SHIPPERS' PERCEIVED SERVICE QUALITY AND SATISFACTION: A CASE STUDY OF ETHIOPIAN SHIPPING LINES

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ABBREVIATIONS

ESLSC	Ethiopian Shipping Lines Share Company
QGTAN	Quality Gap for Tangible
QGREL	Quality Gap for Reliability
QGRES	Quality Gap for Responsiveness
QGASS	Quality Gap for Assurance
QGEMP	Quality Gap for Empathy
QGCOV	Quality Gap for Service Coverage and Schedule
QPRO	Quality Gap Process
OSQ	Overall Service Quality
OCS	Overall Customer Satisfaction
SERVQUAL	Service Quality

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Abstract

Research Purpose: *The central purpose of this research project is to identify service quality gaps, assess overall service quality of transportation service provided by Ethiopian Shipping Lines and level of satisfaction in views of customers and finally to explore the causal relationship among service quality dimensions and overall service quality and satisfaction.*

Research Methodology: *The seven modified dimensions of* SERVQUAL *namely, tangibles, reliability, responsiveness, assurance, empathy, service coverage and schedule, and process (which consists of items totaling 27) was used to measure customers' perceptions and expectations of the quality of maritime transport service on a 7-point Likert type scale 1 representing "strong disagreement" and 7 representing "strong agreement". The entire research was conducted using primary data directly elicited from respondents. The modified SERVQUAL model instrument adapted to fit in the context of the study were distributed to 35 companies engaged in import business activities and 32 complete and usable questionnaire were collected for further analysis with collection rate of 91.4%.*

Findings: *Reliability analysis was done to assess the internal consistency of the scale and it resulted in overall reliability coefficient (Chronbatch alpha) of* ***0.943.*** *Regarding the service quality gaps identified, the highest quality gap was observed in the process aspect* ***(-4.09)*** *followed by service coverage and schedule* ***(-3.42)****, reliability* ***(-3.02)****, Empathy* ***(-283)****, responsiveness* ***(-2.79)****, tangibles (-2.64), and the least was observed in the assurance dimension with gap score of* ***-2.60****. The other investigation areas of this research is determining the causal relationship among modified SERVQUAL dimensions, overall service quality and level of satisfaction and ultimately develop a regression model. Two regression models were found for overall service quality. The first model, in which assurance was considered as a single statistically significant predictor, explains 31.1% of the variations in overall service quality.*

In the second model both assurance and reliability were considered together as significant predictors, explains 52.4% of the variation in overall service quality.

Similarly, the study also found two models for overall customer satisfaction. The first model where reliability was considered the only statistically significant, explains 34.3% of the variation in the overall level of customer satisfaction where as in the second model both reliability and assurance were considered and it explains 42.8% of the variation in the level customer satisfaction.

Managerial Implications: *Because the service quality scores for all the modified SERVQUAL dimensions were found to be negative and very high which calls maximum effort from the company to at least narrow down these wider gaps. Further more, the fact that both* ***Reliability and Assurance dimensions*** *are strong predictors of both overall service quality and satisfaction necessitates emphasis to be given to these quality dimensions if the company is to enhance the dependent variables..*

Key Words: *Perception, expectation, satisfaction, and service quality*

Chapter One

Problems and Approach

This chapter of the research project basically deals with the problem and its approach. Subtopics included under the chapter are background of the study, background of the organization, statement of the problem, objectives of the study, significance of the study, research design and methodology, and layout and organization of the study.

1.1. Background of the study

The survival of any business organization depends on its customers as it is there to offer something of value to them. Customers are the source of profits to be generated by for-profit organization and the primary reason for being in the business operation.

Very often, organizations fail to understand the significance of retaining existing customers besides attracting new ones. As a motto of their organization, some even claim they deliver high value for what their customers' incurred. In practice however, they don't commit themselves to provide what they promised and hence this eventually results in dissatisfaction costing the organization the lifetime revenue that could have been earned had it been able to build mutually satisfying business relationship with customers.

Each employee in the organization should be aware through internal marketing that customers' satisfaction is very instrumental in an effort to realize repeat sales and

customer loyalty which is a very good strategic weapon in the face of today's fierce completion from all angles.

Many researches have been undertaken in the area of micro-marketing, customer relationship management (CRM), customer loyalty and the like by many scholars just to bring into the attention of the management at different levels what it takes to build successful business relationship. Most of these researches have revealed that customer retention is not only cost effective and profitable marketing strategy that should be sought by managers but also it is the necessary condition for sustainable growth and expansion of t he business venture in this highly dynamic business environment. This is especially true of those practicing industrial marketing activities by selling their goods and services to other organizations as 80% of these companies' income comes from 20% of their customers (Kotler, 2003:235). Therefore, this tells us that especially for a company engaged in industrial marketing losing one of these customers can inevitably reduce the revenue of the company drastically.

The goal of service companies including shipping line is to develop services which attract and keep customers who are satisfied, loyal, and speak well about the company. It should be clearly understood that the retention of existing customers is much cheaper to acquire new customers. Therefore, successful business firms including shipping lines are putting more emphasis on customer relationship management (CRM) as a tool for managing customer relationship and hence to increase customer satisfaction and loyalty which consequently will increase steady streams of revenue, customer equity, and market share.(Wang et al, 2004; Park et al, 2004)

This study focuses on Customers' Perceived Service Quality and Satisfaction in the maritime transport industry in Ethiopia (Ethiopian Shipping Lines) which is the fundamental of customer relationship management. Customer relationship management is a new evolving management topic which most business firms are focusing on as a competitive edge strategy (Khalifa and Liu, 2003) and of course maritime transport industries are not an exception from this business strategy approach.

According to studies conducted, many companies worldwide claiming implementing customer relationship management don't have a full understanding of customer relationship management (CRM) and mostly stick to the customer relationship management software systems. The same thing is true with Ethiopian Shipping Lines that customer relationship management is not well comprehended and applied in its real manner. Managers mostly are not familiar with the holistic manner and definition of customer relationship management and its philosophy. They think customer relationship management is just a service design or even worse an after sales service outline (Kotrov, 2002).

It is quite apparent from the above literatures reviewed that service companies face the most challenging task to maximize customers' value and satisfaction because of the unique nature of the product they offer relative to their goods selling firms.

To this effect then, this research endeavor attempted to study Customers' Perceived Service quality of and Satisfaction in Ethiopian Shipping Line which is a fertile research

problem area that has not been studied by any one as far as the student researcher's knowledge is concerned.

1.2. Background of the Organization

The Company

Ethiopian Shipping Lines S.C. is the only company involved in sea freight activity in the country. It gives a liner service in North Continent and Mediterranean route, Far East route, Arabian Gulf route and Indian Sub Continent route. It also gives a Cross Trade service mostly from Europe to Red sea and Gulf ports.

Establishment

Ethiopian Shipping Lines S.C. was founded in1964 G.C. and started operation in 1966 G.C. with three newly built ships (two general cargos and one tanker).

It was established as a share company with a capital of birr 50,000 subsequently to be raised to birr 3,750,000. Taurus Investment Inc. of Washington DC Agreed to subscribe to 51% of the capital requirements designating two directors of the company.

The Ethiopian government under wrote the remaining 49% of the capital required designating two directors of the company. Eventually, the American sold his share to the government of Ethiopia and the company was fully owned by the government of Ethiopia since 1969/70 G.C. The company is now reformed to a share company with a capital of birr 289 million and operates under the supervision of Public Enterprises Supervising Authority.

Vision

To be a modern indigenous shipping company that renders reliable and competitive maritime transport and related services to the country's export and import trade.

Mission

To facilitate and promote the country's export and import trade by way of rendering efficient, competitive and reliable liner and tramp maritime transport services in the international and neighboring countries' coastal sea routes & other related activities and ensure customers & stake holders satisfaction.

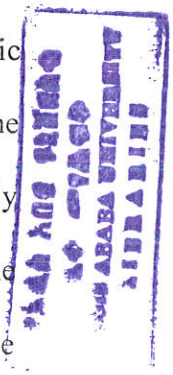
Current Service Routes

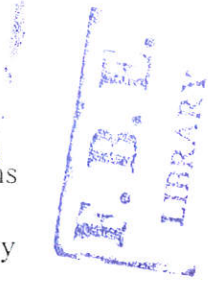
Forty years ago ESLSC launched its first service along the UK/North and West Europe route, which was then major direction of the country's import and export trade. In the course of its development the Company has further expanded its service to include the Mediterranean, Adriatic, the Far East areas, Gulf regions and the Red Sea in view of the growing traffic movements on these routes. At present ESLSC that has agency networks in all its trading areas for assisting shippers from Ethiopia or abroad in arranging and consolidating their shipments, uses the port of Djibouti as its base and provides liner services to specified ports on regular sailing schedules subject to sufficient inducement. The Company's ships also call at other ports en route. Besides its former and current fleet, ESLSC has made agreement on slot charter arrangement, with a number of other shipping companies such as Maersk Sealand, P&O NedLloyed, APL, PIL, NYK, and Hyundai etc. ESLSC has recently acquired two more vessels (Shebele and Gibe) which increase the total vessels under its ownership to nine.

1.3. Statement of the Problem

Transport permeates almost all socio-economic spheres of the life of our society. Transport services are the essential means by which mobility of person and goods including factors of production as well as distribution and trade flows are achieved. This special attribute of transport manifests itself in various forms in the different modes of transport.

Maritime transport in Africa remains the major means of conveyance of bulky traffic between the continent and other parts of the world. That traffic represents 80% of the total trade of Africa handled by all transport modes of which outbound traffic is largely composed of primary commodities. Thus, the impact of maritime transport on the economic growth of Africa remains significant and appreciated as a factor that has to be taken into account in all strategies for socio-economic development and integration of the continent. (www.africa-union.org)





It is a commonly held belief that free market competition is very important for both firms and their customers as well. Customers benefit from competition as it allows them to buy quality product at the lowest possible price and firms also benefit from competition as it fosters innovation which is a very strong competitive tool in this highly dynamic business environment. However, this is not the case in monopoly market situation like sea transport in Ethiopia. Over the past years many customers have been complaining about poor service rendered by Ethiopian Shipping Lines which is the only national carrier with legal privilege to move goods destined for Ethiopia elsewhere.

Problem areas identified by the student researcher through preliminary survey are lengthy transit cycle, absence of service at some major ports, high rate, shortage of empty containers when requested, poor schedule (lack of frequent service to and from ports it serves), tedious processes to get back the money deposited for empty equipments, inadequate communication with the customers about whereabouts of their cargo, cargo space shortages among others.

Undoubtedly, the current legal privilege given to Ethiopian Shipping Line to move 100% of goods to be imported to Ethiopia would at the end of the day force the importers in Ethiopia to use the national carrier whether or not they are satisfied with the service provided or not. This trend may not continue for long as the country is requesting to be member of World Trade Organization (WTO) which requires trade liberalization as a prerequisite for membership. There fore, student researcher strongly believes that it is the right time for the company to continuously measure how well it is performing on the different standard dimensions of service quality (*such as tangibility, reliability, responsiveness, assurance, and empathy*) and those additional dimensions (coverage and schedule and process) identified through open ended questions during pilot study phase that have direct bearing on quality service delivered and customer satisfaction/dissatisfaction which in turn affect the company's profitability and growth.

To the best knowledge of the researcher, no study has been conducted to measure customers' satisfaction, identify service quality gaps, and formulate satisfaction through quality dimensions in the area of marine transport which is so crucial in enhancing the

country's role in international trade. Hence, the problem area is open for study and this research endeavor ultimately tries to answer the following basic questions:

- Which dimensions of the overall service quality exhibit wider gap?
- What is the overall perceived service quality and satisfaction of shippers?
- What are the causal relationships among SERVQUAL dimensions, overall service quality and Satisfaction? And how significant are the dimensions in predicting overall service quality and satisfaction?

1.4. Objectives of the study

The general objective of the research effort is to study customers' perceived quality and satisfaction in the case organization and ultimately forward feasible solutions that may help the organization alleviate the problem areas. The specific objectives of the study are listed as under.

- To identify the magnitude of the difference between perceived and expected service as experienced by the customers.
- To investigate the overall perceived service quality and satisfaction
- To formulate the causal relationship among SERVQUAL dimensions, overall service quality, and satisfaction.

1.5. Significance of the Study

The ultimate result of this research activity would be beneficial to different parties. These are:

- It enables the management and other stakeholders to identify their service quality gap area that affect their customers' satisfaction and take corrective action and be competitive in keeping existing customers happy while also attracting new ones.

- The research output also serves as a preliminary reading for those researchers who are interested to undertake in-depth research.

1.6. Delimitation of the Study

Every research endeavor has its on scope that limits the application of conclusions derived from the analysis and makes the research manageable given the various constraints. Hence, this research project is not an exception. The student researcher whishes if it could be possible to include all organizations engaged in international trade (both import and export). However, to make the research activity manageable within the given constraints and get meaningful result, this study is limited to those companies engaged in import activities only. This is because of the fact that the company under study has got 100% share in import cargo movement to Ethiopia as compared to export cargo that account for less than 5%. Furthermore, as some of the importers are also exporters, they are also assumed to give a balanced view about the services of the company in both directions.

1.7. Limitation of the Study

It is not possible to mention all the limitation encountered in due course of conducting any research. Of course this research project is no an exception to this. However, the relatively short period allotted for the project, financial constraints, and reluctance of respondents to take time and fill the questionnaire were the major limitations of the study.

1.8. Research Design and Methodology

1.8.1 Research Approach

The knowledge claims, the strategies and the method all contribute to a research approach that tends to be more quantitative, qualitative or mixed (Creswell 2003).

A. Quantitative Approach

Quantitative approach is one in which the investigator primarily uses post positivist claims for developing knowledge (i.e., cause and effect thinking, reduction to specific variables and hypotheses and questions, use of instrument and observation, and the test of theories), employs strategies of inquiry such as experiments and surveys and collects data on predetermined instruments that yield statistical data (Creswell 2003).

Quantitative research is frequently referred to as hypothesis-testing research. Characteristically, studies begin with statements of theory from which research hypotheses are derived. Then an experimental design is established in which the variables in question (the dependent variables) are measured while controlling for the effects of selected independent variables. Subject included in the study are selected at random is desirable to reduce error and to cancel bias. The sample of subjects is drawn to reflect the population (Newman & Benz 1998). These procedures are deductive in nature, contributing to the scientific knowledge base by theory testing. This is the nature of quantitative methodology.

