



ST.MARRY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

**THE ASSOCIATION BETWEEN SERVICE QUALITY AND
CUSTOMER SATISFACTION:
THE CASE OF EASTERN INDUSTRY ZONE ONE STOP SHOP
SERVICES**

BY
SOLOMON BIHONEGN

JANUARY, 2019
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ST.MARRY’S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF PROJECT MANAGMENT

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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Chalachew Getahun. 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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January, 2019

ENDORSEMENT

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

Advisor

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January, 2019

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ACRONYMS

EIZ	Eatern Industry Zone
EIZ OSS	Eatern Industry Zone One Stop Shop
IPDC	Industry Park Development Corporation
ISO	International Standard Organization
OSS	One Stop Shop
SPSS	Statistical Package for Social Science
SERVQUAL	Service Quality
SERVPERF	Service Performance
VIF	Variance Inflation Factor

ABSTRACT

One stop shop services were launched in eastern industry zone first time as an investment attraction and it is now implemented in the new industry parks. This service is not satisfying some of the customers. The general objective of this research is to study the association of service quality and customer satisfaction in the eastern industry zone one stop shop service. Purposive sampling technique is applied to select the samples. Primary data is gathered from the customers of the one stop shop service in the park using self administered questionnaire. The questionnaire used the SERVPERF model with a 22 service quality performance statements and the degree of the customers' agreement (perception) has been measured using five Likert Scale methods. Quantitative research approach is applied to analyze the data using Statistical Package for Social Science (SPSS) software version 20 and the data is presented in descriptive and inferential statistics. In the descriptive analysis of service quality performance measurement, tangibility scored highest mean value and responsiveness indicated least mean value relatively. The descriptive analysis for overall customer satisfaction level demonstrated that majority of customers are satisfied with the service delivered and some stayed neutral. The findings of correlation analysis indicated that there is a positive and significant relationship between all service quality dimensions(tangibility, reliability, responsiveness, assurance and empathy) and customer satisfaction. The regression analysis exhibited, the service quality dimensions have significant influence on customer satisfaction and empathy has the highest influence on customer satisfaction. Furthermore, 40% of the variations in customer satisfaction is explained by service quality dimensions. It can be concluded from the analysis that customer satisfaction is positively and significantly influenced by all service quality dimensions. Based on the findings of this research it is recommended that the management of EIZ OSS should enhance empathy and reliability dimensions since both strongly and positively influence satisfaction and customers perceived second and fourth rank of the five dimensions.

Keywords: *One stop shop, Service quality, Customer satisfaction, SERVPERF, SERVQUAL*

CHAPTER ONE

INTRODUCTION

This introduction part of the paper includes the following sections: background of the study, background of the organization, statement of the problem, Basic research questions, objective of the study, significance of the study, scope of the study, limitations of the study and organization of the paper.

1.1 Background of the study

Service providers and marketers primary goal is to develop and provide offerings that satisfy consumer needs and expectations, thereby ensuring their own economic survival. The competitive nature of the contemporary service industry has led the service providers to focus on their service quality. Godfrey (1999) pointed out that the genesis of service quality started with the growing importance of services in the developed economics after 1960. Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging (Wisniewski, 2001). Service quality focuses on meeting the customer's needs and requirements and how well the service delivered matches the customers' expectations of it (Philip & Hazlett, 1997). Customers evaluate their level of satisfaction by experimenting the difference between their expectation and perception for the service quality offered (Smith & Houston 1982). In a marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. Customer satisfaction is an ambiguous and abstract concept and the actual manifestation of the state of satisfaction will vary from person to person and service to service (Kanojia, et al, 2012).

The current business environment is becoming competitive and challenging than before and improving service quality is becoming an essential strategy for success in today's competitive

economic environment. This is asserted by Sureshchandar et al(2002) that the high quality demands on customers end is becoming prominent due to the growing fact that high level of service quality leads to sustainable competitive advantage in the business environment. According to Parasuraman et, al (1985) and Zeithaml et, al (1990), the quality of services offered will determine customer satisfaction and attitudinal loyalty which affects success and survival of any business institution. It can be understood here that the quality of service is a crucial component in service industry. It's importance is further underlined by Leonard and Sasser, (1982) that during the past few decades service quality has become a major area of attention to practitioners, managers and researchers owing to its strong impact on business performance, cost minimization, customer satisfaction and customer loyalty which leads to profitability. Therefore, it is not a choice to improve service quality nowadays instead it becoming a strategy of existence for service firms. As depicted in the research made by Yasin et al., 2004; and Rodie & Artin, 2001, With multidimensional challenges and demand of globalization, the organizations are forced to re-engineer their products and systems to improve the service quality and remain competitive.

Many empirical and conceptual studies have been done on the association of service quality and customer satisfaction. One assertion comes from Oliver (2009) who suggests in his research that both service quality and customer satisfaction are two distinct but related constructs. The finding of Mohammad and Alhamadani (2011) indicated that service quality is an important antecedent of customer satisfaction. The frequently cited researchers in this area, Parasuraman et al., (1985), found that service quality is significant predictor of customer satisfaction by using SERVQUAL instrument which measures the gap between expectation and perception. A similar finding but with a different and new instrument of SEVPERF came from Cronin and Taylor (1992) which states that service quality significantly impacts customer satisfaction in which only measuring service quality perception of customers were considered enough for knowing satisfaction of customers.

In Ethiopia, government implemented one stop shopping service (OSS) in Eastern Industry Zone (EIZ). A one-stop shop is a centralized platform for delivering e-government services to citizens: “a single point of access to electronic services and information offered by different public authorities” (Wimmer, 2002, p. 94). This service was first implemented by the Ethiopian government in EIZ as an incentive to attract investors to invest in the park (UNIDO, 2018). The

customers in this government service are the investors who should visit different government authorities (customs, banks, telecom, Ethiopian investment commission, water and electric) for carrying out investment activities. This service is expected by the government to attract lots of investors in the park and satisfy them with service infrastructure (IPDC, 2014). Therefore, the purpose of this study is to see the perception of the investors towards the quality of OSS service provided by government in EIZ and its association to the satisfaction related to the service. For this, SERVPERF model has been applied. SERVPERF is a performance-based scale that directly measures the customers' perception of service quality (Cronin and Taylor, 1992).

1.2 Statement of the Problem

The government of Ethiopia has launched OSS service in EIZ first time in the country for strategic investment attraction. As noted by UNIDO (2018), this service is intended by the government to satisfy investor customers of the shop by bringing different authorities services and integrating them at one floor in the park premise which saves time, reduces cost and improves service quality. The OSS service is now being implemented in different new industry parks in the country taking the experience in EIZ as reported by the Ethiopian Development Research Institute(2017). This report points out that keeping the investor customers satisfaction remains key quality indicator of the OSS service success.

Several studies have been done on service quality and customer satisfaction in different service organization in the world and in Ethiopia too. Because, the importance of customers in the business process has made it vital to always conduct research about customers. Pertinent to this, in the global context, there are researches directly related to OSS service like Giorgi (2017) who researched in Georgia and asserted the impact of OSS service quality on customer satisfaction. The other researcher is Anderson (2019) from Brazil and concluded in his research that the significant effect of service quality on satisfaction of customers. Researches in Ethiopia indicated that there is an association of the quality of service and customer satisfaction. The researchers in the country found out the significant impact of the service quality dimensions have on the satisfaction of customers in different sectors. One researcher with this result is Yeshitila (2018) who

researched the assessment of service quality and customer satisfaction at commercial nominees . A research made by Million(2017) at Ethiopian air lines cargo pointed out the existence of effect of service quality on customer satisfaction. Sherefedin(2018) has also came up with same result in his commercial bank research.

But, though different researchers has researched different service sectors for the association of service quality and customer satisfaction, the researcher didn't find research related to the government implemented OSS service in Ethiopia. So, there is a contextual research gap in this industry park sector of OSS. From the first visit to the Ethiopian investment commission office(EIC) which is part of the one stop shop in EIZ, the researcher collected an information that some of the customers are complaining about the service quality in general. In light of this, the researcher understood that this service has to be researched for its quality and how satisfaction is related with it. Because the research findings will be helpful for management of OSS service by letting know the shortcomings that should be addressed. The other benefit will be for the Industry park development corporation (IPDC) to apply the findings of this research when implementing the service in the new industry parks. It may also initiate new researcher to their research in this area in the country.

Therefore, the researcher is interested to study the association of OSS service quality and customer satisfaction in eastern industry park which is intended to fill the research gap in the area in the country.

1.3 Research Questions

- What is the level of one stop shop customers' service quality perception?
- What is the level of one stop shop customers' satisfaction of the given service quality?
- What kind of relationship does exist between service quality dimensions and the satisfaction of customers in eastern industry zone one stop shop services?

1.4 Objectives of the study

In accordance to the above problems and research questions the general and specific research objectives are the following.

1.4.1 General Objective

The general objective is to study the relationship between service quality and customer satisfaction of one stop shop service in eastern industry zone.

1.4.2 Specific Objectives

Specific objectives are;

- ❖ To measure the level of one stop shop service customers service quality perception
- ❖ To measure the level of customer satisfaction for the given one stop shop service quality
- ❖ To identify the relationship between service quality dimensions and eastern industry zone one stop shop customer satisfaction

1.5 Significance of the study

The findings of this research will be highly important to the management of the EIZ OSS to know the practical situation of the service as perceived by customers and take improvements accordingly. It also helps the Ethiopian industry park corporation (IPDC) by giving a closer look how the quality of OSS service affect the perception of customers satisfaction and the outputs of the research can be included in the planning phases of new industry parks OSS services and help revise the service architecture by giving more attention to the most determinant dimensions of service quality that brings higher satisfaction to customers. The research will initiate interested researcher to make their research in this sector as the sector is in the governments transformational policy framework of GTP and OSS is put as an incentive for investors.

1.6 Scope of the study

This study focuses on the association between service quality and customer satisfaction in EIZ OSS service found in Addis Ababa, Dukem. It didn't include other industry parks which have recently started the service for a time constrain. The service quality will consider the five dimensions(tangibility, reliability, responsiveness, assurance and empathy). Customer perception will be applied for evaluating customer satisfaction and expectation are not included.

