

The Impact of Service Performance Dimensions Modified by Postal Service Enterprise on The Customers in Addis Ababa, Ethiopia

Hailu Demissie Habtie

Department of Marketing Management
College of Business and Economics
University of Gondar, Ethiopia, East Africa

Abstract

In the modern business and non-business organizations more than ever in the 21 century, the service organizations' decisive goals and objectives are to gratify their customers and to get appropriate profit for which they primarily focus on offering excel services and making incessant improvements in the area by carrying out an evaluation for their service delivery in ongoing bases. The main purpose of this study was to empirically examine the modified SERVPERF dimensions or model that affect service quality in Ethiopian postal service enterprise (EPS) and its impact on the customer satisfaction on the services of EPS. Recovery, reliability, tangibility, assurance, responsiveness and empathy have been the dominant influences evaluated in bringing customer satisfaction where the organization may invest more on these dominant dimensions. Researcher has initiated the importance to develop appropriate programs and provide on-going training on the various attributes of responsiveness to strengthen employees' ability to improve customer service. An empirical study on the issue with an intensive research through directional hypothesis portrays the glimpse of the customers' attitude on postal services and explores the opportunities of the further research on a comparative study between main office service quality and satisfaction with other branches in the country.

Keywords:

Customer Satisfaction, Service Quality, SERVPERF

Introduction

The quest of customer's satisfaction in the modern competitive environment hugely depends on the firms' overall service quality and is considered to be an indispensable strategy. To measure the service quality most of the researchers use SERVQUAL and Gronroos's model in various aspects of business environment. However, the aspect of quality and the measurement approach of the service quality and its relationship with customer's satisfaction are still been disconcerted. Despite enduring debate and development of new theory, several researchers have agreed the significances of service quality and its impact on customer satisfactions. One of the prime contemporary

challenges of Management in service industries is providing and maintaining customer satisfaction which is recognized as one of the most important elements within any business management strategy today as a growing concern to many leading companies throughout the world. Progressively most of the firms use satisfaction ratings as an imperative indicator of the performance of products and services as well as for company's future. An important factor driving satisfaction in the service environment is service quality. There has been a contagious controversy as to whether customer satisfaction is an antecedent or corollary of service quality. One school of thought refers service quality as a global assessment about a service category or a particular organization (PZB, 1988). Oliver stated that satisfaction soon decays into one's overall attitude. From this perspective, service quality could be viewed as the whole family picture album, while customer satisfaction is just one snapshot. Recently, however, it has been argued that while the two concepts have things in common, "satisfaction is generally viewed as a broader concept and the service quality is a component of satisfaction" (Zeithaml and Bitner, 2003, p. 85). Because satisfaction derives from various sources, Bitner and Hubbert proposed two ways of viewing satisfaction: service encounter satisfaction (satisfaction or dissatisfaction with specific service encounters) and overall satisfaction (based on multiple encounters or experiences). In other words, a little satisfaction based on each service encounter leads to overall satisfaction with the service.

In a competitive marketplace where businesses organizations compete for customers, customer satisfaction is considered as a key differentiator and increasingly has become a key element of business strategy. Organizations in the same market sector are compelled to assess the quality of the services that they provide in order to attract and retain their customers. In today's world of intense competition, the key to sustainable competitive advantage lie in delivering high quality service that will in return result in satisfied customers (Shemwell et al., 1988). The establishment of the Universal postal union (UPU) in 1875 is what greatly promoted international mail service. Prior to the establishment of the postal service in Ethiopia on March 9, 1894 following an imperial edict, correspondence was conducted through messengers. Ethiopian postal service was established nearly two decades after the birth of UPU. The second half of the 19th century, Ethiopia was characterized by the establishment and consolidation of the empire state under the protection of emperor Menelik who found the postal service, like the telephone and the telegraph, a vital means of exchanging information, first for political and administrative purposes and later on for public correspondence.

The main purpose of this research was to investigate the effect of service quality on customer satisfaction the case of

Ethiopian postal service enterprise because there is no formal research work in the area that is previously conducted this weakness may lead different challenges to the enterprise especially in the century of powerful customers and globalization.

