

ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS AND ECONOMICS
MASTERS OF BUSINESS ADMINISTRATION PROGRAM

**EFFECT OF SERVICE DELIVERY PROCESS AND
SERVICE QUALITY
ON CUSTOMER SATISFACTION**

*(A CASE OF EEPKO, NORTH WESTERN REGION, BAHIR DAR TOWN
CUSTOMER SERVICE CENTERS)*

BY: AMAN ABDIE



JULY 2008
ADDIS ABABA

EFFECT OF SERVICE DELIVERY PROCESS AND SERVICE QUALITY ON CUSTOMER SATISFACTION

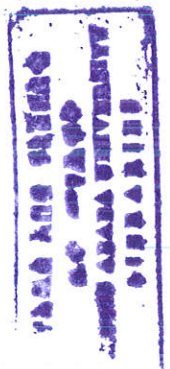
*(A CASE OF EEPCO, NORTH WESTERN REGION, BAHIR DAR TOWN
CUSTOMER SERVICE CENTERS)*

A project paper submitted to the School of Graduate Studies of Addis Ababa University in partial fulfillment of the requirements for the Degree of Masters of Business Administration

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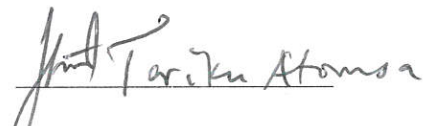
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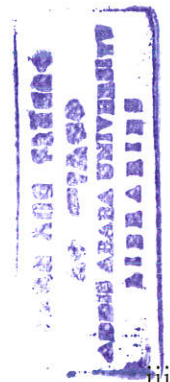


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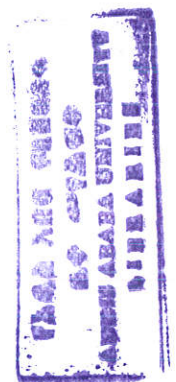
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ACRONYMS

- EEPCo – Ethiopian Electric power Corporation
- EFDR– Ethiopian Federal democratic Republic
- E.C. – Ethiopian Calendar
- n.d. – no date
- n.p. – no place of publication
- MBA – Master of Business Administration
- MPA – Master of Public Administration
- MW – Mega Watt
- PADM – Public Administration and Development Management



ABSTRACT

This paper is designed with the objective of assessing the effect of service delivery process and service quality on satisfaction of EEPCo customers in Bahir Dar town. Therefore, the sample is selected using cluster sampling technique. Moreover, stratified and simple random sampling techniques were used to select the specific representative sample which is 175 customers. Both primary and secondary data was used in the study. Questionnaire and interview were the tools used to gather information. Moreover, SPSS is used to analyze the data.

Relevant conceptual framework including customer satisfaction, service delivery process and service quality were summarized to have the theoretical background on the situation under study. In addition, some related works done in Ethiopia was summarized.

The research came up with the following findings: the effectiveness of the corporation's service delivery process and its service quality to satisfy the needs of its customers is below the average expectation of the customers. In general, the result also indicated that there is a positive relationship (correlation) between customer satisfaction and the two major elements of the study: service delivery process and service quality.

Finally, this study paper proposes undertaking a detailed study on each service delivery process for undertaking corrective actions, recruiting and training skillful employees, developing different payment mechanisms, involving other firms in the selling process of electric power, and using the today's technology in order to satisfy the needs of its customers as major recommendations to the corporation.

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the study

The survival of any business organization depends much on the satisfaction of its stakeholders. Customers, being the major and critical ones among those stakeholders, are the sources of profits for a profit making organizations and the primary reasons for being in operation for any non-for-profit organizations. Thus, customers are considered as the backbone of any organization. (Robert-Phelps, 2003)

However, often organizations fail to know the importance of their customers. As a policy some organizations give high value to their customers as valuable assets while doing their job. There is no doubt, thus, organizations should have an optimal marketing strategy which helps them to serve and maintain existing and new customers.

In today's environment, organizations are increasingly interested in retaining existing customers while targeting non-customers; measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace.

According to Kurtz and Clow (1998, p.52), "Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and service to service". The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviors such as return

and positive word of mouth. The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products.

In any organization, especially in service rendering firms, the key components of their function is providing quality services to their customers. Today's top level service providers are people oriented by using their employees and customers. Customer satisfaction happens when a company focuses on quality service. Customer satisfaction produces real rewards for the company in the form of customer loyalty and corporate image while lack of customer satisfaction produces real liabilities that business can ill afford to ignore. Customers go back to a business again and again because they know its quality, they know they can depend on the people there, and they know they will get consistent service which indicates they are satisfied with the activities of the organization. (Denton, 1998, p. 8 and p.14-15)

In addition, Service delivery process plays a greater role than the actual outcome in determining the overall satisfaction because service encounters (the period of time during which a consumer directly interacts with a service) is evaluated by customer and not just by the interaction with the service provider. There are many distinct "objects" in the service delivery system that may be evaluated along unique attribute dimensions to measure its impact on customer satisfaction. (Danaher, 1994, p. 5-16)

The national development strategies of Ethiopia recognize hydroelectric power as one of the critical and key drivers to bring about the required transformation in the country. Ethiopian Electric Power Corporation (EEPCo) is the sole public owned service provider for all kinds of

hydro electric power needs in Ethiopia. (EFDR Industrial Development Strategy Bulletin, Nehassie 1994 E.C., p.151-160)

EEPCo, which is responsible for the generation, transmission, distribution, and sale of electricity nation wide, has started improving the processes involved in its service delivery system to help the country achieve its poverty reduction. The corporation started decentralization and commercialization of its activities in 1997. And it has continued further decentralization and improvement of its service giving systems to cater for the needs of its customers in light of the national reform program. The basic objectives of the decentralization include maximization of the efficiency and effectiveness of the service delivery system of the corporation at a location that most suits the customers in a certain segment of the districts under scrutiny. (EEPCo special issues bulletin, Ginbot 1999 E.C. p. 33-34 and EEPCo [n.d.] p. 1-2)

EEPCo's customer service centers found in Bahir Dar are some of the results of decentralization process of the corporation, which are giving service to customers by using customer's service process. In connection with this, the researcher tried to assess the actual effect of service delivery processes and service quality on customer satisfaction by taking the North Western Region of EEPCo's customers in the customers service center's found in Bahir Dar town.

1.2. Statement of the Problem

Nowadays, public sectors play a major role as service rendering firms. One of the major factors that play vital role in the day to day activity of the people is electric power service. Unless this sector is organized and managed in a proper way in order to give quality service



effectively, it has its own negative impact on future success of the corporation, living condition of the people, as well as the development of the nation. EEPCo as a service provider faces various problems especially with rendering quality service by a well designed delivery system for its customers that favor customers' satisfaction. And hence, the researcher tried to study issues related with the following research questions:

- Is there any type of well designed service delivery process in the corporation?
- How does the service delivery processes affect the customer satisfaction?
- Is there any principle or standard (benchmark) of service quality in the corporation that guides the service delivery process?
- What is the effect of service quality on customer satisfaction?

1.3. Objective of the study

1.3.1. Main objective

The main purpose of this study is to examine the effect of service delivery process and Service quality on satisfaction of customers of Ethiopian Electric Power Corporation in Bahir Dar town for the last three years.

1.3.2. Specific objectives

- To examine the actual importance of service delivery process and quality service on customer satisfaction.
- To determine the effect of service delivery process and service quality on customer satisfaction.
- To asses the real situation on how EEPCo handles its customers.

- To understand the real situation on how EEPCo handles its customers.
- To propose possible solutions that may help the corporation in improving its service delivery process and service quality in the way that it will enable to achieve customers' satisfaction.

1.4. Significance of the Study

Customers' satisfaction plays significant role for the achievement of organizational objectives. Preliminary analysis of customers needs helps the organization in designing strategic planning. This study is believed to have the following importances:

- Enables EEPCo officials know customers' view of their service delivery process and service quality.
- EEPCo will get feedback about its customers' satisfaction level and help to take the necessary action.
- It draws attention to other public organizations in general and public enterprises in particular what will be expected from them to satisfy their customers.
- Enables those interested in this area to have an insight on theoretical understanding of the issue under discussion.

1.5. Scope of the Study

The study focuses on the analyzing customers' satisfaction of the two service centers of EEPCo in Bahir Dar town related with the service delivery process and service quality for the previous three years.



1.6. Limitations of the Study

The study had got the following limitations:

- The attitude of customers towards questionnaires had negatively affected the objectivity of the research. The responses they gave to the questions depend up on their perception and tried to rephrase questions in a way that suits their stance.
- The qualitative nature of most of the data, which is obtained from individuals' subjective feelings, posed a problem for this study. Hence, the outcome inferred from these data reduces its objectivity.
- Management members were busy and they were not fully willing to cooperate for the provision of complete information.
- The financial capability of the researcher and the time given to do the research were inadequate to obtain the desired information as it has to be.

Therefore, the combined effect of all these shortcomings had an impact on the objectivity and completeness of the research.

1.7. Research Methodology

1.7.1. Source of Data

Both primary and secondary data sources have been used. The information concerning the situation under study mainly collected from concerned management units and customers of EEPCo supported by analyzing documents and publications related to the matter.

1.7.2. Data collection Techniques

Questionnaire and interview were used to gather the primary data concerning the effect of service delivery process and service quality on EEPCo's customer satisfaction levels. More specifically, the structured questionnaire was distributed to the customers selected by using stratified and simple random sampling. Interview was also used for gathering information from the respective managers of each customer service centers.

1.7.3. Sampling Techniques and Sample Size

The population of this study is all customers of EEPCo in Bahir Dar town. Thus, study population includes customers of the two customer service centers in the town. The total number of customers in the town is 13717 (7738 in customer service center one and 5979 in customer service center two). Taking 5% of the total population as a sample is somewhat difficult because of the time and costs associated with it.

Based on bill payment period the total population in the two service centers is grouped into four categories. Thus, for the purpose of this study group one is randomly selected as a representative sample population.

Groups	Service center one		Service center two		Total customers	Bill payment time for a month
	Representative area	number of customers	Representative area	number of customers		
Group 1	Kebele 3 and 4	1942	Kebele 11	1521	3463	25 th -30 th of the month
Group 2	Kebele 14 &15	2215	Kebele 5and 6	1844	4059	1 st - 5 th of the next month
Group 3	Kebele 16	1759	Kebele 7and 17	1336	3095	6 th - 10 th of the next month
Group 4	Kebele 8, 9 & 10	1822	Kebele 1 and 2	1278	3100	11 th -15 th of the next month

Source: Service Center of EEPCo in Bahir Dar

Since there are three categories of customers, according to their tariff and usage of electric power, stratified and simple random sampling techniques were used to select members of the sample in the sample population. Thus the total size of the sample was determined by taking 5% of the sample population (group 1). The total number of the sample size was 175 customers.

<i>Group 1</i>				
<i>Customers based on tariff</i>	<i>Customer service center</i>			
	<i>Number one</i>		<i>Number two</i>	
	<i>Customer</i>	<i>Sample (5%)</i>	<i>Customer</i>	<i>Sample (5%)</i>
<i>Domestic</i>	1612	81	1264	63
<i>General</i>	273	14	195	10
<i>Industry</i>	57	3	61	4
<i>Total</i>	1942	98	1521	77

In addition, managers/officials in the customer service centers were interviewed to get the required information.

1.7.4. Analysis of Data

The analysis has been handled in a way that each element/issue included in the study is addressed. The statistical description of the responses was presented in relation to the questions raised. Both qualitative and quantitative descriptions were applied. To this end, Statistical Package for Social Science (SPSS) was the basic tool used to obtain tables, charts and percentages.

1.8. Organization of the Paper

The research paper has four chapters. The first chapter deals with research preliminaries including background, statement of the problem, objectives, scope of the study, methodology used and outline of the paper.

In the second chapter, conceptual frame work of the study and review of related works are presented in a detailed manner. In the third chapter, facts and figures obtained from both primary and secondary sources were analyzed with the help of statistical tools. The outcomes are mean, correlation and percentages which are presented using charts, figures and tables according to their suitability to present the report.

Based on the findings in the third chapter, conclusion and possible recommendations to solve the problems under study were forwarded in the fourth chapter.



CHAPTER TWO

2. LITERATURE REVIEW

2.1. Conceptual Framework

2.1.1. Customer satisfaction

It's a well known fact that no business can exist without customers. In the service business it is important to work closely with customers to make sure that the service delivery process and service quality a company provides for them is as close to their requirements as the company can manage. Consumers have invested their time and sought services from a company because they believe that the company can satisfy their desires. Therefore a business has to know what a customer feels about its service delivery procedure and quality. i.e. it has to undertake a customer satisfaction survey. Because their opinions concerning how they feel and how your services could be improved or developed are valuable. (Roberts-Phelps, 2003, p.36)

There are a variety of definitions given for customer satisfaction/dissatisfaction by different authors. Among this:

Wikipedia, the free encyclopedia defines Customer satisfaction as “a measure of how products and services supplied by a company meet or surpass customer expectation”. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. (<http://en.wikipedia.org>)

The most common definition as discussed by Hoffman and Batson (2001, p.298) is that “customer satisfaction or dissatisfaction is a comparison of customer expectations with perceptions regarding the actual service encounter”.

