

Addis Ababa
University
(Since 1950)



ADDIS ABABA UNIVERSITY

School of Commerce

Factors Affecting Customer Satisfaction of Customs Services of Bonded Warehouse Operation: The case of Addis Ababa Kality Customs Branch Office

By: Tesfaye Getachew (B. ACCT)

Advisor: Berhanu Denu (PhD)

(A Thesis Submitted to Addis Ababa University School of Business and Economics in Partial Fulfillment of the Requirements for the Degree of Masters of Art in Logistics and Supply Chain Management)

May, 2018

Addis Ababa, Ethiopia

Factors Affecting Customer Satisfaction of Customs Services of Bonded Warehouse Operation: The case of Addis Ababa Kality Customs Branch Office

By: Tesfaye Getachew (B. ACCT)

Advisor: Berhanu Denu (PhD)

(A Thesis Submitted to Addis Ababa University School of Business and Economics in Partial Fulfillment of the Requirements for the Degree of Masters of Art in Logistics and Supply Chain Management)

May, 2018

Addis Ababa, Ethiopia

Factors Affecting Customer Satisfaction of Customs Services of Bonded Warehouse Operation: The case of Addis Ababa Kality Customs Branch Office

A Thesis for the Degree of Masters of Art in Logistics and Supply Chain Management

By
Tesfaye Getachew

APPROVAL BOARD COMMITTEE

Chairman, Graduate Studies

Signature

Berhanu Denu(PhD)
Advisor

Signature

Mengistu Bogale (PhD)
Internal Examiner

Signature

Mengiste H/M (PhD)
External Examiner

Signature

DECLARATION

I, Tesfaye Getachew, hereby declare that the research entitled *Factors Affecting Customer Satisfaction of Customs Services of Bonded Warehouse Operation: The case of Addis Ababa Kaliti Customs Branch Office* is the outcome of my own effort and study done under the guidance of my advisor Dr. Berhanu Denu. It has never been presented in Addis Ababa University or any other university for any purpose. It is offered for the partial fulfillment of the degree of Masters of Art in Logistics and Supply Chain Management. All sources of the materials used for writing the research report are duly acknowledged.

Tesfaye Getachew
Researcher

Signature _____
Date _____

LETTER OF CERTIFICATION

This is to certify that Tesfaye Getachew Getahun has carried out his thesis on the topic *Factors Affecting Customer Satisfaction of Customs Services of Bonded Warehouse Operation: The case of Addis Ababa Kality Customs Branch Office*. This work is original in nature and is suitable for submission for the award of Degree of Masters of Art in Logistics and Supply Chain Management.

Berhanu Denu (PhD)

Thesis Advisor

ABSTRACT

Enhancement of customer service quality was one of the targets wished-for by the Ethiopian Revenue Customs Authority in bonded warehouse operations. For this reason, ERCA commenced diverse programs in order to meet the wished-for target. As per the data obtained from Addis Ababa Kality Customs Branch Office as of October 2017 the total number of licensee bonded warehouse customers decreased from 320 to 223. Complaining about service quality was one out of several factors for the decreasing number. For this reason, the main objective of this research was to assess factors affecting customer satisfaction of customs services of bonded warehouse operations where a survey conducted in Addis Ababa. This research was based upon the customer's perspectives and experiences of customs services of bonded warehouse operations in Addis Ababa, Ethiopia.

This research intended to determine the significance level of service quality dimensions, explore the relationship between customer perceived value and customer satisfaction, the relationship between employee behavior/professionalism and customer satisfaction in bonded warehouse operations.

Questionnaire as data collection tool was used while conducting this research. The data was collected from sampled licensee bonded warehouse customers and analyzed using the program SPSS 20 by applying descriptive and inferential statistical instruments.

The findings of this research revealed that more than 95% of bonded warehouse service users were vehicle importers this was caused by lack of technological support and insufficient professional man powers from the branch office and awareness problem about bonded warehouse was from customers' side. Besides, customer perceived value, tangible, reliability, responsiveness, assurance; empathy and employee behavior/professionalism had positive and significant effect on licensee bonded warehouse customers. Therefore, the Addis Ababa Kality Customs Branch Office needs to address problem areas associated with the identified factors.

Key words: Bonded warehouse, Customer Perceived Value, Service Quality, SURVQUAL, Employee behavior/professionalism

Acknowledgements

Undeniably, I have joined and completed my studies by the will of almighty God, Thanks God.

I also would like to take this opportunity to show my sincere gratitude and appreciation to all the people around me while working this thesis. First and foremost, I am greatly indebted to thank my advisor Berhanu Denu (PhD) for his unreserved attention to correct my report and advising me for the better improvement of this thesis. Second, this thesis would never been accomplished without the cooperation of respondents which I requested them to spare their precious time to fill questionnaire in order to collect the appropriate data. Therefore, I am deeply grateful to all of them. Third, I am very grateful to thank my family for their support and everything they have done for me up to this moment. Special thanks should be forwarded to my dearest sister Rahel and my mom Wro Tsehay for their heartfelt concern and support all through my life.

Contents

DECLARATION	i
LETTER OF CERTIFICATION	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENT.....	iv
TABLE OF CONTENT	v
LIST OF TABLES	vii
LIST OF FIGURES.....	viii
ACRONYMS.....	ix
1. Introduction.....	1
1.1 Background of the study.....	1
1.2 Statement of the problem.....	2
1.3 Research objectives	3
1.3.1 General objective	3
1.3.2 Specific objectives	3
1.4 Research Questions.....	3
1.5 Significance of the study	3
1.6 Scope of the study	4
1.7 Limitation of the study	4
1.8 Structure of the study	4
1.9 Definition of terms	4
2. Literature Review.....	6
2.1 Theory and literature review.....	6
2.1.1 Customer service.....	6
2.1.2 Characteristics of service	6
2.1.3 Customer Satisfaction.....	7
2.1.4 Expectation disconfirmation theory on customer satisfaction.....	8
2.2 Factors Influencing Customer Satisfaction.....	9
2.2.1 Service quality	9
2.2.1.1 The relationship between service quality and Customer satisfaction	13
2.2.2 Employees behavior	14
2.2.2.1 The relationship between employee behavior and Customer satisfaction.....	15
2.2.3 Customer perceived value	16
2.2.3.1 The relationship between perceived value and Customer satisfaction	16

2.3 Conceptual frameworks	17
2.3.1 Explanation of conceptual frameworks	17
2.3.2 Research hypothesis	18
3. Research Methodology	20
3.1 Research design.....	20
3.2 Study population.....	20
3.3 Sampling size determination formula.....	21
3.4 Types of data	21
3.5 Research instruments	21
3.6 Data analysis.....	25
3.7 Validity and reliability.....	25
3.8 Ethical consideration.....	26
4. Data analysis and results	27
4.1 Questionnaire response rate.....	27
4.2 Demographic analysis of respondents	27
4.3 Data reliability	29
4.4 Descriptive analysis	29
4.5 Relationship between perceived value and customer satisfaction	31
4.6 Relationship between service quality and customer satisfaction	33
4.7 Relationship between employee behavior/professionalism and Customer satisfaction	34
4.8 Summary of hypothesis testing	35
5. Summary, Conclusion and Recommendation	37
5.1 Summary	37
5.2 Conclusion	38
5.3 Recommendation	38
5.4 Limitation of the study	39
5.5 Future research	40
References.....	41
Appendix A.....	48

List of Tables

Table 3.1 Questionnaire construction	22
Table 4.2.1 Demographic list of gender	27
Table 4.2.2 Age group	27
Table 4.2.3 Academic Qualification	28
Table 4.2.4 Duration in Business	28
Table 4.2.5 Import Item	28
Table 4.3.1 Cronbach's alpha table	29
Table 4.4.1 Level of Agreement for Perceived Value	29
Table 4.4.2 Level of Agreement for Service Quality	29
Table 4.4.3 Level of Agreement for Employee Behavior	30
Table 4.4.4 Level of Agreement for Customer Satisfaction	30
Table 4.4.5 Multicollinearity	31
Table 4.5.1 Regression for Customer Perceived Value towards Customer Satisfaction	31
Table 4.5.2 Summary of Regression Model for Perceived Value towards Customer Satisfaction	32
Table 4.6.1 Regression for Customer Service quality towards Customer Satisfaction	33
Table 4.6.2 Summary of Regression Model for service quality towards Customer Satisfaction	34
Table 4.7.1 Regression for employee behavior towards Customer Satisfaction	34
Table 4.7.2 Summary of Regression Model for employee behavior Towards Customer Satisfaction	34
Table 4.9.1 Summary for All Hypotheses	35

List of Figures

Figure 2.1 The Expectancy Disconfirmation Model of Customer Satisfaction	8
Figure 2.2 The Oliver's (1993) Satisfaction Service Quality Model	13
Figure 2.3 Model of Relationship between Perceived Value, Customer Satisfaction, and Intension	17
Figure 2.4 Conceptual frameworks	18

Acronyms and Abbreviation

ERCA	Ethiopian Revenue Customs Authority
SPSS	Statistical Package for Social Science

CHAPTER ONE: INTRODUCTION

This chapter presents the background information of the study, statement of the problem which is attempting to address the real problem of the study, followed by the research objectives, research questions, research significance, research scope, research limitation, structure of the research and lastly definition of terms.

1.1 Background of the study

The federal government of Ethiopia has taken major reforms in public sector aiming at satisfying its citizens all the way through provision of better services. The reforms have led to the formation of various government agencies aiming at delivering quality service. Ethiopia Revenue and Customs Authority (ERCA) was one of the productive consequences of these reforms. ERCA came into existence on 14 July 2008, following the merger of the Ministry of Revenue, Ethiopian Customs Authority and The Federal Inland Revenue Authority. Reasons for the merger of the foregoing administrations into a single autonomous authority are varied and complex. Some of those reasons include: To provide the basis for modern tax and customs administrations, to provide the basis for modern tax and customs administrations, to cut through the red tape or avoid unnecessary and redundant procedures that results delay and are considered cost-inefficient, to be much more effective and efficient in keeping and utilizing information, promoting law and order, resource utilization and service delivery, to transform the efficiency of the revenue sector to a high level. Additionally ensuring the bonded warehouse operations were effective, customer satisfactory and revenue collection to be higher. The case company selected for this study was Addis Ababa Kality Customs Branch Office one of the main branches of the ERCA. The ERCA is an overall supervisory to both bonded warehouse and temporary storage operations.

The boosted business activities and the complexity of transactions across the world have made the adoption of bonded warehouse. A bonded warehouse is a building or any secured area in which imported dutiable goods may be stored, manipulated, or undergo manufacturing operations without payment of duty (Ndikom and Emeghara, 2012).

In recent times the bonded warehouse was being used as an important facility for supporting effective trade facilitation and revenue collection system that have end results of the economy growth in general. Argus (2000) indicates that poor warehouse management is caused by driven factors of customer satisfaction which includes, poor logistics, poor infrastructure, inadequate and shortage of manpower to administer the movement of goods to the bonded

warehouse. Customers are the purposes of what we do and rather than them depending on us, we very much depends on them because our future and our security will be jeopardy if we will let them go away (Zairi, 2000). Hence, embracing customers' satisfaction drivers is becoming more and more vital for optimization of limited resources.

As customer satisfaction have been turned out to be a significant factor for performance upgrading, this research paper attempted to assess factors affecting customer satisfaction of customs services of bonded warehouse operation in Addis Ababa Kality Customs Branch Office.

1.2 Statement of the Problem

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 (Shemwell et al., 1998). A basic agreement emanating from the wide range of literature on service quality and customer satisfaction is that service quality and customer satisfaction are conceptually distinct but closely related constructs (Parasuaraman et al., 1994; Shemwell et al., 1999). It has also been revealed that there is a positive relationship between customer satisfaction and employees behaviors (Seidman and Johnson, 2002; Hanna, et al, 2004). Customers perceived value also have a positive and significant relationship with satisfaction (Bolton & Lemon, 1999).

