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College of Business and Economics

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Assessment of Service Quality And Customer Satisfaction

The Case of Commercial Nominees PLC

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Assessment of Service Quality And Customer Satisfaction

Letter of Certification

This is to certify that Yeshitila Tefera Tadesse has done a study on the topic “Assessment of Service Quality And Customer Satisfaction The Case of Commercial Nominees PLC”. This study is of his original work and all the sources of materials used for the thesis had been duly acknowledged.

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Statement of Declaration

I, undersigned declare that this thesis is my original work. Furthermore, all sources of materials used for the thesis had been duly acknowledged.

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Acronyms and Abbreviation

BOD	Board of Directors
CBE	Commercial Bank of Ethiopia
CBO	Cooperative Bank of Oromia
CN	Commercial Nominees
DBE	Development Bank of Ethiopia
EMBA	Executive Master of Business Administration
GDP	Gross Domestic Product
HR	Human Resource
IT	Information Technology
PLC	Private Limited Company
SQ	Service Quality
VIF	Variance Inflation Factor

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Abstract

The primary objective of this study is to assess service quality and customer satisfaction on the delivery of outsourced service as evidenced from outsourced service recipient perspective. Dimensions as adopted in SERVPERF model (tangibility, assurance, responsiveness, empathy & reliability), have been utilized as measurement constructs to assess the level of service quality and customer satisfaction. A quantitative method has been applied to analyze the data collected from the service recipient in Addis Ababa. Descriptive statistics such as frequency, mean and correlation analysis techniques are applied to analyze background information of respondents. Respondents' perception on service quality and satisfaction as well as relationship between service quality dimensions and customers satisfaction are also analyzed under descriptive statistics. Besides, regression analysis technique is applied to investigate the impacts of service quality dimensions on satisfaction and at the same time test the hypothesis developed. The finding of the study shows that customers are satisfied on reliability, empathy and assurance while they are dissatisfied on responsiveness and tangibility. The finding on the base of correlation analysis also implies that the relationship between service quality dimensions and customer satisfaction is analyzed and the result shows all service quality dimensions have positive and significant relation with customer satisfaction. The finding also confirms the service quality dimensions have an impact on customers' satisfaction implying that the higher the quality of service, the higher is the level of customers' satisfaction. From this finding, it can be summarized that Commercial Nominees can improve its service by mostly focusing on responsiveness and tangibility of service quality dimensions.

Keywords: *services, outsourcing, quality, customer satisfaction*

Chapter One

Introduction

1.1. Background of the Study

Service quality focuses on meeting the customers' needs and requirements and how well the service delivered matches the customers' expectations of it (Philip and Hazlett, 1997) while satisfaction as Lonial and Zaim, (2000) cited in Oladepo & Abimbola (2014) put it is customer's positive or negative feeling about the value that was received after the consumption of ideas, goods and services. Customer satisfaction is seen as a key differentiator which is evident that many market leaders are found to be highly superior-customer-service orientated.

Despite the fact that factors such as price, delivery terms, etc. can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml, 2006). By strengthening this idea, Oliver (1997) suggested that service quality would be antecedent to customer satisfaction whether these constructs were cumulative or transaction-specific. Some researchers have found empirical justification for this view, where customer satisfaction came as a result of service quality (Anderson & Sullivan, 1993; Fornell 1996; Spreng & Macky1996).

Businesses outsourced services are seen as intrinsic to managing a business and serving internal and external customers (Perez, 2017). It is imperative, therefore, for service providers to comply and meet service level requirements in the side of outsourcing companies. Besides, today's rapidly changing market environment is compelling service firms to seek more creative and flexible means to dealing with competition which in effect results in winning customers (Chen, 2007).

In a nutshell, service provider to meet customer requirements and at the same time maintain its competitive position, it is crucial among all to assess customer satisfaction vis-a- vise to the quality of its service delivery.

Outsourcing is the business practice of hiring a party outside a company to perform services and create goods that in most cases traditionally were performed in-house by the company's own

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employees and staff (Investopedia: Outsourcing). As various researches indicate the trend of outsourcing throughout the world has been increasing from time to time (Koonth & Wehrich, 2004).

The growth of outsourcing in recent years is partly the result of a general shift in business philosophy. Prior to the mid 1980s, in an attempt to reduce risk, many companies sought to acquire other companies and diversify their business interest. However, as more companies discovered that there were limited advantages to running a large group of unrelated business, many began to divest subsidiaries and refocus their effort on one or a few closely related areas of business. Companies tried to identify or develop a core competence that would provide a source of competitive advantage in a given industry. All aspect of the company's operations were aliened around the core competence and any activities or functions that were not considered necessary to preserve it were then outsourced (Reference for Business: Outsourcing.)

Moreover, outsourcing is becoming common way of solving some business problems. Initially it had been used primarily for some tasks which is difficult to perform or is trivial but competes much of the resources from the core operation. Currently, a wide variety of business process is being outsourced. According to Koontz & Wehrich (2004) the aim of outsourcing may be to reduce costs or to be able to reassign employees to other tasks that are more important. Other reasons why companies engage in outsourcing includes delivering fast and high quality of service later brings customer satisfaction, gaining access to the best knowledge/technology available, sharing of risks between the firm and its service suppliers, allocating resources to key success factors, (Koontz and Wehrich, 2004). In general outsourcing enables a firm to focus on its core competencies and let outside companies do what these firms can do best.

Today, outsourcing is embraced by companies of all size and industry orientation and is becoming more sophisticated. Some common example of outsourcing include manufacturing of components, computer programming services, tax compliance and other accounting functions, training administration, customer service, benefit and compensation planning, payroll and other human resource and administration functions such as like guarding, driving, cleaning etc.(Reference for Business: Outsourcing)

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The growth of the outsourcing phenomenon has given birth to many large, mid-sized and small companies delivering outsourcing services world wide (Arab Business Review: Outsourcing -vendor Management).

Albeit outsourcing is recent phenomenon to Ethiopia, more and more companies are outsourcing their none core activities for one or more of the reasons discussed above. These entities include government, private sector and NGO's alike. As it is true for the rest of the world, a lot of outsourced service suppliers are joining the Ethiopian vendor market as the demand for outsourced services increases.

Commercial Nominees as one of the leading out sourced service provider of the Country will be assessed in this research with respect to quality and customer satisfaction constructs the result of which would have wider implication in particular to CN and for outsourced industry of the Country in general.

1.2. Back Ground of the Company

Commercial Nominees PLC (CN) is subsidiary of Commercial Bank of Ethiopia. The establishment of this Company dates back to the beginning of 1960's when the then Commercial Bank of Ethiopia (CBE) and Mortgage Bank (Business Construction Bank) agreed to form this jointly owned Company with objective of handling none banking activities. This leveraged the two banks to focus on mainstay of banking function while Commercial Nominees took over activities such as pension payment of retired government workers, selling of properties forfeited by the two banks from their customer who were in default, share subscription service etc. Due to the regime change to Derg, the Commercial Nominees could not further expand and remained dormant devoid of any expansion. This particularly attributable to the fact that the Derg Regime was very restrictive towards business and private sector operation which inhibited the owner not to see the feasibility of CN's further expansion and growth.

After the down fall of Derg Regime, Commercial Nominees in 1990's restructured and entered into the business afresh. The Company organized as PLC with proper business structure at the helm of which we find the BOD and the management. The management structure contains

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departments and services entrusted with either core or support function. Marketing and business development department, finance and account department, legal service, audit service, HR and logistic department and IT and planning department of the organization play support roll. Similarly, employment service department and operation department assume the responsibility of executing the core tasks. The core function the latter two departments focusing include delivering outsourced services of various forms to customers.

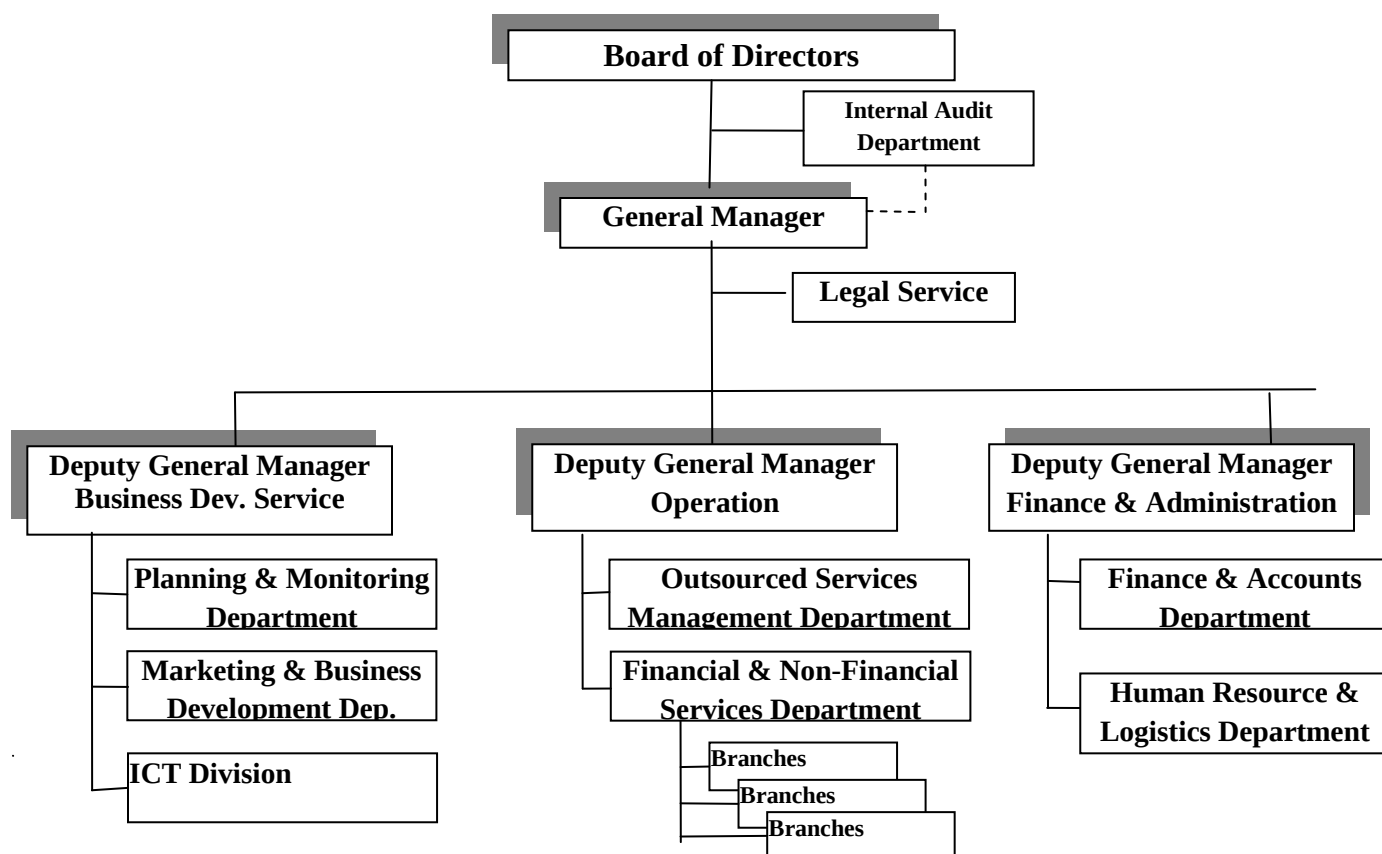


Figure 1: Organizational Structure of Commercial Nominees

Post restructuring decades has been favorable for CN. In this period it expanded by and large vertically and added outsourced services to its service portfolio. The major once include employment services, payment and accounting service, event organizing, real estate administration, compensation payment, Ethio Telecom products sales such as voucher cards and telecom apparatus etc. Currently, the delivery of these outsourced services is the largest contributor to income generation and profit of the Company. Especially, the employment service

which embrace service like guarding, cleaning, driving, escorting, messenger service etc take some 83% of the total revenue of CN. On contrary, the compensation payment service CN delivers to Ethiopian Railway Corporation and Ethiopian Road Construction contributes the biggest slice to the profitability of Company.

