



**THE INFLUENCE OF QUALITY SERVICE DELIVERY ON
CUSTOMER SATISFACTION: THE CASE OF DHL SERVICES
IN ADDIS ABABA, ETHIOPIA**

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The Influence of Quality Service Delivery on customer satisfaction: The
Case of DHL Services in Addis Ababa, Ethiopia

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.....

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Addis Ababa University, October, 2023

Declaration

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of advisor Dr. Workneh Kassa. Every source of information used to create the thesis has been properly credited. I additionally certify that the thesis has not been submitted, in whole or in part, to any other university or college with the intention of receiving a degree. It is offered for the partial fulfillment of the degree of Masters of Science in International Business Management – Import and Export Specialization Program in the Department of Management, College of Business and Economics School of Graduate Studies.

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List of Acronyms and Abbreviations

SERVQUAL: Instrument of Measuring Service Quality

SERVPERF: Instrument of Measuring Service Performance

SPSS: Statistical Package for Social Sciences

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ABSTRACT

This study's primary goal is to find out how customer satisfaction at DHL Logistics Company in Addis Abeba is impacted by service quality dimensions. The five dimensions of SERVPERF (tangibility, assurance, responsiveness, empathy & reliability) were used to measure the quality of service provided by DHL. In order to answer the raised research questions, the study used structured questionnaire to collect the data and test the hypotheses. The study was based on a random sample of 394 customers who visited DHL during this data collection. Version 26 of the statistical package for social sciences (SPSS) was used to analyze the data. The regression analysis of the data showed that reliability, responsiveness, assurance, and empathy positively and significantly influence customer satisfaction for the service delivery of DHL Ethiopia. This means that these four-service quality dimension determine the nature of services provided by DHL Ethiopia. The tangibility dimension of the service quality was found not to have a significant influence in the customer satisfaction for DHL. The study recommends that DHL Ethiopia might need to pay closer attention on the service quality dimensions of reliability, responsiveness, assurance, and empathy as they are found to significantly influence customer satisfaction.

Key words: *Service Quality, SERVPERF, Customer Satisfaction, DHL*

CHAPTER ONE

1. INTRODUCTION

This section discusses the background of the study research problems by providing the definitions of customer satisfaction and service quality, the research questions, and research objectives, significance of study, scope of study, limitation of study. This section also presents finally the organization of the paper.

1.1. General Background

Customer satisfaction and service quality are important for services businesses, and they are still critical for financial service providers (Stafford and Wells, 1996). This means that in an increasingly competitive environment, service quality and customer satisfaction are essential strategies for success and survival of service providing firms (Ismail et al., 2006). In today's modern, competitive, and globalized business environment, the quality-of-service organizations can provide is critical to preserving a competitive advantage. This will eventually result in effective client retention. (Shemwell et al., 1998). Customers are treated as kings in this setting since client happiness is what ensures their success and existence (Khadka&Maharjan, 2017). As a result, businesses must pay close attention to their customers and understand their requirements. Furthermore, in today's globalizing world, it is critical to comprehend and meet consumers' expectations, as well as to stand out by giving the highest quality service (Chingang et al., 2010). Because of the nature of services, establishing service quality is more difficult than describing product quality (Kotler, 1996).

Parasuraman et al. (1985) have created service quality measurement tool (SERVPERF) and defined service quality as the gap between customer expectation and perception based on five dimensions. They go on to explain how the discrepancy between the real performance of a single company within a class of service providers and the expectations for the performance of a broad class of service providers determines consumer perceptions of service quality. The five dimensions of service quality identified by the authors are: tangibles, reliability, responsiveness,

assurance and empathy. It is highlighted that assurance, tangibility; empathy, reliability, and responsiveness were among the paramount features (Johnson, 2006). First, assurance tends to be referred to competence, credibility, and security of service (Ross, 2003). Second, tangibility is usually viewed as the appearance in terms of good equipment, personnel, facilities, and communication materials (Sentosa, 2013). Third, empathy is the care, understanding, and attention towards the customer (Raza, 2012). Fourth, reliability means the ability and implemented promise from the service providers to deliver dependably and accurately (Osman, 2013). Lastly, responsiveness is frequently seen as the willingness to provide service in various situations.

According to Juwaheer and Kandampully (2009), if management implements service quality concepts and metrics properly, the relationship between service quality and customer satisfaction has proven its role and importance. When management implements service quality concepts and metrics properly, satisfaction can be the result of high-quality services. Customer pleasure is one of the most important concepts in marketing theory and practice. Today, many businesses strive for Total Customer Satisfaction (TCS). Although there are a number of different definitions for customer satisfaction, the most common one is provided by Douglas & John (2008) which contrasts the client's expectations with their impressions of the actual service interaction. Kotler (2002) defined customer satisfaction as a person's emotional state following a comparison of perceived performance (results) with expectations. Oliver (1981) contrasts this by viewing customer satisfaction as a judgment of a product or service that offers a satisfying degree of fulfillment related to consumption, including levels of under- or over-fulfillment. Thus, this is the reason behind why companies direct their business activities to produce goods and services that can provide best satisfaction to consumers. In light of these understandings on the importance of service quality and customer satisfaction, this study aims to assess the influence of service quality dimensions on the customer satisfaction by taking DHL Ethiopia.

1.2. Background of the Study

Logistics is the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from one specified point of origin to point of consumption in order to meet client demands (<http://www.businessdictionary.com/definition/logistics.html>). It is concerned with

delivering items and services where and when they are required. It is difficult to accomplish any marketing or manufacturing without logistical support. It involves the integration of information, transportation, inventory, warehousing, material handling, and packaging. Logistics' operational responsibility is to relocate raw materials, work in process, and finished stocks geographically where needed at the lowest feasible cost.

To grasp the ideas of logistics in terms of practical application and to get a glimpse of how every company or organization uses logistics as a powerful instrument to attain customer satisfaction, cut overall cost and improve efficiency we selected "DHL" the world's leading courier Service Company. But DHL is multi-faceted and offers myriad types of services. DHL are the first letters of the last names of the three company founders, Adrian Dalsey, Larry Hillblom and Robert Lynn.

In 1969, just months after the world had marveled at Neil Armstrong's first steps on the moon, the three partners took another small step that would have a major impact on the way the world does business. The founders began to personally ship papers by airplane from San Francisco to Honolulu, beginning customs clearance of the ship's cargo before the actual arrival of the ship and dramatically reducing waiting time in the harbor. Customers stood to save a fortune. With this concept, a new industry was born: international air express, the rapid delivery of documents and shipments by airplane. The DHL Network continued to grow at an incredible pace. The company expanded westward from Hawaii into the Far East and Pacific Rim, then the Middle East, Africa and Europe. By 1988, DHL was already present in 170 countries and had 16,000 employees.

At the beginning of 2002, Deutsche Post World Net became the major shareholder in DHL. By the end of 2002, DHL was 100% owned by Deutsche Post World Net. In 2003, Deutsche Post World Net consolidated all of its express and logistics activities into one single brand, DHL. DHL is the global market leader in international express, overland transport and air freight. It is also the world's number 1 in ocean freight and contract logistics. DHL offers a full range of customized solutions – from express document shipping to supply chain management.

The global facts and data shown below demonstrate the scope of the world's largest express and logistics network.

Global Figures and Facts	
NumberofVehicles	76,200
Number of Countries & Territories	220
Shipments per Year	1.5 billion
Number of Employees	285,000
NumberofOffices	6,500
Number of Hubs, Warehouses & Terminals	450
Number of Aircraft	420
Number of Employees	285,000
Number of Gateways	240

Table 1.1: Global facts and figures source: background of DHL from internet

The reason for the success of DHL is due to its very effective and efficient way of carrying out the process of project management. The basic steps in it are as follows

1.3. Statement of the Problem

In public and private sectors, capacity of satisfying their respective clients by their service is essential to their existence and success. In order to adapt to the changing market, it is necessary to recognize potential consumers' needs, gauge their level of satisfaction in comparison to competitors, and develop relationships with both current and future clients. Businesses should provide timely, efficient responses and solutions to consumers' needs in order to build satisfied customers and keep excellent even though it is tough to quantify services because of their intangible nature (Souki&Filho, 2008).

Delivering goods and services when and where they are needed is the focus of logistics. Without logistical help, marketing and production tasks are challenging to do. Information, transportation, stock, warehousing, material handling, and packaging must all be combined. Logistics services are the backbone of international trade. Good logistics reduce trade cost, for developing

countries like Ethiopia, getting logistics right means improving their infrastructure, customs, skills and regulation. Well known logistics company like DHL is the global leader on Logistics industry that can provide everything that needs to be delivered. The biggest challenges logistic firms have are establishing criteria and putting in place appropriate metrics for tracking customer satisfaction performance over time

According to Anderson & Bowland (1984) as the competition in service industries grows, giving attention in the area of service equality becomes very important. Although the need to satisfy customer is something that goes without saying, this is precisely the problem with many organizations' assumptions are made about what customers really want. Professional services in a particular sector frequently suffer from an attitude of thinking that they know best, because they are the experts. This may be true but this attitude can create blind spots in dealing with customers (Johnson and Clark, 2002). It is essential to assess the current status of our practice on logistics with the aim of identifying the gap, potential and constraints and suggest possible solutions for problems (gaps) that identified by the study for development of effective and efficient logistic system. Availability of customer orientation, level of bureaucracy at customer, skilled manpower, tracking, giving service according to specifications, delivering the item carefully, handling customer complaints in a good way and convenient business environment are the basic and important to be preferable organization from competitive one and reach their goal (Fredrick, 2008). On most of these criteria, Ethiopia logistics system is found to be poor (Fikadu, 2013). This assesses the DHL Logistics Company because DHL is the biggest firm in the sector of logistics in Ethiopia and this type of research has not been done at DHL Company before. in today's competitive business environment, customer satisfaction is crucial for businesses to thrive and succeed. Service delivery plays a pivotal role in shaping customer perceptions and influencing their satisfaction levels. However, there remains a need to thoroughly examine the specific factors of service delivery that contribute to customer satisfaction and how businesses can effectively optimize their service delivery processes to enhance customer retention and loyalty. In relation to this, the main purpose of this study is also to assess service quality of DHL logistic company using the five dimensions of SERVPERF model and its subsequent effect on customer satisfaction. SERVPERF is selected for this study because of the nature of the research title which best fits and also in order to bring out the best result out of this study. Moreover, it is a widely accepted quality assessment tool (Hemmasi et al., 1994, p. 25; Jensen and Markland,

1996,). Pertaining to the above, the researcher of this study will attempt to investigate the perceptions of customers towards the quality of insurance service of DHL logistic company and attributes that customers used to judge service quality of the company.