Customer satisfaction depends on the extent to which customer’s expectations about the product or service are fulfilled. Customers’ expectations are not static but keep changing. Therefore, organizations need to monitor customer expectations on a continuous basis through innovative actions to respond meaningfully to changes about customer’s expectation. (Kotler and Armstrong, 2007)

2.1.1.1. A Customer Service Satisfaction Model

According to Robert-Phelps (2003, p.40-54), there is a satisfaction model that works when it comes to customer service. According to the model, customers contact a service provider only for two things:

1. They need a solution to a problem
2. They want to feel in some way ‘special’.

Looking at the first, wherever you are in any type of business, you are providing a physical or psychological solution to customer’s problem. Very often the only time that customers contact an organization is when they have a problem with something they have purchased. Obviously these needs should be put right and the better that they are put right, the more satisfied the customer is going to be.

The second element of the model is that each and every single customer has to feel in some way special (superior in comparison to others of the same kind). There are seven most

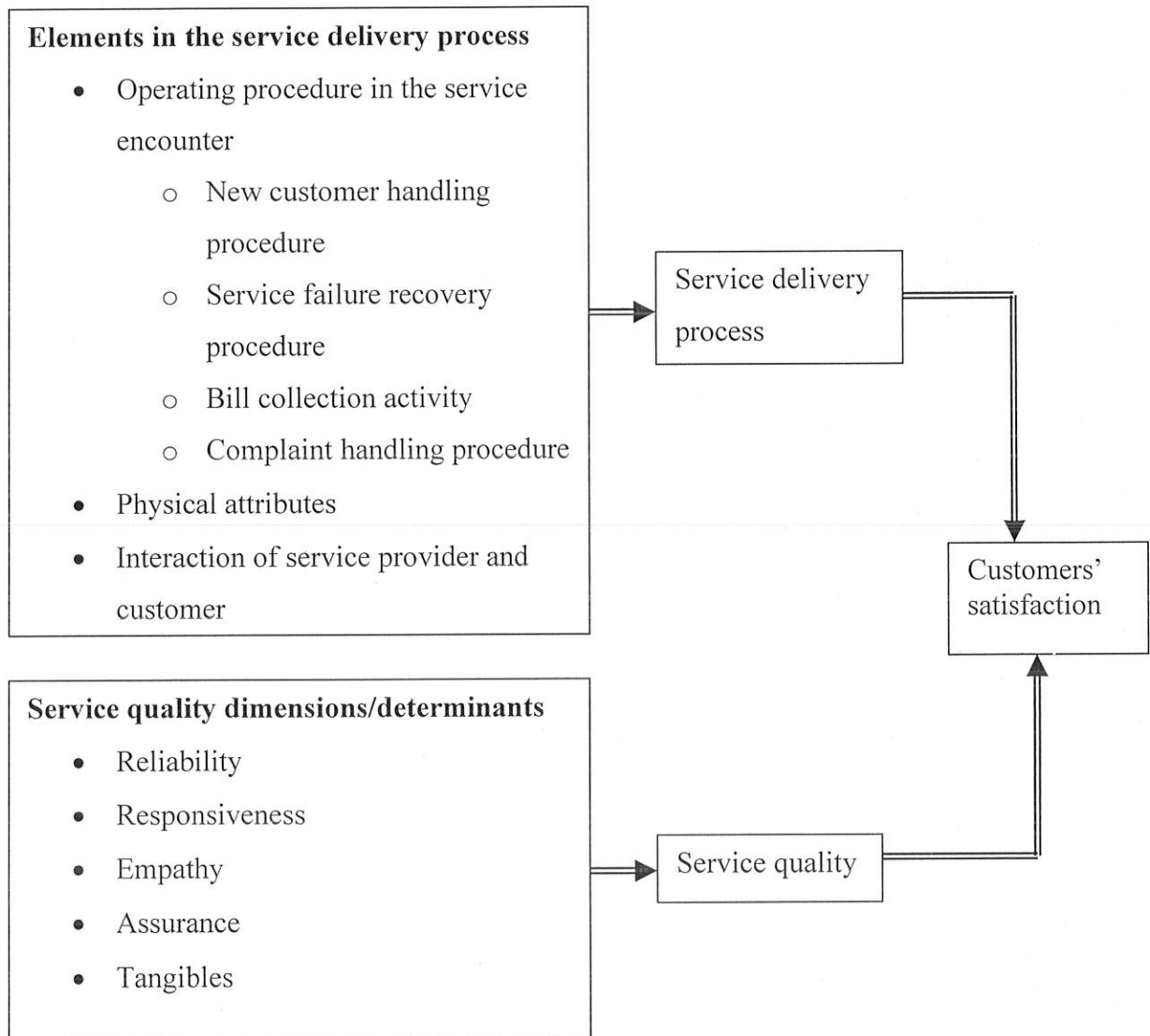
important elements in making a customer feel special, over and above solving their initial problem or basic concern. These are:

1. *Speed and time* – are very important factors to many customers to measure a company's ability to satisfy their needs. Thus, the company has to deliver its core service as fast as possible and manage every single interaction with the customer in the process of delivering its service. By doing so, the company can offer higher satisfaction to its customers.
2. *Personal interaction with a customer* – a company that has a great ability to go through its entire organization to identify opportunities and then deliver it to the customer in a way that lead customers feel unique for the company enable the company to satisfy its customer. This can be done using personal interaction that needs a lot of training employees on how to treat and deal with customers.
3. *Expectations* – the ability to manage customers' needs and wants through systematic and consistent way by exceeding their expectations is distinguishing mark of a successful business.
4. *Courtesy and competence* – whoever serves the customer in a business has to do things and do them well (competence) with an enthusiastic manner (courtesy). This enables a business to keep customer for life.
5. *Information and keeping the customer informed* – informing customers with what ever information the company have related with them is the simplest way to keep customers feel special and make them feel important to you and your organization. Doing this, a firm can maintain its customer's loyalty by satisfying their information and transparency need.

6. *Attitude and customer liaison* – developing a good feeling with smooth interaction is the other means of encouraging customers to feel they are the most important ones for your company. Most successful business has an employee who will contact customers on behalf of it to initiate a good feeling about the service delivery of a company.
7. *Long term relationships* – a customer will feel special if the organization that they have dealt with once or just a few times will actually reward, recognize and encourage their loyalty.

When put together each one of these seven elements will accelerate customer satisfaction beyond even their internal and unexpressed dreams. If a business begins to implement ideas based on these seven elements and make them a constant focus of attention, it will become correctly more customer focused and its customers will become increasingly more satisfied and loyal.

Relation ship between service delivery process and service quality with customer satisfaction



Source: Hoffman and Batson, 2001

2.1.2. Service Delivery Process

2.1.2.1. Service Encounter (Moment of Truth)

A service encounter is a period of time during which a consumer directly interacts with a service. It is 'any episode when a customer comes into contact with any aspect of a business and, on the basis of that contact, forms an opinion about the quality of the service and the

quality of the product's (Robert-Phelps, 2003, p.56). It is the actual interaction point between the customer and the service provider. Controlling and enhancing the service encounter is a critically important task because the service is performed or provided to the customer at this point. Since service encounters are the consumer's main source of information for conclusions regarding quality and service differentiation that will influence their state of satisfaction, marketer can afford to leave the service encounter to chance. (G. Lynn Shostack, 1985 cited by Payne et.al.1995, p185-194)

A service neither appears nor operates by magic. Consistently excellent encounter quality is a function of hard work. This is management's responsibility and obligation; a responsibility that cannot be delegated. With rational through planning, service encounters can be everything management wishes them to be. When the service design is right and the customer input is actively controlled, positive encounters are the natural result. As discussed by Shostack G.L (1985, cited by Payne et.al.1995, p185-1987), Service encounters have several characteristics that require a manager's efforts to plan and control the quality of the interaction experienced by the customer. This includes:

- First, a service encounter can take a number of forms, but is always experienced through one or; more of the five senses.
- Second, a service encounter may or may not expose the consumer to the total service. Moreover, the service encounter itself is only one part of any service. From such encounter, the consumer attempts to make conclusion on the nature of the unencountered parts.
- Third, service encounters may or may not occur at point of purchase. Often, services are purchased first and encountered latter.



- Fourth, a service encounter may or may not involve other human beings. We often think of service encounters as person-to-person interactions. Many service, however, are not rendered personally.

According to Robert-Phelps (2003, p.56), there are four basic elements in the customer interaction cycle (service encounter). This are:

1. *Receiving* – most of the time customers know within the first few contacts with a company, whether they are glad by the contact and whether they will be provided with good service. These first impressions frequently depend on how customers are received.
2. *Understanding* – is the most difficult stage in the interaction cycle where service providers have to know completely what the customer is saying. A service provider who focuses on the customer at this stage concentrates on everything the customer is saying and responds in a way that shows appreciation of, and concern for, the customer's feelings and needs.
3. *Helping* – is stage in the interaction cycle where by service providers and the customer will discuss various options that will solve the customer's need or enquiry.
4. *Keeping* – the final stage in the customer interaction cycle is keeping the customer informed and satisfied. Customers vividly remember first and last impressions. The skills required to do so includes: check for satisfaction, thank them for their time, bridge to other aspects and follow up.

2.1.2.2. Service Failure and Recovery

2.1.2.2.1. Service Failure

Despite any best efforts of service firms, service failures are inevitable. Service failures are instances where a service is either not performed or is performed poorly. In terms of satisfaction states, service failures are the instances when customers leave a service angry or dissatisfied. In both situations, the service performance is below the adequate expectation level of the customer. Developing an indifferent attitude or accepting service failures as a part of everyday business can be "the kiss of death". The secrets to success are to take a proactive stance to reduce the recovery tools to repair the service experience when failures do occur. (Kurtz and Clow, 1998, p. 399)

As Hoffman and Bateson (2001, p. 35) discussed, the reasons failures are inherent events in the service encounter are directly related to the unique characteristics that distinguish services from goods. These are:

- All customers are not going to be satisfied because their comparison of perceptions to expectations is highly subjective evaluation due to intangibility nature of service.
- Variation in the service delivery process occurs and every service encounter may not be identical because of heterogeneity in the nature of service.
- Supply and demand match are accident in service because of the perishability nature of service. Hence, service customers will experience delays from time to time, and service workers will occasionally lose their patience while attempting to satisfy the unlimited needs of anxious customers.



- Finally, series of unfavorable failure possibilities may exist because inseparability nature of service places the service provider face to face with the customer.

Service failures do not automatically result in firm switching behavior and negative word of mouth communication. Customers can be recovered. The manner in which post service failures are handled will have a greater impact on future purchase behavior than the level of dissatisfaction of the original service experience. Firms have a second chance for making things right with the customer.

2.1.2.2.2. Service Recovery

The art of service recovery is an important forgotten management tool complainers provide the firm with an opportunity to recover from the service failure (services provided incorrectly the first time). (Hoffman and Bateson, 2001, p. 364)

A strong service recovery process can produce positive results and overcome most service failures. Successful recovery reduces the negative impact of the original poor or failed service for three reasons (Kurtz and Clow, 1998, p.400):

- through post service communications with the firm, customers come to believe that the service provider is fair because they admitted making a mistake or they offered the customer some type of restitution.
- a good service recovery process takes away all of the negative consequences of a service failure such as loss of time or money.
- the service recovery process will normally cause consumers to alter their attributions as to the cause of the service failure.

However, if the problem cannot be corrected at the time it is discovered, then customers need to be kept informed because customer needs to be kept up to date on the progress that is made. Giving the same employee to deal with the customer through the whole service recovery process will increase the chances of a positive outcome.

2.1.2.3. Complaint Handling

According to Hoffman and Bateson (2001, p.362-363), Complaining is defined as “expressing discontent, dissatisfaction, protest, resentments or regret.” Complain occurs because:

- The complainer wants undesirable state to be corrected
- Complaints provide people with the mechanism for venting their feelings
- Complaining serves as a mechanism for the complainer’s desire to regain some measure of control
- To solicit sympathy and test for consensus of the complaint

Thus a firm has to develop a complaint handling system that will lead customers to obtain satisfaction in the firms’ activity. An acceptable complaints procedure will consist of three fundamental elements (<http://www.cimaglobal.com>, April 21, 2008):

1. *A policy statement:* The Policy Statement should be for both internal guidance and public display. It should be a clear recognition that mistakes may occur and that the practice will welcome clients drawing such matters to the attention of the appropriate practice member. The statement should make clients aware that they have a right to raise such issues and to expect a balanced and, if necessary, independent assessment of their complaint.

2. *A complaint record form*: An appropriate complaints record should be completed in the first instance and should include the:
- name of your practice so as to allow for notification to other bodies
 - name of the client making the complaint
 - date of complaint, and date of notification (if different)
 - Description of complaint
 - Name of the person in your practice dealing with the complaint.
3. *Appropriate training for all staff and partners*: Awareness training in recognizing the client's right to high quality service is an essential feature of good practice. To do so, discussing the correct handling of client queries and complaints is an important part of practice management and will enhance the confidence of both staff and partners in maintaining a productive working relationship with all clients.