1.7 Limitations of the study

The customers included in this research are the operational investors only. The investors at implementation phase are excluded so the result may not represent all the customers in the park. Lack of previous studies was Convincing to fill and getting the questionnaire from investors were a big challenge in this research.

1.8 Organization of the study

The paper is organized into five chapters. The first chapter contains background of the study, background of the organization, statement of the problem, Basic research questions, objective of the study, significance of the study, scope of the study, limitations of the study and organization of the paper. And the second chapter presents review of related literature which is about relationship service quality and customer satisfaction. The third chapter deals with the methodology of the research which includes research approach, research design and research methods. The fourth chapter presents data analysis, findings and discussion of the data gathered. The fifth chapter presents the conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Conceptual review

The important variables that are used in the research are defined as follows:

Service means a non-object that performances cannot be seen, felt, tasted, or touched before an exchange agreement is concluded (Anonymous, 2013)

Quality is degree to which a set of inherent characteristics fulfils requirements (ISO 9000:2015)

Service quality : Definitions of service quality in the literature focus primarily on meeting customers' needs and requirements and how well the delivered service meets customers' expectations (Grönroos, 1984; Zeithaml, Parasuraman & Berry, 1990:2).

Tangibility: physical facilities, equipment, and appearance of personnel.

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

Responsiveness: willingness to help customers and provide prompt service.

Assurance: knowledge and courtesy of employees and their ability to inspire trust & confidence

Empathy: caring individualized attention the firm provides to its Customers Zeithaml et al (1990)

Expectations: are reference points against which service delivery is compared only at beginning.

Perceptions: are consumer judgments about the actual service performance by a company.

SERVQUAL is a model to measure service quality by identifying the gap between customers' expectation and perceptions of a service along the dimensions that are believed to represent service quality (Parasuraman et al., 1985).

SERVPERF : it is a service quality measuring model which measures experiences only and does not ask respondents about expectations. As a result, SERVPERF uses only the perceptions part of the SERVQUAL scale (Cronin & Taylor, 1994).

Customer sometimes known as client, buyer, or purchaser is the recipient of a good, service, product or an idea obtained from a seller, vendor, or supplier via a financial transaction or exchange for money or some other valuable consideration (Reizenstein, 2004).

Customer Satisfaction: Customer satisfaction is defined as the result of a cognitive and affective evaluation, where some comparison standard is compared to the actually perceived performance (Kumar, 2008).

One stop shop : One stop shop is defined as a place physical, virtual, or both where the public can obtain multiple products and services (Reid and Wettenhall 2015).

2.2 Theoretical literature review

2.2.1 Service concept

A study carried out by Johns, (1998, p.954) points out that a word 'service' has many meanings which lead to some confusion in the way the concept is defined in management literature, service could mean an industry, a performance, an output or offering or a process. He further argues that services are mostly described as 'intangible' and their output viewed as an activity rather than a tangible object which is not clear because some service outputs have some substantial tangible components like physical facilities, equipments and personnel.

Kotler (1994:464), on the other hand, defines services as "any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything". He affirms the view that "services are intangible, inseparable, variable and perishable and also added that services normally require more quality control, supplier credibility, and adaptability". services are generally defined as an act offered from one party to another (Lovelock and Wright, 2001:5). It is also noted that A service is not a thing, but relies on things for performance (Fisk & John, 2004). A different approach in defining Services are activities that create value and benefits to a customer (Lovelock & Wright 2001:5).

Put in the simplest terms, services are deeds, processes and performances (Zeithaml et al. 2008). It is also explained that Most services can not be counted, measured, inventoried, tested and verified in advance of sale to assure quality (Parasuraman, Zeitham & Berry, 1985).

It is generally accepted that services have four main characteristics that differentiate them from goods: intangibility, inseparability, variability, and perishability (Armstrong & Kotler, 2011) these characteristics create unique challenges for services.

Service intangibility refers to the fact that services cannot be seen, tasted, felt, heard, or smelled before they are bought. For this reason, customers try to evaluate the quality of a service by looking at tangible components such as the place, people, price, equipment, and communications apparent(Armstrong & Kotler, 2011).

Service inseparability refers to the fact that services cannot be separated from their providers, whether the providers are people or machines. This means that the employee providing the service becomes part of the service, in most cases, the customer is also present at the time of providing the service. Therefore, the provider-customer interaction becomes important in determining the outcome of the service (Armstrong & Kotler, 2011).

Service variability refers to the fact that the quality of services depends on who provides them as well as when, where, and how they are provided (Armstrong & Kotler, 2011).

This means that the quality of a service provided is not just determined by the company but by the service provider too. Therefore, understanding the role of service providers is crucial to understand perceptions of service quality.

Service perishability refers to the fact that services cannot be stored for later sale or use (Armstrong & Kotler, 2011), although Lovelock and Wirtz (2011) argue that not all service performances are perishable like video recordings of events and concerts. One problematic situation that accompanies this characteristic is when demand exceeds supply (Armstrong & Kotler, 2011).

2.2.1.1 One stop shop service

One-stop-shops are a popular tool of government service delivery. One stop shop is a place physical, virtual, or both where the public can obtain multiple products and services (Reid and Wettenhall 2015). One stop shop are not a recent invention. The private sector department store model, which emerged in the mid-19th century, is one example, while government interest in integration of public service delivery dates back at least to the 1970s (Sharkansky, 1979).

The One stop shop concept has gained new popularity with governments in recent years, for several reasons. There is growing concern that public service delivery is excessively fragmented, leading to duplication and therefore inefficiency, and to poor outcomes for vulnerable service users. There is also an increasing tendency to regard and treat government service users as customers who should not be inconvenienced by having to deal with multiple dispersed and disconnected service providers (Dutil et al. 2008; Rosenthal and Peccei, 2006).

One stop shop appear to be a sensible solution to the challenges of contemporary service delivery. From this perspective its adoption decisions might be interpreted as “rational policy making” (Davis et al. 1988). One-stop shop government services refers to the integration of public services from a citizens or customer of public services - point of view. This implies that public services are accessible through a single window even if they are provided by different public authorities or

private service providers. It is pointed out by Wimmer and Tambouris (2002) that one-stop shop requires all government departments to have connected IT systems. By definition, the most important prerequisites of one-stop government are two. First, public services must be integrated. Secondly, the customers must be able to access these services in a well-structured and well-understandable manner meeting their perspectives and needs.

One-stop shops are currently popular because of heightened citizen demands and expectations, alongside dissatisfaction with fragmentation, coinciding with the arrival of new technologies such as internet portals, which together make this service type an attractive and technically feasible solution (Flumian et al. 2007; Gagnon et al. 2010; Kernaghan 2005).

Different researchers explained that the successful implementation of one-stop shops will benefit so much in the form of integration, efficiency and satisfaction:

Integration: multiple services are offered in one place and in a coherent or 'seamless' fashion (Askim et al. 2011; Reid and Wettenhall 2015);

Efficiency: per-unit delivery costs are lowered as a consequence of reduced duplication and repetition in the service production process (Howard 2014; Anthopoulos et al. 2007)

Satisfaction: staff and service users are happier with the service delivery experience (Flumian et al. 2007; Heintzman and Marson 2005).

One-stop shop service is offered in Eastern industrial zone by the government for centralizing the government services like customs, banking, electricity, telecom, water and others in one window so that the park investors can access the government services within the park and with one window. This service is believed by the government to satisfy the customers as it is put as an attraction in GTP.

2.2.2 Quality concept

International Standards Organization (ISO) mentions Quality is the total composite product and service characteristics of marketing, engineering, manufacture and maintenance through which the product in use will meet the expectations of the customer. Juran (1985) said Quality is the extent to which the customers or users believe the product or service surpasses their needs and expectations. According to Hardie & Walsh (1994); Quality is product performance which result in customer satisfaction freedom from product deficiencies and which avoids customer dissatisfaction. The definition of quality depends on the point of view of the people defining it. As depicted in the book written by Reid and Sanders(2007), most consumers have a difficult time defining quality, but they know it when they see it.

Some definitions of Quality according to Reid and Sanders (2007):

Conformance to specifications: How well a product or service meets the targets and tolerances determined by its designers.

Fitness for use: A definition of quality that evaluates how well the product performs for its intended use.

Value for price paid: Quality defined in terms of product or service usefulness for the price paid.

Support services: Quality defined in terms of the support provided after the product or service is purchased.

Psychological criteria: a way of defining quality that focuses on judgmental evaluations of what constitutes product or service excellence.

Defining quality for service organization is difficult because of the intangible nature of the product. Since a service is experienced, perceptions can be highly subjective. In addition to tangible factors, quality of services is often defined by perceptual factors. In most cases, defining quality in services can be especially challenging (Reid and Sanders, 2007). Some of the terms used to define quality in the service industry according to Reid and Sanders (2007) are:

Consistency: ability to provide same level of good quality repeatedly.

Responsiveness to Customer needs: willingness of service providers to help customers in unusual situations and to deal with problems.

Courtesy: the way employees treat customers.

Time: the amount of time a customer has to wait for the service.

Reliability: the ability to perform dependably, consistently and accurately.

Convenience: the accessibility of service provider to its customers

2.2.3 Service quality

Service quality is a concept that has aroused considerable interest and debate in the research literature because of the difficulties in both defining it and measuring it with no overall consensus emerging on either (Wisniewski, 2001). There are a number of different "definitions" as to what is meant by service quality. One that is commonly used defines service quality as the extent to which a service meets customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994a; Asubonteng et al., 1996; Wisniewski and Donnelly, 1996). An observation from

Ladhari (2009) shows service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors.

Service quality is a complex construct, which has been the focus of a number of studies in the services marketing literature. Two schools of thought dominate this literature: the Nordic school of thought (European) and the North American school of thought. Specifically, the Nordic school of thought is based upon Grunroos (2005) two-dimensional model while the North American school of thought is based upon Parasuraman et al (1985) in (Karatepe 2013) five-dimensional SERVQUAL model.

Definitions of service quality in the literature focus primarily on meeting customers needs and requirements and how well the delivered service meets customers expectations (Gronroos, 1984 Zeithaml, Parasuraman & Berry, 1990:2).