1.3. Statement of the Problem

The Ethiopian economy witnessed double digit economy growth over the past decade. In 2016 the share of the service sector constitutes 46.8% of the Country's GDP of the same year. It is expected that the share of this sector will continue expanding at least in as much as the general economy of the Country is growing (Information Technology Association, 2017).

So-called internal services cover a wide array of activities including recruitment, publications, legal and accounting services, payroll administration, office cleaning, guarding & security, driving, landscape maintenance, freight transport and many other tasks. To a growing extent, organizations are choosing to outsource those internal services that can be performed more efficiently by a specialist subcontractor. As these tasks are outsourced, they become part of the competitive marketplace and are therefore categorized as contributing to the service component of the economy (Lovelok & Wright, 2001).

As general trend shows, the service sector inevitably keeps on expanding (Lovelok & Wright, 2001) and the desire of more and more local companies in Ethiopia to outsourcing their none core activities growing by day. Consequently, a growing number of outsourced service providers are flourishing following the opportunities the outsourced service unveils. CN is among the pioneers in the sector and benefited from the opportunity. This Company is getting growing share of its revenue from outsourced service delivery which constitutes some 83% of its total revenue. Currently, Commercial Nominees PLC is among the leading player in the outsourced business of Ethiopia including guarding & security, cleaning, driving, payment & accounting function, compensation payment, real state administration, Ethio Telecom products sales and others.

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The service in general and outsourced service in particular, must have the quality that meets the customers' requirements in order to attract and retain the customer and ultimately win the competition. It is also well established that satisfied customers are key to long-term business success (Kristensen et.al as cited in Munusamy, Chelliah and Mun, 2010)). Companies that have a more satisfied customer base also experience higher economic returns (Aker and Jacobss on et al. as cited in Munusamy, Chelliah and Mun, 2010). Consequently, higher customers at is faction leads to greater customer loyalty (Yi et al. as cited in Munusamy, Chelliah and Mun 2010), higher future revenue (Fornell as cited in Munusamy, Chelliah and Mun, 2010) customer retention as well.

But delivering service of quality that matches to the expectation of the customers and ultimately satisfying them is not coming without challenge. The outsourcing entities in their side set stringent criterion of outsourcing to control cost, drive service excellence, mitigate risk to gain increased value from their vender (Arab Business Review: Outsourcing-vendor Management). So, CN has to make sure that it is meeting customers' requirements to keep on and possibly expand its current performance. Besides, to remain competitive and fulfill the owner's aspiration for high return in the form of cash flow, CN must focus on delivering service with high quality and secure customer satisfaction.

Therefore, the purpose of this study is to assess whether the service delivery of CN is up to the expectation of the customer and hence leading to customer satisfaction ensuring the long term business success of the Company.

1.4. Research Questions

Based on the identified research problems, the following research questions are developed and the study will focus on answering these questions.

- a. What are the service quality and customers satisfaction in outsourced service delivery of CN?
- b. What is the relationship between service quality dimensions and customer satisfaction?
- c. How outsourced service delivery affects the satisfaction of the customers?

1.5. Research Objective

The general objective of this study is to assess the quality of the service delivery and its effect and relation to customer satisfaction,

The specific objective of this research work is:

- a. To assess the quality of services provided to customers in terms of quality dimensions.
- b. To investigate the relationship of service quality dimensions and over all service quality provided.
- c. To analyze the impact of service quality dimensions on customer satisfaction.

1.6. Significance of the Study

Outsourced service delivery is the mainstay of Commercial Nominees PLC in its contribution to income and profit. As quality is antecedent to satisfaction (Oliver, 1993) and the existence of positive relationship between quality service and customer satisfaction (Kotler & Armstrong as cited in Alexander Preko et.al, 2014) service delivery must conform to the quality requirement of the customers to bring about their satisfaction. Hence the first significance of the study is to get feed back on service quality and satisfaction level of the customer to make some review in CN service delivery operation and policy so that the out sourced service delivery of CN continue stronger.

On the other hand, the study applies the service quality model and dimensions in outsourced service of CN. The study will contribute to the knowledge on outsourced service quality and customer satisfaction and helps the future researchers on the topic.

1.7. Scope of the Study

Commercial Nominees PLC as a business entity has a lot of issues to be studied. However, it is difficult and unmanageable to conduct the study in all those areas because of time, finance, and research manageability. Therefore, the scope of this study is delimited to service quality and customer satisfaction of outsourced employment service delivery of CN. The study also focus on the customers CN has in Addis Ababa.

1.8. Limitation of the Study

This study focused on Commercial Nominees employment outsourced service delivery in Addis Ababa. The generalization of this paper to some extent cannot be applied to out laying service delivery. Employment outsourced service delivery is what this study investigates. Outsourced services delivered by CN like compensation payment are not part of this study which by themselves need survey. It is also worthwhile to note that price (service charges), delivery terms and condition etc have a potential to influence customer satisfaction which this paper does not consider but is one interesting title for the future research.

1.9. Organization of the Study

This research is organized into five chapters. Chapter one contains background of the study, statement of the problem, research questions and objectives, significance, scope of the study and organization of the paper. Chapter two is mainly focus on existing literatures which covers theoretical framework related to the study, empirical studies related to the company and the topic under study and finally to develop conceptual frame work from the theories and empirical studies with hypothesis. Chapter three discusses the methodology employed in the study, including, research design, sample size and sampling technique, data source and collection method, procedure of data collection and method of data analysis. Chapter four is about data analysis and discussion of results. Finally, chapter five contains summary, conclusions and recommendations.

Chapter Two

Review of Related Literature

2.1. Theoretical Review of Literature

2.1.1. Service

Service as a terminology is taken most often as one category of economic activity (Silvestro and Johnston as cited in Johns, 1998) which categorizes service industries into financial, transport, retail and personal services (Office for National Statistics as cited in Johns, 1998).

Service also denotes health service, Civil Service etc. which traditionally developed along bureaucratic lines and are quite distinct from the industrial service sector (Johns, 1998).

Customer service also defined as a series of activities designed to enhance the level of customers' satisfaction which is the feeling a product or service has met customer's expectations (Zeithaml and Bitner as cited in Oladepo & Abimbola 2014). It involves a series of comprehensive activities targeted at the satisfaction of customers and customers' perception of a service or product (Egena as cited Oladepo & Abimbola 2014).

The other issue in relation to service is the contention by Johns (1998) that service as an output has a substantial tangible component in as much as many products have intangible attributes. Customers buy an offering and the value that consists of many components, some of them being activities (service) and some being things (goods). As a consequence, the above scholars argue that traditional division between goods and services is long outdated (Gummesson as cited in Johns, 1998).

The other dimension of service worth looking at is core products versus supplementary services. Many service products consist of a "bundle" that includes a variety of service elements and even some physical goods. A cluster of supplementary services are intended to add value to the core product and most services are secondary to core service. For instance, the core product of the lodging industry is a bed for the night while for airline is flight to destination. In lodging case luxury hotel could offer many additional services to enhance its guests' visit which is either free

or carry a charge while air line flight offer meals and baggage which are supplementary services (Lovelok & Wright, 2001).

The other important point in service is Customization versus Standardization Services can be classified according to the degree of customization or standardization involved in service delivery. An important marketing decision is whether all customers should receive the same service or whether service features (and the underlying processes) should be adapted to meet individual requirements. Eye exam will follow standardized procedures; the optometrist's analysis of the results will result in a customized prescription for new contact lenses to correct her vision. Therefore, in customization service will be tailor to meet each customer's specific needs and preferences while standardization reduces variation in service operations and delivery. (Lovelok & Wright, 2001). The service could also be seen from the following angle when compared to goods.

2.1.1.1. Service Products as Intangible Performances

Although most services include some type of tangible element, the services performance itself is basically an intangible and is often mentally difficult to grasp. It is usually not possible to feel, see, taste or smell a service, as services are an experience or a performance.

Difficulty to easily communicate protection of patent right, pricing problem for people-based heterogeneous services are some of the problems emanating from intangibility of services (Clemes, Mollenkop and Burn, 2000).

2.1.1.2. People as Part of the Product (Inseparability)

Services are produced and consumed at the same time. It is often difficult to separate the provider of the service from the service itself. As the customer is involved in the production process he/she can influence the quality of the outcome (Clemes, Mollenkop and Burn, 2000).

2.1.1.3. Greater Variability in Operational Inputs and Outputs (Heterogeneity)

The involvement of workers and other customers in the operational system makes it difficult to standardize and control variability in both service inputs and outputs. Services are consumed and produced under real-time conditions, which may vary from customer to customer and even from one time of the day to another. These factors make it difficult for service organizations to improve productivity, control quality, and offer a consistent product. As opposed to these, manufactured goods can be produced under controlled conditions, designed to optimize both productivity and quality, and then checked for conformance with quality standards long before they reach the customer (Clemes, Mollenkop and Burn, 2000).

2.1.1.4. Harder for Customers to Evaluate

Physical goods are predominantly high in their search attributes such as color, style, shape, fit, feel, and smell. In contrast services and some goods, may emphasize experience attribute that can only be clear after purchase or during consumption (e.g. taste, wearability, ease of handling, quietness, and personal treatment). Besides, the credence attributes of the service are hard for customers to evaluate even after consumption such as surgery and auto repairs, where the results of the service delivery may not be readily visible (Clemes, Mollenkop and Burn, 2000).

2.1.1.5. No Inventories for Services (Perishability)

Service is a performance, rather than a tangible item that the customer keeps. It is perishable because it cannot be saved or stored for a tomorrow's sales. This feature of service created the problem of synchronizing demand/supply which are considerable setbacks for service marketers (Parasuraman as cited in Clemes, Mollenkop and Burn, 2000).

