



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**QUALITY SERVICE DELIVERY AND ITS EFFECT ON
CUSTOMER SATISFACTION IN SABA INTERNATIONAL
SHIPPING, PLC, ADDIS ABABA**

**BY
MESERET BIRHANU**

**JULY, 2024
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY SCHOOL
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DECLARATION

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person or material which has been accepted for the award of any other degree or diploma of the university or other institute of higher learning, except where due acknowledgment has been made in the text.

Candidates Name

Signature

Date

Advisor's Approval

This Thesis has been submitted for examination with my approval as a University advisor.

Mesfin, Tesfaye, Ph.D



Advisors Name

Signature

Date

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ABBREVIATIONS

ANOVA- Analysis of Variances

MLQ - Multi factor Leadership Questionnaire

SPSS - Statistics Package for social Science

SD- Standard Deviation

ABSTRACT

Logistics companies are the backbone of modern commerce, facilitating the movement of goods from manufacturers to consumers. The logistic industry faces numerous challenges in delivering quality service to their customers. The quality of service (QoS) concept is becoming an ever more important issue in logistics. This thesis was aimed to asses in the logistics sector and determine its effect on customer satisfaction of Saba international shipping PLC. To meet its objective data were gathered using stretched survey for 327 respondents processed using SPSS. Survey data were analyzed using descriptive and independent correlation statistics. one represent analysis. The relationship between the five service quality dimensions, which are tangibles, reliability, responsiveness, assurance and reliability with customer satisfaction, is assessed. This study uses both explanatory and descriptive research designs. correlation. customer satisfaction. The result of the regression analysis revealed for all service quality dimensions caused a positive effect on customer satisfaction, based on this it recommended that Saba International Shipping PLC should focus on improving all five service quality dimensions- tangibles, reliability, responsiveness, assurance, and empathy - in order to enhance customer satisfaction. This could involve investing in better infrastructure and facilities (tangibles), ensuring reliable and consistent service (reliability), being responsive to customer needs and inquiries (responsiveness), instilling confidence and trust in the service provided (assurance), and demonstrating empathy and understanding towards customers (empathy). By addressing these dimensions, Saba International Shipping PLC can improve overall customer satisfaction and strengthen its position in the logistics industry.

Keywords *Quality of Service, Customer Satisfaction*

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

An organization that consistently satisfies its customers, enjoy higher retention levels and greater profitability due to increase customer loyalty (Wicks and Roethlein, 2009). In the service rendering companies, success and sustainability depends on various factors such as accountability, quality service and changes in technology (Hossan, 2012). The highest profit making firms are not necessarily the most powerful ones. Consequently, this is because profit is just one achievement of a firm (Karim, 2014). Therefore, companies should keep in mind not to focus on shareholders alone but also the customers and the quality of service they offer them. Customers satisfaction will affect the overall performance of the companies in the long run. Today's economy is about maintaining old customers and attracting new customers to thrive in the market (Ramzi, 2010).

There are many decisive factors which determine customer satisfaction level of a specific organization. Service quality in addition to other elements such as product quality, price and others, determine customer satisfaction (Wilson A., Zeithaml V.A., Bitner M.J. and Gremler D.D., 2008). Many other literatures and studies also supports that service quality has an effect on the level of customer satisfaction. Rust and Oliver (1994) stated that quality is one dimension on which satisfaction is based. According to Shemwell, Yavas and Bilgin (2008), in today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality service that will in turn result in satisfied customers.

The whole service provision and consumption process of service rendering companies requires an interaction between the service providing company and the consumer. And the interaction starts from the point customers approach to the company in order to purchase services respectively for the first time.

According to Parasuraman et al (1988), the larger the gap between a company's and customer's perceptions concerning both service products and service delivery, the smaller the probability of satisfying the customers. This indicates that service rendering companies should have more profound understanding of their customer's needs. This study also investigates the effect of service quality on customer satisfaction in Saba International Shipping PLC.

Quality service delivery has a significant effect on customer satisfaction for Saba International Shipping PLC and any other business. Here are a few reasons why it's important to study this subject matter:

Studying the impact of quality service delivery on customer satisfaction is crucial for businesses to understand and improve their customer relationships. When a company consistently provides high-quality service, it enhances the overall customer experience and fosters loyalty. Satisfied customers are more likely to return for repeat purchases and recommend the business to others, leading to increased sales and profitability.

By studying the relationship between service quality and customer satisfaction, businesses can identify areas for improvement and implement strategies to meet customer expectations. This not only helps in retaining existing customers but also attracts new ones through positive word-of-mouth referrals. Additionally, understanding the factors that influence customer satisfaction allows businesses to differentiate themselves from competitors and build a strong brand reputation.

In conclusion, studying the impact of quality service delivery on customer satisfaction is essential for businesses to thrive in today's competitive market. It enables companies to build long-lasting relationships with customers, drive revenue growth, and maintain a positive brand image. By prioritizing customer satisfaction through quality service delivery, businesses can achieve sustainable success and create a loyal customer base.

Studying the subject matter of quality service delivery and its impact on customer satisfaction can help Saba International Shipping PLC identify areas for improvement, implement best practices, and ultimately enhance its overall business performance. It provides insights into customer expectations, preferences, and experiences, which are crucial for maintaining a competitive edge in the logistics industry.

1.2 Back Ground of the Case Organization

Saba International Shipping PLC, Shipping is the flagship business of the Company founded in 2011 the head office based in Dubai. It is the agent for one of the biggest shipping companies called Hapag Lloyd Shipping agency and Logistics is the prime expertise. Armed with years of experience and expertise, the professionals are fully geared to handle any and all type's shipments.

Their team consists of multi ethnic staff with the right mix of youth and experience. In the short period since Saba sailed into Ethiopia It has already established a name for being a very professional logistics company.

They offer a range of services including Port agency, owners' protecting agency, Stevedoring, Custom clearance, multimodal transport and transit services to Ethiopia. Their team ensures an efficient and round-the-clock cargo operations and timely updates. The customers can always have real time information about their cargo and shipments.

They are capable of offering their customers with the full scope of services covering: Liner and Break Bulk shipments from any ports to Djibouti on their liner and general cargo principals' vessels, Storage, Warehousing, Tally, Cargo Surveys, Customs clearance and Transport and Transit service to Ethiopia.

They arrange Heavy Haulage and Rigging Services using the companies that they represent, and hence can undertake Transport and delivery of Over size, Out of Gauge, High and Heavy, equipment and machinery.

1.3. Statement of the Problem

Customer Satisfaction has been a central concept in marketing literature and is an important goal of all business activities. Today, companies face their toughest competition, because they move from a product and sales philosophy to a marketing philosophy, which gives a company a better chance of outperforming competition (Kotler, 2000). Satisfying a customer is a difficult task, especially when it comes to services, since studies have shown that consumers level of satisfaction is generally lower for services than products (Andresen & Best, 1977).

Particularly in the case of shipping service, where there is frequent service failure, related with transportation problem and others, occurred. Many customers are dissatisfied with the long lasting process of customs, according to the information obtained from the employ of the company, Saba shipping service because of its poor service quality in terms of speed and stability also they have complained on service delivery after it fails.

Rather customers' dissatisfaction, decline of customers' confidence on the company, hinder customers interest to purchase other related services and negative word of mouth will be effect of poor quality of service. Based on customer feedback on Saba international shipping has initiated strategies to provide solutions to its customers and enhance satisfaction, especially to loyal customers.

Logistics companies are the backbone of modern commerce, facilitating the movement of goods from manufacturers to consumers. While the industry is crucial for the global economy, it faces a myriad of challenges that can impact efficiency, profitability, and customer satisfaction, Trux Cargo (2021)

The logistic industry faces numerous challenges in delivering quality service to their customers. These challenges include delays in delivery, inaccurate tracking information, poor handling of goods, and inefficient communication and coordination. Such problems can result in dissatisfied customers, lost business opportunities, and reputational damage for logistics companies. Therefore, it is crucial to identify and address the key issues that hinder the provision of quality service in the logistics industry. This study aims to provide insights into the specific problems faced by logistics companies and propose effective solutions to overcome these challenges. (Damilola Kuteyi 2021).

More over logistics field which is one of the international trade requires fast and reliable service from the all the agents. With all the related Ministry office, Like the Ministry of Transport, Ethiopian Revenue and Custom Authority, Ethiopian Shipping and Logistics, For the particular products that require Quality and standard and health and other related office. The coordination and Smoothness of the requirement from the office will impact the condition of the cargo movement. Which mainly impact the Service quality of the logistics Company (Ethiopia logistics performance 2021).

Quality Service is crucial to stay competitive in the Logistics Sector, by providing Quality Service Company can maintain trusted relationship with their customer, Increase Efficiency and Effectiveness. That Built good name of the company which can attract plenty of additional new customers to the company. That can lead in maximizing profit which plays a very important role in the development of Nation's Economy. There for different agents do have their own approach in dealing with their customers (Mustra, 2011).

The importance of delivering quality service to customers is highlighted in the references provided by (Ramaseshan, 1994, Lewis, 1989, and Samli and Frohlich, 1992). The contemporary service industry faces the challenge of providing excellent service quality and ensuring high customer satisfaction. Customer satisfaction and loyalty are crucial for the success of service industries. It is noted that customer satisfaction is a significant indicator of repurchasing intention, reduction of negative word-of-mouth, and enhancement of customer loyalty.

To survive in a competitive business environment, service providers must understand the attributes customers use to assess service quality and satisfaction. Monitoring and enhancing service performance are essential for meeting customer expectations. The research intention is to evaluate the service quality delivery system of Saba international shipping PLC and its impact on customer satisfaction. The study also addresses the customer gap, which refers to the disparity between customer expectations and perceptions.

Therefor having its own specific organization, the paper was discovering Quality Service in terms of Customer Satisfaction in the case of the specific international Shipping company functioning in Addis Ababa and also the study answers the following questions: Quality service delivery has a significant impact on customer satisfaction for Saba International Shipping PLC and any other business. Here are a few reasons why it's important to study this subject matter:

Studying the subject matter of quality service delivery and its impact on customer satisfaction can help Saba International Shipping PLC identify areas for improvement, implement best practices, and ultimately enhance its overall business performance. It provides insights into customer expectations, preferences, and experiences, which are crucial for maintaining a competitive edge in the logistics industry.

Compared to prior empirical studies on service delivery and customer satisfaction in the shipping industry, a study focused specifically on Saba International Shipping PLC would offer several unique aspects:

1. **Industry Specificity:** By focusing on a specific company within the shipping industry, the study can provide insights that are directly relevant to the challenges and opportunities faced by Saba International Shipping PLC. This targeted approach allows for a deeper understanding of the factors that impact customer satisfaction within this particular context.
2. **Company-Specific Data:** Conducting a study on Saba International Shipping PLC would involve collecting and analyzing company-specific data related to service delivery and customer satisfaction. This data can offer a more detailed and accurate picture of how these factors interact within the organization, leading to more precise recommendations for improvement.
3. **Tailored Recommendations:** Based on the findings of the study, tailored recommendations can be developed to address the unique needs and circumstances of Saba International Shipping PLC. These recommendations can be customized to fit the company's goals, resources, and operational structure, leading to more effective outcomes.
4. **Strategic Alignment:** A study focused on Saba International Shipping PLC can help align service delivery practices with the company's overall strategic objectives. By understanding how service quality impacts customer satisfaction within the specific context of the organization, the study can inform strategic decision-making and resource allocation to drive business growth.
5. **Competitive Insights:** Analyzing service delivery and customer satisfaction within the framework of Saba International Shipping PLC can provide valuable insights into the company's competitive position within the industry. This information can help identify areas where the company excels and areas where improvements are needed to stay ahead of competitors.