As per the data obtained from Addis Ababa Kality Customs Branch Office as of October 2017, only 223 licensee bonded warehouse customers were active in the current period out of the total registered number 320. Customer unhappiness with customs services of bonded warehouse operations was one of the factors for the decreasing number. In addition, models of service quality, customer perceived value, employee behavior/professionalism and customer satisfactions have been well studied in other business areas; however, lower attention has been given to the bonded warehouse business.

On account of the decreasing number of licensee bonded warehouse customers and published studied gap, the purpose of this study was to assess factors affecting customer satisfaction of customs services of bonded warehouse operation by identifying dimensions of service quality that have significant influence on customer satisfaction and explore relationships among customers' perceived value, employee behavior (professionalism) and customer satisfaction.

1.3 Research Objective

1.3.1 General objective

The main objective of this study was to assess factors affecting customer satisfaction of customs services of bonded warehouse operation.

1.3.2 Specific objectives

- i) To determine which dimension of service quality significantly affect the overall customer satisfaction in a bonded warehouse operation.
- ii) To determine the relationship between employee behaviors (professionalism) and customer satisfaction in a bonded warehouse operation.
- iii) To determine the relationship between customers perceived value and customer satisfaction in a bonded warehouse operation.

1.4 Research Questions

The general research question was to assess the factors affecting customer satisfaction of customs services of bonded warehouse operation. In order to answer this general question, the following specific questions were developed.

- i) Which dimensions of service quality significantly affect the overall customer satisfaction in a bonded warehouse operation?
- ii) What is the relationship between employee behavior (professionalism) and customer satisfactions in a bonded warehouse operation?
- iii) What is the relationship between customer perceived value and customer satisfactions in a bonded warehouse operation?

1.5 Significance of the Study

The Addis Ababa Kality Customs Branch Office management possibly will employ the findings and recommendations of this research for better informed decisions on decisive factors affecting customer satisfaction. Moreover, the research could be essential for future researchers with related interest as the foundation for carrying out more studies. Another importance of this research was contributing empirical study to the existing literatures in an understanding of factors affecting customer satisfaction in the area of bonded warehouse operation.

1.6 Scope of the study

This research was carried out in Addis Ababa basically concerning with the assessment of factors affecting customers' satisfaction of customs services of bonded warehouse operation. This could have a limitation on its applicability by other customs regions in the country because of diverge experience. In terms of variables, the research mainly based on a few explanatory variables that can explain customers' satisfaction of customs services of bonded warehouse operation. The study considered the time period of academic year 2017/2018.

1.7 Limitation of the Study

The research was made for academic purpose and was supposed to be completed within a specified time as a result was inadequate to carry out an extensive study on the topic. The outcome of the research was exclusively dependent on the respondents who participated in the study. Furthermore, as the sample is small and selected using probability sampling technique, the results might not be generalizable beyond the specific population from which the samples were drawn.

1.8 Structure of the study

The research was organized in to five chapters. Chapter-one presented the introductory part of the study that comprises, among others, the background of the study, statement of the problem along with the research objectives and questions of the proposed study, significance of the study, scope of the study, limitation of the study and definition of terms. Chapter-two dealt with the review of the extant literature related to the topic of inquiry; whereas chapter-three presented detail account of the design and methodological aspects employed. The research findings, the analysis of the study data, and corresponding discussions were comprised under chapter-four. Chapter-five culminates the thesis by providing summary, conclusion and recommendations on the basis of the findings of the study.

1.9 Definition of Terms

Licensed Customs Warehouse – shall mean a general or private Customs Warehouse established by the approval of Customs Authority for the deposit of dutiable goods;

License – shall mean a license given to establish customs warehouse;

General Customs Warehouse – shall mean a customs warehouse established for the storage of goods of different importers or exporters until the accomplishment of customs formalities;

Private Customs Warehouse – shall mean a customs warehouse to be used only for the warehousing of goods imported or exported by a license until it accomplished customs formalities;

“Person” and “Authority” – shall have the meanings given to them under the Re-establishment and Modernization of Customs Authority.

Warehouse- refers to the activities involving storage of goods on a large-scale in a systematic and orderly manner and making them available conveniently when needed. (Teo 2008).

Perceived value is the result of the personal comparison between perceived overall benefits and the perceived costs paid by the customer.

Service quality is a result of a comparison between what consumers consider the service should be and their perceptions about the actual performance offered by the service provider.

Personnel refer to the service employees who produce and deliver the service.

CHAPTER TWO: LITERATURE REVIEW

2.1 Theory and literature review

This chapter captures the major issues relating to customer satisfaction and bonded warehouse: theories underlying the study; factors affecting customer satisfaction and the conceptual frameworks.

2.1.1 Customer Service

Parasuraman & Grewal (2000) define a customer as an individual or business entity that buys the product/service, meaning that they acquire it (legally, and probably but not necessary, physically) and pay for it. Customer service has gone beyond the definition in recent years.

2.1.2 Characteristics of service

A company must consider five main service characteristics when designing marketing programs: (Kotler, 1997).

1. Intangibility :-because service are performances or actions rather than objects they cannot be seen, felt, tasted or touched in the same manner that we sense tangible goods.

Service cannot be inventoried

Service cannot be patented

Service cannot be readily displayed or recommended

Pricing is difficult

2. Heterogeneity:-no two services will be precisely alike and no two customers are precisely alike and each will have a unique demand.

Service delivery and customer satisfaction depend on employee action

Service quality depend on many uncontrollable factors

There is no sure knowledge that the service delivered matches what was planned and promoted

3. Inseparability:-because services often are produced and consumed at the same time, mass production is difficult if not impossible.

Simultaneous production and consumption

Customers participate in and affect the transaction

Customers affect each other

Employees affect the service outcome

Decentralization may be essential mass production is difficult

4. Perishability: - refers to the fact that service cannot be saved, stored, resold or returned.

Decentralization may be essential mass production is difficult

Service cannot be returned or resold

5. Lack of ownership: - Service products lack that quality of ownership. The service consumer often has access to the service for a limited time.

2.1.3 Customer Satisfaction

A customer is satisfied whenever his/ her needs and expectations are met or exceeded. First class service and quality creates a satisfied customer. It is important not only achieve satisfaction but also maintain and improve it. Quality and good service creates satisfaction and retention (Gerson, 1993 p. 7- 12). Customer satisfaction is therefore about understanding what customers expect, and meeting or exceeding those expectations.

Zaithaml, Berry & Parasuraman, (1996) suggests that, customer satisfaction is a function of customer's assessment of service quality, product and price. Customer satisfaction may be conceptualized in two ways; transaction-specific perspective and cumulative (Boulding et al; 1993; Liljander, 1995, Parasuraman et al; 1994). From a transaction-specific perspective, customer satisfaction is viewed as a post consumption evaluative judgment concerning a product or a service for a specific purchase occasion (Churchil & Surprenant, 1982; Oliver, 1980; Liljander, 1995). On the other hand, cumulative customer satisfaction is an overall evaluation based on the total purchase and consumption with a good or service overtime (Fornell, 1992, Liljander, 1995) Boulding et al; (1993) defines satisfaction as a feeling a person experiences when comparing between what one gets and what one accepted to get. Evaluation criteria are defined by customers. The expectation, priorities, experience, personal needs and word of mouth (WOM) communications affect their perceptions valuation (Zeithaml, 1990, p.16-20).

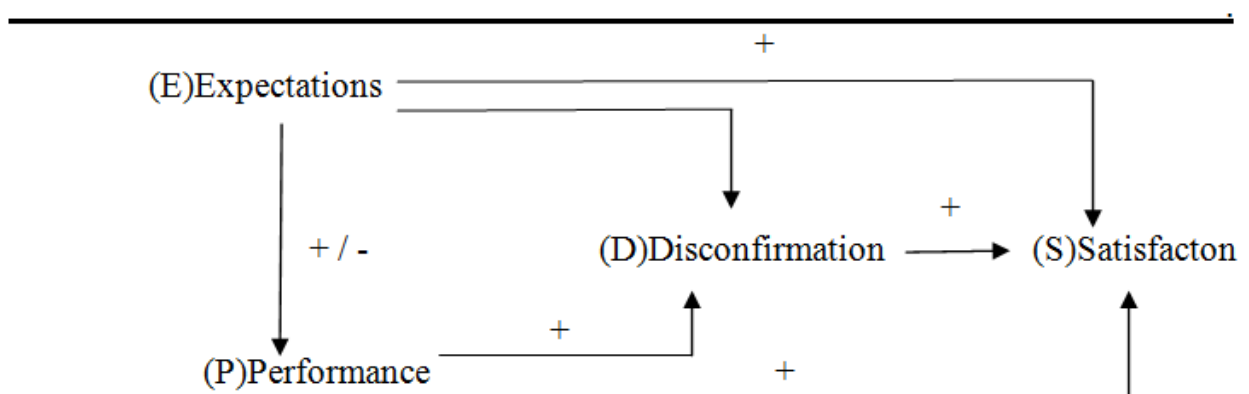
The early researched on customers' satisfaction in traditional areas, Oliver (1980) proposed the theory of "expectation inconformity", that is the customers will feel satisfied when the services actual performances are beyond their expectation.

Oppositely, when the services actual performances are under their expectation, customers will feel dissatisfied. During the last decade, satisfaction has been considered as one of the most important theoretical as well as practical issues for most marketers and customer researchers (Jamal, 2004). Kotler and Keller (2006, p. 144) proposed that, “Satisfaction is a personal feeling of satisfaction or dissatisfaction resulting from comparing service performances in relation to his or her expectation.”

2.1.4 Expectation disconfirmation theory on customer satisfaction

The four main constructs in the model are: expectations, performance, disconfirmation, and satisfaction. Expectations reflect anticipated behavior (Churchill & Suprenant, 1982). They are predictive, indicating expected product attributes at some point in the future (Spreng & Mackoy 1996). Expectations model also named Expectation Disconfirmation Model. The theoretical is based on the 1970s social psychology and organizational behavior. Olshavsky and Miller (1972) published an article about “customer expectations, product performance and perceived product quality ”. Later Anderson (1973) published another article "customer dissatisfied: disconfirmation expectations and perceived quality effect ". These two studies constitute the basis of this model.

Before customer purchases, customer forms expectations from the product performance; after customer purchased, customer obtained the actual product performance. Then customer compares the gap between expectation and actual performance, this defined as “disconfirmation”. Disconfirmation is hypothesized to affect satisfaction, with positive disconfirmation leading to satisfaction and negative disconfirmation leading to dissatisfaction. If a product outperforms expectations (positive disconfirmation), it will result to post purchase satisfaction. If a service falls short expectations (negative disconfirmation) the consumer is likely to be dissatisfied (Oliver, 1980; Spreng et al. 1996). The expectancy disconfirmation model of customer is shown in figure 2.1



For the purpose of this study, customer satisfaction is defined as customer's affirmative or harmful feelings about customs service of bonded warehouse operations.

2.2 Factors Influencing Customer Satisfaction

The existing theories and empirical evidences suggest that customer satisfaction is influenced by service quality offered by organizations and is also considered as one of the predictors of customer satisfaction (Martensen, et al., 2000; Eskildsen, et al., 2004; Chakraborty, et al, 2007). Moreover, it is said that customer satisfaction is influenced by employees behaviors (Seidman and Johnson, 2002; Hanna, et al, 2004). In addition, while it is contended that value has a direct impact on how satisfied customers are with the service supplier (Anderson & Fornel, 1994) and that satisfaction depends on value (Ravald & Gro  nroos, 1996), little attention has been paid to customer value in evaluating services (Lemmink, Ruyter & Wetzels 1998).