2.1.3. Service Quality

The term has different meaning in different fields. In marketing, service quality means understanding the customer's needs and identifying ways to meet or exceed them. Or it is the difference between the customer's perception and expectations of service and focus groups. In operations, service quality is defined as conformance to operating specifications. (Harker, P.T. (ed.), 1995, p. 311 – 312)

The most common definition of service quality is:

“It is a measure of how well the service level delivered matches customer's expectations. Delivering quality service means conforming to customers expectations on a consistent basis. ” (Lewis and Booms, 1983)

For full understanding of service quality three well documented characteristics of services – intangibility, heterogeneity, and inseparability - must be acknowledged because knowledge of goods quality alone is not sufficient to know and understand what service quality is. (Parasuraman et.al. (1985), cited by Payne et.al.1995, p. 196)

First, most services are intangible. Clear and short manufacturing specification concerning uniform quality cannot be set for service because they are performances, not objects, which depend up on the situation. It is hard and difficult for a firm to understand and know how consumers perceive their services and evaluate quality because of intangibility nature of service.

Second, services, especially those with highly labor intensive, are heterogeneous: their performance often varies from producer to producer, from customer to customer, and from day to day. Consistency of behavior from service personnel (i.e. uniform quality) is difficult to assure because what the firm intends to deliver may be entirely different from what the consumer receives.

Third, production and consumption of many services are inseparable. As a result, quality occurs during service delivery, usually in the interaction between the client and the contact person of the service firm. The service firm may also have less managerial control over quality in services where consumers' participation is intense because the customer affects the process.

However, Examination of writings and literature on service suggests three underlying themes:

- Service quality is more difficult for the consumer to evaluate than goods quality.



- Service quality perceptions result from a comparison of consumers' expectation with actual service performance.
- Quality evaluations are not made solely on the outcome of a service; they also involve evaluations of the process of service deliver. (Parasuraman, et.al. 1985, cited by Payne et.al.1995, p196-1997)

2.1.3.1. Dimension/Determinants of Service Quality

Satisfaction with service quality depends on a large number of dimensions - both tangible and intangible attributes of the product-service offered. Parasuraman et al. (1985, cited by Hoffman and Bateson, 2001, p. 334-338), discussed that service quality may be seen as having the following comprehensive dimension or determinants:

- ***Tangible dimension:*** Consumers often considers on the tangible evidence that surrounds the service in forming evaluations because of the absence of a physical product in the delivering firms. A firm's tangibles consists of the service provider physical facilities, their equipment and the appearance of the firms personnel. Thus this dimension is two dimensional – one focusing on equipment and facilities, the other focusing on personnel and communication materials.
- ***Reliability dimension:*** it is the ability of the service firm to perform the service promised dependably and accurately. Consumers perceive the reliability dimension to be the most important of the five quality dimensions because it deals with providing the same level of service time after time, uniform quality in each encounter, keeping promises, bill accurately, keep accurate records, and perform the service correctly the

first time. Consequently, failure to provide reliable service leads customers to dissatisfaction that finally translates into firm's failure.

- **Responsiveness dimension:** it is the willingness of the firm's staff to help customers and to provide them with prompt service. It reflects a service firm's commitment to provide its services in a timely manner. As such, this dimension concerns the willingness and/or readiness of employees and the preparedness of the firm to provide a service to satisfy the needs and wants of customers. Ignoring the needs of the customers indicates the unresponsiveness nature of both the employees and the firm. This leads customers to dissatisfaction on this dimension of quality.
- **Assurance dimension:** it refers to the knowledge and courtesy of the company's employees and their ability to inspire trust and confidence in the customer toward the service provider. It addresses the competence (the firm's knowledge and skill in performing its service) of the firm, the courtesy (politeness, friendliness, and consideration for the customer's property) it extends to its customers, and the security (customer's feelings that he or she is free from danger, risk, and doubt) of its operations. If there is any problem in the factors of this dimension, customers will feel ignored. Therefore, a company has to have competence, courtesy and security to its customers during their interaction with the firm.
- **Empathy dimension:** empathy is the ability to experience another's feelings as one's own. It is the caring, individualized attention the service firm provides each customer. Empathetic firms keep customers through understanding customers' needs, making their services accessible to customers and arranging operating hours convenient to the customers. This enables such firms to create satisfaction of their customers.



2.2. Review of Related Works

There are three research works done related with this study. The titles with their objectives and major findings are discussed below to have an insight about these studies.

The first work is PADM senior essay done by Eskinder Nigussie (July 2007) entitled as “the effect of public sectors’ service quality on customer satisfaction: the case of Ethiopian Telecommunication Corporation.” The main objective of the study is to examine and give a clear picture of the improved customer service with the following specifics:

- To show the actual importance and effect of quality service on customer satisfaction in Ethiopian Telecommunication Corporation
- To asses and understand the real situation on how Ethiopian Telecommunication Corporation handles its customers.

With these objectives in mind he got that the service provided by the corporation has improved a little in the past one year but did not led customers to satisfaction due to physical infrastructures problems, inability to handle customer complaints in service sections and poor quality of internet service.

The second work is entitled as “Impact of customer service on customer satisfaction and loyalty: a study of insurance companies in Ethiopia” by Yikunoamlak Hailu (June 2004). The main objective of this work is to explore the practices and efforts undertaken by insurance companies in Ethiopia in enhancing customer satisfaction and improving the retention level. And also he had an objective of scrutinizing customers’ satisfaction with the organizations

customers handling methods and their intent to switch to other providers of the service. The major findings of this work states that

- Maintaining good relationship with customers (the way customers are handled)
- Proper complaint handling and efficient service failure recovery procedures
- Having adequate staff with competence in a convenience office location and office layout,

are very important factors for customer satisfaction and retention. However most of these factors are not well managed in the insurance companies. This fact led most of the customers to be dissatisfied in the customer services of their service provider.

The final work taken as similar work is “service delivery and customer satisfaction in selected hospitals: case of Black Lion, Dagmawi Menilik and Bethezata Hospital” by Biruk G/Michael (July 2007). The major objective of this study is to identify the problem of service delivery and examine the level of customer satisfaction with the following specific aims:

- To asses the availability of facilitating environment
- To asses the attitude of employees towards their clients/job.
- To measure the level of satisfaction of customers with the prevailing service delivery system.

The major finding of this work is that the majority of respondents are not satisfied with almost all of the service delivery system of all the organizations under study.

Similarly, this study tried to asses the effect of both service delivery process and service quality on customer satisfaction to add some theoretical knowledge and practices in this area.

CHAPTER THREE

3. DATA PRESENTATION AND ANALYSIS

In this part of the paper, attempt is made to present the practically observed facts about the effect of service delivery process and service quality on customer satisfaction from customers' and management response collected by using tools mentioned in chapter one. In addition to this, a brief historical background of establishment, vision, mission, goals and some other facts about the corporation are presented.

3.1. Background of Ethiopia Electric Power Corporation¹

3.1.1. Historical information

Electric power was introduced to Ethiopian in the late 19th century during the regime of Minilik. In addition to the use of generators (1898), Minilik got constructed the first Hydro Power Plant on Akaki River in the year 1912 in order to supply power to small factories that had been established in Addis Ababa.

However, the effort of the government to extend the power supply to the public was hindered by the Italian invasion of Ethiopia in the years 1936. During this temporary occupation, the Italian company called Coneil overtook the generation and distribution of electric power. The company installed generators at different places and extended the power supply to the then major towns.

¹ Ethiopian Electric power Corporation (Ginbot 1999 E.C.) 50th Golden Jubilee: *Special issue*. Addis Ababa: Ethiopian Electric Power Corporation public Relations.

to engage in the business of producing, transmitting, distributing and selling electrical energy (in accordance with economic and social development policies and priorities of the government) and to carry on any other related activities that would enable it achieve its purpose. At the time of establishment (1997), the authorized capital of the corporation was 6.1 billion Birr. Currently, the total generation installed electricity production capacity of the corporation is about 814.14 MW and the number of customer is about 1.1 million.

3.1.2 EEPCo's Vision, Mission and Goals

EEPCo's vision - to be a center of excellence in providing quality electric service at every one's door and being competitive export industry.

EEPCo's Mission - to provide adequate and quality electric generation, transmission, distribution, and sales services, through continuous improvement of utility management practices responsive to the socio-economic development and environmental protection need of the public.

EEPCo's Goal - In order to provide quality service delivery, EEPCo has formulated clear goals that would enable it to satisfy the customers need and play its role on the power market.

The corporation has put six strategic corporate goals. These are:

- To bring institutional change by implementing the capacity building program.
- To increase the generation capacity to ensure adequate and reliable power supply by implementing the generation program.
- To have reliable transmission network to transmit the power produced from power plants to consumers by implementing the power transmission program.

- To ensure quality and reliable power distribution to consumers by implementing the power distribution program.
- To increase the electricity supply coverage and access by implementing the customer service program and Universal Electricity Access Program.
- To enhance the financial capacity of the corporation by executing all scheduled projects within specified budget and time.

3.1.3 Service centers in Bahir Dar town

It is the result of the decentralization and commercialization of activities in 1997 E.C. by the corporation to improve its service giving systems for catering the need of its customers in light of the national reform program.

These service centers were bestowed with performing the following functions:

1. Customer service center

- plans, organizes, directs and controls the customer service center activities
- handles customer requests related to new connections, disconnections and reconnection and relocation
- handles customer complaints
- manages meter reading activities
- organizes customers' records
- corrects bill errors (single phase)

2. Reception, sales, billing and collection arm

- handles customers' request related to new connection, disconnection, reconnection, relocation of meters, improvement of KWH-meter, etc

- determines whether or not an applicant is eligible for new connection
- receives various payments and sells bills to customers other than invoice customers
- examines status of individual's bills settlement conditions and discontinues the provision of service to customers that are not in line with the regulation of the organization
- prepares daily collection statements
- deposit the daily collection in banks
- handles meter reading activities

3. Technical arm

- Handles new connection activities
- Prepares bill of quantity and estimate costs
- Implements expansion of electricity infrastructures to new settlement areas
- Upgrades KWH – meters and relocates poles and networks
- Relocate KWH

3.2 Assessment of the Effect of Service Delivery Process and Service Quality on Customers' Satisfaction

In this section, the practically obtained facts are presented and interpreted. The information obtained from the sample population involved in the survey study is the framework of treatment for studying the effect of service delivery process and service quality on satisfaction of EEPCo's customers in Bahir Dar town. The information gathered from employees has two basic divisions. While the first part asked general facts about the customer, the next part point out the specific responses related with the title under study.

3.2.1 General Bio-Data of the Respondents

A total of 175 questionnaires (i.e. 5% of the total customers of group 1 of the corporation in Bahir Dar town) were distributed. Out of which, 162 (as it can be seen from Table 3.1) were filled and returned. This indicates that 92.6% of the questionnaire is returned.

Table 3.1: Customer type based on tariff

			Respondents		Total
			Service Center Number		
			One	Two	
Customer Type	domestic	Count	74	57	131
		% of Total	45.7%	35.2%	80.9%
Based on Tariff	general	Count	14	10	24
		% of Total	8.6%	6.2%	14.8%
	industry	Count	3	4	7
		% of Total	1.9%	2.5%	4.3%
Total		Count	91	71	162
		% of Total	56.2%	43.8%	100.0%

Source: Primary data generated for the study from questionnaire

As it can be seen in Table 3.2, sample population of the study comprises of 63.6% male and 36.4% female. Out of these, 36.4% of them are within the age range of 20-30 years old, 38.3% of them are between 31-40 years old, and 20.4% of them are between 41-50 years old, while the rest of them are found to be above 50 years old.

Concerning the educational level of respondents, only 15.4% of them are below grade 12, 29.6% of them are grade 12 complete, 30.2% of them are diploma holders. Moreover, 22.8% and 1.1% have got their first degree and above first degree in higher institutions, respectively.

Table 3.2: Respondents Sex, Age, Educational level and duration of being customer

Item		Frequency	Percent	Cumulative Percent
Sex	male	103	63.6	63.6
	female	59	36.4	100.0
	Total	162	100.0	
Age	20-30	59	36.4	36.4
	31-40	62	38.3	74.7
	41-50	33	20.4	95.1
	above 50	8	4.9	100.0
	Total	162	100.0	
Educational level	below 12 grade	25	15.4	15.4
	12 grade complete	48	29.6	45.1
	diploma	49	30.2	75.3
	first degree	37	22.8	98.1
	above first degree	3	1.9	100.0
	Total	162	100.0	
Duration of being a customer	below one year	18	11.1	11.1
	1-3 year	31	19.1	30.2
	4-6 year	36	22.2	52.5
	above 6 years	77	47.5	100.0
	Total	162	100.0	

Source: Primary data generated for the study from questionnaire

On the other hand, with regard to the respondents' duration of being customer, 11.1% of the customers have less than 1 years of service, 19.1% of them are with in the range of 1 to 3 years, and 22.2% of them are with in the range of 4 to 6 years. The majority of them (47.5%) are with in the range of above 6 years.