In conclusion, a study specifically focused on Saba International Shipping PLC would offer a unique perspective on service delivery and customer satisfaction within the shipping industry,

providing valuable insights and recommendations tailored to the company's specific needs and goals.

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By studying the relationship between service quality and customer satisfaction, businesses can identify areas for improvement and implement strategies to meet customer expectations. This not only helps in retaining existing customers but also attracts new ones through positive word-of-mouth referrals. Additionally, understanding the factors that influence customer satisfaction allows businesses to differentiate themselves from competitors and build a strong brand reputation.

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Tailored Recommendations: Based on the findings of the study, tailored recommendations can be developed to address the unique needs and circumstances of Saba International Shipping PLC.

One potential research gap that could be addressed by a study focused on Saba International Shipping PLC is the lack of company-specific research on service delivery and customer satisfaction within the shipping industry. While there have been numerous empirical studies on service quality and customer satisfaction in general, there is a scarcity of research that delves deeply into the unique challenges and opportunities faced by individual companies within the industry.

1.3. Research Questions

- To what extent Tangibility affect customer Satisfaction?
- To what extent Reliability affect Customer Satisfaction?
- To what extent Responsiveness Affect Customer Satisfaction?
- To what extent Assurance Affect Customer Satisfaction?
- To what extent Empathy affect Customer Satisfaction?

1.4. Objectives of the Study

1.4.1 General Objective

The main objective of this research was to determine effect of service quality on customer's satisfaction in case of Saba international Shipping PLC.

1.4.2. Specific Objectives

This research work has the following specific objectives

- To examine the effect of tangibles on customer satisfaction at Saba international Shipping PLC.
- To determine the effect of empathy on customer satisfaction at Saba international Shipping PLC.
- To analyze the effect of assurance on customer satisfaction at Saba international Shipping PLC.
- To examine the effect of responsiveness on customer satisfaction at Saba international Shipping PLC.
- To investigate the effect of reliability on customer satisfaction at Saba international Shipping PLC.

1.5. Significance of the Study

The study focused on Saba International Shipping PLC holds significant importance for various stakeholders. By examining the factors that influence customer satisfaction within the shipping industry, the study can provide valuable insights for Saba International Shipping PLC to enhance its service delivery practices and improve customer loyalty. These insights can help the company strengthen its competitive position, drive business growth, and foster long-term relationships with customers. Furthermore, the study's findings can contribute to the academic literature on service quality and customer satisfaction by offering a real-world case study that enriches theoretical frameworks and models in this field. Additionally, the study may have policy implications for regulators and policymakers in the shipping industry, guiding the development of policies aimed at improving service quality, consumer protection, and industry standards. Overall, the study's significance lies in its potential to offer practical recommendations, strategic insights, and industry best practices that can benefit Saba International Shipping PLC, the shipping industry, and academic research.

1.6. Scope of the Study

Conceptually, this study was delimited to assess effect of Service Quality on customer satisfaction. In this study service quality is measured using five SERVQUAL model dimensions 'tangibility, empathy, assurance, responsiveness and reliability. SERVQUAL is one of the tools used in measuring the quality of services. According to Buttle (1996), SERVQUAL is for the measuring and managing the quality of service. Asubonteng et al (1996) also intimate that the model is used to measure the quality of services from the customers' point of view. The originators of the model are Parasuraman, Zeithaml and Berry. It was developed in 1985 but was polished or refined in their subsequent articles (Parasuraman et al 1988). Geographically this study is delimited to Saba international Shipping PLC, which is located in Addis Ababa.

1.7. Limitation of the study

Like any other researches, the research has some speculated shortcomings. To be more specific lack of well-organized secondary data on Saba International Shipping PLC with regard to significance the quality of data is collected. It concerned on single logistics company which can get primary data it does not consider the service of the other logistics company, Compared to Capability, Number of Staff and some other competitive variables. Therefore, these limitations may challenge the researcher; however, various approaches will be implemented to minimize these problems.

1.8. Definition of Key Terms in the Study

SERVQUAL: A model used for measuring service quality developed by Parasuraman et al. (1988).

Reliability: The ability to perform the promised service dependably and accurately.

Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence.

Responsiveness: The willingness to help customers and to provide prompt service.

Empathy: Caring and individualized attention that the firm (service provider) provides to its customers.

Tangibles: Physical facilities, equipment, appearance of personnel and communication materials.

Network quality: The ability of service provider to provide high network availability, high and consistence speed.

Convenience: The availability of offices near to customer, toll-free numbers, websites, easy to get cards or to pay bills and so on.⁸

Service Quality: - is defined as the difference between customer's expectations for the service encounter and the perceptions of the service received.

Service Quality Dimensions: is a model as the main framework for analyzing service quality by the variables of Reliability, Assurance, Responsiveness, Empathy, Tangibles, Network aspects (Parasuraman et al., 1988)

Customers Satisfaction: - is stated that a person's feeling of pleasure or disappointment resulting from comparing a product's outcome (perceived performance) in relation to his or her expectation.

1.9. Organization of the study

The Research is organized with the view to provide readers with consistent information on the study conducted. Accordingly, the Thesis organized in to five main chapters. The first chapter is the introduction part of the study which contains; background of the study, problem statement, research questions, objective of the study, significance and scope of the study, the extent to which the study was undertaken or (delimitation of the study) and with its potential problems or limitations that come across while the study is conducted. Chapter two presents a literature review on service quality and customer satisfaction. Chapter three explains the research method used in the study. In chapter four, analysis is applied as well as findings are discussed. Finally, in chapter five general conclusions are drawn, possible recommendations to the problems are suggested. In addition, limitation and direction of future research are shown.

CHAPTER TWO

REVIEW OF LITERATURE

2.1 Introduction

A literature review is a comprehensive summary of previous research on a topic. The purpose of a literature review is to provide context and justification for a research study by identifying and analyzing relevant past work. An effective literature review not only summarizes key findings from existing studies, but also critically evaluates the strengths and limitations of the current body of knowledge.

This literature review will examine the current understanding of Quality Service Delivery and Its Effect On Customer Satisfaction in Saba International Shipping PLC. Specifically, it will explore Quality Service delivery and Its effect on Customer Satisfaction. The review will synthesize and evaluate the most relevant and high-quality research on the thesis, identifying gaps in the existing literature that warrant further investigation. By providing a thorough overview of the current state of research, this review will establish the rationale and importance of conducting the present study.

The review begins by First; it will explain the conceptual review. Next, Empirical review Next Conceptual Frame work of the study. Finally, the Research hypothesis. Throughout the review, the strengths and weaknesses of the existing literature will be critically analyzed to highlight areas requiring additional research.

2.2. Conceptual Review

2.2.1 Definitions of Service

Different scholars define service and its feature in different ways some of these are: Services: are deeds, performances and processes provided or coproduced by one entity or person for and with another entity or person (Zeithaml, 2009).Service includes core service, products and product service bundles provided a more inclusive definition of service with the derived service perspective, suggesting that all products and physical goods are valued for the inherent service

(value derived) they provide not the goods itself. Services differ from product due to their intangibility, heterogeneity, simultaneous production and consumption and perish ability (Zeithaml, 2009), (Vargo and Lusch, 2004).

It should precisely distinguish them on the basis of their attributes a good is a tangible physical object or product that can be created and transferred; it has existence over time and thus can be created and used later. A service is intangible and perishable. It is an occurrence or process that is created and used simultaneously while the customer can't retain. (Earl, Poul, and Daryl Wyckoff, 1978).

But, majority of them are agreed that service is a series of activities of more or less intangible nature that normally but not necessarily take place in interaction between customers and service employees and, or physical resource or goods and, or system of the service provider which are provided as solution to customer problems —most authorities consider the services sector to include all economic activities whose output is not physical product or construction is generally consumed at the time it is produced and provides added value in the form of convenience, amusement, timelines, comfort which are basically intangible concerns of its purchaser. (James Brain, Quinn, Jordan, Bruch, Penny, Cushma 1987).

2.2.2. Service Quality

Service quality is made during the service delivery process. Each customer contact is referred to as a moment of truth, an opportunity to satisfy or dissatisfy the customer. Customer satisfaction with a service can be defined by comparing perception of service perceived with expectations of service desired. When expectations are exceeded, service is perceived to be of expectations are confirmed by perceived service, quality is satisfactory (Powell, 1995). In today's increasingly competitive business environment, service quality is essential for the success of any organization. Service quality is important aspect that affects the competitiveness of business. The challenge in defining quality is that it is a subjective concept, like beauty. Everyone has a different definition based on their personal experiences.

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001).

There are many researchers who have defined service quality in different ways. For instance, Bitner, Booms and Mohr (1994, p. 97) define service quality as the consumer's overall impression of the relative inferiority / superiority of the organization and its services. While other researchers (e.g. Cronin and Taylor, 1994; Taylor and Cronin, 1994) view service quality as a form of attitude representing a long-run overall evaluation. Roest and Pieters (1997) defined that service quality is a relativistic and cognitive discrepancy between experience-based norms and performances concerning service benefits. Crosby (1979) defined service quality as this definition implies that organizations must establish requirements and specifications. Once these specifications are established, the quality goal of the various functions of an organization is to comply strictly with them.

As described by Lewis and Booms (1983) giving quality service implies meeting the requirements to customer expectations regularly. Also Parasuraman, et al (1985) defined service quality as the degree and direction of discrepancy between consumers' perceptions and expectations in terms of different but relatively important dimensions of the service quality, which can affect their future purchasing behavior. This definition clearly shows that service quality is what customers assess through their expectations and perceptions of a service experience. Customers perceptions of service quality result from a comparison of their before service expectations with their actual service experience.

Service quality has been increasingly recognized as a critical factor in the success of any business (Parasuraman, Zeithaml & Berry, 1988). Ladhari (2008) also supported the role of service quality and stated that it is considered as an important tool for a firm's struggle to differentiate itself from its competitors (Ladhari, 2008).

The service will be considered excellent, if perceptions exceed expectations; it will be regarded as good or adequate, if it only equals the expectations; the service will be classed as bad, poor or deficient, if it does not meet them (Vázquez et al., 2001). "The cumulative customer satisfaction is seen to be based on the total purchase and consumption experience with a good or service

over time and as such, is a more fundamental indicator of the firms past, current and future performance. (Anderson; 2003:53) Quality evaluations derive from the service process as well as the service outcome. A vague exhortation to customer contact employees to —improve quality may have each employee acting on his/her notion of what quality is. It is likely to be much more effective to tell a service contact employee what specific attributes service quality includes, such as responsiveness. Management can say, if we can improve our responsiveness, quality will increase (Asubonteng et al; 1996:63).

In an effort to conceptualize service quality (by taking in to account all the aspects of customer perceived service quality, including those already addressed in the existing instruments and those that are left out in the empirical service quality literature), Sureshchander et al. (2001 cited in Dehghan, (2006)) identified five factors of service quality as critical from the customer's point of view.

These factors are:

I. Core Service or Service Product

The core service or service product refers to the fundamental offering that an organization provides to its customers. This includes the primary benefits, features, and capabilities that customers seek when engaging with a service provider. The literature in this area examines how organizations define, design, and differentiate their core service offerings to meet the unique needs and expectations of their target markets. Key topics include service classification, service innovation, and the alignment between the service product and customer requirements.

II. Human Element of Service Delivery

The human element of service delivery focuses on the critical role that service personnel play in shaping the customer experience. This includes an examination of the skills, behaviors, and attitudes of frontline employees, as well as the organizational practices and management approaches that enable effective service interactions. The literature in

this domain explores topics such as service orientation, emotional labor, service recovery, and the impact of employee-customer rapport on service quality.

