

St. Mary's University
School of Graduate Studies

**ASSESSMENT OF TRADE FACILITATION IN ETHIOPIAN REVENUE AND
CUSTOMS AUTHORITY & ETHIOPIAN SHIPPING AND LOGISTICS
SERVICE ENTERPRISE, MODJO DRY PORT WAREHOUSE
ADMINISTRATION**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY,
SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTERS OF
BUSINESS ADMINISTRATION (MBA)**

BY

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SGS/0341/2007A

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ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

GENERAL MBA

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asmamaw Getie (Ass. Prof). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University for examination with my approval as a university advisor.

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Abstract

Ethiopian Revenue and Customs Authority & Ethiopian Shipping and Logistic Service Enterprise, Modjo Dry Port is one of the branches of the dry ports striving to serve the process of imported and exported goods. This research is focused in examining the quality of the system, which is trade facilitation towards giving a satisfactory service to importers. This study is incorporated by primary data collected by random sampling technique from both companies' employees and importers, who used this branch. A sample of 191 employees and 61 importers were studied for this investigation. The study incorporated descriptive statistic to analyze the collected data from participants. And the result shows that the organization do not have sufficient capacity to serve large number of customers at ones and all the tools and equipments used to inspect the status of imported products are not updated and well organized. In addition, the difference in perception of simplicity of the organizations' system has been observed. Employees think that the current is smooth and simple for customers, whereas the customers think that it is not and that they spend too much time to receive the service and leave the system with enthusiasm. The outcome of this study offers an opportunity for further study can investigate more about the satisfaction level of customer related to trade facilitation and dry port warehouse in future. Based on the findings it is recommended that the dry port services should use one window system, provide regular training to employees to improve the ability of the employee, harmonized each sub system, updating the infrastructure and inspection tools and also finally striving to upgrade the capacity of the organizations.

Contents

CHAPTER ONE: INTRODUCTION	1
1.1. Background of the Study	1
1.2. Statement of the Problem	3
1.3 Research Questions	3
1.4. Objective of the Study	4
1.4.1 General Objective	4
1.4.2 Specific Objectives	4
1.5. Definition of Terms (Operational Definitions)	4
1.6 Significance of the Study	5
1.7 Delimitation/Scope of the Study	5
1.8 Organization of the study	5
CHAPTER TWO: REVIEW OF RELATED LITERATURE	6
2.1 What is Trade Facilitation	6
2.2. Customs	8
2.3 Customs Warehousing	9
2.4 Multi-Modal	11
2.5 Dry port	11
2.5.1 Advantage of Dry port Concept	13
2.5.2 Disadvantage of Dry port concept	15
2.6 Customer Satisfaction	16
2.7 ERCA	16
2.7.1 Background	17
2.7.2 Objective of ERCA	19
2.8 ESLSE	19

2.8.1 Establishment	19
2.8.2 Objective of ESLSE.....	20
2.9 Empirical Review.....	21
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY	23
3.1. Research methods	23
3.2. Research Design.....	24
3.3. Population and Sampling Techniques.....	24
3.4. Types of Data and Tools/Instruments of Data Collection.....	27
3.5. Procedures of Data Collection	27
3.6. Methods of Data Analysis.....	28
3.7. Quality in Research.....	28
3.8. Ethical Considerations	29
CHAPTER FOUR: RESULTS & DISCUSSION.....	30
4.1. Results/Findings of the Study	30
4.2. Findings.....	43
4.2 Discussion.....	44
CHAPTER FIVE: CONCLUSIONS & RECOMMENDATIONS	46
5.1. Conclusions.....	46
5.2. Limitations of the Study (if any).....	46
5.3. Recommendations	47
5.4 Area of Further study	48
Reference	49

List of Tables

Table 1 Descriptive statistics of employees' response.....	30
Table 2 Employees' response on the entire process.....	31
Table 3 Importers' response on the entire process of the system	31
Table 4 Employees' response on their skill	32
Table 5 Importer' response on employees' skill	33
Table 6 Employees' response on Integration of system	33
Table 7 Importers' response on Integration of system	34
Table 8 Employees' response on infrastructure of the organization	34
Table 9 Importers' response on infrastructure of the organization.....	35
Table 10 Employees' response on training	35
Table 11 Employees' response on total service time.....	36
Table 12 Employees' response on organization of tools and equipments	37
Table 13 Importers' response on organization of inspection tools and equipments.....	37
Table 14 Importer's response on capacity of the organization	38
Table 15 Employees' response on capacity of the organization.....	39
Table 16 Importer's response on description of inspection tools	40
Table 17 Employees' response on description of inspection tools	40
Table 18 Employees' response on obeying rules	41
Table 19 Importers' response on obeying rule.....	41
Table 20 Satisfaction level of customers	42
Table 21 Descriptive statistics of Importers' response.....	42

List of Figures

Figure 1 Gender of respondents (Employees of ERCA and ESLSE)	26
Figure 2 Gender of respondents' (Importer).....	26

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Acronyms & Abbreviations

ERCA – Ethiopian Revenue and Customs Authority

ESLSE – Ethiopian Shipping and Logistics Service Enterprise

ODI – Organizational Development Institute

WTO – World Trade Organization

OECD – Organization for Economic Co-operation and Development

USAID – United State Agency for International Development

IMF – International Money Fund

ACL – Amber Cost Logistics

WCO – World Customs Organization

ABSTRACT

Ethiopian Revenue and Customs Authority & Ethiopian Shipping and Logistic Service Enterprise, Modjo dry port is one of the branches of the dry ports striving to serve the process of imported and exported goods. This research is focused in examining the quality of the system, which is trade facilitation towards giving a satisfactory service to importers. The study has incorporated by primary data collected from both companies' employee and importers, who used this branch randomly selected. A sample of 191 employees and 62 importers were studied for this investigation. The study incorporated descriptive statistic to analyze the collected data from participant. And the result shows that the organization do not have sufficient capacity to serve large number of customers at ones and the tools and equipments used to inspect the status of imported products are not updated and well organized. In addition, the difference in perception of simplicity of the organizations' system has been observed. Employees think that the current system is smooth and simple for customers, whereas the customers think that it is not and that they spend too much time to receive the service and leave the system with enthusiasm. The outcome of this study offer an opportunity for further study can investigate more about the satisfaction level of customer related to trade facilitation and dry port warehouse in future. Based on the findings it has been recommended that the dry port services should use one window system, provide regular training to employees to improve the ability of the employee, harmonized each sub system, updating the infrastructure & inspection tools and also finally, striving to upgrade the capacity of the organizations.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Over the last few decades countries across the world have pursued strategies of progressively reducing customs tariffs, encouraging foreign investment and taking advantage of the opportunities found within greater regional and international integration. However, this process has been undermined by many disruptive and costly administrative practices that have directly impacted on the efficiency of modern international transport and logistics operations (Grainger & McLinden). Trade facilitation seeks to reduce those costs (Grainger, 2011).

Trade facilitation is a sequential procedure of trade to be simplified, integrated, standardized and updated with new theories. It finds to minimize trade transaction cost with in different customs related activities, which boundaries limited between government and business sectors. Trade facilitation has its own steps that can be taken smooth and facilitate the flow of trade (OECD, 2005).

The benefits of trade facilitation and reduced transaction costs between business and government are self-explanatory. Essentially, everyone stands to gain from making the process of trade less complex. Governments gain because efficient border procedures enable them to process more goods and improve control of fraud, thus increasing government revenue. Businesses will gain more, because if they can deliver goods more quickly to their customers they are more competitive. And consumers benefit fairly because they are not paying the costs of lengthy border delays. If a truck waits at the border for a week, ultimately the customers are paying for its being off the road and idle without doing anything during that time.

Developing countries have not been able to fully capture the benefits of trade for different reasons. Although market access is still an issue in some areas, for instance, around agriculture, there are other 'behind the border' limitations. Some of the limitations include high transport costs, absent or unsupportive policies and regulations, cumbersome and slow export processing procedures, inadequate export and trade negotiating skills, poor product standards, low

productivity and competitiveness, lack of export diversification and low added value production chains. Broader economic infrastructure issues also contribute to the challenges: underdeveloped countries are often poorly resourced in terms of energy, communications and transport infrastructure. These constraints lead to complicated global competitiveness (ODIA, 2009).

When the process in trade facilitation becomes easier everyone stands to gain more benefit. Governments will be beneficial because efficient border procedures make them able to process more goods and improve control of fraud, thus increasing government revenue. Businesses will have a better advantage because if they can deliver goods more quickly to their customers they are more competitive. And consumers gain what they deserve because they are not paying the costs of lengthy border delays. If a truck waits at the border for a week, ultimately the customer is paying for its being off the road and unproductive during that time. Trade facilitation is particularly important for developing countries, as studies show they stand to gain the most from more efficient trade procedures, although achieving it may be more challenging for these economies than for the developed world. But even modest reductions in the cost of trade transactions would have a positive impact on trade for both the developed and the developing world (Grainer, 2011).

In many developing countries, clearance times for exports and imports considerably affect the competitiveness of national industry.

As a result the investigation's scope is limited to analyzing the 'Assessment of trade facilitation in ERCA and ESLSE, Modjo dry port warehouse. The study tries to look up the gap between the current systems and the efficient system. Hence it measures if there is simple and smooth system, evaluate the employee performance ability, checking infrastructure is updated or not, and customer satisfaction on the provided service. After the completion of this research, a proposal for an efficient warehouse administration system will be recommended for a better performance.

