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**EVALUATING SERVICE QUALITY OF ETHIOPIAN
SHIPPING AND LOGISTICS SERVICES ENTERPRISE**

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Declaration

I, **Kalkidan Getachew**, hereby declare that the work in this thesis entitled "**Evaluating service quality of Ethiopian Shipping and Logistics Services Enterprise** " is my own work and all works of others are well acknowledged.

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Statement of Certification

This is to certify that Kalkidan Getachew has carried out her research work on the topic entitled "**Evaluating Service Quality of Ethiopian Shipping and Logistics Services Enterprise**". The work is original in nature and is suitable for submission for the award of Master of Arts Degree in Logistics and Supply Chain Management.

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Acronyms

ESLSE: Ethiopian Shipping and Logistics Services Enterprise

SPSS: Statistical Package for Social Sciences

MTO: Multimodal Transportation Operator

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Abstract

The aim of this paper is to evaluating the service quality of Ethiopian Shipping and Logistics Service Enterprise. The study has incorporated both primary and secondary data. Moreover, this study used both qualitative and quantitative research methods as a primary source of data. Quantitative data was collected through questionnaires from 282 respondents. The research participants were selected through a non probability judgmental sampling technique. The study incorporated both descriptive and inferential statistics for analyzing the collected data from respondents. The results are presented in both tables and figures. The outcomes of this study show that the multimodal transportation service rendered by Ethiopian Shipping and Logistics Services Enterprise is still expected to go a long way to improve the quality of its service to improve the service experience of its customers. Furthermore, the study revealed that the enterprise has got a relatively higher score in reliability dimensions while the service cost competitiveness and trade assistance dimension got below average score. Based on the findings, it's been recommended that the enterprise should develop key performance indicators to measure if service is performed as promised, use real time cargo track & tracing system, develop a continuous self-development program, open a special desk which handles the enquiries of customers with special needs, prepare a convenient customer waiting area, increase the types of trade assistance it provides and cover more ports with adequate frequency.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Delivering quality service is considered as an essential strategy for success and survival in today's competitive environment (Zeithaml *et al*, 1990).

The elevated competition that today's organizations face, has become a predominant reality in each and every company's daily operations (Solis *et al*, 1998). The considerable influence engendered by the aspects of increasing demands of the sophisticated consumer sector as well as high service quality expectations in the business to business sector forced product and service rendering companies to give high emphasis on streamlining each and every activity of their firms to meet their customers expectation.

Having determined these tremendous challenges, service organizations seek to provide valuable services to their end customers. In the critical moments of truth, only those organizations which will be in a position to enhance quality in their end products will sustain and maintain their position (Brown *et al*, 2005).

Nowadays, quality has altered from a complementary to a singular corporate strategy (Rapert & Wren, 1998). Taking into consideration the claims of Robinson (1999) that 'quality is in the eye of the beholder', the proper management of its measures, people and processes is demanded. Yang (2003) has emphasized the importance of Service Quality (SQ) measurement, as it judges not only the external perceptions but also the internal effectiveness of an organization's operations. Applying measurable functions in their operations and practices, enterprises are able to assess and improve their service quality. Various frameworks have been introduced, in order to measure the service quality of an organization such as SERVQUAL and SERVPERF which will be further explained under the literature review.

Like any other service industry, multimodal transport and logistics services are essential for the development of any nation's economy and expected to be rendered with high quality.

Logistics services include the management, and often also the provision, of packaging, warehousing, information and transport services within a supply chain.

Transport tends to be the main component of logistics services, and its share in overall logistics cost has actually been increasing in recent years. In particular, the growth of containerized transport, together with technological developments improving the systems for transferring cargo between different modes, has considerably affected modern transport patterns and practices. Increasingly, goods, particularly manufactures, are carried across the globe by means of multimodal transport. Contractual arrangements too have been affected by this trend and increasingly reflect a demand for more integrated transport services.

Shippers and consignees often prefer to deal with one party (the multimodal transport operator), who arranges for the transportation of goods from door to door and assumes responsibility throughout, irrespective of whether this is also the party that actually carries out the different stages of the transport (UNCTAD, 2003)

The participation of developing countries in the use and provision of multimodal transport and logistics services varies widely, with Small Island, landlocked and least developed countries not effectively participating at all. The latter do not usually have companies that provide such services, and nor do international providers usually offer such services in these countries. Global transport networks, containerization, and the increased use of transshipment via hub airports and seaports have led to a situation where practically all urban centers have some transport connection to global markets. However, in many developing countries, these transport services are not usually multimodal, nor can they be considered to be part of a logistics service (UNCTAD, 2003). Same is true in the case of Ethiopia where the logistics sector which incorporates multimodal transportation is on an infant stage like most of the least developed countries.

The national strategic growth and transformation process has brought about the need to reorganize the dismantled activities of the sea transport and logistics services of the country's import and export goods, with the intention of improving these services to facilitate the country's foreign trade.

With this important notion, the Federal Democratic Republic of Ethiopia decided to merge the three organizations, namely, the former Ethiopian Shipping Lines S.C, Maritime and Transit Services Enterprise, and Dry Port Services Enterprise, that work for one same objective in a separate fashion together, and to that effect, the Council of Ministers' Regulation No 255/2004 was issued on November 21, 2011, to form a new Company named the Ethiopian Shipping and Logistics Services Enterprise.

The objective for which the new Enterprise is established has been set in order that the restructured enterprise would play greater role to facilitate the country's growth and transformation program and satisfy customers' needs by giving end to end shipping, logistics and port related services in an integrated, efficient and cost effective manner.

Following its establishment, the government has issued a new directive to cover all import vehicle cargo up to 3 tons and containerized import cargo under the multi modal transport system in order to minimize time and costs related to transit and transport of import and export goods.

Multi-modal transportation is a cargo transportation activity from port of origin till the final destination of the receiver through only one ownership document by combining different ways of transportation like by sea, air, inland and other forms. The system can also help the service providers to differentiate their service and position themselves as a complete logistics solution to their customers.

The Danish owned world number one shipping company MAERSK Line can be taken as a major example which also operates as a multimodal operator by combining its shipping leg with its logistics oriented sister company DAMCO LTD as a means of providing its worldwide customers a complete service package.

Currently, the Ethiopian Shipping and Logistics Service Enterprise is the sole Multi Modal Operator (MTO) in the Country even though the multimodal operator (MTO) directive doesn't prohibit the private sector from participating in the sector.

The enterprise's multimodal service can be subdivided as sea leg (cargoes are transported by sea) and inland leg (cargoes are transported by trucks and stored at dry ports). Therefore, the focus of the study was focused on assessing the multimodal transportation service quality at both the sea and inland legs of the multimodal cargo transportation.

1.2 Statement of the problem

On any type of business that markets services, the importance of service quality dimensions is inevitable to create customer satisfaction. But, the service quality can be affected by internal factors as well as external factors which cannot be controlled by the service giving organization.

The multimodal transportation sector of Ethiopia which is led by a sole multimodal transport operator i.e. Ethiopian Shipping and Logistics Services Enterprise is not free from complaints from the Ethiopian business community as documented on the survey made by Office of Ethiopian Government and Private Sector discussion Forum in 2012 (Annex I).

The document shows that even though the multimodal transportation service has its own benefits to the Ethiopian import dominated business sector, it's not properly implemented and this is affecting the business community. The grievances of the business community were publicized by articles written on local news papers (Wudneh, 2012; Tamrat, 2012; Mahlet, 2012) as shown in Annex II, III and IV.

1.3. Research Question

In an effort to fill the empirical gap and investigate the current state of multimodal transportation service quality of the Ethiopian Shipping and Logistics Services Enterprise in terms of the *seven dimensions*, the study attempted to answer the following basic questions:-

- a. How reliable is the service of ESLSE?
- b. What is the level of the enterprise's responsiveness?
- c. What is the level of service assurance?
- d. How does the enterprise show empathy to its customers?
- e. How tangible is the enterprise's service performance?
- f. How competitive is the enterprises service cost and it give adequate trade assistance to its customers?
- g. How adequate service coverage and frequency does the enterprise give?

1.4 Objective of the study

In line with the problem statement, this study has the following general and specific objectives.

1.4.1 General Objective

The general aim of the study was to assess the multimodal transportation service quality of Ethiopian Shipping and Logistics Services Enterprise.

1.4.2 Specific Objective

The specific objectives of this study are:

- to assess the reliability of the multimodal transportation in ESLSE,
- to analyze the responsiveness of the multimodal transportation in ESLSE,
- to critically evaluate the assurance of the multimodal transportation in ESLSE,

- to analyze the empathy of the multimodal transportation in ESLSE,
- to assess the tangibles of Ethiopian Shipping and Logistics Services Enterprise,
- to analyze the competitiveness of service cost and the adequateness of trade assistance to the customers and
- to assess the service coverage and frequency.

1.5 Significance of the Study

The study is highly useful to understand important attributes leading to increased service performance. It also enables the enterprise to be aware of the multimodal transportation service quality as perceived by its customers. It can also be used as an indicator or to generate future related research areas. In addition to that it will be a corner stone for policy makers to take into consideration in enacting future laws and regulations.

1.6 Delimitation of the Study

Due to resource and time constraints, and remoteness of some of the dry ports that the enterprise operates, the study was solely delimited to the below major boundaries of the subject matter.

The study's scope encompasses the below delimitations:-

Customer type delimitation: - the types of customers who were included while conducting the study were those who are engaged in importing cargoes (multimodal transportation service is available for import cargoes only).

Geographical delimitation: - the enterprise's major service outlets are its two offices (ex Ethiopian Shipping Lines and ex Maritime and Transit Services Enterprise buildings) which are located in Leghar area, Addis Ababa and respondents were only contacted in those locations.

1.7 Definition of key terms

Customer / Consignee/

In the notion of this particular study, customer and consignee can be used interchangeably. The major definition of customer / consignee is the person who is entitled to take delivery of goods or any importer who owns a cargo and uses the enterprise's service to transport his/hers/its cargo by using a combination of vessels and inland transportation.

Goods

Includes any container, pallet or similar article of transport or packaging.

Service

Zeithaml and Bitner (2003), definition of services describes that services are needs, processes, and performances. Kotler and Keller (2012) defined Service from another perspective as is any act or performance one party can offer to another that is essentially intangible and does not result in the ownership of anything.

Services Characteristics

The services which are directed towards consumers or businesses have unique characteristics that differentiate them from products.

Mudie and Pirrie (2006) described the four distinctive characteristics of service as:-

- **Intangibility:** - services cannot be seen, tasted, felt, heard, or smelled before they are bought.
- **Inseparability:** - Services are produced and consumed simultaneously.
- **Variability:**-Because the quality of services depends on who provides them, when and where, and to whom, services are highly variable.
- **Perishability:** - Services cannot be stored, so their Perishables can be a problem when demand fluctuates.

Quality

Juran (1988) defined quality as “fitness for intended use” which basically focuses quality is about meeting or exceeding customer expectations. When we come to the service sector, keeping consistent quality is a huge task to companies due to the nature and characteristics of service which is highly reliant on the performer.

Service quality

Service quality is defined as how well the service meets or exceeds the customers’ expectations on a consistent basis (Crosby, 1979; Parasuraman, Zeithaml & Berry, 1985). Due to the high need to match customers’ expectation, service firms have identified quality as a driving force in the success of their firm and in developing a sustainable competitive advantage (Lesle and Sheth, 1991).

Service Quality measurement

Different service quality measurement models have been proposed by different scholars from different parts of the world. Among the several quality measures that have been proposed, the SERVQUAL scale as developed and subsequently modified by Parasuraman *et al.* (1991) has received the most recognition. The SERVQUAL scale looks at five dimensions inherent in the service relationships which are reliability, responsiveness, assurance, empathy and tangibles. This scale uses “GAP Model” to measure customers’ expectation and perception.

On the other side, its biggest rival service quality measurement model “SERVPERF” which measures perception only during service performance was later introduced by Cronin and Taylor (1992). The student researcher will undertake this study by using the “SERVPERF” model which is believed to fit this industry as recommended by Durvasula *et al.* (1999).

Customer Satisfaction

Measuring customer satisfaction is another practice which needs to be accustomed to each service rendering company and it needs to be continually monitored throughout the process. Customer satisfaction is dependent on what customers expect of the service organization and their perceived performance.

Kotler and Armstrong (2006) gave their definition of customer satisfaction as it’s the extent to which a product’s or service’s perceived performance matches a buyer’s expectations. Furthermore, Hill and Alexander (2003) stressed the importance of satisfied customers as the cheapest and most effective form of advertising a company can get.

Logistics

As per the definition of Harrison and Hooke (2008), logistics is about managing material flow and information flow.

Shipping / Ocean Freight/

It’s a physical process of transporting cargo on water ways. Shipping is one element of the logistics interface which will facilitate the material flow from place of origin till the port of destination and if shipping has to successfully manage the material flow, it should be supported by a timely information flow in the form of accurate notification of cargo arrival time, informing customers about the necessary documents for cargo release.

Multimodal

The United Nations Convention on International Multimodal Transport of Goods (United Nation, 1980), defines it as a means the carriage of goods by at least *two different* modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country.

Dry Port

The handbook developed by United Nations Conference on Trade and Development (1991) defined dry port as a customs clearance depot located inland away from seaport(s) giving maritime access to it. Furthermore, Ethiopian proclamation number 588/2008 sub article two resembles “Dry Port “ as an enterprise rendering services of dry port within the place designated to render dry port services

CHAPTER TWO

REVIEW OF RELATED LITREATURE

2. Theoretical Review

2.1 Shipping

Maritime transport is the backbone of international trade and a key engine driving globalization. Around 80 percent of global trade by volume and over 70 per cent by value is carried by sea and is handled by ports worldwide; these shares are even higher in the case of most developing countries (UNCTAD, 2012)

Shipping, or carriage of goods by water, has played a significant role in the development of human society over the centuries. Shipping has been a crucial link by which commercial relationships have been established between widely separated parts of the world (The Canadian Encyclopedia, 2013).