As a result, the factors that affect the service satisfaction level among the customers of DHL are not fully known. Therefore, conducting a study that can uncover the factors that affect the service satisfaction of customer is important. This study thus investigated the determinants of customer satisfaction with logistic services by taking the case of DHL Company in Ethiopia.

1.4. Objectives of the Study

1.4.1 General Objective

The main objective of this study is to explore the influence of service quality on customer satisfaction in DHL Logistics Company in Addis Ababa.

1.4.2 Specific Objectives

The study has the following specific objectives

1. To identify the status of satisfaction of DHL customers in Addis Ababa.
2. To determine the factors that influences the satisfaction of customer for DHL services in Addis Ababa.

1.5. Research Questions

The study anticipates finding possible and relevant answers to the following questions in order to measure consumer satisfaction:

1. What is the level of customer satisfaction on the services of DHL Logistics Company in Addis Ababa?
2. What service quality dimensions influence satisfaction of customers in DHLLogistics Company in Addis Ababa?

1.6. Significance of the Study

Customer satisfaction study provides a formal way for customers to provide feedback on the logistics service they received, which can assist uncover present and prospective problems. It

also sends a message to customers that the organization is concerned about their well-being and appreciates customer feedback on operations. This research is thought to be significant in the following ways:

First, it aids in determining the level of customer satisfaction/dissatisfaction with the current logistic service in Ethiopia by taking the case of DHL.

The research is important to logistic companies to understand the service quality dimensions on their customer satisfaction.

Second, the study's findings could be used as a starting point for future research with regard to the relationship of the customer satisfaction and service quality dimensions.

1.7. Scope/Delimitation of the study

This study is focused on investigating impacts of service delivery quality on clientsatisfaction in DHL Logistics Company in Addis Ababa town only. The scope of the study is limited to the clients who live in Addis Ababa town due to time and financial constraints.

1.8. Limitation of the Study

This study is limited to the degree of service quality and customer satisfaction of DHL Logistics Company's core customers in Addis Ababa, even though the company operates throughout Ethiopia.. Customers from different locations may have various expectations and views of customer service; As a result, the study's findings would have been more significant if more customers had participated. However, due to time and cost restrictions, it is not able to expand the study to look at the relationship between customer satisfaction levels in terms of their expectations and perceptions of the need for logistics service across city branches and remote branches. As a result, only the key consumers at the city branches were studied.

1.9. Organization of the Thesis

This study is divided into five chapters. The first Chapter contains the study's background, problem statement, research questions, research objectives, significance of the study, scope and limitations of the study, and research organization. The second chapter contains a literature review that informs the reader of what is already known in the area or field. The third chapter

discusses the methodology used in the study, including the research design, sample size and sampling method, data source and collection method, and data analysis method. The fourth chapter contains data analysis and a discussion of the results. Finally, Chapter 5 contains a summary of the major findings, a conclusion, and recommendations.

CHAPTER TWO

This section contains a literature review of the research. In the field of service quality and customer happiness, numerous researches have been carried out. Many authors have made valuable contributions about service quality aspects such as tangibles, reliability, responsiveness, assurance, and empathy as crucial factors in providing high-quality service. This chapter delves into the definitions of service, characteristics of service, definitions and dimensions of service quality, customer satisfaction including the relationship between service quality and customer satisfaction, among other things.

2.1. Theoretical Review

2.1.1 Service Quality

Service Quality is a way of companies that try to make continuous quality improvements to the processes, products, and services produced by the company. Dimensions or indicators of Service Quality is the more quality of service provided by the company then the satisfaction felt by customers will be higher, and vice versa. (Marnovita, 2020).

Quality of Service is good and or bad or satisfied or not customers are satisfied with the service provided. Dimensions or indicators of Quality of Service is the level of Satisfaction measured through questionnaires or questionnaires in assessing the quality of a service. (Risdah, 2019)

Researchers attempted to operationalize service quality from several perspectives for various service applications. Authors (e.g., Parasuraman et al., 1991; Carman, 1990) agree that service quality is a nebulous concept that is difficult to define and quantify. Due to the extremely subjective nature of service quality, key criteria of service quality can be difficult to define. Deming (1986) emphasized this when he remarked, "Quality can be defined solely in terms of the agent." In other words, "Ultimately, the consumer will develop a judgment about the quality of any given service that they receive. The changing character of service quality adds to the difficulty of understanding it. To begin with, a consumer's reaction to service quality is immediate, as opposed to, say, a consumer's reaction to manufactured items (Kotler, Bowen, and Makens, 1996). Furthermore, because the consumer's service quality rating is immediate, it is

impossible to predict a consumer's reaction to a future service today, as consumer requirements and expectations are constantly changing. As a result, the relevant characteristics are those that are important to each individual consumer at a given time. (Deming, 1986). According to Peters (1985), "consumers perceive service in their own unique, idiosyncratic, emotional, irrational, end-of-the-day, and totally human terms." Perception is all there is "Despite the intangible and difficult to quantify nature of service quality, it can be concluded that a positive customer experience is dependent on the organization's ability to comprehend customer needs, wants, and expectations, and then deliver service that attains or exceeds those expectations. Different kinds of measurement tools were developed with the goal of capturing and explaining the characteristics of service quality. Among those measurement tools SERVQUAL and SERVPERF measurement tools are the main.

SERVPERF Cronin and Taylor (1992) in their empirical work controverted the framework of Parasuraman, Zeithaml and Berry (1985, 1988) with respect to conceptualization and measurement of service quality, and propounded a performance-based measure of service quality called 'SERVPERF' illustrating that service quality is a form of consumer attitude. The SERVPERF model was carved out of SERVQUAL by Cronin and Taylor in 1992. SERVPERF measures service quality by using the perceptions of customers. Cronin and Taylor (1992) argued that only perception was sufficient for measuring service quality and therefore expectations should not be included as suggested by SERVQUAL.

SERVQUAL was created in stages, with each stage leading to a more sophisticated version. Service quality is measured as the difference between client expectations and perceptions in the most widely used form (Parasuraman et al., 1988), and are characterized by five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. Later definitions of service quality include "consumers' opinion of the overall excellence or superiority of the service" (Zeithaml et al., 1993). It's considered as a mindset or overall assessment of a service's overall quality, with expectations and performance serving as the benchmarks.

According to Parasuraman et al. (1985), consumers evaluate service quality along five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. These dimensions describe how customers mentally organize information about the quality of service.

The following five dimensions are described in detail:

Tangibility: The facility's physical appearance, which includes materials, equipment, and staff. This improves the company's image and creates a more favorable perception of the service among customers. All of these provide physical representations or images of the services that customers, particularly new customers, will use to assess quality. **Reliability:** This refers to service reliability, which is distinct from product reliability and requires the service provider to be able to offer accurate and consistent service. This indicates that the organization delivers on its promises in terms of service delivery, price, and problem resolution for customers. Customers like to do business with organizations that follow through on their promises, especially those related to key service traits.

Responsiveness: The service provider's ability to offer timely service. This includes paying attention to the consumer and responding to complaints and concerns as soon as possible. Responsiveness entails being flexible with customers, attempting to fulfill their requests, and providing service promptly.

Assurance: refers to the ability to provide professional services. This involves the employee's knowledge as well as his or her friendliness, both of which foster trust. Increasing consumer trust in the organization results from increasing customer trust in the employee. This component is likely to be particularly important for services that the client perceives to be high-risk and/or for which they are doubtful about their ability to evaluate outcomes, such as banking, logistics, brokerage, medical, and legal services.

Empathy: is described as the firm's compassionate and personalized treatment of its clients. Through personalized or customized service, the foundation of empathy is conveying to clients that they are unique and special. Customers want to feel understood by and important to firms that provide service to them. Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors (Ladhari, 2008).

2.1.2 Customer Satisfaction

Customer Satisfaction is a feeling of pleasure or disappointment of someone who appears after comparing the performance (results) of the product thought against the expected performance results (Kotler 2006:177, 2019). The dimension or indicator of Customer Satisfaction is if the performance is below the expectations of eating dissatisfied customers, if the performance meets expectations then the customer is satisfied, if the performance

exceeds expectations then the customer is very satisfied or happy (Kotler 2006:177, 2019) . Customer Satisfaction is an attitude that is decided based on the experience obtained. Satisfaction is an assessment of the characteristics or privileges of a product or service, or the product itself, that provides a level of consumer pleasure with regard to meeting consumer consumption needs (Sugeng, 2016) . Dimensions or indicators of Customer Satisfaction can be created through quality, service, and value. The key to generating customer loyalty is to provide high customer value. (Sugeng, 2016)

Customer Satisfaction is the customer's response to the evaluation of perception of differences in initial expectations prior to purchase (or other performance standards) and the actual performance of the product as perceived after wearing or consuming the product in question. (Tjiptono, 2012)

According to Kotler and Armstrong (2010), satisfaction is defined as a person's sentiments of joy or disappointment as a result of comparing a product's perceived performance to expectations. Satisfaction or discontent is a measure or evaluation of a product's or service's capacity to meet a customer's requirement or expectations. Customers contrast their expectations of a specific product or service with its actual benefits. Customers' feelings and beliefs can influence their level of pleasure. Customer satisfaction is a business phrase that refers to a measurement of a company's ability to meet its customers' expectations through the products and services it provides (Alaina, 2023). Some may regard this as the key performance indicator (KPI). Customer happiness is considered as a crucial differentiator in the competitive market place where businesses compete for clients, and it has increasingly become a key element of corporate strategy. It is well established that satisfied customers are key to long term business success (Kriestensen et al., 1992; Zeithami et al, 1996; Mccoll-kenedy and Schneider, 2000)

2.1.3 Models for Measuring Customer Satisfaction

2.1.3.1 SERVQUAL Model

Consumer satisfaction and service quality are linked; the better the service, the more satisfied the customer. Many people agree that there are no recognized standard scales in the logistics industry for measuring the perceived quality of logistics service.. However, gaining a competitive advantage through high-quality service is becoming a more crucial survival weapon. Measuring service quality appears to pose intangibility, heterogeneity, inseparability, and perishability as service qualities (Batson, 1985). Because of these complications, many measuring models for gauging service quality judgments have been created (Gronroos, 1983; 1990; Parasuraman et al, 1985, 1988, 1991). The SERVQUAL Model of Parasuraman et al (1988)

proposes a five-dimensional construct of perceived service quality: tangibles, reliability, responsiveness, assurance and empathy- with item reflecting both expectation and perceived performance. Service quality has become an important research topic because it's apparent relation to cost, profitability, customer satisfaction, customer retention and positive word of mouth. Many study instruments have been created to assess perceived service quality. The SERVQUAL model, a well-known scale designed by Parasuraman et al. (1988) is the most popular of such broad instruments.