1.2. Statement of the Problem

Improved port efficiency provides larger trade benefits than increasing efficiency of the activities that are performed in customs authority. But in developing countries there is a wide gap between the actual and potential trade and growth benefits given inefficient movement of goods across borders. Since developing countries perform with a poor-resource base, rigid administrative system and bottlenecks results in a higher transaction cost when it is compared to developed countries. Therefore the trade facility agencies in developing countries should design a strategy that can enable the system to remove the unnecessary barriers resulting in unnecessary time consuming delivery of service to the customers. The developing countries are the ones who should strive to improve the trade facilitation system for a better customer satisfaction and revenue collection from importers and exporters (Milner et al. 2005).

In Ethiopia, like any other developing countries, faces difficulty in trade facilitation system, for this reason the country has not been benefited from trade facilitation system (Tamrat, 2013). In addition to the system of the warehouse that is used to load and unload the products is not being assisted by any technology including x-ray machines the required time for the off-load shipment has increased. Since the rest of the parts and products are going to be put on the outside where there is no roof the products might get damaged due to rain and unnecessary exposure to the sun. At the same time it was also observed that customers are complaining regarding the long release time of the imported products.

1.3 Research Questions

The main research questions of this study are the following:

- a. What are the main problems in Modjo dry port warehouse administration?
- b. What are the major problems on trade facilitation process in Modjo dry port warehouse?
- c. Did the employees have the necessary skills and knowledge to perform the required process and serve all customers in time?
- d. Are the customs officials doing their jobs based on the rules and regulations set by the organization?

- e. Are the importers satisfied with the service being provided by the trade facility staffs?
- f. How can the existing problems be solved?

1.4. Objective of the Study

1.4.1 General Objective

The main objective of this study is to assess the current trade facilitation to check whether there is a gap between the expected and actual outcome, which includes all flow of trade in ERCA & ESLSE in Modjo dry port warehouse.

1.4.2 Specific Objectives

The specific objectives of this study are

- a. Identify the major problems on trade facilitation process in Modjo dry port warehouse.
- b. Investigate whether or not customs officials doing their jobs based on the rules and regulations set by the organization.
- c. Identify if the employees have the necessary skills and knowledge to perform the required process and serve all customers in time.
- d. Investigate if the importers are satisfied with the service being provided by the trade facility staffs.
- e. Propose a solution for the existing problems.

1.5. Definition of Terms (Operational Definitions)

Dry Port is container oriented and supplies all logistics facilities, which are needed for shipping and forwarding agents in a port (Lina, 2009). Therefore, this thesis's scope is located at one of the Dry ports of Ethiopia; i.e Modjo dry port.

Multimodal Transport means carriage of goods by more than two transport mode. The basic feature of multimodal transport is that at least two mode of transport used (UNCTAD, 2003). The products that are inspected at Modjo dry port arrive only by ship and it will be transported to the Modjo dry port by truck.

1.6 Significance of the Study

This study will have both practical and theoretical contribution to importers, government, and the society. From this study the top management and customs officials and customers of the dry port will have a better knowledge on the effect of the current system. And from expected findings an appropriate and efficient system will be implemented. Finally, the outcome of this study can offer an opportunity for further study related to trade facilitation and dry port warehouse in the future.

1.7 Delimitation/Scope of the Study

This problem is a national problem that has to be investigated at all dry ports, including EAL cargo, Addis Ababa Airport passenger section, Somalia and Sudan borders and Addis Ababa Post office. But this study is mainly focused on only Modjo dry port warehouse. And for further area of investigation, future researchers can study the system of the rest dry ports in order to gain accurate information about the system. After all dry ports are studied in the future; the results can be used to generalize the entire system of dry port warehouse system in Ethiopia.

1.8 Organization of the study

The study assessed trade facilitation in ERCA and ESLSE, Modjo dry port because of the time limitation and accessibility of information to the researcher. Organization and over all content of this study can be described as follows: The research is divided in to five chapters. The first chapters provides introduction which includes background, problem statement, Objectives, definition of terms, significance of the study and delimitations of the study. The second chapter deals with different author about the topic, background of the companies. Chapter three discussed research design and methodology to be used in the study with quality of research and ethical consideration. In the fourth chapter the study results and discussion. And finally chapter would have concrete the research conclusion, limitation of the study and recommendation based on the analysis and findings.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 What is Trade Facilitation

According to (Grainger 2011) trade facilitation can be defined in four independent themes (1) “the simplification and harmonization of applicable rules and procedures”; (2) “the modernization of trade systems, and the sharing and lodging of information between business and government stakeholders in particular”; (3) “the administration and management of trade and customs procedures”; and (4) “the institutional mechanisms to safeguard effective implementation of trade facilitation principles and the ongoing commitment to reform”.

Trade facilitation can also be defined as the “simplification and harmonization of international trade procedures”. There are a number of activities that are being performed in the trade facilitation. These activities are different procedures that are designed improve the process and satisfy customers at all times. Some of the procedures include the ‘activities, practices and formalities that are highly related in collecting, presenting, communicating and processing data necessary for the movement of goods in international trade. The above definition can be related to other activities including ‘import and export procedures but it is not limited to these activities only. For instance licensing procedures, transport formalities, payments, insurance and respective procedures can be applied in trade facilitation.

Another definition of trade facilitation encompasses transparency and professionalism of customs authorities, harmonization of different standards and conformance to both international and regional regulations.

The different stakeholders within the international trade and cross-border environment, depending on their specific interests, may have different views about how trade facilitation measures should look in practice. Stakeholders within the private sector include:

- Traders, including buyers, sellers, their agents and distributors
- Transport operators, including shipping lines, airlines, railway companies, logistics and trucking companies

- Providers of trade services, including banking, finance and insurance
- Operators of transport infrastructure, including port terminals, airports, stevedores and handling agents, warehouses and electronic information systems
- Specialist service providers, including freight forwarders, shipping agents and logistics service providers (Grainger forthcoming 2012).

Trade facilitation is more than the above definitions in a way that the movement of goods in cross border trade is controlled (Buyonge and Kireeva, 2008).

Trade facilitation strives to reduce costly administrative practices that have a direct impact on the efficiency of modern the efficiency of modern international transport and logistics operation. This is the effect of different countries perusing strategies of progressively reducing customs tariffs, encouraging foreign investment and taking advantage of the opportunities found within greater regional and international integration (Grainger & McLinden forthcoming). Trade facilitation seeks to reduce those costs.

The rapid growth in volumes of trade facilitation and subsequent movements of goods across the border imply a considerable operational challenge for government agencies. Government agencies are expected to develop smart enforcement strategies that ensure regulatory objectives that can be safeguarded without interrupting the process of trade. Out of different facilitation ideas, risk management and preferential treatment of trusted operators with a satisfactory compliance history can free resources in order to deploy it to target the cross-border activities .in addition the application of modern technology can bring radical advantage for the processing of declarations and sharing of trader related information.

Trade facilitation is a diverse and challenging issue with huge potential benefits for both business and governments on the national, regional and international levels. It cuts across a wide range of areas such as government regulations and controls, business efficiency, transportation, information and communication technologies (ICT) and the financial sector. Trade facilitation can have a dynamic effect on competitiveness and market integration (Cosgrove and Apostolov, 2003).

After understanding more about trade facilitation, boarder agencies have faced an increase in the political pressure to strengthen the supply chain security in the past years. This happened especially since 9/11 incident. The fear, with in some policy circles, is that modern supply chains are particularly weak and open exposed to be attacked by terrorists and criminals (Flynn, 2002). Therefore working together with business stakeholders has become an essential requirement for more robust border control (WCO, 2007). But businesses need to be suitably enticed and trade facilitation measures, where they help deliver a net reduction in trade compliance costs, can provide those incentives. Likewise, trade facilitation measures related with the modernization of the cross-border environment are also able to help tighten security by freeing resources that can be redeployed on security issues.

The benefits from trade facilitation are especially important for developing economies, where the removal of trade inefficiencies may be much more beneficial to industries than the reduction or removal of tariff barriers. In addition, trade facilitation can be especially important for small and medium sized companies for whom the costs of compliance with procedures are proportionately higher. The fact that trade facilitation is an increasingly important factor in attracting foreign investment, especially for the supply chain related investments, where the existence of an efficient trading process is essential (Cosgrove, et al, 2003). Trade facilitation also brings more efficient and reliable tax collection, a particularly important consideration for developing country governments that depend on trade taxes to finance their public administrations (Grainer, 2011).

2.2. Customs

All countries have in place some customs controls for revenue generation, domestic economic interests, and national security purposes. While there are similarities between countries (like the universal need for shipment documentation, including commercial invoices and Bills of Loading) there are local, specific requirements that have to be addressed. In general, customs clearance will be defined as the set of functions undertaken by a national customs authority, which include, but are not limited to:

- Processing of import, export, and transit declarations
- Assessment of origin, value, and classification of goods
- Collection and processing of duties and fees

- Physical inspection, examination, and release of cargo
- Conduct of post-clearance audits
- Processing of urgent consignments
- Administration of waivers and exemption schemes and drawback schemes.

Although the customs-related import problems can be somewhat generalized, the causes of these problems are likely to be specific to a particular port of entry. To track, discuss, and identify problems with customs clearance, implementing partners with importation responsibilities need to begin describing and tracking the time and other factors related to the complexity of the process, such as numbers of documents required, numbers of agencies involved, and the costs associated with clearing customs. If port clearance is perceived to be “a problem” the only way to address it moving forward is to:

- Set clear expectations
- Monitor some number of reasonable, measurable indicators
- Share findings with concerned stakeholders, including customs and port authorities in specific countries.

Rather than thinking of customs delays as a simple constraint, donor agencies and government stakeholders need to engage customs authorities and their own third-party contractors in their ongoing performance improvement programs to identify problems that can be rightly attributed to the clearance process and to solve these problems in a transparent and effective manner. To that end, stakeholders can work to solve known problems and conduct further study to identify areas for further intervention (Snow, 2009).