III. Systematization of Service Delivery: Non-Human Element

The systematization of service delivery through non-human elements refers to the organizational processes, technologies, and structures that enable the consistent and efficient provision of services. This includes an analysis of service blueprinting, service automation, service standardization, and the integration of digital technologies into service operations. The literature in this area investigates how organizations can leverage non-human components to enhance service reliability, scalability, and productivity.

IV. Tangibles of Service – Service Scapes

The tangibles of service, or service scapes, encompass the physical environment and visual cues that contribute to the overall service experience. This includes an examination of the design, layout, and aesthetics of service facilities, as well as the role of tangible artifacts, such as uniforms, signage, and branded materials. The literature in this domain explores how the tangible aspects of service can shape customer perceptions, emotions, and behaviors, and ultimately influence service quality and customer satisfaction.

V. Social Responsibility

The social responsibility dimension of service delivery examines the growing importance of organizations' ethical, environmental, and societal obligations in the service sector. This includes an analysis of how service providers can balance economic objectives with social and environmental concerns, such as sustainability, diversity and inclusion, and community engagement. The literature in this area investigates the strategic and operational implications of incorporating social responsibility into service delivery, as well as the potential benefits and challenges for service organizations.

2.2.3. Service Quality Models

There are many service quality models developed by different researchers over years. Selected service quality models are reviewed below.

I. Technical and functional quality model:

According to (Grönroos 1984), a firm in order to compete successfully must have an understanding of consumer perception of the quality and the way service quality is influenced. Seth, Deshmukh&Vrat (2004) reviewed this model and explained that Managing perceived service quality means that the firm has to match the expected service and perceived service to each other so that consumer satisfaction is achieved. Service quality has three components, namely: technical quality; functional quality; and image (Grönroos 1984). Technical quality is the quality of what consumer actually receives as a result of his/her interaction with the service firm and is important to him/her and to his/her evaluation of the quality of service.

Functional quality is how he/she gets the technical outcome. This is important to him and to his/her views of service he/she has received. Image is very important to service firms and this can be expected to build up mainly by technical and functional quality of service including the other factors (tradition, ideology, word of mouth, pricing and public relations).

Functional quality is a crucial aspect of service delivery that focuses on the how of the service experience, rather than just the what or the end result. The literature highlights several key dimensions of functional quality, all of which contribute to the customer's perceptions and evaluations of the service encounter. The competence and expertise of frontline service personnel are essential, as customers expect knowledgeable and capable staff to handle their needs. Responsiveness is also critical, as customer's value prompt, flexible, and timely service. Reliability, or the consistency and dependability of the service provided, is another important factor, as customers seek services they can count on.

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

GAP model:

The various gaps visualized in the model are:

Gap 1: Gap between consumer expectation and management perception: This gap arises when the management or service provider does not correctly perceive what the customer wants or needs. I.e. Difference between consumers' expectation and managements perceptions of those expectations.

Gap 2: Gap between managements perceptions of consumer's expectation and service quality specification: This is when the management or service provider might correctly perceive what the customer wants, but may not set a performance standard. I.e. improper service-quality standards.

Gap 3: Gap between service quality specifications and service actually delivered. I.e. the service performance gap. This gap may arise in situations pertaining to the service personnel.

Gap 4: Gap between service delivery and external communication: Consumer expectations are highly influenced by statements made by company representatives and advertisements. The gap arises when these assumed expectations are not fulfilled at the time of delivery of the service.

Gap 5: Gap between expected service and experienced service: This gap arises when the consumer misinterprets the service quality.

Many researchers have struggled with the issue of how to measure service quality. Perhaps the most widely used measure is based on a set of five dimensions which have been consistently ranked by customers to be most important for service quality, regardless of service industry. These dimensions defined by the SERVQUAL measurement instrument are as follows:

Tangibles: appearance of physical facilities, equipment, personnel, and communication materials;

Reliability: ability to perform the promised service dependably and accurately;

Responsiveness: willingness to help customers and provide prompt service;

Assurance: knowledge and courtesy of employees and their ability to convey trust and confidence and Empathy: the caring, individualized attention the firm provides its customers.

These five SERVQUAL dimensions are used to measure the gap between customer's expectation for excellence and their perception of actual service delivered. The SERVQUAL instrument, when applied over time, helps service providers understand both customer expectations, perceptions of specific services, and areas of needed quality improvements. SERVQUAL has been used in many ways, such as identifying specific service elements requiring improvement, and targeting training opportunities for service staff. Proper development of items used in the SERVQUAL instrument provides rich item-level information that leads to practical implications for a service manager.

2, The SERVQUAL Model

The most widely used models in measuring quality in the service industry in general and in the banking sector in particular are the SERVQUAL and the SERVPERF models. Since the SERVPERF was curled out of the SERVQUAL, the literature on both models are reviewed.

SERVQUAL is one of the tools used in measuring the quality of services. According to Buttle (1996), SERVQUAL is for the measuring and managing the quality of service. Asubonteng et al (1996) also intimate that the model is used to measure the quality of services from the customer's point of view. The originators of the model are Parasuraman, Zeithaml and Berry. It was developed in 1985 but was polished or refined in their subsequent articles (Parasuraman et al 1988).

The main aim of SERVQUAL is to have a standard and a reliable tool that can be used to measure the quality of services in different service sectors, (Curry and Sinclair, 2002). Originally, those who developed SERVQUAL introduced ten service quality dimensions or attributes. These are: tangibles, reliability, responsiveness, competency, courtesy, communication, credibility, security, access and understanding the customer. However, in the 1988 article, these were pruned to five (Parasuraman et al 1988). These are; tangibles, reliability, responsiveness, assurance and empathy. Tangibility refers to the physical environment in which the service provider operates. It comprises the physical facilities available, workers, and equipment and communication materials. Reliability concerns the ability with which the service organization can deliver the service dependably and accurately. Empathy on the other hand, is about the special care and attention given to individual customers when being served. Responsiveness is also the preparedness of the service provider to assist customers and render as quick or prompt service as possible.

Assurance too is in connection with the knowledge and the courteous attitude of staff and their ability to instill trust and confidence in customers. Based on the five service quality dimensions, two sets of twenty-two statements or questionnaire are developed, (Donnelly et al 1995 and Iwaarden et al, 2003). The questionnaires are a seven-point likert scale. Robinson (1999) also explains that one set is about customers' expectations (expectation of service quality before using the service) and the other set measures customer perceptions (perceptions of quality after using the service). The difference between the two; perceptions (P) and expectations (E) constitute the service quality gap. The quality gaps according to Parasuraman (2004) and Tahir and Bakar (2007) are five. These are:

Gap 1: The difference between what customers really (actually) expect and what management think (perceptions) of customers' expectations. Donnelly et al (1995) are of the view that the gap occurs because management did not undertake in-depth studies about customers' needs. Also there are poor internal communication and insufficient management structures. This gap is referred to as the understanding or knowledge gap.

Gap 2: Is what is called the standard gap. It is the difference between management perceptions of customer service quality expectations and service quality specifications.

Gap 3: This gap is also known as the delivery gap. The difference between service quality specifications and the actual service quality delivered. This means the failure to ensure that service performance conforms to specifications. Donnelly et al (1995) contend that the failure emanates from absence of commitment and motivation, insufficient quality control systems and insufficient staff training.

Gap 4: This gap too is termed as the communication gap. It is the difference between the delivery of service and the external information (communication) regarding promises made to customers or implied. Examples of medium used for the external communication are media and customer contracts, (Donnelly et al 1995).

Gap 5: Is the difference between customers' expectation of service quality and the actual service received.

However, a limitation of the model is that the five service quality dimensions are not universal and cannot be applied in all service industries, (Ladhari 2009, Saurina Canals 1997, Buttle 1996

and Robinson 1999). They contended that it depends on the context in which the dimensions are applied since the definitions and the number differ. For instance, the results of the study of Babakus and Boller (1992) on an electric and gas utility company using SERVQUAL suggest that the dimension of this industry is one and not five. This has been confirmed by the study of Mels et al (1997). In their case only two dimensions were found. In the same vein, Cronin and Taylor cited in Jun and Cai (2001:278) conducted an investigation into the banking, pest control and dry cleaning and fast food industries and found that, there was no evidence of the five dimensions. Also, the study of, Johnston (1995) and Joseph et al (1999) in the banking industry did not support the five dimensions. The study of the former unveiled 18 service quality attributes whilst that of the latter found six dimensions.

Buttle (1996) opines that there is but a little proof that customers evaluate the quality of service on the basis of the difference between perceptions and expectations. Alluding to this, Ladhari (2009) intimates that researchers advance that the difference scores do not give any additional information beyond that already existed in the perceptions items. This has been supported by the study of Babakus and Boller (1992). The results showed that the perceptions score was the dominant contributor to the gap scores. Buttle (1996) further posit that the model dwells on the process delivery but not on the outcome of the service encounter. Buttle again punched holes in the likert-scale. He contended that, it is defective or flawed whilst the use of the two sets of questionnaire are tired-some and confusing. Though credited with the fact that it furnishes information concerning the gaps between perceptions and expectations of the quality of service, it fails to provide clues to the closure of these gaps, (Tan and Pawitra, 2001).

Gilmore cited in Kumar et al (2009: 213) put forward that, the five service quality dimensions are highly inter-correlated or related. Ladhari (2009) accentuate that the factorloading pattern of the model unearths some weaknesses in the convergent validity in some studies. Thus, most of the SERVQUAL 's 22 items have higher loadings on dimensions that are different from those suggested by those who developed the model. For example, the study of Engelland et al (2000) show that there was an excessive cross-loading as three items belonging to the assurance dimension loaded on the empathy dimension. In the same vein, only one item from the tangibles dimension loaded on the tangibles dimension. The results of the research of Lam (1997) also

reveal that items belonging to the assurance, responsiveness and empathy dimensions tended to load in an unstable manner.

In spite of the numerous criticisms, SERVQUAL has been adopted for conducting many studies. It is therefore held in high esteem (Buttle 1996). Other points in favor of SERVQUAL as enumerated by Tan and Pawitra (2001) are given below. The model in general lays bare the strengths and weaknesses of the quality of service provided by organizations. In this way, areas of weaknesses can be prioritized by the organization. Another important merit of the model is that it serves as the standard for organizations to measure the quality of service in the same industry. Apart from this, it serves as a signal to management to take into consideration the perceptions of both management and customers. It also helps management to know customers' impressions about the service purchased. The analysis of the quality gaps assist management immensely to draw their strategies to meet customers' expectations.

2.1.3. Definition of Customer Satisfaction

Several definitions have been offered for customer satisfaction over the past three decades. (Anderson, (1994) suggested two definitions of customer satisfaction, Customer satisfaction is a fundamental measure of how well an organization's products, services, and overall customer experience align with the expectations and perceptions of its customers. At its core, customer satisfaction is a subjective, emotional response that is shaped by a variety of factors, including the perceived quality and features of the offering, the customer's assessment of the overall value received, the quality of the service interactions and delivery, the customer's personal feelings and attitudes towards the product or service, and the influence of external situational factors. When a customer's experience meets or exceeds their expectations, they are likely to be satisfied, which can lead to increased loyalty, repeat business, and positive word-of-mouth - all of which contribute to an organization's long-term success. Conversely, if the performance falls short of expectations, the customer may experience dissatisfaction, which can negatively impact the organization's reputation and financial performance. Understanding and effectively managing customer satisfaction is, therefore, a critical priority for organizations seeking to deliver superior value and build lasting relationships with their customers. in accordance with the two broad classes of customer experiences identified by the literature - transaction specific experiences and cumulative experiences (Mittal, 1999 cited in Zeithaml , 2009).