2.2.1 Service Quality

Early definitions of service quality were based on the called "disconfirmation" paradigm which refers to a perception of service quality which is a result of a comparison between what consumers consider that the service should be and their perceptions about the actual performance offered by the service provider, Parasuraman et al. (1985). Since that time, a lot of researches have been conducted on this topic, principally due to its role as an input to customer satisfaction (Oliver, 1996) and an indicator of organizational performance (Lewis & Mitchell, 1990).

Hernon and Nitechki (2001), summarized the definition of service quality in four perspectives

Excellence: - The quality of excelling; possessing good qualities in high degree

Value: - it stress the benefit to the recipient

Conformance to specification: it facilitates precise measurement, but users of a service may not know or care about internal specifications

Meeting and /or exceeding expectation: this definition is all encompassing and applies across service industries, but expectations change and may be shaped by experiences with other service providers.

The recent decade literatures suggest that service quality is the consumer's subjective assessment of service performance (Cronin & Taylor, 1992). Service quality is also regarded as the customer's impression of the relative inferiority or superiority of a service provider and

its services (Bitner & Hubert, 1994; Tsoukatos & Rand, 2007). SERVQUAL is the most often used approach for measuring service quality that has been to compare customers' expectation before a service encounter and their perceptions of the actual service delivered (Gronroos (1982), Parasuraman et al (1985)). In the creation of this model for the very first time, "Parasuraman et al. (1985) identified 97 attributes which were condensed into ten dimensions; they were found to have an impact on service quality and were regarded as the criteria that were important to access customer's expectations and perceptions on delivered service (Kumar et al., 2009, p. 214). From the way this theory is presented, it seems the idea of SERVQUAL best fits the evaluation of service quality from the customer perspective. This is because when it is stated "perceived" and "expected" service, it is very clear that this goes to the person, who is going to or is consuming the service; who definitely is the consumer/customer.

The original study by Parasuraman et al., (1988) presented ten dimensions of service quality.

Tangibles: the appearance of physical artifacts and staff members connected with the service (accommodation, equipment, staff uniforms, and so on).

Reliability: the ability to deliver the promised service.

Responsiveness: the readiness of staff members to help in a pleasant and effective way.

Competence: the capability of staff members in executing the service.

Courtesy: the respect, thoughtfulness, and politeness exhibited by staff members who are in contact with the customer.

Credibility: the trustworthiness and honesty of the service provider.

Security: the absence of doubt, economic risk, and physical danger.

Access: the accessibility of the service provider.

Communication: an understandable manner and use of language by the service provider.

Understanding the customer: efforts by the service provider to know and understand the customer. After refinement, these ten dimensions above were later reduced to five dimensions as below:

1. Tangibles (4 items): - physical facilities, equipment, and appearance of personnel

The appearance of physical facilities

The company has modern looking equipment

Employees who have a neat and professional appearance

Visually appealing materials associated with the service

2. Reliability (5 items):- ability to perform the promised service dependably and accurately.

When the company promises to do something by a certain time, it does so

Sincere interest in solving customer problems

Performing the service right the first time

Providing services at the time it promised to do so

Insisting an error free records

3. Responsiveness (4 items):- willingness to help customers and provide prompt service

Employees tell you exactly when service will be performed

Employees give you prompt service

Employees are always willing to help you

Employees are never too busy to respond to your requests

4. Assurance (4 items):- knowledge and courtesy of employees and their ability to inspire trust and Confidence

The behavior of employees insists confidence in customers

You feel safe in your transaction

Employees are consistently courteous with you

Employees have the knowledge to answer your questions

5. Empathy (5 items):- caring individualized attention the firm provides to its customers

The company gives you individual attention

The company has operating hours convenient to all its customers

The company has employees who give you personal attention

The company has your best interests at heart

Employees understand your specific needs

To confirm the validity of SERVQUAL model in the evaluation of service quality, Zeithaml et al (2006), stated that “service quality is a focused evaluation that reflects the customer’s perception of reliability, assurance, responsiveness, empathy, and tangibles” (Zeithaml et al., 2006, p. 106-107). They added that among these dimensions, “reliability” has been shown consistently to be the most important dimension in service quality (Zeithaml et al., 2006, p. 106-107). The aggregated sum of difference between perceptions and expectations from the five dimensions forms the global perceive quality construct. (Laroche et al., 2004, p. 363).

Following this view, customers’ expectations were met through the outcome dimension (reliability) and exceed it by means of the process dimension (tangibility, assurance, responsiveness, and empathy).

Although the elements listed in SERVQUAL model have been proven to be the main method for evaluating service quality from the consumer’s perspective (Brown et al.,1993), drawbacks in using SERVQUAL in measuring service quality has been the reason that the SERVPERF scale was proposed by Cronin & Taylor (1992), cited in Jain et al. (2004, p. 25-37) after they called into question the conceptual basis of the SERVQUAL, having found it, led to confusion with service satisfaction (Jain et al., 2004, p. 25-37). These researchers discarded the ‘E’ for ‘expectation’ claiming instead that ‘P’ for ‘performance’ alone should be used. They meant that higher perceived performance entails higher quality service. Unfortunately, during this past century, customers have changed their behaviors in ways that do not suit organizational behavior. Till date, it is unclear as to which of SERVQUAL and SERVPERF is superior in measuring service quality (Jain et al., 2004, p. 25-37).

Laroche et al., (2004) made an assessment of the dimensionality of should and will service expectations.

Critics of SERVQUAL Model

Cronin and Taylor (1994) identified the following problems:

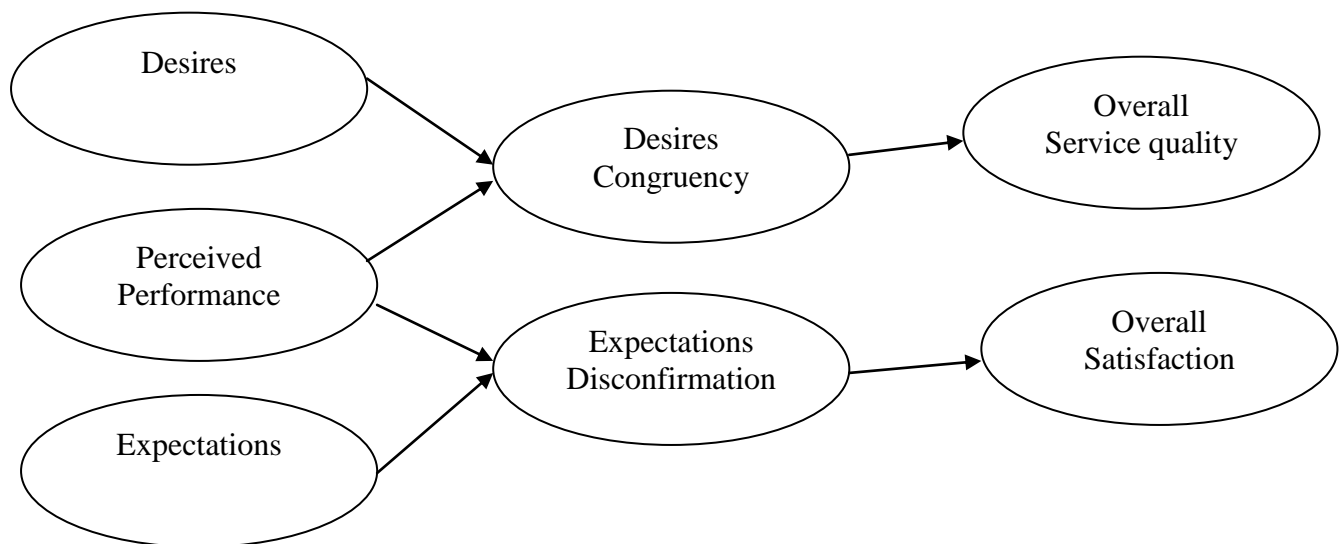
- SERVQUAL measures customers’ expectations of the ideal firm in a particular service industry. This may or may not be relevant to the capabilities of a particular service firm or the set of service firms available to a consumer.
- Its generic nature since it is not industry specific. It does not measure variables that may be important to a particular industry.
- This deals with the gap theory methodology used for measuring the level of service quality. Measuring customer expectations after a service has been provided will bias consumers’ response.

Therefore SERVQUAL should be modified to apply to the specific industry for which it is being used. Additional variables should be added that are relevant and important to customers. To prevent biases from interfering with the gap scores, consumers are affected by advertising and word of mouth communications, the time between measuring expectations and measuring the quality of service received should be relatively close.

2.2.1.1 The relationship between service quality and customer satisfaction

Service quality should be enhanced by raising expectations and be positively related to consumer satisfaction (Fornell et al., 1996). Oliver (1993) first suggested that service quality would be antecedence of customer satisfaction, up to now, there are already some other researchers who have found the empirical support for the view point mentioned above (Anderson & Sullivan, 1993; Anderson et al., 1994; Fornell, Johnson, Anderson., 1996; Spreng & Mackoy, 1996), and customer satisfaction is a consequence of service quality. In the recent decade, many studies have established that service quality strongly drives satisfaction (Groenroos, 2001; Kotler & Keller, 2006; Lovelock & Wirtz, 2007; Oliver 1980; Wang & Hing-Po Lo, 2002).

Figure 2.2 The Oliver's (1993) Satisfaction Service Quality Model as below:



Source: Oliver (1993)

The Oliver's (1993) Satisfaction Service Quality Model

2.2.2 Employees Behavior

Employees' behaviors are defined as various sequences of actions carried out by employees within the organization (Hanna et al., 2004). Some of these behaviors may be positive and refer to the constructive actions of employees on behalf of the organization, employees and customers (Bowen and shoemaker, 1998), while further behaviors may be negative and may destroy a productive work environment. The occurrence of negative behaviors can generate stress; provoke minor illnesses and even cause depression among employees (Helen, 1993). The threat is that these negative behaviors are epidemic and spread to others like the flu, which is costly to the organization's productivity and eventually takes its toll on employees' health and performance. King (2004) stated that negative employees' behavior has ruined many businesses and costs employers millions of dollars every day. It also has the consequences of driving away customers; damaging employees' morality and increasing their turnover rates. Employees' behaviors are important in a service company as they connect the organization with its customers and they are a critical factor in developing effective working relationships with customers (Grönroos, 1990; Gwinner, et al., 1998). They can also maintain customer satisfaction by fulfilling the promises made to the customer. In 2007, Saad and Amy suggested that the three most important variables that explain customer satisfaction include staff behavior, service quality, and price. Therefore, employees' behaviors have influences on customer perception of service quality and on customer satisfaction. Jones and Dent (1994) found that a smiling face has a beneficial effect on customer satisfaction. As well, a number of studies have indicated the importance of friendly type behaviors (friendliness, familiarity, caring, politeness, responsiveness, trustworthiness, helpfulness, and understanding) of service staff to improved service outcomes and long-term relationships (Sparks, 1994). An important study that linked friendly employee behaviors to customer satisfaction was the one developed by Lemmink and Mattsson (1998). They demonstrated that the degree of personal warmth displayed by service employees toward customers was related significantly and positively to service quality perceptions and customer satisfaction. In 2003, Hansen and other authors stated that customer's commitment towards a service company significantly relies on customer's commitment to the customer-contact employee. Thus, it was agreed that customer's intention to remain with a particular service company is heavily determined by customer-contact employee's behavior. One experimental study introduced by Brown and other authors (1996) investigated the effect of respectful employees' behavior on service encounter satisfaction. Their research found that positive

employees' behavior increased customer service encounter satisfaction. Similarly, Mittal and Lassar (1996) developed a 'personalization' dimension that sought information about the way a company's employees behave in general. The scale was found to be strongly related to overall satisfaction health care service but negatively related to overall satisfaction for a car repair service. Again, this 'personalization' scale focused on employee's behavior rather than the customer's response.