2.3 Customs Warehousing

Customs warehousing or bonded warehousing is a “specifically approved customs administration that enables the importer to defer the point at which customs duty and import VAT are incurred from the standard time of import to the time of call off from the warehousing administration.” Every Importer that uses the uses the Customs Warehousing is obligated to pay customs duties and import VAT through a duty deferment account www.internationaltradesolutions.co.uk. International Trade Solutions Ltd.

Customs Warehousing provides different kinds of advantages as listed below:

- Cash-flow savings on customs duty, import VAT and Anti-Dumping (if applicable) by delaying the point at which these taxes become due;
- Cash-flow savings on goods dispatched to VAT registered businesses in other EU Member States as there is no need to pay and recover the VAT on these movements;
- Cost savings as there is no need to pay customs duty on imported goods subsequently exported from specified countries;
- Cost savings where component parts have a higher duty rate than the set or item they are going in to as customs duty can be based on the rate for the item or processed product;
- Cost savings in the amounts paid to agents in making customs declarations depending on how the process is configured (see below);
- Flexibility in choosing the point of import to maximize the use of preferential duty rates, quotas, licenses etc.;
- Simplification in determining an appropriate customs value on call of or consignment stock as a sale can take place before customs clearance.

In addition to the benefits that are listed below, Customs warehouse has its own requirements, risks and disadvantages, such as:

- An importer takes on additional regulatory obligations when employing Customs Warehousing to realize the above benefits. Failure to meet these obligations can result in:
- Removal of the customs warehousing authorization;
- Immediate collection of customs duties and import VAT;
- Penalties; and
- Time consuming investigations.

It is critical that the importer makes the appropriate elections and options in the customs warehousing application to maximize the benefits of customs warehousing while minimizing the administration costs and compliance risks.

An importer will need to demonstrate that the proposed system will meet these additional obligations and that a system and controls are in place to prove this at subsequent audit. These systems and controls must also be capable of picking up developments in customs law and the importers business operations.

The system must ensure all imports are captured, entered to the warehouse correctly, that warehouse stock can all be accounted for and all releases are reported correctly.

2.4 Multi-Modal

The definition is jointly given by the United Nations Economic Commission for Europe the European Conference of Ministers of Transport and the European Commission. Sometimes, Multimodal transport is connected to the international transport of containers and the need for transport facilitation. It derives its name from the United Nations Convention on International Multimodal Transport of Goods in 1980. The definition of the term “International Multimodal transport” is provided in article 1 of the convention, which reads as follows “International Multimodal transport” means the carriage of goods by at least two different modes of transport, such as ship, truck, train etc and on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country.”(UNCTAD, 2003)

2.5 Dry port

There are several kinds of intermodal terminals that appear to be similar to a Dry Port by their functions and facilities, for example inland ports, inland clearance depots, conventional intermodal terminals, etc. However, the Dry Port is the most advanced of these, mainly because this concept includes at least the following functions: cargo transshipment from rail to road or the other way around, temporary storage of goods, consolidation and distribution activities, a variety of value-added services and customs clearance service.

A Dry Port is “an intermodal terminal situated in the hinterland servicing a region connected with one or several ports by rail and/or road transport and is offering specialized services between the Dry Port and the overseas destinations.

One of the advantages of dry ports is to improve service quality and speed up the movement of goods. In addition dry port has an advantage to prevent bottlenecks in establishment of ports in order to increase competitiveness.

Dry ports could help to improve service quality and accelerate the movement of goods. Dry port has several advantages which could help to reduced bottlenecks in development of the ports and thereby improved the competitiveness. Dry ports are used much more consciously than conventional inland terminals, with the aim of improving the situation resulting from improved container flows, and a focus on security and control by the use of information and communication systems. Implementation of a dry port in a seaport's near to the port increases the seaport's terminal capacity and with it comes the potential to increase productivity since bigger container ships will be able to call at the seaport. This would increase the container dependency indicator of the ports. In addition, cooperation in international level is critical for the ports. These ports should extend the existing partnerships and create new cooperation projects.

This could help to resolve problems with the lack of space, queuing times, road access and low share of rail transport mode in cargo supply. Dry ports, located in the proximity to TEN-T links, could offer an extra capacity to the container ports. To increase the turnover trend the ports should improve their connectivity by finding associates and projects which would help to create new possibilities for transporting intermodal cargo via ports, for example developing industry complexes around ports (industrial parks). For a port, it is important to have partnerships with cargo-owners, logistics companies and railway operator in order to make the port more attractive to the new customers. Contracts with railway networks are significant to improve the port's connectivity with hinterland (e.g. Shuttle Train Viking, Baltic Rail in Port of Gdynia, train ZUBR (Tallinn-Riga- Illichivsk- Odessa). In addition, today's highly competitive environment, quality ICT solutions are significant for the ports to enhance their performance. Correctly chosen ICT solutions coordinated with EU Single Window concept might help the port to improve its technology and accordingly increase time effectiveness in port. AC ports should take into account all EU Transport Policy developments. In order to enhance the maritime traffic, the second group should improve the ports' connections with hinterland. EU Transport Policies are focusing on improving infrastructure of roads and rails in EU and therefore it is necessary that the ports consider all EU policies and strategies in order to reach success when implementing

new innovative solutions oriented to improve hinterland connections. (Amber cost logistics, 2013).

A dry port is an inland intermodal terminal directly connected to seaport(s) by rail where customers can collect their units as if directly at a seaport. “As if directly at the seaport” is a very crucial part of the definition, because it implies a certain level of integration with seaports as well as availability of services that may be found at a seaport, such as storage, maintenance of containers, customs clearance, etc. Therefore, dry ports are used much more deliberately than conventional inland terminals, with the aim of improving the situation resulting from increased container flows, and a focus on security and control by the use of information and communication systems. Scheduled and reliable high-capacity transportation to and from the seaport is essential and determines the dry port’s performance and its environmental role. Based on their function and their location, dry ports may be categorized as distant, mid-range and close. (Dr Violeta Roso, Chalmers University of Technology, Department of Technology Management and Economics) (Dry port Development)

2.5.1 Advantage of Dry port Concept

Facility and efficiency of the transport system can be improved by applying dry port concept:

- By using dry port concept companies can take an advantage of higher container capacity of railroads.
- Significant amount of containers can be transported more speedily to hinterland by using one train instead of many trucks.
- Pressure in the seaport can be reduced by using dry port concept and balancing stress with seaport and dry ports.
- Dry port near Russian border improves transit traffic.
- Road distance for picking up the containers shortens.
- Returning empty container accelerates.
- Empty container traffic decreases.
- Efficiency of truck traffic improves.
- Logistics concentrates in nodes of railways and roads e.g. in Kouvola.

- Efficiency to answer local transportation needs increases by decentralizing seaport operations.
- Concept improves attainability of rail transport by increasing the use of rail transport in smaller cities.

More versatile and cost-efficient services can be achieved with dry port concept:

- Companies operating at neighborhood can offer services that are traditionally offered at seaports.
- Environmental impacts of the transport system can be reduced:
- Environmental impacts can be lowered by using Finnish electric railways, because rail traffic is environmentally friendlier mode of transport than road transport.

Following driving and resting time regulations gets easier:

- Dry port concept eases drivers to follow driving time directive, because truck driving distances become shorter. Warehousing needs of customers can be reduced:
- Customers can invest lower amounts in their own warehouses, if compared to direct road transports.

As it can be seen from benefits respondent companies assume that dry port concept could have, the most obvious benefit is the increased efficiency and capacity of the transport system. According to respondents, there are in addition benefits in better and more versatile services, reduced environmental impacts, reduced warehousing needs for customers and easier following of road transport regulations. Driving and resting time can be followed easier with the dry port concept, because road travel distances become shorter. With dry port concept one driver can with greater probability deliver his or hers freight. Without dry port concept driving distances can develop so long that driver has to take his or hers daily break without managing to deliver the freight in one day. This advantage is higher in smaller companies, since larger companies usually have arranged their road network terminals so that a different driver can continue to deliver the freight, if previous driver has to take his or hers daily break. Some of the companies also mentioned that the image of road freight transport as a job can get more attractive with dry port

concept, because drivers can more often return home after the workday, instead of having daily breaks at intermission location during delivering freight (Henttu, 2011).

2.5.2 Disadvantage of Dry port concept

All the disadvantages that companies found about dry port concept are listed below (Henttu, 2011 and Tamrat, 2013).

All the statements are categorized in different categories by their nature:

The complexity of transport system increases:

- Navigation of the containers gets more complicated, especially if there are many dry ports.
- The number of loadings and unloading will increase.
- Additional transshipments and loadings.

Lead-times increase:

- Lead-time of containers increases if compared to direct road deliver.
- Every terminal increases lead-time by one day.
- Fast deliveries cannot be accomplished with dry port concept.

Implementing dry port concept will be expensive:

- Present infrastructure is designed for road traffic. Dry port concept would not be cost-efficient.
- Who will pay for the maintenance?

Dry port concept does not allow benefits for certain geographically located companies:

- Truck companies near seaport do not find advantages for them in the dry port concept.
- Slowness and reliability of rail transport.

Many respondent companies believe that transport system will get more complex to organize, if a dry port concept is implemented. In addition, many companies believe that dry port concept will increase lead-times. Three respondent companies suppose that one intermodal terminal increases lead-time by one day. The dry port concept will not allow benefits for all different companies regarding their geographical location i.e. road transport companies near seaports will not gain benefits of the dry port concept. Implementing dry port concept will be expensive according to some respondents (Henttu, 2011).