Mostafa (2005) observes that service quality has become a famous research topic because of its important relationship to cost, profitability, customer satisfaction, customer retention, service guarantee, and financial performance. Service quality as Martin(2013) cited is the degree to which an event or experience meets individual's needs or expectations. Differences between expected and perceived performances give rise to disconfirmation, which can be either positive or negative. This is often termed the disconfirmation paradigm. Expectations in this context are based on individual norms, values, wishes and needs and are therefore very individualistic (Kasper *et al.*, 2006:184).

According to Wilson et al.(2008:155) briefing, Customer expectations are beliefs about the service that serve as standards or reference points against which quality is judged. It is further strengthened that whether or not these expectations are met by the service provider will have a crucial bearing on their perceived service quality (Bateson & Hoffman, 2011:327; Kasper et al.,2006:183).

It should be noted though, that the expectations between two individuals are not necessarily

identical, even if the service delivery is absolutely identical. The perceived service quality of the service is therefore also not necessarily identical (Kasper *et al.*, 2006:184). Changing personal circumstances such as income levels, educational achievement or increasing aspiration levels may also change an individual's expectations over time. Expectations are also affected by the interaction of a person with for instance, the media, the service provider, other customers, and observation of specific situations (Kasper *et al.*, 2006:184).

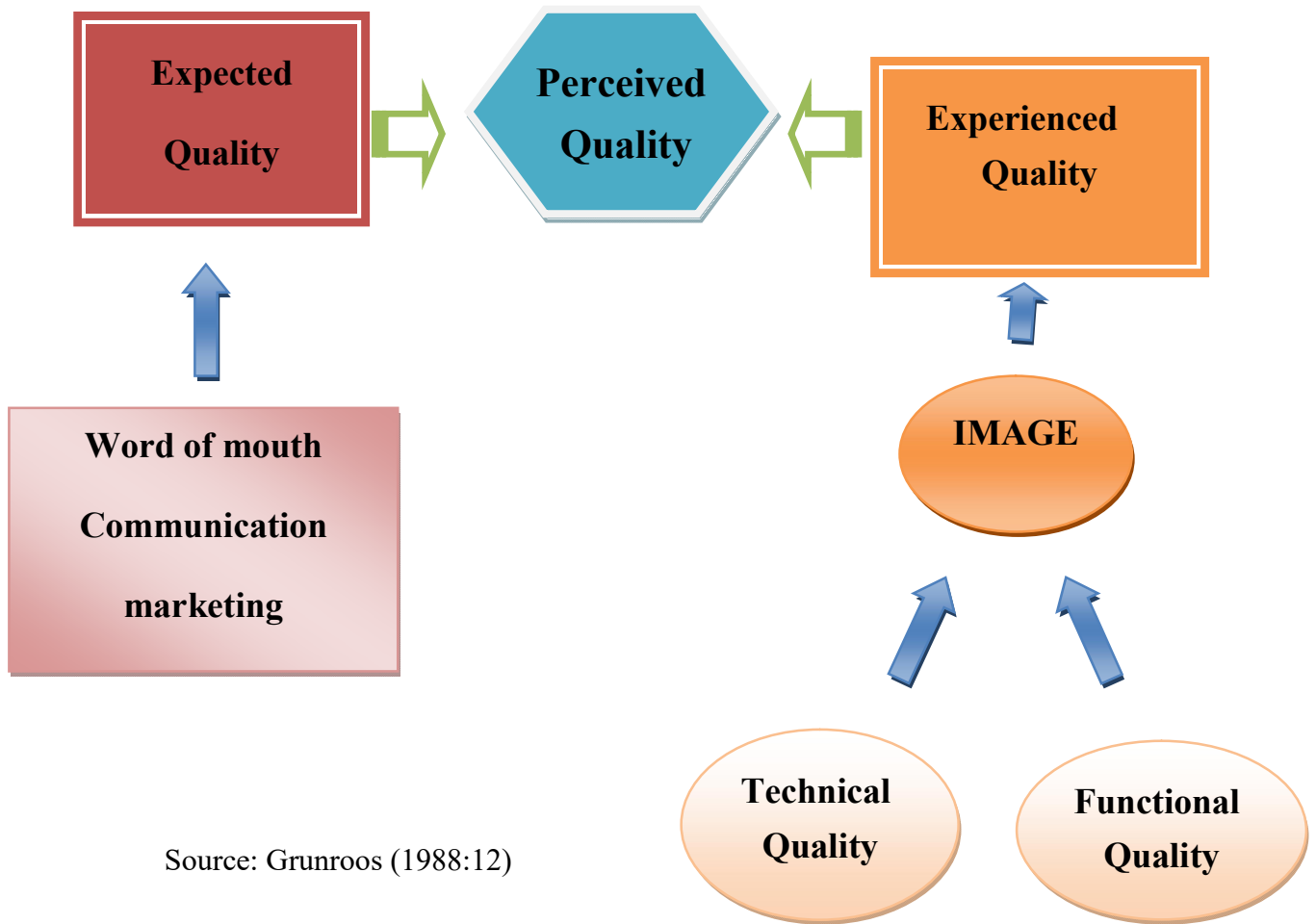
2.2.4 Measuring service quality

Several conceptual models have been developed by different researchers for measuring service quality. It is envisaged that conceptual models in service quality enable management to identify quality problems and thus help in planning for the launch of a quality improvement program thereby improving the efficiency, profitability and overall performance (Seth & Deshmukh, 2005).

2.2.4.1 The Grunroos service quality model

Grunroos (1984:36), one of the leaders in the Nordic school of thought with regard to the service literature, states that a proper conceptualisation of service quality should be customer-based (Grunroos, 1984:36). The customer's perceptions of service quality are therefore the main feature in his service quality model and secondly, the determinants of what influence service quality are also included. The basic principle in his model is that service quality is dependent on the comparison of two variables: the expected service from customers and the actual service as perceived by them (Grunroos, 1984:36)

Fig 2.1 Grunroos service quality model



Source: Grunroos (1988:12)

Grunroos (1988:11) suggests that performance evaluations comprise of two dimensions, namely a technical or outcomes dimension and a functional or process-related dimension. It will not only be the outcome of a service (technical dimension), but also the manner in which a service is performed (functional dimension) that exert an influence on the customers perception of a service, although the latter will be based on a rather subjective evaluation. The outcome (technical) of a service can normally, but by no means always, be measured by the customer in an objective manner.

Grunroos (1984:39) believes that a third dimension, namely a firm's corporate image, exerts an influence on perceived service quality. Several factors can influence this image, like the technical and functional quality, price, external communications, physical location, appearance of the site and the competence and behaviour of service firm's employees (Ghobadian *et al.*, 1993:51).

Grunroos (1984:40) also points out that, if a customer has a positive image of a business (because of one or more of the above mentioned reasons for instance) the customer will tend to find excuses for negative technical or functional quality. If the negative experience with quality however, continues, that person's image of the service provider will deteriorate. In the same way, a negative image may easily increase perceived problems with service quality. In the case of service quality perception, the service provider's image can be regarded as a filter.

Grunroos (1984:41) found that, as long as the technical quality dimension is at least satisfactory, functional quality is more important to overall perceived service quality. Where there is no technical quality to talk of however, functional quality alone will not be able to compensate for this (Czepiel, Solomon, Surprenant & Gutman, 1985:13). Functional quality can however not be affected by the satisfaction with the technical service quality (Czepiel *et al.*, 1985:13).

2.2.4.2 The SERVQUAL model

In the mid 1980s Berry and his colleagues Parasuraman (1985) and Seithaml (1985) began to study service quality determinants and how customer evaluates the quality of services based on the Perceived Service Quality concept (Grunroos 2005).

Parasuraman *et al.* (1985) identified ten determinants for measuring service quality which are tangibility, reliability, responsiveness, communication, access, competence, courtesy, credibility, security, and understanding/knowledge of customers. Later these ten dimensions were further

purified and developed into five dimensions i.e. tangibility, reliability, responsiveness, assurance and empathy to measure service quality.

The SERVQUAL scale was developed following procedures recommended for developing valid and reliable measures of marketing constructs (Asubonteng, McCleary & Swan, 1996:64; Brown, Churchill & Peter, 1993:129). The article in 1985 that set the scene for SERVQUAL, conceptualised service quality as a gap between customers expectations and perceptions (Parasuraman *et al.*, 1985).

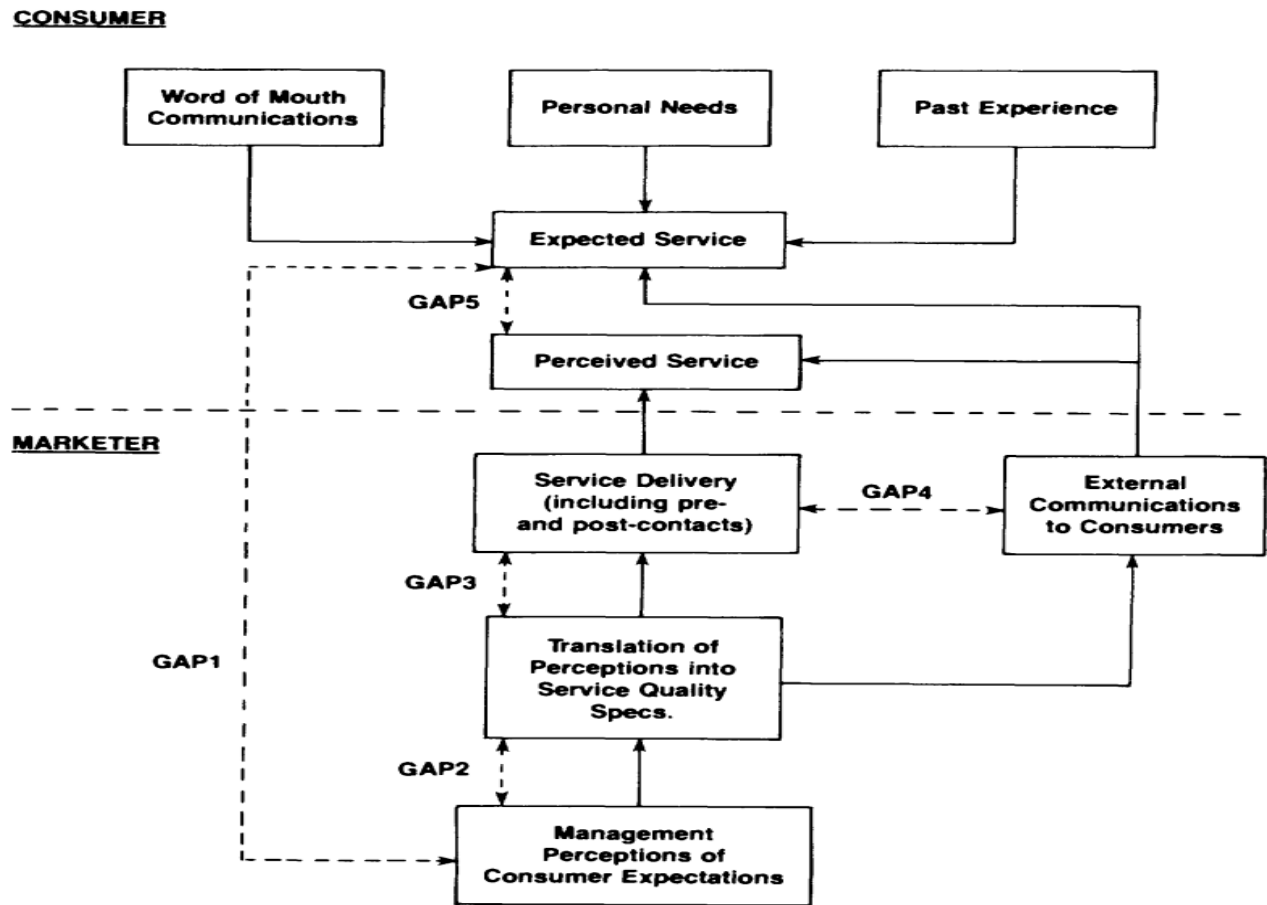
They conducted an exploratory study to investigate the concept of service quality. Interviews with business executives from four different service industries were conducted and these interviews led them to conclude that there are discrepancies (gaps) between what management believes service quality constitutes and what customers believe service quality is.