The fundamental feature of the SERVQUAL measurement tool is that it allows researchers to look into a variety of service industries, including health care, logistics, banking, financial services, and education. The fact that SERVQUAL has been criticized for its measurement tool may have more to do with how researchers utilize it. SERVQUAL was developed by Parasuraman et al (1985) and has ten different components. These ten components were reduced into five separate dimensions in a letter in 1988. Assurance, reliability, tangibility, empathy, and responsiveness are the five qualities.

2.1.3.2 SERVPERF Model

Cronin and Taylor (1992) claimed that their unweighted performance-based SERVPERF instrument was a better technique of measuring service quality. Depending on the type of service industry, their scale had a reliability rate rating ranging from 0.88 to 0.96 (showing a high degree of internal consistency), and it had good convergent validity and discriminant validity. In addition to theoretical considerations, Cronin and Taylor (1992) provided empirical evidence from four industries (banking, pest control, dry cleaning, and fast food) to support their 'performance-only' instrument's superiority over the disconfirmation-based SERVQUAL scale. The 'performance only' scale is a variation of the SERVQUAL scale that contains only the perceived performance component. It has only 22 items. A higher perceived performance indicates a higher level of service quality.

There is a considerable support that has emerged over time in favor of the SERVPERF scale (e.g., Woodruff, Cadotte and Jenkins, 1983). Though still lagging behind the SERVQUAL scale in application, researchers have increasingly started making use of the performance-only measure of service quality (e.g., Andaleeb and Basu, 1994; Cronin and Taylor, 1992). Also when applied in conjunction with the SERVQUAL scale the SERVPERF measure has outperformed

the SERVQUAL scale (e.g., Cronin and Taylor, 1992. Seeing its superiority, even Zeithaml et al. (2002)

one of the SERVQUAL scale's founders, observed in a recent study, "...Our results are incompatible with both the one-dimensional view of expectations and the gap formation for service quality; instead, we find that perceived quality is directly influenced only by perceptions (of performance)" (Boulding et al., 1993). This admission eloquently attests to the superiority of the SERVPERF scale. Regardless of the method used to assess service quality, it is clear that service quality influences customers' perceived value, contentment, re-visit, and loyalty. Cronin and Taylor (1992) established the SERVPERF scale, which is one of the most important versions of the SERVQUAL scale. Because it is based solely on perception, it has been theoretically and methodologically postulated as a superior scale to the SERVQUAL scale, which is based on the disconfirmation paradigm (McCoy, John, Larry, Frieder, Robert, and Hedges, 1994).

2.1.4. Service Quality and Customer Satisfaction

Quality and customer happiness have long been emphasized as a critical to success and survival for most business (Parasuraman et al. (2005)). Oliver (1993) proposed that, regardless of whether these notions were cumulative or transaction-specific, customer pleasure would be antecedent to service excellence. Customer Satisfaction and service quality share some characteristics, but satisfaction is a broader concept, whereas service quality focuses specifically on service dimensions (Wilson et al., 2008). According to Wilson et al. (2008), service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy, and tangibility, whereas satisfaction is broader and is influenced by perceptions of service quality, customer satisfaction, financial performance, manufacturing costs, customer retention, customer loyalty, and the success of marketing strategy all have a strong correlation with service quality (Cronin et al., 2000; Wong et al., 2008). Service quality is viewed as a strategic component of marketing plans by organizations in the service sector (Spathiset al., 2004). Organizations can achieve a higher level of customer satisfaction and maintain a competitive advantage by improving service quality (Meuteret al., 2000).

2.1.5. Consumers Expectation of Service Quality

Service quality is defined as the consequence of a customer's comparison of their expectations regarding a service and their impression of how the service was executed (Parasuraman et al., 1985). Customers' expectations are generated by the firm's past experiences, word of mouth, and promotion, according to Kotler (2001). According to Parasuraman et al. (1988), the term "expectation" is employed differently in the service quality literature than it is in the consumer satisfaction research. In the consumer satisfaction literature, expectations are defined as consumer forecasts about what will happen in a future transaction or exchange. For example, it is widely accepted that expectations are customer-defined probabilities of good or bad occurrences occurring if the consumer engages in particular behaviour (Oliver (1981)). In the service quality literature, expectations are considered as consumer needs or wants, which indicates what they believe a service provider should offer rather than would offer, according to Parasuraman et al. (1988). Gronroos (2007) defined service quality as the result of a consumer's comparison of expectations and perceptions. Customer expectations serve as the foundation for evaluating service quality because quality is good when performance exceeds expectations and low when performance falls short of expectations (Athanasopoulos et al., 2001). There are numerous factors that influence customer service expectations. The primary factors and most usually

recognised to influence expectation are outlined below. As noted by Alemayehu (2010), these are past experiences, personal needs, implicit service communication, word-of-mouth communication, and explicit service communication. • Previous experience that customers have: Customers' expectations of the service will be influenced by their previous experiences.

- Previous experience that customers have: Customers' expectations of the service will be influenced by their previous experiences.

- Personal needs: Any customer or user of the service will have a set of critical personal demands that he or she expects the service to meet. These will differ from one service to the next and from one consumer to the next.

- Word of mouth communication: communication from sources other than the service provider will shape expectations. This can involve family, friends, and coworkers, but it can also encompass the media and other organizations.

- Implicit service communication: this includes things such as the physical look of buildings; for example, renewal may inspire the consumer to expect improved quality in other service areas.

- Explicit service communication: Statement from pamphlets and other publicity materials can have a direct impact on expectations.

2.1.6. Measuring Customer Satisfaction in the Logistics Industry

Operations in logistics are being increasingly dictated by customers. (Ben-Lutkevich technical feature writer). The demand for logistic services is consistently increasing. Being able to give customers access to multiple marketplaces is now a competitive advantage for logistic companies.. Industry convergence to meet changing demographic demands is now more than visible. Companies' business dynamics will soon be altered by logistic services, which will fuel the consolidation process for larger scope of business and revenue. The focus on industry,

agriculture, health, and services provides numerous investment opportunities. Speed, service quality, and customer satisfaction will be crucial differentiators for any logistic company's future performance, given the amazing increase in the population's income and the rising demand for logistic services. As a result, logistic businesses must obtain valuable feedback on their actual response time and customer service quality components of service delivery, which will enable them to take proactive efforts to maintain a competitive advantage (Długosz, 2010).

The workings of the customer's mind are a complex puzzle to unravel, and grasping the nuances of customer happiness is a difficult undertaking. This activity will provide us with insight into the parameters of customer satisfaction and how they are measured in the insurers. This important data will aid us in achieving long-term client happiness and loyalty, which is an important aspect of any organization (Khadka, 2017).

Service quality is the comparison between the expectation of customers from the service and what the reality is. Jonathan (2018) in his article defined Service quality as the result of the comparison made by customers about what they feel service firms should offer, and perceptions of the performance of firms providing the services. By citing Parasuraman, Zeithaml and Berry (1988); and Grönroos (1982) Nomnga and Mhlanga (2014) in their side stated that Service quality is a complex, elusive, subjective and abstract concept. It means different things to different people. The most common definition of service quality is the comparison customers make between their expectations and their perceptions of the received service.

Service quality is one factor that can determine the satisfaction of customers. By citing Bergman B et al. (2003) Vega and Garcia (2008) indicated that customer satisfaction is one of the topics very related with the Quality; the ultimate measurement of quality is customer service. Odunlami (2015) also stated as researchers concluded that service quality is an important indicator of customer satisfaction. In relation to this by citing Rust and Zahorik, (1993) Odunlami (2015) also indicated that Poor services can lead to dissatisfaction. Poor services or unsatisfactory level of services, which cannot meet customers' expectation, may be one of the causes of dissatisfaction in customers. Therefore, we can conclude that service quality determines the customer satisfaction in that if the service is in good quality, it will create satisfaction of customers but if it is in poor quality, it will create dissatisfaction.

The service quality in land development and management needs improvement. Unless some improvement measures are undertaken it will create dissatisfaction. Transparency International Rwanda (2017) stated that the need to improve services in the land sector is vital to ensure effective and efficient land related service delivery. In order to improve the service delivered in land development and management first we have to understand what the customer needs. As it is stated by Vega and Garcia (2008) the main question about quality service is what the customer expects to get from the service. Knowing the customer- their needs, expectations, price and wants helps the company succeed. It is the customer who judges the quality of goods and service. In order to create customer satisfaction, service quality should be equivalent with the demand or the expectation of customers and again the service should be provided in a proper way. In reaching on customer satisfaction, service must be in a good quality and it should be delivered in a proper way and we have to check whether the service is delivered properly and also, we have to measure the quality of service delivered to see its level and to take corrective actions where there is a problem in its quality. As it is stated by WMCC to understand whether the service is provided properly or not, there should be customers and that customer receive a service and, in the process, the perception of customers should be known and understood. And again, in order to measure whether the service is provided properly or not, there should be a setting of standard for service delivery (WMCC; 2016: 35). Therefore, we can conclude that in order to have a customer satisfaction we have to set a service delivery standard and measure the service quality and improve the service based on the finding of the measurement of the service quality.