Literature Review

Service industries are playing an increasingly important role in the overall economies of the countries of developed and developing countries. The 21st century is considered to be as the service industry. Researchers have tried to define service and to explain what service constitutes. There are many definitions regarding the concepts of service. Services are deeds, processes, and performances (Parasuraman et al. 1985). Gronroos (1983) defined service as "An activity or series of activities of more or less intangibles nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and systems of service provider, which are provided as solutions to customer problems". Sasser et. al., (1978) defined another meaning for service: "A service is a package of explicit and implicit benefits performed with a supporting facility and using facilitating goods".

According to Parasuraman, Zeithaml and Berry (1988), five principal dimensions that customers use to judge service quality include- reliability, responsiveness, assurance, empathy, and tangibles as shown below;

- **Reliability:** the ability to perform the promised services both dependably and accurately.
- **Responsiveness:** the willingness to help customers and to provide prompt service.
- **Assurance:** the knowledge and courtesy of employees so well so their ability to convey trust and confidence.
- **Empathy:** the provision of caring, individualized attention to customers.
- **Tangibles:** the appearance of physical facilities, equipment, personnel, and communication materials.
- **Recovery:** Grönroos proposed a sixth criterion in 1988: **recovery**. It has the same effect as the junkyard strategy, which is used to support the zero defects strategy.

Most researchers agree that satisfaction is an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive (Oliver, 1980). Additionally, Yi (1990) also stated that

customer satisfaction is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service. Zeithaml and Bitner (2003) translated Oliver's definition of satisfaction to mean that satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations. Both theoretical and empirical arguments for the order of occurrence between quality and satisfaction have been put forwarded (Cronin et al., 2000), and most marketing researchers accept a theoretical framework in which quality performance leads to satisfaction (Dabholkar et al., 2000; Butcher, 2005; Butcher, Sparks, & O'Callaghan, 2003). Parasuraman et al. (1988) proposed that higher levels of perceived service quality result in increased consumer satisfaction.

In conclusion, customer satisfaction is defined as a result of customer's evaluation to the consumption experience with the services. However, the customers have different levels of satisfaction as they have different attitudes and perceived performance from the product/service.

Reichheld and Sasser (1990) state that satisfied customers are likely to buy more frequently and in greater volume and to purchase other goods and services offered by the firm.

Objectives

To study the dominant modified SERVPERF dimensions and their impact on customers' satisfaction towards postal service enterprise in Addis Ababa of Ethiopia

1. To examine the modified SERVPERF dimensions or model that affect service quality in postal service organization in Addis Ababa of Ethiopia
2. To assess the relationship between service quality dimensions and customer satisfaction towards Ethiopian postal service enterprise in Addis Ababa of Ethiopia

Hypotheses

H1: Reliability has significant and positive relationship with customer satisfaction.

H2: Responsiveness has significant and positive relationship with customer satisfaction.

H3: Assurance has significant and positive relationship with customer satisfaction.

H4: Empathy has significant and positive relationship with customer satisfaction.

H5: Tangibles has significant and positive relationship with customer satisfaction.

H6: Recovery has significant and positive relationship with customer satisfaction

Research Methodology

This study was conducted in the Ethiopia capital city Addis Ababa in 2013. The research type is explanatory and correlation research in its nature. Explanatory research was employed to examine the impact of predictor variable on the dependent variable and correlation research was employed to investigate the relationship between modified service quality dimensions and customer satisfaction. The researcher used a questionnaire based cross-sectional survey research design because the data was collected from respondents at point in a time from local and foreign customers who are using postal services in the different parts of the city. The method that had been employed to obtain information about service quality and customer satisfaction in postal service was through survey conducted at a sample of customers in the selected branch. The enterprise has 56 branches in the Addis Ababa and samples of 14 branches were selected using simple random sampling in order to assure representativeness. Samples of 220 respondents were selected from those postal service users; 16 respondents are filled structured questionnaire from each branch by selecting them through non-probability sampling. The respondents were selected from those target populations that use the service more than one time in order to collect reliable data, which helped as an input to the study.

Besides gathering secondary information from various sources, the researcher collected the data through the questionnaires were analyzed using the Statistical Package for Social Sciences (SPSS) version 16.0, Microsoft office Excel 2007 and mean to summarize the result. Pearson Correlation coefficient particularly Bivariate correlations was used to examine the relationship between modified SERVPERF dimensions and customer satisfactions in the service delivery of Ethiopian postal service enterprise. Moreover, multiple regressions is used to identify the most important factors of modified SERVPERF dimensions that influence customer satisfaction and the implementation of multiple regressions is to learn more about the impact of modified SERVPERF dimensions and the relationship between several independent or predictor variables and a dependent or criterion variable.