2.6 Customer Satisfaction

The relationship between perception of quality and customer satisfaction is of great importance especially for the service sector. It could be suggested that this is because customers are not only interested in the tangible aspects of the products offered to them in the service sector but also the intangible aspects of these products in the provision process. To give an example from the catering businesses assessed within the scope of the service sector that constitutes the research field of this study, customers purchasing the food and beverage offered by these businesses are likely to consider certain other factors that determine quality in addition to the quality of food and beverage; other factors such as the atmosphere of the business, hygiene of the space and the food and beverage, attitudes and behaviors of service personnel, and perception of the value of the price paid for the products and services offered. Moreover, owing to the concurrency factor, which is a characteristic of the service provision, it becomes even more difficult for service businesses to compensate for the lack of quality that may occur in relation to products and services offered to the customers and the resulting dissatisfaction. Therefore, it could be suggested that in order for the catering businesses to increase the level of customer satisfaction and consequently assure their competitiveness in the market, they should place more importance on, and pay greater attention to improving the service quality (Saglik, et al, 2014).

2.7 ERCA

The Ethiopian Revenues and Customs Authority (ERCA) is the body responsible for collecting revenue from customs duties and domestic taxes. In addition to raising revenue, the ERCA is responsible to protect the society from adverse effects of smuggling. It seizes and takes legal action on the people and vehicles involved in the act of smuggling while it facilitates the legitimate movement of goods and people

across the border. The ERCA traces its origin to July 7, 2008 as a result of the merger of the Ministry of Revenues, the Ethiopian Customs Authority and the Federal Inland Revenues into one giant organization.

2.7.1 Background

According to article 3 of the proclamation No .587/2008, the Authority is looked upon as "an autonomous federal agency having its own legal personality". The Authority came into existence on 14 July 2008, by the merger of the Ministry of Revenue, Ethiopian Customs Authority and The Federal Inland Revenue Authority who formerly were responsible to raise revenue for the Federal government and to prevent contraband. Reasons for the merge 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 cut through the red tape or avoid unnecessary and redundant procedures that results delay and are considered cost-inefficient etc.
- 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.

A long process of study called "Business Process Re-engineering" had taken place before any steps were taken to effect the merger of the foregoing administrations. The study was undertaken for a year and half beginning from November 2007 by teams of officials selected from within the administration. (<http://www.erca.gov.et/index.php/about-us#objective-of-authority>)

The study has looked into the selected key business processes and has come across inefficient organizational structure and unnecessary complicated procedures that permitted insufficient service delivery. The study has also indicated that there was corruption within the administrations and that smuggling and tax evasion were serious problems. These problems have depressed the attempt of the foregoing administrations to be successful in achieving their objectives. Owing to the depressing problems that worked against efficiency, the former administration has failed to deliver efficient service to its customers such as importers, exporters,

taxpayers, the federal government, the society etc. For instance, international trade participants (importers, exporters) were unable to deliver their goods to domestic and international market on time.

Every import or export goods and their documents must be processed through the former tax and customs administration and due to the inefficient procedures; these goods were subject to delay at exit or entry points of the former customs Authority. Owing to it, importers or exporters viewed the former customs procedure with disfavor or as an impediment that blocked the movement of international trade. The former tax and customs administration also has long been criticized for lack of efficient system to control tax evasion.

The administration had inefficient system to control taxpayers who fail to declare their actual income in order to reduce their tax bill and the federal government's revenue. The former administration was also far behind in protecting investors from adverse effects of contraband. It was a daily occurrence to see contraband goods displayed on and being sold in the streets of major towns of the country. These and other myriad problems call for solutions or significant change and in response to them, the study team has made problem-solving proposal. In its proposal, the team has suggested merger of the foregoing three administrations. The team could not see the necessity for three entities or administrations as long as their purposes are indistinguishable i.e. collecting tax for the government and preventing smuggling. The study team believes that it would be better if the three administrations merged, forming a single large powerful organization so that a base for modern and equitable tax and customs administration system, effective resource utilization and quick service delivery can be laid down. The merge was eventually put into effect with the knowledge, participation and approval of the employee and senior management members and taxpayers. The pre-merger project such as the pilot program, carried out for six months beginning from November 2008, has revealed that all the newly designed tax and customs procedures test have been carried out to everyone's satisfaction i.e. it was successful and has produced very beneficial effects to both the authority and its customers or stakeholders. Presently, the Authority is exercising the powers and duties that were granted to the Federal Inland Revenue Authority and the Customs Authority by other existing laws.

2.7.2 Objective of ERCA

The ERCA has the following objectives:

- To establish modern revenue assessment and collection system; and provide customers with equitable, efficient and quality service,
- To cause taxpayers voluntarily discharge their tax obligations,
- To enforce tax and customs laws by preventing and controlling contraband as well as tax fraud and evasion,
- To collect timely and effectively tax revenues generated by the economy;
- To provide the necessary support to regions with a view to harmonizing federal and regional tax administration systems.

2.8 ESLSE

2.8.1 Establishment

To maintain the commendable economic growth that has been registered in the country over the last several years, one of the strategic measures taken by the Federal Government of Ethiopia is merging the former three public enterprises that have until recently been operating separately in a rather similar and interdependent maritime sub-sector; namely, Ethiopian Shipping Lines S.C, Maritime and Transit Services Enterprise and Dry Port Enterprise.

The Ethiopian Shipping and Logistics Services Enterprise (ESL for short) is the result of this merger. This newly amalgamated enterprise came into being following the issuance of Regulation by the Council of Ministers (Regulation No. 255/2011), and is vested with the huge responsibility of rendering sea-transport & logistics services to the country's importers, exporters, and investors in a more effective and efficient way, by reducing transit time, cost and handoffs. Besides, a truck operating company named Comet Transport SC has recently been transferred to ESL following a government decree issued in the mid of 2014.

2.8.2 Objective of ESLSE

As set out in the regulation issued by the federal government of Ethiopia in 2011 (Regulation No. 255/2011),

The Objectives for which the Enterprise is established are

1. To render coastal and international marine and internal water transport services
2. To render freight forwarding agency multimodal transport, shipping agency and air agency services
3. To provide the services of stevedoring shore-handling dry port, warehousing and other logistics services for import and export goods
4. To provide container terminal services
5. To engage in the development management and operation of ports
6. To establish and run human resource development and training center in the field of maritime professions
7. To study the country's import and export trade demand and thereby develop technological capacity in order to render efficient maritime and transit transport services
8. To engage in other related activities conducive to the achievement of its objective.

ESL has a multitude of vessels, heavy duty trucks, sea and dry port facilities, chicaneries, etc that enable it render efficient sea and land transport services as well as sea and dry port services.

ESL has its headquarters located in the heart of Addis Ababa, Ethiopia, with main branches at Djibouti, Modjo, and Kality (the former Comet) and other branches in Mekelle, DireDawa, Kombolcha, Semera and Gelan towns. It also has a Maritime Training Institute at a place called Babogaya in Bishoftu (former Debrezeit) Town.

The Enterprise is re-starting the building work of its Head Office, the process of which has been interrupted for some years due to construction related problems. The giant building in Laghar area is a 20 storey sky scraper that may accommodate all the enterprise's functions at head office level, upon finishing, as well as partially serving as an apartment.

2.9 Empirical Review

According to Tamrat Gezahegn (2013) he found out that there is a logistic problem in trade facilitation. Tewoldebrehan W/Gabrile (2011) also pointed out that Customs clearing and most of the customers are dissatisfied by the service that is being given to importers. According to these two authors they found out that the authority did focus on controlling and revenue generation, implying that there is no effort to balance controlling with trade facilitation. This finding is the complete opposite of the objectives of the authority itself and the WCO's interest.

Fekdu M. Deblila (2013) also found out that dry ports could handle many activities such as customs clearance, temporary storages, transshipment of goods, stuffing and un-stuffing of containers, consolidation of less than container loads and maintenance and repair of containers. Modjo and Semera dry ports have started working, building their capacity. But the efficiency of customs authority is very low and this causes a lot of delays at check points. The number of check points is also too much. But a pilot Intermodal transport is begun by Ethiopian Shipping Lines SC (ESLSE) for import goods from foreign suppliers through the port of Djibouti up to dry ports in the country through one bill of lading, which has run successfully. This has reduced the cost of delays, saved transport and warehouse charges and is able to provide prompt delivery of containerized goods. The service is expected to increase in the coming years. The ESLSE is in a better position to coordinate intermodal transport for import goods in the existing situations. And also 'equipped quality warehouses should be constructed to increase quality of grain and reduce the weight loss due poor storage facilities. It is possible to minimize the weight loss at storage facilities by paving the working area and using standard packing bags.

According to Yurendra Basnett and Isabella Massa (2015), the impact of trade facilitation on trade performance was indicated. The studies reviewed suggest that improvements in trade facilitation across types of reform, geographic focus, and income level can lead to a reduction in trade costs and a growth in trade (increasing both exports and imports), and that weak trade facilitation inhibits value-adding activities. In addition to this the key findings of this Rapid Evidence Assessment on trade facilitation are:

- Trade facilitation reduces trade costs and improved trade flows.
- Improvements in infrastructure, customs efficiency and regulatory environment have the maximum impact on trade.
- The effectiveness of trade facilitation involvements is context specific.
- Impact evaluations and case studies help to highlight what works best, where and why, and can contribute to better plan of trade facilitation interventions.

According to (ACL, 2013), time effectiveness is one of the key sub indicators as it is also a condition for success as hub port and today's business, customers value saved time. And Zizela Mawete (2011) concluded that WCO experience has demonstrated that those administrations that take responsibility and take advantage of the tools and experts have a high potential in achieving best results for Customs administrations. This finding is not limited to not only, but especially in the trade facilitation area. And thus remarkably contribute to the development of their respective countries.