The service provided by different organization and firms should be in a best quality because as it is presented by different authors and scholars quality of service affects the satisfaction of customers and again if customers are not satisfied it will affect the performance and the continuity of the organization or firms. So, organizations or firms should give emphasis for quality of services that is provided to customers. There are different models presented to measure the quality of service. One of the best models is SERVQUAL which is developed by Parasuraman et al. (1985, 1986, 1988, 1991, 1993, 1994; Zeithaml et al., 1990).

2.1.7. The Need to Measure Customer Satisfaction

Customer satisfaction is essential for optimal performance and financial returns. Over the last two decades, corporate organizations all over the world have elevated the role of the customer to that of a significant stakeholder. Customers are seen as a distinct group whose happiness with the

company must be factored into strategic planning. Forward-thinking businesses see customer satisfaction (CS) as a key strategic success indicator that can be measured and tracked directly. The evidence is accumulating that prioritizing CS is crucial to improving organizational success in a global market.

Companies can establish the steps required to meet consumers' wants with a deeper understanding of their views. They can assess their own strengths and shortcomings, as well as their position in contrast to their competitors, and plot a course for future growth and improvement. Client satisfaction measurement encourages a greater focus on customer outcomes and encourages the organization to enhance its work methods and processes.

2.2. Empirical Review

Customer satisfaction and service equality are considered as a crucial aspect in business; for the development of a company highly depends on how good they maintain their customer through service. Indeed, good service quality is expected to result in customer satisfaction, therefore will increase customer's retention and loyalty (Edward and Sahadev, 2011).

Service quality is defined as

a comparison of customer expectations with service performance (Borgave Sand Koranne S 2016). Good service quality leads into customer satisfaction and, therefore, makes the firms more competitive in the market. High service quality can be achieved by identifying problems in service and defining measures for service performances and outcomes as well as level of customer satisfaction. Moreover, service quality can be defined by examining the differences between expected service and perceived service. According to Agyapong (2011) there is a positive relationship between service quality and customer satisfaction.

In this study, multiple regression analysis is implemented to examine the relationships between service quality variables and customer satisfaction. The results show that all the service quality items were good predictors of customer satisfaction. Hence, identifying and satisfying customers' needs could improve network services because what is offered can be used to separate the company's services from competitors'.

Service companies is a business based on customer trust; service quality issue is one of important factors determining the success of this business. According to Belas and Gabcova (2014), company's profit and growth are both primarily stimulated by customer loyalty which is directly

formed by their satisfaction. Therefore, customer satisfaction is the company's top priority for long-term relationships with customers.

In organized retail outlets, customer service is delivered by front end employees i.e., salespersons. Grönroos (2000) opined that customer service has played a very important role in every business and hence it is important to emphasize on training of employees rather than on material resources. As front-end employees meet external customers and are responsible for customer service delivery, their skills impact on how store image is perceived by the customers. (Ahmed and Rafiq (2002)) in internal marketing, the focus is on employee satisfaction and as employees deliver service to customers, satisfied employees can better deliver customer satisfaction. Researchers (Brady and Cronin 2001) have re-affirmed the same. Service literature has been interested in the factors that influence the attitudes and behaviors of service employees and has examined the influence of organizational characteristics (e.g., Babakus et al. 2003), social environment Sergeant and Frenkel 2000), global perceptions of the job (e.g., Singh 2000), and personality (e.g., Hurley 1998).

Behavioral skills of an employee play a vital role in delivering customer service. These skills create an impact on employee skills and help in achieving sales (Coll&Zegwaard, 2006) by improving and developing competencies of salespersons such as interpersonal skills, teamwork, communication and problem-solving skills (Hind et al., 2007; Maher & Graves, 2007). Birkett (1993) developed taxonomy of cognitive skills and behavioral skills. According to Birkett, cognitive skills include technical skills - the application of technical knowledge with some expertise; analytical/constructive skills - problem identification and the development of solutions; and appreciative skills - evaluating complicated situations and making creative and complex judgments. Behavioral skills include: personal skills - how one responds and handles various situations; interpersonal skills - securing outcomes through interpersonal relationships; and organizational skills - securing outcomes through organizational networks.

The training on behavioral and technical skills imparted to the employees enables them in delivering customer satisfaction. Customer satisfaction depends on how products and services meet or surpass customer expectation (Kotler et al., 2000). In a competitive marketplace where businesses are focusing on retaining customers, customer satisfaction is one of the differentiating factors. The paper investigates the impact of Employee Technical and Behavioral skills in delivering Customer Satisfaction at Organized Retail outlets in Pune. For study purpose, the

behavioral skills such as communication, promptness in service, politeness, being available on request, willingness to help and convincing abilities have been selected. Similarly, technical skills such as product knowledge, cross functional knowledge, operational knowledge and complaint management have been selected.

2.3. Conceptual Framework

It is thought that customer satisfaction influences customers' perceptions, post-purchase actions, and future decisions. The five service quality dimensions included in this conceptual model are drawn from the research done by Parasuraman et al. (1988). Ten service quality dimensions (tangibility, reliability, responsiveness, communication, access, competence, courtesy, credibility, security, and knowledge) were used by Parasuraman et al. (1985) to conduct research on various service organizations. Subsequently, in 1988, Parasuraman et al. carried out additional research in which they refined the ten dimensions even further, resulting in the development of five dimensions (tangibility, reliability, responsiveness, assurance and empathy). The suitability of each service quality dimension for various service organizations was the rationale behind the reduction of the ten dimensions to five. Consequently, a modified version of Parasuraman et al.'s (1988) model was employed in this study.

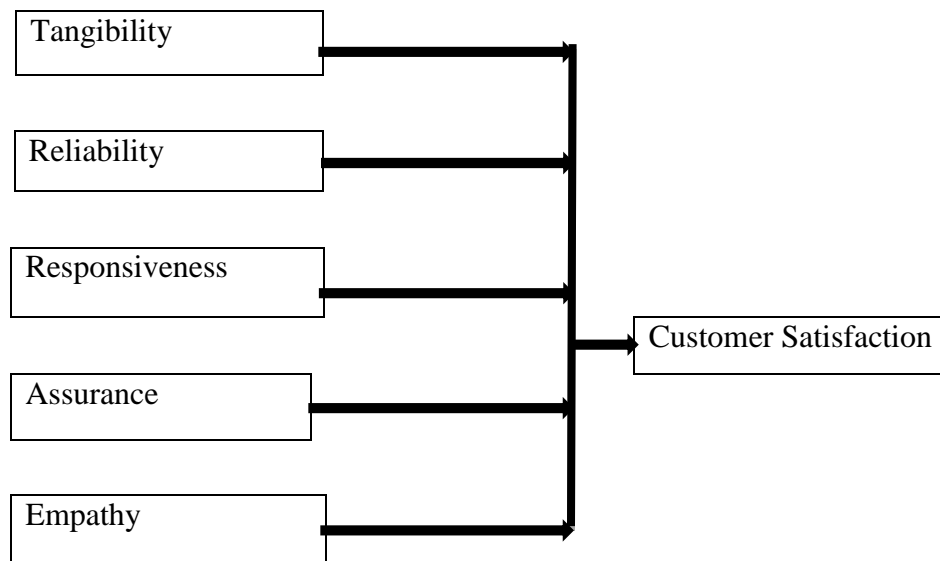


Figure 2.1: *Conceptual framework of the effect of service quality on customer satisfaction*

Source: SERVPERF Theoretical Framework (Adopted from Cronin and Taylor (1992))

Based on the conceptual framework and specific objectives of the study, this study has the following research hypotheses that are tested based on the empirical survey data.

Hypothesis1. Tangibility has a positive and significant influence on customer satisfaction for DHL.

Hypothesis 2. Reliability has a positive and significant influence on customer satisfaction for DHL.

Hypothesis3. Responsiveness has a positive and significant influence on customersatisfaction.

Hypothesis 4. Assurance has a positive and significant influence on customer satisfaction for DHL.

Hypothesis 5. Empathy has a positive and significant influence on customer satisfaction for DHL.

CHAPTER THREE: RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

This chapter focuses on the study's methodology. The third chapter will cover research design, data and information gathering methodologies, questionnaire design, sampling design, and so on. The methods of data analysis, which include factor analysis, reliability tests, descriptive statistics, and mean, on the other hand, contribute in the formation of hypotheses for this study.

3.1 Research Design

Research design is the important step to gather and analyze the imperative data and assist to find the location of the study, sample size, population and so on (Sekaran&Bougie, 2009). Based on the nature of the study, quantitative research was used to collect representative data from the intended respondents. The study used quantitative methodologies to better understand the impact of service quality on customer satisfaction via a SERVPERF (Turley and Milliman, 2000). It is used to quantify attitudes and behaviors of the customers that consume service in DHL. The advantage of using quantitative research is that it produces reliable data that are usually qualified to some large population. In this study, thus, surveyis used to collect the quantitative data from the respondents.

3.2 Data Collection Methods

This study is based on cross-sectional primary data which is collected by using a structured questionnaire (See the annex). According to Naresh (2010,), primary data is organized for the specific purpose of addressing the problem on hand. The primary data is collected by using questionnaire. Many of measurement tools “questionnaire” used by other researchers (e.g., Cronin and Taylor, 1992)is adapted, to fit the purpose of this research and collect the data. The questionnaire is finally distributed to the respondents which are the customers of DHL Ethiopia. We used the SERVPERF (e.g., Cronin and Taylor, 1992) model as the basis for the structured questionnaire because it provides information on our research questions in which we are trying to know how consumers perceive service quality in DHL. This will enable know over perceived service quality by customers and identity what items of the SERVPERF dimensions consumers

are satisfied with. We used the five dimensions (Tangibles, reliability, responsiveness, assurance, and empathy) of SERVPERF model which are subdivided into 22 statements, which were directed to measuring service quality in DHL Company in our case. This dimension is in line with the technical quality dimension proposed by Gronroos (1982) which could be used to measure service quality. We located ourselves in main and branches of DHL Company and some private companies. We explained to all our respondents that we were seeking to measure the customer satisfaction in terms of service quality.