From fig. 2.2, a set of gaps was seen as the major obstacles in attempting to deliver a service which customers perceive as being of high quality (Parasuraman *et al.*, 1985:44)

Gap 1: Customer expectation - management perception gap

There are inconsistencies between customer expectations and management perceptions of those expectations. Managers of service organisations may not always understand what features indicate high quality to customers, what features a service must have in order to meet customers needs, and what the level of performance on those features should be to deliver high quality service. As a result, customers service quality perceptions may be affected (Parasuraman *et al.*, 1985:44).

Fig 2.2 The gap model



Source Parasuraman et al. 1985

Gap 2: Management perceptions - service quality specification gap

The gap between management perceptions of customer expectations and the actual specifications established for a service may occur as a result of resource constraints, market conditions and a lack of management commitment to service quality. This discrepancy may affect the service quality perceptions of customers (Parasuraman *et al.*, 1985:44).

Gap 3: Service quality specifications - service delivery gap

Although firms may have formal standards or specifications for maintaining service quality, it may be difficult to adhere to these standards because of variability in employee performance

(Parasuraman *et al.*, 1985:45). This will affect service quality from the customers point of view.

Gap 4: Service delivery - external communications gap

This gap in the discrepancies between service delivery and what the organisation promises through external communications and/or the absence of information about service delivery aspects may affect customer perceptions of service quality (Parasuraman *et al.*, 1985:46).

Gap 5: Expected service - perceived service gap

Gap 5, the most important gap, can be regarded as a function of the first four gaps and Parasuraman *et al.* (1985:46) argue that there is indeed a relationship between Gap 5 and the first four gaps.

The quality that a customer perceives in a service is a function of the magnitude and direction of the gap between expected service and perceived service (Parasuraman *et al.*, 1985:46).

In order to manage service quality, it will therefore be important to manage the gaps that exist between expectations and perceptions on the part of management, employers and customers (Zeithaml & Bitner, 2003:25). By referring to the gap model, the service provider should close Gap 5, but in order to do so, the four other gaps that inhibit delivery of quality service within the organisation should be closed (Bateson & Hoffman, 2011:328; Lau, Akbar & Fie, 2005:48).

In first SERVQUAL model that came had 22 pairs of Likert-type items, where one part measured perceived level of service provided by a particular organization and the other part measured expected level of service quality by respondent. (Kuo-YF, 2003, p. 464-465). Since service quality is considered as a multi-dimension (1985:46-47) also identified ten key service dimensions. They recognised that regardless of the type of service, customers basically use similar criteria in evaluating service quality.

Parasuraman *et al.* (1988) have refined their exploratory research done in 1985 with the subsequent scale named SERVQUAL for measuring customers perceptions of service quality.

Table 2.1 The ten key service dimensions

Determinant	Example of evaluative criteria
Tangibility	Appearance of physical facilities and personnel
Reliability	Performing services right the first time
Responsiveness	Willingness and ability to provide prompt service
Communication	Explaining service to customers in a language they can understand
Credibility	Trustworthiness of customer-contact personnel
Security	Confidentiality of transactions
Competence	Knowledge and skill of customer-contact personnel
Courtesy	Friendliness of customer-contact personnel
understanding/ Knowing customers	Making an effort to ascertain a customer's specific requirements
Access	Ease of contacting service

Source: Parasuraman *et al.* (1986:6-7)

The original ten dimensions as identified by them in 1985 were collapsed into five dimensions, namely **reliability**, **responsiveness**, **assurance**, **tangibles** (tangibles include the original communication, competence, credibility, courtesy and security) and **empathy** (which includes the original access and understanding/knowing the customers)

Table 2.2 The five service quality dimensions

Determinants	Examples of evaluative criteria
Reliability:	Ability to perform the promised service dependably and accurately
Responsiveness	Willingness to help customers and provide prompt service
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence
Tangibility	Appearance of physical facilities, equipment, written materials and personnel
Empathy	Caring, individualised attention the firm provides its customers

Source: Parasuraman *et al.* (1986:14-15)

Reliability: *delivering on promises.* This dimension is consistently shown to be the most important determinant of perceptions of service quality (Wilson *et al.*, 2008:85). This dimension includes the consistency in which service promises are met which could include keeping schedules or appointment times, completing tasks on time, and ensuring that outcomes are met.

Responsiveness: *being willing to help.* This dimension emphasises the attentiveness and promptness in dealing with customer requests, questions, complaints and problems. This includes the length of time a customer has to wait for assistance, answers to questions or attention to problems. Notion of flexibility and ability to customise the service to customer needs. Reflect customers point of view, not companies (Wilson *et al.*, 2008:85).

Assurance: *inspiring trust and confidence.* This dimension is important when customers perceive services as high risk or feel uncertain about their ability to evaluate outcomes. The company has to seek to build trust and loyalty between key contact people and customers (Wilson *et al.*, 2008: 86).

Tangibles: *representing the service physically.* Companies should provide physical representation or images of their service that customers will use to evaluate quality, to enhance image, provide continuity and signal quality. Most companies would however, combine this dimension with another dimension to create a service quality strategy (Wilson *et al.*, 2008:86).

Empathy: *treating customers as individuals.* Customers are unique and special and it is important that their needs are understood. Every customer wants to feel important and understood by firms that provide a specific service. It would be a good strategy for businesses to know their customers by name and build relationships that reflect their personal knowledge of their requirements and preferences. In cases where a small firm has to compete with larger firms, the ability to be empathetic to their customers may give the small firm a definite advantage. In business to business firm customers want firms to understand their industries and issues (Wilson *et al.*, 2008:86).

SERVQUAL currently contains 21 perception items and a series of expectation items that reflect the five service quality dimensions (Wilson *et al.* 2008:132).

Since its inception, SERVQUAL was however, not without its fair share of criticism. A major criticism is the problem of measuring expectations (Carman, 1990; Cronin & Taylor, 1992; Gilmore & McMullan, 2009:645; McDougal & Levesque, 1994). Some researchers (Juga, Juntunen & Grant, 2010; Ladhari, 2009a) for instance, think that measuring expectations is unnecessary and that measuring perceptions of outcomes should be enough.

Buttle (1996) mentioned a number of criticisms of SERVQUAL. A principle criticism of SERVQUAL is that the main focus is on the process of service delivery and not the outcomes of

the service encounter. Carman (1990) highlighted the limitations of SERVQUAL instrument and stated that the all items were never completely applicable, therefore, the robustness of the instrument. Al-alak (2009) indicated that SERVQUAL cannot be used to measure customer satisfaction to any great extent because of its relevance to measuring service quality

Grunroos(1992) cited in Wilson *et al.*, 2008:133 suggests three problems when measuring comparisons between expectations and experiences over a number of attributes.

- If expectations are measured after the service experience has taken place, which frequently happens for practical reasons, then what is measured is not really expectation but something which has been influenced by the service experience.
- It may not make sense to measure expectations prior to the service experience either, because the expectations that exist before a service is delivered may not be the same as the factors that a person uses when evaluating their experiences.
- A customer's view of their experience in a service encounter is influenced by their prior expectations. Consequently if expectations are measured and then experiences are measured then the measures are not independent of each other and the expectations are actually being measured twice.

The pairs of statements in the SERVQUAL questionnaire, designed to capture responses on both expectations and perceptions, make the questionnaire relatively complicated.

2.2.4.3 The SERVPERF model

One of the better known alternatives to SERVQUAL is the SERVPERF instrument, (Cronin & Taylor, 1992) which measures experiences only and does not ask respondents about expectations. As a result, SERVPERF uses only the perceptions part of the SERVQUAL scale. They argue that service quality is better predicted by perceptions of actual service received only and not as the difference between perceptions and expectations as suggested by Parasuraman *et al.* (1988). Experiences are measured over a range of attributes that was developed to describe the service as conclusively as possible.

Although Cronin and Taylor (1992) do not disagree with the definitions of service quality that regard it as the difference between expectations and the perceptions of customers, they do differ in the manner in which to measure perceptions of such services. They maintained that performance instead of performance - expectation determines service quality and they reason further that customer expectations are built into the performance and is therefore not necessary to measure it separately (Kelkar, 2010:424)

Carrillat *et al.* (2007:473) state that both SERVQUAL and SERVPERF received an equal amount of citations during the last several years. Nevertheless, although SERVPERF gained popularity, it has not reduced SERVQUALs usage among researchers. In their study Carrillat *et al.* (2007:485) found that both SERVQUAL and SERVPERF scales are adequate and equally valid predictors of overall service quality although they admit that the SERVQUAL scale would have greater interest for practitioners. Andronikidis and Bellou (2010:579) found that SERVPERF is both theoretically and empirically superior to SERVQUAL. Jain and Gupta (2004) concur with this finding.