There are 2 major types of shipping services, namely: tramp services, is a ship that has no fixed routing or itinerary or schedule and is available at short notice (or fixture) to load any cargo from any port to any port; and liner services, is a service that operates within a schedule and has a fixed port rotation with published dates of calls at the advertised ports.

There are approximately 400 liner services in operation today, most providing weekly departures from all the ports that each service calls. Liner vessels, primarily in the form of containerships and roll-on/roll-off ships, carry about 60 percent of the goods by value moved internationally by sea each year (World Shipping, 2013).

The shipping sector also plays a significant role by transporting significant amount of import cargo. Ethiopian shipping industry is exclusively operated by the state owned Ethiopian Shipping and Logistics Services Enterprise who transported import cargoes by using its own vessels as well as slot chartered vessels.

According to the 2014-2015 annual report of Ethiopian Shipping and Logistics Services Enterprise, the company transported 3,264,884 metric tons of different cargoes among which 21 percent of the cargos were transported by using company owned vessels while the remaining 79 percent were imported by using slot chartered vessels. During this budget year, the enterprise's market share on import cargo was 49 percent while it only has got 0.04 percent on the export cargo.

As a land-locked country, Ethiopia's import and export is mainly destined to Djibouti before being transported through inland transportation. But, cargo handling and miscellaneous costs which are incurred at the port becomes a huge challenge to Ethiopian business economy which aspires to be competitive in local market as well as in international market (Carter, J. R., & Ferrin, B. G. (1995).

The problem was well noticed by Ethiopian government policy makers and led the introduction of "Multimodal Transport of Goods" under proclamation number 548/2007 on 4th September 2007.

2.2 Multimodal Transport

The need to control the transport costs has become as important as the need to keep down other production costs. The emergence of reliable and competitive door-to-door multimodal transport services can contribute to, and foster, new trading opportunities as well as increased competitiveness (UNCTAD, 1994).

The competitiveness of internationally traded products is greatly influenced by various factors, which build up the overall transportation cost. The cost associated with the physical transfer of the goods is an essential piece of information in the negotiation of an international trade transaction (Carter and Ferrin, 1995). Transit time is also an important element as goods in transit cost money (Tyworth and Zeng, 1998).

As Ruth and Anthony (2001) indicated in order to minimize the cost of international transit, there is a need to encourage and promote the development of multimodal transport and integrated logistics, inland clearance terminals; documentation, customs procedures and data exchange need to be simplified and harmonized; greater use of rail transport should be encouraged; better cross-border co-operation and transport co-ordination is needed and the use of combined transport or multimodal transport document should be expanded.

The introduction of multimodal transportation was taken as a solution to minimize the cargo transit cost which is incurred at Port of Djibouti which inflates the cost of acquiring goods when it reaches to the Ethiopian consumers and also to make Ethiopian export industry competitive which is reliant on imported chemicals and other types of capital goods as per the preamble of proclamation number 548/2007.

Even though other developed nations utilize different modes of transportation within the multimodal framework including cargo ships, trucks, rails, pipesEtc, Ethiopian Multimodal transportation is limited to cargo ships (till Port of Djibouti) and trucks are used as a means of inland transportation.

Once the multimodal transportation regulation was put to practice, the need to have a cargo storage facility raised simultaneously, which is believed to be satisfied by building dry port facilities in different parts of Ethiopia. Therefore, the government enforced an earlier proclamation number **136/2007** to establish “The Dry Port Enterprise” which is mandated to administer dry port facilities which can give services to cargoes transported by using multimodal transportation and to reduce the foreign currency that could have been paid if the cargoes stayed at Port of Djibouti.

2.3 Dry Port: As an intermodal

As Andrius and Aidas (2007) indicated on their research, the concept of the dry port is based on a seaport directly connected by rail, truck or other modes of transportation with inland intermodal terminals (dry ports), where shippers can leave and/or collect their goods in intermodal loading units as if directly at the seaport. The seaport and the inland terminals (dry port) are connected with high capacity traffic modes, such as rail, rather than only with road. In addition to the transshipment that a conventional inland intermodal terminal provides, services such as storage, consolidation, depot, maintenance of containers, and customs clearance are usually available at dry ports.

A Dry Port is a port situated in the hinterland servicing an industrial/commercial region connected with one or several ports by rail and/or road transport and is offering specialized services between the dry port and the transmarine destinations. Normally the dry port is container and multimodal oriented and has all logistics facilities, which is needed for shipping and forwarding agents in a port (Andrius and Aidas, 2007).

The dry ports owned and managed by ESLSE are dispersed in different parts of the country including Modjo, Semera, Kombolcha, Adama, Hawassa and Mekelle. But, Modjo dry port plays the major role by being a leading dry port facility due to the fact that it's the nearest dry port facility to Addis Ababa and is found in the Ethio-Djibouti corridor.

2.4 Service Quality

Service is an action or implementation which is being done by one party for another, although its procedure is necessarily intangible and won't lead to the ownership of none of the parties (Lovelock and Wright, 2002). They also believe that services are a kind of activities for the customer by facilitating the desirable changes in specific times and places. The focus areas for organizations are also changing from profit maximization to maximizing profits through customer satisfaction.

Quality is a multidimensional phenomenon; thus understanding the service quality is not possible without identifying the important dimensions of the quality Gronroos (1993).

Any sort of the decrease in customers' satisfaction due to deteriorated quality of the service is a big concern for the service organizations which might lead the company to downfall within a short period of time. Today the customers can interact along each other through different web forums including social media which gives them a vast knowledge on what type of quality service is available in the market and they also use such kinds of platforms to vent their anger if the service they have experiences is not up to their expectation (Lewis, B. R. (1993).

Different scholars gave their own versions of Service Quality definitions and some of which are presented below:-

- Service quality is defined as how well the service meets or exceeds the customers' expectations on a consistent basis (Crosby, 1979; Parasuraman *et al*, 1985).
- Service quality contains 3 dimensions: physical, situational, and behavioral. In other words, service quality is to focus on what is delivered to the customer, the situation of its providing, and the way of its providing (Winsted, 2000).
- It is the continuous attention of the organization to meet the needs and wants of the customers (ka-shing & Ennew, 2004).
- It is the difference between the customers' expectations of the received services and their perception of the received services (Winsted, 2000).

Reviewing the literature of service quality shows that the fourth definition which is based on non conformance of the customer expectation has been the dominant definition over the years, though recently just its perceptual parts is being used in the literature (Crosby *et al*, 1990).

As Masoumeh, Vahid and Fatemeh (2012) indicated on their research, there are two prominent models in the area of service quality which has got acceptance among many researchers:

- **Service Quality Model** which mainly emphasizes on service quality dimensions which are tangibility, reliability, responsiveness, assurance and empathy (Ross & Omachonu, 2003).
- **Functional Service Quality Model**, containing the dimensions of technical and functional quality (Hartlin, Woolridge & Jonesl, 2003). Lewis (1993) further explained the dimensions

of service quality which focuses on "interactions between a service firm and its customers and typically relate to: Technical dimensions, i.e. the outcome of the service process to include systems and technology. Functional dimensions, i.e. the way the service is delivered to include inter-personal interactions between employees and customers, appearance and personality of service personnel and approachability of personnel. The corporate image dimensions, which are the result of how customers perceive the firm and can be expected to be built up mainly by the technical and functional quality of its services and will ultimately affect service perceptions.

Having discussed the two basic models of service quality, the student researcher would like to give emphasis on the first model which is "service quality" and collaborate with the research subject.

Many scholars have developed and tested different models which they think will effectively measure the service quality of an organization whether it targets consumers or business entities. But, no business model have got prominence than SERVQUAL model which concentrates on measuring the gap between customer expectation and perception and the other model is "SERVPERF" the performance component of the Service Quality scale (SERVQUAL), has been shown to measure five underlying dimensions corresponding to Tangibles, Reliability, Responsiveness, Assurance, and Empathy (Parasuraman, Zeithaml, & Berry, 1988).

Cronin and Taylor (1992) were amongst the researchers who leveled maximum criticism on the SERVQUAL scale. They provided empirical evidence across four industries to corroborate the superiority of their 'performance only' instrument over disconfirmation based on SERVQUAL Scale.

Methodologically, the SERVPERF scale represents marked improvement over the SERVQUAL scale. Not only is the scale more efficient in reducing the number of items to be measured by 50 per cent, it has also been empirically found superior to the SERVQUAL scale for being able to explain greater variance in the overall service quality measured through the use of single-item scale. Though still lagging behind the SERVQUAL scale in application, researchers have increasingly started making use of the performance only measure of service quality (Cronin *et al.*, 2000; Cronin and Taylor, 1992, 1994). Also when applied in conjunction with the SERVQUAL scale, the SERVPERF measure has outperformed the SERVQUAL scale (Babakus & Boller, 1992; Brady, Cronin & Brand, 2002; Cronin & Taylor, 1992). Seeing its superiority, even Zeithaml (one of the founders of the SERVQUAL scale) in a recent study observed that "Our results are incompatible with both the one-dimensional view of expectations and the gap formation for service quality. Instead, we find that perceived quality is directly influenced only by perceptions of performance"

(Boulding, Kalra, Staelin & Zeithaml, 1993). This admittance cogently lends a testimony to the superiority of the SERVPERF scale.

Although the above models can be applied in the consumer market, they can be also applied in business to business market as well but in a different way.

The service of a multimodal transport operator starts from booking the cargo till delivering the cargo to the final receiver are now technology oriented. The quality of a multimodal transportation services also depends on the inter-personal interactions (functional dimensions) between the customers and the employees of the multimodal transport operator (Masoumeh, S., Vahid, R. and Fatemeh, S. (2012).

For example, when a customer service or marketing officer of the MTO addresses a customer in a familiar way, speaks to him/her in a professional manner, provides his/ her customer a reliable information regarding his/her shipment and his/her transaction is completed as efficiently and on time as much as possible, the customer is generally satisfied with the behavior and services offered by the customer service or marketing officer. Service quality of a shipping/multimodal transportation operator will depend on its flexibility, speed of transit, reliability and regularity (Pearson, 1980). Brooks (1985 and 1990), further analyzed the criteria's that shippers or consignees uses to select a shipping company/multimodal transportation operator and which makes them to judge whether its giving them a quality service based on their requirements or not. Those criteria's are frequency of sailings, transit time, directness of sailings, on-time pick-up and delivery, cost of service, cooperation between personnel, carrier flexibility, fast claims response, tracing capability of the carrier, sales representative, carrier's reputation for reliability, past loss and damage experience, informational nature of advertising and carrier appropriateness.

Parasuraman *et al.* (1985) identified ten dimensions of service quality (e.g. credibility, security, accessibility, communication, understanding the consumer, tangibles, reliability, responsiveness, competence and courtesy). In subsequent research, however, Parasuraman *et al.* (1988) consolidated the above ten dimensions into five broad dimensions and that are shown along with their definitions in **figure 1**.

Dimension	Definition
Tangibles	Appearance of physical facilities, equipments, personnel and written materials.
Reliability	Ability to perform the promised service dependably and accurately.
Responsiveness	Willingness to help customers and provide prompt service.
Assurance	Employees' knowledge and courtesy and their ability to inspire trust and confidence.
Empathy	Caring, easy access, good communication, customer understanding and individualized attention given to customers.

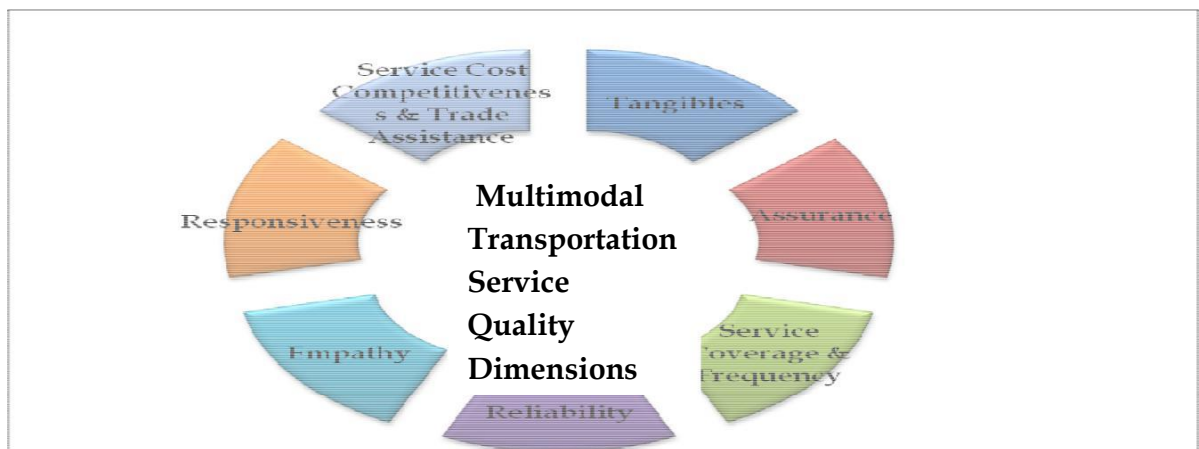
Figure 1 Five broad dimensions of service quality

Source: Adapted from Zeithaml *et al.* (1990)

2.5 Conceptual Framework for Multimodal Transportation Service

Having seen the different aspects of shipping, multimodal transportation, dry port and service quality, the student researcher understood the need to have a modified version of SERVPERF which can measure the multimodal transportation service quality of Ethiopian Shipping and Logistics Services Enterprise.

Figure 2 Seven broad dimensions of multimodal transportation service quality



Source: Modified SERVPERF model by the student researcher (2016)

Therefore, the above **figure 2** was derived from early studies of Parasuraman *et, al.* (1988) and Kennan *et, al.* (2012).

The seven multimodal transportation service quality dimensions are further discussed below.

Tangibility and overall Service Quality:

Tangibility refers to the physical evidence of the service, consisting of physical facilities, appearance of personnel, tools or requirements, physical presentation of the service, and other customers in the service facility (Parasuraman *et al.*, 1991). Chen *et al* (2009), explains what tangibility means when it comes to the shipping (multimodal) industry as it can be achieved by having modern vessels, different types of containers, trucks, office facility, employees appearance, bill of lading, truck way bill, dry port facilities, port machineries and equipments which are used to load and unload cargoes, cargo tracking and tracing systems....etc.