3.3 Population and Sampling

3.3.1 Population

A customer that has used DHL's Logistics service once or several times in Addis Ababa, Ethiopia will be the unit of analysis in this study, in which, they will be conducted to fill up the questionnaires. Customers who have already made a purchase at DHL logistic firm are considered in the active population frame for this study. The study was carried out at DHL Logistics Company in Addis Ababa the capital city of Ethiopia at the Bole Sub-City. All customers can get the services of DHL from Monday to Saturday on working time and Sunday from 10:00-04:00. According to the data obtained from the head of customer services department the numbers of customers that are currently using the DHL services on average are estimated to be over 60,000. After further checks the total population of 43,371 is considered as active population for sampling during the month of November 2022. Therefore, the total population frame of this study is 43,371.

3.3.2 Sample Size

The researcher collected a sample size from the customers who get services from the DHL Logistics Company in 2022 in the month of November by using Yamane (1967:886) a simplified formula to Calculate sample sizes, with a 95% confidence level, expected margin of error (e) of 0.05 and N=43,371 are assumed for Equation: -

$$n = \frac{N}{1 + N(e)^2}$$

Where n represents the sample size, N represents the population size, and e represents the level of precision.. When this formula is applied to the above sample equation will get: -

$$n = \frac{43,371}{1+43,371(0.05)^2} = 394$$

3.3.3 Sampling Technique

A basic simple random sample strategy was used in this study. Simple random sampling is a type of probability sampling in which a sample is chosen at random from a larger group or population because each member in the population has an equal chance of being chosen. This research applied simple random sampling because it is straightforward to do select samples and is an easy technique to administer the sampling process.

3.4 Operationalization of Variables

A) Dependent variable

Customer satisfaction: customer satisfaction

On is defined as how happy the customers with your product or service. Customer satisfaction was measured using a 5-point Likert scale (1=highly dissatisfied and 5= highly satisfied) to identify the overall level of respondent's satisfaction.

B) Independent variables

In this study Tangibility, Reliability, Responsiveness, Assurance and Empathy which are considered as the factors affecting customer satisfaction will be considered as independent variables. In addition, age, sex, education, and monthly income of the respondents are used as control variables.

No	Variable	Brief definition of a variable	Measurement	Influence on customer satisfaction (+/_)
1	Tangibility	This dimension refers to physical facilities, equipment, personnel, and communication material.	Five-point Likert type scale (1=Strongly disagree, 5=Strongly disagree)	+
2	Reliability	This is the ability of the firm to perform the service effectively and accurately. It measures whether the firm lived up to its promises or not.	Five-point Likert type scale (1=Strongly disagree)	+
3	Responsiveness	This dimension is related to the firm and its ability and	Five-point Likert type scale	+

		willingness to aid customers and provide apt service as promised	(1=Strongly disagree	
4	Assurance	This dimension depends on the employees of the firm. It is their skill to produce trust and credibility in minds of the consumer. It requires proper knowledge and dedication.	Five-point Likert type scale (1=Strongly disagree	+
5	Empathy	This dimension refers to the attention and priority the organization gives to the needs and requests of the customers.	Five-point Likert type scale (1=Strongly disagree	+

Table 3.1. Definition and measurement of dimensions

Data Analysis Method

Ordinary least squares regression model was used to indicate the major determinants of customer satisfaction. OLS regression is a generalized linear modeling technique that may be used to model a single response variable which has been recorded on at least an interval scale. In regression model the included variables, which are related with DHL services were tangibility, reliability, responsiveness, reliability, assurance. The relationship between the dependent variable, customer satisfaction, and the independent variables is expressed as a linear combination of the independent variables plus an error term. Following Greene (2003), the multiple linear regression models are specified as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

Where : Y = Customer Satisfaction

β_0 = Constant term

X1 = tangibility

X2 = responsiveness

X3 = reliability

X4 = assurance

X5 = empathy. Where the β s are coefficients of independent variables, Xs are column vectors for the independent variables in this case tangibility, reliability, responsiveness, reliability,

assurance, empathy and ϵ is a vector of errors of prediction. It is assumed that the errors are normally distributed with an expected value of zero and a common variance.

3.5. Validity and Reliability

Validity is one of the strengths of qualitative research and is based on determining whether the findings are accurate from the standpoint of the researcher, the participant, or the readers of an account (Creswell, 2014). The questionnaire was carefully designed and tested with a few members of the population for further improvements. Content validity of the survey questionnaire was validated by professionals and some parts of the questionnaires were taken from previous documents and secondary sources like from Gizachew (2017) and Leto (2016). According to George & Mallery (2003) to ensure the reliability of the measurement scales, Cronbach’s alpha was used in the calculation. Where by a higher value of above 0.6 indicate that the variables are reliable.

Reliability: is defined as the probability that a product, system, or service will perform its intended function adequately for a specified period of time, or will operate in a defined environment without failure.

Table 3.2: reliability test source: own survey 2023

Construct	Reliability Statistics of SERVPERF Dimensions for Perceptions			
	No of items	Cronbach’s Alpha for dimension	Reliability	No of items taken
Tangibility	4	.789	Reliable	3
Reliability	4	.855	Reliable	4
Responsiveness	4	.869	Reliable	3
Assurance	5	.837	Reliable	4
Empathy	5	.853	Reliable	4

The liability of overall expectation consists of 22 scale items is 0.812. So in reliability test if Cronbach’s Alpha result lays 0.6-0.89, it is accepted. Therefore, our instrument is reliable.

3.6. Ethical Considerations

The issue of confidentiality and anonymity is closely connected with the right of beneficent, respect for the dignity and fidelity (Mantzoru&Fouka, 2011). The research will inform

participants in advance about the nature of the study to avoid unwillingness to answer any questionnaires. It will be made sure that no respondent's name or identify who participants in this research work will have their names be mentioned in any way and make sure that acquiescence will be given.

CHAPTER FOUR

RESULTS AND DISCUSSION

This chapter gives the results of the survey data obtained from questionnaires. In this analysis SPSS version 26 was used to make the necessary analyses. In the first part demographic information of the respondent's frequency are presented. The second part presents the descriptive analysis on variables of the study and the next part deals with the results of regression analysis of determinants of customers of DHL. The findings are based on information gathered from respondents who are DHL Ethiopia customers. Out of 394 sample size, 97 % (383) the respondents have responded by filling the survey questionnaire. But 2.7% (11) of the respondents have not filled the questionnaire.

4.1 Description of the socio demographic variables

a) *Gender composition of the sampled respondents.*

In the descriptive part the gender composition of the respondents, occupation status of the respondents in DHL Ethiopia, number of service years in DHL Ethiopia, Education status, and the respondent age are presented. Table 4.1 shows the demographic of the respondents who participated in this study. Regarding the gender composition of the sampled respondents, about 56.1% of them were male while the remaining 43.9% were female. This result shows that the majority of sampled respondents were male.

Table 4.1: Gender composition of the sampled respondents

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	215	56.1	56.1	56.1
	Female	168	43.9	43.9	100.0

	Total	383	100.0	100.0	
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b) Occupation status of the sampled respondents

As Table 4.2 shows about 3.4% of the sampled respondents are experts, 22.7% of the sampled respondents are company managers, 30.3% of the sampled respondents have their own business, and 43.4% of the respondents are employees having different lower-level positions in different organizations. This may imply that many of the sampled respondents are employees having varied lower-level positions in different organizations.

Table 4.2: Occupation of the sampled respondents

Occupation status in your company					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Expert	13	3.4	3.4	3.4
	Manager	87	22.7	22.8	26.2
	Business owner	116	30.3	30.4	56.5
	Any other	165	43.1	43.2	99.7
	5	1	.3	.3	100.0
	Total	382	99.7	100.0	

c) Educational Qualifications of the sampled respondents

As Table 4.3. shows, about 3.4% of the sampled responder are PhD holders, 31.3% have the sampled answerer have a master's degree, 31.9% of the sampled answerer have first degree, 26.6% of the sampled respondents have a college diploma, and 5.5% of the sampled answerer have completed their high school education and only about 1% of the sampled respondents are with no education (with no education). This may indicate that most of the sampled answerer (93.2 percent) are with college diploma and above.

Table 4.3: Educational level of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	high school	21	5.5	5.5	5.5
	college diploma	102	26.6	26.7	32.2
	BA/BSC Degree	122	31.9	31.9	64.1
	Master's Degree	120	31.3	31.4	95.5
	PHD	13	3.4	3.4	99.0
	Others	4	1.0	1.0	100.0
	Total	382	99.7	100.0	

d) *Sampled Respondents' Years of service with DHL*

About 14.6% of the sampled respondents have indicated that they have previous service relationship with DHL for more than 4 years, 42.6% of them have service relationship from 1 to 4 years, 40.5% of the sampled respondents have less than 1 year of service experience. This indicates that most of the sampled respondents (57.2 percent) have service relationships with DHL for more than a year. This may mean that most of the sampled respondents know the company and its services very well.

Table 4.4: *Sampled Respondents' Years of service with DHL*

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Over 4 years	56	14.6	14.7	14.7
	1-4	163	42.6	42.8	57.5
	less than 1	155	40.5	40.7	98.2

	year				
	Total	374	97.7	98.2	
Missing	System	9	2.3	1.8	
Total		383	100.0		

e) Age of the sampled respondents

The age profile of the sampled respondent's shows that from the respondents with age range of 25 to 35 years comprise of about 26%, from years of 36-to 45 comprise about 33.7%, from years of 46 to 55 comprise of about 27.7%. The sampled respondents with the age of above 56 years comprised of about 12.3%.