2.1.4 Satisfaction and Quality

Customer satisfaction is the outcome felt by buyers who have experienced a company performance that has fulfilled expectations are met and delighted when their expectations are exceeded recently, discussion arose regarding whether satisfaction leads to quality or, whether quality results in satisfaction. Many authors posit very clearly that service quality is as antecedent of satisfaction. So, the satisfaction judgment is based on service quality. Others conclude that the two concepts resemble each other quite closely.

2.3 Theoretical Review

The relationship between service quality and customer satisfaction is crucial for the success of any business. Service quality refers to the overall level of excellence or superiority of the services provided by a company, while customer satisfaction is the extent to which customers are happy with the products or services they receive.

Several studies have shown a strong positive relationship between service quality and customer satisfaction. When customers perceive that they have received high-quality service, they are more likely to be satisfied with their overall experience. This satisfaction can lead to repeat business, positive word-of-mouth recommendations, and increased customer loyalty.

Parasuraman et al. (1985) introduced the SERVQUAL model, which identified five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. These dimensions play a significant role in shaping customer perceptions of service quality and ultimately influencing their satisfaction levels.

Research has consistently shown that companies that prioritize service quality and focus on meeting or exceeding customer expectations tend to have higher levels of customer satisfaction. By delivering high-quality services, companies can build trust, create positive experiences, and enhance customer loyalty.

In conclusion, the relationship between service quality and customer satisfaction is reciprocal and symbiotic. Businesses that prioritize service quality are more likely to achieve high levels of customer satisfaction, leading to long-term success and sustainable growth.

A.Tangibility and Customer satisfaction

Tangibility plays a critical role in influencing customer satisfaction in the logistics sector. The physical facilities, equipment, packaging, communication materials, and customer service provided by logistics companies all contribute to the tangible aspects that customers interact with throughout their experience. These tangible elements directly impact customer perceptions of service quality and can significantly influence their overall satisfaction levels. By focusing on enhancing these tangible aspects, logistics companies can create a positive impression on customers, meet their expectations, and ultimately drive higher levels of satisfaction and loyalty in the competitive logistics industry.

B.Reliability and Customer Satisfaction.

Reliability is another crucial factor that significantly impacts customer satisfaction in the logistics sector. Customers expect their shipments to be delivered on time, without damage, and in the condition promised by the logistics provider. Reliability encompasses the ability of the logistics company to fulfill these expectations consistently and accurately. When customers perceive a logistics provider as reliable, it enhances their confidence and trust in the service, leading to higher levels of satisfaction.

The link between reliability and customer satisfaction in the logistics sector is evident. A reliable logistics service ensures that customers' goods are handled and delivered with care and precision, minimizing the risk of delays, errors, or damages. This reliability directly contributes to meeting customer expectations and ultimately influences their satisfaction levels.

By focusing on improving reliability through efficient operations, effective communication, and robust quality control measures, logistics companies can enhance customer satisfaction. Consistently meeting or exceeding delivery promises and maintaining the integrity of shipped

goods can lead to higher levels of customer satisfaction and loyalty in the competitive logistics industry.

C . Responsiveness and Customer Satisfaction,

Responsiveness is a critical factor that significantly influences customer satisfaction in the logistics sector. Customers expect timely and proactive communication, quick resolution of issues, and a high level of attentiveness from their logistics service providers. Responsiveness encompasses the ability of a logistics company to promptly address customer inquiries, provide real-time updates on shipments, and swiftly resolve any concerns or problems that may arise during the shipping process.

The link between responsiveness and customer satisfaction in the logistics sector is evident. A responsive logistics service ensures that customers feel heard, valued, and informed throughout the shipping process. Quick and effective responses to customer inquiries, proactive communication about shipment status, and timely resolution of any issues contribute to a positive customer experience and ultimately impact satisfaction levels.

By focusing on improving responsiveness through efficient communication channels, proactive customer service, and streamlined issue resolution processes, logistics companies can enhance customer satisfaction. Providing timely updates, addressing customer concerns promptly, and maintaining open lines of communication can lead to higher levels of customer satisfaction and loyalty in the competitive logistics industry.

D,Assurance and Customer Service Satisfaction

Assurance plays a crucial role in ensuring customer satisfaction in the logistics sector. Assurance refers to the ability of a logistics service provider to instill confidence and trust in customers regarding the quality and reliability of their services. By providing assurances to customers, logistics companies can enhance their credibility, build strong relationships, and ultimately drive customer satisfaction.

By focusing on providing assurances related to service quality, transparency, reliability, security, and customer support, logistics companies can increase customer satisfaction levels. Building

trust through assurance helps strengthen customer relationships, drive loyalty, and differentiate a logistics service provider in a competitive market.

E, Empathy and Customer Satisfaction

The relationship between empathy and customer satisfaction is particularly important in the logistics sector, where the service experience can significantly impact customer perceptions and loyalty.

In the logistics industry, where the core service offering often involves the timely and efficient delivery of goods, the human element of service delivery plays a crucial role in shaping the overall customer experience. Frontline logistics personnel, such as customer service representatives, delivery drivers, and warehouse staff, are the primary points of contact for customers, and their ability to demonstrate empathy can greatly influence customer satisfaction.

Empathy, which involves the ability to understand and share the feelings of customers, is a key attribute that enables logistics personnel to provide personalized, responsive, and caring service. When customers encounter logistics staffs who are attentive, understanding, and willing to go the extra mile to address their concerns, it can significantly enhance their perceptions of the service quality and their overall satisfaction.

2.3. Empirical Review

According to the study by Tensae & Sisay (2020) on the effect of service quality on customer satisfaction at Federal attorney general of Ethiopia, all service quality dimensions have positive and significant relationship with customer satisfaction. The Pearson's correlation coefficient for the service quality dimensions (assurance, empathy, tangibility, reliability, and responsiveness) are 0.795, 0.795, 0.543, 0.529 and 0.492 respectively. This implies that, assurance of customers has the strongest correlation with customer satisfaction than the other service quality dimensions. In addition, Abdisa (2019) also reported in his study which was done on the impact of service quality on customer satisfaction: a case study on Nekemte municipality, Oromia Region, that there is a significant positive relationship between the five dimensions of

service quality and customer satisfaction. The finding shows that, responsiveness (0.788) has a relatively the highest correlation with customer satisfaction followed by reliability (0.768), empathy (0.699) and the remaining dimension tangibility and assurance (0.673) and (0.659) respectively. The result also shows that all predictor variables or service quality dimensions (tangibility, reliability, responsiveness, and assurance), except empathy have statistically significant contribution on combined influence the satisfaction of customers. On the other hand, although empathy has no positive effect on customer satisfaction, it's not statistically significant.

Kasshahun (2015) The Impact of Service Quality Delivery On Customer Satisfaction; The Case of Ethiopian Insurance Corporation (EIC)) customer gap. This indicates that customers' expectations are not being met in all five dimensions of service quality at EIC. The highest impact on customer satisfaction was found to be in the dimension of Reliability, suggesting that improvements in this area could have the most significant positive impact on customer satisfaction.

Eccles & Durand (1997) in their study entitled "Improving service quality: lessons and practice from the hotel sector" stated that it seeks to review recent practice undertaken within the UK hotel sector to improve customer service, and suggests ideas that could be implemented within service industries. At a time of increasing competition, hotel firms are aiming to use service enhancement as a means to gain competitive advantage, and therefore developing a range of techniques to measure levels of service quality improvement.

A research by Wondosen (2018) Effects of Service Quality On Customer Satisfaction: The Case of Ethiopian Shipping and Logistics Service Enterprise. The researcher used the SERVPERF model to assess the relationship between service quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy) and customer satisfaction. The study employed a quantitative research method and descriptive research designs. At the Head of the Ethiopian Shipping and Logistics.

The findings indicated that customers were most satisfied with assurance, followed by responsiveness. The correlation analysis showed that service quality dimensions have a positive and significant relationship with customer satisfaction, with assurance having the highest

correlation. Regression analysis also revealed that all service quality dimensions positively impacted customer satisfaction, with assurance being the dominant factor.

Aman, (2008) for instance conscious the impacts of service delivery process and service quality on customer satisfaction: a contextual investigation of EEPCO, North Western district, Bahir Dar town customer service focuses". The fundamental motivation behind the investigation is to analyze the impact of service delivery process and service quality on satisfaction of customers of EEPCO with the accompanying explicit destinations: To look at the impact of service delivery process and service quality on customer satisfaction and to understand genuine circumstance on how EEPCO handle its customers.

On the connection between customer satisfaction and service quality. Exploration was directed in a bank in Tehran, Iran by Osman Mahamad, et.al (2010) uncovered that service quality would be one of the determinants of satisfaction. The finding that almost 43% of customer's satisfaction changes is clarified by service quality.

On the connection between Bank Service Quality, Customer Satisfaction in Ethiopian Banking Sector, Messay (2012) inferred that all service quality measurements are decidedly associated with customer satisfaction demonstrating 90.7% of the fluctuation in customer satisfaction can be anticipated by the service quality offered by the private banks. Furthermore, consequences of this exploration show that there is a positive huge connection between customer satisfaction and dedication, and clarify 62% of the difference.

Knowledge Gap

Gap1. The specific mechanisms through which each dimension of service quality influences customer satisfaction.

Gap2. The relative importance of each service quality dimension in different industries and cultural contexts.

Gap 3. The interaction between customer expectations and perceptions of service quality in influencing satisfaction.

2.3. Conceptual Framework

The conceptual framework relationships among schematically presented in the following conceptual framework.

The conceptual framework of the study proposes a model of the relationship between service quality and customer satisfaction. The two concepts of the framework are service quality dimensions (independent variable) and customer satisfaction (dependent variable). These concepts, as indicated in the literature review, are related to each other; service quality as an antecedent construct and customer satisfaction as an outcome variable. Service quality has a direct effect on customer satisfaction (Cronin & Taylor, 1992).

Among a number of service quality models, SERVQUAL and SERVPERF are the widely used models to measure service quality in service sectors (Sindwani and Goel, 2012). Both SERVQUAL and SERVPERF models are grounded on the fact that service quality is an attitude towards the service delivered, resulting from customer's comparison of expectations and perceptions of service. However, their main difference lies on; SERVQUAL measures service quality as the calculated difference between expectations and perceptions of service while in the SERVPERF model service quality is measures by directly capturing customers' perceptions of the service delivered (Culiberg and Rojsek, 2010). SERVPERF argues that customers' evaluation of the perception already considered the personal past expectation of the service. In other words, expectation dimensions proposed by SERVQUAL become double, (first, implicitly done by people in their mind, and second, explicitly done by SERVQUAL model).Cronin and Taylor (1992)'s argument on the superiority of SERVPERF over SERVQUAL is built by empirical findings that disclosed SERVPERF as a better predictor of overall service quality than SERVQUAL (Ling, 2008).In support of Cronin and Taylor, other empirical findings also confirmed that SERVPERF scale is superior not only as the efficient scale but also more efficient in reducing the number of items to be measured by 50% (Hartline and Ferrell, 1996; Babakus and Boller, 1992; Bolton and Drew, 1991, all cited in Mesay,2012).