All of these provide physical representation or images of the service that both existing and new customers will use to evaluate quality. The core benefits of a service refer to the essence of the service that can never be substitute by fancy facilities and tangibles (Schneider & Bowen, 1999). These arguments give hints concerning the connection of tangibility and overall service quality.

Reliability and overall Service Quality:

According to Zeithaml *et al.* (1990), service reliability is the service “core” to most customers and companies should use every opportunity to build a “do-it right- first” attitude. Specially they are encouraged to include reliability issues in their mission statements, set reliability standards, teach the importance of reliability in training programs, appoint reliability teams to study specific services and recommend ways to improve reliability, measures error rates and reward error –free service.

Shipping /multimodal transportation operator companies can be able to build their reliability by picking the cargo from port of loading on time, showing interest to solve any kind of problem that the customer might face, performing the service correctly starting from day one, delivering the cargo on the promised time...etc.

Responsiveness and overall Service Quality

Service recovery and problem solving have long been recognized as important parts of service quality (Hart, Heskett, & Sasser, 1990). Responsiveness was perceived to be the most important dimension as opposed to the reliability from published literature (Zeithaml *et al.*, 1990). Responsiveness perceptions diminish when customers find difficulties to access a company in person or through any other ways of communication.

Shippers/ consignees who have shipped their cargo through Shipping /multimodal transportation operator companies need prompt responses for their inquiries regarding their cargo starting from

availability of sailing till the estimated time of their cargo arrival. Because most of the cargoes loaded through the multimodal transportation operator are industrial goods sensitive in all aspects. Otherwise, if the transporter is not responsive, these circumstances gradually diminish customers overall evaluation of service quality (Zeithaml *et al.*, 1990).

Assurance and overall Service Quality

Assurance is defined as employees' knowledge, courtesy and the ability of the firm and its employees to inspire trust and confidence. This dimension is likely to be particularly important for services that the customer perceives as involving high risk and about which they feel uncertain about their ability to evaluate outcomes (Brand, R. R. (2002).

In the Ethiopian context, multimodal transportation service is also among those that pose relatively high risk because most of the cargoes transported through this modality is bought by using foreign currency and if the cargo is not properly handled and if each and every information is properly communicated by a knowledgeable and experienced employee, the importer will be exposed to different unnecessary costs like demurrage which is paid by the consignee if he/she didn't pick their cargo which is packed by the carriers container with in the grace period, storage charges which are also to be paid by the consignee as a warehousing fee and other types of costs (Berhane Selam Printing Press (2007).

Furthermore, many consignees / importers/ lack the knowledge of international logistics practice which can be filled by the multimodal operator's knowledgeable employee which will relief the tension of the importer and serve as an assurance (Lai, C. S. (2009).

Empathy and overall Service Quality:

Parasuraman *et al.*, (1991), the empathy dimension got split into two factors. Four items comprised one of the factors, and the item that addresses "the convenience of operation hours" formed the other factor. According to Zeithaml and Bitner (2003), empathy means the provision of caring, individualized attention given to the customers. Small businesses to large ones, customers want supplier firms to understand their industries and issues. Zeithaml and Bitner (2003) also stated, firms which have successfully practiced this strategy have built long term relationship with customers positioned them as specialists in their respective industry.

Since most of the Ethiopian cargo is imported by using Port of Djibouti and the port does not work on Thursday and Friday as both days are weekends according to the calendar of Djibouti republic while majority of Ethiopian local businesses start their weekend from Saturday afternoon till Sunday. It means the multimodal transportation service can only be fully operational for four days per week (Monday-Thursday) and it will affect the empathy dimension. Apart from the working hour, the “empathy” dimension can be expressed as understanding customers need to get service priority for seasonal cargoes (e.g. unless an umbrella reaches to the consignee before the rainy season, the consignee will fail into a loss situation), cargoes that can be affected if they stay at sea or in port for longer period e.g. Food items and juices (Berhane Selam Printing Press (2007).

Like the once described on the previous paragraph, there might be hundreds or thousands of problems that might get solution if the service employee’s or the carrier shows some level of empathy to the customer and which will enable the consignee to build trust.

Service Cost, Trade Assistance and overall Service Quality:

Service cost can be cost of getting the multimodal service which includes sea freight, inland transportation, dry port facility and different types of costs which will be settled by the consignee. Even though the service quality is at its best, if the service cost is relatively higher than the real market price and the consignee is forced to pay to the sole multimodal transport operator, the consignee level of satisfaction will be negatively affected. Moreover, the importer (Consignee) will pass the burden of high service cost to the end buyer (Carter, J. R., & Ferrin, B. G. (1995).

In order to be a helping hand to a business partner or consignee, firms facilitate trade assistance schemes like credit facility, discounts and facilitating loan arrangements with banks. Such kind of assistances will enhance the relationship between the enterprise and the consignee (importer) and will positively affect the service quality (Lewis, B. (1993).

Service Coverage, Frequency and overall Service Quality:

In today’s world, different types of commodities are sourced from places that we haven’t even heard of and international trade participants can liaise with each other in a real time communication. The dynamic nature of business creates the need to get cargo transportation services from various countries and the multimodal transport operator is the one who is expected to fulfill such kind of needs by having a wide area of service coverage (Berry, L. L.(1991).

Having wide area of service coverage could not be enough by itself. Rather, business firms need adequate frequency of sailing schedule from the demanded ports till the place of destination. If the multimodal operator has vast network of service coverage and adequate sailing frequency, business entities (consignees) can be able to manage their inventory just in time and it will enhance the level of service quality for themselves as well as their end buyers (Cronin & Taylor, 1992).

Literature Gap

The most exposed service quality measurement instrument employing customer sentiment, based upon the expectation – perception disconfirmation model is SERVQUAL (Parasuraman *et al.*, 1988). Originally, 40 items were combined to form a scale that was found to compose 10 underlying service quality dimensions (Parasuraman *et al.*, 1985). However, further analysis suggested a five factor structure, consisting of only 22 items (Parasuraman *et al.*, 1988). In response to critical SERVQUAL analysis, Cronin and Taylor introduced the SERVPERF instrument, based upon solely performance perception ratings, and consisting of the same factor/item structure proposed by Parasuraman, Zeithaml and Bitner in 1988 (Cronin & Taylor, 1992). When subjected to critical review, it was suggested that the underlying factors were unstable (Cronin & Taylor, 1994).

After the suggestion of such factor instability, many studies have looked into the dimensions that comprise service quality (McDougall & Levesque, 1994, Cronin & Taylor, 1994). With varying findings, some confirming, others rejecting the 5 factor structure, no general consensus have yet been drawn regarding the underlying structure.

Following the SERVQUAL – SERVPERF debate, other dimensional foundations have been proposed with item structures modified to fit particular industries and organizational levels (Best & Wong, 1993). SERVQUAL's psychometric properties have been seriously questioned in many contexts (Asubonteng *et al.*, 1996; Buttle, 1996; Durvasula *et al.*, 1999). Cronin and Taylor (1992) argued for “Performance only” measurement of service quality and proposed a service quality measurement tool called SERVPERF. Durvasula *et al.* (1999) found that the psychometric properties of the SERVPERF scores had better prediction ability than the SERVQUAL gap scores in the ocean freight services environment and the findings of Chen *et al.* (2008) while undertaking their study entitled “Service quality gaps of business customers in the Taiwan shipping industry” proved that SERVPERF model is more appropriate than SERVQUAL to evaluate the service quality of a shipping industry.

Kannan, Bose and Kannan (2012) proposed a *service quality* model which is customized to measure the service quality of ocean shipping carriers and it has got 48 items compared to the pioneer SERVQUAL model introduced by Parasuraman *et al.* (1988) which consists 22 items categorized under the five service quality dimensions.

In a conclusion to the literatures reviewed, the student researcher would use the modified version of SERVPERF which is adopted from both Parasuraman *et, al.* (1988) and Kennan *et, al.* (2012). As indicated under the theoretical framework, it includes the five service quality dimensions which are *tangibility, reliability, responsiveness, assurance* and *empathy* and additional two dimensions which are added by the researcher to fit with the context of this research which are *service cost competitiveness and trade assistance*; and *service coverage and frequency*.

CHAPTER THREE

RESEARCH METHODOLOGY

In order to successfully accomplish the major objective of the study which was to assess the service quality of multimodal transportation, the student researcher utilized the following breakdowns of the research methodology.

3.1 Research Design

To evaluate the level of multimodal transportation service quality and describe it in a better way which lead us to draw some level of conclusion, the study utilized mixed approach (both qualitative and quantitative) and more specifically it's a descriptive study which applied a single cross sectional survey methodology.

3.2 Sampling Design

The sampling design process which was used during the study includes the following sub-elements:-

3.2.1 Population Definition

The target population which was targeted by this study was companies who imports through the multimodal transportation scheme.

3.2.2 Sampling Frame

The enterprise's customer profile database for the year 2015 shows that there are 8835 customers who have used its cargo transportation service.

The reason why the study is forced to use the customer profile database of year 2015 as a sampling frame is because the enterprise compiles its record once in a year and 2016's customer profile database is yet to come.

The researcher believed that it could have been impossible to access all of the customers listed on the customer profile of year 2015 with equally and predetermined level of probability. Therefore, the frame was only used to support the judgment of the researcher in an effort made to access a representative of the population of interest.

Furthermore, the sampling frame also includes directors of Ship Operation and Chartering department who manages the sea leg and Multimodal Transport Operation and believed to have a deep knowledge on the subject matter.

3.2.3 Sampling Technique

The nature of the population was homogeneous which was comprised of local importers which has low versatility.

Probability sampling technique would have given every importer the chance of being selected in the sample and their chance can be accurately determined. But, the researcher underlined that it couldn't be realistic since it was very difficult to identify if all members of the sample frame are active during the study and if there is a possibility to access all members of the sample frame equally within the time frame of the study.

Therefore, non-probability sampling technique was used to draw a representative sample in a belief that some units of the population have zero chance of selection due to various reasons including exiting from the import business, inability to access them because of change of address or being placed in a remote place ...etc. This makes the use of probability sampling technique not feasible as probability of selection cannot be accurately determined.

Among the different non-probabilistic sampling techniques, judgmental sampling technique was used to access a representative of the population of interest or otherwise appropriate.

3.2.4 Sample size

Approximately 368 local importers were selected out of the total 8835 by using judgmental sampling technique and this sample size was determined based on the sample size determination table suggested by Krejcie and Morgan (1970) at 95% confidence level and 5% margin error.

3.3 Types of data and instruments of data collection

The main type of data which was used in the study was primary data and it was collected by using questionnaire and interviews to get first hand information.

The questionnaire was prepared in English (Annex VI) and professionals evaluated the questionnaire before distributing it to the respondents.

Part 2 which were comprised of 31 questions measures customer's perception level of service quality dimensions using SERVPERF model. The five SERVPERF dimensions (tangibles, reliability, assurance, empathy and responsiveness) were modified by taking the early researches of both Parasuraman *et, al.* (1988) and Kennan *et, al.* (2012) as a foundation and by adding additional two variables which were service cost competitiveness & trade assistance and service coverage & frequency (Annex VIII) .

Lewis (1993) criticized the use of seven-point Likert scale for its lack of verbal labeling for points two to six which may cause overuse the extreme ends of the scale. Therefore, the construct of the questionnaire was developed in a five-point Likert scale on the ground that it would reduce the "frustration level" of respondents and increase response rate and quality as suggested by Babakus and Mangold (1992).

Part 3 only requested respondent customers to give their feedback related to the overall multimodal service quality. Quantitative and Qualitative data was collected through by self administrating the questionnaire.

A semi-structured interview questionnaire (Annex VII) was used to undertake the interview with the directors of Ship Operation and Chartering department as well as Multimodal Transport Operation who manages the multimodal operation.

In addition to that, both published and unpublished data were obtained from the enterprise to create a good understanding about the nature of the enterprise's service and published data was also collected from different data publishing sources (secondary source of data).

Furthermore, tertiary data was also used as an additional reference material in the background of the study and literature review to strengthen the study.

3.4 Methods of Data Analysis

Reliability of the questionnaires was tested by using the statistical tool Cronbach's coefficient alpha score of 0.870 was obtained which is above the cutoff acceptable limit of 0.70. As Pallant (2011) indicated, it provides an indication of the average correlation among all of the items that make up the scale. Values range from 0 to 1, with higher values indicating greater reliability. Items with a Cronbach's Alpha value of 0.7 and above will be acceptable as recommended by Nunnally (1978).

The response that was obtained from the questionnaires was analyzed through the Statistical Package for Social Sciences (SPSS) 21. Furthermore, it was interpreted in terms of percentage, descriptive statistics, figures, tables.

In addition to the above, the researcher used mean analysis to know the means of the seven service quality dimensions and correlations between those variables were analyzed to interpret the result of the study by using correlation analysis.

At last, the responses of the interviews which were qualitative in their nature was compared and contrasted to that of customer's response.

3.5 Reliability Test

The reliability analysis measures the degree to which the data collection methods or scales used will yield consistent findings. This study used Cronbach's coefficient alpha in order to measure the reliability of the scales used by using SPSS (Statistical Package for the Social Sciences) version 21.0.

As depicted in the below table 3.5 ,the overall Cronbach's alpha scored by the 31 variables which were incorporated by the five point Likert scale is 0.870 which is above the cutoff acceptable limit of 0.70.

Table 3.5 Cronbach's alpha test for the overall Multimodal transportation service quality dimensions

Statistics	
Cronbach's Alpha (a)	Number of Items
.870	31
Source: Survey result (2016)	

When it comes to validity test the researcher has adopted the questionnaire from previous studies done by Parasuraman *et al.* (1988) which consists 22 items categorized under the five service quality dimensions and it has been reviewed by professionals.

CHAPTER FOUR

4. Result, Discussion and Interpretation

The previous chapter introduced the research methodology which is used as a cornerstone to undertake the study as well as to analyze and present the data.