The information in item 3 and item 4 of Table 3.2 indicate that the majority of the respondents have got a chance of completing secondary school and they are customer for more than one year. Thus, the larger numbers of these respondents are expected to have a lot of knowledge and information about the effect of service delivery process and service quality on their satisfaction.

3.2.2 Customers' Response Related With the Effect of Service Delivery Process and Service Quality on Their Satisfaction

In this particular section of the paper, the information's related with the study is presented and analyzed in a very detailed way. For convenience purpose it is possible to categorize the presentation and the analysis in to three major dimensions: general information related with the relationship between the corporation and the customers, effect of service delivery process on customer satisfaction and effect of service quality on customer satisfaction.

3.2.2.1 General Information Related With the Relationship between the Customers and the Corporation

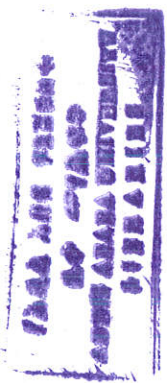
As it was discussed in the literature part, customers go to any business only when they have a problem to be solved. Therefore, customers were asked the purpose of going to the corporation, to rate the standard of service of the corporation over the last three years, and to provide their opinion on the importance of effective service delivery process and service quality to customer satisfaction. The response is presented on the following paragraphs as follows:

Table 3.3: Purpose of Visit of the Corporation

Item	Purpose	Frequency	Percent
1	To Pay Bill	146	90.1
2	To Ask New Connection	21	13.0
3	To Ask Maintenance Service	23	14.2
4	For Administration Purpose	12	7.4
	Total	162*	100.0*

* The sum is greater than 162 and 100% because some of the respondents have gone to the corporation for more than one purpose.

Source: Primary data generated for the study from questionnaire



As Table 3.3 indicates, the majority (90.1%) of the respondents visited the corporation to pay bill followed by 14.2% to ask maintenance service, 13% to ask for new connection and the rest of them visited for administration purpose. This indicates that most of the time customers' of the corporation go to the corporation to pay bill for the service in addition to asking new connection, maintenance and other administration purposes.

Table 3.4: Respondents' Rating of the service standard provided over the past three years

	Valid					Total
	do not know	deteriorated	have not changed	have improved a little	have improved tremendously	
Frequency	18	17	50	66	11	162
Percent	11.1	10.5	30.9	40.7	6.8	100.0
Cumulative Percent	11.1	21.6	52.5	93.2	100.0	

Source: Primary data generated for the study from questionnaire

Customers were asked to rate the standard of service provided by the corporation over the last three years. They gave different rating for the service standard provided in the past three years due to the intangibility and heterogeneity nature of the service. Even if 30.9%, 10.5% and 11.1% of the respondents said that there was no change, deteriorated and do not know, respectively, substantial portion of the respondents said that there is a little (40.7%) and tremendous (6.8%) improvement on the service. From these we can say that the corporation is in transition period where by it is undertaking some improvements on the service delivery process that can satisfy some portion of its customer. This fact is also supported by the response of officials as they said that the corporation is trying to implement business process reengineering which was the result of quick wins used in the previous times².

² Source - Interview made with the officials of the corporation in the study area

Table 3.5: Opinion of respondents' on the importance of service delivery process and service quality to their satisfaction

	Valid			Total
	extremely important	important	fairly important	
Frequency	149	5	8	162
Percent	92.0	3.1	4.9	100.0
Cumulative Percent	92.0	95.1	100.0	

Source: Primary data generated for the study from questionnaire

Customers were asked to provide their perception on the importance of service delivery process and service quality to their satisfaction. The data in Table 3.5 shows the majority (92%) of the respondents believes that having effective service delivery process and service quality are extremely important for creating customer satisfaction. In addition to this, 3.1% and 4.9% said that it is important and fairly important, respectively. These indicate that customers have a great need and desire for having satisfaction that emanates from effective and well designed service delivery system that can provide quality service.

3.2.2.2 Customers Response on the Effect of Service Delivery Process on Their Satisfaction

In this part customers were asked to rate the ability of the corporation in performing new customer handling procedure, service failure and recovery procedure, bill collection activity, complaint handling procedure, and climate and culture available in the corporation. The response and its analysis are presented as follows:

Table 3.6: Customers' Response on the Availability of Service Delivery Procedure in getting the Required Service

	Frequency	Percent	Cumulative Percent
yes	121	74.7	74.7
no	41	25.3	100.0
Total	162	100.0	

Source: Primary data generated for the study from questionnaire

As it is indicated in Table 3.6, even if the majority (74.7%) of the respondents were aware of the availability of service delivery procedure that they have to follow in order to obtain the required service from the corporation, substantial percent (25.3%) of the customers did not know it. This indicates that the corporation in some way was not using procedures to provide service for its customers. The interview made with officials showed that there is customer service policy and procedure that employees and customers have to use. However, the officials also indicated that this service delivery policy and procedure are not equally known by all employees in the corporation due to the fact that most of them who have direct contact with the employees are not educated.

A. Customers' Response on New Customer Handling Service Procedure

According to Robert-Pheleps (2001), most customers evaluate a company's performance based on the facts that customers see in the customer interaction cycle: receiving, understanding, helping and keeping. And hence, a company's ability to provide satisfaction to customers will be perceived in the first contact. To see what is happening in the corporation related with handling the first contact with customers, customers were asked to rate their feeling on the companies new customer handling activities.

Even if officials of the corporation rated the capability of their offices in providing easy access for service, payments mechanism and installation service as performing smartly and in an excellent manner, customers' (as it is shown in Table 3.7) rated the activities of the corporation in new customer handling procedure below expected average mean (i.e. 3).

Looking each item in the table indicates that the worst activities which has given a lowest mean includes time required for getting installation service after payment (2.39), cooperation and treatment of technical staff (2.48), cooperation and treatment of front line workers (2.66) are the ones in their respective order. These facts indicate that the corporation has a great problem in providing installation service which is supported by poor treatment and cooperation of technical staff who are responsible for undertaking the installation service followed by poor impression creation by front line workers.

Table 3.7: Customers' Response on the Effect of New customer Handling service Procedure on Satisfaction

1=Strongly Dissatisfactory to 5=Strongly Satisfactory

		N	Minimum	Maximum	Mean	Std. Deviation
1	Time Required for Asking and Filling New Connection Form	159	1	5	2.74	1.032
2	Time Required and Payment Procedure After Request	160	1	5	2.89	1.019
3	Cooperation and Treatment of Front Line Workers	160	1	5	2.66	1.122
4	Time Required for Getting Installation Service After Payment	160	1	5	2.39	1.133
5	Cooperation and Treatment of Technical Staff	160	1	5	2.48	1.176
6	Cooperation and Treatment of Support Staff	161	1	5	2.76	1.122
	<i>New Customer Handling Procedure</i>				2.65	0.775

Source: Primary data generated for the study from questionnaire

Even if the time required and payment procedure after new connection line request is better than the others with a mean of 2.89, it is not fulfilling the interest of the average respondents. The time required for asking and filling new connection form, and cooperation and treatment of support staff have a positive outcome as compared to the previous three items, however, they are not also able to pass the average mean (i.e. 3). These also indicate that the corporation has a problem on giving its service quickly as desired by the customers surrounded with poor

treatment of support staff.

Generally, responses of customers indicate that employees of the corporation in the front line, technical staff and support staff positions lack the skills necessary for treating and cooperating with customers. In addition, the data indicates the prevalence of problems in the corporation for providing service at the desired speed by its customers. Thus it is possible to say that the corporation is weak in providing new customer handling service (with a mean value of 2.65 with possible deviation of 0.775) that will lead customers' to satisfaction.

The availability of relationship between each item in the new customer handling service procedure and overall customers' satisfaction can be further clarified by calculating the correlation among these factors. This is indicated in Table 3.8 below.

Table 3.8: Correlation of Over All Customer Satisfaction with New Customer Handling Service Procedure

	1	2	3	4	5	6	7
1 Time Required for Asking and Filling New Connection Form							
2 Time Required and Payment Procedure After Request	.556(**)						
3 Cooperation and Treatment Of Front Line Workers	.496(**)	.502(**)					
4 Time Required for Getting Installation Service After Payment	.200(*)	.358(**)	.452(**)				
5 Cooperation and Treatment Of Technical Staff	.223(**)	.254(**)	.426(**)	.528(**)			
6 Cooperation and Treatment Of Support Staff	.353(**)	.304(**)	.481(**)	.324(**)	.367(**)		
7 Overall Satisfaction on Service Delivery Procedure	.202(*)	.216(**)	.177(*)	.460(**)	.309(**)	.276(**)	
Sig. (2-tailed)	.011	.006	.025	.000	.000	.000	

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

* Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data generated for the study from questionnaire

As the table shows, all activities in new customer handling procedure have a positive relationship with overall satisfaction. As the performance of the corporation is increasing in all

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activities related with this new customer handling service procedure, the over all satisfaction of customers also increases. From this we can conclude that for the corporation to create satisfaction it has to give attention for the new customer handling procedure because it is the starting point customers perceive the service of the corporation.

B. Customers' Response on Service Failure and Recovery procedure

As discussed by Kurtz and Clow (1998), Service failure exists if there is any service activity. In other words, if there is a service, failure is an inescapable part of it. However, the most important issue is not on the availability of the service failure, but on the ability of the firm to solve problems created with that failure. The way in which these failures will be handled has a great impact not only on satisfaction but also on future purchase behavior of customers from that company. Those firms who can recover their service failure in the proper and timely manner can create satisfaction to their customers.

To look how the corporation is doing with service failure and recovery procedure and its impact on customer satisfaction, customers were asked questions and rated the facts as it is presented in Table 3.9.

The customers have rated the facets related with the issue as it was presented in summarized form in Table 3.9. The result indicates that time duration required for getting maintenance service has got a mean of 2.23 followed by a mean of 2.52 for knowledge and courtesy of maintenance crew employees. In addition, the possible reporting mechanism of service failure, fault registration process in the corporation and treatment of service failure reception



employees have obtained below the expected average mean value (i.e. 2.59, 2.59 and 2.62, respectively).

Table 3.9: Customers' Response on the effect of Service Failure and Recovery Procedure on their satisfaction

1=Strongly Dissatisfactory to 5=Strongly Satisfactory

		N	Minimum	Maximum	Mean	Std. Deviation
1	Reporting Mechanism of Service Failure	162	1	5	2.59	1.146
2	Fault Registration Process in the Corporation	161	1	5	2.59	1.069
3	Treatment Service Failure Reception Employees	160	1	5	2.62	1.080
4	Time Duration to Get Maintenance Service	161	1	5	2.23	1.147
5	Knowledge and Courtesy of Maintenance Crew Employees	161	1	5	2.52	1.107
	Service Failure and Recovery procedure				2.51	0.791

Source: Primary data generated for the study from questionnaire

The above facts indicate that the corporation has a problem in giving maintenance service for its customers as fast as possible which was caused by a poor knowledge and courtesy of maintenance crew employees, inappropriateness of reporting mechanisms of service failure, too long fault registration process and weak treatment of service failure reception employees. The result of the interview also indicates that the corporation's ability to provide maintenance service for its customers is poor which is caused by lack of materials and skilled manpower.

Table 3.10 further elaborates what is obtained in Table 3.9 by showing the impact of service failure and recovery procedure activities on overall satisfaction. With a 99% confidence level interval, the table shows that there is a positive relationship between activities in service failure and recovery procedure and overall customer satisfaction on service delivery process. As it can be seen from the table, reporting mechanism of service failure ($r = 0.355$),

knowledge and courtesy of Maintenance crew employees ($r = 0.35$), fault registration process in the corporation ($r = 0.287$), treatment of service failure reception employees ($r = 0.285$), and time duration to get maintenance service ($r = 0.224$) have their own effect on the overall satisfaction of customers on the service delivery process in the same direction.

Table 3.10: Correlation of overall customer satisfaction with Service Failure Recovery Procedure

	1	2	3	4	5	6
1 Reporting Mechanism of Service Failure						
2 Fault Registration Process in the Corporation	.598(**)					
3 Treatment of Service Failure Reception Employees	.253(**)	.590(**)				
4 Time Duration to Get Maintenance Service	.234(**)	.337(**)	.429(**)			
5 Knowledge and Courtesy of Maintenance Crew Employees	.233(**)	.366(**)	.428(**)			
6 Overall Satisfaction on Service Delivery Procedure	.355(**)	.287(**)	.285(**)	.224(**)	.350(**)	
Sig. (2-tailed)	.000	.000	.000	.004	.000	

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

Source: Primary data generated for the study from questionnaire

From the above facts one can conclude that if a company has developed multidimensional possible reporting mechanisms of service failure, employed skillful and courteous maintenance crew employees can satisfy its customers. Having easy fault registration process with well trained reception employees and providing maintenance as quickly as possible (even if it is not as such in the corporation under study) have also the same effect on customers' satisfaction.

C. Customers' Response on Bill Collection Activity Procedure

As discussed in the literature part, customers invest on a company for the services they obtain from the service provider. How a company manages its bill (price of its service) can have its

own impact on the satisfaction of customers. The frequency and the way they make the payment have also a great impact on their satisfaction since it leads them to have a contact with their service provider.