Table 4.5: Age of the sampled respondents

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25-35	100	26.1	26.1	26.1
	36-45	129	33.7	33.7	59.8
	46-55	106	27.7	27.7	87.5
	Above 56	47	12.3	12.3	99.7
	Total	382	100.0	100.0	

4.2. Correlation analysis result

Correlations test of customer satisfaction and tangibility: The correlation coefficient (r) between customer satisfaction and tangibility is -0.010 (p >.05). This implies that there is a negative correlation between the customer satisfaction and tangibility, but statistically the correlation between two variables is insignificant.

Correlations test of customer satisfaction and reliability: The correlation coefficient between customer satisfaction and reliability is 0.556 ($p < 0.01$). This implies that there is a positive and significant correlation between the customer satisfaction and reliability. In other word increasing the value of reliability will give a higher customer satisfaction. Similarly, when the company gives a quality service as promised initially the customers are very satisfied.

Correlations test of customer satisfaction and responsiveness: The correlation coefficient between the customer service and responsiveness is 0.572 ($P < 0.01$). This implies that there is a positive and significant correlation between the customer satisfaction and responsiveness. In other word increasing the value of responsiveness will give a higher customer satisfaction. Similarly, when the company gives a quality service as promised initially the customers are very satisfied.

Correlations test of customer satisfaction and assurance: The correlation coefficient between customer service and assurance is 0.604 ($P < 0.01$). This implies that there is a positive correlation between the customer satisfaction and assurance, and statistically the correlation between two variables is significant. In other word increasing the value of assurance will give a higher customer satisfaction.

Correlations test of customer satisfaction and empathy: The correlation coefficient between customer service and empathy is 0.122 ($P < 0.05$). This implies that there is a positive and significant correlation between the customer satisfaction and empathy. In other word increasing the value of empathy will give a higher customer satisfaction.

Table 4.5: Pearson correlation test between the customer satisfaction and the five dimensions of service quality

Variable	Tangibility	Reliability	Responsiveness	Assurance	Empathy	Satisfaction
Tangibility	1					
Reliability	.096	1				
Responsiveness	.109*	.794**	1			
Assurance	.004	.768**	.772**	1		

Empathy	.117*	.024	.048	.035	1	
Satisfaction	-.010	.556**	.572**	.604**	.122*	1

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

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

4.3. Ordinary Least Square (OLS) Assumptions Result

Test on linearity: To determine whether the relationship between the customer satisfaction and the determinants is linear; plots of the regression residuals had been used. From Figure 4.1 the scatter plot of residuals shows no difference in the spread of the residuals as it can be seen from left to right on the figure. This suggests the relationship we are trying to predict is linear. Therefore, there is no problem of linearity in our data.

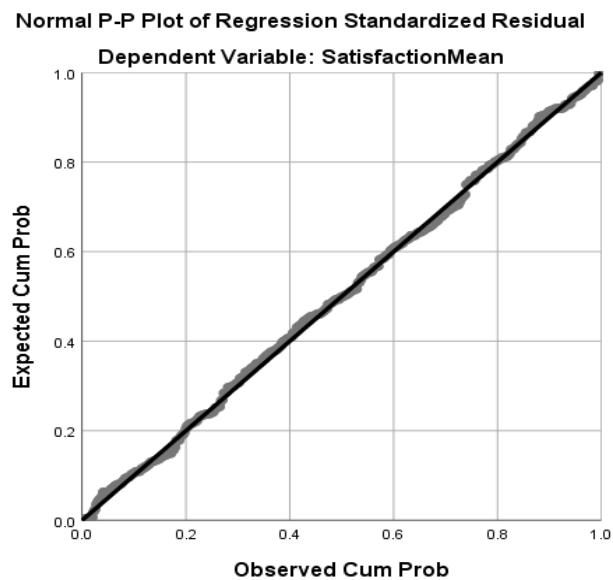


Figure 4.1: Linearity Test

Test of Normality: All variables (independent and dependent) must be normally distributed to satisfy the assumption of normality. It is able to assured with a histogram and a fitted normal curve or a Q-Q-Plot. The error term should be normally distributed or expected value of the

errors terms should be zero ($E(u_t) = 0$). Figure 4.2. Shows the frequency distribution of the standardized residuals compared to a normal distribution. Many of the residuals are fairly close to 0. Moreover, the histogram is bell shaped which lead to infer that the residual (disturbance or errors) are normally distributed. Thus, in our data, there seems no violation of the assumption normally distributed.

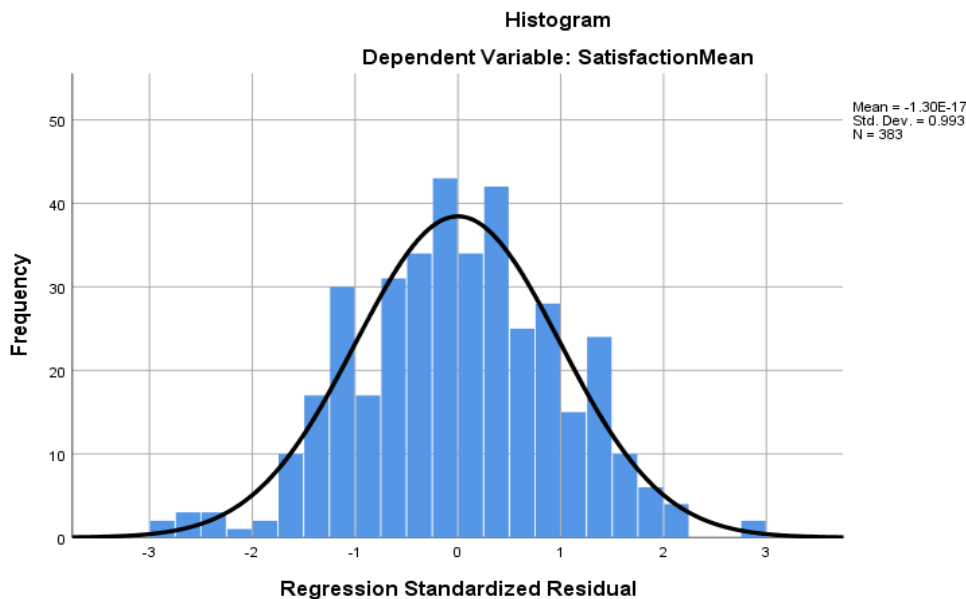
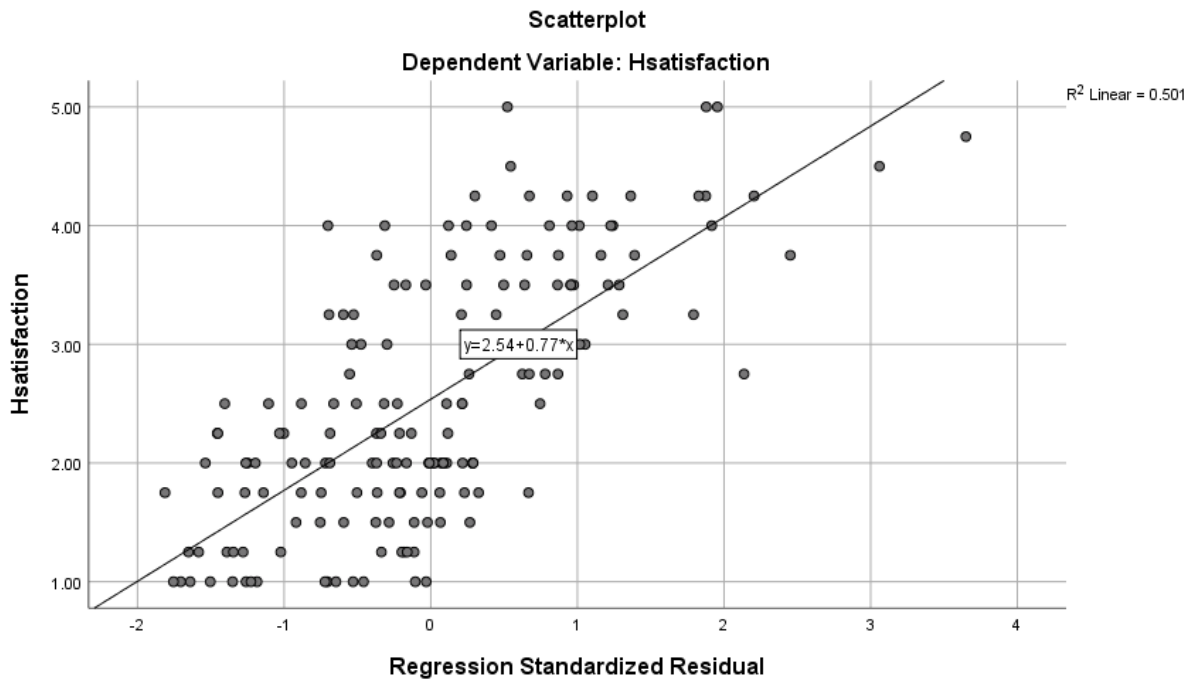


Figure 4.2: Normality Test

Test of Homoscedasticity of Residuals: The assurance scatter plots could be used to test the assumption of homoscedasticity if there is no clear relationship between the satisfaction and assurance values, the assumption of homoscedasticity should be met. In this study, by plotting the standardized residuals against the predicted values as shown in figure 4.3, the scatter plot of assurance versus satisfaction value shows that they distributed over the entire range of the predicted value and it found that there was no clear relationship between the residuals and the predicted values. Therefore, the results suggest that the assumption of homoscedasticity should be met in the study. It is the indication of absence of heteroscedasticity.

Figure 4.3. Test of Homoscedasticity of all dimensions (Scatter Plot for Homoscedasticity)



The scatter plots could be used to test the assumption of homoscedasticity if there is no clear relationship between the satisfaction and all the dependent variable values, the assumption of homoscedasticity should be met. In this study, by plotting the standardized residuals against the predicted values as shown in figure 4.3, the scatter plot of dependent values versus satisfaction value shows that they distributed over the entire range of the predicted value and it found that there was no clear relationship between the residuals and the predicted values. Therefore, the results suggest that the assumption of homoscedasticity should be met in the study. It is the indication of absence of heteroscedasticity.