The facilities, equipment, and labor necessary to create the service are productive capacity, not the product itself (Lovelok & Wright, 2001).

2.1.1.6. Importance of the Time Factor

Most services require the physical presence of customers so that they can receive service from organizations. The basic reason is that many services are delivered in real time. There are limits as to how long customers are willing to be kept waiting and service must be delivered promptly so that customers do not waste time receiving service (Lovelok & Wright, 2001).

2.1.1.7. Different Distribution Channels

Unlike manufacturers that require physical distribution channels to move goods from factory to customers, many service businesses either use electronic channels (as in broadcasting or electronic funds transfer) or combine the service factory, retail outlet, and point of consumption at a single location (Lovelok & Wright, 2001).

2.1.1.8. Lack of Ownership Service

Customers only have access to, or use of, a facility where a service is performed. Payment for the service is for access only, and no tangible ownership results from the exchange. This feature of service is one inhibitor in the purchase of intangibly dominant services by the customer (Clemes, Mollenkop and Burn, 2000).

In general, as Christopher Lovelock and Laurant Wright (2001) put it, the essence of the word service can capture the following form:

- a. It is a deed or performance offered to the customer. The performance is essentially intangible and does not normally result in ownership of any of the factors of production although service process may be tied to a physical product,
- b. Service is economic activity that creates value and provide benefits for customers at specific times and places,
- c. Service is something that may be bought and sold, but intangible.

2.1.2. Service Quality

Service quality is an elusive concept and producing an all-embracing definition is difficult (Philipand Hazlett, 1997). It merits to see some of them in way that serves the discussion of the topic of this paper.

Parasuraman as cited in Oladepo & Abimbola (2014) defines service quality as the degree and direction of discrepancy between the consumer's perceptions and expectations or the extent to which a service meets or exceeds customer's expectations.

Customer expectations are beliefs about a service that serve as standards against which service performance is judged (Zeithaml et al. 1993); which customer thinks a service provider should offer, rather than on what might be on offer. It is beliefs about a product or service before using it (Parasuram et al.1988).

On the other hand perceived service quality can be defined as the customers' perceptions of what the service firm actually offers suggests that, the consumer perceives service in his/her own unique, idiosyncratic, end-of-the-day, emotional, irrational and totally human terms...there is no such thing as fact or reality. There is only what the customer thinks is reality. In effect, perceptions are reality as far as the customer and service quality are concerned (Philip and Hazlett, 1997)

Gronroos (1984) again "identified service quality as the evaluation process outcome, in which customers are involved and where a certain experience is always compared to the perceived service received."

Definitions of service quality, therefore, focus on meeting the customers' needs and requirements, and how well the service delivered matches the customers' expectations of it (Philip and Hazlett, 1997).

2.1.3. Service Quality Measurement

Many conceptual quality models have been postulated to bridge the understanding gap of the main concepts incorporated under the umbrella of service quality better. Despite the

accumulated information in various service quality models, still there is lack of substantial knowledge as to how consumer evaluations of a particular service are really formed (Philip and Hazlett, 1997).

From the models of service quality presented in the literature, it is important to see five of them as follows:

2.1.3.1. Technical and Functional Quality Model

This model of quality promulgated by C. Gronroos in 1984. The author identified three components of service quality viz; technical quality, functional quality and image:

(1) Technical quality is the quality of what consumer actually receives as a result of his/her interaction with the service firm. It is important to the customer and uses it to evaluate the quality of service.

(2) Functional quality is how the customer gets the technical outcome which is important to the customer and shapes views of service he/she has received.

(3) Image is very important to service firms. It is mainly the result of technical and functional quality of service the firm delivers including the other factors such as tradition, ideology, word of mouth, pricing and public relations.

2.1.3.2. GAP Model

Parasuraman et al. in 1985 proposed that service quality is a function of the differences between expectation and performance along the quality dimensions. They developed a service quality model based on gap analysis.

The various gaps visualized in the model are:

Gap 1: Difference between consumers' expectations and management's perceptions of those expectations, i.e. not knowing what consumers expect.

Gap 2: Difference between management's perceptions of consumer's expectations and service quality specifications, i.e. improper service-quality standards.

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Gap 3: Difference between service quality specifications and service actually delivered i.e. the service performance gap.

Gap 4: Difference between service delivery and the communications to consumers about service delivery, i.e. whether promises match delivery?

Gap 5: Difference between consumer's expectation and perceived service. This gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side.

Parasuraman et al. refine this exploratory research with their subsequent scale named SERVQUAL for measuring customers' perceptions of service quality (Seth, N. and Deshmukh, S.G. 2005).

2.1.3.3. SERVQUAL

In 1985, Parasuraman et al. developed the SERVQUAL instrument for the measurement of service quality. They have made a serious improvement to the model in 1988, 1991 and again in 1994. SERVQUAL has become one of the most renowned in the service quality domain.

This model conceptualizes the gap between what the customer expects by way of service quality from the service providers and their evaluations of the performance of a particular service provider. Service quality is presented as a multidimensional construct. In their original formulation Parasuraman et al. (1985) identified ten dimension of service quality which are reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer and tangibles. In their 1988 work these components were condensed into five dimensions (Buttle, 1996).

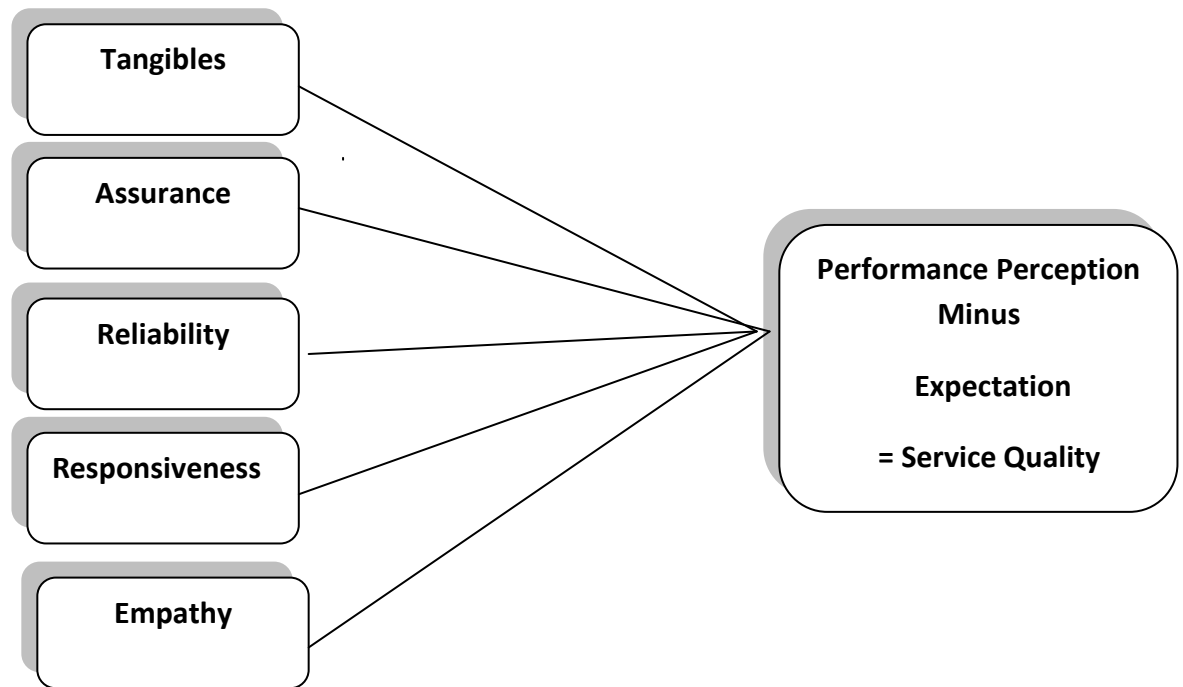


Figure2: Dimensions, Expectations and Perception, Adapted from Parasuraman (1988)

According to Parasuraman et al. the five SERVQUAL dimensions are a concise representation of the core criteria that customers employ in evaluating service quality. They argue that consumers would consider all five criteria to be quite important.

It was developed to measure perceived service quality as the key output variable and in its finalized form it has 22 pairs of Likert type scales. Service quality is then measured by calculating the difference in scores between the corresponding perception items and expectations items (Philip and Hazlett, 1997).

The five dimensions of service quality are reliability, responsiveness, tangibles, assurance (communication, competence, credibility, courtesy, and security) and empathy which capture access and understanding/knowing the customers. These five dimensions explained in brief as of the following: (Zeithaml as cited in Seth and Deshmukh, 2005).

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i. Tangibility: It encompasses physical facilities, equipment, appearance of personnel and communication materials. In other words, the tangible dimension is about creating first hand impressions. A company should want all their customers to get a unique positive and unforgettable first hand impression; this would make them more likely to return in the future.

ii. Reliability: It is the most important determinant of perceptions of service quality. It is the ability to perform the promised service dependably and accurately. The promise may include service delivery, problem resolution and pricing.

iii. Empathy: caring individualized attention the firm provides to its customers. It is an employees' commitment to deliver quality and efficient services, skillfully handling of conflicts which eventually resulted in satisfied customers for long term benefit (Nelson and Chan, 2005).

iv. Responsiveness: Is the willingness to help customers and provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer request, questions, complaints and problems. It is all about length of time they have to wait for assistance, answers to questions or attention to problems. To truly distinguish themselves on responsiveness companies need well staffed customer service department as well as responsive frontline people in all contact positions.

v. Assurance: knowledge and courtesy of employees and their ability to inspire trust and confidence. This dimension is likely to be particularly important for services that customers perceive as high risk or uncertain about their ability to evaluate outcomes. Trust and confidence are embodied in the contact employee and the company itself.

2.1.3.4. Performance Only Model

The inherent differences in service quality and customer satisfaction and the causal relationship between the two marred the question of measuring expectations. According to this model, expectations as portrayed in SERVQUAL model serve as reference points in a customers' assessment of service performance, but does not have determining roll on perceptions. And hence the logic behind the measurement of service quality as an arithmetic difference between expectations and perceptions is questionable.

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Because of this weakness of SERVQUAL, Cronin and Taylor as cited in (Philip and Hazlett, 1997) put forward the SERVPERF model in 1992 which they believe better reflects long-term service quality attitudes than SERVQUAL. They believe that there is considerable support for the superiority of simple performance based measures of service quality without the need to incorporate expectations into the measurement scale. It is claimed by both researcher that service quality is directly influenced only by perceptions of performance (Philip and Hazlett, 1997).

2.1.3.5. PCP Attribute Model

PCP (Pivotal, Core, Peripheral) attribute model contributed by Philip and Hazlett in 1997. The authors examined the weakness of service quality models which utilize expectation as one construct in the measurement of service quality and they argue these models are not applicable to individual services which naturally have their peculiarities.