Because true experimental designs require tightly controlled conditions, the richness and depth of meaning for participant may be sacrificed. As a validity concern, this may be a limitation of quantitative designs (Newman & Benz 1998)

B. Qualitative Approach

Qualitative research is multi method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in

their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them (Newman & Benz 1998). Qualitative approach is one in which the inquirer often makes knowledge claims based primarily on constructivist perspectives (i.e., the multiple meaning of individual experiences, meaning socially and historically constructed, with an intent of developing a theory or pattern) or advocacy/participatory perspectives (i.e., political, issue-oriented, collaborative or change oriented) or both. It also uses strategies of inquiry such as narratives, phenomenology, ethnography, grounded theory studies or case studies. The researcher collects open-ended, emerging data with the primary intent of developing themes from the data (Creswell 2003). Since the purpose is to identify quality dimensions exhibiting wider gap, assess overall service quality and satisfaction and finally to formulate causal relationship models, quantitative research approach is found to be more appropriate for this study.

1.8.2. Study population

The objective of the study is to investigate customers' perceived service quality and satisfaction taking Ethiopian Shipping Line as a case organization. Thus, all companies engaged in import and export activities could be considered as a population for the study. However, the preliminary survey conducted by the student researcher revealed that the company's in the movement of export cargo is below 5% (mostly form government enterprise) where as it enjoys 100% in the case of import cargo. Therefore, it is the student researcher`s belief to include only those companies engaged in import activities as they are quite familiar with every aspect of transportation services provided by the case organization.

1.8.3. Sample Size and Sampling Technique

According to data obtained from Ethiopian Import Directory (www.ethiomarket.com), the total population of companies engaged in import activities is around 170. Out of this total population, the study included 35 companies which account for more than 20% of the total population so as to make the sample representative. To approach these respondents, systematic random sampling was employed as it is the ideal choice at the presence of readily available sampling frame.

1.8.4. Data Collection Instrument

The necessary data for the study were obtained from both primary and secondary sources. The primary data were collected through structured questionnaire. The modified survey questionnaire developed by the student researcher was submitted to the advisor for professional comment and finally the approved questionnaire was translated into local language (Amharic) in order to help respondents fill it with full understanding thereby reducing the difficulty of comprehending items that might arise and adversely affect the quality of the research result otherwise. Further, to save time for all the researcher has provided brief explanation on how to fill the questionnaire upon distribution.

The study mainly employed the modified SERVQUAL measurement model (instrument) consisting of items measured on 7-point Likert type scale developed by Parasuraman et al (1991) with some modification to make it fit for the nature of service being studied (context of service environment under study). The modification to the original SERVQUAL model was done based on the results of pilot survey conducted with

purposely selected sample respondents with a view to judge the reliability of the instrument in the light of the research objective and identify additional dimensions, if any, that shippers might consider as additional service quality criteria in the marine transport industry.

As evidenced by scale reliability analysis, the overall reliability coefficient of the instrument was found to be 0.9431(see table 3.3 for details) which is quite higher than the cutoff point (0.60). Further more, information obtained through open ended questions furnished the study with two additional dimensions (coverage and schedule and process) which almost all purposively selected sample respondents suggested in the pilot survey phase of the study were also incorporated in the modified SERVQUAL questionnaire used for collecting primary data. Thus, the modified instrument used contains seven dimensions (tangibles, reliability, responsiveness, assurance, empathy, coverage and schedule, and process) that increased the 21 SERVQUAL statements to 27.

The questionnaire designed consisted of three major parts. The first part attempts to measure shippers' expectation (taking an excellent company in the industry as standard) and perception (as experienced by them). The second part asks the respondents to rate the overall service quality and satisfaction as well as price charged by the company given the quality they receive. The third part of the questionnaire consists of questions pertaining to the demographic characteristics of respondents. Instead of using the original SERVQUAL methodology of administering a two part questionnaire with separate perception and expectation sections, this study attempted to elicit shippers' expectations for an excellent marine transport provider and performance of Ethiopian

Shipping Lines with one set of statements and two portions of measurement in order to minimize the potentially confusing impact of having two separate set of statements. Respondents' agreement/disagreement with each statement is assessed on a seven point Likert type scale to provide respondents a wider range of options with end anchors 1 (strongly disagree) and 7 (strongly agree).In addition to the primary, secondary sources of data such as journal articles, books, websites (internet sources) etc were adequately used in conducting the study. The related literatures in the area of customer satisfaction, service quality, expectation, service quality measurement models were reviewed to enrich the understanding of topic of interest and other related issues.

Finally, out of the 35 questionnaire distributed to respondents, only 32 questionnaires were filled out and returned to the researcher which accounts for 92.5% collection rate. All the returned questionnaires were found to be complete and useful for analysis purpose.

1.8.5. Data Analysis Method

Once data have been collected, edited for error correction, and processed, the next logical step in any research process would be appropriate analysis of data to derive meaningful inferences. To analyze the data in such a way that it answers the basic research questions raised earlier, all statistical procedures is carried out using Statistical Package for Social Scientists (SPSS 10.0). Accordingly, descriptive statistics were used to summarize demographic characteristics of respondents, means of perception and expectation as well as overall service quality and satisfaction. In addition, gap score (*perception minus expectation*) per attribute and modified dimension of SERVQUSL is calculated.

Finally, multiple regressions were carried out separately, with the modified SERVQUAL dimensions as independent variable.

1.8.6. Ethical Considerations

To maintain the confidentiality of the information provided by respondents, the respondents were instructed not to write their names on the questionnaire and assured of that the responses would be used only for academic purpose and kept confidential. Brief description of the central objectives/purpose of the study and the potential benefit of the research outcome to respondents as well as Ethiopian Shipping Lines were clearly disclosed in the introductory part of the questionnaire so as to motivate them participate in the study and provide pertinent information about the company under study. Finally, respondents were included in the study based on their free will.

1.9. Organization of the Study

This is organized in four chapters. The first chapter addresses the problem and its approach. The second chapter exclusively left for literature review and conceptual framework. Chapter three presents the empirical data along with analysis and discussion of them and the fourth chapter address the summary of findings, conclusion and managerial implications.

Chapter Two

Literature Review and Conceptual Framework

2.1. Literature Review

In this section the literature review related to research is discussed, which consists of a review the main concepts and depth such as, service marketing, goods versus service marketing, service quality, customer expectation, the link between service quality customer satisfaction diagnosing failure gap in service quality and the quality measuring model (such as SERVOUAL model used in this research) have been presented.

2.1.1. Overview of Service

Kotler (2003:444) defines service as "service is an actor performance that one party can offer to another that is essentially intangible and doesn't result in the owner ship of anything. Its product may or may not be tied to a physical production." Service can also be defined as economic activities that produce time, place, form, or psychological utilities. Services are acts, deeds, or performance, they are intangible."

A company usually offers some services its offerings to the market place, the service offered can be a minor or major part of the total offering. Kotler (2003: 445) proposes five categories of offerings by companies:

Pure tangible good: No service is accompanying the product like salt, pen, soap.

Tangible good with accompanying services: A product accompanied by one or more services, such as car or computer

Hybrid: Equal parts of products and services, for example people go to restaurants both for food and pleasure.

Major Service with accompanying minor goods and services: the offering consists of a major service along with supplemented services or supporting products, for example airline passengers buy transportation services. The trip includes some tangibles such as foods drink, a ticket stub, and an airline magazine

Pure services: the offerings consist mainly of services such as baby sitting, psychotherapy etc.

In the effort to discuss service markets and management, Zeithaml and Bitner (2003, 3) highlight the distinction between services and customer services. According to these writers, services is broadly defined as encompassing a wide range of industries such as telecommunications, hotels, transport, financial services etc. However, service can also be offered to the market place by manufacturing and Technology Companies as well. IBM and Compaq (traditionally considered manufacturers) offer information technology (IT) consulting services to the market place.

Customer service is also provided by all types of companies – including manufacturers, IT companies and service companies. Customer service is the service provided in support of company's core products. It most often include answering questions taking orders, dealing with billing issues, handling complaints, and perhaps scheduling maintenance or

repairs, customer service can occur on site(as when a retail employee helps a customer find a desired item or answers a question), or it can occur on the phone or via internet. Many companies operate customer service call centers, often staffed around the clock. Quality customer service is essential to building customer services. It should not, however, be confused with the services provided for sale by a company.

From the literatures reviewed above one can infer that because of the varying goods to service mix, it is hardly possible to generalize about services. Further more, services are delivered for sale where as customer services augment the major service for free without any cost.

2.1.2. Difference in Goods versus Service Marketing

Goods (products) are first produced, then sold, and consumed. But usually services are first sold, then produced, and consumed simultaneously. The difference between goods and services can be observed in terms of output tangibility organizational features, Ownership, use and consumption, the consumer's role. (Hakserver. et al. 2000: 127)

Regarding the differences in goods versus service marketing, Zeithaml and Bitner (2003:20) claim there is general agreement that inherent difference between goods and service exist and that they result in unique, or at least different, management challenges for service businesses and or manufacturer that sell services as a core offering. These differences are discussed as wider.

Intangibility- the most basic, and virtually cited, differences between goods and service is intangibility. Because service are performances or actions rather than objects, they can not be seen, felt, tested, or touched in the same manner that we can sense tangible goods. For example, healthcare services are actions (such as surgery, diagnosis, examination, and treatment) performed by providers and directed toward parents and the families. These services cannot actually be seen or touched by the patient, although the patient may be able to see and touch certain tangible components of the service (like the equipment or hospital room). In fact, many services such as health care are difficult for consumer to grasp even mentally.

Heterogeneity- Because services are preferences, frequently produced by humans, no two services will be precisely alike. The employees delivering the service frequently are the service in the customer's eye, and people may differ in the performance day to day or even hour to hour. Heterogeneity also results because no two customers are alike; each will have unique demands or experience the service is a unique way. The n the heterogeneity connect with services is largely the result of human interaction (between and among employee's customers) and all o the vagaries that accompany it.

Simultaneous productions and consumption: Where as most goods are produced first, then sold and consumed, most services are sold first and then produced and consumed simultaneously. For example, an automobile can be produced by Detroit, shipped to Sanfrancisco, sold two months later, and consumed over period of years. But restaurant service cannot be provided until they have been sold; and the dining experience is essentially produced and consumed at the same time. Frequently this also

means that he customer is present while the service is being produced and thus views and may even take part in the production process. This also means that frequently customers will interact with each other during service production process and thus may affect each others experiences. Another outcome of simultaneous production and consumption is that service producers find themselves playing a role as part of the product itself and as an essential ingredients in the service experience for the consumer

Perish ability. It refers to the feed that services cannot be saved, stored, resold, or returned. A seat on an airplane or in restaurant, an hour of a layer's time, or telephone line capacity not used cannot be reclaimed and used or resold at a later time. This is in contrast to goods that can be stored in inventory or resold another day or even returned if the consumer is unhappy. Wouldn't is be nice if a bad haircut could be returned or resold to another consumers? Perish ability makes this and unlikely possibility for most services.

One may deduce from the above literatures that the unique feature associated with marketing service at the end of the day pose very challenging problems to service marketing manageress as opposed to their goods selling counter part which necessitate the managers to possess very good skill knowledge in designing very good corresponding marketing strategies for the several of the company in this stiff competition.

2.1.3. Expanded marketing mix for services

One of the most basic concepts in marketing is the marketing mix defined as the elements of an organization controls that can be used to satisfy or communicate with customers. The traditional marketing mix is composed of the four P's, product, price, promotion and place (distribution). (Kotler 2003, and Zeithaml and Bitner 2003,). These elements appear as a core decision variable in any marketing text or marketing plan. The notion of mix implies that all of the variables are interrelated and depend on each other to some extent. Further, the marketing mix philosophy implies that there is an optimal mix of the four factors for a given market segment at a given point in time. However, the strategies for the 4 P's require some modification when applied to services

In an attempt to discuss about the evolution of the extended market mix for service, Balaji (2002:27) argues that because services are usually produced and consumed simultaneously, customer are often present in the firm's factory, interact with the firm's personnel, and are actually part of the service production process. Also, because services are intangible customers will often be looking for any tangible cue to help them understand the nature of the service experience. These facts have led services marketers to conclude that they can use additional variables to communicate with and satisfy their customers. For example, in the hotel industry the design and décor of the hotel as well as the appearances and attitudes of its employees will influence customer perception and experience.

The writer further claimed that acknowledgement of the importance of these additional communication variables has led service marketers to adopt the concept of an expanded marketing mix described as follows:

People: refers to all human actors who play a part in service delivery and thus influence the buyer's perceptions; namely, the firm's personnel, the customer, and others customers in the service environment virtually all of the human actors participating in the delivery of a service provide a cues to the customer regarding the nature of the service itself how these people are dressed their personal appearance, their attitudes and behaviors all influence the customer' perceptions of the services. The service provider or contact person can be very important. In fact, for some service such as consulting, counseling, teaching, and other professional relation based service, the provider is the services. In other cases the contact person may play what appears to be a relatively small part in service delivery. For instance a telephone installer or an equipment delivery dispatcher

Physical Evidence: it refers to the environment in which the service is delivered and where the firm and customer interact and any tangible components that facilitate performance or common of the service. The physical evidence of service includes all of the tangible representations of the services such as brochures, letterheads, business cards, reports formats equipment etc. physical evidence cues provide an excellent opportunities for the firm to send consistent and strong messages regarding the organization's purposes the intended market segments, and the nature of the service.

Process: it refers to the actual procedures, mechanisms and flow of activities by which the service is delivered, the service delivered operating systems. The actual delivery steps the customer experiences or the operational flow of the service will also provide customers with evidence on which to judge the service some services are very complex, regarding the customer to follow a complicated and extensive services of actions to complete the process. Highly bureaucratized services frequently follow this pattern, and the logic of the steps involved often escapes the customer. Another distinguishing characteristic of the process that can provide evidence to the customer is whether the service follows a production line/ standardized approach or whether the process is an empowered/ customized one. None of these characteristics of the service inherently better or worse than another patter, they are another form of evidence used by the customer to judge service.

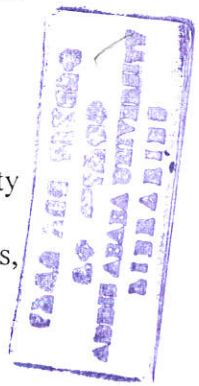
2.1.4. Service Quality

Some important definitions of service quality are coming as following:

Parasuraman et al., (1985, 1988): Service quality is determined by the differences between customer's expectations of services provider's performance and their evaluation of the services they received. Asubonteng et al. (1996): Service quality can be defined as "the difference between customers' expectations for service performance prior to the service encounter and their perceptions of the service received". Gefan (2002): Service quality as the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get.