Moreover, Duboff and Heaton (1999) mentioned that customer satisfaction is often at least somewhat dependent on a specific relationship with a contact employee, thus, the cost of losing such an employee includes the weakening; if not loss of key customers as well. According to Armando (2005), successful service providers are able to meet and, whenever possible, exceed consumers' needs and wants in delivering services, due to certain specific characteristics of services (e.g., intangibility, simultaneity, variability and perishability), and to the human element, in particular the 'face-to-face' interaction with the customer. In addition, Kong and Jogaratnam (2007) confirmed the fact that employee personalization and courtesy was a significant predictor of customer satisfaction. Recent studies also tried to study the relationship between employees and customers during service encounters.

2.2.2.1 The relationship between employee behavior and customer satisfaction

Subramony and other authors (2004) found a positive relationship between employees' internal service effectiveness and customers' service quality perceptions. While, Nicolini and Salini (2006) demonstrated that customer evaluation of the service received is shaped by factors linked to the psychological interaction established during the exchange transaction, and by factors connected to technical-specific characteristics of the service. A further study was conducted by Bienstock and DeMoranville (2006) that tested the relationship between employees' organizational behaviors and customer perceptions of service quality. The results demonstrated that higher levels of organizational behaviors among an organization's employees are associated with higher levels of service quality perceptions among the organization's customers. Moreover, Paull (2008) conducted a study in the airline industry and found that employees and customers were not on the same point of view when it came to defining a successful interaction, as 92 percent of employees stated that they were exceeding customer expectations, while only 26 percent of customers agreed with them.

Furthermore in a similar point of view, Mattsson and Lemmink (2002) examined the notion that, as a customer, everyone has experienced positive and negative emotions during service delivery. They found that low skilled contact staff may not be able to cope with emotional

situations when the entire image of the service firm is at stake. Because emotions are intangible, difficult to control and instantaneous they have both short- term and long- term effects on customer perception.

2.2.3 Customer Perceived Value

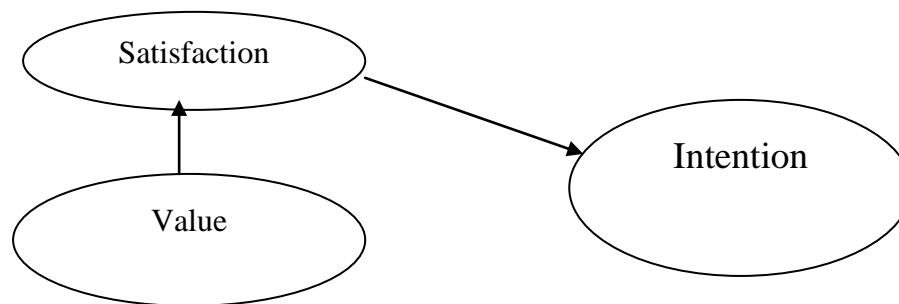
Patterson and Spreng (1997) confirmed that perceived value had a positive and direct relationship with customer satisfaction. Perceived value has its root in equity theory, which considers the ratio of the consumer's outcome/input to that of the service provider's outcome/input (Oliver & DeSarbo, 1988). The equity concept refers to customer evaluation of what is fair, right, or deserved for the perceived cost of the offering (Bolton & Lemon, 1999). Perceived costs include monetary payments and nonmonetary sacrifices such as time consumption, energy consumption, and stress experienced by consumers. In turn, customer-perceived value results from an evaluation of the relative rewards and sacrifices associated with the offering. Customers are inclined to feel equitably treated if they perceive that the ratio of their outcome to inputs is comparable to the ratio of outcome to inputs experienced by the company (Oliver & DeSarbo, 1988). So many studies have defined perceived value. It is defined as the result of the personal comparison between perceived overall benefits and the perceived costs paid by the customer (Zeithaml, 1988). Perceived value is the results or benefits customers receive in relation to total costs (which include the price paid plus other costs associated with the purchase). In simple terms, value is the difference between perceived benefits and costs. However, what constitutes value appears to be highly personal, and may vary widely from one customer to another (Holbrook, 1994; Zeithaml, 1988). Only the customer rather than a service provider can a product or service provided value and the concept of customer perceived value is perceived to be very subjective and personal (Parasuraman, Zeithaml & Berry 1985). Sweeney and Soutar (2001) proposed the PERVAL dimensions including functional dimension, emotional dimension and social dimension. Functional dimension refers to the rational and economic valuations made by individual. The quality of service would form this dimension. Emotional dimension refers to the internal emotions or feelings generated by the service. Social dimension refers to the social impact of the purchase made by customer.

2.2.3.1 The relationship between perceived value and customer satisfaction

Andreassen and Lindestad (1998), customer perceived value was positively associated with customer satisfaction in the service industries. Patterson and Spreng (1997) also confirmed

that perceived value had a positive and direct relationship with customer satisfaction. While it is contended that value has a direct impact on how satisfied customers are with the service supplier (Anderson & Fornel, 1994) and that satisfaction depends on value (Ravald & GroÈnroos, 1996), little attention has been paid to customer value in evaluating services (Lemmink, Ruyter & Wetzels 1998). In decision making to return to the service provider, customers are likely to consider whether or not they received “value for money”.

The model that shows the relationships among perceived value, customer satisfaction, and intention by Patterson and Spreng (1997) proposed as below:



Source: Patterson & Spreng (1997)

Figure 2.3 Model of Relationship among Perceived Value, Customer Satisfaction, and Intension

2.3 Conceptual Framework

This research used the SERVQUAL model with the five dimensions for service quality, additionally employee behavior and customer perceived value with slight modifications for linguistic reasons.

2.3.1 Explanation of Conceptual Framework

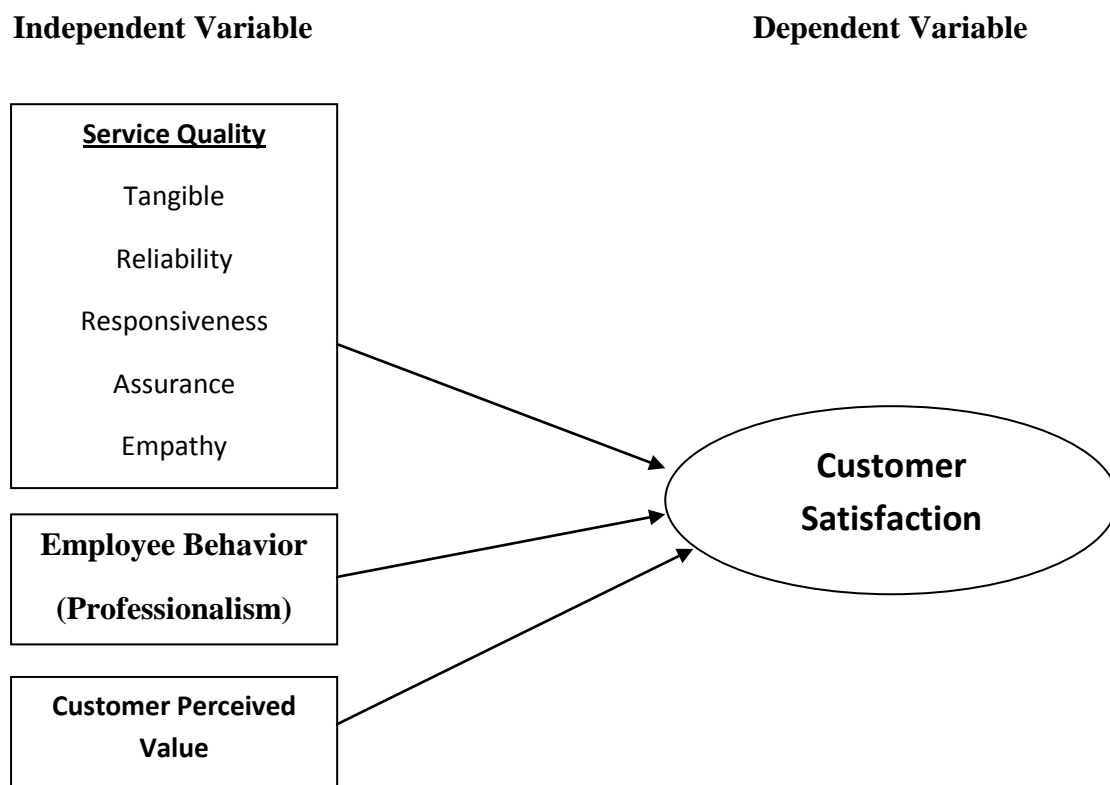
Given the above arguments, it is suggested that there would be positive relationship between the level of customer satisfaction and each variables that are service quality, employees’ behaviors and customer perceived value. This research involved inductive technique where hypotheses were developed and tested based on the research question and there were seven main hypotheses.

According to Andreassen and Lindestad (1998), customer perceived value was positively associated with customer satisfaction in the service industries. Patterson and Spreng (1997) also confirmed that perceived value had a positive and direct relationship with customer satisfaction. While it was contended that value has a direct impact on how satisfied customers

are with the service supplier (Anderson et al., 1994) and that satisfaction depends on value (Ravald & Gro  nroos, 1996), little attention has been paid to customer value in evaluating services (Lemmink et al., 1998). Therefore the result of this research supported the argument that there is a positive correlation between the perceived value and customer satisfaction.

Oliver (1993) first suggested that service quality would be antecedence of customer satisfaction, up to now, there are already some other researchers who have found the empirical support for the view point mentioned above (Anderson & Sullivan, 1993; Anderson et al., 1994; Fornell et al., 1996; Spreng & Mackoy, 1996), and customer satisfaction was a consequence of service quality. The conceptual frameworks of this research presented below:

Figure 2.4 Conceptual frameworks



Source: the researcher

2.3.2 Research hypothesis

From the above mentioned model, the hypotheses were developed as follow:

H1: Customers perceived value has effect on the satisfaction level of licensee bonded warehouse customers.

H2: Tangibility aspects of the bonded warehouse have effect on the satisfaction level of the customers.

H3: Reliability of the service provider has effect on the satisfaction level of the bonded warehouse customers.

H4: Responsiveness of the service provider has effect on the satisfaction level of the bonded warehouse customers.

H5: Assurance of the service provider has effect on the satisfaction level of the bonded warehouse customers.

H6: Empathy of the service provider has effect on the satisfaction level of the bonded warehouse customers.

H7: Employee behavior (Professionalism) has a positive and significant effect on customer satisfaction.

CHAPTER THREE: METHODOLOGY

This chapter discussed about the research design, study population, sampling size, data type, research instrument, and method of data analysis. In addition survey related to reliability, validity, ethical considerations and questionnaire response rate have been presented.

3.1 Research Design

Research design is the blueprint for fulfilling research objectives and answering research questions (John A.H. et al., 2007). In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the study will be relevant to the problem and that it uses economical procedures. The same authors discusses three types of research design, namely exploratory (emphasizes discovery of ideas and insights), descriptive (concerned with determining the frequency with which an event occurs or relationship between variables) and explanatory (concerned with determining the cause and effect relationships). According to Kothari (2004), research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.

The quantitative research method was used in this research by collecting primary data from the licensee bonded warehouse customers. In this research, **Independent variables** were perceived value, service quality and employee behavior; **Dependent variable** was customer satisfaction. Cross-sectional survey was used as a research technique for gathering data. Under this technique, survey was taken place at a particular time as opposed to longitudinal study that takes a diary perspective (Saunders et al., 1997; Adam and Kamuzora, 2008). The research adopted a descriptive research design. The reason for using this design is because descriptive research determines and reports the way things are (Cooper and Schindler, 2007). In addition, this research design was deemed appropriate for this study because it allowed the researcher to draw conclusions about the variables under the study without the interviewee being manipulated and thus allow the measurements to be fully controlled.

3.2 Study Population

As per the data collected from Addis Ababa Kality Customs Branch Office as of October, 2017 there were 320 bonded warehouse certificate holders in the year 2016/17. However, only 223 bonded warehouse certificate holders were active in the current period. All currently active bonded warehouse certificate holders were considered as a study population.