Concerning the bill collection activity of the corporation customers were asked to rate the frequency of payment period, payment mechanisms available, time required to pay their bill and treatment of bill collection employees. As it is indicated in Table 3.11, frequency of payment period is rated almost equal to the average mean which indicates that the customers are not that much satisfied as well as dissatisfied with the frequency of payment period. However, for a firm to be successful in the future it has to pass the average.

Table 3.11: Customers' Response on the effect of Bill Collection Activity Procedure on satisfaction
1=Strongly Dissatisfactory to 5=Strongly Satisfactory

		N	Minimum	Maximum	Mean	Std. Deviation
1	Frequency of Payment Period	162	1	5	2.95	1.130
2	Payment Mechanism Available to be Used	159	1	5	2.61	1.136
3	Time Required to Pay Your Bill	159	1	5	2.85	1.103
4	Treatment of Bill Collection Employees	162	1	5	2.72	1.192
	<i>Bill collection Activity</i>				2.78	0.875

Source: Primary data generated for the study from questionnaire

Nevertheless, the payment mechanism available to be used, the time required to pay bill and treatment of bill collection employees have got a rating of below average mean. These indicate that the possible ways to make bill payment is limited, the waiting time to make payment is so long and treatment of bill collection employees is poor. In other words, the majority of the customers have rated (mean=2.78 and standard deviation of 0.875) activities done by the corporation related with bill collection activity to be below average. Officials of the

corporation in the area also said that since the corporation is now on transition period of adopting new method of bill collection activity, the performance of the corporation in this area may be below the expectation of customers which may lead them to have so many complaints.

To see how activities in the bill collection procedure affect customer satisfaction, correlation is calculated. The result indicated (as it can be seen from table 3.12) that payment mechanism available ($r = 0.411$), time required to pay bill ($r = 0.236$) and treatment of bill collection employees ($r = 0.253$) with a 99% confidence interval has direct relationship with customer satisfaction. This means as the performance of these facets are increasing in the way that it is required by its customers, customers' satisfaction, even if it is not proportional, also increases.

Table 3.12: Correlation of over all customer satisfaction with Bill Collection Activity Procedure

	1	2	3	4	5
1 Frequency of Payment Period					
2 Payment Mechanism Available to be Used	.446(**)				
3 Time Required to Pay Your Bill	.488(**)	.544(**)			
4 Treatment of Bill Collection Employees	.285(**)	.449(**)	.534(**)		
5 Overall Satisfaction on Service Delivery Procedure	.158(*)	.411(**)	.236(**)	.253(**)	
Sig. (2-tailed)	.044	.000	.003	.001	

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

* Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data generated for the study from questionnaire

D. Customers' Response on Complaint Handling Procedure

During service encounter, services may not be performed as it was required by the customers. This leads customers to have their own complaints. Thus a company has to have its own way of handling complaint. Complaint handling ways have their own impact for the satisfaction

level of customers. Elements in the complaint procedure (policy statement, record form and trained employees) influence how complaints are solved that directly influence the customers' satisfaction level. (<http://www.cimaglobal.com>)

Customers were asked to rate effects of complaint handling procedure in the corporation on satisfaction using a 5 step Likert scale. The information obtained is summarized in the following table.

Table 3.13: Customers' Response on the effect of Complaint Handling Procedure on Satisfaction
1=Strongly Dissatisfactory to 5=Strongly Satisfactory

		N	Minimum	Maximum	Mean	Std. Deviation
1	Availability of Clear Policies and Procedures to Handle Customer Complaints	161	1	5	2.45	.974
2	Availability of Awareness Creation Program on Complaint Handling Procedure for Customers	162	1	5	2.11	1.153
3	Giving Prompt Response for Customers with Problems	161	1	5	2.25	1.073
4	Correction of Inflated Bills	162	1	5	2.10	1.110
5	Insurance Payment Procedure for Damages on Customers Property	159	1	5	2.06	1.101
	<i>Complaint Handling procedure</i>				2.20	0.813

Source: Primary data generated for the study from questionnaire

Insurance payment procedure for damages on customers' property followed by correction of inflated bills and availability of awareness creation program on complaint Handling procedure for customers has took a mean value of 2.06, 2.10 and 2.11, respectively. These are below the expected average that leads customers to have discomfort with the practice of the corporation. In addition, customers rated the ability of the firm in giving prompt response and the availability of clear policy and procedures to handle customer complaints below average (2.25 and 2.45 respectively). These indicate that the company has a problem in handling insurance payment procedures for damages on customers' property, correction of inflated bills and in



providing prompt response for customers who have complains. Absence of awareness creation program on complaint handling procedure creates satisfaction problem on the available policy and procedure on complaint handling.

The existence of the above problems has also justified from the officials' interview result. They stated that the corporation's ability in handling customers' complaint is poor due to the failure of the adopted complaint handling procedure and awareness problem both by employees and the customers.

Table 3.14: Correlation of over all customer satisfaction with Complaint handling Procedure

	1	2	3	4	5	6
1 Availability of Clear Policies and Procedures to Handle Customer Complaints						
2 Availability of Awareness Creation Program on Complaint Handling Procedure for Customers	.414(**)					
3 Giving Prompt Response for Customers with Problems	.358(**)	.617(**)				
4 Correction of Inflated Bills	.343(**)	.515(**)	.671(**)			
5 Insurance Payment Procedure for Damages on Customers Property	.305(**)	.340(**)	.392(**)	.516(**)		
6 Overall Satisfaction on Service Delivery Procedure	.355(**)	.409(**)	.298(**)	.345(**)	.248(**)	
Sig. (2-tailed)	.000	.000	.000	.000	.002	



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

Source: Primary data generated for the study from questionnaire

Availability of awareness creation program on complaint handling procedure for customers has a high positive correlation ($r = 0.409$) with overall satisfaction of customers. Such correlation is followed by availability of clear polices and procedures to handle customer complaints ($r = 0.355$), and Correction of inflated bills ($r = 0.345$). Giving prompt service for customers' problem and insurance payment procedure for damages on customers' property have also a substantial positive correlation with a coefficient of 0.298 and 0.248, respectively.

These indicate that for creating satisfaction to customers, the corporation should have at the first instance policy statement and then awareness creation program followed by implementing these policies with giving prompt response to customers' problems.

E. Customers' Response on Culture and Climate of the Corporation

As discussed in the literature part by Kurtz and Clow (1998), the culture and climate of the corporation indicates the environment in which the service is performed. The environment includes tangible and atmospheric elements with the availability of other customers. The environment affects customers expectation during the service encounter as well as their evaluation of the service received which has a direct impact on customers' satisfaction.

Table 3.15: Customers' Response on the effect of culture and climate of on satisfaction
1=Strongly Dissatisfactory to 5=Strongly Satisfactory

		N	Minimum	Maximum	Mean	Std. Deviation
1	Convenience of Office Location	162	1	5	2.88	1.128
2	Convenience of Office Layout	162	1	5	2.77	1.005
3	Availability of Adequate Staff	162	1	5	2.56	.945
4	Availability of Other Customers and Their Behavior	154	1	5	3.15	1.053
	<i>Culture and Climate</i>				2.84	0.738

Source: Primary data generated for the study from questionnaire

As it is indicated in Table 3.15, customers were asked to rate tangible and some personal relationships that exist in the environment of the corporation. The convenience of office location, convenience of office layout and availability of adequate staff in the corporation has a mean value of 2.88, 2.77 and 2.56, respectively, which are below the expected average. Availability of other customer and their behavior is the only factor that is rated above the average mean by customers. Officials who were asked to rate the culture and climate facets in their corporation believe that, satisfying all customers' needs in regard to office location is

impossible. However, they said that the offices are located by considering the majority of their customers. According to them, the number of employees at each location is adequate but not skilled to handle customers request appropriately.

Thus, the above data indicate that the ability of the corporation in selecting appropriate location for its offices and appropriate office layout is poor which lead customer to rate such facts below the average mean. In addition, the number of staff to serve customer is seen as insufficient by customers.

Table 3.16: Correlation of over all customer satisfaction with culture and climate of the corporation

	1	2	3	4	5
1 Convenience of Office Location					
2 Convenience of Office Layout	.590(**)				
3 Availability of Adequate Staff	.400(**)	.469(**)			
4 Availability of Other Customers and Their Behavior	.169(*)	.253(**)	.181(*)		
5 Overall Satisfaction On Service Delivery Procedure	.079	.182(*)	.259(**)	-.167(*)	
Sig. (2-tailed)	.316	.020	.001	.039	

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

* Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data generated for the study from questionnaire

Table 3.16 indicates the correlation between culture and climate factors with overall satisfaction. Convenience of office location didn't have a significant relationship whereas availability of other customers and their behavior has a negative relation with overall satisfaction with in 95% confidence level interval. The remaining two items – convenience of office layout and availability of adequate staff have positive correlation of $r = 0.182$ and $r = 0.259$, respectively. These indicate that the office arrangements and the number of staff have their own impact on customer satisfaction in the same direction. That means appropriate

arrangement of offices with sufficient staff lead to customers' satisfaction. Contrary to the above positive correlation, availability of other customers and their behavior has a negative correlation with customer satisfaction. This means that as the number of other customers increase, the level of satisfaction decrease.

F. Customers' Response on Their Overall Satisfaction on the Service Delivery Procedure (processes) in the Corporation

Harker (ed. 1995) discussed that service delivery process is a system which involves the consumer, the service provider, operating procedures and the physical attributes. The consumer and the service provider perform a sequence of actions to produce service which is also affected by other elements in the system. All these together determine the outcomes of the service. Then, the consumer evaluates its level of satisfaction based on the processes and its service outcome.

To see how customers rate their level of satisfaction related with the service delivery process and its outcome, customers were asked their level of satisfaction. The result is indicated in Table 3.17 and Figure 3.1.

Table 3.17:- Overall satisfaction on Service Delivery Procedure

	Valid				Total
	strongly dissatisfied	dissatisfied	average	satisfied	
Frequency	17	70	63	12	162
Percent	10.5	43.2	38.9	7.4	100.0
Cumulative Percent	10.5	53.7	92.6	100.0	

Source: Primary data generated for the study from questionnaire

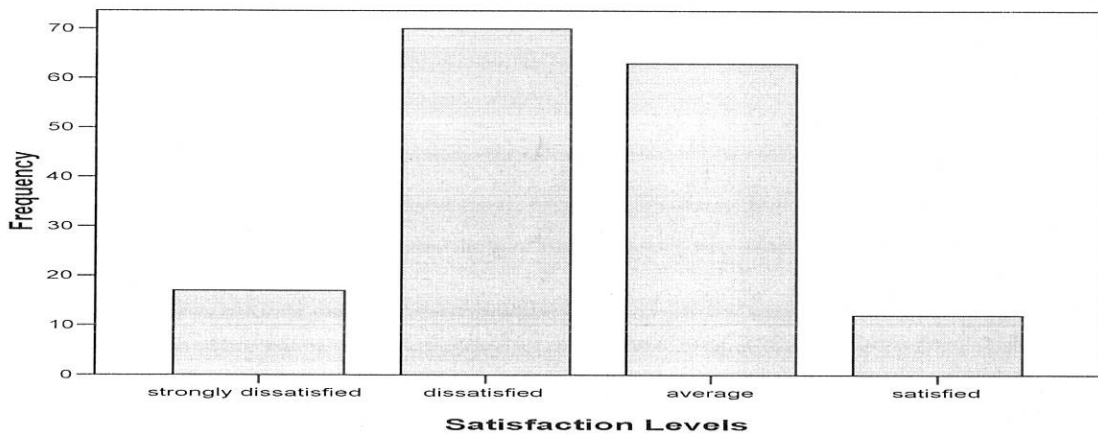
Table 3.18: Service delivery process and customer satisfaction on it

	Minimum	Maximum	Mean	Std. Deviation
Service delivery process	1.00	4.17	2.60	.580
Overall customer satisfaction	1	4	2.43	.779

Source: Primary data generated for the study from questionnaire

As Table 3.17 shows the majority (53.7%) of the respondents are strongly dissatisfied and dissatisfied with the service delivery process and its outcome. Only 7.4% of them are satisfied with the service delivery process and its outcome. Table 3.18 also shows that the ability of the corporation's service delivery process to satisfy the needs of its customers is rated to be 2.6 which is below the average mean (3) with a possible variation of customer response by 0.580 on these aspect. These indicate that the performance of the corporation in undertaking service delivery procedure is not that much enabling customers to get what they need in the way that it can create satisfaction to them.

Figure 3.1 - Overall Satisfaction on Service Delivery Procedure



Customers were also asked to provide the reasons for the level of satisfaction they have obtained with the service delivery process of the company. The reasons include:

- inadequacy of bill collection employees at service centers

- inappropriate location of offices to the majority of customers
- delay of bill from the normal payment period
- inadequacy of technical and maintenance staff
- poor response for complains
- inaccuracy and double asking of bills
- a great problem to provide maintenance service timely
- lack of employees initiation to help customers by doing their job appropriately
- repeated power interruption (service failure)
- one way payment mechanism

3.2.2.3 Customers Response on the Effect of Service Quality on Customer Satisfaction

As it was discussed in the literature review part of this paper, service quality is a measure of how well a service level delivered matches customers' expectations where by delivering quality service means trying to satisfy the needs and wants of its customers. However, measuring service quality appropriately is difficult that may create some difference among the members of the respondents. To minimize such effect, some dimensions/determinants of service quality are used as a base for evaluation of service qualities ability to satisfy customers' needs. These determinants are reliability, responsiveness, empathy, tangibles and assurance.