Test for Multicollinearity: Multicollinearity is the occurrence of high inters correlations among two or more independent variables in a multiple regression model. Multicollinearity can lead to skewed or misleading results when a researcher or analyst attempts to determine how well each independent variable can be used most effectively to predict or understand the dependent variable in a statistical model. Based on Table 4.4 all the VIF column values are less than 10 and tolerance values are greater than 10%, indicating that there is no multicollinearity influence between the explanatory variables.

Table 4.7: Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
Tangibility	.954	1.048
Reliability	.308	3.246
Responsiveness	.302	3.316
Assurance	.331	3.021
Empathy	.984	1.016

Autocorrelation Test: Autocorrelation occurs at the time of the residuals were not free from each other. In this regard, scatter plots of diagram allow us to make sure for autocorrelations; we can examine the linear regression model for autocorrelation with the Durbin-Watson test. The value of Durbin Watson assumes to be between 0 and 4; values around 2 indicate no autocorrelation. From our test, the value of Durbin Watson is about 1.865. The value of Durbin Watson is close to 2 indicates there is no violation of Autocorrelation in our data.

Table 4.8: The mean value of the dimensions

Descriptive Statistics					
	N	Mini	Max	Mean	Std. Deviation
Tangibility	383	1.00	5.00	3.7267	0.68826
Reliability	383	1.00	5.00	3.2291	0.95492
Responsiveness	383	1.00	5.00	3.2063	1.08915
Assurance	383	1.00	5.00	3.2489	1.01824
Empathy	383	1.25	5.00	3.7272	0.75585
Customer satisfaction	383	1.00	5.00	3.3231	1.18725
Valid N	383				

- The mean scores for all five dimensions of service quality are above the midpoint of 3, indicating that customers generally perceive the service quality to be good. Tangibility is the highest-rated dimension, with a mean score of 3.7267. This suggests that customers are generally satisfied with the physical appearance of the service provider's facilities, equipment, and personnel.
- Empathy has the highest mean score of 3.7272 next to tangibility. This suggests that customers perceive the service provider to be understanding and caring towards their individual needs.
- Reliability is the second-highest-rated dimension, with a mean score of 3.2291. This suggests that customers generally trust the service provider to deliver the promised service on time and to a high standard.
- Responsiveness and assurance have similar mean scores of 3.2063 and 3.2489, respectively. This suggests that customers perceive the service provider to be responsive to their needs and inquiries, and to be knowledgeable and competent.

- Customer satisfaction scores of 3.3231. This means that, on average, customers are somewhat satisfied with the service they received. However, there is still room for improvement, as a mean value of 5 would indicate that customers are completely satisfied.

4.4. Regression Analysis Result

In order to study the relationship between the dependent (customer satisfaction) and independent variables (determinants) and specify the best predictors of the dependent variable a multiple Regression model was applied. Multiple regressions were used for testing the model and hypotheses. Based on the below table 4.5, R value shows a significant positive relationship of 0.640 which is 64%. The R² value = 0.410 meaning 41% of the variance in the model can be predicted using the independent variables or in simple words 41% of the customer satisfaction is explained by the constructed determinants.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.640a	.410	.402	.91792	1.865

Table 4.90: Linear Regression Analysis Model Summary

- Predictors: (Constant), Empathy, Reliability, Tangibility, Assurance, Responsiveness
- Dependent Variable: Customer satisfaction

ANOVA Analysis Result

From the ANOVA test in table 4.6 it shows the table Sig. value 0.05 is greater than the calculated sig. value of 0.000. This shows the statistically significant relationships between the five determinants and the customer satisfaction at 5% significance level. This means, the five explanatory variables (determinants) have great effect on DHL's service quality and customer of satisfaction.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	220.804	5	44.161	52.412	.000b
	Residual	317.649	377	.843		
	Total	538.453	382			

Table 4.10: ANOVA analysis result

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

b. Dependent Variable: Customer satisfaction Based on the coefficient of regression table the results, it is indicated that tangibility has a ($\beta = -.102$, $P < .145$). This means that holding other explanatory variables constant tangibility was found to have a negative and insignificant relation with satisfaction of the customer.

Based on the coefficient of regression table the results, it is indicated that Reliability has a ($\beta = .175$, $P < .049$). This means that holding other explanatory variables constant an increase in Reliability was found to have a positive and significant relation with satisfaction of the customer. Therefore a 100% change of customer satisfaction was causing change in Reliability increase by 17% percent assuming that other variables are constant.

Based on the coefficient of regression table the results, it is indicated that Responsiveness has a ($\beta = .220$, $P < .005$). This means that holding other explanatory variables constant an increase in Responsiveness was found to have a positive and significant relation with satisfaction of the customer. Therefore a 100% change of customer satisfaction was causing change in Responsiveness increase by 22% percent assuming that other variables are constant.

Based on the coefficient of regression table the results it is indicated that Assurance has a ($\beta = .392$, $P < .000$). This means that holding other explanatory variables constant an increase in Assurance was found to have a positive and significant relation with satisfaction of the customer. Therefore a 100% change of customer satisfaction was cause change in Assurance increase by 39% percent assuming that other variables are constant.

Based on the coefficient of regression table the results it is indicated that Empathy has a ($\beta = .164$, $P < .009$). This means that holding other explanatory variables constant an increase in Empathy was found to have a positive and significant relation with satisfaction of the customer. Therefore a 100% change of customer satisfaction was caused by a change in Empathy increase by 16% percent assuming that other variables are constant.

Table 4.110: Regression Coefficient

Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.548	.361		1.518	.130
Tangibility	-.102	.070	-.059	-1.461	.145
Reliability	.175	.089	.141	1.974	.049
Responsiveness	.220	.079	.202	2.808	.005
Assurance	.392	.080	.336	4.885	.000
Empathy					

Table 4.11 provides the regression results of the model predicting customer satisfaction through service quality and its dimensions. The independent variable i.e., service quality and its dimensions i.e., tangibles, reliability, responsiveness, assurance and empathy are found to have a significant and positive association with customer satisfaction. These findings are consistent with the correlation analysis, as all of the variables in the model have a positive relationship with customer satisfaction. The regression coefficients of all significant variables i.e. Tangibles, reliability, responsiveness, assurance and empathy are -0.102, 0.175, 0.220, 0.392 and 0.164. The beta values of the independent variables are shown in the coefficient table for service quality dimensions. From this the regression equation is derived as:

Regression Equation

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

$$CS = 0.548 + 0.175REL + 0.220RES + 0.392ASS + 0.164EMP$$

Where,

CS=Customersatisfaction, TAN=Tangibility, REL=Reliability, RES=Responsiveness, EMP=Empathy and ASS=Assurance

Hypothesis testing is based on unstandardized coefficients beta and P-value to test whether the hypotheses are rejected or accepted.

Hypothesis1. Tangibility has a positive and significant influence on customer satisfaction.

The output of multiple regressions, as presented in Table 4.11 above, revealed that tangibility has a negative and insignificant effect on customer satisfaction with a beta value ($\beta = -.102$), at 95% confidence level ($p > 0.10$). Therefore, the researcher may not reject the null hypothesis and it is accepted. Thus, tangibility has negative and insignificant impact on customer satisfaction in our data.

Hypothesis2: Reliability has a positive and significant influence on customer satisfaction.

The results of Table 4.11 showed that the standardized coefficient beta and p value of reliability were negative and insignificant ($\beta = .175$, $p < 0.05$). Thus, the researcher may reject the null hypothesis and accept the alternative hypothesis. This means that reliability dimension of service quality positively and significantly influences customer satisfaction.

Hypothesis3: Responsiveness has a positive and significant influence on customer satisfaction.

As shown in table 4.7 responsiveness has a value of ($\beta = 0.220$, $p < 0.05$). This means that hypothesis 3 is accepted. Thus, responsiveness has a positive and a significant influence on

customer satisfaction.

Hypothesis4: Assurance has a positive and significant influence on customer satisfaction.

Table4.11furthershowsthat, assurance has a positive and significant influence on customer satisfaction with a beta value ($\beta = .392$, $P < 0.05$), at 95% confidence level. Therefore, hypothesis 4 is accepted.

Hypothesis5: Empathy has a positive and significant influence on customer satisfaction.

Table 4.11 also indicates that, the standardized beta and p - value of empathy were positive ($\beta = 0.164$), and significant at 95% confidence level ($P < 0.05$). As a result, hypothesis 4 is accepted. So, empathy has a positive and significant influence on customer satisfaction.

In overall, our results revealed the all independent variables accounted for 41%ofthevariancein customer satisfaction ($R^2 = 0.410$). Thus, 41% of the variation in customer satisfaction can be explained by the five service quality dimensions and other unexplored variables may explain the variation in customer satisfaction which accounts for about 59%, shown in table 4.11. The findings of this study also indicated that reliability, responsiveness, assurance and empathy are the most important factor to have a positive and significant influence on customer satisfaction.

4.5. Discussion

The main objective of the study was to analyze the basic determinants of influence of service delivery on customer satisfaction in the case of DHL logistic company. The specific objectives of the study were to identify the status of satisfaction of DHL customers, to determine the factors that influence affect the satisfaction of customer for DHL services, to assess the influence of customer satisfaction with respect to the provided service and delivery which enable the company to improve its service quality of DHL services. And also, the study was analyzed sex, age, educational level, occupation, and service year demographic behavior of the customer. To assess the effect of service delivery on customer satisfaction on their financial institution, business location and main office of DHL. This shows that the accessibility of service delivery has effect on customer satisfaction. In this section, the results of the statistical analysis are discussed in relation to previous research and literature. The finding of this study

indicates that customers were most satisfied with their reliability, responsiveness, assurance and empathy dimensions of service quality. However, customers were less satisfied with tangibility. Customer satisfaction and the four server quality dimensions have a positive and significant relationship, according to the correlation result. This conclusion is corroborated by Malik et al., (2011), reported that all four dimensions has a positive and significant effect on customer satisfaction. Additionally, this outcome is backed by by Al-Hawary et al., (2011) found that reliability, responsiveness, assurance and empathy a positive and significant effect on customer Satisfaction. The finding of this study further indicates that empathy has a positive and significant effect on customer satisfaction. This finding is supported by Mohammad and Alhamadani (2011), reported that all four dimensions except tangibility has a positive and significant effect on customer satisfaction. On the contrary Munusamy et al., (2010) found that empathy has a positive effect on customer satisfaction. Also, the finding of this study indicates that reliability, responsiveness, assurance and empathy has a positive and significant effect on customer satisfaction. This result is support with the study by Mohammad and Alhamadani (2011), found that responsiveness has a positive and significant effect on customer satisfaction. This result is consistent with the study as well by Al-Hawary et al. (2011) reported that responsiveness, reliability, assurance and empathy have a positive and significant effect customer satisfaction.