This chapter will present the data analysis and its interpretation. It's composed of response rate and characteristics of respondents, overall multimodal transportation service quality analysis and correlation analysis.

4.1 Result

In order to collect the data, the student researcher distributed 368 questionnaires to judgmentally selected local importers who were using the enterprise's service at the time of sampling and a total number of 286 questionnaires were returned giving a response rate of 77.8%.

Among the returned 286 questionnaires, 4 of them were discarded since they were not properly filled by the respondents and the remaining 282 questionnaires were used to undertake the analysis.

Out of the 282 respondents, 36.5% of them used the enterprise's service for more than 10 years while another 35.1% were customers of the company between 1-5 years.

With regards to the types of respondent's organization, the majority (83.3%) of the respondents were private companies.

A questionnaire which consists 31 questions which represents the 7 service quality dimension and respondents were given a choice with a Likert Scale where strongly disagree scores 1 and strongly agree scored 5.

Furthermore, one open-ended question was incorporated in the questionnaire which asks the respondent customer to give multimodal transportation service quality related feedback.

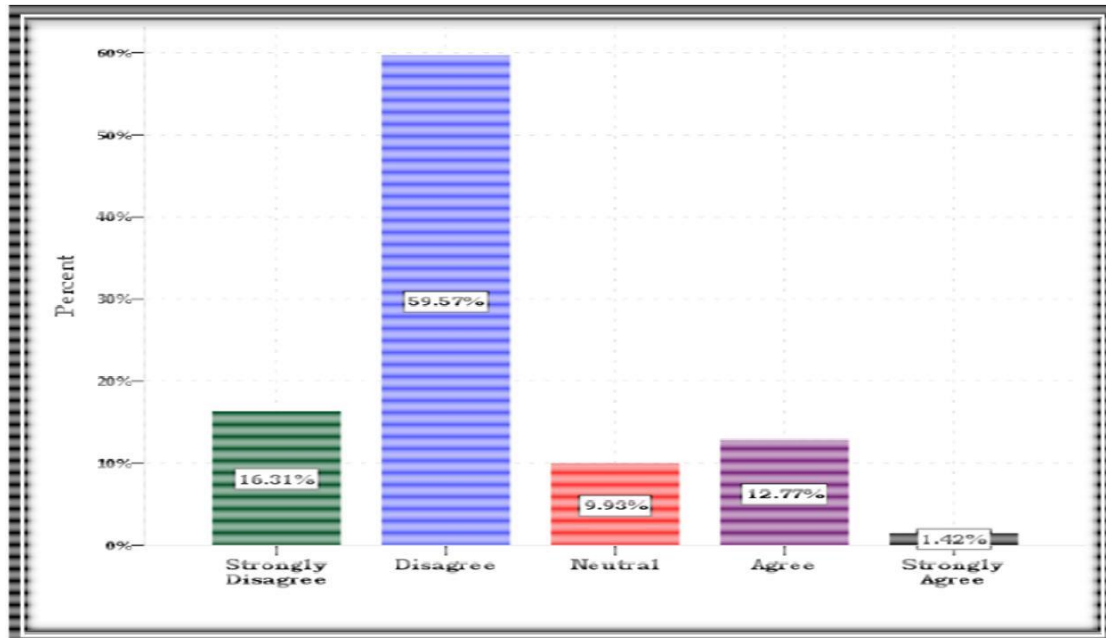
The following analysis took the responses obtained through the questionnaire as an input and the data obtained from the individual responses where coded into SPSS version 21.0 and the data is analyzed as follows.

4.2 Discussion and Interpretation

4.2.1 Improving reliability

Q1 When ESLSE promises to do something by a certain time, it does so

Figure 3 ESLSE performs as promised in a certain time



Source: Survey result (2016)

As shown in **figure 3** above, the study revealed that **59.57%** of the respondents disagree with the idea that the enterprise performs the service as it promised to carry out in a certain time and another **16.37%** also strongly disagree. The only positive response came from of a total of **14.19%** respondents who feel that the enterprise performs the service on time as it promised while another **9.93%** of respondents preferred to be neutral.

From the above points, the summation of those who disagreed and strongly disagreed accounted for **5.88%** (59.57% and 16.31%) of the total respondents and this can lead us to say the enterprise does not perform its service in the time it promised to do so. The enterprise's official also admits that there are situations where the ESLSE fails to perform the promised service timely.

Q2 When you have a problem/emergency situation, ESLSE shows a sincere interest in Solving it

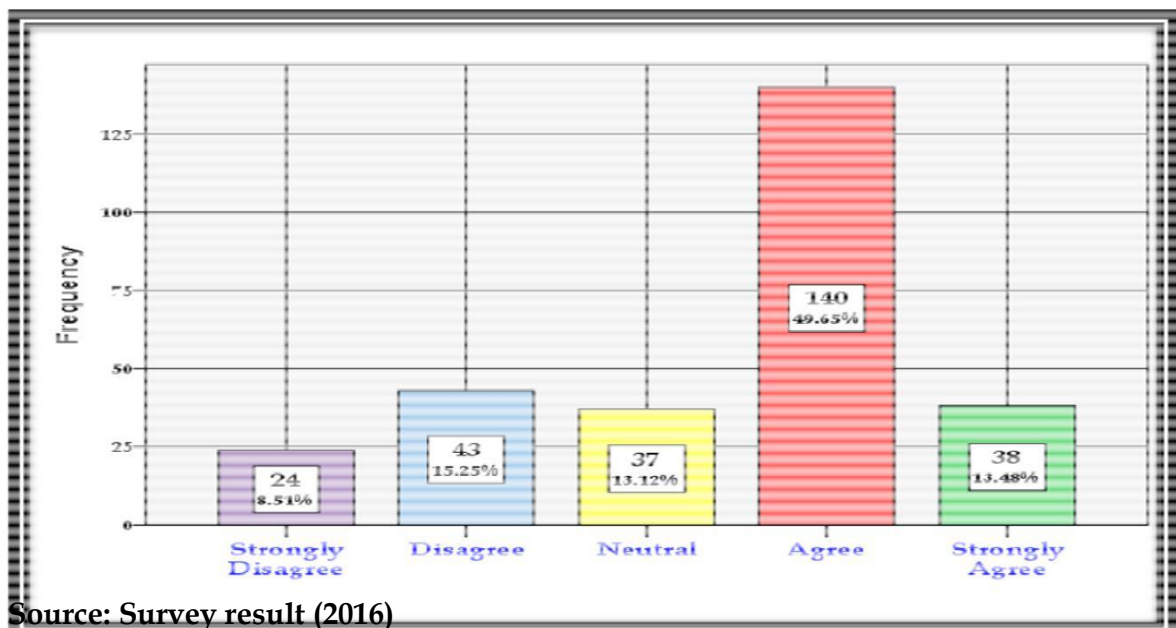
	Frequency	Percent
Strongly Disagree	36	12.8%
Disagree	59	20.9%
Neutral	69	24.5%
Agree	97	34.4%
Strongly Agree	21	7.4%
Total	282	100.0%

Table 4.2 above shows that **34.4%** of the respondents agree that ESLSE is keen to solve problems faced by customers related to their shipments and another **7.4%** strongly agree as well. But, **33.7%** (12.8% and 20.9) of respondents feels that their problem is not properly addressed by the enterprise and the company did not show a sincere interest in solving it and another **24.5%** prefers to be neutral on this subject which increases the percentage of those respondents who are far from satisfied to **58.2%**.

But, during an interview with the enterprise’s official it’s understood that ESLSE is open and ready to learn customers’ problems, discuss and solve the issues.

Q3 ESLSE delivers your cargo safely

Figure 4 ESLSE delivers our cargo safely



Source: Survey result (2016)

Figure 4 above shows that, **140** respondents which accounts for **49.65%** agree that the enterprise delivers their cargo safely, while another **38** (13.48%) respondents strongly agree. But, same was not agreed by **43** (15.25%) respondents and another **24** (8.51%) strongly disagree and feel that their cargo is not delivered to them safely.

Furthermore, 37 (13.2%) respondents take neutral position to leave the total percentage of those who experienced safe cargo delivery to 63.13% which indicates that ESLSE is still expected to do more on the cargo safety aspect to satisfy those significant amounts of customers.

Q4 ESLSE provides its services at the time it promises to do so (Sailing schedule reliability)

Table 4. 3 ESLSE has reliable sailing schedule

	Frequency	Percent
Strongly Disagree	23	8.2%
Disagree	62	22.0%
Neutral	38	13.4%
Agree	124	44.0%
Strongly Agree	35	12.4%
Total	282	100.0%

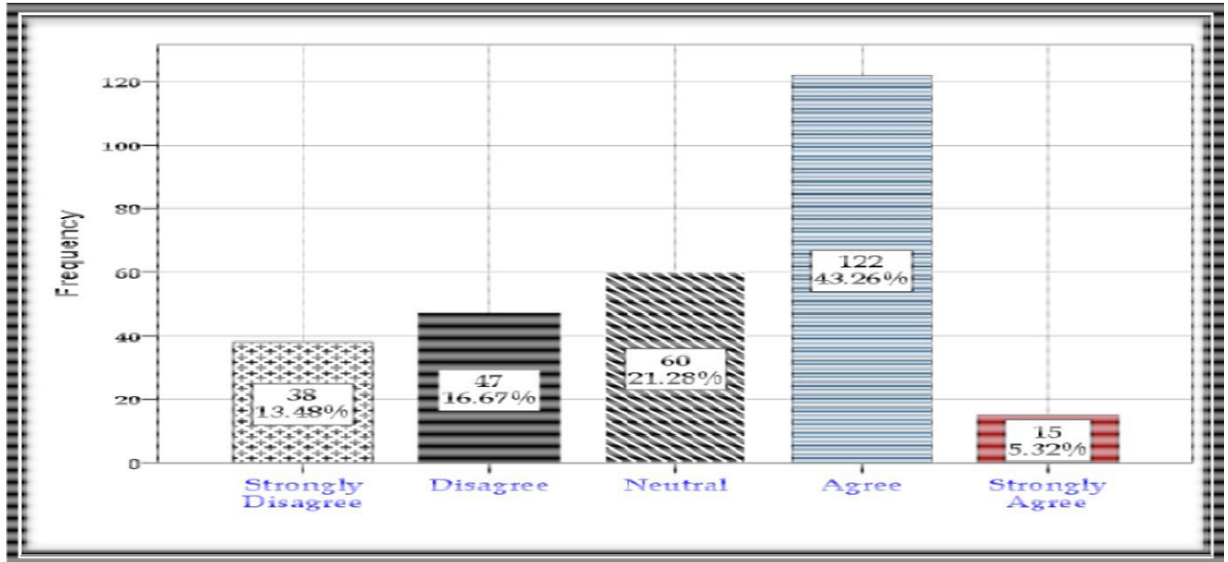
Source: Survey result (2016)

Table 4.3 above indicates that out of the 282 respondents, a total of **30.2%** (22% and 8.2%) of the respondents either disagree or strongly disagree with the level of sailing schedule reliability they have experienced while another **13.4%** prefers to take neutral position. But, the enterprise’s service performance (sailing schedule reliability) got agreement with the total of **56.4%** (44% and 12.4%) of the respondents.

As we can infer from the above analysis, significant number of respondents were not satisfied with the sailing schedule reliability even though the enterprise claimed that it has got weekly sailing Schedule for containerized cargoes while the sailing for other types of cargo categories (mainly break bulk) is subject to ESLSE’s own vessel schedule availability.

Q5 ESLSE insists on error-free records (Bill of ladings, manifest, invoices, outstanding Freight records...)

Figure 5 ESLSE insists on error-free records



Source: Survey result (2016)

Figure 5 above shows that, 47 (16.67%) respondents disagree that ESLSE’s freight invoices, outstanding freight, manifests, bill of ladings and other types of records are error-free which is shared by another 38 (13.48%) respondents who strongly disagree.

But, out of the total 282 respondents 137 (48.58%) of them perceived an error-free record management related to their cargo even though the second majority which accounts 21.28% takes a neutral position in relation to this subject.

Even though the enterprise is able to manage majority of the respondents without experiencing any error related to their cargo documents or previous service records (e.g. outstanding freight records), a significant percentage of respondent customers have faced problems and the enterprise needs to minimize such kind of errors.

4.1.2 Improving responsiveness

Q6 ESLSE keeps customers informed properly and on-time about any matter relating to their shipments

Table 4.4 ESLSE informs customers related to their shipment on time

	Frequency	Percent
Strongly Disagree	42	14.9%
Disagree	52	18.4%
Neutral	76	27.0%
Agree	97	34.4%
Strongly Agree	15	5.3%
Total	282	100.0%

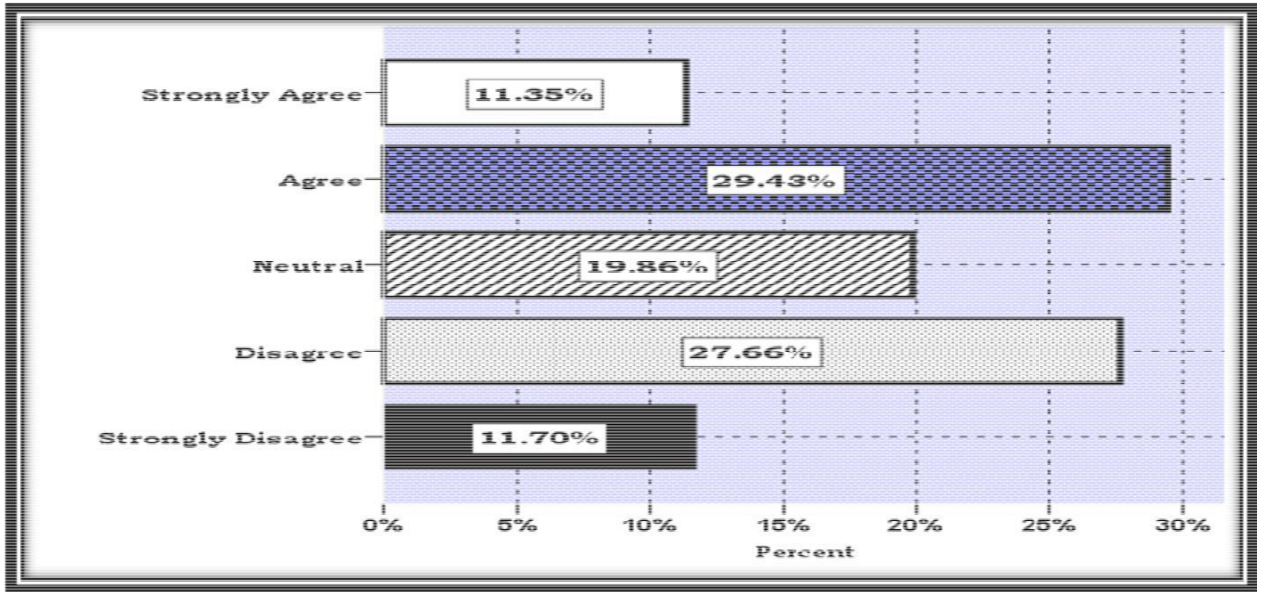
Source: Survey result (2016)

Table 4.4 above indicates that a total of **39.7%** (34.4% and 5.3%) respondents perceived a good service related to receiving information about their shipment on a timely basis. But, **33.3%** (14.9% and 18.4%) of the respondents are not satisfied and do not believe that they are getting information properly and timely. Furthermore, **27%** of the respondents have taken a neutral position to this question which shows that they are neither satisfied nor dissatisfied.