Officials of the corporation in the study area were asked the existence of standard or benchmark to measure its service quality and performance. They said that, even if there was no any clear type of standard or benchmark that the corporation has set to measure its service

quality and performance, there are some set standards for some service types in the corporation to measure its service quality. For example, new connection must be performed in 7 days for single phase, 21 days for three phase and 2 hours for doing reconnection.

Officials of the corporation were asked the type of measure the corporation is undertaking to provide quality service to its customers. They responded that the corporation is undertaking business process reengineering that could enable the customers “one stop shopping.” However, they also indicated that the corporation does not take any measure to satisfy employees that can have an impact on the quality of service delivery process.

As it is discussed in the following sections, customers of the corporation were asked to rate the ability of the firm in delivering satisfaction to its customers by measuring the five dimensions of service quality.

A. Customers’ Response on Reliability Dimension of Service Quality

As discussed in the literature part, a firm’s failure to provide reliable service leads its customers to dissatisfaction.⁴ Customers measure the reliability of a firm by considering consistency of service, uniformity of service encounter, keeping promises, billing accurately, keeping accurate customers records and performing the service correctly at the first encounter. Customers were asked to rate the reliability of the corporation by taking in to account its activities. Their responses are presented in Table 3.19 and Table 3.20.



Table 3.19: Customers' Response on the effect of Reliability Dimension of Service Quality on satisfaction

1=Strongly Disagree to 5=Strongly Agree

		N	Minimum	Maximum	Mean	Std. Deviation
1	Billing Is More or Less Correct	162	1	5	2.41	1.055
2	The Corporation Keeps Customers Records Correctly	162	1	5	2.72	1.089
3	Performs Service at the Designed and Promised Time	161	1	5	2.25	.924
4	The Corporation Informs Failure Ahead of Time	162	1	5	2.19	1.093
5	The Corporation Is Dependable	155	1	5	2.45	.975
	<i>Reliability</i>				2.40	0.727

Source: Primary data generated for the study from questionnaire

As it can be clearly seen from Table 3.19, respondents rated all the activities related with the reliability dimension below the expected average which indicates that the corporation do not performed all the activities as expected. The performance of the corporation in informing failures ahead of time has a mean value of 2.19 with a dispersion of 1.093 from the mean. This is followed by the ability of the firm to perform service at the designed and promised time (mean = 2.25), having a more or less correct bill (mean = 2.41), the possibility of providing assurance for customers to be dependable in the corporation (mean = 2.45), and keeping accurate customers records (mean = 2.72). The above facts indicate that the corporation mostly didn't announce customers' about service failures ahead of time, did not provide service at the designed and promised time, bills has problems for most of the customers, and customers' records are not well managed. In addition, the corporation did not enable its customers to depend on it.



Table 3.20: Correlation of over all customer satisfaction with Reliability dimension of service quality

	1	2	3	4	5	6
1. Billing Is More or Less Correct						
2. The Corporation Keeps Customers Records Correctly	.470(**)					
3. Performs Service at the Designed and Promised Time	.396(**)	.363(**)				
4. The Corporation Informs Failure Ahead of Time	.310(**)	.185(*)	.329(**)			
5. The Corporation Is Dependable	.436(**)	.408(**)	.391(**)	.465(**)		
6. Overall Satisfaction on Service Quality	.371(**)	.310(**)	.338(**)	.229(**)	.390(**)	
Sig. (2-tailed)	.000	.000	.000	.003	.000	

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

* Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data generated for the study from questionnaire

As Table 3.20 indicates, all the variables used to measure the reliability of a service in the corporation have a positive correlation with overall customer satisfaction. This indicates that as the firm is increasing the accuracy of its bills, keeping customers' records correctly, providing service at the designed and promised time and informing failures before the time of occurrences increase the overall customers' satisfaction. The same is true for the dependability of customers in the corporation towards influencing customer satisfaction.

B. Customers' Response on Responsiveness Dimension of Service Quality

As stated by Parasuraman et.al. (1985, cited by Hofman and Bateson, 2001), responsiveness dimension is concerned with the willingness and/or readiness of employees and the preparedness of the firm to provide a service to satisfy the needs and wants of customers. Ignoring the needs of customers indicates the irresponsiveness nature of both the employees and the firm. This leads customers to have discomfort with this dimension of service quality.

Customers were asked to rate the responsiveness dimension in the corporation and its effect on overall satisfaction of service quality. The result obtained is summarized in Table 3.21 and Table 3.22.

Table 3.21: Customers' Responses on the effect of Responsiveness Dimension of Service Quality on satisfaction
1=Strongly Disagree to 5=Strongly Agree

		N	Minimum	Maximum	Mean	Std. Deviation
1	Employees Provide Prompt Service	161	1	5	2.45	.987
2	Employees are Willing to Help Customers	162	1	5	2.61	1.070
3	Employees are Never Busy to Respond to Customer Request	161	1	5	2.42	.959
4	Employees Tell Customers Exactly When Service Will Be Performed	158	1	5	2.37	1.085
	<i>Responsiveness</i>				2.47	0.867

Source: Primary data generated for the study from questionnaire

Employees of the corporation have problems in serving customers willingly and in a prompt manner. In addition, they do not respond properly to customer request and do not tell customers when service will be performed. The above statement is based on the information in Table 3.21. As it can be seen, in all the activities of the responsiveness dimension (with a mean value of 2.47 and standard deviation of 0.867), the calculated mean is below the expected average (3). This indicates that most of the respondents did not agree that employees in the corporation provide prompt service, willing to help customers, never busy to respond to customers request and tell customers exactly when service will be provided. From this one can conclude that customers may not feel good on this dimension of quality.

However, to see the strength and direction of effect relationship between the activities in the responsiveness dimension and customer satisfaction calculating correlation coefficient is

necessary. Table 3.22 indicates the calculated correlation for the response obtained from customers.

Table 3.22: Correlation of over all customer satisfaction with Responsiveness dimension of service quality

	1	2	3	4	5
1. Employees Provide Prompt Service					
2. Employees are Willing to Help Customers	.768(**)				
3. Employees are Never Busy to Respond to Customer Request	.622(**)	.742(**)			
4. Employees Tell Customers Exactly When Service Will Be Performed	.488(**)	.504(**)	.574(**)		
5. Overall Satisfaction on Service Quality	.371(**)	.465(**)	.507(**)	.348(**)	
Sig. (2-tailed)	.000	.000	.000	.000	

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

Source: Primary data generated for the study from questionnaire

Employees response to customers request has a strong positive correlation ($r = 0.507$), followed by employees willingness to help customer ($r = 0.465$), employees provide prompt service ($r = 0.371$), and finally employees tell customers exactly when service will be performed ($r = 0.348$) with overall customer satisfaction on service quality. This indicates that employees' performance on aspects related with helping customers, responding appropriately to customers' request, telling customers when they perform the service with prompt function have a direct relationship with overall satisfaction on service quality.

C. Customers' Response on Empathy Dimension of Service Quality

Empathy dimension is more or less related with putting oneself in place of the other. A firm, who tries to put itself in the position of its customers for identifying and then providing what they need in a convenient way have the potential to satisfy its customers on this dimension of service quality. (Parasuraman et.al. 1985, cited by Hofman and Bateson, 2001)

Customers evaluated the core activities of the corporation related with empathy dimension of service quality. The summarized result of their evaluation is presented as follows:

Table 3.23: Customers' Response on the effect of Empathy Dimension of Service Quality on satisfaction

1=Strongly Disagree to 5=Strongly Agree

		N	Minimum	Maximum	Mean	Std. Deviation
1	Employees Knows What Customers Needs are	162	1	5	2.45	1.016
2	Employees Give Customers Individual Attention	161	1	5	2.27	.927
3	The Corporation and Its Employees Give Due Consideration for Customers Property	161	1	5	2.37	.954
4	The Corporation has Operating Hours Convenient to All of Its Customers	160	1	5	2.77	1.167
5	Employees Give Orientation About the Service and the Cost Related With the Service	162	1	5	2.41	1.096
	<i>Empathy</i>				2.45	0.763

Source: Primary data generated for the study from questionnaire

As it can be clearly seen in Table 3.23, employees knowledge of the customers needs (mean = 2.45), employees attention to individual customer (mean = 2.27), and due consideration to customers property (mean = 2.37) are rated below the expected mean (3). Similarly, convenience of operating hour (mean = 2.77) and provision of orientation about the service and its related cost for customers (mean = 2.41) are rated below the expected mean. These indicate that the corporation and its employees did not have a great concern about the needs of its customers, the property of customer, and convenience of its operating hour for customers. In addition, employees' performance on giving orientation to customers about the corporation service and the associated cost was not that much fulfilling the expectations of the majority of the respondents.



Table 3.24: Correlation of over all customer satisfaction with Empathy dimension of service quality

	1	2	3	4	5	6
1. Employees Knows What Customers Needs are						
2. Employees Give Customers Individual Attention	.612(**)					
3. The Corporation and Its Employees Give Due Consideration for Customers Property	.503(**)	.593(**)				
4. The Corporation has Operating Hours Convenient to All of Its Customers	.341(**)	.350(**)	.380(**)			
5. Employees Give Orientation About the Service and the Cost Related With the Service	.351(**)	.510(**)	.453(**)	.332(**)		
6. Overall Satisfaction on Service Quality	.273(**)	.322(**)	.315(**)	.185(*)	.209(**)	
Sig. (2-tailed)	.000	.000	.000	.019	.008	

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

* Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data generated for the study from questionnaire

As it is shown in Table 3.24, the overall customer satisfaction on service quality is positively correlated with the factors involved in empathy dimension. Giving individual attention ($r=0.322$) has a better direct impact on satisfaction of customers' followed by giving prompt service for customer property ($r = 0.315$) and individual attention to customers (0.273). The remaining two items (item 5 and item 4) have also a direct impact on satisfaction with a correlation of $r = 0.209$ and $r = 0.185$, respectively. All these show that developing knowledge about customers' needs, giving individual attention to customers, having consideration to customers' property, orienting customers about the service and associated cost, and arranging operating hour convenient to customers enable the corporation to increase the level customer satisfaction.

D. Customers' Response on Tangible Dimension of Service Quality

Parasuraman et.al. (1985, cited by Hofman and Bateson, 2001) stated that consumers evaluate tangible evidences surrounding service due to the intangibility nature of service. Tangible dimension consists of physical equipments and appearance of personnel in the corporation. Those firms with an appealing tangibles and well dressed employees obtain a good evaluation of customers that can change their level of satisfaction related with the service quality.

Customers were asked to evaluate the tangibles using Likert scale. The result obtained was summarized in Table 3.25. Correlation (Table 3.26) is also calculated to see the effect of tangible dimension on overall customers' satisfaction on service quality in the corporation.

Table 3.25: Customer's Responses on the effect of Tangible dimension of Service quality on satisfaction [1=strongly Disagree to 5=strongly Agree]

		N	Minimum	Maximum	Mean	Std. Deviation
1	The Corporation has up to Date Equipments	161	1	5	2.86	1.104
2	The Corporations Physical Facilities are Visually Appealing and at Convenient Location	161	1	5	2.71	1.053
3	The Corporation has Offices at Location Convenient to Its Customers	159	1	5	2.62	1.054
4	Employees of the Corporation at the Public Contact Position are Well Dressed and Appear Neat	161	1	5	3.12	1.155
	<i>Tangible</i>				2.83	0.801

Source: Primary data generated for the study from questionnaire

Table 3.25 shows that customers' response about employees appearance, is above the expected average. This indicates that the corporation employees have some type of uniform they are wearing to attract customers attention. In addition, the table also shows that the modernity of equipments in the corporation, the ability of the physical facilities to attract customers'

visualization and their layout, and the office location of the corporation have got a rating of below the expected average mean. This indicates that the corporation is not yet using modernized equipments broadly, the physical facilities used to facilitate the service are not that much visually appealing and properly located.

Table 3.26: Correlation of over all customer satisfaction with Tangibles dimension of service quality

	1	2	3	4	5
1 The Corporation has up to Date Equipments					
2 The Corporations Physical Facilities are Visually Appealing and at Convenient Location	.742(**)				
3 The Corporation has Offices at Location Convenient to Its Customers	.302(**)	.278(**)			
4 Employees of the Corporation at the Public Contact Position are Well Dressed and Appear Neat	.263(**)	.365(**)	.353(**)		
5 Overall Satisfaction On Service Quality	.085	.135(*)	.172(*)	.192(*)	
Sig. (2-tailed)	.284	.048	.012	.014	

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

* Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data generated for the study from questionnaire

As it can be seen from Table 3.26, item 4 (employees appearance), item 3 (offices location), and item 2 (features of physical facilities) have a significant and direct positive impact and relationship with overall satisfaction of customers on service quality under a 95% confidence level of interval. This indicates that as public contact employees are well dressed and appear neat, the level of satisfaction of customers also increases. However, the other element (the corporation equipment) did not have that much effect on customers' satisfaction under a 99% and 95% confidence level for the sampled population.

