing strategy for organisation (Asubonteng et al, 1996).

Service quality has been an area of interest fot many researchers for many years (Cronin and Taylor, 1992; Gronroos, 1984). Since commercial banks have little control over macro-economic conditions, they are left with no option but only to invest heavily in quality service delivery. It is against this background that leads the researcher to explore the relationship between electronic service quality and customer satisfaction using the four dimensions of the e-s-qual model.

LITERATURE REVIEW

E-Service Quality

Many organisations are being drawn to the internet for the advancement and continuous improvement in customer services and ensuring that customer service is more cost-effective to deliver (Beamish, 2002). Technology has been employed by many service organisations to enhance customer service quality and delivery, reduce costs and standardise core service offerings (Lin, 2005; Baner et al 2005, Gronroos et al, 2005). Beamish (2002) pointed out that many organisations are being drawn to the internet for the advancement and continuous improvement in customer services and ensuring that customer service is more cost-effective to deliver. According to Zeithmal et al (2003), e-service quality is defined as the overall customer evaluations and judgement of excellence e-service delivery in the virtual market place. Furthermore, Zeithmal (et al 2003) said e-service quality is comprehended both from pre-and post-web site service perspectives.

Zeithmal et al, 2000 defined electronic service quality as the extent to which a website facilitates efficient and effective shopping, purchasing and delivery of products and services. Electronic service quality is also viewed as the consumer overall evaluation and judgement of the excellence and quality of e-service offerings in the virtual market place (Santos, 2003). Although the rapid advancement in IT has had a profound impact on the delivery of banking services for the past decade, little research has been done on the quality determinants of eservice quality. The concept of electronic service quality can also be defined as the consumer's overall evaluation and judgment of the excellence and quality of e-service offerings in the virtual market place (Chiquvi, 2016). Parasuraman (2000) proposed that flexibility, convenience, efficiency and enjoyment are examples of major positive themes of e-service quality. On the other hand, Cronin and Taylor (1992) identified security concerns, risk obsolescence as some of the negative themes in e-service quality. Parasuraman (2000) is of the notion that focusing on e-service quality is the primary concern of electronic services. In 2005 Parasuraman et al developed a multi-item scale for assessment of electronic service quality, which they named as E-s-qual.

Customer Satisfaction

In the banking industry, a key element of customer satisfaction is the nature of the relationship between the customer and the provider of the products and services i.e. banks. Thus, both product and service quality are commonly noted as a critical prerequisite for satisfying and retaining valued customers. Customer satisfaction is defined as the customer's overall evaluation of the performance of an offering to date (Chiguvi, 2016). According to Sivadas and Baker (2000), customer satisfaction is the degree of satisfaction provided by a good or service of a company as measured by the number of repeat customers. Hunt (1977) describes it as the favourability of the individual's subjective evaluation of the various outcomes and experiences associated with using or consuming a service or product. Customer satisfaction is generally described as the full meeting of one's expectations. Customer satisfaction is the feeling or attitude of a customer towards a product or service after it has been used. Kotler et al 2009 defined it as a feeling that surfaces from when the consumer compares what is received against what is expected from utilization of that good or service. A review of the existing literature indicates that there can be potentially many backgrounds of customer satisfaction, as the dimensions underlying satisfaction judgements are global rather than specific (Taylor and Baker, 1994). The customer satisfaction literature has paid a great deal of attention to the confirmation paradigm, which concerns the comparison of product or service performance expectations and evaluations (Goode and Moutinho, 1995).

E-Service quality dimensions

Santos (2003) explained that e-service quality consists of incubate and active dimensions, and each dimension composed by five or six determinants as illustrated below. Before launching a web site, the incubative dimensions need to be considered and ensure that:

- i) The web site is easy to use, search and navigates.
- ii) There is an attractive presentation of factual contents.
- iii) Links are set up and maintained, and the broken links are avoided

Reliability Ease of use Efficiency Appearance Support Linkage E-service quality Communication Layout Security Content Incentive

Figure 1: Conceptual Model of E-service Quality

Source: Santos (2003)

According to Santos (2003), the Conceptual Model of E-service Quality can assist to all companies that engage e-commerce, or plan to do so. The model can assist the companies to understand e-service quality and gain customer satisfaction, therefore profitability. Joseph et al (1999) also suggested that internet-only banks and traditional banks offering internet banking services should focus more on the following important dimensions which include responsiveness, reliability and access. Customer's assessment of web sites' quality does not only involve their experience during their interaction with the site but also involves aspects such as fulfilment and returns (Zeithaml et al 2000). Zeithaml et al (2000) developed e-service quality dimensions for measuring e-service quality. In a series of focus group interviews, they identified eleven dimensions of online service quality: access, ease of navigation efficiency, flexibility, reliability, personalisation, and security/privacy, responsiveness, trust /assurance, site aesthetic, and price knowledge. Wolfinbarger and Gilly (2002), reduced on line service quality into four key dimensions: web site design, reliability, privacy/security and customer services. Parasuraman et al ,(2005) developed a model called the E-S-Qual, which they defined as the extent to which a web site facilitates efficient and effective shopping, purchasing and delivery, it consists of 22 items on four dimensions, which include:

- 1. Efficiency which is the ease and speed of accessing and using the website, Reliability
- 2. Fulfilment the extent to which the site promises about order delivery and item availability are fulfilled
- 3. System availability the correct technical functioning of the site
- Privacy the degree to which the site is safe and protects customer information.

Past researches on the impact of e-service quality on customer satisfaction have proved to be positive. Parasuraman et al, (2005) the developers of the e-s-qual model, this study seeks to to use in understanding the impact of electronic service quality on customer satisfaction concluded in a study they conducted on online stores (amazon.com and walmart.com), that the efficiency and fulfilment dimensions have the strongest influence not only on customer satisfaction but also on loyalty, System availability dimension is also a critical contributor while privacy is the least critical but still has a positive influence on customer satisfaction. Kotler (2003) and Parasuraman, Zeithmal and Berry (1985) discovered that there is a high correlation between high quality services and high customer satisfaction. This notion has seen banks coming up with various technologies in service delivery so as to improve the quality of services by promoting convenience banking. Customers are no longer accepting floppy quality standards of products and services that were offered in the past (Chiguvi, 2016). This means that total quality is the key to value creation and customer satisfaction. Therefore, service quality is considered as a critical success factor for modern banking services. It has been discussed conceptually as a

potential alternative to traditional skills and resources, as well as empirically tested as a potential driver of improving business performance and customer satisfaction (Rapert and Wren, 1998; Newman, 2001; Kang and James, 2004). Hence the introduction of the various electronic means of delivering banking services through electronic means as marked by the introduction of ATMs, internet banking, telephone banking and SMS banking. In research conducted by Santos (2003) concluded that reliability is the most important dimension in all services, indicating that it has the strongest influence on customer satisfaction and that high e-service quality provides not only customer satisfaction but also long term benefits to a company. In another study conducted by Jun and Shaohan (2001) concluded that customers appear to be much more concerned with the security of their banking transactions and the privacy of their personal information and therefore banks should do their best to ensure the security of their customers' personal information and banking transactions as it strongly influences satisfaction. Electronic service quality has been found to positively influence customer satisfaction which implies that maintaining and striving to improve electronic service quality isan ideal way to preserve a dense pool of customers and as well as gain their loyalty.

RESEARCH METHODOLOGY

The researchers used the causal research design in this study. Casual research design seeks to determine how the independent variable influences the dependent variable after an event has occurred (Wegner, 2006). This research design helps to examine and explain the impact and the effect of e-service quality on the satisfaction of Commercial Banks customers in Botswana, using the e-s-qual model as developed by Parasuraman et al (2005). The target population for this study are customers of Commercial Banks in Botswana. The researchers used non probability sampling techniques for the sample population. The sample size for the research was adapted from Saunders et al (2005). The sample size of 150 was used on five major commercial banks of Botswana testing at 95% level of confidence. Questionnaires were used for data collection. The researchers used Statistical Package for Social Sciences (SPSS 21) to analyze the data obtained.

ANALYSIS AND FINDINGS

Descriptive Statistics

The measures of central tendency (mode, mean, standard deviation, minimum and maximum likert scores) were calculated for each of the e-s-qual model dimensions in order to determine the impact of e-service quality on customer satisfaction in the Botswana commercial banking sector.

Table 1: SPSS Output for Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
EFFICIENCY	150	1.75	4.13	4.0275	.95441
SYSTEM AVAILABILITY	149	2.00	5.00	3.6480	.65335
FULFILMENT	150	2.86	4.71	3.8257	.49089
PRIVACY	150	2.33	4.12	2.1702	.23463
Valid N (listwise)	149				

Table 1 shows the responses which were based on a likert scale of 1-5 where 1 = Strongly Disagree, 2 = Disagree, 3 = Neither Agree or Disagree, 4 = Agree, 5 = Strongly Agree. The measures of central tendency where computed based on responses obtained from the eservices of commercial banks in Botswana;

Efficiency

Efficiency recorded a mean score of 4.0275 inferring that clients agree with the notion that the e-services of commercial banks in Botswana allows for a quick completion of transactions. The amount of variation from the mean score of 4.0275 was 0.95441 (standard deviation). This infers that on average the amount of variation between responses from the mean was significant and there is high dispersion to this notion among the respondents.