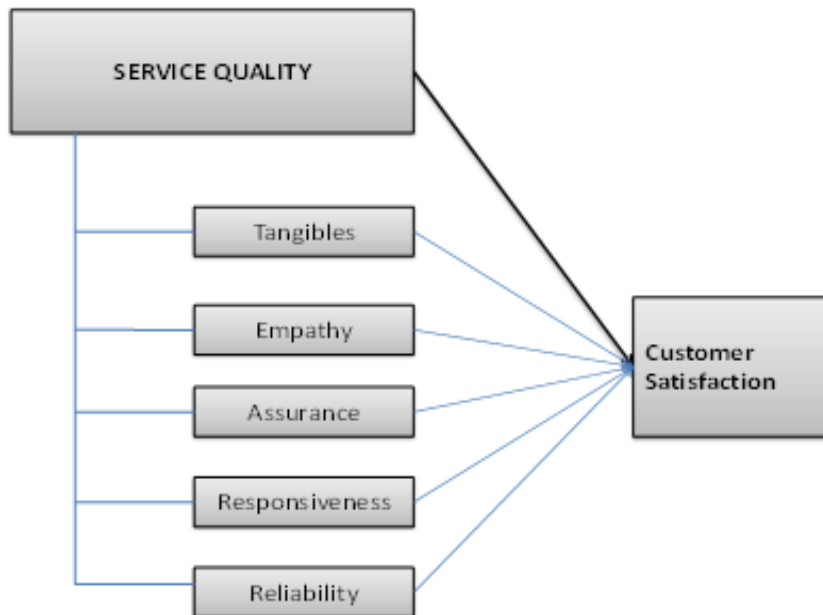


Figure Conceptual Framework (Source Oliver, 1980; Parasuraman et al., 1985)

Hence, the following hypotheses were developed to test this phenomenon:

H1: Tangibility has significant effect on customer satisfaction.

H2: Reliability has significant effect on customer satisfaction.

H3: Assurance has significant effect on customer satisfaction.

H4: Responsiveness has significant effect on customer satisfaction.

H5: Empathy has significant effect on customer satisfaction.

CHAPTER THREE

METHODOLOGY

3.1. Research Approach

The chapter discussed about the research approach that has been applied in the research, this research used both qualitative & quantitative approach. According to Jennifer Wisdom (2013) the term approach refers to an emergent methodology of research that advances the systematic integration, or mixing, of quantitative and qualitative data within a single investigation or sustained program of inquiry. The basic premise of this methodology is that such integration permits a more complete and synergistic utilization of data than do separate quantitative and qualitative data collection and analysis. Therefore, this study used mixed approach to integrate both quantifiable and qualitative data in this study.

3.2. Research Design

Research methodology is a way to systematically solve the research problem and research methodology shall identify the research basis, research hypothesis or questions, research design and research analysis (Kothari, 2004). The research design for this study use both explanatory and descriptive research designs. The descriptive design was used to assess the current service quality and satisfaction level while the explanatory research design is used to investigate the effect of service quality dimensions on the customer's satisfaction.

The study was focused at examining the effect of service quality on customer's satisfaction in Saba International Shipping. Therefore, to achieve this goal, the study applied a combination of descriptive and explanatory research design, However the total number of customer is too large to draw representative sample

3.3 Population and Sampling

3.3.1. Target Population

The study's target population consisting of customers who use the company service at the capital of Africa, Addis Ababa.

3.3.2. Sampling Technique

There are two main types of sampling: probability and non-probability sampling. Random Sampling Technique to select the specific cases or data sources that is especially informative.

This sampling technique is enabling the researcher to give equal opportunity for the target population to be selected.

3.3.3. Sampling Size

From these customers, the sample size was determined by using the statistical formula by Yamane (1967). Based on the assumption of 95% confidence level and $P = .05$. Therefore; the sample size will be 384.

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

n = sample size

N= the population size

e= Margin

3.4. Data Type and Data Collection Methods

Data is obtained from primary sources through direct interaction and interview schedules with various respondents; and secondary sources mainly from books, research dissertations, journals, other documents and related literature. In this research process, questionnaire is the main method used to collect primary data.

A questioner was as an instrument for data collection. It consisted two parts: The first part consist demographic questions include Gender, Age, Marital status & educational level. The second includes factors according to SERVQUAL dimensions based on customers' satisfaction.

3.5. Data Analysis

The collected data is analyzed using descriptive statistics, correlation and regression analysis techniques. Descriptive analysis is used to describe the demographic factors such as gender, educational level, monthly income of respective respondents and the time length of being a customer. And also, inferential statistics like Correlation analysis is used to assess the relationship among product quality, service quality and customer retention. Moreover, multiple linear regression analysis is used to examine the effect of product quality on customer relation and service quality on customer retention.

3.6. Model Specification

The empirical model along with the estimation of the multiple regression equation to be tested is specified in this section. The dependent variable (customers 'satisfaction) and the independent variables based on Njenga, et al., (2015) and Nanzushi (2015) as follow.

$$Cs = C + B_1T + B_2E + B_3A + B_4RES + B_5REL + e$$

Where:

T= tangibles

E= empathy

A= assurance

RES = responsiveness

REL =

reliability C=

Constant e=

Error

3.7 Reliability Test

Reliability refers to the consistency of the measurement and how trustworthy is the score of the test. According to Toke *et al.*, (2012), the goal of reliability analysis is to determine the extent to which a measuring technique produces the same result when performed under the same conditions over again. Cronbach's alpha was 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 customer's satisfaction.

To meet the consistency reliability of instrument, the questionnaire was first distributed to 18 respondents. The properly filled questionnaires were tested for reliability and the Cronbach alpha for the independent variables (Tangibility, Reliability, Responsiveness, Assurance and Empathy) was above 0.8. Therefore, the five dimensions of service quality were found to be high in their internal consistency and by this means in measuring the dimensions of interest.

Table 3. 1 Reliability analysis

Dimensions	Cronbach's Alpha value	Number of items
Tangibility	.943	4
Reliability	.933	5
Responsiveness	.888	4
Assurance	.849	5
Empathy	.875	4
Overall scale reliability	.922	22

Source: own survey result, 2024

Cronbach Alpha coefficient can be between 0 and 1. As a number approach to 1 the internal consistency of the items gets 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 (.922) is greater than 0.5. Moreover, the scale consistency of each dimensions are also acceptable for the reliability coefficient of tangibility, reliability, responsiveness, assurance and empathy are of value .943, .933, .888, .849 and .875 respectively which are more than 0.5 and closer to 1.

Therefore, it is logical to conclude that reliability of the scales is acceptable as indicated in the table 3.1. In developing research instrument, it is crucial to check the technique of process used to measure a concept that does indeed measure the intended concept. The research instrument of this study is developed by Parasuraman *et, al* (1988). Since then the instrument has been used by many researchers, the researcher has also adopted the instrument to the specific sector under study and give it to experts for review. Empirical studies evaluating validity, reliability, and methodological soundness of service quality scales clearly point to the superiority of the SERVPERF scale (Jain and Gupta, 2004). Therefore, verifying the validity of the instrument was not needed.

3.8 Ethical Considerations

Having the official letter from the university to the organization under study, to safeguard the study participant's from problematic encounters, the researcher planned the participant's not to mention their identity, particularly their names while answering survey questionnaires. The researcher would also tell boldly to the participant's that their response would be kept confidential and their identity should not be exposed. 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 is anonymous and high level of confidentiality is considered. The information gathered through questionnaire is used solely for purpose.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

In this chapter, the collected data has been analyzed and interpreted. The chapter consists of introduction, respondents' demographic characteristics, the relationship between service quality dimensions and customer satisfaction. Items of the questionnaire on service quality were Likert scaled using five points ranging between 1=Strongly Agree to 5=Strongly Disagree. In addition, some demographic descriptions of the respondents are collected.

4.1. Demographic Characteristics of Respondents

Service quality and customer satisfaction survey was handed out to the customers of the organization. In this section, the researcher described respondents profile in terms of age, gender, educational level, and occupation. For collecting these data 384 questioners were distributed and 327 were filled correctly & collected. These responses were analyzed using frequencies and percentage distributions below.

Table 4.1 Demographic Characteristics of Respondents

Variables		Percentage
Age	Below 30 years	23.9%
	Between 31 – 40	60.2%
	Between 41 – 50	7.3%
	Above 50	8.6%
Gender	Male	80.1%
	Female	19.9%
Qualification	High school and below	8.0%
	Diploma	68.2%
	First Degree	8.0%
	Master's Degree and above	15.9%
Occupation	Student	8.0%
	Self-employed	35.8%
	Public employee	15.9%
	Private employee	36.4%
	Unemployed	4.0%

Total	100%
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Source: Own Survey, 2024

Concerning age categories of the respondents, 60.2% of the respondents are between 31 to 40 years old whereas 23.9% were in the age range below 30 years old, the remaining 8.6% and 7.3% were in the age range between above 50 and 41–50 years respectively. The result shows that majority of Saba International Shipping logistics users were 31-40 age groups and this reflects that service users of the company were youth and adults. This make Saba International Shipping logistics service more efficient and fast because of younger labor employees.

Regarding the majority 80.1% of respondents were males, and 19.9% of the respondents were female. This data implies that more male participated in the study than female respondents as well as it reflects the male dominance in Saba International Shipping.

With regard to educational level of respondents, more than half of the respondents 68.2% were diploma holders, followed by 15.9% who were Master's Degree and above, while the remaining were high school and degree holders consisting of 8.0% of the total respondents each. The compositions of the respondents' educational background showed that the participants are well educated and presents an opportunity to obtain accurate response for the study questions.

Lastly, regarding the occupation of respondents, private employees made up the largest group with 36.4% of the respondents, followed by self-employed respondents which covered 35.8% of the respondents. On the other hand, unemployed, student, and public employee make 8.0%, 15.9%, and 4.0% of the total respondents. This result implies the majority of Saba International Shipping respondents were private employees and self-employed individuals.

4.2. Descriptive Analysis of Service Quality Measurement

4.2.1 Tangibility

In order to measure the tangibility of service quality, the following items were presented for respondents and the following descriptive result found.

Table 4.2 Tangibility

Items	Mean	Std. Deviation
The office has up to date equipment	3.54	.912
The office facilities are visually attractive	3.57	.95
The office has office at convenient location to its customer	3.33	.87
Staffs of the office at the front line position are well dressed and appear neat.	3.7462	.95
Grand Mean	3.73	.9074

Source: Own Survey, 2024

Based on the result presented in the above table, the results of the items fall in the agreed range for items such as: whether the office has up to date equipment (mean = 3.54 and SD =1.47), this show that the respondent agree with the question. The respondent mean result shows that the office facilities are visually attractive (mean = 3.57 and SD =1.40), and whether Staffs of the office at the front line position are well dressed and appear neat (mean = 3.74 and SD =1.28) they agree on both questions. However, the item which asks about whether the office has office at convenient location to its customer (mean = 3.33 and SD =1.53) fall in neutral response range since mean value is <3.4. The perception of respondents to service quality dimension on tangibility (3.736) is high. This result implies that based on the assessment of customers of the office have up-to-date working apparatus and equipment, visually attractive and pleasing working environment as well as materials associated with the service (such as pamphlets, brochures etc.). However, the location of the office was not found convenient for customers. This finding is consistent with the finding of Abdisa (2019), Janahi & Almubarak (2015), Addisalem & Desta (2019), and Tensae & Sisay (2020). But this finding is in contrary to the work of Owusu (2015) who reported as responsiveness, tangibility and assurance don't have any direct effect with customer's satisfaction in Ghanaian banking sector.

4.2.2 Reliability

So as to measure the reliability dimension of service quality, the subsequent items were presented for respondents and the following descriptive result found.

Table 4.3 Reliability

Items	Mean	Std. Deviation
The office provide services as promised	3.8960	1.04149
When you have problem, the office shows a sincere interest in solving it	3.8899	1.04305
The office performs the service right the first time	3.4495	1.03179
The office provides its service at the time it promises to do so	3.6881	1.07768
The office insists on error free records	3.5015	1.07210
Grand Mean	3.2649	.96149

Source: Own Survey, 2024

Based on the results on reliability dimension, the above table showed that all the items responses fall in the agreement range since the mean of the items 3.40 – 4.09 are considered as agreed. This item includes; whether the office provide services as promised; whether when customers have problem, the office shows a sincere interest in solving it, whether the office performs the service right the first time, whether the office provides its service at the time it promises to do so and whether the office insists on error free records.