In attempt to rectify these problems, the authors propose a model that takes the form of a hierarchical structure – based on three main classes of attributes – pivotal (output), core and peripheral (the last two jointly representing inputs and processes). According to the model, every service consists of three, overlapping, areas where the vast majority of the dimensions and concepts which have thus far been used to define service quality.

The pivotal attributes defined as the “end product” or “output” from the service encounter. They are core and considered collectively to be the single most determining influence on why the consumer is coming to a particular organization and put the highest influence on the satisfaction levels.

Core attributes, centered in the pivotal attributes, represent the collection of the people, processes and the service organizational structure through which consumers must interact and/or negotiate and receive the pivotal attribute.

The third level of the model focuses on the peripheral attributes which can be defined as the incidental extras or frills designed to add roundness to the service encounter and make the whole experience for the consumer a complete delight. When a consumer makes an evaluation of any service encounter, he is satisfied if the pivotal attributes are achieved, but as the service is used

more frequently the core and peripheral attributes may began to gain importance (Seth and Deshmukh, 2005).

2.1.4. Choice of Service Quality Model of the Study

SERVPERF is the brain child of Cronin & Taylor (1992) who after extensive research and investigation proved that the model of SERVPERF is a better measurement of service quality for service providing industry.

Primary, SERVPERF is found to be superior to the SERVQUAL scale for being able to explain greater variance in the overall service quality measured through the use of single item scale and it has been empirically proofed. It is also evident that SERVPERF is more efficient in reducing the number of items to be measured by 50% than SERVQUAL (Babakus & Boller, 1992 cited in Shanka, 2012).

Moreover, according to Cronin and Taylor (1992), their performance based SERVPERF scale is a better method of measuring service quality. They claim that this scale's reliability ranges between 0.884 and 0.964 depending on the industry type and exhibits both convergent and discriminate validity (Mesay, 2012). In addition, it is more concentrated on functional quality of dimensions which is good to assess the impact of the quality of outsourcing service delivery.

2.1.5. Customer Satisfaction

It is well established that satisfied customers are key to long-term business success and key element in business strategy (Kristensenetal.1992; Zeithamietal.1996; McColl-Kennedy and Scheider, 2000 as cited in Munusamy, Chelliah and Mun2010). It concerns all organizations, regardless of the size, whether profit or non-profit, local or multi-national. Higher customer satisfaction leads to greater customer loyalty (Yi,1991;AndersonandSullivan,1993;Bouldingetal.,1993 as cited in Munusamy, Chelliah and Mun2010)which in turn leads to higher future revenue (Fornell,1992;Bolton,1998 as cited in Munusamy, Chelliah and Mun2010).According to Kotler, Armstrong, Saunders, and Wong (1999) customer satisfaction is one of the major determinants of a firm's market share and profitability.

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Therefore, in a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator which is evident that many market leaders are found to be highly superior-customer-service orientated. To deal with the topic of customer satisfaction in the case of Commercial Nominees PLC well, it is imperative to understand fully the definition of the term 'Customer Satisfaction'.

As Giese and Cote, (2000,) argue that there is no generic definition of customer satisfaction. Having carried a study on various definitions on satisfaction, they put forward customer satisfaction as a response (cognitive or affective) that pertains to a particular focus (i.e. a purchase experience and/or the associated product) and occurs at a certain time.

The other definition of customer satisfaction is an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived performance or outcome in relation to the expectation (Oliver, 1981; Brandy and Robertson, 2001; Lovelock, Patterson and Walker, 2001 as cited in Munusamy, Chelliah and Mun 2010).

Generally, the concept satisfaction can be seen as a transaction-specific satisfaction and the cumulative satisfaction (Bouldingetal, 1993; Jones and Suh, 2000; Yi and La, 2004 as cited in Munusamy, Chelliah and Mun 2010).

Transaction-specific satisfaction is a reaction of the customer who experiences a product or service for the first time in which the customer's very own evaluation of his or her experience and reaction towards a particular service encounter (Crony and Taylor, 1992; Boshoff and Gray, 2004 as cited in Munusamy, Chelliah and Mun2010).

Cumulative satisfaction refers to the customer's overall evaluation of the consumption experience to particular service (Johnson, AndersonandFornell,1995 as cited in Munusamy, Chelliah and Mun. 2010) and is accumulation of a day to day encounter with services provided where the accumulated information helps customers establish a personal standard which is used to gauge service quality (Munusamy, Chelliah and Mun2010)..

In this context, it is agreed that customer satisfaction measurement is a post-consumption assessment by the user, about the products or services gained (Churchill and Surprenant, 1982; Yuksel and Rimmington, 1988 as cited in as cited in Munusamy, Chelliah and Mun2010).

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On the other hand, Lonial and Zaim, (2000as cited in Oladepo & Abimbola, 2014) put customer satisfaction as the customer's positive or negative feeling about the value that was received after the consumption of ideas, goods and services. According to the authors, if using a product or service yields the desired consequences, then the consumer perceives high customer value which in turn leads to customer satisfaction (Lonial and Zaim, 2000 as cited in Oladepo, & Abimbola, 2014).

The other important t point worth mentioning is that customer satisfaction affects customer loyalty (Heskett, 1997). There is a strong and positive relationship between customer satisfaction and loyalty. A satisfied customer is six times more likely to repurchase a product and share his experience with five or six other people (Grönroos, 2000; Zairi, 2000); further unsatisfied customer can banish more business from the organization than ten highly satisfied customers do (Mohsan, 2011).

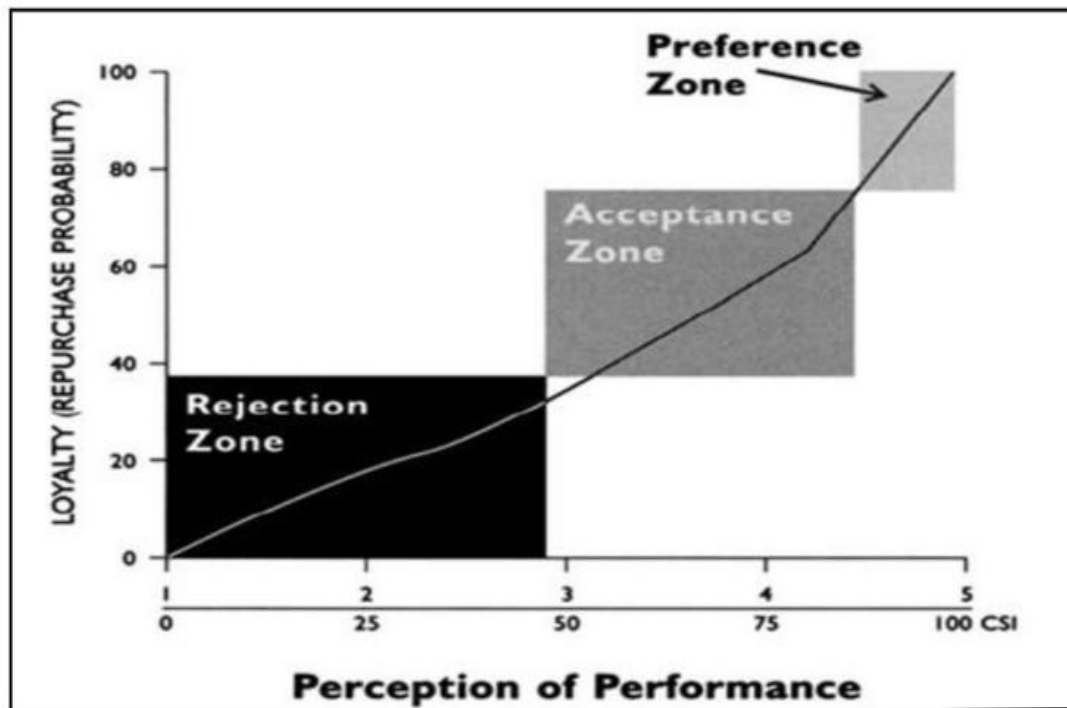


Figure 3: The relationship between loyalty, satisfaction and perception

Source: Anton (1997)

According to Anton (1997), perception of service quality (performance) can be classified into three zones. Rejection, acceptance and preference by the customer Satisfaction index (CSI). According to him, the score above 85, the score between 50-84 and the score bellow 50 is under

preference zone, tolerance zone and rejection zone respectively. Therefore, higher perception of the service performance in preference zone, indicates satisfied customer with higher degree of loyalty.

2.1.6. Empirical Review

2.1.6.1. Outsourcing Service

The out sourcing of material and services to the third party is business venture with long history in advanced nations. This could take the form of offshore and onshore outsourcing. Offshoring is the outsourcing of service activities to a lower cost organization in a foreign country. Lower costs and better efficiencies allow the outsourcer companies to compete on a global basis. Off shoring, however, has its own down side. It could lead to loss of local jobs due to relocation of the business unit, loose control over a potentially extended supply chain etc (Alex Bank as cited in Abebe Maru, 2015). The issue of job loss is becoming much politicized at a time hiding the advantages of offshore outsourcing accruing to advanced countries in the form of global trade and growth.

Onshoring (domestic outsourcing) refers to letting some services to be provided by some organizations outside a company but within the same country. This type of outsourcing helps organization to achieve lower operation costs and benefits from having local employees which are not obtained from other type of outsourcing (Alex Bank as cited in Maru, 2015).

European Central Bank in its survey conducted in 2004 highlighted the benefits of outsourcing. These include cost reduction, access to better technology and infrastructure and strategy of focusing on core activities, economies of scale, free scarce resources, quality services and flexibility in its survey conducted in 2004. The study also reveals several risks associated with outsourcing, viz, operational, legal, strategic risk, country risk, reputational risk, loss of flexibility, loss of control and cultural/social problems (European Central Bank, 2004).

Deloitte's 2012 global survey polled 111 service professionals from organizations on six continents and from 10 industry segments with annual revenues ranging from less than US \$500 million to more than US \$25 billion. More than three-fourths of participants say their organization is currently outsourcing tasks like IT function. According this survey, factors

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driving outsourcing decisions stem from the desire to reduce cost, increase customer satisfaction, and improve their ability to continuously deliver new and enhanced services to their customers.

Despite its benefits, outsourcing does create risks that should be managed adequately to ensure that these benefits are realized fully. A common risk is early termination of contracts; nearly half of respondent organizations in the Deloitte survey have ended a contract early, with concerns about service quality being the top reason (Salman, 2013).

On the other hand, developing and emerging economy like India, China, Malaysia, Czech Republic etc are practicing both off-shore and on-shore outsourcing and are among the leading destination in the outsourced activities for having a mix of low costs and educated human resources. Governments are increasingly outsourcing their business process reducing secondary business process costs in order to boost productivity and competitiveness at same time spare scarce resource for core business activities (A.T Kearney's 2004 Off-shore Attractiveness Index).