The result of this study indicates that tangibility has negative and insignificant effect on customer satisfaction. This finding is also supported by Al-Hawary et al., (2011) reported that tangibility has a positive and significant effect on customer satisfaction. On the contrary, Malik et al., (2011) reported that tangibility has no contribution to customer satisfaction. The finding of this study on tangibility goes with the findings of Malik et al. (2011). The results of this study also show that customer satisfaction is positively and marginally impacted by reliability. This finding is supported by Al-Hawary et al., (2011) reported that reliability has a positive and significant effect on customer satisfaction. This result also supported by Malik et al., (2011), found that reliability has a significant and positive influence on customer satisfaction.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1. Summary of Major Findings

The study was intended to investigate the impact of service delivery on customer satisfaction at DHL logistic company based on the questionnaire consisting of 394 randomly selected customers of main customers of the company but we can collect only 383 questionnaires. The results of background information of respondents indicated that majority of the total respondents (56.7%) are male, (43.7%) are females, aged in the range of 25-35 years, (32%) are had a degree. The results of the descriptive statistical analysis also indicated that, customers were most satisfied with the reliability dimensions of service quality followed by empathy, assurance.

The correlation result shows that there is a positive and significant relationship between reliability, responsiveness, empathy, and assurance. The finding also indicates that the highest relationship was found between assurance ($b = 0.392$) and customer satisfaction, while the lowest relationship was found between tangibility and customer satisfaction. Furthermore, the multiple regression results showed that tangibility have a negative and significant effect on customer satisfaction. The R square value of 0.41 in our data, demonstrates that 41% of variation in customer satisfaction can be accounted by the service quality dimensions. The findings of this study also indicated that assurance is the most important factor to have a positive influence on customer satisfaction, followed by empathy.

5.2 Conclusion

The investigation was done to examine the influence of service delivery on customer satisfaction in DHL logistic company. The finding of the study indicates that the service satisfaction level of customers of DHL logistic is not significantly influenced by the tangibility dimension of service quality. The finding of the study also indicates that, customer satisfaction was most influenced

by the responsiveness, empathy, reliability and assurance. The correlation results show that, the tangibility is negative and insignificantly related with customer satisfaction. The other four service quality dimensions, which are reliability, responsiveness, assurance, and empathy, are positively and significantly related to customer satisfaction. At the same time, these four service quality dimensions positively and significantly influence customer satisfaction. The findings of this study also indicated that Assurance is the most crucial element to have a positive and significant influence on customer satisfaction.

5.3. Recommendations

The company should implement from the latter's five-dimensional aspect, choosing the three because they positively impact customers' satisfaction, and they are empathy, assurance and responsiveness. Lastly, it is recommended that DHL should be improved on serving the customers depend on the time since the customers are dissatisfied with this different treatment they got from the employees.

Firstly, the DHL Business Performance Management should do monthly survey on the suppliers of every department they serve. While doing survey from the suppliers I found out that they are not concentrated on customer satisfaction survey rather they just ask generic questions. They should introduce a model or process concentrated to customer satisfaction so that they find out the ways in which sector they need to develop to provide better customer service and also it is important measuring perceived service quality on continues base as it is considered to be the fundamental in developing a customer-oriented strategy that ensures the long-term survival of the firms

Secondly, the authority of DHL should revise the pricing of services because there are competitors in the industry whom are asking more less price for the same service whereas they charge more higher price. It can affect in the long run when existing customers will feel frustrated & convince their buyers to change DHL & move to other freight forwarding services.

Thirdly, DHL should give great attention to customer satisfaction as it is becoming an essential to meet the goal of the industry therefore it's important to give quality service and make the customer satisfy in order to be a strong competitor and customer's choice in the industry. DHL

should also focus on efficient service delivery as it is critical factor in the success of service-oriented business organizations.

Fourthly, DHL should maintain equal distribution of work for every employee working in 'International Supply Chain' department. Eventually it affects in the overall business performance.

Lastly, particularly in logistic industries, as these industries operate in a very competitive business environment, it is desirable for service providers to understand what attributes customers utilized in their assessment of overall service quality and satisfaction, and DHL also as logistic company should be competitive by giving a quality service for the customers.

Additionally, the service provider could focus on improving the following areas:

- Empathy: The service provider could train their staff to be more attentive and responsive to the individual needs of their customers.
- Responsiveness: The service provider could reduce the time it takes to respond to customer inquiries and requests.
- Assurance: The service provider could provide more information about their services and how they will be delivered. They could also offer guarantees or warranties to reassure customers of the quality of their services.

Overall, the SERVPERF model provides a useful framework for measuring and improving service quality. By understanding how customers perceive the different dimensions of service quality, the service provider can identify areas where they need to improve.

5.4 Study Limitations and Possible Suggestions for Future Research

There are some limitations associated with this study that need to be discussed. The research findings are predicated on data that is cross-sectional.. The researcher encountered that some of the customers showing unwillingness to answer the questionnaires and fill them truthfully. However, the above limitations are less significant compared to the importance of carrying out this type of study. Such a study should be carried out frequently in order to monitor service quality of delivery and find out satisfaction levels of customers and hence make necessary adjustments in case of any weaknesses or strengths.

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APPENDICES

Appendix 1: Questionnaire

Addis Ababa University

A QUESTIONNAIRE DESIGNED TO ASSESS THE INFLUENCE OF QUALITY SERVICE DELIVERY ON CUSTOMER SATISFACTION LEVEL

Dear respondent,

This research will examine the “Impact of Quality Service Delivery on Customer Satisfaction Level of DHL Logistics Company” as a partial fulfillment of the requirement for Master of Business Administration (MBA) Degree at Addis Ababa University. Your accurate response to the questionnaire is imperative for the successful accomplishment of the study. Please be assured that your response will be treated strictly confidential and the result will be used only for the purpose of this research.

Please take a few minutes to complete this questionnaire. Thank you in advance and remember your opinion counts.

Directions

Please use tick mark (√) in the boxes provided to choose from the options given and answer in writing where appropriate. You don't have to write your name.

Yours sincerely,

YordanosFeleke

Part One

1. **Sex:** Male Female

2. **Age:** 25-35 years 36-45 years 46-55 years 56 and above years

3. Occupational status in your company

Expert Manager Business Owner Any other

4. Educational Qualification

High school graduate College Diploma

BA/BSC Degree Master's Degree

PHD Other

5. For how long you have been a customer of DHL?

Over 4 years 1-4 years Less than 1 year

Part Two

Instruction: The following questions are based on 5-Point Likert Scale where 1 = Strongly Disagree; 2 = Disagree; 3 = somewhat agree; 4 = Agree; and 5 = Strongly Agree. Please put tick mark (☐) where appropriate.

What could be your “Perceptions “afterobtainingtheservicefrom DHL?					
Tangibility	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree (5)
DHL has modern/up-to-date physical facilities and Equipment.	1	2	3	4	5
DHLs employees’ appearance is neat, clear and up-to-date.	1	2	3	4	5
DHL has a clean and adequate space where customers can rest during Waiting time.	1	2	3	4	5
DHL has welcome desk with brochures & forms that customer can get Information from.	1	2	3	4	5
Reliability	1	2	3	4	5
DHL provides its Services as Quality as promised initially.					

DHL logistic Servicequality has a consistency ofperformancerightthefirst Time.					
WhenDHLpromisestodo Something, itdoesso.					
DHLshowsasincereinteresting solving customers “compliant Effectively.					
Responsiveness	1	2	3	4	5
DHL“s employees arealwayswillingandrea dyto Servethecustomers.					
DHL gives prompt andquick response to its customer’scompliant.					
DHL“semployeesarealwayswilling torespondtocustomer’srequest Timely.					
EmployeesofDHLtellcustomersexactlywhenserviceswillbepreformed.					

Assurance	1	2	3	4	5
DHL“s employees have therequiredknowledge&skillsinpro vidingthe Service.					

DHL's employees have able to inspire trust and confidence on customers Towards the Company.					
DHL is trustworthy in its provision of quality Service at Expected level.					
Customers of DHL feel safe and secure in any transaction of services.					
DHL maintains error free records					
Empathy	1	2	3	4	5
DHL gives caring attention To its customers.					
DHL's employees are committed to skillfully handle of conflicts of Whatever nature.					
DHL's employees must have enthusiasm in solving Customers "problems.					
DHL has operating hours Convenient to all its customers.					
Employees of DHL understand your specific needs.					

Adapted from: Cronin and Taylor (1992)

Part Three

1. What is your overall customer satisfaction level of DHL?

- Very satisfied
- Somewhat satisfied
- On the fence
- Somewhat unsatisfied
- Very unsatisfied

2. Which of the following reasons do you think is a source for your dissatisfaction?

- The Service Process Service inefficiency
- Employee's inefficiency (less competence) other.....

3. Will you continue to be a customer with DHL for years to come?

- Very satisfied
- Somewhat satisfied
- On the fence
- Somewhat unsatisfied
- Very unsatisfied

4. How likely do you recommend DHL to others?

Very likely

Somewhat likely

On the fence

Somewhat unlikely

Very unlikely to recommend

5. What are the major challenges you have faced when using services provided by DHL?

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6. What do you suggest to overcome these challenges?

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7. Please provide any comment, feedback or suggestion to the company regarding services you receive.

.....

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Thank You Again!!