They also found that it to be the most economical measure of service quality and is capable of explaining greater proportion of variance present in the overall service quality measured through a single scale . Several other researchers have also preferred the SERVPERF scale in a variety of studies.

Brady and Cronin (2001) proposed a hierarchical model to conceptualize perceived service quality. Their model suggested three primary levels of service quality: interaction quality, physical environment quality and outcome quality. In turn, each of these were conceived to have three sub- divisions.

- Interaction quality includes attitude, behavior, and experience
- Physical environment quality includes ambient conditions, design and social factors
- Outcome quality includes waiting time, tangibles and personal factors

Their study found that customers aggregate their evaluation of the sub-dimensions to form their overall perception of an organization's performance in each of the three primary dimensions. This perception , it was argued, lead to customer' overall service quality perception. They claim that this scale's reliability ranges between 0.884 and 0.964, depending on the industry type, and exhibits both convergent and discriminate validity (Mesay, 2012).

This study will measure the quality of the one stop shop service using the servperf model as it is superior and updated version of servqual . It is also enough to measure the perception of the one stop shop customers as the other expected quality variables are built in the performance measurm ent of perceived qulity service as noted by diffrent scholar earlier.

2.2.5 Customer satisfaction

Satisfaction can also be a person's feelings of pleasure or disappointment that results from comparing a product's perceived performance or outcome with their expectations (Kotler & Keller, 2009, p. 789). As a matter of fact, satisfaction could be the pleasure derived by someone from the consumption of goods or services offered by another person or group of people; or it can be the state of being happy with a situation. A comprehensive definition of customer satisfaction in terms of pleasurable fulfillment is given by Oliver (1997) in (Grigoroudis & Siskos, 2010):

Satisfaction is the consumer's fulfillment response. It is judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or overfulfillment

According to an exhaustive review of Yi (1991) (Grigoroudis & Siskos, 2010), customer satisfaction may be defined in two basic ways: either as an outcome, or as a process

- The first approach defines satisfaction as a final situation or as an endstate resulting from the consumption experience.
- The second approach emphasizes the perceptual, evaluative and psychological process that contributes to satisfaction.

Client happiness, which is a sign of customer satisfaction, is and has always been the most essential thing for any organization as it is the milestone for its existence. The conceptualization of customer satisfaction is very complex and has been defined in many different situations. However, no single definition of customer satisfaction has been universally accepted. Customer satisfaction traditionally defined, according to the expectation-disconfirmation theory, as the

result of the comparing between customer expectation before purchase and evaluation about the actual performance of a product or service after purchase (Oliver, 1977).

Customers would be satisfied if the outcome of the service meets expectations. When the service quality exceeds the expectations, the service provider has won a delighted customer. Dissatisfaction will occur when the perceived overall service quality does not meet expectations (Looy, Gemmel & Dierdonck, 2003). Referring to Minazzi (2008), he highlighted that customer satisfaction is the result of comparison between customers expectations and customer perceptions. In other words customer satisfaction is seen as the deference between expected quality of service and customers experience or perceptions after receiving the service.

Customer satisfaction is clearly explained by Bateson and Hoffman (1999) as it has dependence on such dimensions as reliability, responsiveness, assurance, empathy and tangibles and on additional elements like price, personal and situational factors that may occur during the service supply. Without doubt, service quality is an important factor of customer satisfaction.

However, measuring of service quality is complicated, because service itself is an intangible product which can be evaluated differently by each individual Customer satisfaction is considered to be one of the most important outcomes of a marketing activities in a market/oriented firm.

The obvious need for satisfying the firm's customer is to expand the business, to gain a higher market share, and to acquire repeat and referral business, all of which lead to improved profitability (Barsky, 1992).

2.2.6 Service quality and customer satisfaction

Parasuraman et al., (1985) suggested that when perceived service quality is high, then it will lead to increase in customer satisfaction. He supports that fact that service quality leads to customer satisfaction and this is in line with Saravana and Rao, (2007, p.436) and Lee et al., (2000, p.226) who acknowledge that customer satisfaction is based upon the level of service quality provided by the service provider. Since customer satisfaction has been considered to be based on the customers experience on a particular service encounter, (Cronin & Taylor, 1992) it is in line with the fact that service quality is a determinant of customer satisfaction, because service quality comes from outcome of the services from service providers in organizations.

Kotler and Armstrong (2012) preach that satisfaction is the post-purchase evaluation of products or services taking into consideration the expectations. Researchers are divided over the antecedents of service quality and satisfaction. Whilst some believe service quality leads to satisfaction, others think otherwise (Ting, 2004). The studies of Lee et al. (2000); Gilbert and Veloutsou (2006); Sulie man (2011) and Buttle (1996) suggest service quality leads to customer satisfaction. To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction. As service quality improves, the probability of customer satisfaction increases. Quality was only one of many dimensions on which satisfaction was based; satisfaction was also one potential influence on future quality.

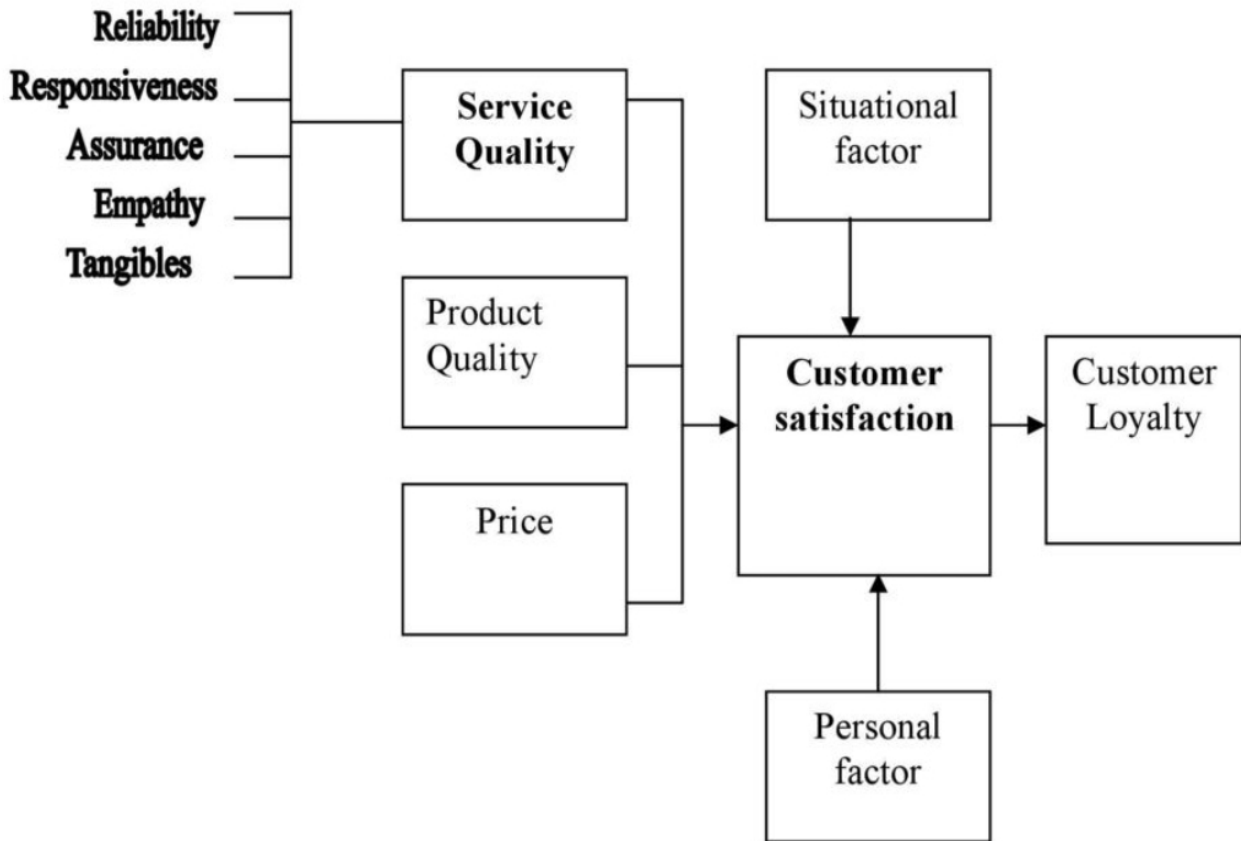
Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. Some researchers have found empirical

supports for the view of the point mentioned above (Anderson & Sullivan, 1993; Fornell et al 1996; Spreng & Macky 1996); where customer satisfaction came as a result of service quality.

In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service. (Wilson et al., 2008, p. 78). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml et al.2006, p.106-10). This theory complies with the idea of Wilson et,al.(2008) and has been confirmed by the definition of customer satisfaction presented by other researchers.

Figure 2.3 below shows the relationship between customer satisfaction and service quality. Wilson et, als' presented a situation that service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy and tangibility while satisfaction is more inclusive and it is influenced by perceptions of service quality, product quality and price, also situational factors and personal factors.

Fig 2.3 Service quality and customer satisfaction



Source Wilson et al 2008

It has been proven from past researches on service quality and customer satisfaction that Customer satisfaction and service quality are related from their definitions to their relationships with other aspects in business.

Some authors have agreed to the fact that service quality determines customer satisfaction. Parasuraman et al., (1985) in their study, proposed that when perceived service quality is high, then it will lead to increase in customer satisfaction. Some other authors did comprehend with the idea brought up by Parasuraman (1995) and they acknowledged that “Customer satisfaction is based upon the level of service quality that is provided by the service providers (Saravana & Rao,2007,

p. 436, Lee et al., 2000, p. 226). Looking into (figure 1), relating it to these authors' views, it is evident that definition of customer satisfaction involves predicted and perceived service; since service quality acted as one of the factors that influence satisfaction. More evidence of this relationship has been proven by past researches. To crown the fact that customer satisfaction and service quality are important variables in business research on customers, Gera(2011) investigated the link between service quality, value, satisfaction and behavioural intentions in a public sector bank in India and one of their results states that "Service quality was found to significantly impact on customer satisfaction and value perceptions" The literature review shows latest researches up to 2011 on the relationship between customer satisfaction and service quality. The researches in this area have been covered so far as below;

- It has been researched that there is a relationship between customer satisfaction and service quality.
- It has been researched that service quality could be evaluated with the use of SERVQUAL model.
- It has been researched that service quality could be evaluated by other dimensions of service quality that is, functional and technical and not necessarily SERVQUAL model
- Some researchers even tested service quality and service quality dimensions.