This result implies that the office make available services based on their promise have genuine interest in solving customers' problems, provides on time delivery of their service as well as present miscalculation free records. This includes the company employees' ability to provide services accurately, on time, and credibly. This requires consistency in the implementation of services and respects commitments as well as keeps promises to customers. As sated here above, the mean value of reliability (3.26) is lowest when compared to other dimensions. This finding is consistent with the finding of Abdisa (2019), Janahi & Almubarak (2015), Addisalem & Desta (2019), and Tensae & Sisay (2020). But this finding is in contrary to the work of Owusu (2015) who reported as responsiveness, tangibility and assurance don't have any direct effect with customer's satisfaction in Ghanaian banking sector.

4.2.3 Responsiveness

Table 4.3 Responsiveness

Items	Mean	Std. Deviation
Employees provide punctual service	3.9297	1.17147
Employees willingness to help customers	3.4067	1.56152
Employees are never busy to respond to customer request	3.5046	1.60878
Employees give quick response when there is problem	3.6483	1.69496
Grand mean	3.5351	.94365

Source: Own Survey, 2024

Concerning responsiveness, all the above items fall in the agreement range. These items assessed whether employees provide punctual service (mean = 3.92, SD=1.17), whether employees willingness to help customers (mean = 3.40, SD= 1.56), whether employees are never busy to respond to customer request (mean = 3.50, SD= 1.60), and whether employees give quick response when there is problem (mean = 3.64, SD= 1.69).

This descriptive result implies that the office for Saba International Shipping employees provide adequate information on their work to customers, provide on time service to customers, willing to provide professional assistance to customers in need of aid, as well as always respond to the needs of customers. Respondents' perception towards quality of responsiveness rated as agree (3.53) which means employees quickly respond to customers question and they are happy and willing to serve the customers. This result showed that the office for Saba International Shipping ability to solve the problem fast, deal with customers' complaint effectively and the willing to help customers as well as meet the customers' requirements. The descriptive analysis result show that Responsiveness has significant effect on customer satisfaction. This finding is consistent with the finding of Abdisa (2019), Janahi & Almubarak (2015), Addisalem & Desta (2019), and Tensae & Sisay (2020). But this finding is in contrary to the work of Owusu (2015) who reported as responsiveness, tangibility and assurance don't have any direct effect with customer's satisfaction in Ghanaian banking sector.

4.2.4 Assurance

Table 4.4 Assurance

Items	Mean	Std. Deviation
Personal behavior of the staffs are excellent that the customer can trust	3.8899	1.34305
The staffs are polite	2.8165	1.57919
In the service center I do not spent much time waiting in line.	3.654	1.4532
Service center employees quickly response to my requests	3.5234	1.231
The staffs have adequate knowledge to serve customer	2.9419	1.70519
Grand Mean	3.6573	.91425

Source: Own Survey, 2024

Regarding assurance, the items fall in the neutral range for item such as whether the staffs are polite (mean =2.81, SD=1.34) and whether the staffs have adequate knowledge to serve customer (mean =2.94, SD= 1.70). On the contrary, the item which asks whether the personal behavior of the staffs is excellent that the customer can trust (mean =3.88, SD= 1.34). Respondent's perception towards assurance (3.45) is also rated as neutral which is reflected the employees of the company are professional and well trained, inspiring confidence and being courteous in providing the services. It implies that it the office creates credibility and trust for customers, which is considered through professional services, excellent technical knowledge, attitude courtesy, and good communication skills, so that customers can believe in the quality of firms services. However, the staff members sometimes exhibit inadequacy of knowledge to serve clients as well as lack of politeness. The finding is consistent with the findings of Tensae & Sisay (2020), Addisalem & Desta (2019), Zeleke (2013), Hassan (2019), Abdisa (2019), and Janahi and Almubarak (2015). This finding is also supported by Pakurár, et al. (2019) who reported assurance has a positive and significant effect on satisfaction customer of Jordanian banking sector. But the finding is in contrary to Owusu (2015) which argues that assurance does not have any direct effect with customer's satisfaction in bank sector of Ghana.

4.2.5 Empathy

Regarding the last dimension of service quality dimension, the following items were presented for these research participants.

Table 4.5 Empathy

Items	Mean	Std. Deviation
The staff know what customers' needs are	3.7156	1.39296
Staffs are give customers individual attention	3.7095	1.47307
The office and its employees give do consideration for customers property	3.6789	1.38936
Staffs give orientation about the new service and the cost related with the service	3.3731	1.44901
The office has convenient working hours to all its customers	3.5168	1.46917
Grand Mean	3.6821	.99183

Source: Own Survey, 2024

According to the result whether the office staffs know what customers' needs are, whether Staffs are give customers individual attention, whether the office and its employees give do consideration for customers' property, whether staffs give orientation about the new service and the cost related with the service and whether the office has convenient working hours to all its customers. The grand mean shows the respondent agree with the empathy of employees on customer satisfaction. This implies that, it is logical to conclude the company's employees are caring, consideration, and the best preparation for customers, so that they can feel as guests of the firm and are always welcome at any times. Since these human factors are the core of this success and the more caring, gives to customers, the more customer understanding increases. This finding is in contrary to the reports of Tensae & Sisay (2020), Addisalem & Desta (2019), Zeleke (2013), Hassan (2019), and Janahi & Almubarak (2015) who reported that all service quality dimensions (including empathy) have positive and significant effect on customer satisfaction. On the other hand, the finding is supported by Abdisa (2019) who conducted his study on the impact of service quality on customer satisfaction: a case study on Nekemte

municipality, Oromia Region and concluded that although empathy has not positive effect on customer satisfaction, it's not statistically significant.

4.2.6 Customer satisfaction

Items	Mean	Std. Deviation
I am satisfied with the security of the office services.	3.54	1.34305
I am satisfied with respectful behavior of the office staffs	3.81	1.57919
I am satisfied with the communicative ability of the employee of the office	3.54	1.4532
I am satisfied with the performance of the employee of the office.	3.34	1.231
I am satisfied with various rang of service of office	3.19	1.70519

The descriptive analysis is used to look at the data collected and describe that information.

Mean value provides the idea about the central tendency of the values of a variable.

4.3 Correlation

Correlation coefficient is a measure of relationship and strength between two variables. The correlation coefficient ranges between -1 and 1. If the two variables are in perfect positive linear relationship, the correlation coefficient will be 1 and if they are in perfect negative relationship, the correlation coefficient will be -1. The correlation coefficient is 0 (zero) if there is no linear relationship between the variables Mac Eachron (1982).

A low correlation coefficient (r), between 0.1 and 0.29, suggests that the relationship between the two variables is weak or non-existent. If r is between 0.3 and 0.49, the relationship is moderate and a high correlation coefficient, i.e. $r > 0.5$, indicates a strong relationship between the variables. The direction of the dependent variables change depends on the sign of the coefficient. If the coefficient is a positive number, then the dependent variable will move in the same direction as the independent variable and if the coefficient is negative, then the dependent variable will move in the opposite direction of the independent variable Julie (2005).

In this study, Pearson's correlation coefficient is used to find out the relationship between service quality dimensions and customer satisfactions. Table 4.3 exhibits the result of the correlation analysis. To determine the relationship between service quality dimensions

(tangibility, reliability, responsive, assurance and empathy) with overall service quality and overall customer satisfaction, Pearson correlation was computed.

The results of Pearson correlation analysis on the relationships between each service quality dimensions and overall service quality of Saba shipping service was presented in Table 4.3, As it can be seen from the table 4.3, below all service quality dimensions, tangibility, reliability, responsiveness, 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. Alike the relationship between service quality dimensions and overall service quality, the strength of correlation is different between service quality dimensions and customer satisfaction. Tangibility has better and strong relationship with over all service quality with high coefficient value of 0. 634. Assurance and reliability have moderate coefficient value of 0.420 and 0.395 respectively showing the existence of significant relationship with over all service quality. However, empathy and responsiveness with the correlation coefficient value of 0.293 and 0.118 exhibit low 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 even though with varying degree. Tangibility and Assurance has better and strong relationship with over all service quality with high coefficient value of 0.692 and 0.525 respectively. Reliability has moderate relationship with over all service quality the coefficient value of 0. 496. Whereas empathy and responsiveness has weak correlation coefficient with the value of 0.272 and 0.159 respectively this confirming that the relation with customer satisfaction is low.

The relationship between overall service quality and customer satisfaction is also discussed using correlation analysis. As the table shows over all service quality and customer satisfaction has positive and significant relationship with correlation coefficient value of 0.875. In effect this confirms the statements, Parasuraman, Zeithmal and Berry (1985, 1988) point out that service quality and customer satisfaction is closely related. The existence of this relationship between service quality and customer satisfaction is more explained by Cronin and Taylor (1992), service quality is an antecedent of satisfaction. And also from the result we can conclude that there is a positive and significant correlation or relationship between service quality dimensions and

customer satisfaction so that any improvement in one of the dimensions will positively contribute to enhancing customer satisfaction.

Table 4. 6 Correlation (Relationship among Service quality dimension, over all service quality).

	Tangibility	Reliability	Responsiveness	Assurance	Empathy	Customer satisfaction
Tangibility	1					
Reliability	.625**	1				
Responsiveness	.159*	.359**	1			
Assurance	.644**	.747**	.410**	1		
Empathy	.266**	.202**	.000	.102	1	
Customer satisfaction	.692**	.496**	.159*	.525**	.272**	1

** Correlation is significant at the 0.01 level (2-tailed). b. List wise N=185

Source: Own Survey, 2024

4.4. Multiple Regression Result

The following regression analysis is used for estimating the relationships among variables. It enables to determine the strength of the relationship between variables and the predictive power of the independent variables on the dependent variable. In short, regression helps a researcher understand to what extent the change of the value of the dependent variable causes the change in the value of the independent variables, while other independent variables are held unchanged. Regression analysis is a way of statistically sorting out the variables that have indeed an impact. While there are many types of regression analysis, at their core they all examine the influence of one or more independent variables on a dependent variable.

Before moving on conducting a regression analysis, the basic assumption tests for the model must be carried out. This is a compulsory precondition in explaining the relationships between dependent and explanatory variables. Four major assumptions namely, Linearity Test, Homoscedasticity Test, Auto Correlation (Durbin Watson Test), and Normality Test checked and proved to be met reasonably well. Each test is explained below:

The following regression analysis is used for estimating the relationships among variables. It enables to determine the strength of the relationship between variables and the predictive power of the independent variables on the dependent variable. In short, regression helps a researcher understand to what extent the change of the value of the dependent variable causes the change in the value of the independent variables, while other independent variables are held unchanged.

4.4.1 Assumptions for Regression Analysis

The basic assumption tests for the model must be carried out. This is a compulsory precondition in explaining the relationships between dependent and explanatory variables. Four major assumptions namely, Linearity Test, Homoscedasticity Test, Auto Correlation (Durbin Watson Test), and Normality Test checked and proved to be met reasonably well. Each test is explained below:

Linearity Test

The linearity of associations between the dependent and independent variables can be tested by looking at the P-P plot for the model. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed. As depicted in the below graph, the visual inspections of the p-p plot revealed that there exists linear relationship between the dependent and independent variables.