In Ethiopia the outsourced service is recent economic phenomenon the rationales of which are the once mentioned in the above discussion. Currently, it is common to see government institutions, banks, factories, NGO's etc outsourcing their none core functions such as guarding, cleaning, carrier service, driving, event organizing etc to the outsourced service providing firms. Commercial Bank of Ethiopia out sourced some 18 services including guarding, cleaning, messenger service, driver, file operator, fork lift operator, etc. Dashen Bank, Cooperative Bank of Oromia, Wegagen Bank, Buna Bank, Addis Bank, Enat Bank, Debub Global Bank, Birhanena Selam Printing, Artistic Printing, Investment Commission, Drug and Food Administration Authority, ECX are some example which out sourced services like guarding and cleaning. Ethio Telecom further going to its core activities out sourced the whole sales and retail activities of voucher cards, sim cards and mobile apparatus to the locale agents.

With regards to the domestic outsourcing, Mekuria (2017) in her post graduate paper indicates in connection with the outsourced services of Commercial Bank of Ethiopia that the management got opportunity to focus on the Bank's core issue by outsourcing the non-core functions despite some problems on the quality of the outsourced service delivered.

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An important feature of all the prior research studies documented in the preceding section show that outsourcing has a benefits of operational cost cutting, helping the management focus on core activities, have access to the expertise and up-to-date knowledge, improve capacity and quality of service. These advantages ultimately help to bring about customer satisfaction which is one of the focus of this paper.

2.1.6.2. Relationship of Quality and Customer Satisfaction

Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction whether these constructs were cumulative or transaction-specific. Some researchers have found empirical justification for this view where customer satisfaction came as a result of service quality (Anderson & Sullivan, 1993; Fornell 1996; Spreng & Macky1996).

Despite the fact that factors such as price, product quality, delivery etc. can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml, 2006). Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service (Wilson, 2008). This theory conforms to the idea of Wilson (2008) and has been confirmed by the definition of customer satisfaction presented by other researchers.

More evidence has been proved that the service quality acted as one of the factors that influence satisfaction. Parasuraman (1985) in their study confirmed that when perceived service quality is high, then it will lead to increase in customer satisfaction. Some other authors also acknowledged that customer satisfaction is based on the level of service quality being provided by the service entities (Saravana & Rao, 2007).

Cronin & Taylor (1992) has view of customer satisfaction to be base itself on the customer's experience on a particular service encounter implying that service quality is a determinant of customer satisfaction. Another author stated that definitions of consumer satisfaction relate to a specific transaction (the difference between predicted service and perceived service) in contrast with 'attitudes', which are more enduring and less situational-oriented, (Lewis, 1983). This is in line with the idea of Zeithaml (2006).

2.1.7. Conceptual Frame Work

The conceptual framework is the blue print of the research work that guides the researcher to conceptually understand the research and outline and operationalize the dependent and the independent variables so that the measurement, processing, analysis of the data and interpretation of the result been easy and meaningful.

Customer satisfaction is believed to affect post-purchase perception and future decisions of customers. According to Cronin and Taylor (1992) service to customers and quality service are a vital antecedent of customer's satisfaction. From the above discussion of literature review, it is clear that there is a relationship between service quality and customer's satisfaction where the former eventually leads to customer's satisfaction. Literature availed a number of models to measuring service quality. SERVQUAL and SERVPERF are among the models which researcher are using most often. Both models use five service quality dimensions. The empirical studies also shows that service quality dimensions have relations with service quality. It is evident that service quality dimensions have impact on customer satisfaction as various articles and journals show though with varying degree.

SERVPERF model is an improvised model of Parasurman's SERVQUAL. While SERVPERF mainstay is perceived service quality, SERVQUAL approach integrates the service quality and satisfaction.

Having reviewed both theories and empirical studies on service quality on the one hand and the Commercial Nominees outsourced service delivery scenario on the other hand, the following conceptual frame work is drawn for this study.

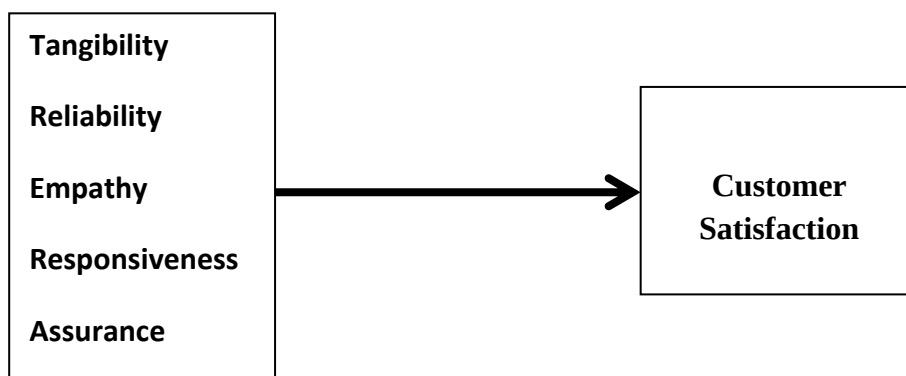


Figure 4: Conceptual Framework

2.1.8. Hypotheses of the Study

As general trend shows, the desire of more and more local companies/institutions in Ethiopia to outsourcing none core activities, are growing by day. Consequently, a growing number of outsourced service providers (venders) are flourishing following the opportunities the outsourced service witnessed which in effect intensified the market competition (Lovelok & Wright, 2001).

On the other hand, the outsourcing entities in their side set stringent criterion of outsourcing to control cost, drive service excellence, mitigate risk to gain increased value from their vender (Arab Business Review: Outsourcing-vendor Management).

Against this back ground, the service in general and outsourced service in particular, must have the quality that meets the customers' requirements in order to attract and retain the customer and ultimately win the competition.

It is also well established that satisfied customers are key to long-term business success (Kristensenetal. as cited in Munusamy, Chelliah and Mun, 2010)). Companies that have a more satisfied customer base also experience higher economic returns (Aker and Jacobsson et al. as cited in Munusamy, Chelliah and Mun, 2010).

But delivering service of quality that matches to the expectation of the customers and ultimately satisfying them is not coming without challenge. So, CN has to make sure that it is meeting customers' requirements (quality) and satisfy them without which it is difficult to keep on the momentum of its current business success.

To remain competitive and fulfill the owner's aspiration for high return in the form of cash flow, CN has to make sure that it is delivering service with quality which eventually secures customer satisfaction.

Therefore, to assess the service quality and hence customer satisfaction, the following research hypothesis is proposed:-

H1: Service quality dimensions contribute positively and significantly to customers' satisfaction.

Chapter Three

Research Design and Methodology

3.1. Research Design

The researcher intention is to clearly show the quality and the customer satisfaction on outsourced employment services like guarding, cleaning, messaging, driving etc services of Commercial Nominees that it delivers to various customers. To this effect, both descriptive and explanatory research will be applied for the study using quantitative research approach to analyze data collected as a sample. Descriptive study design is appropriate for it enables the researcher to describe the existing situation of outsourced service quality and customer satisfaction in line to the service quality dimensions. The study also uses explanatory study design to explaining and understanding the relationship between variables. The study is also cross-sectional which implies that relevant data of the paper would be collected at one point in time.

3.2. Sampling and Sampling Techniques

Currently, CN delivers its employment outsourced services to some 16 customers having 2096 branches all across Ethiopia including Addis Ababa for which CN provide more than 20 employment services. Guarding, cleaning, messenger service and driving services are dominant constitute more than 95% of the total outsourced services CN delivers both in revenue contribution and work force deployed. With regards to the spatial distribution of branches concerned, the limitation of time and financial resources compel me to focus on service CN delivers in Addis Ababa, which host around 586 branches. As per the under stated sampling formula the sample size of the research is 238.

In this research work both probability and non-probability sampling method have been employed in order to select the samples.

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However, the samples will be selected randomly within the sample frame by using non-probability and probability sampling method to select the final sample. The sample size has been determined quantitatively using Solvin's formula which is presented below. This formula assumes the confidence level of 95%.

$$n = \frac{N}{1 + Ne^2}$$

Where:

N=Population size which is the main branches in Addis Ababa(586)

n= sample size

e= margin of error (degree of accuracy) (0.05)

$$n = \frac{586}{1 + 586(0.05)^2}$$
$$n = 238$$

Solvin's model by using the above formula computed and developed table from which the sample size of a given population is listed. This table is annexed herewith. On the base of this table the sample size of this research population i.e, 586 is 238. Simple random sampling technique is applied to define the samples.

3.2.1. Data Collection Instrument

The choices of data collection instruments are important for they are the mechanism to get more accurate and relevant data. The data of such a quality will result in best outcome.

Self-administered questionnaire method will be used in this research work as data collection instrument for the benefit of time, cost and location for both interviewer and interviewee and as it is less obstructive (absence of interviewer effects) to interviewers (Bryman and Bell, 2007).

Lack of clarification when needed and less opportunities to collect additional data (Maylor and Blackmon, 2005) are some of the limitations of self-administered questionnaire. I have put in

place the contingency plan to control the impact of these limitations on the response rate and the data accuracy.

Simplify the questionnaires and consider alternative for the non-collectable and missing data in advance are the solutions exercised for the problems.

3.2.2. Sources and Methods of Data Collection

Primary and secondary data are used to answer research questions. Primary data will be collected through administering of questionnaires.

The questionnaire has three parts. The first part contained five questions which focus on the general background of the respondents. These questions include for how long the customer is being delivered the outsourced employment services, what type of outsourced services it is delivered by CN and whether other employment service vendors are participating in the service delivery along with CN.

The second part of the questionnaire is developed based on five dimensions of service quality dimensions of the SERVQUAL system i.e, tangibility, reliability, responsiveness, assurance, and empathy based on Parasuraman et al. (1988). These five dimensions of service quality incorporates 22 items of SERVPERF model where the later 22 items are distributed among five service quality dimensions. The third part of the questionnaire requests respondents to rate their perception of overall service quality of CN's service delivery and their level of satisfaction on a five point Likert scale during the delivery of outsourced service of employment.

Secondary data sources are the other information and data source of the research which include literatures. These enable the researcher to have better understanding of customer satisfaction, service quality and SERVPERF model. The medium of these data are books, articles, journals and internet.

3.3. Techniques of Data Analysis

Statistical package for social sciences (SPSS) applied to analyze the data collected. The answers to the questions and the corresponding output of the analysis are presented in tabular form the implications of which explained well in the paper.

Descriptive statistics (like percentage, frequencies, mean and correlation coefficient) and inferential statistics like multiple regressions and ANOVA table are applied.

Percentage and frequency apart from helping to discuss the general information of the respondents, it has been also applied to assess the perception of customers on outsourced service quality and the customers' satisfaction on service delivery.