2.3 Empirical review

The researcher reviewed different empirical researches related to service quality and customer satisfaction which are made in different sectors in different countries including Ethiopia. But researches directly related to the one stop shop service were not found to the effort of the researcher. The empirical researches related to service quality and customer satisfaction are explained here.

Among different empirical researches, Sivadas & Baker-Prewitt (2000, p. 73-82) used a national random telephone survey of 542 shoppers to examine the relationship between service quality, customer satisfaction, and store loyalty within the retail department store context. One of the results was that service quality influences relative attitude and satisfaction with department stores. They found out that there is a relationship between customer satisfaction and service quality.

In line with the findings of Sivadas & Baker-Prewitt (2000, p. 73-82), Su et al., (2002, p. 372) in their study of customer satisfaction and service quality, found out that; these two variables are related, confirming the definitions of both variables which have always been linked. They also dictated that service quality is more abstract because it may be affected by perceptions of value or by the experiences of others that may not be so good, than customer satisfaction which reflects the customers' feelings about many encounters and experiences with service firm. (Su et al., 2002, p. 372)

Ahmed et al., (2010) conducted a mediation of customer satisfaction relationship between service quality and repurchase intentions for the telecom sector among university students, with SERVQUAL models 5 dimensions (tangibles, responsiveness, empathy, assurance and reliability) by Parasuraman et al. to measure service quality and they found a strong relationship in between.

Empirical research by Cronin & Taylor,(1992) showed that service quality has a significant effect on customer satisfaction. Similarly, recent studies by Gonzalez & Brea, (2005)& Ekinici (2004) as cited on (Harr, 2008) using recursive structural models provided empirical support that service quality results in customer satisfaction. Customer satisfaction is a broader concept than service quality which focuses specifically on dimensions of service (Zeithaml et al.2006).

Empirical researches in Ethiopia done by different researchers is summarized as follows:

Meron(2015) on her empirical research of Impact of Service Quality on Customer Satisfaction:

The Case of Bank of Abyssinia S.C, she found that all service quality dimensions have a positive impact on customer satisfaction . The relationship was also concluded as positive and significant. Assurance was found to have highest dominant impact on customer satisfaction.

The research conducted by Yeshitila(2018) with a title "Assessment of service quality and customer satisfaction. the case of commercial nominees PLC" asserts that customers are satisfied in all service quality dimensions with mean value ranging b/n 3.06 and 3.6. The correlation analysis also yielded that all are positively correlated to the overall service quality but of strong relationship was observed with empathy, reliability and responsiveness. Yeshitila also found out that overall service quality correlation with customer satisfaction is very strong and significant(0.89)

The other research finding that strengthen the above researcher's finding was the research made by Joseph (2017) entitled with the effect of service quality on customer satisfaction in aviation industry. this research came up with a positive and significant relationship between overall service quality dimensions and customer satisfaction. he could observe that Empathy has a strong relation with customer satisfaction among the other service quality dimensions and next is responsiveness then reliability. Finally he concluded this means that delivering a service with high quality will lead to a higher customer satisfaction.

2.4 Synthesis

From the above discussion of literature review, it is clear that there is a relationship between service quality and customer's satisfaction where the former eventually leads to customer's satisfaction. Literature availed a number of models to measuring service quality. SERVQUAL and SERVPERF are among the models which researcher are using most often. Both models use five service quality dimensions. The empirical studies also shows that service quality dimensions have relations with service quality. It is evident that service quality dimensions have impact on customer satisfaction as various articles and journals show.

From the popular models discussed, the researcher applies the SERVPERF model for the research because the One stop shop service customers are getting the service repeatedly as long as they are working in the park premise. so they have repeatedly checked the quality of service and perceived it already before the researcher started the research. So, it will not be that much important to measure service quality expectation. They can give a refined perception feedback for the researcher about the service. For this reason, the researcher applied SERVPERF over SERVQUAL model.

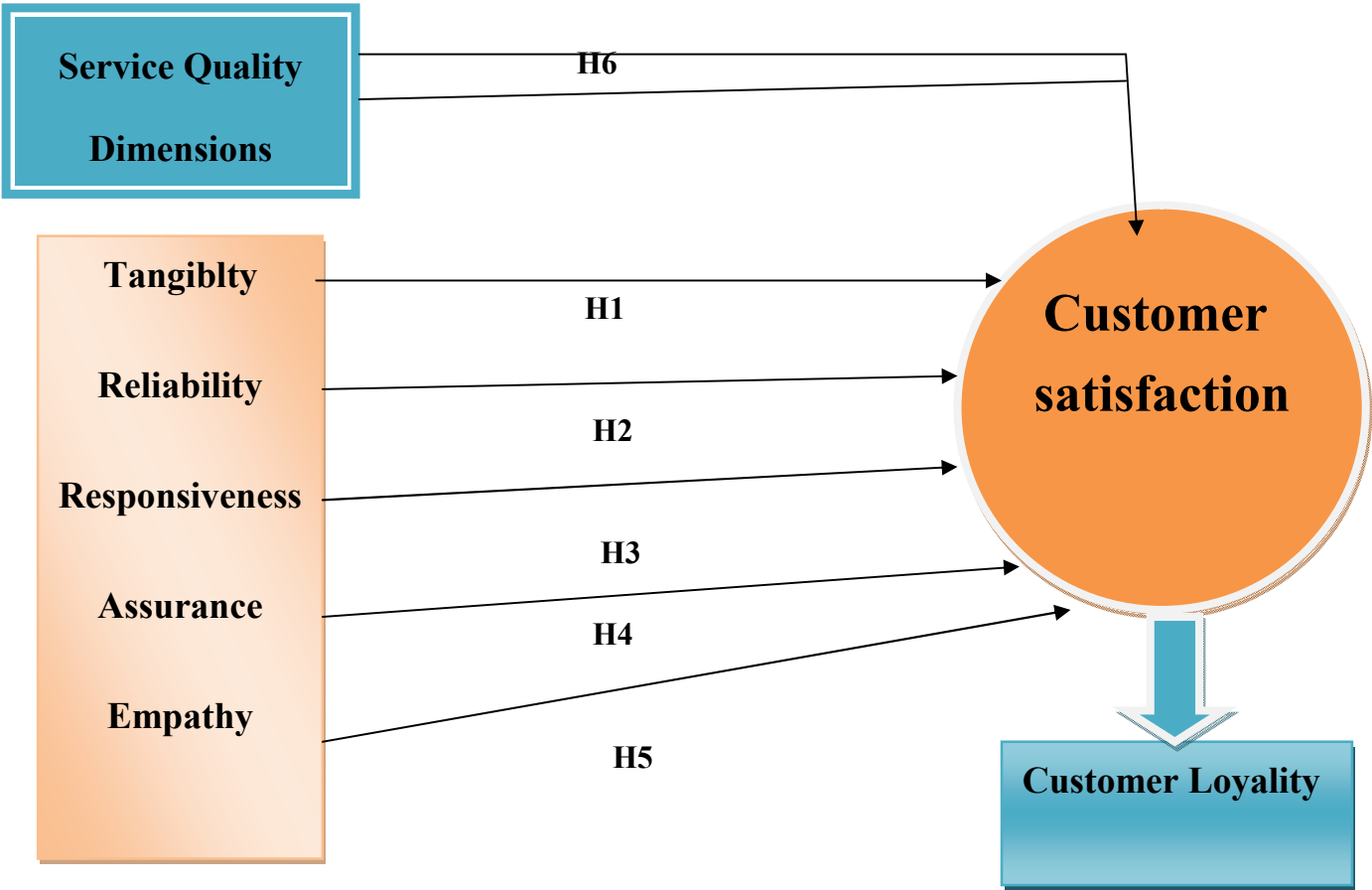
The researcher found that even though lot of researches had been done related to service quality and customer satisfaction in different sectors in Ethiopia, the researcher didn't find researches related to one stop shop service quality and customer satisfaction in industry parks. Therefore, the researcher took this knowledge gap as a source of the research problem to study.

2.4.1 Conceptual Framework

The conceptual framework is the basic guide line of the research work that directs the researcher to conceptually understand the research and outline and utilize the dependent and the independent

variables so that the measurement, processing, analysis of the data and interpretation of the result been easy and meaningful.

Based on the above literature review the following conceptual framework is developed. In this frame work the service quality dimensions are considered as independent variables and customer satisfactions is dependent variable.



Source : own

CHAPTER THREE

RESEARCH METHODOLOGY

This chapter covers the methodology of the study that the researcher follows. It includes research approach, research design, sampling design, source of data, data collection instruments and procedures, method of data analysis and ethical considerations.

3.1 Research approach and design

As explained by John (2014), research approaches are plans and the procedures for a research that span the steps from broad assumptions to detailed methods of data collection, analysis and interpretation. So, the researcher used quantitative research approach. Because, to address the research objectives it required the researcher to conduct variable measurement, variables relationship analysis and testing hypothesis. It is also explained by Saunders (2012) that Quantitative research design examines the relationship between variables and tests the hypothesis. It gives greater emphasis on numerical data and statistical tests to reach a conclusion that can be generalized.

Research design as defined by Leedy (1997) as a plan for a study, providing the overall framework for collecting data. This research was conducted using both descriptive and explanatory research designs. Because, descriptive research design is employed to describe the existing situation of service quality dimensions and customer satisfaction. As Creswell (1994) stated, the descriptive method of research is a technique of gathering information about the present existing condition.

This study also used explanatory research design to explaining, understanding and predicting the relationship between service quality and customer satisfaction.

3.2 Sampling technique and sample size

3.2.1 sampling technique

There are two major alternatives on how to select appropriate sample: probability and non-probability sampling. The researcher selected non-probability purposive sampling technique for the research. Because, the researcher believed that the accuracy, representativeness and reliability of the sample could be achieved by purposely selecting the samples from the target population for this research.