According to Tilahun Esmael Kassahun (2014) Competition in the maritime transport sector in Ethiopia is really crucial for trade facilitation. However, Ethiopia has one of the most limiting logistics regimes with a complete dominance of the state monopoly with almost no private competition.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter briefly shows the research design that is used in this study after which the sampling techniques are stated. Moreover tools and procedures of data collection are highlighted. The last sections of the chapter indicate the methods of data analysis that are used in the research and highlight the ethical standards that were pursued.

To address the general objective adequate data from both primary data, that are direct related to the purpose would have been made through conducting questionnaire and secondary data, that are direct related to the purpose would have been collecting from documents such as different article, books, journal, internet and research thesis.

3.1. Research methods

Research methods are specific techniques/methods of data collection and analysis used to attain the broad research objective through addressing the specific objectives of the study. Therefore, this research used qualitative research methods mainly survey method and documentary analysis.

To address the research problem using a survey method the researcher used both primary data and secondary data. Primary data are direct related to the purpose would have been made through conducting questionnaire. And also secondary data that are directly related to the purpose have been collecting from different sources such as articles, books, journals, internet and thesis. These secondary resources were the basis to understand the meaning and processes of dry ports. And from recent thesis and articles the current problem regarding dry port performance in developing countries has come to realization to the researcher. And the researcher was able to amend suitable questionnaire to the employees and customers of Modjo dry port.

The reason to implement closed ended questionnaire was because of its low cost requirement and not consume much time to be answered by the respondents and quicker to administer by the researcher but, if questions are wording unclear and if respondents are not literacy, its response rate is low. The questionnaire had three parts, the first part was contains profile of respondents and the second part is contain of the main idea of the study issue.

3.2. Research Design

The study population that the researcher planned to draw a sample is indicated in sample frame. Sample should be representative because based on the sample generalization is given for the entire population. Therefore under this study the sampling frame were ESLSE and ESLSE, Modjo dry port employees and importer.

This mixed research was designed to investigate the gap between the expected and actual performance of ERCA & ESLSE in Modjo dry port warehouse. The objective of Modjo dry port is to satisfy all customers and to solve related problems regarding the entire process. As a result, this research is designed to investigate how the current gap is affecting the overall performance of ERCA & ESLSE, Modjo dry port warehouse.

The study was based on information gathered through a questionnaire given to employee of ERCA & ESLSE, Modjo dry port warehouse. This Survey instrument was prepared in English. The questionnaire had two parts, the first part was comprised of profile of respondents and the second part is comprised of the main idea of the study issue.

3.3. Population and Sampling Techniques

Since this research was studied ERCA and ESLSE, Modjo dry port, and the total number of employees and the respective number of sampling taken for this study.

The sample for each population was estimated considering 95% confidence interval and 5% error <http://www.research-advisors.com/tools/SampleSize.htm>.

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

Source: Yamane, 1973

Where n is the sample size, N is the population size, and e is the level of precision or expected error. By using this formula at 95% confidence level and 5% level of precision the sample size was as follows. The total number of permanent employees that are capable of reading and answering the questionnaire are 362. Therefore the appropriate sample size has been calculated by using the mathematical equation from (Yamane, 1973).

$$n = 362 \div (1 + 362(0.05)^2)$$

$$n = 191 \text{ samples}$$

The research was based on information gathered through a questionnaire given to employees of ERCA ESLSE, Modjo dry port warehouse. In order to reach these respondents, questionnaires were given to the employees by the researcher. The period over which the survey took place was April, 2016; and samples of 191 individuals were obtained.

The questionnaire was delivered to the respondents in person and they were requested to complete it within a minimum number of days. Data was collected accordingly and regarding appropriate sample size, different rules in the literature are indicated. Comrey et. al., (1992) considered the sample size of 100 as poor, 200 as fair, 300 as good, 500 as very good and 1000 or more as excellent. As a result 191 samples are studied for this research from the selected ECRA & ESLSE employee.

Of which 126 respondents of employees from ERCA and ESLSE, Modjo dry port were males and 65 were females. The employees work as an assessor, inspector, and finance. Regarding appropriate sample size, different literatures indicate that the sample size should at least be 100 Gorsuch (1983) and Kline et. al., (1981), and the higher the number of samples the more accurate the sample will represent the entire population.

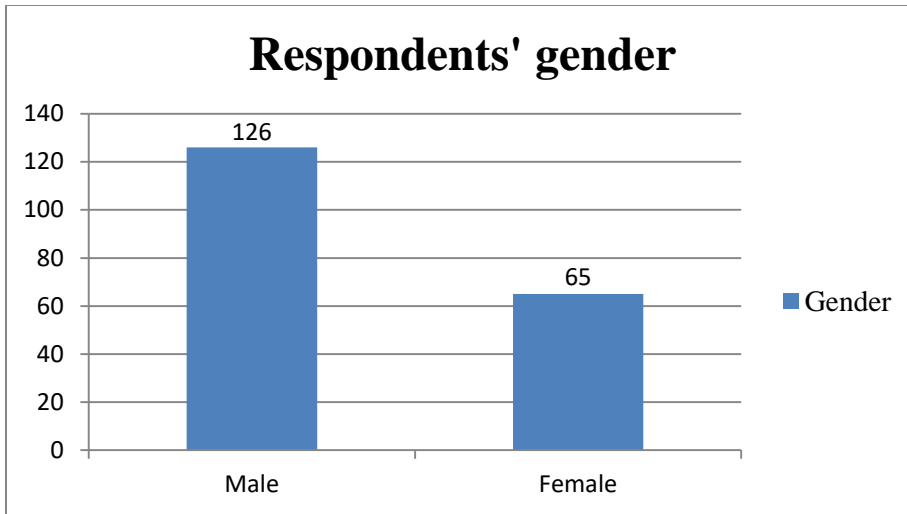


Figure 1 Gender of respondents (Employees of ERCA and ESLSE)

In order to estimate for how many importers to give the questionnaire is decided base on the literature by Gorsuch (1983) and Kline et. al.(1981). And for customers of ERCA and ESLSE, Modjo dry port questionnaire was distributed for 100 importers Gorsuch (1983) and Kline et. al., (1981). After a preliminary sort process where 38 questionnaires were eliminated due to incomplete answers, the final sample included 62 respondents.

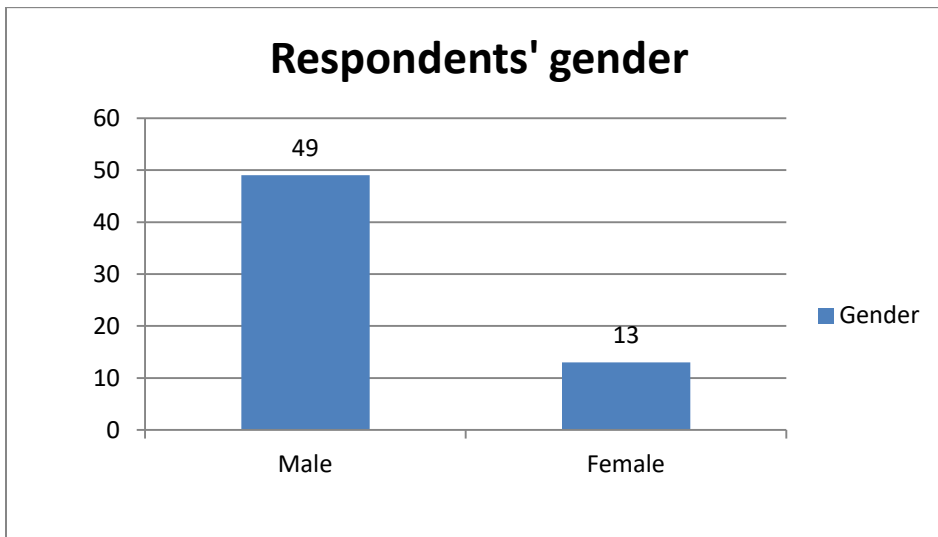


Figure 2 Gender of respondents' (Importer)

3.4. Types of Data and Tools/Instruments of Data Collection

The research instrument, developed and used in this study, is a questionnaire having five point likert rating scale 1-Not at All (strongly disagree), 2-Rarely (disagree), 3-Sometimes (Neutral), 4-Often (agree), and 5- Very Often (strongly agree). The questionnaire was developed on the basis of literature (ODIA, 2009; Andrew Grainer, 2007; OECD, 2005; Buyonge & Kireeva, 2008, Andrew Grainer, 2011) which identified critical areas trade facilitation system.

3.5. Procedures of Data Collection

Before collecting secondary data from the respondents letter for cooperation written from the university was submitted to each company. After the letter was approved the data was given to the employees and collected in the next days. The date for submitting the questionnaire was decided by each employee/respondent. Therefore the researcher respected this decision of every employee and receives the questionnaire as promised.

Methods of data collection that is relatively dependent on standard questionnaires prepared by Swaminathan (2004) which was prepared in the form of Likert five scales. For the purpose of data collection, the researcher was used closed-ended questionnaires and open-ended questionnaire. Closed-ended questionnaires were prepared for employees of ERCA, ESLSE Modjo dry port on the basis of trade facilitation system dimensions. Thus, closed ended questionnaires helps to avoid pressure up on the respondents in any direction and better be able to obtain the required data in the study area. The questionnaire was divided in to two sections. The first section contained the demographic characteristics of the respondents were requested to provide information about their gender and year of service or experience.