2.1.4.1. Forms of Service Quality

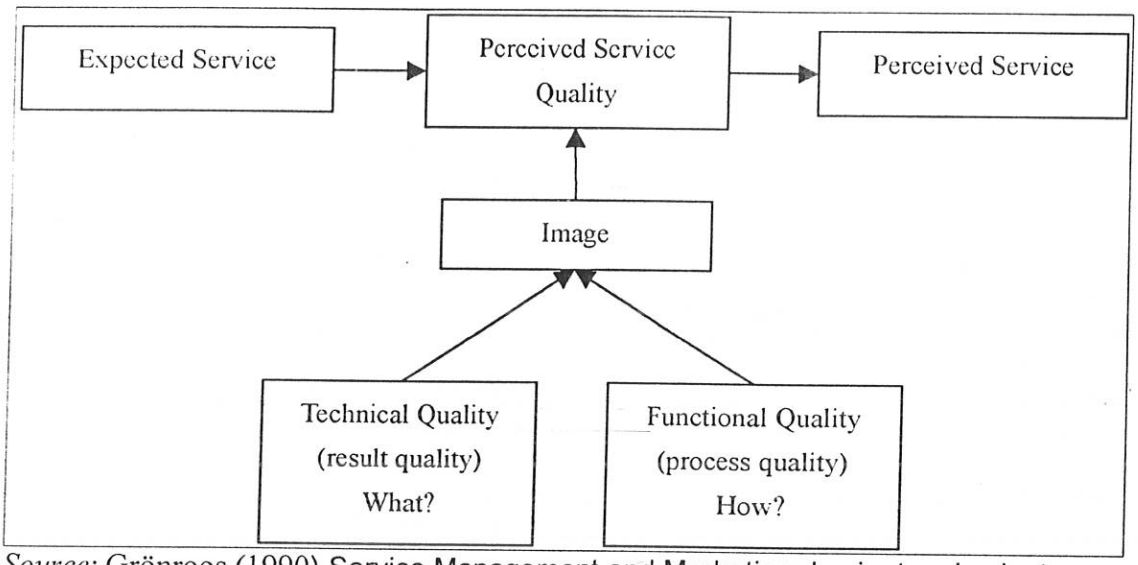
According to Chatterjee and Yilmaz (1993), three criteria can be used to assess service quality: providers' ability to meet customer demand, customers' satisfaction, and customers' perception of the quality of the services provided. However, as it is difficult to formulate a simple model to assess service quality, given the intangible nature of services themselves, and several other factors in addition to customer demand must be weighed into any assessment of service quality, the third criteria – customers' perception of the quality of the services provided – is generally employed to assess service quality.



According to Grönroos (1984), service quality can be broken down into two quality dimensions: technical and functional. He argued that, in the context of services, functional quality is generally perceived as being more important than technical quality. Technical quality revolves around what the consumer actually receives from the service. As such, customers regard the technical outcome of the process as the actual service itself and base their evaluation of whether the service has been provided or not on this factor.

On the other hand, functional quality revolves around how the consumer receives the technical outcome. Thus, consumers perceive service quality based on the manner in which it is delivered. Figure 1 displays the perceived service quality model developed by Grönroos.

Figure 2.1: Perceived service quality model



Source: Grönroos (1990) Service Management and Marketing. Lexington: Lexington Books.

This model is used to explain how the perceived service and the expected service both play a crucial role in the formulation of the customer's perception of the service quality. The perceived service quality can be broken down into expected service and perceived service, which are determined by consumers' expectations and the functional performance of the actual service in itself (Figure 1). Therefore, if a company creates heightened expectations vis-à-vis its services, by promising too much or developing misleading advertisements, the customers' final perception of the service level will undoubtedly be sub par and this despite the fact that the goods provided by the enterprise may be of a high technical and functional quality. Consequently, Figure 1 shows that the perceived service quality level is decided not by technical and functional qualities, but by the difference between the expected service and the actual service provided.

2.1.4.2. Service Quality Dimensions

Service quality has been the subject of considerable interest by both practitioners and researchers in recent years. Definitions of service quality hold that this is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Caruana & Malta 2002; Parasuraman et al., 1985, 1988, 1994). Several studies have been conducted to identify traditional service quality dimensions that contribute most significantly to relevant quality assessments in the traditional service environment (e.g. Parasuraman et al., 1985, 1988; Johnston et al 1995; Berry et al., 1985). Identification of the determinants of service quality is necessary in order to be able to specify measure, control and improve customer perceived service quality.

Parasuraman et al.'s (1985) identified 10 detailed determinant of service quality through focus group studies: Tangibles, reliability, responsiveness, communication, access, competence, courtesy, credibility, security, understanding/Knowledge of customer. Later these ten dimensions were further purified and developed five dimensions-tangibles, reliability, responsiveness, assurance and empathy to measure service quality, SERVQUAL (Parasuraman et al.1988). Tangibles refer to physical facilities, equipment, and appearance of personnel. Reliability means ability to perform the promised service dependency and accurately. Responsiveness means willingness to help customers and provide prompt service. Assurance indicates knowledge and courtesy of employees and their ability to inspire trust confidence. Empathy refers to caring, individualized attention the firm provides its customers.

Walker (1990) suggested that the key determinants are product reliability, a quality environment and delivery system that work together with good personal service-staff attitude, knowledge and skills. Gronroos (1990) postulated six criteria of perceived good service quality: professionalism and skills; attitudes and behavior; accessibility and flexibility; reliability and trustworthiness; recovery; reputation and credibility and flexibility; reliability and dimensions–Attentiveness/helpfulness, responsiveness, care, Availability, Reliability, Access, Flexibility, Aesthetics, Cleanliness/tidiness, Comfort and Security.

From the focus group interviews, Berry et al. (1985) identified ten determinants of service quality. Virtually all comments consumers made in these interviews about service expectations, Priorities and experiences fall into one of these ten categories. These are – reliability, responsiveness, competence, access, Courtesy, communication, credibility, security, understanding and tangibles.

Reliability involves consistency of performance and dependability. It means that the firm performs the service right the first time. It also means the firm honors its promises. Especially it involves: accuracy in billing, keeping record correctly, performing the service at the designated time. *Responsiveness* concerns the willingness or readiness of employees to provide service. It involves timeliness of services that means –mailing a transaction slip immediately, calling the customer back quickly and giving prompt service. *Competence* means possession of the required skills and knowledge to perform the services. It involves: knowledge and skill of the contact personnel, knowledge and skill of operational support personnel, research capability of the organization. *Access*

involves approach, ability and ease of contact. It means: the service is easily accessible by telephone, waiting time to receive service is not extensive, hours of operation are convenient and location of service facility is convenient. *Courtesy* involves politeness, respect, consideration, and friendliness of contact personnel. It includes- consideration for the consumer's property, clean and neat appearance of public contact personnel.

Communication means keeping customers informed in language they can understand .It also means listening to customers. It may mean that the company has to adjust its language for different consumers-increasing the level of sophistication with a well-educated customers and speaking simply and plainly with a novice. It involves: explaining the service itself, explaining how much the service will cost, assuring the customer that a problem will be handled. *Credibility* involves trusts worthiness, believability, honesty; it involves having the customer's best interests at heart. Contributing to credibility is: company reputation, personal characteristics of the contact personnel. The degree of hard sell involved in interaction with the customer. *Security* is the freedom fro danger, risk or doubt. It involves: physical safety, financial security and confidentiality.

Though the above different dimensions of service quality have been forwarded by different authors at different times, the most widely used service quality dimensions for measuring service quality are the ones developed and refined by Parasuraman and others (1988). Hence, this research employs the most widely used quality dimensions (tangibles, reliability, responsiveness, assurance and empathy) with modified SERQUAL items to evaluate the service quality of the case organization.

2.1.5. Customer Expectations

In this section the term "Expectation" that is one of the main determinants of satisfaction will be defined and explained. Expectations have been found to directly affect satisfaction. Gilberta and Wong (2003) express expectation as pre-consumption beliefs that customers draw up on as the probabilities of the occurrence of positive and negative events. As Reising and Chandek (2001) discuss, different customers have different expectations based, on the customer's knowledge of a product or service, a customer may estimate what the performance will be or may think what the performance ought to be.

Parasuraman (2004) identifies personal needs, past experience, words-of-mouth communications, recommendations and perception of the alternative services that are available to customers, as significant determinants of service expectations. Another potential determinant is situational factors which are of course beyond the service provider's control. The awareness of customers to situational factors will make them more understanding of the factors that are indirectly affecting the service quality and performance and thus will widen their expectations zone of tolerance. This is one of the main aspects that should be considered to study service quality and performance in the maritime industry in Ethiopia, which many situational factors like political, cultural, social, and governmental policies are affecting the service industry.

McQuitty and others (2000) discuss an interesting topic that has rarely been studied in the marketing literature. They argue that customer's expectations may vary. The degree to which customers adjust their expectations to meet the perceived performance of a product

or service can be influenced by the variability of a product's or service performance, the degree of involvement with the product or service, the case of assessment, the perfection and accuracy of information that forms expectations, and the precision with which a product's level of performance is revoked. Adjustments to expectations are likely to be fast when the product or service is easily assessed, but slow when complicated and with many attribute.

2.1.5.1. Customer Expectation Zone of tolerance

Parasuraman (2000) argues that customers have a range of expectations rather than having a single ideal level of expectation. The author names this level the *"Zone of tolerance"* (figure 4) which bounded by the service level that customers believe that should and can be delivered (Desired service) and the service level which customers are ready to accept (Adequate service).

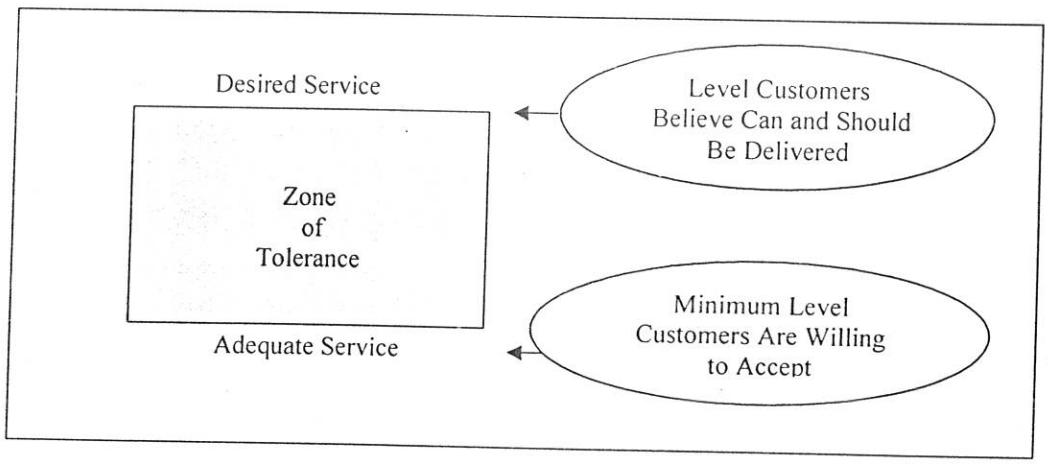


Figure 2.2: Zone of tolerance of service expectations
Source: Parasuraman, (2004) "Assessing and improving service performance for maximum impact." Performance Measurement Metrics

If perceived performance of the service falls within the zone, customers will be satisfied. If the service is better than their desired service level, customers will perceive the service

as excellently good and will be delighted. On the other hand, if the service falls below the adequate level of the zone of tolerance, customers will be dissatisfied and consequently repulsed and will look elsewhere for the same service. (Parasuraman, 2004)

As mentioned previously in this section different customers have different expectations, thus zone of tolerance can vary across customers which means reflecting different priorities in their expectations, and also across occasions or overall situations which means reflecting different potential drivers of expectations at performance. Customers' service expectations can be greatly influenced by what the service company or organization promises to perform.

2.1.6. Customer Satisfaction

Early concepts of satisfaction research have typically defined satisfaction as a post choice evaluative judgment concerning a specific purchase decision (Churchill and Sauprenant 1992; Oliver 1980). Most researchers agree that satisfaction is an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive (Oliver, 1980).

Customer satisfaction is a critical issue in the success of any business system, traditional or online (Ho & Wu 1999). In a turbulent commerce environment, in order to sustain the growth and market share, companies need to understand how to satisfy customers, since customer satisfaction is critical for establishing long-term client relationships (Patterson et al. 1997). It is evidenced by the fact that over the last five years, customer satisfaction

surveys have become common in many financial institutions. Thus, a fundamental understanding of factors impacting customer satisfaction is of great importance to commerce. Furthermore, the need for research in customer satisfaction has been accentuated by the increasing demand for the long-term profitability of dotcom companies and traditional companies as well (Pather, Erwin & Remenyi, 2002).

To understand satisfaction, we need to have a clear understanding of what is meant by customer satisfaction. Customer satisfaction is defined as a result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance. If the perceived performance is less than expected, customers will be dissatisfied. On the other hand, if the perceived performance exceeds expectations, customer will be satisfied (Lin 2003).

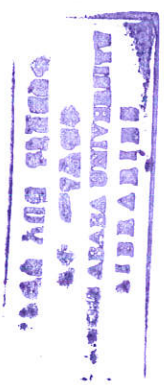
Few scholarly studies, to date, have been undertaken to identify quality dimensions and detailed aspects of services and their relationships with customer satisfaction (Zeithaml et. al., 2002; Cronin and Taylor, 1992). One of the more widely used instruments for assessing customer satisfaction is SERVQUAL developed by Zeithaml et. al. (1988). Researchers have paid much attention to the close relationship between service quality and customer satisfaction (Bitner et. al., 1990; Parasuraman et. al., 1985).

2.1.8. The Link between Service Quality and Customer Satisfaction

The concept of perceived quality and satisfaction are two of the fundamental pillars of contemporary research in the area of marketing. Research indicates that customer satisfaction and service quality are distinct, but interrelated concepts, though Cronin and

Taylor (1992) argue that this relationship is not clear; the confusion probably stems from their common link to the disconfirmation paradigm. According to Anderson and others (1993) there are at least two different conceptualization of customer satisfaction, one is transaction specific, and the other is cumulative.

Transaction specific satisfaction is generally associated with one particular transaction at a particular time, and has been defined as an emotional reaction to a product or service experience. In contrast, cumulative customer satisfaction is the overall evaluation based on the total purchase and consumption experience with a product or service overtime, which is more fundamental and useful than transaction-specific consumer satisfaction in predicting a consumers' subsequent behaviors and a firm's past, present and future performance. Hence, it is the cumulative customer satisfaction that motivates the firm's investment in customer.



The other unresolved issue in the area of service quality is whether customer satisfaction leads to service quality or vice versa. Regarding this issue Bitner (cited in Zeithaml and Bitner, 2003) proposed a model of service encounter evaluation and empirically proved the effect of satisfaction on service quality.

Contrary to the view that stresses satisfaction leads to service quality, some other researchers argued and empirically supported that perceived service quality is an antecedent of customer satisfaction. Cronin and Taylor (1991) asserted in their structural analysis for the causal relations among satisfaction, overall service quality, and purchase intention that the coefficient of path for service quality to satisfaction to re-purchase intention appeared to be all significant while the coefficients of path for satisfaction to

service quality to repurchase intention were insignificant.