E. Customers' Response on Assurance Dimension of Service Quality

Assurance dimension is concerned with the characteristics and competences of employees to provide the service for its customers. A firm with ethical employees who are knowledgeable

and courteous, that can keep the security of customers can have the potential to satisfy its customers. (Parasuraman et.al. 1985, cited by Hofman and Bateson, 2001)

Customers were asked to rate the employees of the corporation related with the assurance dimension of service quality. Their response is summarized in Table 3.27.

Table 3.27: Customers' Response on the effect of Assurance Dimension of Service quality on satisfaction

1=Strongly Disagree to 5=Strongly Agree

		N	Minimum	Maximum	Mean	Std. Deviation
1	Personal Characteristics of the Corporation Employees are So Good that the Customer can Trust	162	1	5	2.48	.954
2	Customers Feel Safe in the Transaction with the Corporation Employees	162	1	5	2.54	.985
3	Employees of the Corporation are Polite	161	1	5	2.59	.997
4	Employees have Adequate Knowledge to Answer Customers Questions	162	1	5	2.56	.984
	<i>Assurance</i>				2.54	0.803

Source: Primary data generated for the study from questionnaire

As it is shown in Table 3.27, the majority of the respondents did not obtain what they have desired from the employees of the corporation. In other words, 2.48, 2.54, 2.59 and 2.56 are the mean value of trustworthy characteristics of the employees, customers feeling safe in their transaction with employees, politeness and knowledge of employees, respectively. The rating of all the variables is below the expected mean (3). This indicates that the employees characteristics and their knowledge in the corporation is not that much good in the eye of the customers.



Table 3.28: Correlation of over all customer satisfaction with assurance dimension of service quality

	1	2	3	4	5
1 Personal Characteristics of the Corporation Employees are So Good that the Customer can Trust					
2 Customers Feel Safe in the Transaction with the Corporation Employees	.649(**)				
3 Employees of the Corporation are Polite	.670(**)	.697(**)			
4 Employees have Adequate Knowledge to Answer Customers Questions	.478(**)	.385(**)	.459(**)		
5 Overall Satisfaction on Service Quality	.438(**)	.366(**)	.348(**)	.405(**)	
Sig. (2-tailed)	.000	.000	.000	.000	

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

Source: Primary data generated for the study from questionnaire

As Table 3.28 shows, all the variables used to measure the assurance dimension of service have a positive correlation with overall customer satisfaction on service quality. Personal characteristics ($r = 0.438$), knowledge of employees to answer customers questions ($r = 0.405$), customers feeling about transactions with the employees ($r = 0.366$) and politeness of employees ($r = 0.348$) indicate the existence of positive relationship. Such relationship indicates that customers' satisfaction in the company is influenced by the characteristics, knowledge, and politeness of employees in the corporation.

F. Customers' Response on Their Overall Satisfaction on the Service Quality in the Corporation

To see how customers will put their level of satisfaction related with the service quality and its outcome, customers were asked their level of satisfaction. The result is presented and discussed below:

As it is seen from Table 3.29 and Figure 3.2, the majority (61.1%) of the respondents were strongly dissatisfied and dissatisfied with the service quality of the corporation. Only 5.5% of the respondents have got some satisfaction on the corporations' service quality. The remaining

respondents are neither satisfied nor dissatisfied. These indicate that the ability of the firm to provide a service quality (with a rating of 2.54 and possible difference of answers with in 0.617 standard deviation as indicated in Table 3.30) that creates satisfaction for the majority of its customers is under question mark.

Table 3.29: Respondents' Overall satisfaction on Service Quality

	Valid					Total
	strongly dissatisfied	dissatisfied	average	satisfied	strongly satisfied	
Frequency	18	81	54	8	1	162
Percent	11.1	50.0	33.3	4.9	.6	100.0
Cumulative Percent	11.1	61.1	94.4	99.4	100.0	

Source: Primary data generated for the study from questionnaire

Table 3.30: Service quality and customer satisfaction on it

	Minimum	Maximum	Mean	Std. Deviation
service quality	1.00	4.32	2.54	.617
overall satisfaction	1	5	2.34	.765

Source: Primary data generated for the study from questionnaire

The reason respondents forwarded for their level of satisfaction includes the following factors:

- unethical employees behavior in the corporation
- inaccuracy of bill
- lack of skilled manpower
- lack of orientation program for customers about the service of the organization
- repeated service failures without any prior announcements
- ignoring the needs and wants of customers
- inappropriate office facilities layout with out- date equipment

Figure 3.2 - Overall Satisfaction on Service Quality

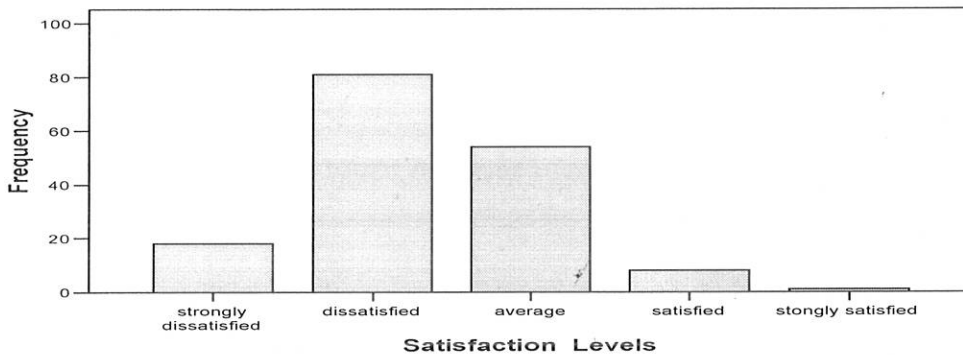


Table 3.31: General satisfaction on Service Delivery Procedure and Service Quality

	Valid					Total
	strongly dissatisfied	dissatisfied	average	satisfied	strongly satisfied	
Frequency	19	71	60	11	1	162
Percent	11.7	43.8	37.0	6.8	.6	100.0
Cumulative Percent	11.7	55.6	92.6	99.4	100.0	

Source: Primary data generated for the study from questionnaire

Generally, the majority of the respondents (92.6%) believed that the corporation's ability to satisfy their needs is average and below average. Only 7.4% of the respondents rated the ability of the firm to satisfy their needs above average. These indicate that overall the corporation's performance is not fulfilling the needs and wants of the customers. Table 3.32 also indicates that service delivery process and service quality has a direct positive influence on general customer satisfaction. Thus it is expected from the corporation to analyze how it is doing related with handling and providing service to its customers.

Table 3.32: Correlations of satisfaction with service delivery process and service quality

	1	2	3
service delivery process			
service quality	.636(**)		
general satisfaction	.470(**)	.488(**)	
	.000	.000	

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

CHAPTER 4

4. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

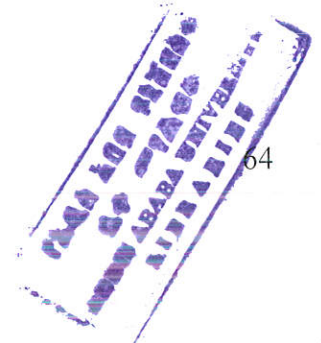
In order for an organization to be successful, it must continuously ensure the satisfaction of its customers. There are various components that are considered to be vital to customer satisfaction. These variables are important because they all influence the way a person feels about the service of the service provider. These components include: service delivery process activities and service quality dimensions.

In this part of the paper, attempts are made to summarize the major findings of the research and give recommendations for EEPCo officials in Bahir Dar town based on the response got from its customers as discussed and analyzed in chapter 3.

4.1 Summary of Findings

Based on the analysis of the effect of service delivery process and service quality on customer satisfaction, the following findings are identified:

- The majority of customers' of the corporation go to the corporation to pay bill for the service they have got from the corporation. In addition to this, substantial number of customers also visited the corporation for asking new connection, maintenance and other administration purposes.
- Even if substantial number of the corporation customers' did not see any type of change in the service standard of the corporation, the majority of the respondents stated that the standard of service have improved a little in the last three years.



- Almost all of the respondents believe that effective service delivery process and service quality are necessary and important for creating customer satisfaction.
- The majority of the respondents in the corporation are aware of the existence of service delivery process in the corporation whereby employees has to use and customers has to follow in the service encounter. However, as it was stated by officials in Bahir Dar town, these policies and procedures are not well known by those employees who have to provide service.
- Even if officials of the corporation rated the capability of their offices in providing easy access for service, payment mechanism and installation service as performing smartly and in an excellent manner; customers' rated these activities of the corporation in the new customer handling procedure below expected average mean. Moreover, the data collected also indicated that there exists a positive and direct relationship between new customer handling procedure and customer satisfaction.
- Service failure and recovery procedure in the corporation is rated as poor both by the officials of the corporation in Bahir Dar town and the customers' of the corporation in the area. The ability of activities in these procedure (available reporting mechanisms, fault registration process in the corporation, treatment of service failure reception employees, time duration to get maintenance service and knowledge & courtesy of maintenance crew employees) to create satisfaction is found to be positively correlated. That is, as the corporation performs better in these activities, the satisfaction of its customers also increases.
- The corporation is in transition period of adopting new bill collection system. This may not satisfy the needs of the majority of the customers. The customers rated the

possible ways of making payment, waiting time and treatment of bill collection employees below the expected mean value (i.e. 3). Having alternative ways of payment that can minimize waiting time supported by good treatment of bill collection employees will create a better satisfaction on the service of the corporation.

- Proper complaint handling procedure is considered as important factor for customer satisfaction. This was proved to be true in this study where the majority of the customer rated the company in this regard to be inefficient that led them to dissatisfaction.
- The corporation did not have adequate and competent staff, convenience office location and office layout. These facts lead the majority of the customers to be dissatisfied with these activities in the organization.
- The majority of the respondents dissatisfied with the service delivery procedure (new connection handling procedure, service failure and recovery strategy, bill collection activity, complaint handling procedure and the climate and culture in the corporation) available in the corporation.
- The Corporation mostly did not announce customers' about service failures ahead of time, did not provide service at the designed and promised time, bills has problems for most of the customers, and customers' records are not well managed. Furthermore, the corporation did not enable its customers to depend on it.
- Most of the respondents did not agree that employees in the corporation provide prompt service, willing to help customers, never busy to respond to customers request and tell customers exactly when service will be provided. They have rated these activities below average.

- The corporation and its employees did not have a great concern about the needs of its customers, the property of customers, and convenience of its operation hour for customers. Besides, employees' performance on giving orientation to customers about the corporation service and the associated cost did not that much fulfilling the expectations of the majority of the respondents.
- The corporation is not yet using modernized equipments broadly, the physical facilities used to facilitate the service are not that much visually appealing and properly located, and the office of the corporation is far for customers. But in regard to employees' appearance, the corporation is using some type of uniform that lead employees to appear neat and clean.
- Knowledge, courtesy, behavior and characteristics of the corporation employees were considered to be low to create satisfaction for the majority of respondents in the corporation. The above attributes of employees have positive direct relationship with overall satisfaction of customers.

4.2 Conclusion

The survival of any business organization depends much on the satisfaction of its stakeholders. Customers are the sources of profits for a profit making organizations and the primary reasons for being in operation for any non-for-profit organizations. In today's environment organizations are increasingly interested in retaining existing customers while targeting non-customers. Measuring customer satisfaction provides an indication of how successful the organization is at providing products and/or services to the marketplace.

In any organization, especially in service rendering firms, the key components of their function is providing quality services to their customers. Service delivery process plays a greater role than the actual outcome in determining the overall satisfaction.

This study paper is prepared to assess the existence of any type of well designed service delivery process and service quality in EEPCo and to examine the effect of these two factors on the satisfaction level of customers in Bahir Dar town over the last three years.

To do so, both primary and secondary data was gathered by questionnaire, interview and written documents. Structured questionnaire is distributed to 175 customers selected by using cluster, stratified and simple random sampling among the total customers in the town. Interview was used to gather information from respective managers of the corporation in the town. Both qualitative and quantitative descriptions were applied on the data gathered to analyze the information obtained. To this end, statistical package for social science was the basic tool to obtain percentages, means, standard deviation and correlation summarized using tables and charts.

Customer satisfaction was an ambiguous concept that requires a lot of effort to understand how customers feel about the service delivery process and service quality of a company. Customer satisfaction is affected by both service delivery process and service quality a company has to provide its service and products to its customers.

The effectiveness of service delivery process in the company depends more or less on the efficient formulation and utilization of operating procedures (like customer handling, complaint handling, failure recovery mechanism, bill collection activity, etc), physical

attributes of the corporation, and the interaction between the service provider and the customer.

↘ Service quality intern depends on the ability of the corporation to satisfy the dimensions or determinants of service quality. These dimensions are reliability, responsiveness, empathy, assurance and tangibles.