3.3 Sampling Size Determination

The samples were selected by random sampling from active bonded warehouse certificate holders. Accordingly the total numbers of licensee active bonded warehouse certificate holders were 223 as of February 2018. By using Yamane's (1967) formula of sample size with an error term 5% and confidence coefficient of 95% the sample was calculated as follows:

$$n = N / (1 + N(e)^2)$$

When e = Deviation of random sampling

N = Number of population

n = Sampling size

Set sampling deviation to 0.05 therefore:

$$n = 223 / [1 + 223(0.05)^2]$$

$$= 143.178$$

$$n = 143.178 \text{ rounded up to } 143$$

Consequently, the sample size comes to 143 respondents.

3.4 Types of Data

This study employed both primary and secondary data that would be derived from considerable information sources on the subject. The primary data collected from the customer's premises area through questionnaire whereas secondary data was obtained through the authority's records, journals, internet materials, magazine, and government records. To collect the data from sampled respondents self administrated questionnaire was distributed in the town of Addis Ababa to 157 respondents assuming questionnaires might neither be clean nor collected. The survey was conducted from February to April 2018.

3.5 Research Instrument

In this research, the researcher employed research instruments to collect both primary and secondary data; the research instrument to collect primary data was the questionnaires. Customers were requested to give their views on the factors affecting customer satisfaction of customs services of bonded warehouse operations. The questionnaire consists of five main parts. Part one dealt with the socio demographic data of the respondents. Part two concentrated on the customers' perceived value, a 5-point Likert scale, ranging from "strongly disagree" which took score 1 to "strongly agree" which took score 5. Part three was to assess the service quality dimensions the same 5-point Likert scale was used. Part four was to assess

the employee behavior (professionalism) the same 5-point Likert scale was used. Part five was to evaluate the customers' overall satisfactions, on a 5- points Likert scale ranged from "highly dissatisfied" which took score 1 to "highly satisfied" which took score 5.

Table 3.1 Questionnaire construction

Dimensions	Items	Reference
Perceived Value	I am getting satisfactory bonded customs warehousing service.	Adapted from Tung (2004)
	I'm familiar with up to date bonded warehouse service guideline	Researcher
	Using bonded customs warehouse is worth for me.	Adapted from Kuo (2009)
	Compared with temporary customs warehouse, it is wise to choose bonded customs warehouse.	Adapted from Kuo (2009)
Tangible	A service provider has up-to-date equipment.	Adapted from Johnson and Sirikit (2002)
	A service provider's physical facilities are visually appealing.	Adapted from Johnson and Sirikit (2002)
	A service provider's customer service staffs are well dressed and appear neat.	Adapted from Johnson and Sirikit (2002)
	The appearance of the physical facilities of the firm is keeping with the type of bonded warehouse service.	Adapted from Johnson and Sirikit (2002)
Reliability	When a service provider promises to do something by a certain time, it does so.	Adapted from Johnson and Sirikit (2002)
	When I have problems, a service provider is sympathetic and reassuring.	Adapted from Johnson and Sirikit (2002)

	A service provider is dependable.	Adapted from Johnson and Sirikit (2002)
	A service provider provides its service at the time it promises to do so.	Adapted from Johnson and Sirikit (2002)
	A service provider keeps its records accurately.	Adapted from Johnson and Sirikit (2002)
Responsiveness	A service provider tells customers exactly when the service will be performed.	Adapted from Johnson and Sirikit (2002)
	I receive prompt service from customer service staffs.	Adapted from Johnson and Sirikit (2002)
	Customer service staffs are always willing to help customers.	Adapted from Johnson and Sirikit (2002)
	Customer service staffs are too busy to respond to customer requests promptly.	Adapted from Johnson and Sirikit (2002)
Assurance	I can trust customer service staffs.	Adapted from Johnson and Sirikit (2002)
	I feel safe in a transaction with customer service staffs.	Adapted from Johnson and Sirikit (2002)
	Customer service staffs are polite. Customer service staffs get an adequate support from a service provider to do their job well.	Adapted from Johnson and Sirikit (2002)
	A service provider gives me individual	Adapted from

Empathy	attention.	Johnson and Sirikit (2002)
	Customer service staffs do not give me personal attention.	Adapted from Johnson and Sirikit (2002)
	Customer service staffs do not know what my needs are.	Adapted from Johnson and Sirikit (2002)
	A service provider does not have my best interests at heart.	Adapted from Johnson and Sirikit (2002)
	A service provider does not have operating hours convenience to all its customers.	Adapted from Johnson and Sirikit (2002)
Employee Behavior	Employees are specialized in their task.	Adapted from Vanasakul, et al (2008)
	Employees take care of customers well.	Adapted from Vanasakul, et al (2008)
	Employees are courteous.	Adapted from Vanasakul, et al (2008)
	Employees deal with your complaints promptly.	Adapted from Vanasakul, et al (2008)
Customers Satisfaction	Overall, you are satisfied with the bonded customs warehouse services given by Addis Ababa Kality Customs Branch Office.	Adapted from Kuo (2009)
	Addis Ababa Kality Customs Branch Office has effectively provided bonded customs warehouse services.	Adapted from Kuo (2009)
	Bonded customs warehouse service is better than expected.	Adapted from Kuo (2009)
	I will continue to use the bonded	Adapted from

	customs warehouse services provided by Addis Ababa Kality Customs Branch Office.	Kuo (2009)
	I will recommend my friends to use the bonded customs warehouse service provided by Addis Ababa Kality Customs Branch Office.	Adapted from Kuo (2009)
	Competency in solving problems	Adapted from Kuo (2009)
	Quality of work performance	Adapted from Kuo (2009)

3.6 Data Analysis

Data was analyzed using the program SPSS 20 by applying descriptive and inferential statistical instruments. The personal data collected was analyzed with descriptive statistic. The reliability test was conducted to evaluate the items of each variable. Multiple regressions were used to examine the hypothesis.

Five point Likert scale was applied to present this research. Interval with five point scale was calculated using the following formula:

$$(5-1)/5=0.80$$

Based on the above calculation, the scores fall between the ranges of:

- 4.21-5.00 are considered as strongly agree
- 3.41-4.20 are considered as agree
- 2.61- 3.40 are considered as neutral
- 1.81- 2.60 are considered as disagree
- 1.00-1.80 are considered as strongly disagree

3.7 Validity and Reliability

This research applied different acceptable models such as the SERVQUAL instrument that has been used by a number of researchers, as highlighted in the literature review, it was confirmed its applicability and usability making it valid for this research.

The internal consistency of the scale was tested using the Cronbach's alpha. The result for all the dimensions was found to be above 0.7, indicating high internal consistency. Nunnally (1978:245), cited in Corbetta (2003) suggests that a cronbach's alpha value of 0.7 is a threshold of acceptability.

3.8 Ethical Consideration

In order to have unbiased and representative response, the researcher collected the primary data through questionnaire from licensee bonded warehouse certificate holders by himself. In addition, respondents were assured the anonymity and confidentiality of their response and questionnaires. To maintain the confidentiality of the information provided by the respondents, they were instructed not to write their names on the questionnaire and assured of responses were used only for academic purpose only. Finally, respondents were included in the research based on their free will.

CHAPTER FOUR: DATA ANALYSIS AND RESULTS

This chapter presents the results of the primary research data analysis obtained from questionnaires which was designed based on the conceptual framework, and tested the hypotheses of the research. The researcher used the descriptive statistics to explain the demographic characteristics by presenting frequency and percentage and inferential statistics was used to analyze the dependent variable by using multiple regressions.

4.1 Questionnaire Response Rate

During the period of the study, a total of 157 questionnaires were distributed to bonded warehouse customers working in Addis Ababa. The total number of questionnaires returned was 152. Of these the researcher selected 143 that were usable and clean based on the sample size.

4.2 Demographic analysis of respondents

Table 4.2.1 Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	124	86.7	86.7	86.7
Female	19	13.3	13.3	100.0
Total	143	100.0	100.0	

The gender included male and female. 124 respondents were male and it was equal to 86.7%, and 19 respondents were female which was equal to 13.3%. The proportion is imbalance.

Table 4.2.2 Age group

	Frequency	Percent	Valid Percent	Cumulative Percent
18-40 years	79	55.2	55.2	55.2
41-55 years	57	39.9	39.9	95.1
55 and above	7	4.9	4.9	100.0
Total	143	100.0	100.0	

For the age item, it has 3 groups, the majority of age respondents were between 18 - 40 years old which was 55.2%, the second age group of respondents were between 41 – 55 years which was 39.9% and the third and the smallest age group was over 55 years old and there were only 7 respondents which was 4.9%.

Table 4.2.3 Academic Qualification

	Frequency	Percent	Valid Percent	Cumulative Percent
Ordinary Diploma	64	44.8	44.8	44.8
Undergraduate Degree/Advanced Diploma	72	50.3	50.3	95.1
Post Graduate Degree	7	4.9	4.9	100.0
Total	143	100.0	100.0	

For the education item, the majority of the education level of respondents was ordinary diplomas 64 respondents with 44.8%; the second group was the undergraduate degree and advanced diploma 72 respondents with 50.3%, and the third group was post graduate degree 7 respondents with 4.9%.

Table 4.2.4 Duration In Business

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 3 years	63	44.1	44.1	44.1
3 to 5 years	80	55.9	55.9	100.0
Total	143	100.0	100.0	

Duration in business had 2 groups, the majority of respondents worked between 3 to 5 years which were 55.9%, and the second business duration group with 63 respondents worked less than 3 years which were 44.1%.

Table 4.2.5 Import Item

	Frequency	Percent	Valid Percent	Cumulative Percent
Vehicles	119	83.2	83.2	83.2
Construction Machinery	10	7.0	7.0	90.2
Generator	3	2.1	2.1	92.3
Others	11	7.7	7.7	100.0
Total	143	100.0	100.0	

For the import item, the most imported item was vehicle 119 with 83.2%; 10 respondents 7% imported construction machinery; 3 respondents 2.1% imported Generator and 11 respondents 7.7% imported other items.

4.3 Data Reliability

In order to determine the reliability of the data collected, the Cronbach's alpha test was conducted. As shown in Table 4.3.1 below, the value of the Cronbach's alpha for all the dimensions is above 0.7. The total variables scale 0.978 indicated high internal consistency of the scale. Therefore, the expected scales used in this study demonstrated high reliability.

Table 4.3.1 Cronbach's alpha table

	Cronbach's Alpha
All variables	0.978

4.4 Descriptive Analysis

The agreement level of respondents on the customer perceived value, service quality (tangible, reliability, responsiveness, assurance, and empathy), employee behavior and customer satisfaction shown below: table 4.4.1 – 4.4.4

Table 4.4.1 Level of Agreement for Perceived Value

	Mean	Standard deviation	Level of agreement
Perceived value	3.5402	0.95112	Agree

The mean of the perceived value was 3.5402 and the standard deviation was 0.95112, considered as agree level.

Table 4.4.2 Level of Agreement for Service Quality

	Tangible	Reliability	Responsiveness	Assurance	Empathy
Mean	3.8054	3.5608	4.0857	4.2535	4.0350
Standard Deviation	.68031	.72472	.44810	.44602	.42081
Level of Agreement	Agree	Agree	Agree	Strongly Agree	Agree

In service quality, the mean of the tangible is 3.8054 and the standard deviation is 0.68031, which was considered as agree level. The mean of the reliability was 3.5608 and the standard deviation was 0.72472, considered as agree level. The mean of the responsiveness was 4.0857 and the standard deviation was 0.44810, considered as agree level. The mean of the assurance was 4.2535 and the standard deviation was 0.44602, considered as strongly agree level. The mean of the empathy was 4.0350 and the standard deviation was 0.42081, considered as agree level.