3.2.1 Target population

The researcher conducted this research to study and measure the impact of service quality on the satisfaction of customers of eastern industry zone one stop shop service. In Eastern industry zone there were about 95 sheds occupied by investors for manufacturing in different sectors and different country of origin during the researchers surveying. From the total manufacturers of 95, 32 manufacturers were only at implementation phase and the rest 63 were operational. 55 of the manufacturers were from China, 3 Indian, 2 Netherlands, 2 Canada, 1 joint venture of Canada and Egypt in operation phase. And out of 32 in implementation phase, 31 manufacturers were Chinese. One manufacturer is from Ethiopia. Moreover, all the 95 manufacturers were customers of the one stop shop service and taken as target population of the study.

3.2.1 Sample size

The target population of the research comprised of 95 customers. But, these customers were in two different phases during the survey. Some were in the operation phase and some were only in the implementation phase. Therefore, the researcher purposely excluded the 32 manufacturers that were in implementation phase with a thought that they might have a short experience of the one stop shop service to give a reliable data to the researcher. So, the 63 operational manufacturers were totally selected as sample of the research since they frequently used the service.

3.3. Data collection techniques and procedures

3.3.1 Data sources

In this study both primary and secondary data were used. The primary data was collected from customers of the one stop shop using questionnaire for collecting quantitative data.

In addition, secondary sources such internet, various journals, articles, books, previous related researches and bulletins of the park were explored to develop the study background and to get information about the company background.

3.3.2 Data collection tools

The data collection tool was self-administered questionnaire which was intended to collect quantitative data from the investor customers who are in operation phase in the park premise. The questionnaire contained three parts. The first part contained general questions about the back -

ground of the manufacturing customer. The second part employed SERVPERF model with a 22 performance statements and the degree of the customers perception has been measured using five Likert Scale method labeled as strongly disagree, disagree, neutral, agree and strongly agree. The third part focused on the level of Customer satisfaction which has also been measured with one scale which is adopted from Lovelock and Wright (1999) with response of very dissatisfied, dissatisfied, neither satisfied nor dissatisfied, satisfied and very satisfied. The Likert scale method has been selected to make the questionnaire convenient to the respondents and maximize the response rate.

3.3.3 Data collection procedure

The researcher first visited the industry park and customers of one stop shop services in the park premise for understanding the composition and target population in general. Then I contacted the Ethiopian investment commission office in the park which was part of the one stop shop service provided. In the office, I collected Bulletins and different documents to get secondary data for background of the study as well manufacturers list and status in the park which was used for selecting samples. The primary data was therefore collected from the samples by administering a questionnaire and distributing for customers at the one stop shop.

3.4 Description of study variables and measurement

The study focuses on the association of service quality and customer satisfaction. So the variables under study are service quality as an independent variable and customer satisfaction as dependent variable. Service quality is the difference between customer expectation and perception. The iconic researchers in the field Parasuraman *et al.* (1988) have developed a model named SERVQUAL for measuring customers expectation and perceptions of service quality. This SERVQUAL model is a scale which includes five dimensions namely: reliability, responsiveness, assurance, tangibles and empathy. But this scale further refined by Cronin and Taylor (1992) model of SERVPERF and excluded expectations and argued that measuring customer perception was enough for measuring service quality with the same five service quality dimensions proposed by Parasuraman *et al.* (1988). Both models utilize same 22 performance questionnaire for measuring the five dimensions of service quality which are used by so many researcher around the globe. So in this research, customers are expected to answer 22 questions only for perception of service quality they felt on a likert scale basis. The same time customers are asked a single satisfaction question with likert scale which is adopted from Lovelock and Wright (1999). Because, regarding customers satisfaction, a single question is thought to be enough by this researchers for customers to tell their overall feeling of the service.

3.5 Data analysis techniques

In this study, both descriptive and inferential data analysis method will be used to analyze the data collected and answer the research questions. The Statistical Package for Social Science (SPSS) software version 20 will be employed to analyze and present the data through descriptive and inferential statistics.

Descriptive statistics will be used to interpret the general background of the manufacturing customers (through tables, frequency and percentage), and mean scores of the service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy).

Inferential statistics will be used to find out the relationship between service quality dimension and customer satisfaction. The relationship between service quality dimensions (Tangibility, reliability, responsiveness, assurance and empathy) and customer satisfaction will be analyzed using Pearson correlation. Further the association between individual service quality dimensions (Tangibility, reliability, responsiveness, assurance and empathy) and customers' satisfaction will be analyzed using multiple regression analysis. The formula for multiple linear regression is:

$$y = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + e$$

where, y is the dependent variable -customer satisfaction

x is the independent variable(explanatory variables) -

(x_1 =tangibility, x_2 = reliability, x_3 = responsiveness, x_4 =assurance, x_5 =empathy)

β_0 is the y-intercept(constant term), $\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 are slope coefficients for each independent variables and e is the models error term.

The researcher developed the following hypotheses (H) for the study.

H1 : There is positive and significant relationship between Tangibility and customer satisfaction

H2 : There is positive and significant relationship between Reliability and customer satisfaction

H3: There is positive and significant relationship between Responsiveness and customer satisfaction

H4: There is positive and significant relationship between Assurance and customer satisfaction

H5: There is positive and significant relationship between Empathy and customer satisfaction

H6: Service quality has positive effect on customer satisfaction.

3.6 Validity and Reliability test

3.6.1 Validity

The validity assures that the constructs measure what they claim to measure (Saunders et al., 2003). In other words, construct validity assesses whether service dimensions could measure the predefined dependent variables or not. The research instrument of this study is developed by Parasuraman et al. (1988). They tested its validity in their empirical research in service and retail business in 1988. The SERVQUAL scale was developed following procedures recommended for developing valid and reliable measures of marketing constructs (Asubonteng, McCleary & Swan, 1996:64). It is an instrument applied for researches in service sector of service quality measurement worldwide. Therefore, verifying the validity of the instrument is not needed.

3.6.2 Reliability test

Reliability is the degree to which the measure of a construct is consistent or dependable. In other words, if we use this scale to measure the same construct multiple times do we get pretty much the same result every time, assuming the underlying phenomenon is not changing. According to (Bhattacharjee, 2012) internal consistency reliability is a measure of consistency between different items of the same construct. A value of Cronbach alpha above 0.70 can be used as a reasonable test of Reliability. Generally speaking, scales with a coefficient between 0.80 and 0.95 are considered to have very good reliability. Scales with a coefficient between 0.70 and 0.80 are considered to have good reliability, and value with a coefficient between 0.60 and 0.70 indicates fair reliability. When the coefficient is below 0.6, the scale has poor reliability (Zikmund et al, 2010).

From the of reliability statistics, we can observe that the cronbach's alpha is > 0.7 for tangibility, reliability, assurance and empathy and therefore, the four dimensions of service quality were

found to be high in their internal consistency and thereby in measuring the dimensions of interest. Responsiveness's cronbach's alpha is between 0.6 and 0.7 which is fair reliability.

Table 3.6 Reliability statistics for each service quality dimensions

Factors	Cronbach's Alpha	No. of Items
Tangibility	0.844	4
Reliability	0.837	4
Responsiveness	0.666	4
Assurance	0.752	4
Empathy	0.795	6

Source : Own survey, 2019

Checking the reliability test by taking all the service quality dimensions together gives us the more reliable alpha coefficient which is 0.861. This means that the dimensions used to measure the service quality for this study are very consistent.

Table 3.7 Reliability Statistics for all service quality dimensions

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.861	.864	5

Source : Own survey, 2019

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

This chapter describes the analysis and interpretation of the collected data. In addition to this, background information of respondents will be presented. Finally, the statistical methods of analysis were discussed, which included a descriptive analysis, a correlation analysis, and a multiple regression analysis through SPSS version 20

4.1 Respondents profile

The respondents profile analyzes the background information of the responding organizations which has already invested and started operation in the EIZ park premise.

Table 4.1 Years of existence in the park

Experience	Frequency	Percent	Valid Percent	Cumulative Percent
<2yrs	13	24.1	24.1	24.1
Valid 2-4yrs	23	42.6	42.6	66.7
>4yrs	18	33.3	33.3	100.0
Total	54	100.0	100.0	

Source: Own survey, 2019

From the table 4.1 above, we can observe that 13(24.1%) of the total respondents existed in the park for less than 2 years and 23 (42.6%) of the responding organizations existed in the park for 2-4years range. The remaining 18 (33.3%) of respondents existed in the park for greater than 4 years.

Table 4.2 Organization owner

	Frequency	Percent	Valid Percent
Valid foreign investor	54	100.0	100.0

Source: Own survey, 2019

Table 4.2 above exhibits that all the owners of the organization operating in the park premise now are foreigners.

Table 4.3 Manufacturing sector of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
textile	30	55.6	55.6	55.6
building material	5	9.3	9.3	64.8
chemicals	3	5.6	5.6	70.4
pharmaceutical	1	1.9	1.9	72.2
plastic	5	9.3	9.3	81.5
soft paper	3	5.6	5.6	87.0
food	4	7.4	7.4	94.4
printing	3	5.6	5.6	100.0
Total	54	100.0	100.0	

Source: Own survey, 2019

As we can infer from the table 4.3 above, respondents are working in different sectors in the park. About 30 (55.6%) of the organizations are indicated to be working in textile sector. The other sectors are 5 (9.3%) in building materials sector, 3 (5.6%) in chemicals sector, 1(1.9%) in

pharmaceuticals sector, 5(9.3 %) in plastic, 3(5.6%) in soft paper, 4(7.4%) in food , 3(5.6 %) in printing.

Table 4.4 Country of origin

	Frequency	Percent	Valid Percent	Cumulative Percent
China	47	87.0	87.0	87.0
India	2	3.7	3.7	90.7
Netherlands	2	3.7	3.7	94.4
Canada	2	3.7	3.7	98.1
Joint venture	1	1.9	1.9	100.0
Total	54	100.0	100.0	

Source: Own survey, 2019

We can see from the table 4.4 above that respondents are from different country of origin. About 47 (87%) are from China. The remaining 2(3.7%) are from India, 2(3.7%) are from Netherlands, 2(3.7%) are from Canada and 1(1.9%) joint venture.