From the above empirical studies reviewed, one can safely conclude that both service quality and satisfaction are not unrelated. Of course, high levels of service quality delivered should result in highly satisfied customers. In that sense, continuous assessment of customer satisfaction is instrumental to check on quality service delivery process. To do so, a service quality approach such as SERVQUAL used in this research can aid in the enhancement of quality service delivery to help ensure that the final check indicates satisfied rather than dissatisfied customers.

2.2. Conceptual Framework

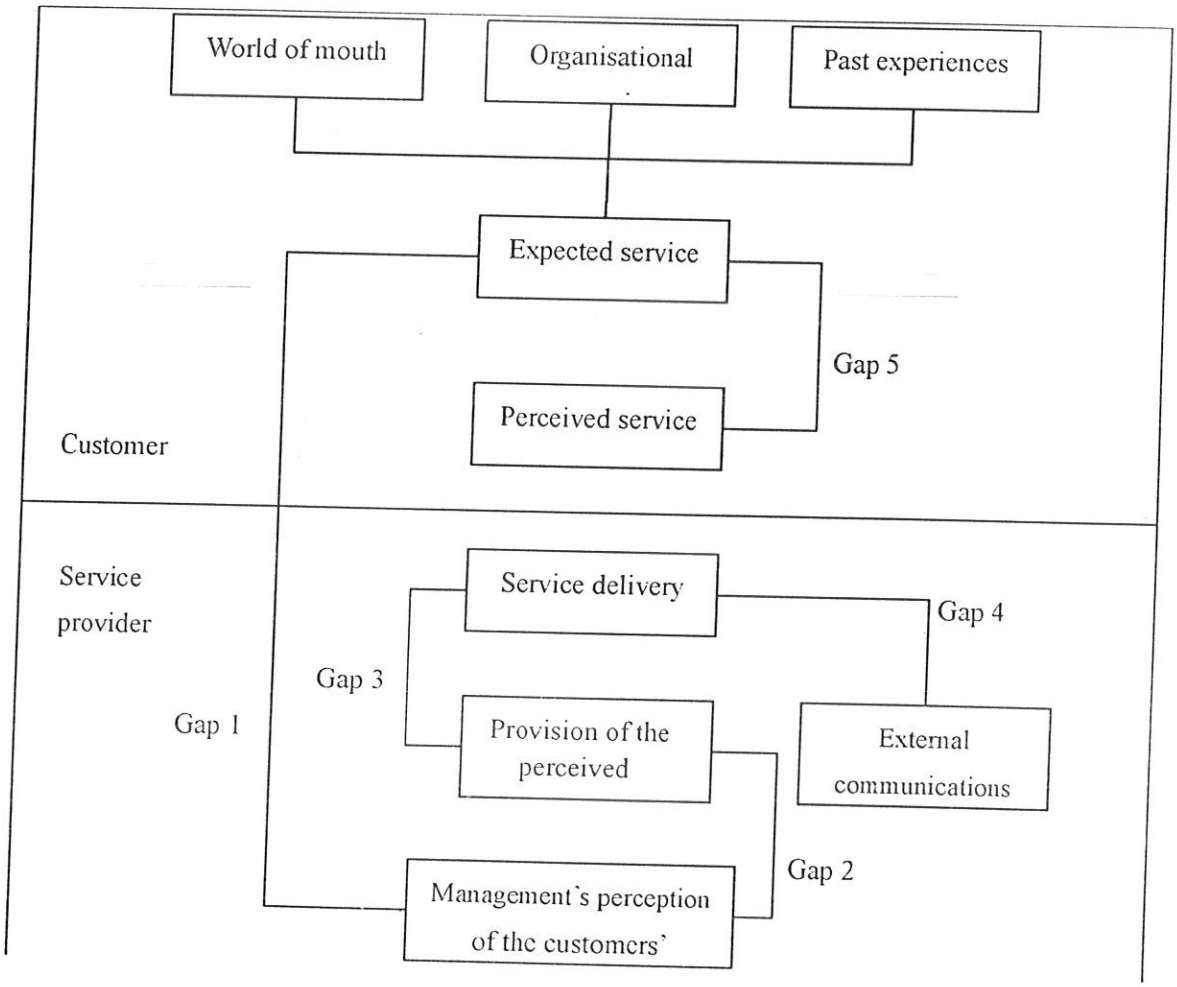
2.2.1.. Diagnosing Failure Gaps in Service Quality

Conceptually the service quality process can be examined in terms of gap between expectations and perceptions on the part of management, employees, and customers. Gaps at any point in service design and delivery can damage relationships with customers. (Ghobadian and others cited in Khalifa and Liu, 2003)

In their service quality model, Hopkins et al. (1993) identified five gaps between shippers and transportation service providers' perceptions of service quality. A conceptualization of these five gaps is presented in Figure 3. The relationship between service quality and customers' perception of service quality has its origins in the customers' actual perception of a service. In this paper, service quality is understood to mean the perceived service quality. There fore, service-giving organizations may need to work on one or more of the other four gaps since service gap is a function of the reaming service quality

gaps. Improving service quality requires identifying the specific causes of each gap and then developing strategies to close or at least narrow down them.

Figure 2.3: The Gap model



Source: Hopkins et al. (1993) 'Service quality gaps in the transportation industry: an empirical investigation', *Journal of Business Logistics*

Gap1. The Knowledge gap: This is the discrepancy between customers' expectations and management perception. The knowledge gap happens as a result of the lack of marketing research orientation, inadequate upward communications, and too many layers

of management. Closing this gap requires minutely detailed knowledge of what customers' desire and then building a response into the service operating system.

Gap2. The Standards gap: The standards gap occurs between management's perceptions of customers' expectations and the quality standards established for service delivery. In many cases, management doesn't believe it can or it should meet or exceed customer requirements. Similarly, management has no commitment to the delivery of quality services. Corporate leadership may set other priorities that interfere with setting standards. In general, this gap occurs as a result of inadequate commitment to service quality, inadequate task standardization, and absence of goal setting.

Gap3. The delivery gap: The delivery gap occurs between the actual performance of a service and the standards set by management. The existence of the delivery gap depends on both the willingness and ability of employees to provide the service according to specifications. The major factors influencing the delivery gap are role ambiguity and conflict, poor employee-job fit and poor technology-job fit, inappropriate supervisory control systems, and lack of teamwork.

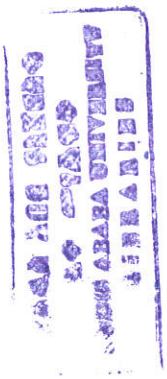
Gap4. The Communication Gap: This is the difference between the actual quality of service delivered and the quality of service promised in the firm's external communications such as brochures and mass media advertising. If advertising or sales promotions promise one kind of service and the customer receives a different kind of service, the communication gap becomes wider. The communication gap is influenced mainly by two factors. First, the firm's promise of more than it can deliver (over

promise), and the second factor pertains to the flow of internal communications between firm's headquarters, and its service firms in the field.

Gap5. The service gap: This is the discrepancy between what customers expect to receive and their perception of the service that is delivered. The service gap occurs as a result of the influences exerted from the customer side and the shortfalls (gaps) on the part of service provider. In this case, customer expectations are influenced by the extent of personal needs, words of mouth recommendations and past experience

2.2.2. The SERVQUAL Model

As it is impossible to assess service quality until the service in question has been provided, the former is usually assessed based on customers' perceptions. This kind of assessment method is quite different from the method used within the manufacturing industry, which makes use of objective criteria such as the defect rate or durability of a certain product to assess service quality.



The most widely used model with which to assess service quality has been the SERVQUAL model which was developed and later refined by Parasuraman et al. (1985; 1988;) to measure the gap between customers' expectations and perceptions (that means gap 5 from the gap model depicted in figure 3) . According to this SERVQUAL model, the gap between an individual's expected service and his or her perception of this service and the related factors is the main determinant of his or her perception of service quality. In other words, an individual compares the expected service level with the actual level of the service provided. If the quality of the actual service provided is perceived to be less than the expected service level, then this individual will deem the service quality to be

low. Conversely, if the quality of the actual service provided is perceived to be higher than the expected service level, then the service quality level will be regarded as high.

As indicated above, SERVQUAL instrument measures the gap between customer expectation and perceptions. This gap will occur if any or all of the gaps 1 to 4 exist. The first four gaps (Gap1 2, 3, and 4) are identified as a function of the way in which service is delivered, where as Gap 5 pertains to the customer and as such is considered to be the true measure of service quality. Thus, the gap on which the SERVQUAL methodology has influence is Gap 5.

Another tool that is used to assess service quality is the SERVPERF model, which is based on the results of a survey and makes use of a five or seven-point Likert Scale. SERVPERF, which was developed as an alternative to SERVQUAL by Cronin and Taylor (1992), consists solely of a performance questionnaire. This method is widely used to measure actual job performance.

The researchers involved in the development of SERVPERF introduced the following formula: service quality = performance and proceeded to integrate efforts to assess service quality with those to measure service performance. The assessment of service quality based on the performance of these services, which is carried out using the SERVPERF model, can provide long-term indicators of customers' perceptions of service quality. As such, the SERVPERF model can be used to provide the managers of a company with an assessment of their service quality that is based on the use of a point system. Such a point system can serve as a useful tool with which service managers can

expand their understanding of customers' attitudes towards the overall quality of the services they provide.

As it is indicated in the chapter one of this research report, the central objective of this research endeavor is to identify service quality dimensions that exhibit higher quality gap (*perception less expectation*) and also to formulate a model that show the magnitude and causal relationship among the service quality dimensions, overall service quality and customer satisfaction to help management of the company understudy to prioritize and allocate resources accordingly. Hence, after going through expert arguments regarding merits and demerits of SERVQUAL and SERVPRRF models, the student researcher strongly believed that the SERVQUAL model best fits the purpose of the research.

Chapter Three

Data Analysis and Discussion

3.1.Data Analysis

To analyze the collected data in line with the overall objective of the research undertaking, all statistical procedures were carried using Statistical Package for the Social Scientists (SPSS 10.0). Descriptive statistics have been used to summarize demographic profile of respondents included in the study, overall service quality and satisfaction, and means of perceptions and expectations. Gap scores (perception minus expectation) per dimension and for every attribute within the dimension were also calculated accordingly. Further more, multiple regression analysis was carried out with a view to evaluate the relative importance of each dimension in predicting variations in both overall service quality and satisfaction. This analysis is done independently with the modified seven SERVQUAL dimensions as independent variables and overall service quality and satisfaction as dependent variables to formulate a model that help in predicting service quality and satisfaction, which are the major concern of the research.

3.1.1. General Characteristics of Respondents

Table 1 below presents the demographic characteristics of study participants. As can be observed from the table, respondents included in the study are quite diverse in nature. Regarding the type of business participated in the study, 46.6% of them are private limited companies, 21.9% of them are partnership and the remaining 31.2% are corporations. As to their experience in import business activities, 6.3% of them replied that they are in the business for less than a year, 46.9% of the have 1-5 years of experience, 34.4% of the respondents claimed that they are in the business for 5-10 years

and the remaining 12.4% replied they are in the business for over 10 years. Concerning their business relationship with the company understudy, 6.3% had less than a year relationship, 46.9 % of them had 1-5 years business relationship, 25% of them claimed 5 to 10 years while the remaining replied they had over 10 years of relationship.

This shows that companies included in the study do have adequate knowledge and experience of Ethiopian Shipping Lines services and they are assumed to provide pertinent data that minimizes hasty generalization.

Table 3.1: Respondents Profile

Items	Response	
	Number	%
A. Type of business organization		
Private Limited Company	15	46.9
partnership	7	21.9
Corporations	10	31.2
Other	-	-
Total	**32**	**100%**
B. Experience in import business activities		
Less than 1 year	2	6.3
1-5 years	15	46.9
5-10 years	11	34.4
Above 10 year	4	12.4
Total	**32**	**100%**
C. For how long have you been a customer of Ethiopian Shipping Lines?		
Less than 1 year	2	6.3
1-5 years	15	46.9
5 – 10 years	8	25
Above 10 years	7	21.80
Total	**32**	**100%**

3.1.2. Scale Reliability Analysis

When investigating multi-dimensional constructs service quality and satisfaction, summated scale measurements tend to be the most appropriate scales. In this type of scale, each dimension represents some aspect of the construct. Thus, the construct is measured by the entire scale, not just one component. Internal consistency of scale refers to the degree to which the various dimensions of a multidimensional construct correlate with the scale. In other words, the set of attribute items that make up the scale must be internally consistent. There are two popular techniques used to assess internal consistency: Split-half tests and Coefficient alpha also referred to as Chronbach's alpha. A coefficient alpha takes the average of all possible split-half measures that result from different ways of splitting the scale items. The coefficient value can range from 0 to 1, and in most cases, a value of less than 0.6 would typically indicate marginal to low (or unsatisfactory) internal consistency.(Hair et al, 2003:397)

In this research coefficient alpha was used to assess the internal consistency of a modified SERVQUAL dimensions, where as correlation coefficient analyses were carried out to assess discriminant validity of the scale used to collect data. Hence, scale reliability as measured by Chronbach's alpha was found to be 0.9431 (observed from table 2) which give bold green light as to the acceptability of the scale for subsequent analyses. As can be seen from table 2 below, the internal consistencies of attributes in the scale are quite high. This is evidenced by alpha coefficients ranging from 0.6232 lowest to 0.8589 highest which are higher than the cutoff coefficient value of 0.60 suggested in the literatures. The additional dimensions (coverage and schedule and process) included in

addition to the standard SERVQUAL dimensions to address the problem areas also demonstrated high internal consistency with alpha coefficient of 0.8019 and 8089 respectively.

Table 3.2: Scale Reliability Analysis

Reliability Coefficients (alphas)

Dimension	No. of Items	Alpha coefficient For dimension	Alpha coefficient if item deleted
Tangibles	4	.7736	.6970
			.7394
			.6986
			.7396
Reliability	5	.7442	.6563
			.6232
			.5153
			.6306
			.7182
Responsiveness	4	.7984	.7379
			.6549
			.6975
			.8589
Assurance	4	.8167	.7347
			.7593
			.7658
			.8154
Empathy	4	.8415	.7983
			.7617
			.7943
			.8440
Coverage	3	.8088	.5994
			.7027
			.8719
Process	3	.8019	.7229
			.7463
			.7229
Linear Combination (Total scale Reliability)		.9431	

3.1.3. Perception, Expectation and Gap Scores

The modified SERVQUAL scale used in this study involves a survey containing of 27 service attributes, grouped into the seven dimensions out of which five (Tangibles, Reliability, Responsiveness, Assurance, and Empathy) are the standard quality dimensions and the remaining two (Coverage and Schedule and Process) are additional dimensions included by the researcher in consultation with some purposely selected sample shippers to effectively capture the quality of service in the industry under study. The survey asked customers to provide two different ratings on each attribute- one reflecting the level of service they would expect from excellent companies in the sector/industry and the other reflecting their perception of the services delivered by Ethiopian Shipping Lines. The difference between the expectation and perception ratings constitutes a quantified measure of service quality.