Table 4.4.3 Level of Agreement for Employee Behavior

	Mean	Standard Deviation	Level of Agreement
Employee Behavior	4.1069	0.60951	Agree

The mean of the employee behavior was 4.1069 and the standard deviation was 0.60951, considered as agree level.

Table 4.4.4 Level of Agreement for Customer Satisfaction

	Mean	Standard Deviation	Level of Agreement
Customer Satisfaction	4.0828	0.73288	Agree

The mean of the customer satisfaction was 4.0828 and the standard deviation was 0.73288, considered as agree level.

Multicollinearity

Multicollinearity tests the situation in which the independent/predictor variables are highly correlated. When independent variables are multicollinear, there is “overlap” or sharing of predictive power. For this research, both the “tolerance” values (greater than 0.10) and the “VIF” (Variance Inflation Factor) values (less than 10) were all quite acceptable (see **Coefficients** table 4.4.5 below). Thus, multicollinearity did not seem to be a problem for this research as the lowest tolerance was 0.227 and the highest VIF was 7.350.

Table 4.4.5 Multicollinearity

Model	Coefficients ^a						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.719	.215		3.339	.000		
Perceived value	.662	.033	.859	19.884	.000	.227	3.442
Tangible	.395	.103	.367	3.824	.000	.358	7.350
Reliability	.342	.092	.338	3.734	.000	.321	4.687
Responsiveness	.329	.066	.318	3.618	.000	.666	1.502
Assurance	.864	.070	.526	12.293	.000	.260	6.265
Empathy	.706	.063	.406	1.281	.000	.427	2.344
Employee behavior	1.052	.049	.875	21.492	.000	.933	3.693

a. Dependent Variable: Customer Satisfaction

4.5 Relationship between perceived value and customer satisfaction

Table 4.5.1 Regression for Customer Perceived Value towards Customer Satisfaction

Model	Coefficients ^a							
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
1 (Constant)	1.741	.122		14.276	.000			
Perceived value	.662	.033	.859	19.884	.000	.859	.859	.859

a. Dependent Variable: Customer Satisfaction

H1: Customers perceived value has effect on the satisfaction level of the customers.

Customer perceived value with the standardized coefficient ($\beta=0.859$, $p<0.05$) had a positive and significant relationship with customer satisfaction level. This means customer perceived value was the best predictor in this research context. The result showed that one unit increase in perceived value would lead to 0.859 units (or 85.9%) increase in customer satisfaction

provided that other variables being held constant. Customer perceived value ($t=19.884$, $p<0.05$) implies that the more positive customer perceived value, the higher customer satisfaction in using bonded warehouse service.

Therefore, H1 was supported; in that customer perceived value has impact on customer satisfaction.

Table 4.5.2 Summary of Regression Model for Perceived Value towards Customer Satisfaction

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.859 _a	.737	.735	.37708	.737	395.392	1	141	.000

a. Predictors: (Constant), Customer perceived value

Regression model summary (Table 4.5.2) showed, R Square value 0.737 which means that the customer perceived value was able to explain about 73.7% of the variation in customer satisfaction. The relationship between customer perceived value and customer satisfaction were considered with R Square 0.737 means that the customer perceived value (independent variable) can explain about 73.7% of the variation of the customer satisfaction (dependent variable). Seeing the F-test 395.392 and considering the result of significant level 0.000 which was below the significant level or the alpha level ($\alpha = 0.05$) for the hypothesis test. This means that perceived value had impact on bonded warehouse customer satisfaction.

4.6 Relationship between service quality and customer satisfaction

H2 to H7: Service quality affects customer satisfaction.

Table 4.6.1 Regression for Customer Service quality towards Customer Satisfaction

Model	Coefficients ^a							
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
1 (Constant)	.416	.223		1.864	.000			
Tangible	.395	.103	.367	1.824	.000	.909	.311	.091
Reliability	.342	.092	.338	3.734	.000	.877	.304	.089
Responsiveness	.329	.066	.318	3.618	.000	.438	.053	.015
Assurance	.864	.070	.526	12.293	.000	.719	.724	.292
Empathy	.706	.063	.406	1.281	.000	.231	.694	.268

a. Dependent Variable: Customer Satisfaction

As per multiple regression analysis (table 4.6.1), all service quality dimensions affected customer satisfaction with positive and significant direction. Particularly, reliability ($t=3.734$, $p<0.05$), responsiveness ($t=3.618$, $p<0.05$), assurance ($t=12.293$, $p<0.05$), had significant contribution to the customers' satisfactions which means the more positive reliability, responsiveness and assurance, the greater the customer satisfaction in using bonded warehouse service. Reliability, responsiveness, and assurance had the standardized coefficient ($\beta=0.338$, $.318$, $.526$, $p<0.05$) respectively which means that they were best predictor in this research context. The result showed that one unit increase respectively would lead to 0.338 , $.318$, $.526$ units (or 33.8% , 31.8% , 52.6%) increase in customer satisfaction provided that other variables being held constant.

All service quality dimension relationships were found positive. Tangible with the value of $\beta=0.367$, $p<0.05$ had a positive and significant effect on customer satisfaction which means, its beta value 0.367 indicated every additional point on tangible measure leads to increment of $.367$ points on the customer satisfaction provided that other variables remain constant. In the mean time, empathy affected customer satisfaction at an average level. Accordingly, H2 to H6 were fairly supported, in that the five service quality dimensions were related to customer satisfaction. However, the degree of influence differed among service quality dimensions.

Table 4.6.2 Summary of Regression Model for service quality towards Customer Satisfaction

Model	R	R Square	Adjusted R Square	Std Error of the Estimate	Change Statistics				
					R square change	F change	df1	df2	Sig. F Change
1	0.961	0.923	0.920	0.20762	0.923	326.489	5	137.	0.00

Model Summary

Predictors: (Constant), Empathy, Responsiveness, Reliability, Assurance, Tangible

Referring to the above table 4.6.2 the regression model analysis, the relationship between service quality and customer satisfaction considered with R Square 0.923 which means that the service quality (independent variable) can explain about 92% of the variation of the customer satisfaction (dependent variable). Considering the F-test 326.489 and the result of significant level 0.000 which was below the level of significant or the alpha level ($\alpha = 0.05$) for the hypothesis test, the service quality dimensions have influence on customer satisfaction.

4.7 Relationship between employee behavior and customer satisfaction

Table 4.7.1 Regression for employee behavior towards Customer Satisfaction

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
1 (Constant)	.240	.203		1.178	.241			
Employee behavior	1.052	.049	.875	21.492	.000	.875	.875	.875

a. Dependent Variable: Customer Satisfaction

H7: Employee behavior (Professionalism) has a positive effect on customer satisfaction.

Employee behavior/professionalism had effects on the level of customer satisfaction with a positive direction. As per the multiple regression summary table 4.7.1 above, Employee behavior/professionalism ($t=21.492$, $p<0.05$) had contribution to the customer satisfaction and the relationship found positive, implying that the more positive employee behavior/professionalism, the higher customer satisfaction in using bonded warehouse. Employee behavior (Professionalism) has the standardized coefficient ($\beta=0.875$, $p<0.05$) which means employee behavior/Professionalism was the best predictor in this research context. The result showed that one unit increase in employee behavior/professionalism

would lead to 0.875 units (or 87.5%) increase in customer satisfaction provided that other variables being held constant.

As a result, H7 was supported; in that employee behavior/professionalism had impact on customer satisfaction.

Table 4.7.2 Summary of Regression Model for employee behavior towards Customer Satisfaction

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.875 ^a	.766	.764	.35568	.766	461.886	1	141	.000

a. Predictors: (Constant), employee behavior

The regression model summary (Table 4.7.2), showed the relationship between employee behavior/professionalism and customer satisfaction with R Square 0.766 which means that the employee behavior/professionalism (independent variable) can explain about 76.6% of the variation of the customer satisfaction (dependent variable). Furthermore having seen the F-test 461.886 and considering the result of significant level 0.000 which was below the significant level or the alpha level ($\alpha = 0.05$) for the hypothesis test, the employee behavior/professionalism had impact on bonded warehouse customer service satisfaction.

4.8 Summary of Hypothesis Testing

Table 4.9.1 below summarizes the result of hypothesis testing which were analyzed on perceived value, service quality (tangible, reliability, responsiveness, assurance, empathy), and employee behavior/professionalism and customer satisfaction.

Table 4.9.1 Summary for All Hypotheses

	Hypothesis	Result	Reason
H1	Customers' perceived value has effect on the satisfaction level of the customers.	<i>Positive, significant effect</i>	$\beta = .859, P < 0.05$
H2	Tangibility aspects of service provider on bonded warehouse have effect on the satisfaction level of the customers.	<i>Positive, significant effect</i>	$\beta = .367, P < 0.05$

H3	Reliability of the service provider has effect on the satisfaction level of the bonded warehouse customers.	Positive, significant effect	$\beta = .338, P < 0.05$
H4	Responsiveness of the service provider has effect on the satisfaction level of the bonded warehouse customers.	Positive, significant effect	$\beta = .318, P < 0.05$
H5	Assurance of the service provider has effect on the satisfaction level of the bonded warehouse customers.	Positive, significant effect	$\beta = .526, P < 0.05$
H6	Empathy of the service provider has effect on the satisfaction level of the bonded warehouse customers.	Positive, significant effect	$\beta = .406, P < 0.05$
H7	Employee behavior (Professionalism) has a positive and significant effect on customer satisfaction.	Positive, significant effect	$\beta = .875, P < 0.05$

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Summary

The summary of the overall study was explained based on the research objectives as follows:

Objective 1: To determine which dimension of service quality significantly affect the overall customer satisfaction in a bonded warehouse operation.

In this study the original SERVQUAL dimensions (tangible, reliability, responsiveness, assurance, and empathy) was used for service quality. As per the regression analysis tangible, reliability, responsiveness, assurance and empathy have positive and significant relationship with customer satisfaction. The results of regression analysis indicates **reliability, responsiveness, assurance** have the highest influence on the overall customer satisfaction. The hypothesis of service quality test showed that these variables had influence on customer satisfaction. If a service outperforms expectations (positive disconfirmation) post-purchase satisfaction will be resulted (Oliver, 1980; Spreng et al. 1996). Thus, when customers use bonded warehouse operation service, and get better service quality, they will get more satisfaction.

Objective 2: To determine the relationship between employee behaviors (professionalism) and customer satisfaction in a bonded warehouse operation.

Employee behavior/professionalism had a positive and significant effect on customer satisfaction. From the research, it was found that the results of data analysis was on level of agreement, employee behavior/professionalism (Mean=4.1069, SD=0.60951) which mean agree level. The hypotheses aimed to assess the impact of employee behavior/professionalism on the customer satisfaction of bonded warehouse customers. Therefore the researcher tested employee behavior/professionalism whether it affects customer satisfaction. As a result, the hypotheses test result showed there was a relationship between employee behavior/professionalism and customer satisfaction.

Objective 3: To determine the relationship between customers perceived value and customer satisfaction in a bonded warehouse operation.

Customer perceived value had a positive and significant effect on customer satisfaction. From the research, it was found that the results of data analysis was on level of agreement, customer perceived value (Mean=4.1069, SD=0.60951) revealed at agree level.

There were different factors affecting customer satisfaction. The hypotheses aimed assessing the impact of perceived value on customer satisfaction of bonded warehouse customers. So, the researcher tested whether customer perceived value affected customer satisfaction. Accordingly the hypothesis of perceived value test showed that the variable has influence on customer satisfaction. Thus, when customers use bonded warehouse service and get more perceived value, they will get more satisfaction.