Comparison of mean scores of each service quality dimension is conducted to see on which service quality dimensions CN performs well based on the perception of respondents. Besides, this data is applied to evaluate the perception of the customers' on over all service quality and their satisfaction level on outsourced employment service delivery.

Correlation analysis is performed to analyze whether there is relation between each item of the five service quality dimension and service quality. Moreover, it is performed to see the relation between the five service quality dimension and customer satisfaction on service delivery. I also use correlation analysis technique to check whether or not service quality dimensions and customer's satisfaction has relation.

ANOVA is conducted to analyze customer's satisfaction level and its level of significance as shown in the annexed table. Multiple regression analysis is also undertaken to evaluate the impact of service quality dimensions on customer's satisfaction.

3.4. Reliability and Validity

3.4.1. Reliability

This quality criterion of the research refers to the consistency of a measure of a concept. This quality criteria deals with the question whether the results of a study are repeatable (Bryman and Bell, 2007). Cronbach's alpha is used in this study to assess the internal consistency (reliability of the instrument (questionnaire). Cronbach's alpha is a coefficient of reliability used to measure internal consistency of a test. The coefficient has to be between 0 and 1 to label as reliable. The internal consistency of the item is better, as the result approaches to 1, which means all the items measures the same variable i.e. over all service quality and customers' satisfaction.

3.4.2. Validity

The validity assures that the constructs measure what they claim to measure. In other words, construct validity assures whether service dimensions could measure the predefined dependent variables or not. In this regard, different theories and empirical studies have been assessed to assure their validity in the literature survey portion of this paper.

3.4.3. Ethical considerations

All the information was treated and kept secretly with high confidentiality without disclosure of the respondents' identity. No information is changed or modified, hence the information is presented as collected and the same with the literatures collected for the purpose of this study. The questionnaire was anonymous and high level of confidentiality is considered. The information gathered through questionnaire is used solely for this research whose objective is one of fulfilling requirement of my EMBA study.

Chapter Four

Data Analysis and Discussion

This chapter comprises data analysis, interpretation and discussion of the study. Its main purpose is to analysis and interpret survey finding by using different statistical tools. It consists of different reliability test in relation to service quality and customer satisfaction and also analysis and interpretations `of background of the respondents.

4.1. General Information About Respondents

Table 1: Respondents General Information

Description	category	No of respondents (n=204)	%
Sex	Male	134	65.7%
	Female	70	34.3%
	Total	204	100%
Age	Below 22 years	1	0.5%
	22-24 years	153	75%
	35-44 years	40	19.6%
	45-54 years	8	3.9
	55-64 years	2	1%
	Total	204	100%
Customers experience with Commercial Nominees	Less than one years	13	6.4%
	2-3 years	43	21.1%
	Above 3 years	148	72.5%%
	Total	204	100.0%
Type of Service delivered to target customer by Commercial Nominees	Guarding only	6	2.9%
	Cleaning only	10	4.9%
	Driving only	5	2.5%
	Others like messenger	12	5.9%
	All	171	83.8%
	Total	204	100%
Companies participating in the outsourced services delivery of target customers	Only CN	124	60.8%
	CN and other company	29	14.2%
	CN and by customer's itself	37	18.1
	CN, the customer and other company	14	6.9%
	Total	204	100%

Source: Survey result (2018)

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As the above table depicts, the male and female respondents varies in number. The male respondents accounts 134 (65.7%) and females account 70(34.4%) of the total respondents who returned the questionnaires.

In addition to the gender demographic distribution of the respondents, it is possible to see their proportion in terms of as their age. From this table it is clear that the majority of the respondents are of the age ranging between 22 and 34 which account 153(75%) of the total respondents. Respondents with the age between 35- 44 are 40(19.6%). The above table also shows that 8 respondents are within the age range of 45 and 54 constituting 3.9% of the total population. Those who are between the age of 55-44 are 2(1%) while the rest 0.5% or 1 respondents is below the age of 21. From this analysis one can say the majority of the respondents are young.

When we see the number of service years the customers have been working with CN, one can see 13(6.4%), 43(21.1%), and 148(72.5%) of the respondents companies have less than one years, 2-3 years, and more than 3 years working experiences respectively. A big portion of the respondents have relatively longer stay as a service recipient and they are expected to have a good knowledge about CN.

The table also shows the service category the customers are buying from CN. Out of 204 total respondents 6 (2.9%), 10 (4.9%) and 5 (2.5%) of the respondents' companies received guarding service, cleaning service and driving service respectively from CN. Some 12(5.9%) respondents received other service like messengers and escorting services. The remaining 171(83.8%) of respondents received all service form CN which covers the largest portion.

On the other hand, the same table portrays with whom the customers were working to get the outsourced services. As it can be seen from the table, from the total of 204 respondents, 124(60.8%) were working only with CN while 37(18.1%) of respondents outsource some services to CN and managed some by themselves. 29(14.2%) responding customers got their services from both CN & other vender company. The remaining 14(6.9) of respondents got their outsourced service from within, from CN and other vender company.

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4.2. Response Rate

The researcher prepared and distributed a total of 238 questioners to collect necessary data and information in the study area. 204(85%) questioners returned which exhibits an acceptable respondent's rate to conduct the study. The response rate detail is indicated in annex-4.

4.3. Reliability Test

In addition to respondents' rate, reliability test has to be undertaken to measure repeatability (Bryman and Bell, 2007) and accuracy. Reliability test is essential to measure internal consistency of scale i.e, the extent to which respondents rate the items in a similar pattern. Cronbach's alpha coefficient is important measurement of reliability which is discussed below in relation to this study.

Table 2: Cronbach's Alpha (Reliability analysis)

Dimensions	Cronbach's Alpha value	Number of items
Tangibility	.841	4
Reliability	.852	5
Responsiveness	.827	4
Assurance	.834	5
Empathy	.803	4
Overall scale reliability	.832	22

Source: survey result (2018)

Cronbach Alpha coefficient can be between 0 and 1. As a number approach to 1 the internal consistency of the items get stronger implying that all items measure the same variable (quality and satisfaction). Further supporting this statement, Bass and Avolio (1993) confirm that the instruments can be accepted as a reliable when reliability coefficient is greater than 0.5.

Accordingly, the overall reliability of the scale is acceptable as its coefficient (0.832) is greater than 0.5. Moreover, the scale consistency of each dimensions are also acceptable for the

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reliability coefficient of tangibility, reliability, responsiveness, assurance and empathy are of value 0.841, 0.852, 0.827, 0.834 and 0.803 respectively which are more than 0.5 and closer to 1. Therefore, it is logical to conclude that reliability of the scales are acceptable as indicated in the table 3.

4.4. Descriptive Analysis

As it has been noted in the previous portion of this paper, SERVPERF model is used in this paper to measuring respondents' perception towards CN's service delivery quality by using five service quality dimensions having 22 items. The paper also uses mean score to measuring respondents' perception of CN's over all service quality and their satisfaction level.

Table 3: Customers' Perception on SQ Dimensions, Over All Service Quality and Level of Satisfaction on CN Outsourced Services Delivery

Variables	N	Mean	Std. Deviation
Tangibility	204	3.0598	.75235
Reliability	204	3.3103	.72875
Responsiveness	204	3.5539	.68276
Assurance	204	3.2368	.79869
Empathy	204	3.0475	.67338
Overall service quality	204	3.39	1.051
Customer satisfaction	204	3.31	1.082

Source: Survey result (2018)

The above table shows respondents' perception towards service quality dimensions, over all service quality and customer satisfaction. As clearly seen in the table 4, the perception of respondents on responsiveness is 3.6. in terms of mean score which is better than other service quality dimensions. On the other hand, reliability and assurance have moderate perception with mean score of 3.3, and 3.2 respectively. However, customers' perception on tangibility and empathy are relatively the least perceived value from the services quality dimensions with mean score of 3.06 and 3.05 respectively.

The mean perception of the customers on the responsiveness is good (3.55) which shows that the customers are being informed the exact time of service delivery, the employees of the service

provider (CN) are willing and quick in their response to customers queries and performed better as compared to the other dimensions. Similarly, the service quality perception of respondents on reliability rated as good (3.31) and is the second better dimension which means doing the promised thing on time, solving problems to the outsourced services immediately and efficiently. Besides, respondents' perception towards assurance (3.24) is also rated as good which is reflected in the form of having good information on the services, inspiring confidence and being courteous in providing the services. However, the perception of respondents' to service quality dimension on tangibility (3.06) and empathy (3.05) are comparatively the least. While tangibility reflects the attractiveness of the service provider's physical facilities and deployment of modern equipment, empathy as a dimension measures the state of knowing the best interest of the clients etc.

In summary of the above table the mean perception of respondents with over all service quality and customer satisfaction are moderate with a mean value of 3.4 and 3.3 respectively. When we see these mean figures in light of Anton (1997) three zones of perception of service performance, CN's customer satisfaction index is between 50 and 84 which is under tolerance (acceptance) zone.

4.5. Correlation Analysis of Service Quality Dimensions, Service Quality and CN Outsourced Services Level of Satisfaction

Correlation analysis is used to check the strength of the relationship among various variables. In this paper, the correlation of service quality dimensions, over all service quality and level of customers' satisfaction will be analyzed. The value of correlation coefficient could take values between -1 and 1 which means the coefficient is ranging from being negatively correlated (-1) to uncorrelated (0) and to positively correlated (1). The Pearson correlation result $r(p)$ indicates the magnitude of relationships in the following categorization (DANCEY& REIDY, 2004): the relationship is weak if the coefficient is between 0.10 and 0.3, moderate when it is between 0.40 and 0.6 and strong when it is between 0.70 and 1.00. When correlation analysis coefficient is equal to 1, Pearson result consider it as perfect correlation.

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Table 4: Correlation (Relationship Among Service Quality Dimension, Over All Service Quality and Customer's Satisfaction)

Correlations							
	Level of Customer Satisfaction	Overall Service Quality	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Customer Satisfaction	1						
Overall services quality	.893 ^{**}	1					
Tangibility	.620 ^{**}	.628 ^{**}	1				
Reliability	.639 ^{**}	.631 ^{**}	.731 ^{**}	1			
Responsiveness	.370 ^{**}	.461 ^{**}	.404 ^{**}	.520 ^{**}	1		
Assurance	.504 ^{**}	.448 ^{**}	.464 ^{**}	.566 ^{**}	.213 ^{**}	1	
Empathy	.715 ^{**}	.753 ^{**}	.612 ^{**}	.727 ^{**}	.486 ^{**}	.593 ^{**}	1

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

Source: Survey result (2018).

As it can be seen from the above table, all service quality dimensions, tangibility, responsiveness, reliability, assurance and empathy have positive relationship with over all service quality and customer satisfaction though the magnitude of the relationship differ among service quality dimensions.