The Perception minus Expectation (P-E) framework suggests that the highest service quality occurs for an attribute when expectation score is "1" and perception score is "7", giving a service quality score of 6 (7-1) which implies the higher the perception-minus-expectation scores , the higher is the level of perceived quality (SQ). On the other hand, if perception falls short off customers' expectations, service quality will be denoted by negative scores. The bigger the minus gap score, the worse the company's service quality. The lowest service quality for an attribute occurs when expectation score is "7' and the perception score is "1" resulting in a service quality score of -6 (1-7). Thus, a level of quality improves as gap scores move from -6 to 6. (Parasuraman et al 1991)

Table 3.3: Perception, Expectations and Gap score for each SERVQUAL Dimension and each statement within the dimensions

SERVQUAL Statements/Dimensions	Mean(P)	Mean(E)	Gap
Dimension 1: Tangibles	**3.83**	**6.47**	**-2.64**
1. Latest technology equipments	3.91	6.53	-262
2. Visually appealing physical facilities	3.66	6.44	-2.74
3. Well dressed and neat appearing employees	4.19	6.63	-2.44
4. Physical facilities are inline with the service	3.56	6.31	-275
Dimension2: Reliability	**3.48**	**6.50**	**-3.02**
5. When promises to do something, it does so.	3.78	6.53	-2.75
6. Show interest in solving customers' problems	3.63	6.59	-3.96
7. Service provider will be dependable	3.38	6.50	-3.12
8. Perform the service right the first time	3.28	6.53	-3.25
9. Keep its records accurately	3.34	6.38	-3.04
Dimension 3: Responsiveness	**3.58**	**6.37**	**-2.79**
10. Tell customers exactly when service be provided	3.72	6.53	-2.81
11. Employees will give prompt services	3.66	6.44	-2.78
12. Employees will always be willing to help customers	3.88	6.41	-2.53
13. Never be too busy to respond requests promptly	3.06	6.09	-3.03
Dimension 4: Assurance	**3.78**	**6.38**	**-2.60**
14. Behavior of employees instill confidence in customers	3.72	6.09	-2.37
15. Feel assured that requests are dully followed up	3.72	6.49	-2.77
16. Service provider gives individual attention to customers	3.88	6.56	-2.68
17. knowledge to answer customers' questions	3.81	6.38	-2.57
Dimension 5: Empathy	**3.69**	**6.52**	**-2.83**
18. Understand specific needs of customers	3.63	6.56	-2.93
19. Employees are consistently courteous with customers	3.63	6.41	-2.78
20. Have customers best interest at heart	3.81	6.59	-2.78
21. have operating hour convenient for all customers	3.72	6.53	-2.81
Dimension 6: Service Coverage and Schedule	**3.23**	**6.65**	**-3.42**
22. Have a wide transport coverage across major ports	3.44	6.53	-3.09
23. Have adequate frequency of sailings	3.22	6.66	-3.44
24. Have readily available equipment for stuffing	3.03	6.75	-3.72
Dimension 7: Process (work flows)	**2.67**	**6.76**	**-4.09**
25. Have convenient equipment ordering process	2.75	6.78	-4.03
26. Implements efficient claim settlement process	2.75	6.69	-3.94
27. Have convenient way of reimbursing blocked money	2.50	6.81	-4.31

Table 3 above shows the mean values of expectations, perceptions, and gap scores (SQ) calculated for each statement (service attribute) and dimension. Accordingly, mean results for perception ranges from the lowest **'2.5'** to the highest **4.19** on the 7-point Likert scales used in the study. The data contained in the table further revealed that on average Ethiopian Shipping Lines Share Company has performed in tangibility dimension (**3.83**) and poorest in process dimension (**2.67**). Compared against excellent companies in the industry, Ethiopian Shipping Lines performed better in the following service quality attributes: Well dressed and neat appearing employees (**4.19**), us latest/up-to-date technology (**3.91**), employees will always be willing to help customers (**3.88**), and service provider gives individual attention to customers (**3.88**). However, the company under study performed poorly in the following service quality attributes: Have convenient way of reimbursing blocked money for equipments (**2.50**), have easy equipment ordering process (**2.75**), efficient claim settlement process (**2.75**) and Have readily available equipment for stuffing (**3.03**).

In a similar fashion to perceptions, mean scores for expectations were also calculated which range from **6.09** (minimum) to **6.78** (maximum). Respondents in the study were found to have high expectation scores for process (**6.76**), Coverage and schedule (**6.65**), and reliability (**6.50**). The lowest expectation scores were observed in the assurance (**6.38**) and responsiveness (**6.37**) dimensions. Concerning the individual service quality attributes/statements, respondents expressed high expectation scores for the following attributes: have convenient way of reimbursing blocked money (**6.81**), have easy equipment process (6.78), efficient claim settlement process (**6.69**), and have adequate frequency of sailings (**6.69**). On the contrary, respondents had relatively low expectation

scores for quality attributes such as employees will instill confidence in customers (**6.09**), never too busy to respond to requests promptly (**6.09**), physical facilities are in line with the service provided (**6.31**).

The concept of measuring the difference between expectations and perceptions in the form of the SERVQUAL gap score proved very useful in assessing levels of service quality. Supporting this idea, Parasuraman et al (1994) argue that information on service quality gaps can help managers diagnose where performance improvement can best be targeted. The largest negative gaps, combined with assessment of where expectations are highest, facilitate prioritization of performance improvements. Equally, if gap scores in some aspects of service do turn out to be positive, implying expectations are actually not just being met but exceeded, then this allows managers to review whether they may be "over-supplying" this particular feature of the service and whether there is potential for re-deployment of resources into features which are underperforming.

The data presented in table3 above also clearly showed that customers' (shippers in this context) perceptions of marine transport service quality provided by Ethiopian Shipping Lines fall short off their expectations. This claim is evidenced by all the perception-minus-expectation gap sores being negative for all attributes used in the data gathering instrument ranging from **-2.44** for the service quality attribute behavior of employees instill confidence in customers to **-4.31** for service feature service provider will have convenient way of reimbursing blocked money for empty equipments. Further more, the data also revealed that the smallest gap scores were associated with service features such as behavior of employees instills confidence in customer (**-2.44**) and employees will

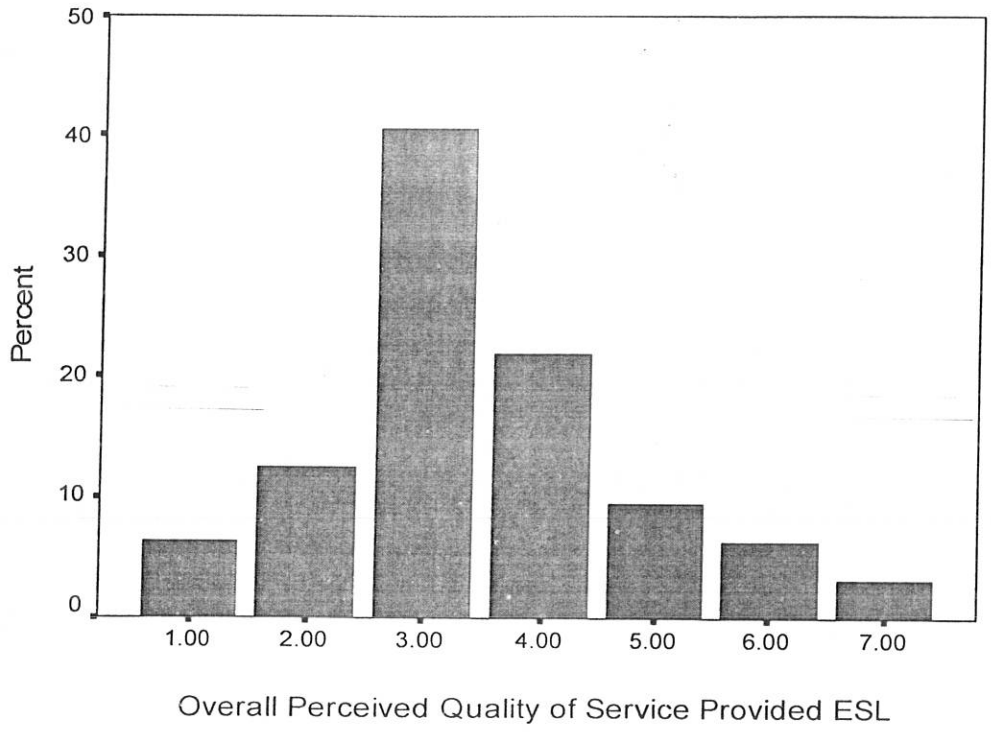
always be willing to help customers (-2.53) suggesting the strongest areas of Ethiopian Shipping Lines marine transport service quality.

In general, larger mean gaps were associated with process dimension **(-4.09),** coverage and schedule **(-3.42)** and empathy (-2.83) which necessitate the management of the company to concentrate on the service shortfalls and improve the supply of attributes for mutually satisfying business relationship to materialize between the company and its customers. On the other hand, smaller means gap scores were associated with assurance (-2.60) and tangibles **(2.64).** Thus, the fact that mean gap scores for SERVQAL dimensions used in the study are all negative indicates service enhancement is desirable for all service quality attributes categorized in the various dimensions

3.1.4. Overall Service Quality and Satisfaction

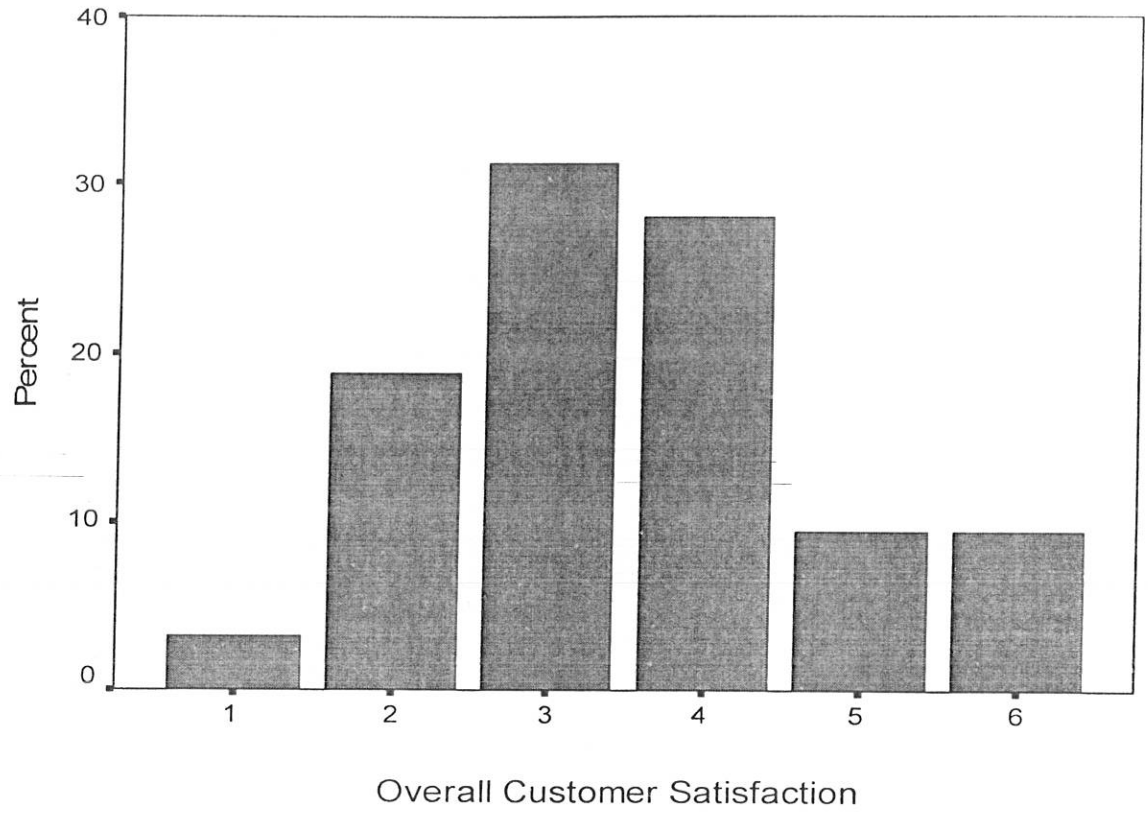
A 7-point Likert scale (1 means very poor and 7 means very good) was used to elicit customers'/shippers' overall evaluation of the service quality. Accordingly, respondents were asked to rate the overall service quality provided by Ethiopian Shipping Lines and descriptive statistics was used to summarized their response. As shown in the figure 1 below, 6.25% of the respondents responded that the overall service quality experienced is very poor where as 3.15% of the respondents claimed the service quality is very good. In general, more than half (56.25%) of the respondents reported that their service experience with the company was very poor, 25% of respondents rated it as an average of four, while the remaining 18.75% of them replied their overall experience of the service quality as above average.

Figure3.1: Overall ESL Service Quality as Perceived by Shippers



In a similar fashion to overall service quality, respondents were also asked to rate their overall satisfaction with the marine transport service provided by Ethiopian Shipping Lines. Accordingly, the result of descriptive statistics shown in the following figure 2 revealed that 3.1% of respondents reported that they are highly dissatisfied by the service under consideration and none of them rated the service as highly satisfactory. Overall, slightly more than half (53.1%) of the respondents rated their overall satisfaction as below average; 28.1% of respondents rated it as an average while the remaining 18.8% of them rated their overall level of satisfaction with transport service quality provided by Ethiopian Shipping Lines as above average.

Figure 3.2: Overall Perceived Customers' Satisfaction with ESL service



4.1.5. Correlation of SERVQUAL dimensions with overall Customer Satisfaction (OCS) and Service Quality (OSQ)

Correlation coefficients take on values between -1 and +1, ranging from being negatively correlated (-1) to uncorrelated (0) to positively correlated (+1). The sign of the correlation coefficient (i.e. negative or positive) defines the direction of relationship between the variables. The absolute value indicates the strength of the correlation. It helps gain insight into the strength of the relationship between variables. Undertaking correlation analysis is an essential step in developing a model using a correlation. (Hair et al, 2003:570)

This study employed Pearson correlation analysis to determine the direction and magnitude of relationship among modified SERVQUAL dimensions and overall service quality as well as overall level of customer satisfaction. According to the empirical data contained in table 4 below, positive relationship exists between the variables of interest in the research.