5.2 Conclusion

The analysis based upon cross sectional analysis at a single point in time on customer satisfaction of customs services of bonded warehouse operation and revealed that customer satisfaction is a critical requirement in increasing the effectiveness of bonded warehouse operation. This could be a reason for increasing the level of revenue collection and trade facilitation. In this research, it was found that perceived value, employee behavior/professionalism, service quality dimensions such as tangible, reliability, responsiveness, assurance, and empathy significantly and positively affect customer satisfaction in using bonded warehouse operation. However, the degree of the identified factors that affect customer satisfaction varies as showed in the analysis part in the previous chapter.

5.3 Recommendation

Taking into account the findings of the study and conclusions, the following recommendations were made:

- Based on the findings of this study more than 83% of respondents were engaged in importing vehicle business furthermore it was learnt from the branch office that more than 95% of its customers were vehicle importers. This was caused by lack of well trained staffs and up to date technological equipment from the authority branch office and awareness problem from the customer side.

The researcher also learnt from customers that the branch office offered bonded warehouse privilege to those companies importing items that have physically giant nature to make stock verification easy. This would make isolate other companies that have enormous role to the development of the country such as manufacturing and construction business. The researcher; therefore, recommends the authority branch office to solve awareness and technological support problem and encourage manufacturing sectors to benefit from the bonded warehouse privilege. The branch office being with other concerned government body should generate the correct policy

that can embrace and encourage the manufacturing sector. This may help the branch office to play its role for the achievement of the government transformation plan.

- Based on the findings of this research customer perceived value has a positive and significant effect on customer satisfaction of bonded warehouse operation. The researcher also learnt from licensee bonded warehouse customers that 180 days of releasing time for duty tax is unreasonable. Therefore, the researcher recommends the Addis Ababa kality Customs Branch Office to confirm customers whether they are getting up to date customer guidelines, procedures, rules and regulation that the authority issues to make customer feel worth choosing bonded warehouse to temporary customs warehouse.
- Based on the findings of service quality, the Addis Ababa kality Customs Branch Office should focus on three service quality dimensions **reliability**, **responsiveness** and **assurance** which have a higher and significant relationship with customer satisfaction.

Tangible has a positive and significant relationship with customer satisfaction. The researcher also learnt from various licensee bonded warehouse customers that the branch office does not have the necessary technological equipment to ascertain the stock quantity this mainly complained by companies importing chemicals. Customers that were engaged in importing chemical items complained that Addis Ababa Kality Branch Office inspectors do not wear safety shoes and dresses while stock verifications. Therefore, the researcher recommends the authority branch office to give emphasis to its employees safety as “safety first” is a logo in major companies in the 21st century.

- Based on the findings of this research employee behavior/professionalism had a positive and significant effect on customer satisfaction using bonded warehouse operation. However, due to shortage of professional man power customers were not having professional support from the authority branch office. The researcher; therefore, recommends the branch office to keep its well trained and experienced employees and train junior employees so as to minimize employees turnover problem.

5.4 Limitation of the Study

There was a limitation in the data collection sampling groups. Due to the various background of the sampling group some respondents understood the questionnaires properly and some

respondents needed more explanations. All of these may impact on the accuracy of the answers given. Furthermore, answers from the questionnaires might be distorted because some respondents were very hurried to answer carefully. Therefore, their answers might distort their current satisfaction.

5.5 Future Research

1. More than 83% of the respondents of this study were vehicle importers. Therefore, the next researcher who might be interested in this issue can focus on other importing items such as construction machinery, generators, etc
2. This research focuses on some variables such as perceived value, service quality dimensions and employee behavior/professionalism relating to customer satisfaction. There might be other variables affecting customer satisfaction; therefore, future researcher may explore other variables relating to customer satisfaction on bonded warehouse operation.

REFERENCES

- Anderson, E., Fornell, C. & Lehmann, R. (1994). Customer Satisfaction, Market Share, and Profitability: Findings from Sweden, *Journal of Marketing*, Vol. 58: 53-66.
- Anderson, E.W. & Rolph, E. (1973), Customer Dissatisfaction: The Effects of Disconfirmed Expectancy on Perceived Product Performance. *Journal of Marketing Research*, 10, (February), 38-44.
- Andreassen T.W. & Lindestad B. (1998). The Effect of Corporate Image in the Formation of Customer Loyalty. *J. Serv. Manage.*, 1(1), 82-92.
- Anol Bhattacharjee (2012), social science research: principles, methods, and practices, 2nd ed. published by Creative Commons Attribution, USA.
- Argus Goh, (2000), *International Journal of Physical Distribution & Logistics Management*, Volume 30, Issue 10, Page 887 – 911, Publisher MCB UP LTd.
- Armando, V. (2005). Delivering Quality Service: All for One?, *Journal of Quality Assurance in Hospitality & Tourism*, Vol. 6, No. 1/2: 25-42.
- Arnette, B., Laverie, A. & Mclane, C. (2002). Using job satisfaction and pride as internal marketing tools, *Cornell hotel and restaurant administration quarterly*, Vol. 34, No. (2): 87-96.
- Bei, L. & Chiao, Y. (2001). An integrated model for the effects of perceived product, perceived service quality, and perceived price fairness on customer satisfaction and loyalty, *Journal of customer satisfaction\ dissatisfaction and complaining behavior*, Vol. 14, No. 1: 125-139.
- Bienstock, C. & DeMoranville, W. (2006). Using Manager Reports of Employee Behavior to Investigate the Relationship Between Organizational Citizenship Behaviors and Customers' Perceptions of Service Quality, *Services Marketing Quarterly*, Vol. 28, No. 1: 103- 118.
- Bitner, M.J. & Hubbert, A.R. (1994). Chapter 3 Encounter satisfaction and overall satisfaction versus quality: the customer's voice. *Service quality: New directions in theory and practice*. Rust, R.T. and Oliver, R.L. (Eds) (1994). *Service Quality: New Directions in Theory and Practice*, Sage Publications, London.
- Bolton, R.N., & Lemon, K.N. (1999). A dynamic model of customers' usage of services: Usage as an antecedent and consequence of satisfaction. *Journal of Marketing Research*, 36, 171–186.
- Bowen, J. & Shoemaker, S. (1998). Loyalty: A strategic commitment, *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 35, No. 3: 12-25.

- Brown, S., Cowles, D. & Tuten, D. (1996). Service recovery: its value as a retail strategy, *International Journal of Service Industry Management*, Vol. 7, No. 5: 32–46.
- Brown, T.J., Churchill, G.A. and Peter, J.P. (1993) research note: Improving the measurement of service quality, *Journal of retailing*, 69(1) 126-139
- Chang, T. Z., & Wildt, A. R. (1994). Price, product information, and purchase intention: An empirical study. *Journal of the Academy of Marketing Science*, 22, 16–27.
- Churchill Jr., Gilbert A. & Surprenant C. (1982). An Investigation into the Determinants of Customer Satisfaction. *Journal of Marketing Research*, 19, (November), 491-504.
- Cronin, J. & Taylor, S.A (1992). "Measuring service quality: a re-examination and extension," *Journal of Marketing*, Vol. 56 (July), No. 55-68.
- Deborah, B. and Wanda, C. (2008), Getting Along with Others: The Relationship Between Agreeableness and Customer Satisfaction in the Foodservice Industry, *Journal of Human Resources in Hospitality & Tourism*, Vol. 7, No.1: 65-83.
- Dimitris, Z., Nikolaos, K. & Petros, T. (2007). A Simulation Model for Measuring Customer Satisfaction through Employee Satisfaction, *AIP Conference Proceedings*, Vol. 963, No. 2: 1086-1089.
- Duboff, R. & Heaton, C. (1999). Employee loyalty: A key link to value growth, *Journal of strategy and leadership*, Vol. 27, No. 1: 8-12.
- Fornell, C., (1992), A National Customer Satisfaction Barometer: The Swedish Experience, *Journal of Marketing*, Vol.56, pp 6 -21
- Gronroos, C. (2001). The Perceived Quality Concept: a mistake?. *Managing Service Quality* 11(3), 150-152.
- Gronroos, C. (1982). A service quality model and its marketing implications, *European Journal of Marketing*, 18(4) 36-44.
- Grönroos, C. (1990). Service management and marketing in the service sector. In Bo Bergman, and Bengt Klefsjö, (1994), *Quality from customer need to customer satisfaction*. London. McGraw-Hill, Inc.
- Gronroos, C.A (1982), *Strategic Management and Marketing in the service sector*, Swedish School of Economics and Business Administration, Helsingborg.
- Gwinner, K., Gremler, D. & Bitner, M. (1998). "Relational benefits in services industries: the customer's perspective", *Journal of the Academy of Marketing Science*, Vol. 26, No. 2: 101-114. Hansen, H., Sandvick, K. & Seines, F. (2003). Direct and indirect effects of commitment to a service employee on the intention to stay, *Journal of Service Research*, Vol. 5, No. 4: 356-68.

- Hanna, V, Backhouse, C.J and Burns, N.D., (2004), Linking employee behaviour to external customer satisfaction using quality function deployment, *Proc. Instn Mech. Engrs Vol. 218 Part B: J. Engineering Manufacture*, pp 1167 – 1177
- Helen, A. (1993). Warning! Negative influences at work, *Human Resource Focus Magazine*, Vol. 70, No. 9, 1-23. Hensley, L. & Sulek, J. (2007). Customer satisfaction with waits in multi-stage services, *Managing Service Quality*, Vol. 17, No. 2: 152-173.
- Hernon, P. and Nitechki, D. (2001), service quality: A concept not fully Explored, *Library trends*, vol.49, no 4 pp.687-708
- Holbrook, M.B. (1994).The nature of customer's value: An axiology of service in consumption experience. In R. T. Rust, & R. L. Oliver (Eds.), *Service quality: New directions in theory and practice* (pp. 21–71). Thousand Oaks, CA: Sage Publications.
- Jain, Sanjay K. and Gupta, Garima, (2004) measuring service quality: ServQual Vs Serperf scales *The journal for decision makers*; 29 (2), 25-37
- Jamal, A. (2004). Retail banking and customer behavior: a study of self concept, satisfaction and technology usage. *The International Review of Retail, Distribution and Consumer Research*, 14, (3), 357-379.
- Jones, L. 7 Dent, M. (1994). Improving service: managing response time in hospitality operations, *International Journal of Operations and Production Management*, Vol. 14, No. 5: 52–59.
- King, C. (2004). *Do-It-Yourself Business Plan Workbook*, New York, John Wiley and Sons.
- Kong, M. & Jogaratnam, G. (2007). the influence of culture on perceptions of service employee behavior, *Managing Service Quality*, Vol. 17,No. 3: 275-297.
- Kothari, C.R., (1990), *Research Methodology: Methods and Techniques*. (2nd edition), New Delhi: Kk .Gupta, Wiley Eastern.
- Kotler P. & Keller K. (2006).*Marketing Management*, 12th Edition, Pearson Education Inc, New Jersey.
- Kotler, P. (1997), *Marketing Management: Analysis, Planning, Implementation, and Control*, 9th ed., Prentice- Hall, New Jersey, USA.
- Kumar, M., Kee, F. T. & Manshor, A. T. (2009). Determining the relative importance of critical factors in delivering service quality of banks; An application of dominance analysis in SERVQUAL model, *Managing Service Quality*, 19(2), 211- 228.
- Kuo. YF (2003) A study on service quality of virtual community websites, *Total Quality Management & Business Excellence*, 13 (4), 461-473

- Laroche. M., Kalamas. M., Cheikhrouhou. S., Cezard A., (2004) Canadian Journal Of Administrative Sciences-*Revue Canadienne Des Sciences De L Administration* , 21(4), 361-375
- Lemmink, J. & Mattsson, J. (1998). Warmth during non-productive retail encounters: the hidden side of productivity, *International Journal of Research in Marketing*. Vol. 15, No. 5: 505–517.
- Lemmink, J., Ruyter, K. & Wetzels, M. (1998). The role of value in the delivery process of hospitality services, *Journal of Economic Psychology* 19(2), 159-177.
- Lewis, B.R. & Mitchell, V.W. (1990). Defining and measuring the quality of Customer service. *Marketing Intelligence and Planning*, 8 (6), 37-51.
- Liao, H. (2007). Do It Right This Time: The Role of Employee Service Recovery Performance in Customer-Perceived Justice and Customer Loyalty After Service Failures, *Journal of Applied Psychology*; Vol. 92, No. 2: 475-489.
- Liljander, V. (2000). *The Importance of Internal Relationship Marketing for External Relationship Success*, New York, Springer publishers.
- Lovelock C. & Wirtz J. (2007). *Services Marketing: People, Technology, Strategy* (6th Ed.), Pearson Prentice Hall, New Jersey.
- Mattsson, J. & Lemmink, J. (2002). Employee behavior, feelings of warmth and customer perception in service encounters, *International journal of retail and distribution management*, Vol. 30, No. 1: 18-33.
- Mittal, B. & Lassar, W. (1996). The role of personalization in service encounters, *Journal of Retailing*. Vol. 72, No. 1: 95–109.
- Ndikom and Emeghara, (2012), An assessment on the performance of the improving Inland Container Ports (ICD), *Convectional of Social Science*, Volume 5, No.
- Nicolini, G. & Silvia, S. (2006). Customer Satisfaction in the Airline Industry: the Case of British Airways, *Quality and reliability engineering international*, Vol. 22: 581–589.
- Oliver, R. (1997). *Satisfaction; A behavioral perspective on the customer*, New York, McGraw-Hill.
- Oliver, R. L. (1980). A cognitive model of the antecedents and consequences of Satisfaction decisions. *Journal of Marketing Research*, 17, 460 – 469.
- Oliver, R. L. (1980a). A cognitive model of the antecedents and consequences of decisions. *Journal of Marketing Research*, 17, 460 – 469.