Analysis of The Study

Correlation And Regression Analysis

Correlation analysis was conducted to investigate the relationship between modified SERFPERF dimensions, which are reliability, responsiveness, assurance, empathy, tangibles and recovery with customer satisfactions. A correlation analysis with Pearson's correlation coefficient (r) was conducted on all variables in the study to explore the relationships between customers perceived service quality dimensions and customer satisfaction. In addition, multiple

regressions were used to identify the most important dimensions of modified SERVPERF dimensions that contribute to customer satisfaction. To interpret the strengths of relationships between variables, the guidelines

suggested by Field (2005) were followed, mainly for their simplicity. His classification of the correlation coefficient (r) is as follows: 0.1 – 0.29 is weak; 0.3 – 0.49 is moderate; and ≥ 0.5 is strong.

Table 1: Pearson's Correlation Matrix for predictors and customer satisfaction

	Reliability	Responsiveness	Assurance	Empathy	Tangibles	Recovery	Overall customer satisfaction
Reliability	1						
Responsiveness	.596**	1					
Assurance	.579**	.714**	1				
Empathy	.568**	.662**	.709**	1			
Tangibles	.435**	.563**	.559**	.601**	1		
Recovery	.430**	.496**	.516**	.575**	.555**	1	
Overall customer satisfaction	.500**	.514**	.514**	.475**	.491**	.508**	1

** . Correlation is significant at the 0.01 level (1-tailed).

According to table 1, Pearson correlation matrix shows reliability has strong associations with overall customer satisfaction with a value of 0.500. As per the person's correlation, the r value ranges from ≥ 0.5 shows variables are strongly correlated. As a result, assurance has positive relation with the latent construct. And responsiveness with r-value has strong associations with overall customer satisfaction with a value of 0.514. According to Field (2005), Pearson correlation coefficient value between ≥ 0.5 shows that variables are strongly correlated. Moreover, Pearson correlation matrix shows assurance has strong association with overall customer satisfaction with r-value of 0.514. Therefore, assurance has positive relationship with customer satisfaction. In the same way empathy, tangibility, and recovery have positive associations with overall customer satisfaction with r-value of 0.475, 0.491 and 0.508 respectively. Generally, responsiveness and assurance have highest positive associations with overall customer satisfaction towards Ethiopian postal service enterprise and the least positive correlation is with empathy and overall

customer satisfactions according to the above Pearson correlation matrix.

Multiple linear regressions is conducted to identify the relationship and to determine the most dominant variables that influenced the customer satisfactions of Ethiopian postal service enterprise. The significance level of 0.05 was used with 95% confidence interval. The dependent variable was customer satisfaction and the independent variables include the modified SERVPERF dimensions, which are Reliability, Responsiveness, Assurance, Empathy, Tangibility and Recovery. The reason for using this multiple regression analysis was to examine the direct effect of these modified SERVPERF dimension on customer satisfaction towards Ethiopian postal service enterprise and the output is shown in the table below. In order to show the impact that each dimension has on the dependant variable, the study checked the Standardized Coefficients. The table shows the slope of multiple regression analysis.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.638 ^a	.408	.389	.75161

We can observe in the model summary from the analysis in the above table 2; R (0.638a) indicates correlation of the six independent variables with the dependent variable customer satisfaction and the weighted combination of the predictor variables (modified SERVPERF dimensions) explained or

affect approximately 41%(R square) of the variance of customer satisfaction and the remaining 59% is by extraneous variables. This result also indicates that there may be other variables that could have been neglected by the current study in predicting satisfaction.

Table 3: ANOVA (Independent Variables as Predictors to Customer satisfaction)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	76.163	6	12.694	22.470	.000 ^a
	Residual	110.724	196	.565		
	Total	186.887	202			

From the Table 3 the ANOVA test, it is noticed that F value of 22.470 is significant at the 0.000 level or significant at 1%. Therefore, from the result, it can be concluded that with 41

% of the variance (R-Square) in customer satisfaction is significant and the model is appropriately measure the latent construct.