Therefore, the company must have to identify their source of dissatisfaction and address promptly. During an interview held with the enterprise's official, he underlined that even though ESLSE notifies its customers about their shipment status, it requires further upgrading and should be able to create access on the World Wide Web.

Q7 Employees in ESLSE provide you prompt service & release proper documents on-time (B/L, freight invoice...)

Figure 6 Employee's provide a prompt service & release proper documents on-time



Source: Survey result (2016)

The study measured the perceived employee's promptness in providing the service and releasing the proper cargo documents as shown in the above **figure 6**.

Majority of the respondents (**29.43%**) revealed that they have received the proper cargo documents on-time and it's endorsed by additional **11.35%** respondents with a strong agreement. But, the second majority (**27.66%**) goes to those who disagreed along with another **11.7%** who strongly disagree and revealed that they have not received their cargo documents timely. In addition to that, 19.86% of the respondents preferred a "neutral" position which shows that they are yet to feel satisfied.

The enterprise's official further clarified during the interview that ESLSE promptly provides cargo documents unless there is a backlog created due to various issues.

Q8 Employees in ESLSE are always willing to help you

Table 4.5 ESLSE’s employee’s willingness to help customers

	Frequency	Percent
Strongly Disagree	13	4.6%
Disagree	57	20.2%
Neutral	57	20.2%
Agree	109	38.7%
Strongly Agree	46	16.3%
Total	282	100.0%

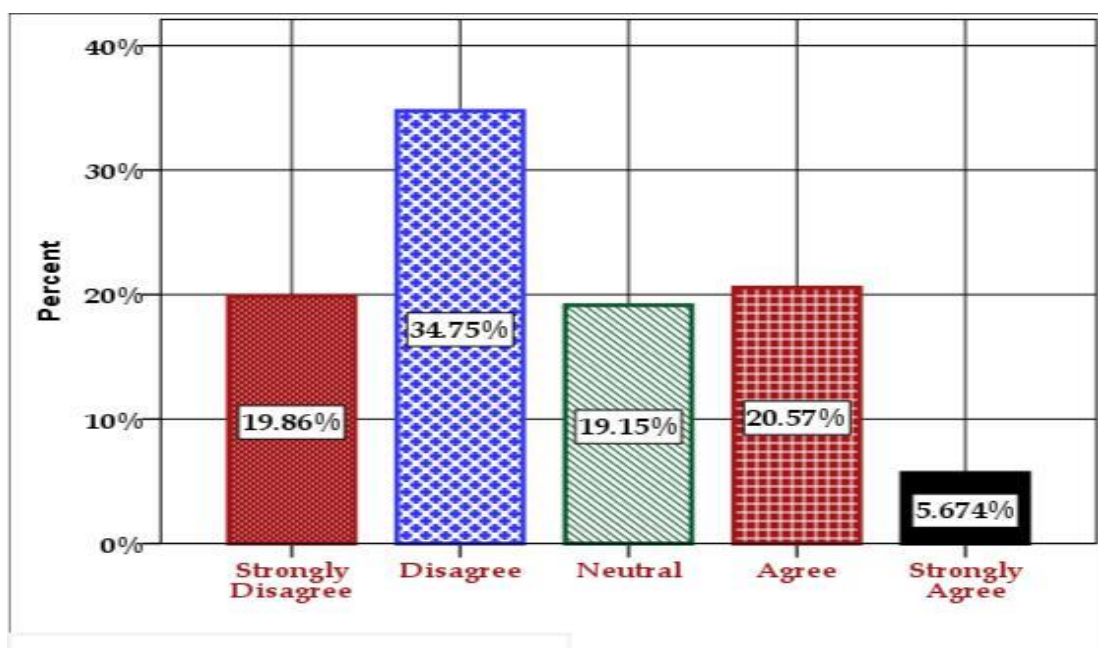
Source: Survey result (2016)

Table 4.5 above indicates that about a total of **55%** (38.7% and 16.3%) of the respondents approved employees’ willingness to help customers while another **20.2%** are undecided. But, **24.8%** of the respondents think that the employees of the enterprise are not willing to give them assistance during their service experience.

During an interview with the enterprise’s official, he stated that ESLSE do understands that it needs quite a lot improvement to make in order to increase employees’ initiation and willingness to help customers with their enquiries.

Q9 Employees in ESLSE are never too busy to respond to your request

Figure 7 Customers’ requests are properly responded by employees



Source: Survey result (2016)

Figure 7 above indicates that, out of the total 282 respondents **54.61%** (34.75% and 19.86%) of them feels that their requests are not properly responded as employees are too busy and leaving a significant percentage (**19.5%**) of the respondents undecided. But, on the contrary the requests of **26.2%** of the respondents were responded timely which gave them a positive perception.

The above output shows us that the enterprise should establish a mechanism to ensure that customer's requests are properly and timely handled. This will also enable it to identify unattended customer requests.

4.1.3 Improving Assurance

Q10 the behavior of employees in ESLSE instills confidence in you

Table 4.6 ESLSE's employee's behavior instills confidence in customers

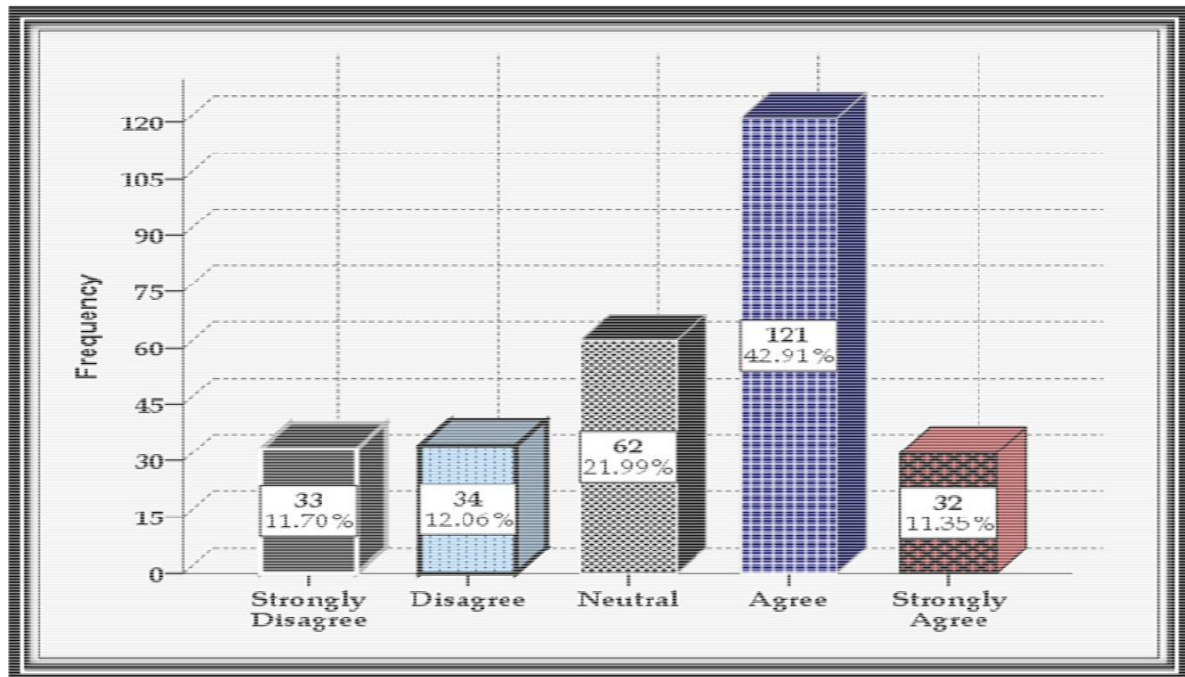
	Frequency	Percent
Strongly Disagree	32	11.3%
Disagree	65	23.0%
Neutral	67	23.8%
Agree	98	34.8%
Strongly Agree	20	7.1%
Total	282	100.0%

Source: Survey result (2016)

Table 4.6 above shows that due to the interaction that the respondents have with ESLSE's employees during their service experience, **34.8%** of them agree that the employee's behavior instills confidence in them which is further supported by an additional **7.1%** of respondents who strongly agree. But, this idea did not get the agreement of **34.4%** of the respondents; leaving another **23.8%** neutral.

Q11 You feel safe in doing transactions with ESLSE

Figure 8 Customers feel safe while transporting their cargo by using ESLSE



Source: Survey result 2016

The study asked the respondents if they feel safe while transporting their cargo by using ESLSE's service and the result is shown in **figure 8** above.

Out of the 282 responses obtained, **121** (42.91%) of the respondents agree that they feel safe in doing business with ESLSE which is strongly supported by an additional **32** (11.35%) respondents while **62** (21.99%) respondents prefer to take a neutral position.

But, a cumulative of **77** (23.76%) of the respondents do not trust ESLSE to transport their cargo and to do business with.

A decline in trust to transport cargo through ESLSE will loosen the bond between the enterprise and customer and there is a need to take proactive measures before the neutrals join with those who disagree.

Q12 Employees in ESLSE are always courteous to you

Table 4.7 ESLSE’s employees are courteous to customers

	Frequency	Percent
Strongly Disagree	12	4.3%
Disagree	49	17.4%
Neutral	68	24.1%
Agree	98	34.8%
Strongly Agree	55	19.5%
Total	282	100.0%

Source: Survey result (2016)

Table 4.7 above shows that, **34.8%** and **19.5%** of the respondents agree and strongly agree that ESLSE’s employees have shown them their courtesy during their service experience. But, a total of **21.6%** (4.3% and 17.4%) of the respondents do not feel that ESLSE’s employees have shown them enough courtesy during the service interaction.

Furthermore, the second majority which is comprised of **24.1%** of the respondents prefer to take neutral position in relation to this question which shows that they are neither satisfied nor dissatisfied. Therefore, the enterprise should exert an effort to develop the personal manner of its employees.

Q13 Employees in ESLSE have the knowledge to answer your questions

Table 4.8 ESLSE’s employees has knowledge on the service they are rendering

	Frequency	Percent
Strongly Disagree	25	8.9%
Disagree	39	13.8%
Neutral	78	27.7%
Agree	102	36.6%
Strongly Agree	37	13.0%
Total	282	100.0%

Source: Survey result (2016)

Table 4.8 above shows that 49.6% (36.6% and 13%) of the respondents perceived that ESLSE’s employees have good knowledge to answer customers questions related to the enterprises service. But, majority of the respondents which accounts about 50.4% either do not agree or are not sure about the employee’s knowledge on the subject matter.

The enterprise's official revealed that ESLSE has started an in-house training program to enhance employees' knowledge and already planned to give training to every employee in the next Ethiopian fiscal year.

4.1.4 Improving Empathy

Q14 ESLSE gives you individual attention

Table 4.9 ESLSE's gives you individual attention

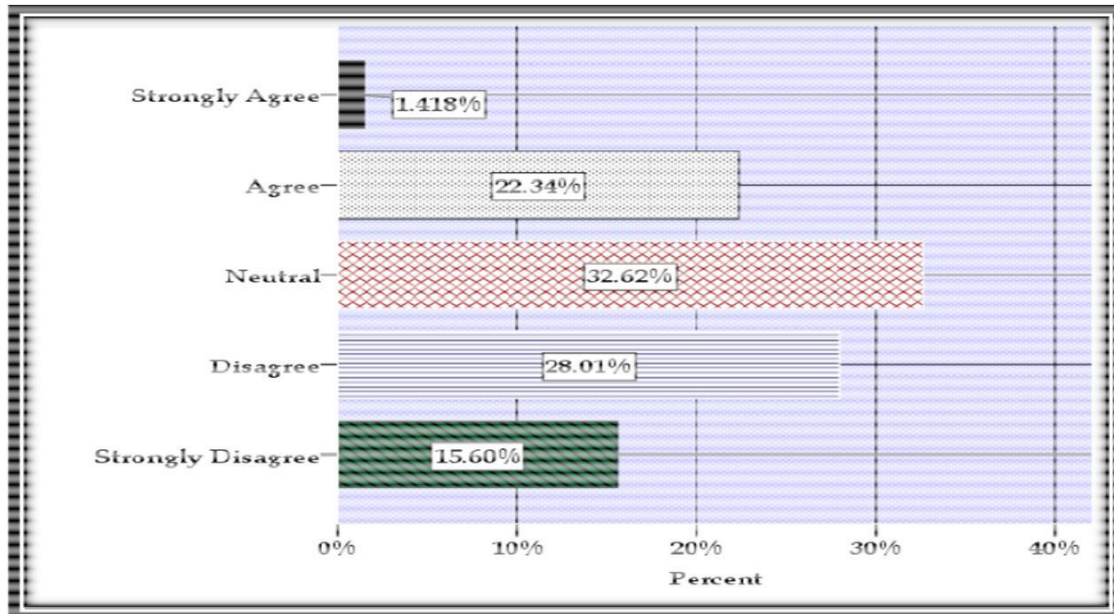
	Frequency	Percent
Strongly Disagree	42	14.9%
Disagree	58	20.6%
Neutral	92	32.6%
Agree	66	23.4%
Strongly Agree	24	8.5%
Total	282	100.0%
Source: Survey result (2016)		

Table 4.9 above depicts that a total of **31.9%** of the respondents agree or strongly agree that the enterprise gives individual attention to each customers. But, the majority (**32.6%**) of the respondents prefers to be neutral and it further takes a setback as **35.5%** of them do not agree or strongly disagree to say that they have perceived a good level of individual attention.