Table 3.4

Summary of Correlation Coefficient among modified SERVQUAL dimensions and overall Service Quality and Satisfaction

	QGT	QGREL	QGRES	QGASS	QGEMP	QGCOV	QGPRO	OSQ	OCS
QGT	1.000								
QGREL	.468*	1.000							
QGRES	.469*	.474*	1.000						
QGASS	.470*	.489*	.519*	1.000					
QGEMP	.478*	.5038	.560*	.574*	1.000				
QGCOV	.469*	.471*	.618*	.468*	.578*	1.000			
QGPRO	.468*	.510*	.473*	.479*	.496*	.470*	1.000		
OSQ	.487*	.571*	.522*	.577*	.476*	.469*	.480*	1.000	
OCS	.481*	.603*	.484*	.496*	.472*	.471*	.468*	.840*	1.000

*Correlation is significant at 0.001 (2-tailed)
Number of cases is 32

The above summary of correlation coefficient table shows that the strength of relationship among variables ranges from a low value of .468 to a high value of .840 (between overall service quality and level of satisfaction). (Refer Annexure IV).

The results of Pearson correlation indicated that magnitude of relationship between the seven modified service quality dimensions and overall service quality ranges from the

lowest value of .469 (between coverage and overall service quality) to the highest value of .577 (between assurance and overall service quality).

As to the magnitude of relationship between the seven modified service quality dimensions and overall customer satisfaction, the result in the table 4 above confirmed that correlation coefficients between them range from the lowest value of .468 (between process and overall customer satisfaction) to the highest value of .603 (between reliability and overall customer satisfaction) suggesting all are statistically significant ($p<0.01$). Finally, the correlation result further showed that the magnitude of relationship obtained between overall service quality and customer satisfaction is 0.840 which is higher than that of all dimensions of SERVQUAL model and significant at $p<0.01$. Thus, based on the empirical data, one may argue that overall service quality better in predicting overall level of satisfaction than those of SERVQUAL dimensions.

3.1.5. Modeling Overall Service Quality and level of Satisfaction

Simple linear regression was used to model the value a dependent variable based on its linear relationship to one or more predictors. Hence, in this study multiple regression analyses were carried out by using the service quality mean gap scores of SERVQUAL dimensions (namely tangible, reliability, responsiveness, assurance, empathy, coverage and schedule, and process) as independent variables (predictors), and overall service quality and satisfaction as dependent variables.

Taking into account the potential influences of multi-co linearity, the regression analyses were undertaken using the step wise method as it basically include only those most useful

in the model. The following table 5 shows the summary of the regression results for overall service quality (refer annexure V for details)

Table 3.5

Summary of Stepwise Regression for Dimensions Significant in Predicting Overall Service Quality

Model	Independent variable	B	Std. error	Beta	t-value	Sig.
1	(constant)	4.796	.354		13.565	.000
	QGASS	.508	.131	.577	3.873	.001
2	(constant)	6.304	.494		12.765	.000
	QGASS	.428	.111	.487	3.856	.001
	QGREL	.531	.140	.479	3.798	.001

R^2 = .333, Adjusted R^2 = .311, F-value=15.001* (model 1)
R^2=745, Adjusted R^2 =.555, F-value=18.072* (model 2)
P< 0.005

As can be observed from the above table 5, the stepwise regression analysis resulted in two alternative models for overall service quality. In the first model, the stepwise regression analysis excluded the remaining six SERQUAL dimensions namely, tangibles, reliability, responsiveness, empathy, coverage and schedule, and process considering insignificant (p>0.01). This model is found to be significant with adjusted R^2 of 0.311 indicating that the assurance dimension explains 31.1% of variations in overall service quality and none of the remaining SERVQUAL dimensions found to be significant in predicting the overall service quality. Thus, the multiple regression equation for the first model can be described as follows: **Overall Service Quality = 4.796 + 0.508 Assurance**

which means every one unit increase in assurance causes 0.508 unit increase in overall service quality.

On the other hand, reliability and assurance were considered as predictors of overall service quality in the second model alternate model and reported high level of significance ($p<.01$)with adjusted R^2 value of 0.524 confirming 52.4% of the variation in overall quality is explained by the model (reliability and assurance). As to individual dimensions used for prediction, reliability was found to be significantly ($P<.01$) related to overall service quality along with assurance which is also significant ($P<.01$). The results of the analyses clearly show that shippers consider reliability and assurance aspects of service quality to assess the overall quality of marine transport service. Thus, the regression equation for the second alternate model is expressed as: **Overall Service Quality = 6.304 + 0.428 Assurance + 0.531 Reliability,** interpreted as every one unit increase in reliability results in 0.531 unit increase in overall service quality where as one unit increase in assurance contributes 0.428 unit enhancement in service quality.

Likewise, the same regression analyses of the seven modified SERVQUAL dimensions as independent variables and overall level of customer satisfaction as a dependent variable resulted in two models for prediction. The summary of the models are presented in the following table 6. (Refer annexure VI for detail)

Table 3.6

Summary of Stepwise Regression for Dimensions Significant in Predicting Overall Customer Satisfaction

Model	Independent variable	B	Std. Error	Beta	t-value	Sig.
1	(constant)	6.069	.654		9.283	.000
	QGREL	.811	.196	.603	4.141	.001
2	(constant)	6.645	.658		10.104	.000
	QGREL	.728	.186	.542	3.916	.001
	QGASS	.346	.146	.324	2.340	.001

R^2 = .603, Adjusted R^2 = .343, F-value=17.149* (model 1)
R^2= .682, Adjusted R^2 =.428, F-value=12.592* (model 2)
P< 0.001

As shown in the model summary (table 6), the first alternate model for overall satisfaction of shippers is found to be significant (P< .001) with adjusted R^2 value of 0.343 which implies that 34.3% of the variations in the overall level of customer satisfaction can be explained by reliability dimension of the modified SERVQUAL. The remaining dimensions of the SERVQUAL were excluded from the model due to insignificant p-values associated with them. There fore, the regression equation for this model can be expressed as: **Overall Level of Satisfaction = 6.069 + 0.811 Reliability** which can be interpreted as for every one unit increase in reliability, overall level of satisfaction can be enhanced by 0.811.

In contrast to the first model, the second model incorporated two independent variables (namely, reliability and assurance) to predict overall level of customer satisfaction. Accordingly, the regression analysis result indicated that the second model is

satisfactorily significant (F= 12.592, P<.001) with adjusted R^2 value of 0.428 implying 42.8% of the variation in overall level of customer satisfaction is accounted for changes in the above two variables (reliability and assurance). With respect to relative significance of individual dimensions, reliability aspect of service quality was found to have greater contribution of with B-value of 0.728 than assurance (only 0.346) in predicting overall satisfaction. Further more, both reliability and assurance as predictors maintained desired level of significance (P<.05). Hence, the second alternate model for customer satisfaction is expressed as: **Overall Level of Satisfaction = 6.645 + 0.728Reliability + 0.346Assurance**, interpreted as a unit increase in reliability results in 0.728 increase in overall satisfaction where as a unit increase in assurance enhance overall satisfaction by 0.346 unit. In general, as evidenced by the results the analyses, shippers using Ethiopian Shipping Line service normally use reliability and assurance dimensions for evaluating their overall level of satisfaction with the service provided.

Finally, the results of the stepwise regression analysis for both dependent variables (overall service quality and satisfaction) further indicated that both reliability and assurance dimensions of the SERVQUAL model are a key determinants both to the overall service quality and satisfaction.

3.2. Discussion

The central objective of the study is to assess shippers' perceived service quality and their satisfaction. Guided by the central objective the study involves the use of SERVQUAL instrument in order to ascertain any actual or perceived gaps between customer expectations and perceptions of the service offered by the company under study, point out

how management of service improvement ca become more logical and integrated with respect to the prioritized service quality dimensions and their affection on increasing/decreasing service quality gaps, and formulate a regression model that reveal those aspects of quality which significantly affect overall service quality and satisfaction.

The analysis of data on perception statements indicated that Ethiopian Shipping Lines has performed in relative terms in deploying well dressed and neat appearing employees with mean score value of above average (4) However, on the rest of the service quality statements it scored virtually below average (4). Specially, the three statements under process (work flow) dimension received extremely low mean score ranging from 2.5 to 2.75 on 7-point Likert scale followed by the items included under the coverage and schedule dimension which also range from 3.03 to 3.44. This clearly shows that performance of the company in relation to the different work flows (process) and transport coverage and scheduling is very low which need very urgent management attention to bring customer perception closer to their expectation.

With respect to service quality statements that addresses what customers expect from an excellent marine transport provider, mean scores for all items are above 6 suggesting extremely high expectation formed by customers prior to using Ethiopian Shipping Line services. This calls for some remedial action from the company that aims at helping customers form realistic expectation about the service being provided.

As to the quality gap (perception-minus-expectation) scores of the 27 modified SERVQUAL items, the mean gap score for all were negative implying that the

company's actual performance falls short off the expectation of the customers which may lead to customer dissatisfaction at the absence of well thought out marketing strategies that enhance customers experience of the service.

The company was comparatively strong with respect to assurance dimension for which mean score was found to be minimum. However, this doesn't necessarily mean that the company's performance on assurance dimension is highest but partly because of lowest customer expectation with regard to the dimension. The second minimum service quality gap is associated with tangible dimension. The mean quality gap scores for all items under the tangible dimension is 2.64. This narrower gap is the result of the company's better performance relative to other dimensions as can be evidenced from the perception means scores section of table3.

Overall customer satisfaction has something to do with an affective state which is the felt pleasure that customers experience as a result of using a product or service. This sort of conceptualization stress satisfaction as more of feeling oriented. Assurance dimension focused on service features like knowledge and courtesy of employees and their ability to convey trust and confidence. Thus, felt satisfaction can be influenced positively influenced by affective components in addition to reliability.

The result of stepwise analyses carried out clearly showed that both reliability and assurance dimensions of SERVQAL model were found to be critical determinants of both overall service quality and satisfaction.

This implies that shippers normally use these dimensions in their way of evaluating the quality or marine transport provided by Ethiopian Shipping Lines and in assessing their overall level of satisfaction with the service.

Regarding the relative significance of individual modified SERVQUAL dimensions in predicting the dependent variables (Overall Service quality and Satisfaction) used in the study, reliability dimension was found to be the most critical determinant element for overall level of satisfaction where as assurance dimension is critical element in predicting service quality.

The significance of reliability and assurance dimensions as a proctors of both overall perceived service quality and level of satisfaction seem to reinforce the relationship between service quality and satisfaction which was found to be the highest correlation coefficient in the correlation matrix table 4.

Chapter Four

Summary of Major Findings, Conclusions, Managerial Implications, and Direction for Future Research

As has been clearly indicated in the problem statement part, the entire exercise of this research project focused on seeking answers for the following basic research questions:

- Which dimensions of the overall service quality exhibit wider gap?
- What is the overall perceived service quality and satisfaction of shippers?
- What are the causal relationships among SERVQUAL dimensions, overall service quality and Satisfaction? And how significant are the dimensions in predicting overall service quality and satisfaction?

Guided by the above basic research questions, this part of the research project presents the major findings of the study, conclusions and managerial implications resulted from the data analysis and discussion section.

4.1. Major Findings

The first issue of concern in this research focuses on identifying those service dimensions that exhibit higher quality gap (Perception-minus-Expectation) in the organization under study. Accordingly, perception-minus-expectation (P-E) scores of the modified SERVQUAL scale indicated that wider gaps were observed in process dimension **(-4.09)**, Coverage and Schedule **(-3.42)**, and empathy dimension **(-3.02)**. It further indicated that the narrowest gap was observed in assurance dimension with mean gap score of **-2.60**.

The second question concerns the assessment of the overall perceived service quality and level of felt satisfaction with the maritime transport provided by Ethiopian Shipping Line. The results concerning overall service quality as measured by a 7-point Likert type scale boldly reveled that more than half (56.25%) of the respondents claimed the overall service quality provided by the company is below average (4), one-fourth (25%) of the respondents rated it as average, and the remaining 18.75% of the respondents expressed their overall experience of service quality as above average.

Likewise, a 7-point Likert type scale was used to assess Shippers' overall level of satisfaction with maritime transport provided by Ethiopian Shipping Lines. The results of descriptive statistics showed that majority (53.1%) of respondents agreed that their satisfaction level with the service is below average (4) and hence they are dissatisfied. 28.1% of the respondents claimed that their level of satisfaction with the service under consideration is average while the remaining 18.8% of respondents rated it as above average confirming their satisfaction with the service. Finally, the results of descriptive statistics for overall service quality and level of satisfaction further hinted that relationship exists between the two.

The other investigation area of the research project is modeling the causal relationship among the modified SERVQUAL dimensions, overall service quality and level of satisfaction. Stepwise regression analyses were carried out to address the basic research question raised and the following are the major findings:

- The result of the regression analyses identified two alternative models for overall service quality. The first model used reliability as the only predictor by excluding the remaining dimensions where as the second model used both reliability and assurance dimensions of modified SERVQUAL instrument as predictors leaving the remaining five dimensions out. The first model in which assurance was considered as predictor, explained 31.1% of the variation in overall service quality; while the second model that used reliability and assurance as predictors explains 52.4% of the changes in the overall service quality. Finally, both models developed for prediction were found to be statistically significant.

- In a similar fashion to service quality, the stepwise regression analysis carried out resulted in two alternate models for predicting overall level of satisfaction. The first model considered reliability as a single predictor of the level of customers' satisfaction while the second model used assurance and reliability dimensions together as predictors. The variation in the dependent variable (overall level of satisfaction) explained by the first model is 34.6% and that of the second model is 43.8% both statistically significant.

- The results of the regression analyses also indicated that reliability and assurance dimensions of modified SERVQUAL model are the determinant elements of both overall level of felt satisfaction and perceived service quality. When it comes to the relative contributions of the dimensions used in the regression model, the study revealed that reliability has greater contribution relative to assurance in the determining values of the dependent variables used in the study.

- Finally, the study result also found out the newly added dimensions (namely, coverage and schedule and process) of modified SERVQUAL model to be statistically insignificant to explain any variation in either of the dependent variables (overall service quality or level of satisfaction)

4.2. Conclusions and Managerial Implications

Based on the major findings of the study the following inferences and managerial implications are forwarded by the student researcher as under.

1. The data representing customers perceptions and expectations associated with marine transport service quality have been used to spot down problem areas in the service delivery (in terms of service quality gap) that need management attention for improvement. It can be concluded form the results of the analysis that the company performed poorly compared to expectations held by customers. Particularly, the gap score for company's process of reimbursing blocked money for equipment received the highest of all the 27 items included in the modified SERVQUAL instrument followed by easy equipment ordering process. The next wider gap was observed in the service coverage and schedule (-3.42) followed by reliability dimensions with gap score of -3.02. The remaining modified SERVQUAL dimensions namely, empathy, responsiveness, tangibles, and assurance ranked 4th, 5th, 6th and 7th respectively in terms of their gap scores. Since perception-minus-expectation (gap) scores of all service quality aspects grouped under the seven dimensions used in the study were negative and significantly wider, it is important to manage these aspects of service quality according to their magnitude by systematically improving the different aspects and also enhance

appropriate expectation formation through well thought out company's external communications.