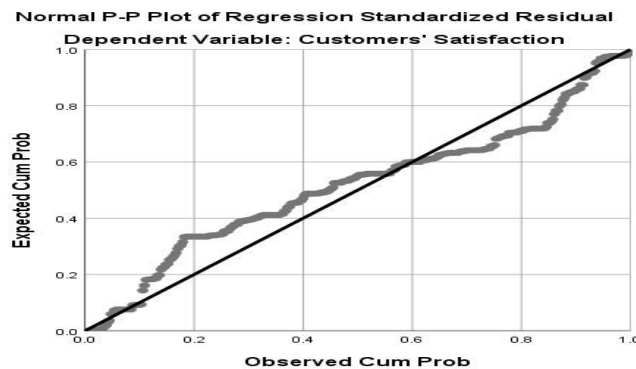


Fig 4.1: P-P Plot of Regression Standardized Residual

Homoscedasticity Test

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This implies it requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity can be

checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborne & Waters, 2002). If the error terms are distributed randomly with no certain pattern, the problem is not detrimental for analysis. The scatterplot in fig 4.2 shows that the standardized residuals in this research are distributed evenly which shows that no violation of homoscedasticity.

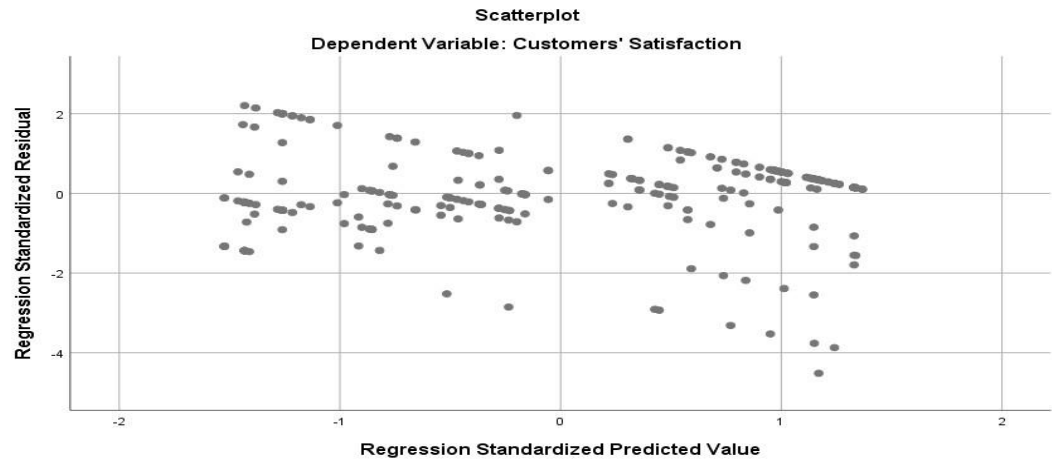


Fig 4.2: Scatterplot of standardized residuals

Test of Multicolliniarity

Multicollinearity is refers to the relationship among the independent variables. Multicollinearity exists when the independent variables are highly correlated ($r=.9$ and above) (Julie, 2005).

Table 4. 8 Multicollinearity test for overall service quality

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.201	.390		.516	.606		
Tangibility	.692	.095	.588	7.273	.000	.496	2.015
Reliability	.054	.100	.049	.543	.000	.393	2.544
Responsiveness	.021	.072	.019	.295	.009	.797	1.254
Assurance	.073	.125	.056	.590	.006	.354	2.823
Empathy	.188	.080	.141	2.352	.000	.907	1.103

Source: Own survey, 2024

Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model and is calculated using the formula $1-R^2$ for each variable. If this value is very small (less than .10) it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern here, indicating multicollinearity. Multicollinearity can be detected with the tolerance values and variance inflation factor (VIF). As table 4.6 shows the tolerance values of all independent variables are above 0.1 and the VIF values are below 10 which indicate there is no Multicollinearity problem.

Normality Test

Multiple regressions require the independent variables to be normally distributed. This means that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Keith, 2006).

Frequency distribution comes in many different shapes and sizes. Therefore, it is quite important, to have some general description for common types of distributions. In an ideal world our data would be distributed symmetrically around the center of all scores. As such, if we draw a vertical line through the center of the distribution then it should look the same on both sides. This is known as a normal distribution and is characterized by bell-shaped curve. This shape basically implies that the majority of scores lie around the center of the distribution (Field, 2006). The normal distribution graph was shown on fig 4.3 below and revealed that the assumption of normality of has been met.

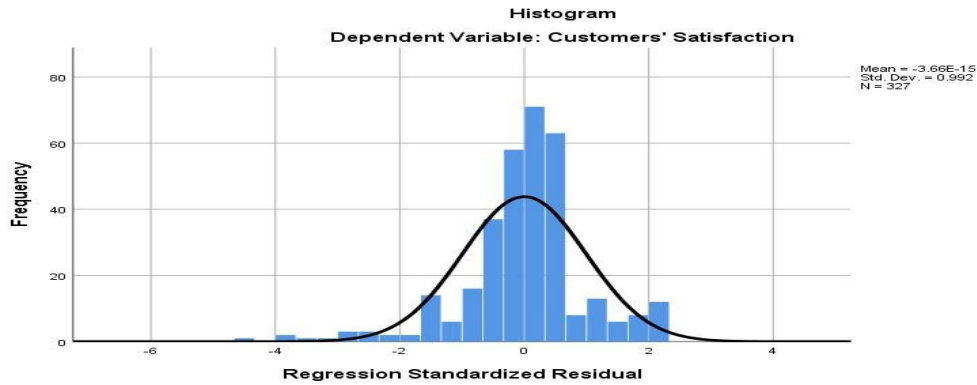


Fig 4.3 Normality Histogram

Table 4.7 the regression model statistics

Model Summary						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	
1		.766 ^a	.587	.581	.82419	
a. Predictors: (Constant), Empathy, Assurance, Tangibles, Responsiveness, Reliability						
b. Dependent Variable: customers" Satisfaction						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	310.237	5	62.047	91.342	.000 ^b
	Residual	218.052	321	.679		
	Total	528.290	326			
a. Dependent Variable: Customers' Satisfaction						
b. Predictors: (Constant), Empathy, Assurance, Tangibles, Responsiveness, Reliability						

Source: Own Survey, 2024

The above model also showed that the model is significant in predicting Customers' Satisfaction and it is interpreted as 58.7% of variance in Customers' Satisfaction is due to service quality dimensions (Empathy, Assurance, Tangibles, Responsiveness, and Reliability) (p value < 0.05). Whereas the remaining variability was unexplained and it can be explained by adding other variables that is not included in this model. Therefore, p-value test table shows that model is working well.

Table 4.8 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.494	.161		3.076	.002
	Tangibles	.157	.087	.142	1.792	.001
	Reliability	.035	.128	.030	.274	.000
	Responsiveness	.036	.073	.036	.494	.001
	Assurance	.178	.078	.157	2.282	.023
	Empathy	.613	.085	.177	7.235	.000
a. Dependent Variable: Customers' Satisfaction						

Source: Own Survey, 2024

Analyzing the table 4.8 results, the order of significance for predictors of overall service quality all independent variables has a positive beta coefficient this implies that all independent variables are important to predict.

From this result, one can assume that, tangibility dimension is the major contributor of overall service quality, this implies that other thing remains constant a one percent increase in tangibility would lead to 15.7% increase in service quality provided that other variables being held constant. According to the survey, tangibility has positive and significant effect on customer satisfaction. The finding is supported by Tensae & Sisay (2020), Addisalem & Desta (2019), Zeleke (2013), Hassan (2019), Abdisa (2019), Pakurár, et al. (2019), and Janahi & Almubarak (2015). But this finding is not related with the report of Owusu (2015) who argues that tangibility has not any direct effect with customer's satisfaction in bank sector of Ghana.

As per the finding, reliability has a positive and significant effect on customer satisfaction. This result is supported by Zeleke (2013), Hassan (2019), Abdisa (2019), Janahi & Almubarak (2015), Addisalem & Desta (2019), and Tensae & Sisay (2020). This finding is also consistent with the work of Owusu (2015) which shows that empathy and reliability have significant effect on customer's satisfaction in Ghanaian banking sector and that of Munawar & Mariam (2014) and Pakurár, et al. (2019); reliability, assurance and empathy have positive and significant effect on banks customer satisfaction in Pakistan & Jordanian respectively.

Similarly, a one percent increase in responsiveness would lead to 0.073percent (or 7.3%) increase in service quality. This is because the survey shows that among the five service quality dimensions, responsiveness has the strongest positive and significant effect on customer satisfaction. This finding is consistent with the finding of Abdisa (2019), Janahi & Almubarak (2015), Addisalem & Desta (2019), and Tensae & Sisay (2020). But this finding is in contrary to the work of Owusu (2015) who reported as responsiveness, tangibility and assurance don't have any direct effect with customer's satisfaction in Ghanaian banking sector.

Assurance has also positive and significant effect on customer satisfaction in Saba international logistics. The finding is consistent with the findings of Tensae & Sisay (2020), Addisalem & Desta (2019), Zeleke (2013), Hassan (2019), Abdisa (2019), and Janahi and Almubarak (2015). This finding is also supported by Pakurár, et al. (2019) who reported assurance has a positive and significant effect on satisfaction customer of Jordanian banking sector. But the finding is in contrary to Owusu (2015) which argues that assurance does not have any direct effect with customer's satisfaction in bank sector of Ghana.

Empathy has positive effect on customer satisfaction in Saba international logistics, it is not statistically significant. This finding is in consist with the reports of Tensae & Sisay (2020), Addisalem & Desta (2019), Zeleke (2013), Hassan (2019), and Janahi & Almubarak (2015) who reported that all service quality dimensions (including empathy) has positive and significant effect on customer satisfaction. On the other hand, the finding is in consist with by Abdisa (2019) who conducted his study on the impact of service quality on customer satisfaction: a case study on Nekemte municipality, Oromia Region and concluded that although empathy has not positive effect on customer satisfaction, it's not statistically significant.

4.5 Hypothesis Testing

Alternative hypothesis technique is used to test hypothesis which follows the belief of an existence of either relationship and or effect among independent and dependent variables. To test hypothesis, multiple regression beta coefficient and significant level is used to proof the existence of relationship and or effect among variables. Based on the outcome of the independent

variables which are tangibility, reliability, assurance, responsiveness and empathy beta coefficient

Since the result are <0.05 , and has effect on customer retention, the hypothesis is accepted. The findings are summarized in the below table 4.5 hypothesis testing.

Table 4.9: Hypothesis Testing

Hypothesis	Result	Reason
H1: Tangibility has significant effect on customer satisfaction.	Supported	$\beta=.157, P<0.05$
H2: Reliability has significant effect on customer satisfaction.	Supported	$\beta=.035, P<0.05$
H3: Assurance has significant effect on customer satisfaction.	Supported	$\beta=.178, P<0.05$
H4: Responsiveness has significant effect on customer satisfaction.	Supported	$\beta=.036, P<0.05$
H5: Empathy has significant effect on customer satisfaction.	Supported	$\beta=.613, P<0.05$

Source: own result

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1. Summary of major Findings

The major findings of the study are summarized as follows:

The descriptive analysis conducted with the aim of investigating customers' perception on service quality dimensions and customer satisfaction. On the base of the finding of mean value of all the dimensions of service quality indicated in discussion part, all five dimensions of the service quality have above average mean score from the Likert scale 1 to 5. Tangibility is better followed by empathy and assurance with a mean score value of 3.74, 3.48 and 3.45 respectively. Responsiveness and reliability are moderate with mean value of 3.33 and 3.26 respectively.

Overall service quality perceptions mean result was 3.58. This indicated that comprehensive customer perspective Saba International Shipping service quality was also rated as good. The majority of the respondents above 305 perceived that Saba International Shipping as providing good to excellent service. Similarly, the overall customer satisfaction mean value (3.50) result indicated that customers were satisfied with the level of service by Saba International Shipping provides them. To get the customer happy, there is still an opportunity for improvement which has to work on.