We can infer from the above analysis that majority of the respondents feel that either they did not get individual attention or are not sure if they are getting enough attention from ESLSE. The enterprise's official also agreed by admitting that it requires a huge improvement even if there is an effort already.

Q15 ESLSE has your best interests at heart (Hospitality)

Figure 9 ESLSE priority is customer's best interest



Source: Survey result (2016)

Figure 9 above revealed that only **23.75%** of the respondents feel that ESLSE puts customer's interest first when providing them its service while **32%** of the respondents are indifferent. But, significant proportions of respondents (**43.61%**) disagree or strongly disagree believing that the enterprise didn't take their best interest as a priority in delivering its service.

Since a significant proportion of responses shows that there is a tendency to believe that the enterprise does not take the customers interest as priority while performing the service, customers might develop a feeling that their interest doesn't matter and ESLSE will provide them whatever it likes.

Q16 Employees in ESLSE understand your specific needs

Table 4.10 ESLSE’s employees understand customer’s specific needs

	Frequency	Percent
Strongly Disagree	29	10.3%
Disagree	64	22.7%
Neutral	88	31.2%
Agree	81	28.7%
Strongly Agree	20	7.1%
Total	282	100.0%

Source: Survey result (2016)

Table 4.10 above shows, **33%** of the respondents perceive that the enterprise’s employees do not understand their specific needs which originates from the nature of their business or any other factor, and an additional **31.2%** of respondents preferred to take neutral position which implies that the customers are not sure if the employees understood their specific needs.

But, on the contrary **35.8%** of the respondents perceived that ESLSE’s employees properly understood their specific needs which can affect their business positively.

Q17 ESLSE has operating hours that are convenient to all its customers

Table 4.11 ESLSE’s employees understand customer’s specific needs

	Frequency	Percent
Strongly Disagree	20	7.1%
Disagree	18	6.4%
Neutral	68	24.1%
Agree	149	52.8%
Strongly Agree	27	9.6%
Total	282	100.0%

Source: Survey result (2016)

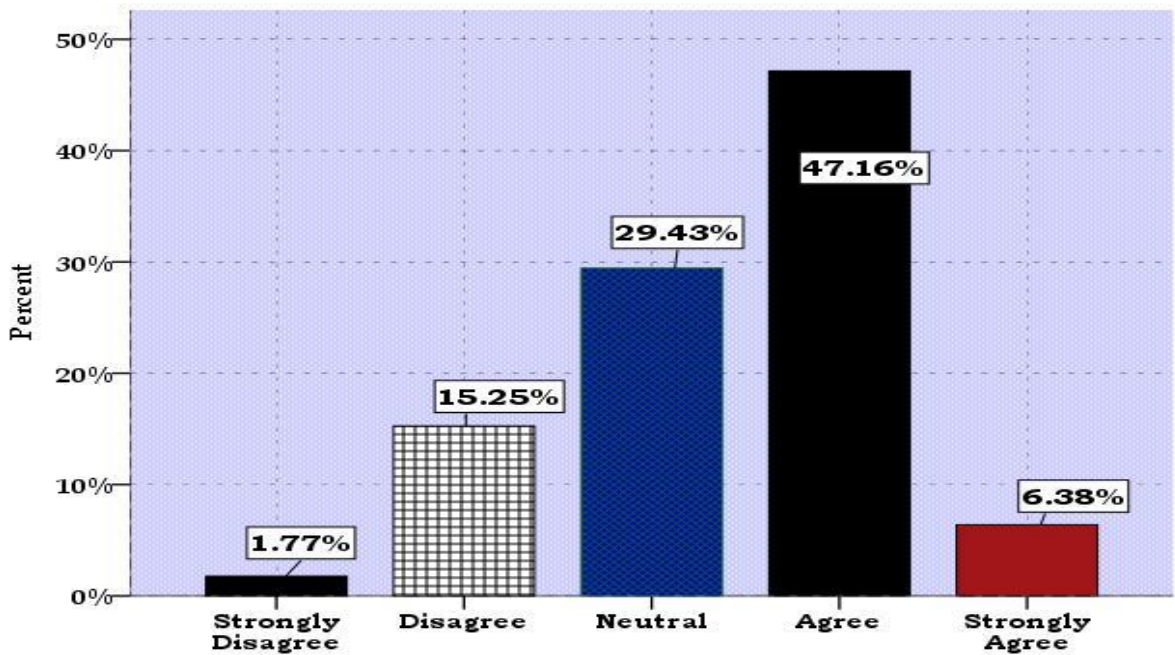
Table 4.11 above shows that only a total of **13.5%** of the respondents did not perceive ESLSE’s operating hour as convenient to them while **24.1%** of the respondents prefer to take neutral position. But, the result of the study indicates that the operating hour of the enterprise is convenient for about **62.4%** of the respondents.

The enterprise's official also said that ESLSE has included Saturday morning as a normal working day in order to increase its service hour to its customers.

4.1.5 Improving Tangibles

Q18 ESLSE has modern equipment. (Container terminal equipments, containers ...)

Figure 10 ESLSE has modern equipments



Source: Survey result (2016)

Figure 10 above shows that about 47.16% and 6.38% of the respondents perceived a modern looking equipments like terminal equipments and containers during their service experience while those who are undecided (neutral) constitutes 29.43%.

But, a significant amount of respondents which constitutes a total of 17.02% do not think that the enterprise's equipment were attractive.

Q19 ESLSE'S physical facilities are visually appealing. (Offices, furniture, automation

Table 4.12 ESLSE's physical facilities are visually appealing

	Frequency	Percent
Strongly Disagree	18	6.4%
Disagree	58	20.6%
Neutral	94	33.3%
Agree	97	34.4%
Strongly Agree	15	5.3%
Total	282	100.0%

Source: Survey result (2016)

Table 4.12 above shows that a cumulative of 27% of the respondents did not consider the physical facilities (office, furniture...) of the enterprise as appealing while another 33.3% of the respondents take neutral position.

But, 39.7% of the respondents found the physical facilities of ESLSE as attractive and visually appealing.

From the above analysis, we can infer that ESLSE should be able to identify what type of physical facility will appeal those who did not found its physical facilities at appealing and attractive.

Q20 ESLSE's employees appear neat

Table 4.13 ESLSE's employees were neat

	Frequency	Percent
Strongly Disagree	14	5.0%
Disagree	14	5.0%
Neutral	55	19.5%
Agree	148	52.5%
Strongly Agree	51	18.0%
Total	282	100.0%

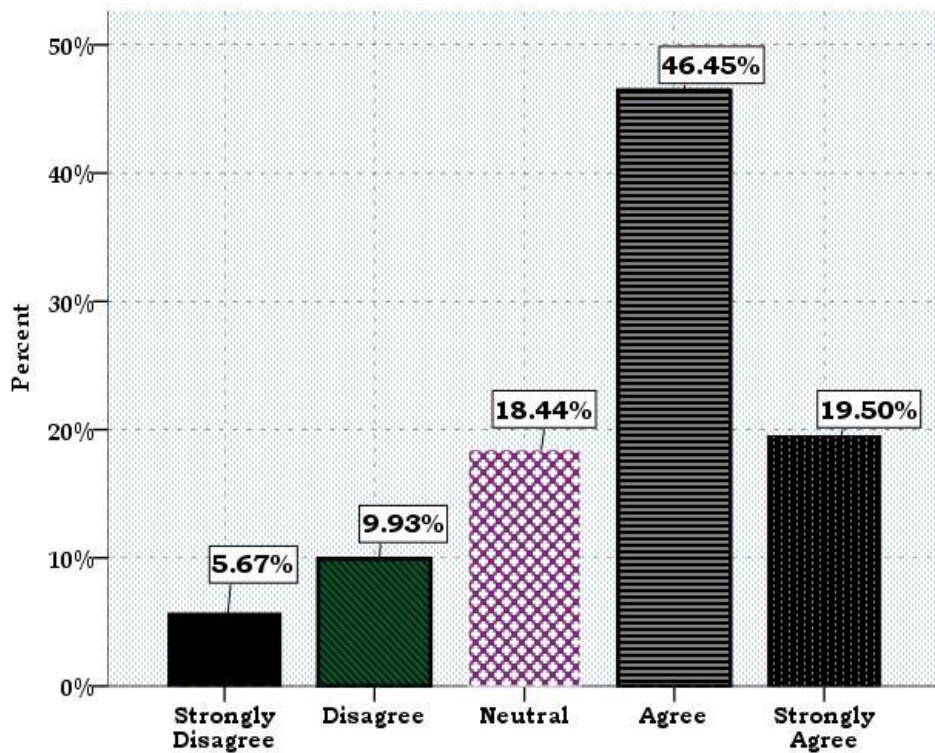
Source: Survey result (2016)

Table 4.13 above revealed that, about 70.5% (52.5% and 18%) of the respondents found ESLSE's employees neat during their service interaction which enhanced the customer's level of satisfaction as well as the service quality.

But, about **10%** of the respondents were not satisfied and still expects more from the employees regarding their neatness while serving the customers and an additional **19.5%** of respondents were undecided.

Q21 Materials associated with the service (such as B/L, quotation & container release forms, invoices, letters) are visually appealing at ESLSE

Figure 11 ESLSE's different formats are visually appealing



Source: Survey result (2016)

Figure 11 below indicates that, majority of the respondents (**46.45% and 19.50%**) believes that different types of forms which they have encountered while experiencing ESLSE's service like bill of lading, quotation request and container release forms, invoices, letterheads and so on were visually attractive and recalled ESLSE's image in the customers mind.

But, still significant percentage of respondents (9.93% and 5.67%) disagreed and strongly disagreed because they do not think that the formats were visually appealing while 18.44% of respondents were undecided. Therefore, the enterprise should take a feedback from those who did not consider the materials associated with the service are attractive.

4.1.6 Improving Service Cost Competitiveness & Trade Assistance

Q22 ESLSE'S sea freight is competitive

Table 4.14 ESLSE's sea freight is competitive

	Frequency	Percent
Strongly Disagree	51	18.1%
Disagree	50	17.7%
Neutral	92	32.6%
Agree	57	20.2%
Strongly Agree	32	11.3%
Total	282	100.0%

Source: Survey result (2016)

Table 4.14 above describes the responses obtained from the respondents with regard to whether ESLSE's sea freight is competitive or not.

Having requested to express what they have perceived with regards to the competitiveness of the enterprise's sea freight, **31.5 %** (20.2 % and 11.3%) of the respondents perceived the sea freight rate of ESLSE as competitive. But, this didn't get acceptance with the majority of the respondents as **35%** (18.1% and 17.7%) found the enterprises rate non-competitive or expensive while the remaining **32.6%** of respondents are indifferent. Therefore, the enterprise is expected to exert an effort in order to make its sea freight more competitive or justify to its customers.

Q23 ESLSE's container demurrage fee is reasonable

Table 4.15 ESLSE's container demurrage fee is competitive

	Frequency	Percent
Strongly Disagree	48	17.0%
Disagree	61	21.6%
Neutral	107	37.9%
Agree	63	22.3%
Strongly Agree	3	1.1%
Total	282	100.0%

Source: Survey result (2016)

Here, the respondents were asked whether the container demurrage fee which is paid by the importer was reasonable or not. The result of the customer's response as depicted on the above **table 4.15** shows that, only 23.4% (22.3% and 1.1%) of the respondents perceived the container demurrage fee as competitive.

But, the majority 38.7% (17 % and 21.6%) does not agree that the container demurrage fee was competitive and rather it's expensive. Furthermore, 37.9% of respondents were neutral.

Q24 ESLSE's storage fee at dry port is reasonable

Table 4.16 ESLSE's storage fee at dry port is reasonable

	Frequency	Percent
Strongly Disagree	51	18.1%
Disagree	63	22.3%
Neutral	122	43.3%
Agree	46	16.3%
Total	282	100.0%

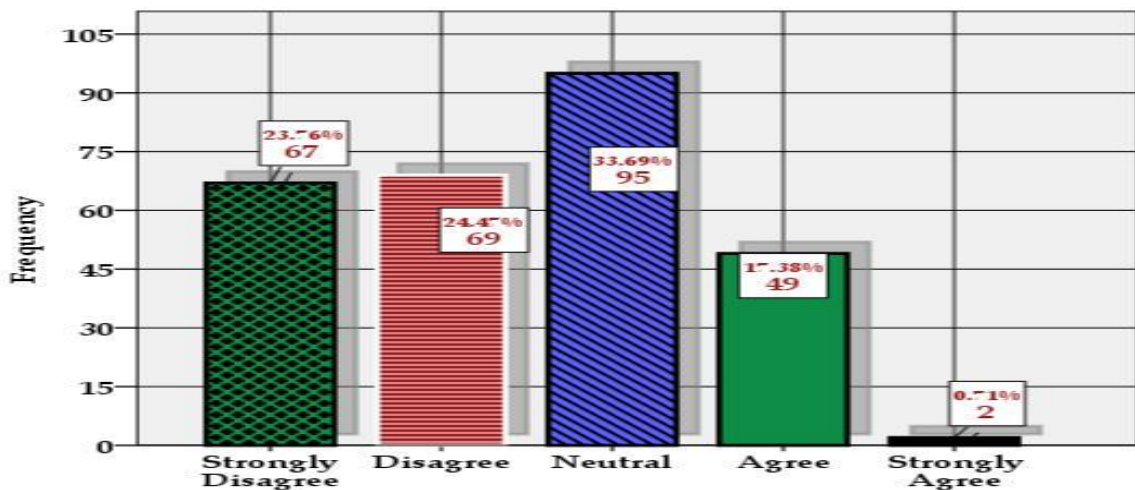
Source: Survey result (2016)

Table 4.16 above indicates that, **40.4%** (18.1% and 22.3%) of the respondents did not perceive the cargo storage fee at dry port as reasonable while another 43.3% of respondents were undecided.