The second section of the questionnaire was designed to enable the researcher to gather information about the overall system of trade facilitation and its correlation to employees' performance. For all questionnaire included in section 2, the respondents were requested to indicate their feeling on a five point Likert scale type to measure weighted as follows: 1=strongly disagree, i.e., very much dissatisfied with the case described, 2=disagree, i.e., not satisfied with the case described, 3=neutral, i.e., uncertain with the case, 4=agree, i.e., feeling alright with the case described, and 5= strongly agree, i.e., very much supporting the case described.

3.6. Methods of Data Analysis

The researcher analyzed the data collected through close ended questionnaires with the aid of SPSS (Statistical Package for Social Science) version twenty (20) that consists of descriptive statistics to evaluate their response in terms of mean, percentage, tables, figures, charts and standard deviation. In addition to this, the researcher was also concerned with the interpretation and the representation of justification. The survey included different items addressing employee training, updated infrastructure, inspection tools, and rules and regulations.

3.7. Quality in Research

This research follows the scientific research procedures to collect relevant data and analyze it accordingly. Since the quality of this research matters the most, this manuscript is composed of the different terms listed below.

Trustworthiness is “the way in which the researcher can persuade his or her audience that the research findings are worth paying attention to and worth taking into consideration.” These criteria can be evaluated by dimensions such as internal validity, external validity, reliability and objectivity (Guba and Lincon, 1989).

Transferability is “an empirical process for checking the degree of similarity between the sending and the receiving contexts”. The degree of similarity can be checked by conducting a thick description (Guba and Lincon, 1989). Therefore this manuscript presented thick description regarding respondents’ respective age range, gender and work experience.

Credibility can be achieved when well organized research methods are adopted by the researcher (Shenton, 2004). Therefore, in order to establish credibility, a well-organized research method was applied by the researcher. Before distributing the questionnaire to respective respondents, the researcher analyzed previous literatures from well-known authors such as Zemeke (2010). Then the researcher developed questionnaire that respondents answered later. The respondents were selected randomly in the organization (Shenton, 2004).

In addition respondents who refuse to participate were substituted by other respondents who were willing to answer the questions. While giving the questionnaire to each respondent, the researcher encouraged them to be honest explaining its purpose.

Dependability is “a technique for documenting the process and method of decisions”. This act can assist future researchers to do the same if they want to repeat this research.

Conformability is “the steps taken to ensure that the research findings are the result of the respondent’s experiences and perception, rather than the perspective of the researcher” Shenton (2004). The finding in this research describes only the perception of respondents. No answer was edited to meet the expectation of the researcher.

3.8. Ethical Considerations

Since people have the right to not be forced into participating in the study, the researcher gave each respondent a chance to decide whether or not they would like to contribute to the research.

When respondents were answering questions from the questionnaire, the researcher was there to ensure that the respondents be aware of the information collected would be used for an academic purpose only.

The researcher also ensured that participants could respond to the questionnaire at a time that is most convenient for them and stick to the time decided by the respondents.

The researcher ensured that the questionnaires that should be copied to SPSS software for analysis has be answered completely. When vital information is missing then the answer of the specified respondent was rejected.

CHAPTER FOUR: RESULTS & DISCUSSION

The data that are gathered based on the methodology presented in the preceding have been analyzed. The two sections of this chapter respectively present results (findings) of the study and discussion.

4.1. Results/Findings of the Study

Descriptive statistics and brief explanations are used to show the findings. The descriptive statistics in the tables provided in the below show the Mean (M), Standard Deviation (SD) for the main study variables.

Table 1 Descriptive statistics of employees' response

Descriptive Statistics			
	N	Mean	Std. Deviation
The entire process is simple and smooth for the customers	191	3.9267	.69196
I am well trained to do the task I am assigned for	191	4.3089	.48545
Each subsystem is harmonized with the other subsystem for a better performance	191	3.2042	.60279
The infrastructure is updated	191	2.0681	.70381
Regular training is provided for employees to improve customer satisfaction	191	2.8743	.71445
Customers are being served with a minimum number of days	191	3.4974	.72456
The technical assistance for inspection and examination is well organized	191	2.3298	.71899
The trade facilitation has a great capacity to serve all customers at a time	191	2.0576	.90136
Priority is given for urgent consignments	191	4.1047	.64034
The inspection tools are updated	191	2.0524	.69387
I do my job according to the rules and regulations set by the organization	191	4.7853	.41167
Valid N (listwise)	191		

Employees of ERCA and ESLSE Modjo dry port answered that the entire process is simple and smooth (Mean=3.9267, SD=0.69196). This indicates that customers can be provided a service without any interfering factor that might cause dissatisfaction. Whereas the importer's opinion regarding this concept completely differs from the employees of ERCA and ESLSE Modjo dry. Importers answered that the process is not simple for them to get the service they were supposed to get from the organization (Mean=1.7419, SD=0.59878). Therefore, this difference can be reconciled by noticing that the customers' level of satisfaction is way beyond what the employees thought; forcing these organizations to improve the current process that can result in better performance.

Table 2 Employees' response on the entire process

The entire process is simple and smooth for the customers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	2.5	2.6	2.6
	Neutral	38	19.2	19.9	22.5
	Agree	114	57.6	59.7	82.2
	Strongly agree	34	17.2	17.8	100.0
	Total	191	96.5	100.0	

As shown in table 2, 77.5% of employees agree that the entire process is simple whereas 2.6% of them did not think the same.

Table 3 Importers' response on the entire process of the system

The entire process is simple and smooth for the customers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	32.8	33.9	33.9
	Disagree	36	56.3	58.1	91.9
	Neutral	5	7.8	8.1	100.0
	Total	62	96.9	100.0	

58.1% of respondents answered that the process is not simple and smooth for customers; and no importer thinks that the system is smooth.

Respondents of ERCA and ESLSE Modjo dry employees also pointed out that they are well trained to do their job (Mean=4.3089, SD=0.48545). This response implies that whenever there is an updated technology with a certain product then the employees will have the required knowledge to make a decision. Importers think that workers in this organization are not well trained to do their job properly (Mean=1.8710, SD=0.58629). From these answers a significant gap is observed. Even if employees think that they are doing their job properly because they have the required skill, the customers are not satisfied with the service that is provided to them with these employees.

Therefore, according to this result the system can be improved by making more investigation on what the customers expect specifically.

Table 4 Employees' response on their skill

I am well trained to do the task I am assigned for					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Neutral	2	1.0	1.0	1.0
	Agree	128	64.6	67.0	68.1
	Strongly agree	61	30.8	31.9	100.0
	Total	191	96.5	100.0	

98.9% of respondents agree that they have what it takes to do the job they are handed over. This result shows that the majority of employees believe that they can do everything that their position requires them to do.

Table 5 Importer' response on employees' skill

Each employee is well trained to do the task they assigned for					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	23.4	24.2	24.2
	Disagree	40	62.5	64.5	88.7
	Neutral	7	10.9	11.3	100.0
	Total	62	96.9	100.0	

The majority of importers (64.5% of them) don't think that employees of this organization have sufficient skill that can let them provide service to the customers. Whereas 10.9% of importers responded that even if it is not very satisfactory, employees seem to have a moderate level of skill.

There are different windows where employees are being served, according to the response of employees these different windows work in harmony to achieve a better performance (Mean=3.2042, SD=0.60279). In this case the response of the importers is completely different from the employees of this organization. They think that each department or window that customers receive service is not well integrated with the others for a better performance (Mean=2.6774, SD=1.11288). This indicates that employees in a certain window of service do a flawless job; it seems that there are other windows whereby customers are not being provided the service they requested.

Table 6 Employees' response on Integration of system

Each subsystem is harmonized with the other subsystem for a better performance					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	19	9.6	9.9	9.9
	Neutral	114	57.6	59.7	69.6
	Agree	58	29.3	30.4	100.0
	Total	191	96.5	100.0	

29.3% of respondents answered that the system is well harmonized with every element. But some of the employees of this organization don't share this idea. They don't seem to think that each department is integrated with the other very well. This response indicates that there are some areas whereby a bottleneck or idleness occurs.

Table 7 Importers' response on Integration of system

Each department in the organization works in harmony for a better customer satisfaction					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	17.2	17.7	17.7
	Disagree	18	28.1	29.0	46.8
	Neutral	13	20.3	21.0	67.7
	Agree	20	31.3	32.3	100.0
	Total	62	96.9	100.0	

32.3% of importers agree that each subsystem is integrated with other subsystem in the organization. From this response we can conclude that out of the respondents 32.3 percent of are satisfied and don't experience any kinds of problems in separate windows of services. But 29% of respondents said that the system is not linked to the other sub system for a better performance. Therefore if customers perceive an unsatisfactory performance from this organization, one solution to tackle this problem can be observing how these different windows of service work with other windows.

Table 8 Employees' response on infrastructure of the organization

The infrastructure is updated					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	41	20.7	21.5	21.5
	Disagree	96	48.5	50.3	71.7
	Neutral	54	27.3	28.3	100.0
	Total	191	96.5	100.0	

71.8% of respondents that work in this organization answered that the infrastructure is not updated. This implies the probability of some gaps that might exist in the organization. And these impacts can influence the company to not provide the desired quality service to the customer.

Table 9 Importers' response on infrastructure of the organization

the infrastructure is updated					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	12.5	12.9	12.9
	Disagree	39	60.9	62.9	75.8
	Neutral	8	12.5	12.9	88.7
	Agree	7	10.9	11.3	100.0
	Total	62	96.9	100.0	

From the importer's point of view, 11.3% of them seem to think that the infrastructure is updated. But 75.8% of the respondents don't agree with this idea.

In addition respondents answered that infrastructure of the organization is not updated (Mean=2.0681, SD=0.70381). This indicates the fact that the resources that employees use to provide the service to their customers are not updated. The importers also replied that the infrastructure of the organization is not updated. As a result the company should identify this gap and make adjustments to minimize the disappointment in the importers.