Empathy, reliability and tangibility have a high coefficient value of 0.753, 0.631 and 0.628 respectively showing the existence of significant and strong relationship with over all service quality. However, responsiveness and assurance with the correlation coefficient value of 0.461 and 0.448 exhibit moderate relationship with the overall services quality of the company.

On the other hand, all service quality dimensions have positive relationship with the level of customer satisfaction albeit with varying degree. In light of this, empathy, reliability and tangibility have a correlation coefficient value of 0.715, 0.639 and 0.620 respectively showing the existence of significant and strong relationship with customer satisfaction. Whereas assurance and responsiveness have weak correlation coefficient with value of 0.50 and 0.37 respectively confirming that their relation with customer satisfaction is weak. The implication of

the analysis result is that the better the quality of service with service quality dimensions items of empathy, reliability and tangibility, the higher the level of CN's customer satisfaction.

Finally, the relationship between the overall service quality and customers' satisfaction is also analyzed using a correlation analysis. The result shows that, overall service quality and customer satisfaction have both positive and significant relationship with a correlation coefficient value of 0.89. In effect this confirms the statements:

- a. By Parasuraman, Zeithmal and Berry (1985, 1988) who point out that service quality and customer satisfaction are closely related.
- b. By Cronin and Taylor (1992) explaining service quality is an antecedent of satisfaction.

4.6. Multicolliniarity Test

In a multiple regression model two and above predictor variables are analyzed against independent variable to see their statistical implication of various values. But the analysis of this sort could have multicollinearity (collinearity) phenomenon in which two or more predictor variables are highly correlated to the extent that one variable can be linearly predicted from the others with a substantial degree of accuracy. The test of multicollinearity is detected by Tolerance and Variance inflation (VIF) factor result.

From multicollinearity point of view, tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model. It is calculated using the formula $1 - R^2$ for each variable. If this value is very small that it is less than 0.10, then multiple correlations with other variables is high, suggesting the existence of multicollinearity.

Variance inflation factor (VIF) is the inverse of the Tolerance value i.e, $1 / (1 - R^2)$. VIF values above 10 implies the existence of multicollinearity between variables. In summary, there is no multicollinearity problem when the tolerance values of all independent variables and the VIF are above 0.1 and below 10 respectively which can be taken as a green light for the researcher to proceed the task of multiple regression analysis.

4.7. Impact of Service Quality Dimensions on the Level of Satisfaction

One of the objectives of the study was to investigate the impact of service quality dimensions on over all service quality provided in which case multiple regressions will be conducted to see the impact of independent variable (empathy, reliability, tangibility, responsiveness and assurance) on dependent variable (customer satisfaction). Besides, the existence of multicollinearity problem analyzed and interpreted.

Table 5: Multiple Regression Analysis and Impact of Each Service Quality Dimensions on The Level of Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta (β)			Tolerance	VIF
(Constant)	-1.460	.477		3.030	.003		
Tangibility	.294	.097	.212	3.083	.002	.738	1.355
Reliability	.357	.116	.249	2.589	.011	.551	1.814
Responsiveness	.265	.102	.169	3.293	.001	.845	1.183
Assurance	.292	.089	.233	2.888	.004	.722	1.385
Empathy	.271	.094	.178	-3.062	.003	.954	1.049

Source: Survey result (2018).

As the above table-5 shows, the tolerance values of all independent variables are above 0.1 and the VIF values are below 10 which the two values together confirm none existence of multicollinearity problem in the regression analysis under consideration.

The table shows that assurance, responsiveness, empathy, reliability and tangibility (the independent variables) impact on dependent variable (customers' satisfaction) are positive as values of coefficient β confirms. This means, service quality dimensions contribute positively

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and significantly to overall service quality which in effect confirms the acceptability of the research hypothesis (Test of Hypothesis-1) of this paper. Reciprocally, the finding rejects the null hypothesis which states service quality dimensions do not contribute positively and significantly to customers' satisfaction.

Reliability, assurance and tangibility have relatively big impact with value of β 0.249, 0.233 and 0.212 on customer satisfaction followed by empathy and responsiveness with value of β 0.178 and 0.169 respectively. Empathy and responsiveness have the lowest positive and insignificant impact on customer satisfaction.

The other parameter worth discussion is R square which is computed in annex-1. It enables to understand the degree to which the model explains the variance in the dependent variable (customer satisfaction) in terms of independent variables (tangibility, reliability, responsiveness, assurance and empathy).

R square (Annex-1) shows, in aggregate the dependent variable (customer satisfaction) is explained (impacted) by all independent variables (tangibility, reliability, responsiveness, assurance and empathy) by 61.9 percent which shows the model's fitness to explaining the variability in dependent variable. In small sample size, there is a possibility of over estimation of the model by R square value. To avoid over estimation of the model, it merits to check the normal R- square vis-a-vis to adjusted R square. In the case under consideration, the R square is not over estimated while evaluating the model's fitness for its gap from adjusted R square (61.2%) is not big. As depicted in the ANOVA table (annex 1), the significance value of F statistics is 0.000 which is less than 0.05 showing that there is relatively significant relationship between the dependent and independent variables.

4.8. Summary of Hypotheses Testing

The conceptual frame work developed under the literature review of this paper is tested by using tools in both descriptive and inferential analysis like mean, standard deviation, Pearson correlation and multiple regressions. The test result is summarized as follows.

Table 6: Summary of Hypothesis Testing

Hypothesis	Statistical Test	Result
H1: Service quality dimensions contribute positively and significantly to the level of customer satisfaction	Multiple regression	Supported

Source: Survey result (2018)

Chapter Five

Summary, Conclusion and Recommendations

This chapter is the final chapter which contains summary of the findings, conclusion, recommendations, limitations and future implication of the study.

5.1. Summary of Findings

Assessing the overall service quality and the customers level of satisfaction of the outsourced employment services Commercial Nominees delivers is the main objective of the study by investigating the impact of service quality dimensions on customers level of satisfaction. To this effect hypothesis were developed to investigate how service quality dimensions can affect and impact on the level of customer satisfaction.

The paper adopted quantitative research strategy and used self administered questionnaire to collect data from the customers. Descriptive statistics like frequency, mean and Pearson correlation analysis techniques were applied to analyze background information of respondents, respondents' perception on service quality and satisfaction as well as relationship between service quality dimensions and customers' satisfaction. In addition, regression analysis technique was applied to investigate impacts of service quality dimensions on customers' satisfaction and also to test the research hypothesis.

Descriptive statistics like frequency, mean, correlation and multiple regression were employed to analyze background information of respondents, respondents' perception on service delivery quality and satisfaction, to determine the relationship and its impact between service quality dimensions and level of customers satisfaction.

- a. The male respondents accounts 134 (65.7%) and females account 70(34.4%) of the total respondents who returned the questionnaires.
- b. The majority of the respondents are within the age range of 22-34 which accounts 75% (153) of the total respondents. Next big proportion goes to respondents with the age

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between 35-44 accounting 19.6% (40). This indicates that majority of the respondents are in active workable age.

- c. In terms of the number of years the customers have stayed with CN, from 204 respondents 148(72.5%) and 43(21.1%) have been 2-3 years and more than 3 years working experiences respectively. This statistic confirms that the respondents have better work experience and knowledge about Commercial Nominees.
- d. Out of 204 total respondents, 171(83.8%) are getting most of their outsourced employment services from Commercial Nominees and
- e. From the total of 204 total respondents, majority 124(60.8%) of respondents companies got their outsourced services delivery from CN only.

The descriptive analysis conducted with the aim of investigating customers' perception on service quality dimensions, overall service quality and customer satisfaction. On the base of the finding of mean value of all the dimensions of service quality indicated in table-3, responsiveness is better followed by reliability and assurance with a mean score value of 3.55, 3.31 and 3.24 respectively. Tangibility and empathy are moderate with mean value of 3.06 and 3.05 respectively. The mean value of perceived service quality and customer satisfaction is 3.4 and 3.3 respectively showing that the rating is in a tolerance (acceptance) zone of services delivery (Anton, 1997). To get the customer delighted, there is still a room for improvement which CN has to work on.

Correlation coefficient statistics shows that empathy, reliability and tangibility service quality dimensions have a positive and significant relationship with over all service quality with coefficient value of 0.75, 0.63 and 0.63 respectively. But, assurance and responsiveness have moderate and least correlation to over all service quality with coefficient value of 0.504 and 0.370 respectively.

On the other hand, positive and strong relationship was also revealed between service quality dimensions and customer satisfaction. In this regard, empathy, reliability and tangibility have higher relationship with customer satisfaction having coefficient value of 0.72, 0.64 and 0.62 respectively. Moreover, the finding also indicated that there is a positive and significant

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relationship among independent variables (service quality dimensions) wherein a relatively stronger correlation observed between tangibility and reliability and empathy and reliability with coefficient value of 0.731 and 0.727 respectively. The correlation analysis also found that there is significant and positive relationship between overall service quality (independent variable) and customer satisfaction (dependent variable) with correlation coefficient value of 0.89.

Having tested the relationship of all independent and dependent variables, it is checked that there is no multi-collinearity problem among the predictor variables with tolerance value more than 0.1 and VIF value less than 10.

Multiple regression analysis were undertaken to investigate the impacts of each independent variables on dependent variable. The result confirmed that all service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) have a positive impact on the customer satisfaction with $p < 0.05$ though their degree of impact varies amongst the services quality dimensions.

Reliability and assurance service quality dimension have strongest impact on customers satisfaction with β value 0.249 and 0.233 respectively followed by tangibility with $\beta = 0.212$. The least impact is observed on responsiveness with $\beta = 0.169$ and empathy with $\beta = 0.178$ which indicate that reliability and assurance have relatively stronger impact on the customer satisfaction than other dimensions in the outsourced services of the company. Besides, as the R square value shows the degree to which overall service quality (dependent variable) is explained by the model (services quality dimensions) which includes tangibility, reliability, responsiveness, assurance and empathy, the aggregate impact of which is (R square value) 0.62. This implies that customer satisfaction is impacted or explained by all service quality dimensions to the extent of 62%.

Generally, the research hypotheses of this study has been tested and confirmed that all service quality dimensions have significant and positive impact on customer satisfaction.

5.2. Conclusion

Outsourced service delivery of Commercial Nominees, which focus on employment, has been investigated in the previous portion of this paper. Service quality dimensions used as construct to measure customer satisfaction of the same entity by applying various statistical tools. It merits wrap up the finding in the forthcoming statements so that their implication will be pin pointed clearly.

In the descriptive analysis portion of the paper, customers perceptions measured in terms of mean values. Accordingly, customers are satisfied in all service quality dimensions with mean value ranging between 3.6 and 3.06. On responsiveness, assurance and reliability, the customers are relatively better satisfied while on empathy and tangibility services quality dimensions the mean value shows that the customers are relatively less satisfied. With regards to the overall services quality and customer satisfaction, the customers are satisfied on the outsourced services delivery of CN. However, the mean scores reveal that CN still has a room to improve the overall service quality and its customer satisfaction to higher level i.e., to very satisfied with high degree of loyalty (Anton, 1997).