But, only 16.3% of respondents found the cargo storage fee at dry port as reasonable. Therefore, ESLSE is expected to make the storage fee at its dry port more reasonable to its customers.

Q25 ESLSE's inland transportation fee is competitive

Figure 12 ESLSE's inland transportation fee is competitive



Source: Survey result (2016)

Figure 12 above indicates that, out of the 282 respondents 136 (67 and 69) of the respondents did not found the enterprise's inland transportation fee as competitive while another 95 respondents were unable to determine whether it's competitive or not.

But, this does not mean that all of the respondents were not satisfied with the inland transportation rate competitiveness as 51 respondents revealed that they perceived the inland transportation rate as competitive.

On an interview made with the enterprise's official, it's was understood that ESLSE places tender in order to get a competitive inland freight from the freight transportation associations and it offers the service without any profit margin.

Q26 ESLSE is willing to negotiate rates, discounts and other charges to match with Competitors

Table 4.17 ESLSE is willing to negotiate on rates and other charges

	Frequency	Percent
Strongly Disagree	58	20.6%
Disagree	61	21.6%
Neutral	79	28.0%
Agree	68	24.1%
Strongly Agree	16	5.7%
Total	282	100.0%

Source: Survey result (2016)

As demonstrated in **table 4.17** below, about **5.7%** of respondent customers strongly agreed that the enterprise was willing to negotiate with its customers about the rates, discounts as well as other charges to match with competitors offer and it was further supported by additional (**24.1%**) respondents.

But, a cumulative of **42.2%** (20.6% and 21.6%) of respondents disagreed that they did not experience such kind of willingness from the enterprise's side. Whereas, a significant amount of respondents (**28%**) were in between.

From the above points, the summation of those who disagreed and strongly disagreed contributes the larger share of respondents (**42.2%**) which can lead us to say that the customers expects more signs of willingness to come from the enterprise’s side.

But, it was understood that the enterprise is willing to negotiate about rates and discounts depending on the cargo volume and with top management approval and a policy manual is underway currently.

Q27 ESLSE provides us trade assistance (Credit facility, extending repayment period)

Table 4.18 ESLSE provides trade assistance

	Frequency	Percent
Strongly Disagree	45	16.0%
Disagree	78	27.7%
Neutral	95	33.7%
Agree	50	17.7%
Strongly Agree	14	5.0%
Total	282	100.0%

Source: Survey result (2016)

Table 4.18 above clearly explained the perceived level of trade assistance that the respondent customers deemed to have received.

Among the respondents, only 5% of the respondents strongly agreed that they have got adequate trade assistance from the enterprise while another 17.7% agreed with this point. But, about a total of **43.6%** (16% and 27.7%) of the respondents were far from satisfied and disagreed that ESLSE did not provide them adequate trade assistance while the majority 33.7% remains neutral on this subject.

Since those who do not believe have got adequate trade assistance from the constitutes the largest percentage share (43.6%) compared to those who have experienced a positive trade assistance which accounts 22.7%, there is a large void that the enterprise is expected o fill.

Q28 ESLSE exerts effort to resolve difficulties that we might face in importing our cargoes by collaborating with other stakeholders (Ethiopian customs, banks, and Djibouti Port and government offices)

Table 4.19 ESLSE exerts effort to solve customers' difficulties

	Frequency	Percent
Strongly Disagree	44	15.6%
Disagree	68	24.1%
Neutral	90	31.9%
Agree	69	24.5%
Strongly Agree	11	3.9%
Total	282	100.0%
Source: Survey result (2016)		

Table 4.19 above shows that, the perception of the respondent customers on ESLSE's effort on an effort to resolve difficulties that the customer's faced while importing their cargo by collaborating with other stakeholders the flexibility shows that, 15.6% of them perceived a very low effort which was shared by another 24.1% who perceived low effort by the enterprise on same while the majority 31.9% takes neutral position.

Another 24.5 % and 3.9% of respondents agreed and strongly agreed that they have perceived a positive effort by the enterprise to solve the difficulties that they have faced while importing their cargo during their service experience.

But, the enterprise's official explained that ESLSE was willing and will be always willing in the future to be part of the solution to difficulties faced by its customers and it constantly interacts with Ethiopian Revenue and Customs Authority, Ministry of Transport, Road Transport Authority and others to facilitate the multimodal transportation scheme.

Therefore, we can infer that the enterprise is expected to exert an effort to shift those 71.6% of respondents/customers who are either disagreeing or taken neutral position to a satisfied customer's category.

4.1.7 Improving Service Coverage and Frequency

Q29 ESLSE's service provides vast geographical coverage to many ports across the world

Table 4.20 ESLSE's service coverage

	Frequency	Percent
Strongly Disagree	25	8.9%
Disagree	51	18.1%
Neutral	97	34.4%
Agree	98	34.8%
Strongly Agree	11	3.9%
Total	282	100.0%

Source: Survey result (2016)

Table 4.20 above shows that, respondent customers who constitute about **38.7%** (34.8% and 3.9%) concur that they have perceived adequate service coverage by ESLSE while another 34.4% neither agreed nor disagreed (neutral).

But, another 27% (8.9% and 18.1%) of the respondents do not think that ESLSE possesses adequate service coverage.

During an interview with the enterprise's official, it was highlighted that ESLSE calls to 203 ports either by using its own vessels or by hiring spaces from the international shipping companies through the slot charter agreement it have with them.

Those who took "neutral" position constitutes the second majority (34.4%) can lead us to say that they still expects more ports to be covered to feel well served and to join the group of those who are satisfied with ESLSE's service coverage.

Q30 ESLSE provides adequate sailing frequency to your selected ports

Table 4.21 ESLSE provides adequate sailing schedule to your selected port

	Frequency	Percent
Strongly Disagree	34	12.1%
Disagree	37	13.1%
Neutral	88	31.2%
Agree	115	40.8%
Strongly Agree	8	2.8%
Total	282	100.0%

Source: Survey result (2016)

Table 4.21 above shows that, a cumulative of **43.6%** (40.8% and 2.8%) of respondents experienced an adequate sailing frequency from the ports that they mostly ships from which is not agreed by about **25.2%** (12.1% and 13.1%) of the respondents while **31.2%** of them prefers to take neutral position.

This implies that ESLSE is still required to avail more sailings to selected ports by the customers.

Q31 ESLSE's transit time is consistent

Table 4.22 ESLSE's transit time is consistent

	Frequency	Percent
Strongly Disagree	22	7.8%
Disagree	72	25.5%
Neutral	79	28.0%
Agree	93	33.0%
Strongly Agree	16	5.7%
Total	282	100.0%

Source: Survey result (2016)

Table 4.22 above shows that, about **33.3%** (7.8% and 25.5%) of the respondents experienced inconsistent transit time between their selected ports of loading and ports of discharge or place of delivery while, another 28% were not sure whether the enterprise can maintain a consistent transit time or not.

Furthermore, cumulative of **38.7%** (33% and 5.7%) of respondent customers agreed that they have experienced a consistent transit time and the enterprise also claims that its transit time is competitive and acceptable.

From the above points, the summation of those who strongly disagreed, disagreed and taken neutral position holds the largest proportion (61.3%) and implies that there is more transit time accuracy expected from the enterprise by the customers.

Open ended questions: any comment that you have about the overall quality of ESLSE's multimodal transportation service?

For the open ended question described above, the respondent customers forwarded different comments from their perspective and these responses are categorized, analyzed and presented in *four* different categories below.

The respondent customers gave their comments with regards to *the overall multimodal transportation system* and stated that even though they believe that the introduction of multimodal transportation system benefits Ethiopia's economy by optimizing the import logistics cost, its implementation was poor and the delay to lift cargoes from Djibouti port cost them in terms of money as well as opportunity cost and exposed their cargo to theft while it was in transit.

They further underlined that even though the multimodal transportation system is showing progress at the moment, there is still a need to implement a modern and prompt multimodal service delivery.

With regards to the *level of customer service*, the respondents commented that after the amalgamation of the three government enterprises which are stationed in two different buildings (the ex Ethiopian Shipping Lines and the ex Maritime and Transport Service buildings), they are expected to go here and there to get the multimodal transportation service which is highly inconvenient to the customers.

Furthermore, they perception of the customer service indicates that the customer reception and waiting area is not convenient and attractive, there is shortage of customer service employees and seems less motivated, the respondent customers were forced to wait for a relatively longer time to pay sea and inland freight at the cashiers, getting container deposit refund takes longer time.

But, the respondent customers did not fail to comment that there a good understanding between the enterprise’s employees while performing the service.

Most of the respondent customers also stressed on *the need in providing reliable and timely information* in a manner that create place utility as well with regards to their cargo.

They mentioned that even though ESLSE announced that customers can track the status of their cargo from the enterprise’s website (www.ethiopiashippinglines.com.et), the website is not updated and they are expected to approach ESLSE in person or in telephone.

Furthermore, they were misinformed on the exact status of their cargo and they have learned that their cargo is discharged in another location (dry port) than the one that they were informed by the enterprise. This kind of scenarios cost them money and time as well as they were warned by the Ethiopian Revenue and Customs Authority for declaring a wrong location.

About the service they have experienced at Modjo dry port, the respondent customers claimed that the level of customer service is low, and there is shortage of cargo loading/discharging equipment, shortage of storage and warehousing space, expensiveness of different charges applied at dry ports, extended paper works as well as low level of coordination between the dry port and Ethiopian Revenue and Customs Authority are cited as a major problem.

4.2 Multimodal Transportation Service Quality Mean Analysis

The mean value of each service quality dimensions per every respondent was computed and then after it is averaged out for the 282 respondents. The final averages for each variable is summarized and presented based on their average score from highest to lowest as indicated in the below table 4.23.

As indicated in the first paragraph of sub-chapter 4.3, respondents were given a choice with a Likert Scale where strongly disagree scores 1 and strongly agree scored 5 and the mean value can be between 1 – 5 scores.

The major reason why it was necessary to compute the Mean values was to summarize the scores of each variable as indicated by the respondent customers.

Table 4.22 below shows the mean results of the seven service quality dimensions and indicates that, tangibility dimension has got the highest score with an average of 3.477 which implies that the enterprise is doing well in “ tangibility dimension” comparatively than its doing on the rest. While service cost competitiveness and trade assistance has got the lowest average point (2.686) which indicates that most of the respondent customers disagree on the enterprises performance with regards to this dimension.

Table 4.23 Multimodal Transportation Service Quality Mean Analysis

Dimensions mean	Average Score
Mean value of Tangibles	3.477
Mean value of Assurance	3.281
Mean value of Service Coverage & Frequency	3.063
Mean value of Reliability	3.023
Mean value of Empathy	3.018
Mean value of Responsiveness	2.993
Mean value of Service Cost Competitiveness & Trade Assistance	2.686

Source: Survey result (2016)

4.3 Correlation Analysis

The correlation analysis was performed to assess the relationship between the service quality dimensions and describe the strength between two variables (dimensions). The result is depicted in **table 4.24** below.

Table 4.24 Multimodal Transportation Service Quality Correlation Analysis

		Mean value of Reliability	Mean value of responsiveness	Mean value of Assurance	Mean value of Empathy	Mean value of Tangibles	Mean value of Service Cost Competitiveness & Trade Assistance
Mean value of Reliability	Pearson Correlation	1	.423**	.453**	.425**	.336**	.474**
Mean value of Responsiveness	Pearson Correlation	.423**	1	.573**	.414**	.339**	.440**
Mean value of Assurance	Pearson Correlation	.453**	.573**	1	.492**	.488**	.361**
Mean value of Empathy	Pearson Correlation	.425**	.414**	.492**	1	.378**	.495**
Mean value of Tangibles	Pearson Correlation	.336**	.339**	.488**	.378**	1	.321**
Mean value of Service Cost Competitiveness & Trade Assistance	Pearson Correlation	.474**	.440**	.361**	.495**	.321**	1
Mean value of Service Coverage & Frequency	Pearson Correlation	.359**	.301**	.233**	.360**	.371**	.596**

** Correlation is significant at the 0.01 level (2-tailed). Source: Survey result (2016)

Analysis: The overall correlation table shows that there is a positive correlation between the variables. The highest correlation coefficient is .596**, indicating there is a strong positive correlation between Mean of Service Coverage & Frequency and Mean of Service Cost Competitiveness & Trade Assistance while the least correlation coefficient is .233** indicating there is a weak positive correlation between Mean of Service Coverage & Frequency and Mean value of Assurance.

This analysis gave us the room to identify which service quality dimension is highly correlated with which service quality dimension and their correlation is further described below.

- Reliability is found to be significantly and positively correlated with service cost competitiveness and trade assistance (r= .474**).

- Of the other dimensions, responsiveness is positively correlated with assurance ($r = .573^{**}$) and assurance is also found to be highly correlated with responsiveness ($r = .573^{**}$).
- Empathy, which is the fourth dimension has been found significantly and positively correlated with service cost competitiveness and trade assistance ($r = .495^{**}$).
- The fifth dimension “Tangibles” is also positively and significantly correlated with assurance ($r = .488^{**}$).
- The sixth dimension “service cost competitiveness and trade assistance” which was added by the researcher to modify the original “SERVPERF” model in order to accommodate other dimensions which are important to measure the multimodal transportation service quality is found to be positively correlated with service coverage and frequency ($r = .596^{**}$).
- The last dimension which was also added by the researcher was service coverage and frequency found to be significantly and positively correlated with service cost competitiveness and trade assistance ($r = .596^{**}$).