The Pearson's correlation coefficient is used to know the relationship between service quality dimensions and customer satisfaction and the result showed that there is a positive and significant relationship between them. Positive and strong relationship was also shown between service quality dimensions and customer satisfaction. In this regard, tangibility, assurance and reliability have better relationship with customer satisfaction having coefficient value of 0.692, 0.525 and 0.496 respectively. But, empathy and responsiveness have positive and least correlation to customer satisfaction with coefficient value of 0.272 and 0.159 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 0.875. 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 was supposed to investigate the impacts of each independent variable on dependent variable. The result confirmed that from all tested service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) only tangibility was found as a strongly significant dimension positively impact customer satisfaction of Saba International Shipping. Reliability, responsiveness, assurance and empathy have no significant impacts on customer satisfaction which indicate that tangibility have relatively stronger effect on the customer satisfaction than other dimensions in the services of the Saba International Shipping plc due to the following reasons

Based on the analysis conducted in the previous chapter, the following conclusions can be drawn regarding the impact of service quality dimensions (tangibility, reliability, responsiveness, empathy, and assurance) on customer satisfaction:

1. **Tangibility:** The tangible aspects of Saba International Shipping's services, such as the physical facilities, equipment, and appearance of personnel, significantly influence customer satisfaction. Customers may place a high value on the visual and physical elements of the shipping services provided by Saba International Shipping, and improvements in this dimension could lead to increased customer satisfaction.

2. **Reliability:** The reliability of Saba International Shipping's services, including the consistency and dependability of shipping schedules, tracking systems, and timely delivery, has a substantial impact on customer satisfaction. Customers are likely to be more satisfied when they can rely on the company to deliver their goods in a consistent and dependable manner.

3. **Responsiveness:** The responsiveness of Saba International Shipping in addressing customer inquiries, handling complaints, and providing timely assistance significantly affects customer satisfaction. Customers value prompt and efficient responses to their needs and concerns, and improvements in responsiveness are likely to enhance overall satisfaction.

4. Empathy: The level of empathy demonstrated by Saba International Shipping's staff in understanding and addressing customer needs and concerns has a notable influence on customer satisfaction. Customers are likely to be more satisfied when they feel that the company understands and cares about their specific requirements.

5. Assurance: The assurance provided by Saba International Shipping in terms of conveying trust, competence, and confidence in their services has a substantial impact on customer satisfaction. Customers value feeling secure and confident in the shipping services they receive, and improvements in assurance are likely to contribute to higher levels of satisfaction.

In summary, each dimension of service quality—tangibility, reliability, responsiveness, empathy, and assurance—plays a significant role in influencing customer satisfaction with Saba International Shipping's services. Enhancements in these dimensions have the potential to positively impact overall customer satisfaction levels.

The finding that tangibility has a strong and significant impact on customer satisfaction in the context of Saba International Shipping's services can be attributed to several factors:

1. Visual and Physical Elements: Tangibility refers to the visual and physical aspects of the service, including the appearance of facilities, equipment, and personnel. In the shipping industry, customers may place a high value on the physical attributes of the shipping process, such as the condition of packaging, the appearance of delivery vehicles, and the professionalism of staff. These tangible elements can directly influence customers' perceptions and satisfaction with the service.

2. Perceived Quality: Tangibility can contribute to customers' perceptions of service quality. When customers can physically see and experience the tangible aspects of the shipping service, it can create a sense of reliability and professionalism, leading to higher levels of satisfaction. For example, well-maintained facilities and modern equipment may signal to customers that the company is committed to delivering high-quality services.

3. Trust and Confidence: Tangibility can also play a role in building trust and confidence in the service provider. When customers can physically assess the tangible aspects of the service, such as the condition of packaging or the appearance of delivery personnel, it can enhance their trust in the company's ability to handle their shipments with care and professionalism. This, in turn, can positively impact their satisfaction with the overall service.

4. Emotional Effect: Tangibility may have a direct emotional impact on customers. For example, if customers receive their shipments in pristine condition, packaged in a visually appealing manner, it can evoke positive emotions and contribute to their overall satisfaction with the service. Similarly, if the physical facilities and equipment are well-maintained, it can create a positive impression on customers.

Overall, the strong significance of tangibility in impacting customer satisfaction suggests that in the context of Saba International Shipping's services, the visual and physical elements of the shipping process play a crucial role in shaping customers' perceptions and experiences, ultimately influencing their satisfaction levels.

The directions of the impact also positive with coefficient β value of 0.875 which indicate that based on this model overall service quality has significant effect on customer satisfaction with β value=0.875.

5.2. Conclusion

The objective of this study is to examine the impact of service quality on customer satisfaction. On the bases of the analysis given in the previous chapter, the following conclusion is drawn.

This study has found that the office has up-to-date working apparatus and equipment, visually attractive and pleasing working environment as well as materials associated with the service (such as pamphlets, brochures etc.).

The study also showed that the company made available services based on their promise, has genuine interest in solving customers' problems, provides on time delivery of their service as well as present miscalculation free records. This includes its employees' ability to provide services accurately, on time, and credibly. This requires consistency in the implementation of services and respects commitments as well as keeps promises to customers.

Based on the descriptive results of the study, the company's employees provide adequate information on their work to customers, provide on time service to customers, willing to provide professional assistance to customers in need of aid, as well as always respond to the needs of customers. This result showed that the company's ability to solve the problem fast, deal with customer's complaint effectively and the willing to help customers as well as meet the customers 'requirements. In other words, responsiveness is the feedback from the company to what customers want.

In addition to above, Based on the analysis conducted in the previous chapter, the following conclusions can be drawn regarding the effect of service quality dimensions (tangibility, reliability, responsiveness, empathy, and assurance) on customer satisfaction:

1. Tangibility: The tangible aspects of Saba International Shipping's services, such as the physical facilities, equipment, and appearance of personnel, significantly influence customer satisfaction. Customers may place a high value on the visual and physical elements of the

shipping services provided by Saba International Shipping, and improvements in this dimension could lead to increased customer satisfaction.

2. Reliability: The reliability of Saba International Shipping's services, including the consistency and dependability of shipping schedules, tracking systems, and timely delivery, has a substantial impact on customer satisfaction. Customers are likely to be more satisfied when they can rely on the company to deliver their goods in a consistent and dependable manner.

3. Responsiveness: The responsiveness of Saba International Shipping in addressing customer inquiries, handling complaints, and providing timely assistance significantly affects customer satisfaction. Customers value prompt and efficient responses to their needs and concerns, and improvements in responsiveness are likely to enhance overall satisfaction.

4. Empathy: The level of empathy demonstrated by Saba International Shipping's staff in understanding and addressing customer needs and concerns has a notable influence on customer satisfaction. Customers are likely to be more satisfied when they feel that the company understands and cares about their specific requirements.

5. Assurance: The assurance provided by Saba International Shipping in terms of conveying trust, competence, and confidence in their services has a substantial impact on customer satisfaction. Customers value feeling secure and confident in the shipping services they receive, and improvements in assurance are likely to contribute to higher levels of satisfaction.

In summary, each dimension of service quality—tangibility, reliability, responsiveness, empathy, and assurance—plays a significant role in influencing customer satisfaction with Saba International Shipping's services. Enhancements in these dimensions have the potential to positively impact overall customer satisfaction levels.

5.3. Recommendation

Based on the findings and conclusions of the study, the researcher forwards the following recommendations.

Regarding to responsiveness, Saba International Shipping employees must have willingness and readiness to help customers. The organization must give trainings to its employees on how to handle customers inquire, problem and overall customer service. The organization must first satisfy its employees in order to increase their willingness and readiness to deliver the quality service in which satisfied employees will satisfy external customers.

Even if tangibility gets the highest satisfaction from the other dimension, the organization should make the materials associated with the service and other physical facilities conducive for customers to interact with employees. And also the employ must be neat and clean in order to be attractive to customers. Evidence from the study show that Saba International Shipping have to improve performance on all the dimensions of service quality in order to increase customer satisfaction since customers expect more than what is been offered by these stores. This will enable them maintain level of competitiveness.

Finally, the researcher concludes that the overall satisfaction of customers is moderate by Saba International Shipping provided service. Thus, managers and employees of Saba International Shipping should plan strategy in service delivery that leads to customer satisfaction and to kept those dissatisfied customers stay with it and to attain better level of satisfaction, Saba International Shipping need to identify cause of dissatisfactions, analyze, improve and control it to sustainably attain the level of customers' satisfaction.

Managers of the company should be aware that, among the various dimensions of service quality, Assurance and empathy were especially significant in predicting customers' satisfaction. It is apparent that focusing on delivering high quality services and improve service quality effectively is critical for customer satisfaction. Therefore, managers should work towards

maximizing, reliability, responsiveness, and assurance in order to improve the satisfaction of customer.

Based on the result the company's employees provide adequate information on their work to customers, provide on time service to customers, willing to provide professional assistance to customers in need of aid, as well as always respond to the needs of customers. This result showed that the company's ability to solve the problem fast, deal with customers' complaint effectively and the willing to help customers as well as meet.

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Appendix 1: Questionnaire

St. Mary University School of Graduate Studies

Dear Respondents

I would like to extend my deep gratitude in advance for volunteering to devote your valuable time to fill this questionnaire. The main objective of the study is to the effect of service quality on customer satisfaction on the case of Saba International Shipping is conducted in partial fulfillment for Masters of marketing management. To this end questionnaire is used to gather data from customer of Saba International Shipping. Thus I kindly request your assistance in responding to the questions listed below.

Tel +251-929288124

General Instruction

- **Writing your name is not necessary**
- **Put “√” for your choice in the box provided**

Thank You in advance!

Part 1: Socio- Demographic Information

1. Sex Male

Female ☐

☐

2. Age

- A) 20-30 years
- B) 31 – 40years
- C) 41 – 50 years
- D) Above 50 years

3. Educational background

High school and below ☐

Diploma

First Degree
 Master's Degree and above

4. Occupation

Student
 Self-employed
 Public employee
 Private employee
 Unemployed

Part 2: For the following Likert scale questions: -

Tick (✓) or check the appropriate cell by expressing your opinion on the following 5-points scale shown below to the best of your knowledge.

Rating Scale: 1=Strongly Disagree (SD); 2= Disagree (DA); 3=Neutral (N); 4= Agree (A); 5=Strongly Agree (SA).

No	Tangibility	Responses				
		5	4	3	2	1
1.	The office has up to date equipment					
2.	The office facilities are visually attractive					
3.	The office has office at convenient location to its customer					
4.	Staff of the office at the front line position are well dressed and appear neat.					
Responsiveness		5	4	3	2	1

5.	Employees provide punctual service					
6.	Employees willingness to help customers					
7.	Employees are never busy to respond to customer request					
8.	Employees give quick response when ether is problem					

Reliability		5	4	3	2	1
9.	The office provide services as promised					
10.	When you have problem, the office shows a sincere interest in solving it					
11.	The office performs the service right the first time					
12.	The office provides its service at the time it promises to do so					
13.	The office insists on error free records					
Assurance		5	4	3	2	1
14.	Personal behavior of the staffs are excellent that the customer can trust					
15.	The staffs are polite					
16.	The staffs have adequate knowledge to serve customer					
Empathy		5	4	3	2	1
17.	The staff know what customers' needs are					
18.	Staffs are give customers individual attention					
19.	The office and its employees give do consideration for customers property					
20.	Staffs give orientation about the new service and the cost related with the service					
21.	The office has convenient working hours to all its customers					
Customer satisfaction		5	4	3	2	1
22.	I am satisfied with the security of the office services.					
23.	I am satisfied with respectful behavior of the office staffs					
24.	I am satisfied with the communicative ability of the employee of the office					
25.	I am satisfied with the performance of the employee of the office.					

26.	I am satisfied with various rang of service of office					
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Thank you for your participation again!