2. From the finding about shippers' perception of overall of transport provided it can be concluded that more than half of the respondents rated it as below average (4) on a 7-point Likert type scale. Similarly, it was also found out that more than half of the respondents confessed that their level of satisfaction with the service of the organization is below average (dissatisfied). In this highly dynamic business environment where service providers try their level best to offer services which meet the ever-increasing requirements of customers and trade liberalization is being propagated, Ethiopian Shipping Lines seems very weak in its effort to meet minimum acceptable performance in views of customers. Hence, the company has to do a lot in identifying best practices of high performing companies in the industry and adopt them to the service delivery to enhance perceived service quality and improve customer satisfaction which in turn serves as a guarantee to stay and grow in the market.

3. Whether seeking to improve perceived service quality or satisfaction, the regression analysis result suggests that Ethiopian Shipping Line should concentrate on the provision of superior RELIABILITY. This means that as the company provides highly dependable and accurate services to the respective customers, overall perceived quality and level of satisfaction are likely to be higher. On the other hand, from evidences presented by the regression model it can be concluded that poor accuracy, in the service delivery, poor dependability as well as poor level of other aspects of reliability dimension are likely to result in significantly lower shippers' perceived service quality and satisfaction.

Thus, the result of the study underscores the need for Ethiopian shipping Lines to direct customer service quality and satisfaction improvement efforts toward components of reliability.

4. Furthermore, on the basis of the result of the detail regression analysis, one can safely conclude that ASSURANCE quality criterion is another determinant of perceived service quality and overall level of satisfaction. Therefore, it is quite apparent and demanding to bring improvements on the different quality aspects of assurance dimension such as enhancing employees' knowledge and skills and capacitating them to instill trust and confidence in the customers.

5. The additional dimensions to the standard SERVQUAL model (Service coverage and schedule and process) identified in the pilot study phase of this research project were found to be statistically insignificant in predicting the dependent variables. However, they are the ones that received the highest quality gap scores and there fore, The company is strongly advised to enhance these aspects of service quality through expanding service coverage, improved frequency of sailings, improving work flows/process that customers go through in ordering empty equipments and getting back the money blocked etc because they in one way or another impact both service quality and satisfaction.

6. Finally, from the regression models developed for both service quality and level of satisfaction, it can be concluded that the models explain only moderate variations in both dependent variables considered in the study. Therefore, other variables should be developed and tested to ensure their contribution in predicting overall perceived service quality and satisfaction of customers.

7. It was found out that there are some major ports of the world that are not currently served by the Ethiopian shipping Lines and this definitely impacts revenue generation and the customers' perception of the company negatively. Thus, Ethiopian Shipping Line should link-up with third-party logistics providers to offer value-added services to shippers. Further more, the company should try to reduce the total transit time for shipment as it enhance customers' sales turnover.

4.3. Directions for Future Research

The student researcher suggests following points for future research initiatives:

- As has been stated in the research design and methodology part, the sample sized of this research project is 35 (slightly higher than 20% of the population) out of which 32 complete and workable questionnaires were collected and used for analysis. There fore, a large scale data sample could be used to further test the applicability of the SERVQUAL model in marine transport industry in particular and that of service sector in general.
- For other service areas to be studied using SERVQUAL model it is also important to collect data on customers expectation before they experience the service and finally collect data on the performance of the company after service encounter as this separate administration might reduce respondents' familiarity on their expectation ratings.

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Annexure I: Modified SERVQUAL Statements (English Version)

Addis Ababa University
Faculty of Business and Economics
MBA Program

Questionnaire to be filled by Ethiopian Shipping Line Customers

Dear Respondents,

My name is Mohammed Yassin, graduating Master of Business Administration (MBA) student at Faculty of Business and Economics, Addis Ababa University. I am currently conducting a research project on the title "**Shippers' Perceived Service Quality and Satisfaction: Case study of Ethiopian Shipping Lines**" with the objective to locate problem areas and ultimately highlight possible recommendation which benefit the service provider as well as the shippers.

To achieve the objective of the research endeavor, your objective response to the questions/statements related to the different aspects of the service quality provided by the organization under study is very crucial and hence you are kindly requested to spare your precious time and answer the questions carefully and genuinely. Regarding the information provided by your organization, I want to assure you that it will be used only for academic purpose and kept confidential.

Thank you!!

Section I: SERVQUAL Statements

Based on your experience as a customer of Ethiopian Shipping Lines. please think of other water transport provider that would deliver excellent service quality that your organization would be pleased to receive. The primary interest here is the number that reflects your feeling and/or opinion regarding the service provider. Listed below are items for which your are going to give **a rating on a scale 1to7; 1 means that you strongly disagree with the statement where as 7 means you strongly agree with the statements. If your opinions and/or feelings are not strong, you may select one of the numbers in the middle (Between 1 & 7).** Please indicate your answers to the questions/statements by circling the number that best express your opinions/feelings.

SERVQUAL Statement	Expectation about an excellent water (marine) transport provider	What is your evaluation of Ethiopian Shipping Line services?
Tangibles		
1. Service provider should have modern looking equipments.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
2. The physical facilities of service provider will be visually appealing.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
3. Employees will be well dressed and neat.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
4. The appearance of the physical facilities will be in line with the type of services provided.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
Reliability		
5. When the service provider promises to do something by a certain time, it will do so.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
6. When a customer has a certain problem, service provider will show a sincere interest in solving it.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
7. Service provider should be dependable.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
8. Service provider will provide its service at the time it promises to do so.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
9. Service provider will have fast and accurate documentation.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
Responsiveness		
10. Service provider will not tell customers exactly when services be performed.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
11. Employees will not give prompt services to customers	1 2 3 4 5 6 7	1 2 3 4 5 6 7
12. Employees will not always be willing to help customers.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
13. Employees will be too busy to respond to customers' requests promptly.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
Assurance		
14. The behavior of employees will instill confidence in customers.	1 2 3 4 5 6 7	1 2 3 4 5 6 7

15. Customers will feel assured that service requests are duly followed up.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
16. Employees will have the knowledge to answer customers' questions.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
17. Service provider will not be expected to give customers individual attention.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
Empathy		
18. Service giving employees know what the needs of their customers are.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
19. Service provider employees have their customers' best interest at heart.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
20. The company has employees who give customers individual attention.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
21. Service provider has operating hours convenient to all its customers	1 2 3 4 5 6 7	1 2 3 4 5 6 7
Service Coverage and Schedule		
22. Service provider will have wide coverage across major ports.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
23. Service provider will have good frequency of sailings.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
24. Service provider will have readily available equipment for stuffing.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
Work Process		
25. Service provider will have easy equipment ordering process.	1 2 3 4 5 6 7	1 2 3 4 5 6 7
26. Service provider implements efficient claim settlement process.	1 2 3 4 5 6 7 1 2 3 4 5 6 7	1 2 3 4 5 6 7 1 2 3 4 5 6 7
27. Service provider uses fast way of reimbursing blocked money for empty equipments (containers)	1 2 3 4 5 6 7	1 2 3 4 5 6 7

Section II: Overall Service Quality and Satisfaction

1. How do you rate the overall quality of water transport service provided by Ethiopian Shipping Line?

   Very good Very poor

   7 6 5 4 3 2 1

2. Overall, how satisfied is your organization with the transportation services provided by Ethiopian Shipping Line?

   Highly Satisfied Highly dissatisfied

   7 6 5 4 3 2 1

3. How do you rate the price (rate) charged by the Ethiopian Shipping Line given the quality you receive?

   Fair Unfair

   7 6 5 4 3 2 1

Section III: Demographic Profile. (Please put "X" mark on the blank space provided)

1. Form of Business Organization
   A. Sole proprietorship
   B. Partnership
   C. Corporation (share company)
   D. Other_____
2. For how long has your organization been doing import business activities?
   A. Less than a year _____
   B. 1 to 5 years _____
   C. 5 to 10 years _____
   D. Above 10 years _____
3. For how long has your organization been a customer of Ethiopian Shipping Line?
   A. Less than a year _____
   B. 1 to 5 years _____
   C. 5 to 10 years _____
   D. Above 10 years _____

Annexure II : Modified SERVQUAL Statements (Amharic Version)

አዲስ አበባ ዩኒቨርሲቲ
የቢዝነስና ኢኮኖሚክስ ፋካልቲ
የኤም ቢ ኤ ፕሮግራም

የባህር ትራንስፖርት አገልግሎት ጥራትና የደንበኞች እርካታ ጥናት

ውድ የጥናቱ ተሳታፊ ደንበኞች

እኔ መሐመድ ያሲን የተባልኩ በቢዝነስና ኢኮኖሚክስ ፋካልቲ የንግድ አስተዳደር (MBA) ትምህርት ክፍል ተመራቂ ስሆን በአሁኑ ሰዓት የኢትዮጵያ ንግድ መርከብ ባህር ትራንስፖርት አገልግሎት ጥራትና የደንበኞች እርካታ በሚል ርዕስ ላይ የመመረቂያ ምርምር ፕሮጀክት በማካሄድ ላይ ነኝ። የጥናቱም ዋና ዓላማ በድርጅቱ ውስጥ ያሉ የባህር ትራንስፖርት አገልግሎት ጥራት ችግርን ለይቶ በማውጣት የመፍትሔ ሐሳቦችን በመጠቆም ለደንበኞች የተሻለ አገልግሎት መስጠት የሚቻልበትን መንገድ ማመቻቸት ነው።

የዚህን ጥናት ዓላማ ከግብ ለማድረስ የአገልግሎት ተጠቃሚ የሆኑ ድርጅቶች የአገልግሎት ጥራትን አስመልክቶ ለተነሱ ጥያቄዎች የሚሰጡት ነጻና ትክክለኛ ምላሽ ወሳኝ ነው። በመሆኑም ቀጥሎ ለሚቀርቡት ጥያቄዎች ትክክለኛና ቅንነት የተሞላበት መልስ እንዲሰጡኝ በትህትና እየጠየቅኩ ድርጅትዎ የሚሰጠው ምላሽ ለትምህርት ዓላማ ብቻ እንደሚውልና በሚስጥር የሚያዝ መሆኑን በቅድሚያ ለመግለጽ እወዳለሁ። አመሰግናለሁ።

ክፍል 1
የአገልግሎት ጥራት መለኪያዎች

ድርጅትዎ የኢትዮጵያ ንግድ መርከብ የባህር ትራንስፖርት አገልግሎት ተጠቃሚ እንደመሆኑ መጠን ያለዎትን ልምድ መሰረት በማድረግ በደንበኝነት ለመመዝገብ (ደንበኛ ቢሆኑ) ደስተኛ የሚሆኑበት እጅግ በጣም ጥሩ የሆነ አገልግሎት ጥራት ሊሰጥ የሚችል

የባህር ትራንስፖት አገልግሎት ሰጪ ድርጅት ያስቡ። ቀጥሎ የተዘረዘሩትን ጥያቄዎች (መግለጫዎችን) መሰረት በማድረግ የባህር ትራንስፖርት አገልግሎት ሰጪን በሚመለከት የእርስዎን ድርጅት ስሜት (ሃሳብ) የሚያንፀባርቅ የደረጃ ቁጥር እንዲያሰፍሩ ይፈለጋል። ድርጅትዎ እንደ ደንበኛ ከ1 እስከ 7 ደረጃ እንዲሰጥ የሚጠይቁቸው ዝርዝር መግለጫዎች /ጥያቄዎች/ ከዚህ በታች ቀርቧል። መልስዎን በሚያስቀምጡበት ወቅት 1 ማለት የተጻፈውን ሀተታ በጥብቅ የሚቃወሙት ማለት ሲሆን 7 ማለት ደግሞ በተሰጠው ሃሳብ በጥቅብ የሚስማሙበት መሆኑን ያሳያል። መልስዎ ከ1 እና 7 ውጪ (ማለትም በጥብቅ ከሚቃወሙት ወይም በጥብቅ ከሚስማሙበት ውጪ ሲሆን) በመካከል ያሉትን ማንኛውንም ሃሳብዎን ሊገልጽ የሚችል ቁጥር በማክበብ መመለስ ይችላሉ።

.ቁ	የአገልግሎት ጥራት መግለጫዎች	ሀ. ከአንድ በጣም ጥሩ የባህር ትራንስፖርት አገልግሎት ሰጪ የሚጠብቁት ምንድነው?							ለ. ኢትዮጵያ ንግድ መርከብ የትንስፖርት አገልግሎት የእርስዎን ፍላጐት ምን ያህል አሟልቷል?						
	ተጨባጭ ሁኔታዎች - Tangibles														
1	አገልግሎት ሰጪው ዘመናዊ የሆኑ መሳሪያዎች ይኖሩታል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
2	በአገልግሎት ሰጪው ዘንድ ያሉ የሚታዩ መገልገያዎች ለእይታ የሚስቡ ናቸው።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	ሰራተኞቹ ጥሩ ልብስ ለብሰውና ንፁህ ሆነው ይቀርባሉ።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	የመገልገያዎቹ አቀራረብ በሚሰጠው አገልግሎት መሰረት ይሆናል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	ታማኝነት - Reliablity														
	አገልግሎት ሰጪው በአንድ የተወሰነ ጊዜ አንድ ነገር ለማድረግ ቃል ከገባ ቃሉን በተግባር ያውላል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	አንድ ደንበኛ ችግር ካጋጠመው አገልግሎት ሰጪው ችግሩን ለመፍታት ቀና ፍላጎት ያለው መሆኑን ያሳያል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	አገልግሎት ሰጪው ሊመካበት የሚችል ይሆናል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	አገልግሎት ሰጪው በመጀመሪያ ጊዜ ትክክለኛ አገልግሎት ይሰጣል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	አገልግሎት ሰጪው መዛግብቶቹን በትክክል ይይዛል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	ፈጣን ምላሽ (Responsiveness)														
	አገልግሎት ሰጪው አገልግሎት የሚሰናወንበትን ጊዜ በትክክል ለደንበኞች ይናገራል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7