- Oliver, R. L. (1993). A Conceptual Model of Service Quality and Service Satisfaction: Compatible Goal, Different Concepts. *Advances in Service Marketing and Management*, 2, 65-85.
- Oliver, R. L. (1997). *Satisfaction: A Behavioral Perspective on the Consumer*. NY: The McGraw-hill Companies, Inc.
- Oliver, R. L., & DeSarbo, W. S. (1988). Response determinants in satisfaction judgments. *Journal of Consumer Research*, 14, 495–508.
- Oliver, R.I. (1996). Varieties of value in the consumption satisfaction response. In Corfman, K.P. and Lynch, J.G. (Eds), *Advances in Consumer Research*, Association for Consumer Research, Provo, UT, 23, 143-7.
- Olshavsky, Richard W. & Miller J.A. (1972). Customer Expectations, Product Performance, and Perceived Product Quality. *Journal of Marketing Research*, 9. (February), 19-21.
- Olson, J.C. & Dover P.A. 1979. Disconfirmation of Consumer Expectations Through Product Trial. *Journal of Applied Psychology* 64 (2) (April): 179-189.
- Parasuraman, A., & Grewal, D. (2000). The impact of technology on the quality-value loyalty chain: A research agenda. *Journal of the Academy of Marketing Science*, 28(1), 168-174.
- Parasuraman, A., Zeithaml V., & Berry L. (1988). Servqual: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing* 64 (Spring), 12-40.
- Parasuraman, A., Zeithaml, V. & Berry, L. (1994). Reassessment of expectations as a comparison standard in measuring service quality: Implications for further research, *Journal of Marketing*, Vol. 58, No. 1: 111-124.
- Parasuraman, A., Zeithaml, V. & Berry, L. (1998). Understanding and leveraging the role of customer service in external, interactive and internal marketing, A paper presented at the *Frontiers in Services Conference*, Nashville, TN.
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research, *Journal of Marketing*, 49, 41-50.
- Patterson P. G. & Spreng, R. A. (1997). Modeling the relationship between perceived value, satisfaction and purchase intentions in a business to-business, services context: An empirical examination. *Int. J. Serv. Indu. Manage.*, 8(5), 414-434.
- Paull, K. (2008). Flying High on Customer Service, *Customer relationship management review*, 43-44.

- Ravald A. & Grönroos C. (1996). The value concept and relationship marketing. *Eur. J. Mark.*, 30(2), 19-30.
- Robert, G., Beatrice, V. & Xu, Y. (2006). Customer Perception, Customer Satisfaction, and Customer Loyalty Within Chinese Securities Business: Towards a Mediation Model for Predicting Customer Behavior, *Journal of Relationship Marketing* Vol. 5, No. 4: 79-104.
- Rust, R. & Oliver, R. (1994). Service quality: New directions in theory and practice, In Dubrovski, D. (2001), The role of customer satisfaction in achieving business excellence, *Total quality management journal*, Vol. 12, NO. 7/8: 920- 925.
- Saad, A. & Amy, C. (2007). Satisfaction with Food Services: Insights from a College Cafeteria, *Journal of Foodservice Business Research*, Vol. 10, No. 2: 51-65.
- Seidman, A and Johson, W.,(2002), An examination of the relationship between employee behaviour/Non behaviour & customer satisfaction in Quick Service Restaurants, *Journal of Food Service Business research*, Vol. 5, issue No.3
- Sekaran, U., (2003), *Research Methods for Business: A skill building Approach*, John Wiley & Sons, London
- Sekaran, U., (2003), *Research Methods for Business: A skill building Approach*, John Wiley & Sons, London
- Shemwell, D.J., Yavas, U and Bilgin, Z., (1999), Customer- service provider relationships: an empirical test of a model of service quality, satisfaction and relationship oriented outcome, *International Journal of Service Industry Management*, 9, pp. 155- 168.
- Sirdeshmukh,D., Singh, J.,& Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. *Journal of Marketing*, 66, 15–37.
- Sparks, B. (1994). Communicative aspects of the service encounter, *Hospitality Research Journal*, Vol. 17, No. 2: 39-50.
- Spreng, R.A. & Mackoy, R.D (1996). An empirical examination of a model of perceived service quality and satisfaction. *Journal of Retailing*, 72 (2), 201-14.
- Spreng, R.A. & Mackoy, R.D (1996). An empirical examination of a model of perceived service quality and satisfaction. *Journal of Retailing*, 72 (2), 201-14.
- Subramony, M., Beehr, A. & Johnson, C. (2004). Employee and Customer Perceptions of Service Quality in an Indian Firm, *Applied psychology: an international review*, Vol. 53, No. 2: 311-327.
- The impact of employees' behavior on customers' service quality perceptions and overall satisfaction /// *African Journal of Hospitality, Tourism and Leisure* Vol. 4 (2) Special

- Tsoukato, E. & Rand, K. (2007), Cultural influences on service quality and customer satisfaction: Evidence from Greek insurance, *Managing service quality*, vol 17, pp467-485
- Tung, L. L. (2004). Service quality and perceived value's impact on satisfaction, intention and usage of short message service (SMS). *Information SystemsFrontiers*, 6(4), 353-368.
- Wang Y. & Hing-Po Lo. (2002). Service quality, customer satisfaction and behavior intentions: Evidence from China's telecom Industry, info. Research paper MCB UP Ltd 4 (6), 50-60.
- Zairi. M, (2000), Managing customer dissatisfaction through effective complaint management system, the TQM Magazine, 12 (5), 331-335.
- Zeithaml V. A., Bitner M. J., Gremler D. D. (2006) *Services marketing*, 4th edition, McGraw-Hill.
- Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996).The behavioralconsequences of service quality.*Journal of Marketing*, 60(2), 31-46.
- Zeithaml, V., Berry, L. & Parasuraman, A. (1996). The behavioral consequences of service quality, *Journal of marketing*, Vol. 60, No. 2: 3.
- Zeithaml, V.A. (1988). Consumer perceptions of price, quality and value: a means-end model and synthesis of evidence. *Journal of Marketing*, 52 (3), 2-22.

APPENDIX

QUESTIONNAIRE

I would like to invite you to participate in the survey by filling out the questionnaire. This Questionnaire is a part of my master thesis at Addis Ababa University School of Commerce, in the topic of “Factors Affecting Customer Satisfaction In a Bonded Warehouse Operation: The Case of Addis Ababa Kaliti Customs Branch Office”

I am hopeful that you are willing to participate and thank you in advance for your prompt reply and for your time.

Questionnaire for Customers of bonded warehouse certificate holders

A01. i) Gender: Male () ii) Female ()

A02. Age Group (Put a tick)

i 18-40 years () ii 41- 55 years () iii 55- and above ()

A03. Academic Qualification (Put a tick)

i. Level secondary education () ii. Ordinary Diploma ()

iii. Undergraduate Degree/Advanced Diploma () iv. Postgraduate Degree ()

v. None of the above ()

A04. What is the product your company imports?

a) Vehicles () b) Construction Machinery () c) Generators () d) Agricultural equipment () e) Others ()

05. How long have you been using customs bonded warehouse service?

a) Less than 3 years b) 3 to 5 years c) 5 to 10 years d) above 10 years

Part 2 In line with your experience with bonded warehouse services, please rate by ticking the appropriate number in each box.

Please tick () one of the boxes that best fits your level of agreement with each statement:

5=strongly agree; 4=agree; 3=neutral; 2=disagree; 1= strongly disagree

Respondent's perceived value on bonded warehouse service.		Agreement Level				
		5	4	3	2	1
1	I am familiar with up-to-date bonded warehouse service guideline					
2	I am getting satisfactory bonded customs warehousing service.					
3	Using bonded customs warehouse is worth for me.					
4	Compared with temporary customs warehouse, it is wise to choose bonded customs warehouse.					
Respondent's attitude on bonded warehouse service quality.		Agreement Level				
		5	4	3	2	1
1	Tangible The bonded warehouse service is technologically supported					
2	A service provider's physical facilities are visually attractive.					
3	A service provider has up-to-date equipment.					
4	Service staffs are well dressed and appear neat.					
5	The bonded warehouse has up-to-date service guideline					
6	Bonded warehouse goods are properly arranged					
1	Reliability When service providers promise, they keep their promise					
2	When I have problems about service, a service provider can solve problems correctly.					
3	Bonded warehouse goods are properly recorded (goods in and goods out) by the customs authority.					
4	Providing service can be finished in a short time.					
5	Stock verification is done by the customs authority on time					
1	Responsiveness I usually receive service quickly from customer service staffs.					
2	Customer service staffs are always willing to help customers.					
3	Customer service staffs always help customers immediately.					
4	Employees are responsive to you in meeting your needs and request as a customer.					
1	Assurance I can trust customer service staffs.					
2	I feel safe in my transactions with customer service staffs.					
3	Customer service staffs do their job well.					
4	Service staffs are free from corruption					
1	Empathy Reasonable (enough) release time is given to clear goods from bonded warehouse					
2	A service provider pays attention in delivering services.					
3	Customer service staffs know what I need.					

4	A service provider explains information to me clearly.					
5	Reasonable (enough) release time is given to clear goods from dry port to the bonded warehouse					
		Agreement Level				
		5	4	3	2	1
Personnel (Employees Behavior)						
1	Employees are specialized in their task.					
2	Employees take care of customers well.					
3	Employees are courteous.					
4	Employees deal with your complaints promptly.					
5	Availability of bonded warehouse Officials all the time					
6	Availability of professional man power					
7	Shortage of professional man power is a problem					
Customer Satisfaction						
1	Overall, you are satisfied with the bonded customs warehouse services given by Addis Ababa Kality Customs Branch Office.					
2	Addis Ababa Kality Customs Branch Office has effective service provision on bonded customs warehouse.					
3	Bonded customs warehouse service is better than expected.					
4	I will continue to use the bonded customs warehouse services provided by Addis Ababa Kality Customs Branch Office.					
5	I will recommend my friends to use the bonded customs warehouse service provided by Addis Ababa Kality Customs Branch Office.					
6	I will not switch into using temporary customs warehouse.					

“THANKS FOR YOUR COOPERATION”