↘ By undertaking a detailed analysis of the situation it was observed that:

1. Customers go to the corporation to get some type of service. To obtain what is desired there is an established service delivery procedure the customers have to follow.
- ↘ 2. There was no a clear and established standard/benchmark in the corporation to control the outcomes and performance of its service.
3. In general the satisfaction level of customers in the area is highly affected by:
 - a. the poor performance of the corporation in its new customer handling practice, bill collection activity, failure recovery mechanism, complaint handling and the surrounding culture and climate in the corporation. That is the effectiveness of the corporations service delivery process to satisfy the needs of its customers is below the average expectation (3) of the customers.
 - ↘ b. The inability of the corporation to satisfy the dimensions of the service quality as it is expected by its customers. That is the corporation has a problem of insuring reliability, responsiveness, empathy, assurance and tangible dimensions of service quality to its customers.
- ↘ 4. Customers satisfaction in the service delivery process and service quality of the corporation is below average mean and it is affected in positive direction by both elements of the study.

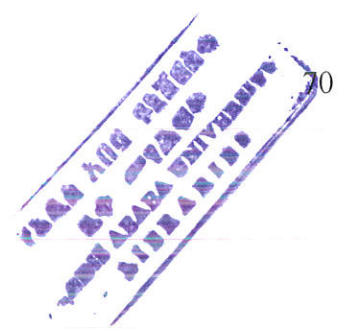
↘

4.3 Recommendations

Based on the detailed analysis and summary of findings, the researcher proposes the following important (core) points to be considered by the management of EEPCo in Bahir Dar town.

These include:

- EEPCo has its own vision of being a center of excellence in providing quality electric service at every one's door and being competitive export industry. Thus, managers in the area must understand and know the vision of the corporation that will guide the activities of every employee in the corporation. They have to create awareness and attitude of respect for those who have to implement this vision. Management has to select its service strategy and provide its support for this strategy.
- The corporation has to revise its service delivery procedures by undertaking a detailed study of their weak sides by participating employees and customers. For example, the corporation has a great problem in service failure & recovery procedure, and complaint handling procedure. Thus the corporation has to undertake a detailed survey study about the performance and problems of its procedures and then take corrective actions.
- The existence of standard for any type of activities is essential for proper handling of service and measuring its performance. In the corporation, most of the activities do not have established standards. Thus, the corporation has to develop a standard/benchmark to measure each service encounter quality and its performance to take corrective action towards creating success for the firm and satisfaction of its customers.
- Due to globalization and modernization, every thing is changing from time to time in respect of using and applying sophisticated technology. Thus, the corporation has to use and implement the today's technology for creating and satisfying the needs of its



customers due to the fact that customers' evaluation of a firm's performance to some extent is related with the proper application of today's development.

- ✍ • Employees provide the service of the corporation to its customers. The managers in the area have to emphasize on their human resource department to recruit adequate and skillful employees so that the corporation able to satisfy its customers' needs.
- ✍ • The corporation has to provide continuous skill based training to its employees who are responsible to provide service for customers' with direct and indirect contact.
- ✍ • To create satisfaction to external customers, successful organizations initially focus on its internal customers (employees). Unless these employees are motivated to deliver the service in the proper manner, thinking of satisfaction for customers is valueless. Therefore, the corporation has to motivate its employees through delivering appropriate benefits and incentives.
- To enhance the satisfaction level of its customers, the corporation has to develop different payment mechanisms like establishing third party payment mechanism through banks or by selling its bills to group of youngsters so that these youngsters can provide the bill to the customers' home by asking a fixed amount of service charge.
- To provide potential failure reporting mechanisms, the corporation can adopt a free dialing number that can enhance and attract the interest of its customers.
- ◊ • To minimize the effect of service failure on customer satisfaction, the corporation has to revise and develop appropriate service recovery mechanism, recruit appropriate maintenance crew employee and train them. Besides, the corporation has to provide the necessary vehicles and materials to undertake the maintenance service as professional and timely as possible.

- The bridge between the service provider and its customers is the employees of the organization. The way employees treat customer has its own impact on customers' perception of the service of the company and their ultimate satisfaction. Thus the corporation should train its contact employees to treat customers politely without being busy to answer for customers' request.
- To minimize location inconvenience and waiting time, the managers in the area can have more than two customer service centers and make the number of bill reception employees proportional to the number of customers.
- The corporation has to make some adjustment through contractual agreement with the third party for providing the right for those parties to distribute and sell the service of the corporation to the public.
- For improving the satisfaction level of customers and providing them with potential alternative source of getting hydro electric power, responsible government units has to allow this sector of the economy for other private organizations. That is, allowing other firms to involve themselves in the production, distribution and selling of hydroelectric power to improve the satisfaction level of the public.

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Annex one

ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
MASTER OF BUSINESS ADMINISTRATION PROGRAM

QUESTIONNAIRE ON

The effect of service delivery process and service quality on customer satisfaction

(A case of EEPCo, NW region, Bahir Dar service centers)

The main purpose of this questionnaire is to collect data on the effect of service delivery process and service quality on satisfaction of EEPCo's customers in Bahir Dar town. This questionnaire is prepared for gathering the necessary information to write a research paper for the partial fulfillment of Masters of Business Administration project. Thus you are kindly requested to fill the information. It will be used only for academic purpose. Thank you for your cooperation.

Note:

- ☞ Do not write your name.
- ☞ For answering the questions put "X" mark inside the table.
- ☞ your response has a great value for the study

PART I – GENERAL BIODATA

1. Sex

Male

Female

2. Age

20-30 years old

41-50 years old

31-40 years old

above 50 years old

3. Educational level

Below 12th grade

First Degree

12th Grade Complete

Above 1st Degree

Diploma holder

4. How long have you been a customer of the corporation?

Less than one year

4-6 years

1-3 year above 6 years

5. According to tariff rate of the corporation you belong to _____

Domestic General Industry

PART II – SPECIFIC QUESTIONS RELATED WITH THE RESEARCH TITLE

1. What was the purpose of going to the corporation during the last three years?

To pay bill Administration purpose

To request new connection Other -----

To ask maintenance service

2. How frequently you went to the corporation to get the service mentioned above?

1-3 times For more than ten times

4-6 times Once in each month

7-10 times

3. Is there any procedure you have to follow for getting the required service?

Yes No

4. How do you rate the standard of service provided by the corporation over the past three years?

Do not know Have improved a little

Deteriorated Have improved tremendously

Have not changed

5. According to your opinion, to what extent is efficient service delivery process and service quality important for customer satisfaction?

Extremely important Less important

Important Has no importance

Fairly important

6. How do you rate the following service delivery process in the corporation?

1=strongly dissatisfactory

4=satisfactory

2=dissatisfactory

5=strongly satisfactory

3=average

6.5. Culture and Climate					
1	Convenience of office location is				
2	Convenience of office layout is				
3	Availability of Adequate staff is				
4	Availability of other customers and their behavior is				

7. Over all, how do you rate your level of satisfaction on the service delivery process of the corporation?

Strongly dissatisfied Satisfied

Dissatisfied Strongly satisfied

Average

8. What do you think the main reasons are for your level of satisfaction in the previous question?

9. What measures must be taken by the corporation in the service delivery process to improve your level of satisfaction?

10. How do you rate service quality in the corporation related to the following service quality dimensions?

1 = strongly disagree

4 = Agree

2 = disagree

5 = strongly agree

3 = average

<i>Factors used for comparison</i>		1	2	3	4	5
7.1. Reliability						
1	Billing is more or less correct					
2	Keeps customers records correctly					
3	Performs service at the designed and promised time					
4	The corporation informs failures ahead of time					
5	The corporation is dependable					
7.2. Responsiveness						
1	Employees provide prompt service					
2	Employees willingness to help customers					
3	Employees are never busy to respond to customer request					
4	Employees tell customers exactly when service will be performed					
7.3. Empathy						
1	Employees knows what customers needs are					
2	Employees give customers individual attention					
3	The corporation and its employees give due consideration for customers property					
4	The corporation has operating hours convenient to all of its customers					
5	Employees give orientation about the service and the cost related with the service					
7.4. Tangibles						
1	The corporation has up-to-date equipment					
2	The corporations physical facilities are visually appealing and at convenient location					
3	The corporation has offices at location convenient to its customers					
4	Employees of the corporation at the public contact position are well dressed and appear neat					

7.5. Assurance					
1	Personal characteristics (behavior) of the corporation employees are so good that the customer can trust				
2	Customers feel safe in the transaction with the corporation employees				
3	Employees of the corporation are polite				
4	Employees have adequate knowledge to answer customer questions				

11. Over all, how do you rate your level of satisfaction on service quality of the corporation?

Strongly dissatisfied Satisfied

Dissatisfied Strongly satisfied

Average

12. What do you think the main reasons are for your level of satisfaction in the previous question?

13. What measures must be taken by the corporation related to service quality to improve your level of satisfaction?

14. Over all, how do you rate your level of satisfaction on the service delivery process and service quality of the corporation?

Strongly dissatisfied

Dissatisfied

Average

Satisfied

Strongly satisfied

Annex Two

ADDIS ABABA UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
MASTER OF BUSINESS ADMINISTRATION PROGRAM

Interview questions

1. How do you see customers in your corporation?
- ② How does the corporation care about customers in providing quality service using efficient service delivery process?
3. Is there any type of procedure in the company to deliver service? Explain.
4. Are these service delivery procedures equally known by those employees who are responsible to provide service for customers?
5. Is there mechanism where the company has made to create awareness on the service delivery process of the company? (to its employees and to the customers)
6. How do you rate your corporations ability in:
 - a. providing new connection for those who are requiring it with respect to:
 - i. easy access
 - ii. payment methods
 - iii. installation service
 - b. providing maintenance service
 - c. complaint handling activity
 - d. bill collection activity
 - e. physical attributes like

- i. location convenience to your customer
 - ii. adequacy of staff
 - iii. appearance of your customer contact personnel
 - iv. equipment and facilities available
7. What do you think the customer satisfaction will be on the service delivery process of the corporation? Why?
8. How do you see quality of service in your organization?
9. Is there any type of standard or benchmark that your corporation uses to measure its service quality and performance?
10. What type of measures is the company undertaking to provide quality service to its customers?
11. What do you think the customers' satisfaction will be in your organization due to the service quality of your organization? Why?
12. Generally how do you rate the performance of your corporation in handling its service in the way that it will provide customers the best they need?

Statistical summary of the relationship between service delivery process & service quality with customer satisfaction

Service delivery process and customer satisfaction on it

Item	Mean	Std. Deviation
New customer handling procedure	2.65	.775
Service failure and recovery procedure	2.51	.791
Bill collection activity	2.78	.875
Complaint handling procedure	2.20	.813
Culture and climate	2.84	.738
overall customer satisfaction	2.43	.779

Correlations of service delivery processes and satisfaction on it

	1	2	3	4	5	6
1 New customer handling procedure						
2 Service failure and recovery procedure	.540(**)					
3 Bill collection activity	.507(**)	.494(**)				
4 Complaint handling procedure	.444(**)	.477(**)	.403(**)			
5 Culture and climate	.343(**)	.271(**)	.350(**)	.195(*)		
6 overall customer satisfaction	.395(**)	.421(**)	.338(**)	.443(**)	.122	
	.000	.000	.000	.000	.122	

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

* Correlation is significant at the 0.05 level (2-tailed).

Service quality dimensions and customer satisfaction on it

Item	Mean	Std. Deviation
Reliability	2.40	.726
Responsiveness	2.47	.867
Empathy	2.46	.763
Tangibles	2.83	.801
Assurance	2.54	.803
Overall customer satisfaction	2.34	.765

Correlations of service quality and satisfaction on it

No.	item	1	2	3	4	5	6
1	Reliability						
2	Responsiveness	.532(**)					
3	Empathy	.525(**)	.695(**)				
4	Tangibles	.263(**)	.297(**)	.392(**)			
5	Assurance	.544(**)	.683(**)	.686(**)	.459(**)		
6	Overall customer satisfaction	.454(**)	.502(**)	.345(**)	.194(*)	.476(**)	
		.000	.000	.000	.013	.000	

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

* Correlation is significant at the 0.05 level (2-tailed).

Service delivery process and service quality and customer satisfaction

Item	Mean	Std. Deviation
Service delivery process	2.5963	.57968
Service quality	2.5372	.61742
General customer satisfaction	2.41	.808

Correlations of service delivery processes and satisfaction on it

No.	Item	1	2	3
1	Service delivery process			
2	Service quality	.636(**)		
3	General customer satisfaction	.470(**)	.488(**)	
		.000	.000	

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

Declaration sheet

I assure that the project paper entitled 'Effect of Service Delivery Process and Service Quality on Customer Satisfaction' is my original work, has not been presented by any body for a degree in any other university and that all sources of materials used for the project have been duly acknowledged.

Aman Abdie

Name of the Candidate



Signature

July 2008, Addis Ababa

Date and Place

Dr. Zewdie Shibrie

Department of Management

Addis Ababa University



Certificate

This is to certify that Mr. Aman Abdie has completed his project work entitled 'Effect of Service Delivery Process and Service Quality on Customer Satisfaction' successfully in partial fulfillment of the requirements of the award of Degree of Masters of Business Administration. In my view, the work is original effort of the candidate and all material used to the project work has been duly acknowledged.

Dr. Zewdie Shibrie