The correlation analysis of service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) show, they all are positively correlated to the overall services quality. But, CN outsourced overall services quality has positive and strong relationship with empathy, reliability and responsiveness while a moderate and positive relationship with assurance and tangibility services quality dimensions.

Besides, all service quality dimensions have positive and significant relation with the level of customer satisfaction. The strongest relationship is observed on empathy and reliability. The overall service quality correlation with customer satisfaction is very strong and significant (0.89). In conclusion, focusing on tangibility and responsiveness is necessary to fill the gap the correlation coefficient showed which would bring value addition to the customer service and ultimately secure better level of customer satisfaction.

Regarding the impact analysis, it is found out that independent variables (service quality dimensions) have significant impact on customers' satisfaction (dependent variables) but with

varying degrees. From this it is clear that CN can improve customers' satisfaction by working on quality.

5.3. Recommendations

Based on the findings of the study, the following recommendations are made:

- a. In the service delivery process, CN is not as responsive as the customers require. The company has to revisit its service delivery to be prompt to customers query. It is also necessary in the part of CN to establish mechanism to make information easily availability to its customers,
- b. The outsourced service delivery of CN has to be equipped with necessary modern equipment and amenities which directly helps to improve service quality as statistical value of tangibility is modest.
- c. Commercial Nominees to strengthen its presence in the outsourced service industry, it has to satisfy its customers as it is well established fact that satisfied customers are key to higher economic returns & long-term business success (Kristensen et al. as cited in Munusamy, Chelliah and Mun, 2010)). As this paper confirms, in CN context service quality is the biggest component that impacts on customer satisfaction. The management of CN has to give major attention to quality to bring about a better satisfaction level.
- d. It is necessary to give attention to individual customer interest and requirement rather than apply "one fits all" approach. As clearly indicated in quality dimension of empathy, CN has to know the best interest of its customer and attempt to address it.

5.4. Limitations and Direction for Future Research

This study focused on Commercial Nominees employment outsourced service delivery in Addis Ababa. The generalization of this paper to some extent cannot be applied to out laying service delivery (out of Addis Ababa) and to outsourced services like compensation payment effected by CN which by themselves need survey. It is also worthwhile to note that price (service charges), delivery terms and condition etc have potential to influence customer satisfaction which this paper does not consider but is one interesting title for the future research.

It is my firm belief that, the finding is very useful:

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- a. for those entities especially in the outsourced service provider (vender) side to improve customer satisfaction and in away streamline their policy of service delivery,
- b. for further research in wider scope on the same or related topics.

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Annexes

Annex1: Multiple regressions analysis (Multicollinearity and impact of each service quality dimensions on customer satisfaction level)

Coefficients a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error				Tolerance	VIF
(Constant)	-1.460	.477		3.030	.003		
Tangibility	.294	.097	.212	3.083	.002	.738	1.355
Reliability	.357	.116	.249	2.589	.011	.551	1.814
Responsiveness	.265	.102	.169	3.293	.001	.845	1.183
Assurance	.292	.089	.233	2.888	.004	.722	1.385
Empathy	.271	.094	.178	-3.062	.003	.954	1.049

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758 ^a	.619	.612	.410

- a. Predictors: (Constant), Empathy, Tangibility, Responsiveness, Assurance, Reliability
b. Dependent Variable: Customer Satisfaction

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	83.693	5	16.739	25.495	.000 ^b
	Residual	98.480	150	.657		
	Total	182.173	155			

- a. Dependent Variable: Level of Customer Satisfaction
b. Predictors: (Constant), Empathy, Tangibility, Responsiveness, Assurance, Reliability

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Annex 2: General information about respondents

Description	category	No of respondents (N=204)	%
Sex	Male	134	65.7%
	Female	70	34.3%
	Total	204	100%
Age	Below 22 years	1	0.5%
	22-24 years	153	75%
	35-44 years	40	19.6%
	45-54 years	8	3.9
	55-64 years	2	1%
	Total	204	100%
Work experience in commercial nominees	Less than one years	13	6.4%
	2-3 years	43	21.1%
	Above 3 years	148	72.5%%
	Total	204	100.0%
Service delivered by respondents in commercial nominees	Guarding only	6	2.9%
	Cleaning only	10	4.9%
	Driving only	5	2.5%
	Others like messenger	12	5.9%
	All	171	83.8%
	Total	204	100%
Who delivers the outsourced services in your company	Only CN	124	60.8%
	CN and other company	29	14.2%
	CN and their company	37	18.1
	CN and their company and CN and other company	14	6.9%
	Total	204	100%

Annex -3

Addis Ababa University College of Business And Economic

Department of Management

EMBA Post Graduate Paper

Target respondents: Commercial Nominees PLC Outsourced Services Customers

Dear respondent;

The purpose of this questionnaire is to gather information for research to be conducted on the perceived service quality and satisfaction of customers of Commercial Nominees. This information will be used primarily for the research to be under taken to fulfilling the requirement of AAU to graduate in Executive Master of Business Administration in Department of Management. All information you will provide to my study will be kept strictly confidential and shall be used for academic purpose. However, the findings of the research may be used to improve the quality of outsourced services Commercial Nominees delivers to its customers.

Thank you very much in advance.

Please contact me for any questions you might have.

YeshitilaTefera +251911 759607

Email-Yeshi.belay.1216@gmail.com

Part One: Background Information

Direction I: Please make a “√” (tick mark) in the circles provided below (for no.1 &2).

1. Gender

☐ Male

☐ Female

2. Age

☐ 21 and Under

☐ 22 to 34

☐ 35 to 44

☐ 45 to 54

☐ 55 to 64

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- ☐ 55 to 64
☐ 65 and Over
☐ Decline

Direction II: please circle the number of your best choice sited below(for no.3-5)

3. For how long have you been working with Commercial Nominees on outsourced services?

1. Less than 1 year 2. 2-3 years 3. Above 3 years

4. Which of the following services delivered to you by Commercial Nominees?

1. Guarding only 2. Cleaning Only 3. Driving only 4. Other like messenger 5. All

5. Who delivers the outsourced service to your company/branches?

1. Only CN 2. CN & other Company 3. CN & your Company 4. 2 & 3.

Part Two: Service Quality Dimensions (SQD)

Directions: CN is delivering outsourced services to your Company/branches. Based on this relation and the experience there to, I hope you can evaluate the quality of the services, the handling of your compliant etc. relative to your expectations and perception.

Please rate each of the following statements by encircling the appropriate number with respect to your level of agreement/disagreement against each question. (Where, 1 = “Strongly Disagree”; 2= “Disagree”; 3= “Neutral”; 4= “Agree” and 5= “Strongly Agree”).

Service Quality Dimensions	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1.Tangibility					
1.1 The service deliverer (CN) has modern equipment.	1	2	3	4	5
1.2. The service deliverer (CN) has attractive physical facilities	1	2	3	4	5
1.3 The employees delivering the services are neat, disciplined, professional in their appearance,	1	2	3	4	5
1.4. Materials associated with the service (pamphlets, sign posts etc) are visually appealing.	1	2	3	4	5
2.Reliability					
2.1. When CN promises to supply service within a specific time to you, it does so	1	2	3	4	5
2.2. The service provider has sincere interest to solve the problem of the customer.	1	2	3	4	5
2.3. The service provider gives accurate information to the	1	2	3	4	5

Assessment of Service Quality And Customer Satisfaction

customer.					
2.4. The service is provided on time as promised.	1	2	3	4	5
2.5. Sufficient man power and material is kept to avoid the interruption of service provision.	1	2	3	4	5
3.Responsiveness					
3.1. The employees makes the information easily obtainable,	1	2	3	4	5
3.2. The employee gives prompt service ,	1	2	3	4	5
3.3. The employees are happy and willing to serve the customer,	1	2	3	4	5
3.4. The employees are not too busy to respond to the customers requests.	1	2	3	4	5
4.Assurance					
4.1. The employees have the required skill in providing services.	1	2	3	4	5
4.2. The customers feel safe on the service provided by the employees,	1	2	3	4	5
4.3. The employee trust worthy,	1	2	3	4	5
4.4. The employees inspire confidence ,	1	2	3	4	5
4.5. The employees of the service provider polite to the customer,	1	2	3	4	5
5. Empathy					
5.1. The service provider employees usually give individual attention.	1	2	3	4	5
5.2. The employees do know promptly what your needs are.	1	2	3	4	5
5.3. The service provider and its employees have the customers best interest at heart ,	1	2	3	4	5
5.4.The service provider have operating hours convenient to the customers.	1	2	3	4	5

Part Three:

In this part of the questionnaire, your valuable information on the overall level of service quality and your overall level of satisfaction on the delivery of outsourced service will be sought. Please circle a number that shows your over all service quality perception and your level of satisfaction with respect to the following statements.

Over all service quality of CN

	Worst	Poor	Neutral	Good	Excellent
Over all service quality of CN					
1. the overall service quality of CN	1	2	3	4	5

Level of Customers Satisfaction

	Strongly dissatisfied	Dissatisfied	Neutral	Satisfied	Strongly Satisfied
Your overall satisfaction on outsourced service of CN.					
1. Your satisfaction level on the outsourced service CN delivers.	1	2	3	4	5

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Annex-4 CN's Outsourcing Customers In Addis Ababa, Their Branches, Number Of Employees and Sample Size

S. n	Customers	Tatarget Population (Branches)	Share From the Sample Size (238)	Retu rned	Response Rate %	Employees Number	Type of Services
1	Commercial Bank Of Ethiopia	435	177	165	93	8343	More than 10 services
2	Development Bank of Ethiopia	15	6	5	81	204	4 services including Guarding &Cleaning
3	Cooperative Bank of Ethiopia	72	29	20	68	577	Guarding,Clean ing,Messenger
4	Addis International Bank	31	13	5	39	53	Cleaning
5	Enat International Bank	21	9	6	70	51	Cleaning
6	Wegagen International Bank	1	0.4	0	0	4	Cleaning
7	Abay Inernational Bank	1	0.4	0	0	4	Messenger
8	Anbesa International Bank	1	0.4	0	0	3	Driving
9	Engender Health	1	0.4	0	0	7	Guarding,Messa nger
10	Artistic Printing Enterprise	1	0.4	1	246	16	Guarding
11	E.F.D.R.E. Investment Commission	1	0.4	1	246	38	Guarding,Messa nger
12	Coffee Quality Research Center	1	0.4	0	0	7	Cleaning
13	Sidama Coffee Union	1	0.4	0	0	8	Cleaning
14	Birhan And Selam Printing Enterprise	3	1	1	82	54	Guarding
	Total	586	238	204	85	9369	