Table 4: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.343	.334		1.027	.305
	Reliability	.286	.099	.286	2.881	.004
	Responsiveness	.145	.102	.123	1.415	.159
	Assurance	.162	.113	.129	1.436	.153
	Empathy	-.058	.121	-.042	-.474	.636
	Tangibles	.209	.100	.157 [*]	2.096	.037
	Recovery	.237	.075	.228 ^{**}	3.169	.002

a. Dependent Variable: customer satisfaction

N=203

R square=0.408

F=22.470

** . Significant at the 0.01 level

* . Significant at the 0.05 level

Based on multiple linear regression analysis, the above table 4 reveals the impact of each modified SERVPERF dimensions and their significance. The impact of recovery, reliability, tangibility, assurance, responsiveness and empathy on customers' satisfaction with postal service

organization are 0.228, 0.210, 0.157, 0.129, 0.123 and -0.042 respectively, in their descending order. By examining this beta weight of data analysis result the finding shown that recovery followed by reliability and tangibles was making relatively larger contribution to the prediction model. This

informed us the predicted change in the dependent variable for every unit increase in that predictor. This signifies that for every additional point or value in the recovery one could predict a gain of 0.228 points on the customer satisfaction provided that other variables being held constant. The same is for reliability and tangibility. On the other hand -0.042 indicates every additional point on the empathy measure leads to decrement of -0.042 points on the customer satisfaction provided that other variables remain constant. The negative beta value suggests that when empathy are not in accordance with expectations (with negative deviation), customer satisfaction declines. Therefore, Ethiopian postal service organization requires working hard to improve the empathy and responsiveness to increase customer satisfaction level. Generally, customer satisfaction is primarily predicted by higher level of recovery and reliability, and to a lesser extent by empathy and responsiveness in Ethiopian postal service enterprise. Recovery received the strongest weight in the model followed by reliability and tangibles this shows they are the dominant dimensions in the postal service sector. The researcher, as indicated below, developed a regression model:

$$Y = (B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + B_6X_6)$$

$$CS = (0.343 + 0.210X_1 + 0.123X_2 + 0.129X_3 + (-0.042)X_4 + 0.157X_5 + 0.228X_6)$$

Where Y=the degree of customer satisfaction, Cs=customer satisfaction B₀=constant X₁=reliability X₂=responsiveness X₃= assurance X₄= empathy X₅=tangibles X₆=recovery.

Discussion

As the study proposed with some hypotheses to be tested, and an attempt is made in line to this (i.e. testing of hypotheses and regression coefficient) by drawing supports from the analysis provided above.

- Reliability is about the accuracy and timeliness in the service provide. Pearson correlation matrix in the table 3 shows that, reliability has strong positive relationship with criterion variable with the r-value of 0.500. Moreover, the association is statistically significant because $p < 0.05$ which was shown in the multiple linear regression table 4 (p value is 0.004) then the relationship is significant and positive. This result shows customers have great concern for reliability in their service transaction then the organization requires improving continuously its reliability aspect. Therefore, the hypothesis

H1: "reliability has significant and positive relationship with customer satisfaction" is accepted.

- Responsiveness is the timely reaction towards the customers' needs. Based on the above table 3 responsiveness has strong positive association with customer satisfaction with the r-value of 0.514. However, the relationship is not statistically significant because $p > 0.05$ which was shown in the table 4.16 ($p = 0.159$ which was greater than 0.05) this is accounted for as the customers seemed to emphasize less on the responsiveness aspect of the organization. Based on the assumption, the hypothesis

H2: "responsiveness has significant and positive relationship with latent construct" is rejected.

- Assurance refers to the employees' knowledge and courtesy, and the ability of the service to inspire trust and confidence. According to the finding in the table 3, assurance has strong positive relationship with customer satisfaction. Nevertheless, based on multiple linear regression output the relationship is not statistically significant because the p value is 0.153 which is greater than 0.05. Assurance is mean of being safe, the responses state that the customers feel assurance is being important as part of the service quality that should be included. There are two possibilities; firstly, postal service organization provided enough safety and confidence in the service delivery. In this case, the organization should improve the assurance concern to the user. Secondly, the Customers have ignored it since all postal service enterprise unable to provide the expected level of safety. This is a way to retain customer by providing superior service assurance compared with others. In this manner, the organization should improve assurance aspect of the service. Therefore, the hypothesis

H3: "assurance has significant and positive relationship with customer satisfaction" is rejected.