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION and RECOMMENDATION

In this chapter, summary of the findings obtained from the analysis part, conclusions and recommendations are drawn based on the findings that have been discussed.

5.1 Summary of Findings

Out of the 282 respondent customers, **83.3%** and **11.7%** of them were private companies and share companies respectively. Furthermore, about **36.50%** of the respondents are the enterprises customers for more than 10 years.

- More than **75%** of the respondents disagree with the idea that the enterprise performs the service as it promised to perform in a certain time.
- About **58.2%** of respondents do not perceive that the enterprise shown them enough interest when they face problems related to their shipments.
- The majority of the respondent customers (**63.13%**) the enterprise deliver their cargo safely.
- A significant amount of respondent customers (**43.6%**) believes that the sailing schedule of the company is not reliable.
- About **30%** of the respondent customers experienced error in their cargo documents or with the ESLSE's records registered in their name.
- The majority (**60.3%**) of the respondents believe that they were not properly and timely informed about information related to their cargo.
- Only **40.78%** of respondent customers think that they have received a prompt service as well as cargo documents timely.
- About **55%** of the respondent customers found employees of ESLSE willing to help them.
- Majority of the respondent customers (**54.61%**) perceived that employees of ESLSE are too busy to handle their requests.
- A significant amount of respondent customers (34.4%) did not found the behavior of the enterprise's employees as the one that instills confidence in customers.
- Majority of the respondent customers (**54.26%**) feel safe in doing business with ESLSE.

- Employees of ESLSE are found to be courteous according to **54.3%** of the respondent customers.
- Half of the respondent customers (**50.4%**) feel that employees need to enhance their knowledge with regards to the service they are rendering.
- The response of **68.1%** of the respondent customers shows that the customers require more individual attention to be placed towards them.
- Only **23.75%** of the respondents feel that their interest is taken as a priority during their service experience with ESLSE.
- Majority (**33%**) of the respondent customers did not think ESLSE's employees do understand their specific needs.
- More than **62%** of the respondent customers found the working hours of the enterprise convenient.
- According to the responses of **53.54%** of the respondent customers, the containers as well as container terminal equipments which are used by ESLSE are modern looking.
- About **27%** of the respondents did not find ESLSE's physical facilities appealing.
- About **70.5%** of the respondents found ESLSE's employees neat.
- Materials associated with the service are visually appealing according to **66%** of the respondents.
- Only **31.5%** of the respondents perceived ESLSE's sea freight as competitive.
- About **76.6%** of the respondents did not perceive ESLSE's container demurrage fee as competitive.
- Majority (**40.4%**) of the respondents did not perceive the cargo storage fee at dry port as reasonable.
- Only **18%** of the respondent customers found the inland transportation fee as competitive.
- About **42%** of the respondents did not perceive willingness from ESLSE to negotiate with its customers about the rates, discounts as well as other charges to match with competitors offer.
- The respondents did not receive adequate trade assistance from ESLSE according to **43.6%** of the respondent customers.
- Most customers do not think that the enterprise exerts enough effort to solve difficulties faced by the customers by interacting with other stakeholders according to the **39.7%** of the respondents.

- Only **38.7%** of the respondents perceived that the ESLSE has adequate service coverage to many ports across the world.
- A cumulative of **43.6%** of respondents experienced an adequate sailing frequency from the ports that they mostly ships from.
- About **33%** of the respondents do not believe that the transit is consistent.

General findings through an **open-ended question** to respondent customers

- Respondent customers believe that multimodal transportation will benefit Ethiopia's economy.
- Respondent customers experienced theft while their cargo is in transit under the multimodal scheme.
- Customers are facing inconvenience as they are expected to visit the two separate buildings of ESLSE (the ex Ethiopian Shipping Lines and the ex Maritime and Transport Service buildings) finish the process of one cargo document.
- The customer reception and waiting areas of the enterprise are not convenient.
- Customers are expected to wait for an extended time to pay sea and inland transportation freights at the enterprise's cashier's office.
- Respondent customers were repetitively misinformed about where exactly their shipment is discharged.

5.2 Conclusion

Based on the assessment undertaken to measure the multimodal transportation service quality in the Ethiopian Shipping and Logistics Enterprise, the conclusions are drawn in line with the basic research questions raised at the initial stage of this study.

In relation to the reliability dimension, the researcher concludes that inability to perform the service in a certain time, failure to show sincere interest to solve customers' problem, less sailing schedule reliability as well as inability to maintain an error-free record management is affecting the reliability dimension of service quality in the Enterprise.

Secondly, responsiveness dimension is highly affected by an inability to provide timely information related to customers' shipment, delay in providing the necessary cargo related documents as well as busyness of the Enterprise's employees to handle customer's request.

The enterprise's level of service assurance is being negatively affected by industry related knowledge gap as well as misbehavior by some employees.

Furthermore, customers require more individual attention which takes customer's interest as priority and understands their specific needs which will in turn positively enhance the empathy dimension.

Tangibles dimension has scored the highest mean compared to the other service quality dimensions. But, still the physical facilities like unavailability of a properly furnished customer reception and waiting area as well as the need to visit the two separate buildings to get a single service is affecting customer's perception negatively.

With regards to customers service cost competitiveness & trade assistance which scored the lowest mean compared to the other six service quality dimensions, we can draw the conclusion that the enterprise still needs to go extra mile to make its sea freight, inland transportation fee, container demurrage fee, and dry port storage charges very competitive.

Furthermore, it should provide more trade assistance to its customers, take the initiation to solve customers' difficulties by collaborating with other stakeholders and also introduce customers discount policy manual to make the procedure more transparent.

Customers demand more ports to be covered with ESLSE's service reach with adequate sailing frequency and consistent transit time to enhance the service coverage & frequency dimension.

Recommendation

The recommendations are made based on the drawbacks observed and in a way that answers the major research questions and with an intention to meet the objective of the study. The recommendations are highlighted as follows:-

- ✓ In order to improve the reliability of service quality, ESLSE should develop key performance indicators which will enable it see if it is performing the service in a certain time as it promised and take corrective measures when the actual performance deviates from the standard.
- ✓ The performance might be also affected internal or external factors as well as controllable or uncontrollable factors. Such, factors might affect the multimodal transportation service quality when the cargo is at port of loading, while loading the cargo, at sea, while discharging the cargo at port of Djibouti, or at Port of Djibouti cargo storage area, while clearing the cargo at Djibouti customs, during inland transportation to the place of delivery or after it reaches its final

destination in Ethiopia. Therefore, there is a need to study the full flow of the multimodal operation process to minimize the probability of the factors affecting the reliability of its services.

- ✓ The researcher also recommends that in order to increase the reliability of the sailing schedule, ESLSE should be able to have a backup plan like loading the cargo on other shipping lines vessels with whom the enterprise has space (slot) hire agreement or advising the customer if there is a sailing schedule change in advance.
- ✓ In addition to the above, the enterprise should also use a real time customer relationship management system or another which is believed to be effective in managing customer data.
- ✓ The enterprise should use a modern real time cargo track and tracing system which can be accessed easily from the World Wide Web or through a paid/non-paid SMS (short message service) which is highly used by different information provider companies in Ethiopia lately.
- ✓ Furthermore, it should create a platform which can enable its customers to print whatever cargo document they require without being present at the enterprise's premises to be responsive enough to customers enquiries.
- ✓ The enterprise should develop a contentious self-development program in order to keep its employees updated with the industry related changes as well as molding their behavior to fit in.
- ✓ In order to enhance the level of empathy dimension, the enterprise should be able to identify those industries, sectors or business types that require individual attention like top economic operators, and open a separate desk which can handle their requests and understands their specific needs.
- ✓ It's also recommended that the enterprise should prepare a well furnished customer reception/ waiting area to show its respect to its customers and that they are its key guests. It also enables not to feel the waiting and feel relaxed till they receive the service.
- ✓ Furthermore, ESLSE should place its customer contact points within one building to avoid the inconvenience that the customers are experiencing by going here and there.
- ✓ This dimension scored the lowest mean among the seven service quality dimensions and the enterprise should drop if there are non-value adding tasks that negatively affect the service cost competitiveness.

- ✓ Furthermore, it should study the types of trade assistance that it is able to provide to its customers.
- ✓ ESLSE should be contacting more ports from different areas of the world by studying the world trade trend and provide adequate sailing frequency but with consistent transit time.

5.3 Limitations and Implications for further research

The major limitations of this study were inability to find researches and references made on this subject in the Ethiopian context, time and finance.

As the subject is very vast in its nature and it's not well developed in Ethiopia, this research will help other researchers to give them an input for their further study. And the researcher would like to recommend for further studies to be done on the participation of private sectors in the multimodal transportation service and the effects it will have on the service quality.

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APENDICES

Annex I- Ethiopian business community complaint on multimodal transport operation implementation

Annex II- Problems related to the implementation of multimodal transportation

Annex III- DP World Desirous to Manage Dry Ports in Ethiopia

Annex IV- Int'l Consultants Seek Solution for Multi-Modal Transportation Issues

Annex V - Questionnaire for customers in Amharic

Annex VI- Questionnaire for customers in English

Annex VII- Semi-structured interview questions for ESLSE management English

Annex VIII- The modified SERVPERF model

**Annex I: Ethiopian business community complaint on multimodal transport operation
Implementation**

ሀ/ የመልቲሞዳል ትራንስፖርት አገልግሎት ሥርዓት ትግበራና አፈጻጸሙ በዘርፉ በግል ለተሰማሩ የዕቃ አስተላላፊዎችና የመርከብ ወኪሎችን (freight forwarding and ship agency) የማያሳትፍ መሆኑ

መልቲሞዳል ትራንስፖርት ማለት ወጥ በሆነ የትራንስፖርት ውል መሰረት ቢያንስ በሁለት የተለያዩ የማዳኔሪ ዓይነቶች በመጠቀም በከፍተኛ እቃን ከአንድ የተወሰነ ቦታ ተረክቦ በማዳኔሪ ሌላ አገር ወስዶ ማስረከብ ማለት ነው። ይህ አሰራር በብዙ አገራት የተለመደ ቢሆንም በኢትዮጵያ ግን ተግባራዊ መሆን የጀመረው ከሚያዝያ 1 ቀን 2001 ዓም ጀምሮ ነው። ይህም አገልግሎት ተግባራዊ የሆነው የአገራችንን ገቢና ወጪ ንግድ እንቅስቃሴ ኢኮኖሚያዊ አዋጭነቱ በተረጋገጠ፡ ቀልጣፋ ፡ዘመናዊ እና ወጪ ቆጣቢ የትራንዚት ትራንስፖርት አገልግሎት እንዲስተናገድ ለማድረግ የሚቻልበትን ሥርዓት ለመዘርጋት ነው። በዚህ ስርዓት የሚጠቀሙ ተገልጋዮች በአንድ ሰነድ እቃው ከሚነሳበት አገር ኢትዮጵያ ውስጥ ባለ የደረቅ ወደብ እስከሚደርስ ድረስ ያለውን አገልግሎት ባንድ የመልቲሞዳል ትራንስፖርት አፕሬተር አማካኝነት እንዲፈጸሙ ያስችላቸዋል። ይህም ስርዓት በትራንዚት ትራንስፖርት ምክንያት የሚፈጠረውን አላስፈላጊ ወጪና የጊዜ ፍጆታን በእጅጉ ይቀንሳል። ከዚህም በላይ ከዚህ ቀደም በጂቡቲ ወደብ እቃ ቶሎ ባለመነሳቱ ይከፈል የነበረውን የወደብ ኪራይ ያስቀራል። በመልቲሞዳል ትራንስፖርት አሰራር የሆነ እንደሆነ እቃው ምንም ዓይነት የጉምሩክ ሰነድና ጂቡቲ ላይ ሳይፈጸምበት በቀጥታ ወደ ደረቅ ወደብ እንዲመጣ ይደረጋል። ይህም ወጪን ከመቆጠቡም በላይ የውጭ ምንዛሬንም ያድናል።

እነዚህ ከላይ የተዘረዘሩትንና ሌሎች የሚያሰገኛቸውን ጥቅሞችን በመረዳት የፌዴራል የትራንስፖርት ሚኒስቴር ከላይ ከተጠቀሰው ቀን ጀምሮ ለሙከራ ያህል የመንግስት ተቋማት የሚያስመጧቸው የኮንቴይነርና ተሽከርካሪ እቃዎች በመልቲሞዳል ትራንስፖርት እንዲዳጓዙ ሲያደርግ የቆየ ሲሆን በዚህ የሙከራ ግዜም መልቲሞዳል የታሰበውን ያህል ጥቅም ሊያስገኝ እንደሚችል ተረጋግጧል ። ይህም በመሆኑ የመልቲሞዳል ትራንስፖርት ወደተሟላ ትግበራ እንዲሸጋገር ለማድረግና አሰፈላጊውን የአሰራር ሥርዓት ተፈጻሚ እንዲሆን የትራንስፖርት ሚኒስቴር መመሪያ አውጥቷል።

በዚህ መመሪያ መሰረትም ከታህሳስ 22 ቀን 2004 ዓ.ም ጀምሮ የመንግስት ተቋማት የሚያስመጧቸው ጄኔራል ካርጎ ገቢ ዕቃዎች በሙሉ በመልቲሞዳል ትራንስፖርት ተጓዥተው መድረሻ ጣቢያቸው በአገር ውስጥ ደረቅ ወደቦችና የኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን ፈቃድ በሰጠባቸው የማከማቻ ሥፍራዎች እንዲስተናገዱ አዘዟል። በተመሳሳይ መልኩም ከብደታቸው ጓዶችና ከዚያ በታች የሆኑ ተሽከርካሪ ገቢ ዕቃዎች፣ የመንግስት ባንኮች የብድር ተጠቃሚ የሆኑ የግል አስመጪዎች የሚያስመጧቸው የኮንቴይነር እቃዎች በሙሉ በመልቲሞዳል ትራንስፖርት እንዲዳጓዙ በመመሪያ ወስኗል ።