Table 10 Employees' response on training

Regular training is provided for employees to improve customer satisfaction					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	62	31.3	32.5	32.5
	Neutral	91	46.0	47.6	80.1
	Agree	38	19.2	19.9	100.0
	Total	191	96.5	100.0	

Even if they have the skill to perform different operations of trade facilitation, but this skill of employees is not improved by providing recent trainings (Mean=2.8743, SD=0.71445). If recent trainings were offered for the current employees of ERCA and ESLSE Modjo dry port, they will definitely not have a problem to inspect updated products.

32.5% of respondents among the employees seem to think that regular training is not provided for employees to upgrade their skill. This is one of the critical factors that play a major role on customer satisfaction. If the employees don't have sufficient knowledge about a product they need to make a decision regarding its status, their judgment might be biased because of the gap of knowledge. And 19.2% of respondents seem to believe that they have what it takes to make the right decision based on their knowledge and skill.

Table 11 Employees' response on total service time

Customers are being served with a minimum number of days					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	22	11.1	11.5	11.5
	Neutral	56	28.3	29.3	40.8
	Agree	109	55.1	57.1	97.9
	Strongly agree	4	2.0	2.1	100.0
	Total	191	96.5	100.0	

59.2% employees answered that customers leave the organization after receiving the requested service with minimum number of days. And 11.5% of respondents answered that it took a very long time for customers to receive the service from the organization.

Members of respondents that work in ERCA and ESLSE Modjo dry port answered that importers receive their product with a minimum number of days (Mean=3.4974, SD=0.72456). But the importers don't share this idea (Mean=2.2419, SD=0.82354); they said that it took them more than a few days to get their product. This means the release date for a certain product is longer than what the employees described it to be.

Table 12 Employees' response on organization of tools and equipments

The technical assistance for inspection and examination is well organized					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	6.6	6.8	6.8
	Disagree	117	59.1	61.3	68.1
	Neutral	46	23.2	24.1	92.1
	Agree	15	7.6	7.9	100.0
	Total	191	96.5	100.0	

68.1% of respondents answered that the tools and equipments used for inspection are not well organized. Because of this, time will be wasted try to figure out which tool is used to inspect the condition of an imported product. In addition this act can also cause delay and force customers to ways more days than necessary.

Table 13 Importers' response on organization of inspection tools and equipments

The technical assistance for inspection and examination is well organized					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	24	37.5	38.7	38.7
	Disagree	11	17.2	17.7	56.5
	Neutral	17	26.6	27.4	83.9
	Agree	10	15.6	16.1	100.0
	Total	62	96.9	100.0	

56.5% of importers think that the tools are not organized prior to arrival of products. And this might let them spend more time waiting for the entire process to be over. Whereas 16.1% of respondents answered that the tools were well organized and that they have experienced a satisfactory service from the organization.

Table 14 Importer's response on capacity of the organization

The trade facilitation has a great capacity to serve all customers at a time					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	31	48.4	50.0	50.0
	Disagree	20	31.3	32.3	82.3
	Neutral	11	17.2	17.7	100.0
	Total	62	96.9	100.0	

82.3% of respondents answered that the company does not have the capacity to serve a large amount of customers at ones. This result is an implication of the existence of large waiting time and queue length.

According to the employees the inspection tools that are used to examine the health state of a certain product are not well organized (Mean=2.3298, SD=0.71899). This can cause delay, because every time a certain type of product entered this organization for inspection the setup time can be very high. And the more waiting time the customer is expected to spend the higher the dissatisfaction level will be. This idea is also shared by the importers (Mean=2.2097, SD=1.13278).

All respondents (importers) replied that the organization don't have satisfactory capacity to serve lots of customers at a time. This result implies that because of its minimum capacity the organization was not able to provide satisfactory service to its customers.

Employees don't think that their organization has sufficient capacity to provide service to a large number of customers at ones (Mean=2.0576, SD=0.90136). It might seem unrealistic for an organization to provide service to all customers at ones; but striving to minimize the waiting time will assist in letting customers to be satisfied. Importers also have the same perception about the capacity of the organization (Mean=1.6774, SD=0.7633). Both employees of ERCA and ESLSE Modjo dry port and importers answered that priority is given for urgent consignments, violating first come first served principle.

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Table 15 Employees' response on capacity of the organization

The trade facilitation has a great capacity to serve all customers at a time					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	30	15.2	15.7	15.7
	Disagree	134	67.7	70.2	85.9
	Neutral	20	10.1	10.5	96.3
	Agree	6	3.0	3.1	99.5
	11.00	1	.5	.5	100.0
	Total	191	96.5	100.0	

Employees of the organization (85.9% of them) answered that the company does not have the capacity to serve a large number of customers. And 3.1% of them responded by saying that the organization can provide service to its customers effectively.

Table 16 Importer's response on description of inspection tools

The inspection tools are updated					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	12.5	12.9	12.9
	Disagree	40	62.5	64.5	77.4
	Neutral	7	10.9	11.3	88.7
	Agree	7	10.9	11.3	100.0
	Total	62	96.9	100.0	

77.4% of respondents answered that the inspection tools that are used to test the status of imported products is not updated. Whereas 11.3% of respondents answered that the tools are not updated.

Table 17 Employees' response on description of inspection tools

The inspection tools are updated					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	41	20.7	21.5	21.5
	Disagree	99	50.0	51.8	73.3
	Neutral	51	25.8	26.7	100.0
	Total	191	96.5	100.0	

Majority of respondents (73.3% of employees) replied that the tools they use to inspect the status of a product are not updated with the technology.

Importers (Mean=2.0524, SD=0.69387) and employees (Mean=2.209, SD=0.81255) answered that the inspection tools are not updated. This means, if the tools and equipments used for

checking the status of an improved products the result might not be consistent with the expectation.

Table 18 Employees' response on obeying rules

I do my job according to the rules and regulations set by the organization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Agree	41	20.7	21.5	21.5
	Strongly agree	150	75.8	78.5	100.0
	Total	191	96.5	100.0	

All employees responded all the things they do in the organization is based on the rules and regulations of the company. 11.3% of importers share this idea of employees about whether they do their job according to the regulation of the organization. But 79.0% of importers responded that employees of this organization do not do their job following rules.

Table 19 Importers' response on obeying rule

Each employee did their job according to the rules and regulations set by the organization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	11	17.2	17.7	17.7
	Disagree	38	59.4	61.3	79.0
	Neutral	6	9.4	9.7	88.7
	Agree	7	10.9	11.3	100.0
	Total	62	96.9	100.0	

One of the concerns of importers is that their doubt on whether employees will give a special advantage to someone who does not deserve it. And the employees answered that they do their job according to their rules and regulations set by the organization (Mean=4.7853, SD=0.41167). On the other hand importers don't accept this response from the employees. Some of them think

that the employees are not doing their job according to the policy of the organization (Mean=2.1452, SD=0.84634).

Finally the majority of importers answered that they are not satisfied with the overall service that is being provide to them by ERCA Modjo dry port. Since asking whether they are pleased with the services was not enough the next question requested them to answer their concerns.

Table 20 Satisfaction level of customers

I am satisfied with the service that is provided by the ERCA Modjo Dry Port Warehouse					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	23.4	24.2	24.2
	Disagree	33	51.6	53.2	77.4
	Neutral	10	15.6	16.1	93.5
	Agree	4	6.3	6.5	100.0
	Total	62	96.9	100.0	

77.4% of respondents answered that they are not satisfied with the service that was provided to them by ERCA & ESLSE Modjo dry port. Whereas 6.5% of importers answered that they are satisfied.

Table 21 Descriptive statistics of Importers' response

Descriptive Statistics			
	N	Mean	Std. Deviation
The entire process is simple and smooth for the customers	62	1.7419	.59878
Each employee is well trained to do the task they are assigned	62	1.8710	.58629
Each department in the organization works in harmony for a better customer satisfaction	62	2.6774	1.11288
The infrastructure is updated	62	2.2258	.81822
Customers are being served with a minimum number of days	62	2.2419	.82354
The technical assistance for inspection and examination is well organized	62	2.2097	1.13278
The trade facilitation has a great capacity to serve all customers at a time	62	1.6774	.76339
Priority is given for urgent consignments	62	3.8226	.80009
The inspection tools are updated	62	2.2097	.81255

Each employee did their job according to the rules and regulations set by the organization	62	2.1452	.84634
I am satisfied with the service that is provided by the ERCA Modjo Dry Port Warehouse	62	2.0484	.81838
Valid N (listwise)	62		

In addition the importers have complaints regarding damage to their product; because employees try to inspect the product without reading the caution tag stated in the package. They are sometimes forced to pay more tax because the exact estimate of the product is not known by the inspector. Because the products are delayed at the dry port, lots of days or months had passed when importers receive their product. Even if the product fails and did not operate as promised from the supplier, they might not be able to return it; because the warranty date has passed.

4.2. Findings

Responses showed that, the dry port employee answer the system are simple and smooth, they believe that everything they do that their position requires, customer service are performed with minimum number of days, however almost importer respondents confirm that the system are not simple and smooth, the employee skill are not sufficient and the time taken for a received goods are still long. Both employee and customers are agreeing the rest problem. The researcher identified the following problem.

- Entire process is not simple for customer
- Each subsystem are not integrated
- Employee's doesn't have sufficient skill to provide quality service to customers.
- Released time is long
- The infrastructures are not updated
- Insufficient technical assistant for inspection and examination.

Reason for problem

- The integration system does not exist in developed system.
- The system is not linked to the other system to achieve a better performance. Therefore, customers get service with difference windows.