System Availability

The system availability measure has a mean score of 3.6480 and a standard deviate on of 0.65335. The mean score of 3.6480 therefore denotes that most of the e-service users agreed to the view that the e-services facilities of commercial banks in Botswana are always available beyond regular working hours. Salkin (2008) postulates that the larger the standard deviation, the bigger the amount of variation between the scores. The observed standard deviation of 0.793 is less than the observed mean of 3.6480, therefore, there were no outliers which might have pulled the mean to one end. Hence it can be inferred that there was a consensus among the e-services users that there is consistency on the availability of the e-services. The result shows that customers are happy with the system availability of commercial banks.

Fulfilment

The observed mean score of the fulfilments scale item was 3.8257. The results show that on average the users agreed to the view that the e-services facilities of commercial banks in Botswana provides clients with all the essential banking information they need. The observed standard deviation score denotes that the amount of variation between the responses from the

mean was 0.49089 which shows that there were insignificant discrepancies in the responses from clients.

Privacy

The average score as denoted by a mean score of 2.1702 and the observed standard deviation of 0.2346 shows that respondents are not happy with privacy issues of e-services by commercial banks in Botswana. The amount of variation between responses from the mean is low which shows that respondents agreed to this assertation. However, it can be inferred that most of the users are not aware of the security measure that are taken by the bank in insuring privacy of their transactions and hence the majority neither agree or disagree to the notion that their personal information is held private by the bank.

Correlation between e-service quality and customer satisfaction

Table 2: SPSS Output for Model Summaryb

Table 2. 3F33 Output for Model Suffillinary							
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate			
1	.905 ^a	.819	.814	.20544			
a. Predictors: (Constant), PRIVACY, FULFILMENT, EFFICIENCY, SYSTEM AVAILABILITY							
b. Dependent Variable: Customer Satisfaction							

According to the model of summary calculations (Table 2), it is observed that the amount of correlation coefficient between the e-service quality and customer satisfaction is 0.819(R square=0.819), therefore it can be inferred that the e-service quality accounts for 81.9% of the variation in customer satisfaction. While the remaining 18.1% variation in customer satisfaction cannot be explained by the e-service quality of commercial banks alone, there could be other factors which influence customer satisfaction of commercial bank customers in Botswana.

Table 3: SPSS Output for Coefficients^a

Mode	I	Unstandardized Coefficients		Standardized	Т	Sig.
				Coefficients		
		В	Std. Error	Beta		
	(Constant)	1.790	.290		6.165	.000
	EFFICIENCY	.758	.034	.719	.566	.032
1	SYSTEM AVAILABILITY	.792	.060	.735	.589	.201
	FULFILMENT	.773	.072	.731	.430	.244
	PRIVACY	.567	.045	.465	.443	.011

The coefficient B of 0.719, 0.735 and 0.731 for e-service quality efficiency, system availability and fulfilment respectively in Table 3 denotes that, the e-service quality attributes of the E-S-



Qual model has got positive direct impact on customer satisfaction of commercial bank customers in Botswana. Therefore, the researchers concluded that the e-service quality attributes of efficiency, system availability and fulfilment have significant impact on customer satisfaction.

DISCUSSION

The study result concurs with the findings of Trivellas and Santouridis (2010) in that, there is a more significant positive influence between service quality and customer satisfaction. The findings also concur with those of Al-Hawary, Almadi and Alganim (2011). Basing of the e-s-qual model to determine the impact of service quality on customer satisfaction, it was obtained that service quality impacts on customer satisfaction directly and thus there is a positive relationship with customer satisfaction. The findings showed that there is a strong positive relationship between e-service quality and customer satisfaction in commercial banks. Thus an increase in the levels of e-service quality would result in a significant increase in the satisfaction levels of the e-service quality users.

CONCLUSION AND RECOMMENDATIONS

The study concluded that there strong positive relationship between e-service quality and customers' satisfaction. The research concludes that an increase in e-service quality may increase customer satisfaction. However, customers were worried on privacy issues and commercial banks need to improve on security to enhance total customer satisfaction.

In light with the above conclusions, the researchers recommend commercial banks to build confidence in the e-service privacy. Testimonial campaigns press and radio advertisements must be done to ensure users that their private banking information is held private and is secured. Commercial banks should take further strong security measures in every aspect of e-services banking. This would enable users to feel secure when using e-services. The study however was only concentrating on the commercial banking sector; the researchers recommend future studies to be carried out in other financial sectors of the economy.

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