- Empathy refers to ability to communicate effectively, shows personal attention, knows specific needs, and convenient time management. Based on the finding in the data analysis table 3 shows empathy has moderate positive relationship with customer satisfaction ($r = 0.475^{**}$). However, the linear regression output in the table 4 shows the correlation between the two construct is not statistically significant because p value is greater than 0.05 that is 0.636. This type of relationship may be because of ignoring empathy aspects by the customer or by believing that there is all ready existed in the organization. The organization

should maintain and improve the empathy skill since personal contact is very important in this type of service sector. Therefore, the hypothesis

H4: empathy has significant and positive relationship with customer satisfaction is rejected.

- Tangibles encompass the appearance of the company representatives, facilities, materials, and equipment. According to the Pearson correlation matrix which is presented above shows that tangibles has moderate positive correlation with customer satisfaction ($r=0.491^{***}$) and the output of multiple linear regression in the table 4 shows the relationship is statistically significant because $p<0.05$ ($p=0.037$) then the relationship between the construct is positive and significant. This shows the user give great emphasis for tangible concern of the sector and the organization requires responding positively by making continuous improvement. Therefore, the hypothesis

H5: Tangibles has significant and positive relationship with customer satisfaction is accepted.

- Based on the same table shown in the above recovery has moderate positive correlation with customer satisfaction ($r=0.508$) and the multiple regression table 4 shown signifies the relationship is statistically significant with the p value of 0.002 that is less than the significance level of 0.05. The result of statistically significance shows the customers have greater concern for recover in the postal service organization and the organization should adopt recovery as the main concern for service quality. Therefore, the hypothesis

H6: Recovery has significant and positive relationship with customer satisfaction supported and accepted.

Generally, all modified SERVPERF dimensions have positive relationship with criterion variable however; the significance was varying among the 6 dimensions according to the finding which is demonstrated in the table 4.

Recommendations

Based on the results of the analysis and conclusion made, the following recommendations are forwarded which shall help to Ethiopian postal service enterprise in assessing its service delivery process or in order to improve the service delivery of the organization and indirectly to boost customer satisfaction.

- Even if the impact of responsiveness is lower on customer satisfaction, the organization should give special attention on the responsiveness area since postal service by its nature requires personal contact between

front line employees and customers. Therefore, it is important to develop appropriate programs and provide on-going training on the various attributes of responsiveness to strengthen employees' ability to improve customer service.

- The organization may apply modified SERVPERF dimensions that have direct impact or influence on the customer satisfaction even if they have different degree of influence on the overall customer satisfaction.
- As clearly shown in the analysis part of the study recovery, reliability, tangibility and assurance have the most dominant influence in bringing customer satisfaction and responsiveness and empathy are least in the influence. Therefore, the organization should invest more on the dominant dimensions and it should consider the appropriateness of service empathy and responsiveness.

Conclusions

In the modern competitive environment, the quest of customer's satisfaction hugely depends on the firms overall service quality (SQ) and is considered to be an essential strategy. The major objective of this study was to assess service quality and its impact on customer satisfaction. The Pearson correlation coefficient of the study signifies that all predictor variables and criterion variable have positive relationship with each other. Based on the study reliability, assurance, responsiveness, and recovery have strong association with customer satisfaction while the moderate association is with tangibility and empathy respectively and their level of significance is vary among dimensions in the sector. The result of regression analysis showed that recovery has highest impact on customer satisfaction that is a one-unit value change in the recovery aspects leads to a change of 0.228 on customer satisfaction by holding other dimensions as constant followed by reliability, tangibility, assurance and responsiveness. However, the least impact on customer satisfaction was observed in the aspect of empathy. This result shows that recovery and reliability have dominant influence on the customer satisfaction and empathy has least influence towards Ethiopian postal service enterprise. Therefore, the researcher confirmed that the dimensions of service quality vary in driving customer satisfaction in a given service sector. The future researchers can conduct a comparative study between main office service quality and satisfaction with other branches that are located in the different area of the country by including all ignored predictors. Moreover, this research was conducted through directional hypothesis however; future researchers have the opportunity to test the results of this study by adopting a non-directional hypothesis approach.

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