- Lack of knowledge to efficiently provide service.
- The dry port does not have sufficient capacity to handle large number of customers at ones.
- Poor warehouse setup, lack of space for containers; machinery and equipment that are currently being used are not updated.
- Technical assistance tools are not well organized and it is not integrated with the current technology.

4.2 Discussion

From the findings of this research it was noted that majority of importers are not satisfied with the service that is being provided to them by their organization. even if the scope is different this result is not consistent with Tamrat Gezahegn (2013), where he found out that more than half of the customers of ESLSE are satisfied. But in this research conducted both ESLSE and ERCA, Modjo dry port warehouse the result indicates that 77.4% of importers are not satisfied.

One of the main findings of this research can be seen as being the difference in perception of the current system in Modjo dry port. While the employees think that they are doing their best to satisfy the customers, the importers' response implies the complete opposite. For instance the system seems to be comfortable for the employees whereas the importers suggest that improvements can be applied to the current system in order to improve the current performance. There are also other issues whereby the responses of the employees and importers are different.

This is illustrated as follows:

- The employees of Modjo dry port believe that they have the required skill whereas the importers seem to think that the employees' knowledge is not up to date. Therefore they should be trained well by considering the fact that customers are expecting more.
- The overall process of the organization seems to be uncomfortable for the customers. This implies that the current system should be improved so that importers can get the service they desire with a minimum service time.

- The current sub systems seem to be working by themselves without being integrated with the other subsystems. Therefore, a new way should be developed so that all subsystems can be integrated with each other.

The equipment and tools used to inspect the imported products are outdated. As a result newest versions of tools and machines should be updated. And respective training should be given for the employees so that they can be able to perform their task specifically.

- Additional resources should be added that might improve productivity; because the importers are spending too much time to get service from the organization.
- Finally, a system should be developed that will control employees who are not willing to do their job by following the rules and regulations set by the organization.

Customers' opinion towards the total service time is consistent with results of Fekadu M Debela (2013) and Teweldebehan W/Gabriel (2011). In this research customers answered as how the total service time is long whereas employees of ERCA & ESLSE dry port answered that the total service time for each customer is only a few days.

Furthermore, importers' response regarding delay, poor infrastructure, low capacity and poor organization of tools and equipments is consistent with Tamrat Gezahegn (2013).

CHAPTER FIVE

CONCLUSIONS & RECOMMENDATIONS

This chapter discusses the conclusions, limitations and recommendation of this study.

5.1. Conclusions

According to the results from this survey it was observed that the organization don't have sufficient capacity to serve its customers at ones. This implies one of the reasons why most of the importers in this study responded as unhappy with the service of this study. In addition both importers and employees of ERCA & ESLSE answered that the infrastructure is not updated, the technical assistance tools are not well organized; the organization does not have a capacity to serve all customers at ones and the tools used for inspection are not updated.

Even if importers' and employees' are the same for the above cases they have a different perception on other factors. For instance, employees think that the system is smooth and simple for customers, whereby the majority of customers have a completely different perception about the existing overall system. In addition customers pointed out that it took them too much time to get the service from the organization; and that they serve employees serve them by following the rules and regulations. But the employees have pointed out that they are not being served equally and that it they spend too much time to get the entire service.

5.2. Limitations of the Study (if any)

While doing this study, the researcher faced different challenges. The first challenge was incomplete questionnaire were received from importers. As a result the researcher was forced to remove those samples from analysis. The other challenge is the fact that the researcher was not able to take more samples from other branches ERCA & ESLSE dry ports. Finally this research would have been complete, if it had been the questionnaire conducted with all importers and employee of Modjo dry port, but unable to accompanied by time constraint.

5.3. Recommendations

ERCA & ESLSE dry port managers need to understand how their trade facilities are effective in Modjo dry port based on customer satisfaction.

As indicate the finding part that the dry port don't have sufficient capacity to serve its customers at ones. As a result the most importers in this study responded as unhappy with the service of this study. Moreover the infrastructure and inspection tools used are not updated and the technical assistance tools are not well organized. According to the findings the researcher' come up with the following recommendation.

- Provide simple and smooth process so as to provide timely and efficient service for its customers.
- Each sub system should be harmonized and minimized service time, eliminate unnecessary steps, eliminate redundant process and apply single window concept that can be allow the service with in short clearing time.
- Develop and implement training for employee to improve customer satisfaction and increasing their skill and providing up-to-date information that helps to provide effective trade facilitation. An ongoing training should be given for the employees whenever there is a new technology. Otherwise they might not be able to understand and inspect the newly improved product because of their limitation to technology.
- The dry port warehouse infrastructure advised to modernize; including additional warehouse construction, sufficient space for all service that will help to increase capacity of the dry port.
- Use the appropriate technology for all service in the dry port. Thus, ERCA & ESLSE Implement a simplified and standardized process, eliminate manual processes and develop a more automated processing model.
- Should develop mechanism to monitor and evaluate employee, whether they did their work based on rules and regulation or not.
- The dry port need skilled employee especially who are inspect the goods give related training that help them to cope with effective service for customer as well as the customs.

Implementing the above recommendation can be benefited from the trade facilitation, increase customer satisfaction. And also the researcher strongly recommended to that conduct broad research to identify other solution which would have significant impact on dry port service.

5.4 Area of Further study

Future researchers can investigate more about the satisfaction level of customers of ERCA by including more factors. These factors can be adopted from previous literatures conducted by Ethiopian or foreign researchers. In addition it is more advisable to investigate the overall system of other branches of ERCA & ESLSE dry port.

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Appendices

Appendix A: Questionnaire for Employee

St. Mary's University

School of Graduate Studies(MBA)

Assessment of Trade Facilitation in ERCA& ESLSE at Modjo dry port warehouse administration

Acknowledgement to the respondent

Hereby, I would like to express our gratitude for your dedicated cooperation. Had it not been your genuine cooperation of filling this questionnaire, it would have not been to conduct this term paper.

This questionnaire is conducted for the purpose of education. Therefore, I assure you that the information obtained from this questionnaire will be kept confidential and will not be transferred to other for any other purpose. You feel free to verify these statements from me personally. For other questions pertaining to this term paper, please contact the university's student support service office Tel 0115524503.

Sincerely,

Selamawit Alemayehu

St. Mary's University

This questionnaire is organized for a Thesis study and respondents are requested to read the questions and write 'X' mark on the answer.

Sex: Male [] Female []

Work Experience >1years 1-3years 3-5 years 5-10years
 10-15 years 15-20 years 20-25 years 25-30 years >30 years

For each statement, mark the column that best describes you in your workplace. Please answer questions as they exist objectively (rather than how you think they should be).

1= Not at All (strongly disagree), 2= Rarely (disagree), 3= Sometimes (Neutral), 4=Often (agree), 5= Very Often (strongly agree)

1: The entire process is simple and smooth for the customers

1	2	3	4	5
---	---	---	---	---

2: I am well trained to do the task I am assigned for

1	2	3	4	5
---	---	---	---	---

3: Each subsystem is harmonized with the other subsystem for a better performance

1	2	3	4	5
---	---	---	---	---

4: The infrastructure is updated

1	2	3	4	5
---	---	---	---	---

5: Regular training is be provided for employees for an improved customer satisfaction

1	2	3	4	5
---	---	---	---	---

6: Customers are being served with a minimum number of days

1	2	3	4	5
---	---	---	---	---

7: The technical assistance for inspection, examination is well organized

1	2	3	4	5
---	---	---	---	---

1	2	3	4	5
---	---	---	---	---

8: The trade facilitation has a great capacity to serve all customers at a time

9: Priority is given for urgent consignments

1	2	3	4	5
---	---	---	---	---

10: The inspection tools are updated

1	2	3	4	5
---	---	---	---	---

11: I do my job according to the rules and regulations set by the organization

1	2	3	4	5
---	---	---	---	---

Appendix B: Questionnaire for Importers

St. Mary's University

School of Graduate Studies(MBA)

Assessment of Trade Facilitation in ERCA & ESLSE at Modjo dry port warehouse administration

Acknowledgement to the respondent

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Sex: Male []

Female []

Work Experience >1years 1-3years 3-5 years 5-10years
 10-15 years 15-20 years 20-25 years 25-30 years >30 years

For each statement, mark the column that best describes you in your workplace. Please answer questions as they exist objectively (rather than how you think they should be).

1= Not at All (strongly disagree), 2= Rarely (disagree), 3= Sometimes (Neutral), 4=Often (agree), 5= Very Often (strongly agree)

1: The entire process is simple and smooth for the customers

1	2	3	4	5
---	---	---	---	---

2: Each employee is well trained to do the task I am assigned for

1	2	3	4	5
---	---	---	---	---

3: Each department in the organization works in harmony for a better customer satisfaction

1	2	3	4	5
---	---	---	---	---

1	2	3	4	5
---	---	---	---	---

4: The infrastructure is updated

5: Customers are being served with a minimum number of days

1	2	3	4	5
---	---	---	---	---

6: The technical assistance for inspection, examination is well organized

1	2	3	4	5
---	---	---	---	---

7: The trade facilitation has a great capacity to serve all customers at a time

1	2	3	4	5
---	---	---	---	---

8: Priority is given for urgent consignments

1	2	3	4	5
---	---	---	---	---

9: The inspection tools are updated

1	2	3	4	5
---	---	---	---	---

10: Each employee did their job according to the rules and regulations set by the organization

1	2	3	4	5
---	---	---	---	---

11: I am satisfied with the service that is provided by the ERCA Modjo Dry Port warehouse

1	2	3	4	5
---	---	---	---	---

C12: If you are not fully satisfied what are the main reasons?