11	ሠራተኞች ለደንበኞች ቀልጣፋ አገልግሎት ይሰጣሉ።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
12	ሠራተኞች ደንበኞችን ለመርዳት ሁልጊዜ ፈቃደኞች ይሆናሉ።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
13	ሠራተኞች የደንበኞችን ጥያቄዎች በፍጥነት ለመመለስ ፈፅሞ ስራ አይበዛባቸውም።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	ዋስትና (Assurance)														
14	የሰራተኞች ባህርይ በደንበኞች ውስጥ እምነት እንዲያድር ያደርጋል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
15	ደንበኞች ያቀረቧቸው የአገልግሎት ጥያቄዎች በአግባቡ ክትትል እየተደረገባቸው መሆኑን እርግጠኛ ይሆናሉ።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
16	ሰራተኞች ዘወትር ለደንበኞች ትህትና ያሳያሉ።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
17	ሰራተኞች የደንበኞችን ጥያቄ ለመመለስ እውቀት ይኖራቸዋል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	የችግር ተካፋይነት (Empathy)														
8	አገልግሎት ሰጪው ለደንበኞች የግል እንክብካቤ ይሰጣል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
9	ሠራተኞች የደንበኞችን ልዩ ፍላጎቶች ይረዳሉ።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
0	አገልግሎት ሰጪው የሁሉንም ደንበኞች ትክክለኛ ፍላጎት ተቀብሎ ያስተናግዳል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
1	አገልግሎት ሰጪው ለሁሉም ደንበኞች ምቹ የሆነ የስራ ሰዓት ይኖረዋል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	የአገልግሎት አድማስና የትራንስፓርት ምልልስ (Service coverage and it's frequencey)														
2	የአገልግሎት ሰጪው በዋና ዋና የአለም ወደቦች ተጠቅሞ አገልግሎት ይሰጣል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
3	የአገልግሎት ሰጪው በሚደረስባቸው ወደቦች ሁሉ ጥሩ ምልልስ (Frequency) በማድረግ አገልግሎት ይሰጣል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	የአገልግሎት ሰጪው በደንበኞች በተጠየቀ ጊዜ የሚያቀርበው የተለያዩ መጠን ያላቸው ኮንቴነሮች (Shipping container) ይኖሩታል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	የሥራ ሂደት (Process)														
	የአገልግሎት ሰጪው አመቺ የሆነ ባዶ ኮንቴነር ማዘጋጃ ሂደት ይተገብራል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	የአገልግሎት ሰጪው ውጤታማ የሆነ አስፋፊል ሂደት ይኖሩታል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7
	የአገልግሎት ሰጪው ጊዜና ገንዘብ ቆጣቢ በሆነ አሰራር ለባዶ ኮንቴነር የተያዘውን ገንዘብ ተመላሽ ያደርጋል።	1	2	3	4	5	6	7	1	2	3	4	5	6	7

ክፍል 2

አጠቃላይ የደንበኞች እርካታና የአገልግሎት ጥራት

1. የኢትዮጵያ ንግድ መርከብ የትራንስፖርት አገልግሎት ጥራትን በጥቅሉ ድርጅትዎ እንዴት ይገመግመዋል?

እጅግ በጣም ጥሩ — እ.በጣም መጥፎ

7 6 5 4 3 2 1

2. በአጠቃላይ የኢትዮጵያ ንግድ መርብ በሚሰጠው የባህር ትራንስፖርት አገልግሎት ምን ያህል ረክተዋል?

በጣም ረክቻለሁ — በጣም አልረካሁም

7 6 5 4 3 2 1

3. የትራንስፖርት አገልግሎት ዋጋን /rate/ ከሚያገኙት የአገልግሎት ጥራት አንጻር ሲታይ ምን ይመስላል?

በጣም ተመጣጣኝ — በጣም ተመጣጣኝ ያልሆነ

7 6 5 4 3 2 1

ክፍል 3

የጥናቱ ተሳታፊ ድርጅቶች ዝርዝር ሁኔታ (ምርጫዎትን ያክብቡ)

1. የድርጅቱ ዓይነት

ሀ. የግል ኩባንያ

ለ. ሽርክና

ሐ. ሼር ኩባንያ/Corporation)

መ. ሌላ ካለ ይግለፁ

2. ድርጅትዎ በገቢ ንግድ ዘርፍ ያለው ልምድ

ሀ. ከአንድ ዓመት በታች

ለ. ከ1-5 ዓመት

ሐ. ከ5-10 ዓመት

መ. ከ10 ዓመት በላይ

3. ድርጅትዎ ከኢትዮጵያ ንግድ መርብ ጋር በደንበኝነት ለምን ያህል ጊዜ ቆይታል?

ሀ. ከአንድ ዓመት በታች

ለ. ከ1-5 ዓመት

ሐ. ከ5-10 ዓመት

መ. ከ10 ዓመት በላይ

Annexure III: 22 Original statements of the SERVQUAL instrument (Parasuraman and others 1985; 1988; 1991)

DIRECTION: This survey deals with your opinion of _____ services. Please show the extent to which you think firms offering_____ services should possess the features described by each statement. Do this by picking one of the seven numbers next to each statement. If you strongly agree that these firms should possess as feature, circle the number 7. If you strongly disagree that these firms should possess a feature circle 1. If your feelings are not strong, circle one of the numbers in the middle. There are no rights or wrong answers. All we are interested in is a number that best shows your expectations about firms offering _____ services.

E1. They should have up-to- date equipment

E2. Their physical facilities should be visually appealing

E3. Their employees should be well dressed and appear neat

E4. The appearance of the physical facilities of these firms should be in keeping with the type of services provided

E5.When these firms promise to do something by a certain time, they should do so

E6.When customers have problems; these firms should be sympathetic and reassuring

E7.These firms should be dependable

E8.They should provide their services at the time they promise to do so

E9.They should keep their records accurately

E10.They shouldn't be expected to tell customers exactly when services will be performed

E11.It is not realistic for customers to expect prompt service from employees of these firms

E12.Their employees don't always have to be willing to help customers

E13. It is okay if they are too busy to respond to customer requests promptly

E14.Customers should be able to trust employees of these firms

E15.Customer should be able to feel safe in their transactions with these firms' employees

E16. Their employees should be polite

E17.their employees should get adequate support from these firms to do their jobs well

E18.thse firms should not be expected to give customers individual attention

E19. Employees of these firms cannot be expected to give customers personal attention

E20. It is unrealistic to expect employees to know what the needs of their customers are.

E21. It is unrealistic to expect these firms to have their customers' best interests at heart

E22. They shouldn't be expected to have operating hours convenient to all their customers

DIRECTIONS: The following set of statements relate to your feelings about XYZ. For each statement, please show the extent to which you believe XYZ has the feature described by the statement. Once again, circling a 7 means that you strongly agree that XYZ has that feature, and circling a 1 means that you strongly disagree. You may circle any of the numbers in the middle that show how strong you feelings are. There are no rights or wrong answers. All we are interested in is a number that best shows your perceptions about XYZ.

P1. XYZ has up-to-date equipment

P2. XYZ's physical facilities are visually appealing

P3. XYZ's employees are well dressed and appear neat

P4. The appearance of the physical facilities of XYZ is in keeping with the type of services provided

P5.When XYZ promises to do something by a certain time, it does so

P6. When you have problems, XYZ is sympathetic ands reassuring

P7. XYZ is dependable

P8. XYZ provides its services at the time it promises to do so

P9. XYZ keeps its records accurately

P10. XYZ does not tell customer s exactly when services will be performed

P11. You do not receive prompt service from XYZ's employees

P12.Employees of XYZ are not always willing to help customers

P13. Employees of XYZ are too busy to respond to customer requests promptly

P14. You can trust employees of XYZ

P15. You feel safe in your transactions with XYZ's employees

P16. Employees of XYZ are polite

P17. Employees get adequate support from XYZ to do their jobs well

P18.XYZ does not give you individual attention

P19.Employees of XYZ do not give you personal attention

P20. Employees of XYZ do not know what your needs are

P21.XYZ does not have your best interests at heart

P22. XYZ does not have operating hours convenient to all their customers

Annexure IV: Pearson Correlation coefficient between SERVQUAL Dimensions, Overall Service Quality and Satisfaction

		QGT	QGREL	QGRES	QGA	QGE	QGC	QGP	OSQ	OCS
QGT	Pearson Correlation	1.000	.468*	.469*	.470*	.478*	.469*	.468*	.487*	.481*
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000
	N	32	32	32	32	32	32	32	32	32
QGREL	Pearson Correlation	.468*	1.000	.474*	.489*	.503*	.471*	.510*	.571*	.603*
	Sig. (2-tailed)	.000	.	.000	.000	.000	.000	.000	.000	.000
	N	32	32	32	32	32	32	32	32	32
QGRES	Pearson Correlation	.469*	.474*	1.000	.519*	.560*	.618*	.473*	.522*	.484*
	Sig. (2-tailed)	.000	.000	.	.000	.000	.000	.000	.000	.009
	N	32	32	32	32	32	32	32	32	32
QGA	Pearson Correlation	.470*	.489*	.519*	1.000	.574*	.468*	.479*	.577*	.496*
	Sig. (2-tailed)	.000	.000	.000	.	.000	.000	.000	.000	.000
	N	32	32	32	32	32	32	32	32	32
QGE	Pearson Correlation	.478*	.503*	.560*	.574*	1.000	.578*	.496*	.476*	.472*
	Sig. (2-tailed)	.000	.000	.001	.000	.	.000	.000	.000	.000
	N	32	32	32	32	32	32	32	32	32
QGC	Pearson Correlation	.469*	.471*	.618*	.468*	.578*	1.000	.470*	.469*	.471*
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	.000	.000	.000
	N	32	32	32	32	32	32	32	32	32
QGP	Pearson Correlation	.468*	.510*	.473*	.479*	.496*	.470*	1.000	.480*	.468*
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.	.000	.000
	N	32	32	32	32	32	32	32	32	32
OQ	Pearson Correlation	.487*	.571*	.522*	.577*	.476*	.469*	.480*	1.000	.840*
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.	.000
	N	32	32	32	32	32	32	32	32	32
OCS	Pearson Correlation	.481*	.603*	.484*	.496*	.472*	.471*	.468*	.840*	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.
	N	32	32	32	32	32	32	32	32	32

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

Annexure V: Stepwise Regression Analysis result for Overall Service Quality

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	QGASS	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	QGREL	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a Dependent Variable: **Perceived Quality Service Quality Provided by Ethiopian Shipping Lines**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.577[a]	.333	.311	.8676
2	.745[b]	.555	.524	.7211

a Predictors: (Constant), QGASS
b Predictors: (Constant), QGASS, QGREL

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.292	1	11.292	15.001	.001[a]
	Residual	22.583	30	.753		
	Total	33.875	31			
2	Regression	18.795	2	9.398	18.072	.000[b]
	Residual	15.080	29	.520		
	Total	33.875	31			

a Predictors: (Constant), QGASS
b Predictors: (Constant), QGASS, QGREL
c Dependent Variable: **Perceived Quality of Service Provided by Ethiopian Shipping Lines**

Coefficients

Model		Unstand. Coefficient		Standard. Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4.796	.354		13.565	.000	4.074	5.519
	QGASS	.508	.131	.577	3.873	.001	.240	.776
2	(Constant)	6.304	.494		12.765	.000	5.294	7.314
	QGASS	.428	.111	.487	3.856	.001	.201	.655
	QGREL	.531	.140	.479	3.798	.001	.245	.816

a Dependent Variable: **Perceived Quality of Transport Service Provided by Ethiopian Shipping Lines**

Excluded Variables

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	QGTAN	.114	.718	.479	.132	.898
	QGREL	.479	3.798	.001	.576	.964
	QGRES	.305	1.814	.080	.319	.731
	QGEMP	.164	1.021	.316	.186	.860
	QGCOV	.226	1.373	.180	.247	.799
	QGPRO	.080	.519	.608	.096	.968
2	QGTAN	.068	.514	.612	.097	.890
	QGRES	.120	.767	.449	.143	.634
	QGEMP	.001	.008	.994	.001	.772
	QGCOV	.007	.045	.964	.008	.645
	QGPRO	.042	.330	.744	.062	.962

a Predictors in the Model: (Constant), QGASS

b Predictors in the Model: (Constant), QGASS, QGREL

c Dependent Variable: **Perceive Quality of Transport service Provided by Ethiopian Shipping Lines**

Annexure VI: Stepwise Regression Analysis result for Overall Satisfaction

Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	QGREL	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	QGASS	.	Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a Dependent Variable: **Overall Customer Satisfaction**

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.603	.364	.343	1.0295
2	.682	.465	.428	.9603

a Predictors: (Constant), QGREL

b Predictors: (Constant), QGREL, QGASS

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.174	1	18.174	17.149	.000
	Residual	31.794	30	1.060		
	Total	49.969	31			
2	Regression	23.225	2	11.612	12.592	.000
	Residual	26.744	29	.922		
	Total	49.969	31			

a Predictors: (Constant), QGREL

b Predictors: (Constant), QGREL, QGASS

c Dependent Variable: **Overall Customer Satisfaction**

Coefficients

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.	Co-linearity Statistics
		B	S. Error	Beta			Tolerance
1	(Constant)	6.069	.654		9.283	.000	
	QGREL	.811	.196	.603	4.141	.000	1.000
2	(Constant)	6.645	.658		10.104	.000	
	QGREL	.728	.186	.542	3.915	.001	.964
	QGASS	.346	.148	.324	2.340	.026	.964

a Dependent Variable: **Overall customer satisfaction with Transport service provided by Ethiopian Shipping Lines**

Excluded Variables

Model		Beta In	t	Sig.	Partial Correlation	Co linearity Statistics Tolerance
1	QGTAN	.008	.054	.957	.010	.978
	QGRES	.251	1.619	.116	.288	.837
	QGASS	.324	2.340	.026	.399	.964
	QGEMP	.063	.399	.693	.074	.868
	QGCOV	.231	1.426	.164	.256	.778
	QGPRO	.087	.588	.561	.108	.988
2	QGTAN	.115	.795	.433	.149	.890
	QGRES	.106	.612	.545	.115	.634
	QGEMP	.057	.361	.721	.068	.772
	QGCOV	.099	.579	.567	.109	.645
	QGPRO	.036	.257	.799	.048	.962

a Predictors in the Model: (Constant), QGREL

b Predictors in the Model: (Constant), QGREL, QGASS

c Dependent Variable: **Overall Customer Satisfaction**

DECLARATION

I the under signed, declare that the project entitled "***Shippers' Perceived Service Quality and Satisfaction: A case Study of Ethiopian Shipping Lines***" is my original work and has not been presented in Addis Ababa University or any other University, and that all sources of material used for conducting the research project have been duly acknowledged.

Mohammed Yassin
(Student Researcher)

Dr.G.K.Murthy
Assistant Professor
Faculty of Business and Economics
Department of Management
Addis Ababa, Ethiopia

LETTER OF CERTIFICATION

This is to certify that Mohammed Yassin has carried out his project on the topic entitled "***Shippers' Perceived Service Quality and Satisfaction: A case Study of Ethiopian Shipping Lines***" under my supervision. This work is original in nature and is suitable for submission for the award of Master of Business Administration.

Dr.G.K.Murthy
(The Research Advisor) 20/08/08