Table 4.5 Oss experience

	Frequency	Percent	Valid Percent	Cumulative Percent
yes	35	64.8	64.8	64.8
no	19	35.2	35.2	100.0
Total	54	100.0	100.0	

Source: Own survey, 2019

It can be inferred from the above table 4.5 that 35 (64.8%) of the respondents have OSS experience prior to the EIZ park. The remaining 19 (35.2%) respondents are their first experience.

4.3 Descriptive analysis of service quality measurement

The result of this analysis will answer the first research question at the end. This research used SERVPERF model to measure the customers' perception on the OSS service provided by EIZ. The model contains 22 questions related to the five service quality dimensions namely, tangibility, reliability, responsiveness, assurance and empathy. It used the five point Likert scale to measure the performances of the service provided by the EIZ. The results obtained from the study are described as follows.

4.3.1 Tangibility

Tangibility is the appearance of physical facilities, equipment, personnel and written materials. It contained four questions which refer to the availability of modern equipment that the EIZ OSS is utilizing in providing its services; whether the physical facilities and materials associated with the services are visually appealing and the neatness of the employees of the shop.

As we can infer from table 4.8 below, the mean value of tangibility perception of respondents is 4.12. "The shop has office at a convenient location to its customer" has the highest mean value of 4.28 out of the four tangibility questions asked. The least mean value is scored for "The shops' physical facilities are visually appealing/attractive" which is 3.96. Two respondents didn't respond to the first question. So, the tangibility valid respondents is 52.

Table 4.8 Mean score for tangibility

	N valid	Missing	Mean	Std. Deviation
The shop has up to date technology / equipments	52	2	4.00	.886
The shops' physical facilities are visually appealing/attractive	54	0	3.96	.699
The shop has office at a convenient location to its customer	54	0	4.28	.712
Staff of the shop at the front line position are well dressed and appear neat	54	0	4.24	.867
Tangibility	52	2	4.12	

Source : Own survey, 2019

4.3.2 Reliability

Reliability is the ability to perform services dependably and accurately in a consistent manner. It is considered as the vital core of service quality. Other dimensions will matter to customers only if a service is reliable, because those dimensions cannot compensate for unreliable service delivery (Berry et al., 1994). It contains four questions used to assess the accuracy and credibility of the services. It evaluates whether the EIZ OSS keeps its promises or not while giving the services, the EIZ OSS’s sincere interest in solving the problem of its customers and the accuracy of records.

It is depicted in the table 4.9 below, from the four questions asked for reliability perception, “the shop keeps records of customers” has scored the highest with mean value of 4.26. But, the least mean value is scored with the question “The shop informs customers for any failure ahead of time” which is 3.87. This least score informs to the EIZ OSS to improve their service failure notification mechanism more than the other reliability measures. The mean value of reliability as result is 4.04.

Table 4.9 Mean score for reliability

	N valid	Missing	Mean	Std. Deviation
The shop staff have interest in performing the right service the first time.	54	0	3.96	.751
The shop keeps customer record correctly.	54	0	4.26	.650
The shop Provides service at the designed and promised time.	54	0	4.07	.578
The shop informs customers for any failure ahead of time.	54	0	3.87	.870
Reliability	54	0	4.04	

Source : Own survey, 2019

4.3.3 Responsiveness

Responsiveness refers to the willingness and readiness of employees to provide service and to help customers. It involves timeliness of service and understanding the needs and wants of customers. Responsiveness comprises four questions that enable to know the willingness and readiness of employees to provide prompt service and to help customers in their needs of service and information.

Accordingly, the mean value of respondents' responsiveness perception is 3.96 as noted in the table 4.10 below. The majority of the respondents agreed with a responsiveness question of "The shop staffs tell you exactly when the service will be performed" and the mean value is 4.13. But the least mean value is scored to be 3.81 for the question "The shop staff provide you prompt / quick service". The first responsiveness questionnaire has one missing respondent and the valid total respondents is 53. We can observe that, the EIZ OSS should give attention on how to give a quick service as it shows the least score of quality in responsiveness measures.

Table 4.10 Mean score for responsiveness

	N valid	Missing	Mean	Std. Deviation
The shop staff provide you prompt /quick service	53	1	3.81	.761
The shop staffs are willing to help you always when you need	54	0	3.85	.833
The shop staffs are never busy to respond to customer request	54	0	4.04	.699
The shop staffs tell you exactly when the service will be performed	54	0	4.13	.616
Responsiveness	53	1	3.96	

Source : Own survey, 2019

4.3.4 Assurance

Assurance is the knowledge and courtesy of employees and their ability to convey trust and confidence so that the customer feels that he/she is in courteous, knowledgeable and competent hands. It is the ability of a service firm to inspire trust and confidence in the firm through knowledge, politeness and trustworthiness of the employees. Assurance contains four statements that indicate whether the employees of the EIZ OSS have behavior that instill confidence in customers, employees are consistently courteous with customers and knowledgeable to answer customers' questions, and customers feel safe with the service offered.

With regard to the above point, the information in the table 4.11 below tells us that respondents' perception of assurance has mean value of 4.07 from the four questions asked. The highest mean value scored is 4.15 and it comes from the question "The shop staffs are consistently polite with customers". Similarly, the least mean value score is noted in the table to be 4.00 and comes from the question "You feel safe with the service provided by the staff". There are three missing respondents for second and third questions of assurance so the valid number of respondents is 51. It is an alarm for the EIZ OSS because customers are not feeling safe with service provide relatively to other measures of assurance. So they have to better improve the other three measures of assurance so as to get safe feeling if customers and assurance then.

Table 4.11 Mean score for assurance

	N valid	Missing	Mean	Std. Deviation
personal behavior of the staffs are excellent that you can trust(trustworthy).	54	0	4.04	.776
The shop staffs are consistently polite with customers	53	1	4.15	.662
The shop staffs have adequate knowledge and skill to serve you	52	2	4.12	.646
You feel safe with the service provided by the staff	54	0	4.00	.777
Assurance	51	3	4.07	

Source : Own survey, 2019

4.3.5 Empathy

Empathy involves caring and individual attention while the company provides its services for the customers. It consists of five statements that request whether the EIZ OSS gives individual attention to its customers, has convenient operating hours to all of its customers, assists customers best interest at heart and has employees who give personal attentions and understand the specific needs of their customers or not.

As noted in the table 4.12 below, the mean value of respondents' perception of empathy is scored to be 4.08. "The shop service has convenient working hours to all its customers" is the question scoring the highest mean value from the four questions. The least score comes from the question "The shop Staffs give customers individual attention" which is 4.02. Two respondents are missing for first and fourth questions of the empathy questions so the valid number of respondents are 52. We can infer from this result that EIZ OSS should work on how to give better customer individual attention which customers are giving least point for.

Table 4.12 Mean score for empathy

	N valid	Missing	Mean	Std. Deviation
The shop staff understand what customers specific needs are	53	1	4.09	.791
The shop Staffs give customers individual attention.	54	0	4.02	.765
The shop staff give due consideration for customers property.	54	0	4.11	.634
The shop staffs give orientation about the new service and the cost related with the service.	53	1	4.08	.703
The shop service has convenient working hours to all its customers.	54	0	4.13	.778
The shop works at heart to your best interest.	54	0	4.06	.763
Empathy	52	2	4.08	

Source: Own survey, 2019

Therefore, we can summarize the above results in to table 4.13 below. The table shows that respondents' tangibility perception has scored the highest mean value of all the service quality dimensions and followed by the perceptions of empathy, assurance and reliability with mean values of 4.0817, 4.0775 and 4.04 respectively. The least mean value is scored by responsiveness and it is 3.9575 which indicate that the EIZ OSS should focus on why employees don't have willingness and readiness to help customers as it is one dimension of service quality.

The respondents' perception of service quality dimensions mean is 4.055 and it tells us that the service quality in the EIZ OSS is satisfactory as is shows majority of the respondents agreed to the questions on average. So, with this we can answer the first research question.

Table 4.13 Mean score of service quality dimensions

	N valid	Mean	Std. Deviation
Tangibility	4	4.1200	.16330
Reliability	4	4.0400	.16793
Responsiveness	4	3.9575	.15262
Assurance	4	4.0775	.06946
Empathy	6	4.0817	.03869
Servqual mean	5	4.0553	

Source: Own survey, 2019

4.4 customer satisfaction

The findings of this analysis will answer the second research question. It was dealt in the previous chapter that customer satisfaction involves the fulfillment of customers' anticipation of the goods and services. Customers become satisfied if the performance of the good or service is equivalent to, or even surpasses, the original expectation. Accordingly, identifying satisfaction level of customers is one interest of this study. The satisfaction level in this study is also categorized using five point likert scales which are: highly dissatisfied, dissatisfied, neutral, satisfied and highly satisfied.

As it is exhibited in table 4.14 below, out of the total 54 respondents for customer satisfaction, 15 respondents (27.8%) strongly agree for the overall satisfaction level with EIZ OSS. The other 29 respondents (53.7%), which is more than half of the total, agreed for overall satisfaction level with the EIZ OSS. The remaining 10 respondent (18.5%) replied that they are neutral with the level of customer satisfaction in EIZ OZZ which is less than quarter of the respondents. But, The EIZ OSS should make improvements to maintain the perception of agreeing and strongly agreeing respondents and to enhance the satisfaction level of the 18.5% neutral respondents.

Table 4.14 level of satisfaction with the over all one stop shop service

	Frequency	Percent	Valid Percent	Cumulative Percent
neutral	10	18.5	18.5	18.5
agree	29	53.7	53.7	72.2
strongly agree	15	27.8	27.8	100.0
Total	54	100.0	100.0	

Source: Own survey, 2019

Table 4.15 below depicts that the respondents overall customer satisfaction mean value is 4.09 with a standard deviation of 0.68 which tells us that respondents agreed for overall satisfaction of the EIZ OSS on average. So , it can be observed from this result that there is a satisfactory level of customer satisfaction in EIZ OSS in general but as there are some replied below average, the management of EIZ OSS should still give due attention for satisfaction. This result answers the second research question.

Table 4.15 Mean score for level of satisfaction with the over all one stop shop service

	N valid	Range	Minimum	Maximum	Mean	Std. Deviation
Your level of satisfaction with the overall OSS service	54	2	3	5	4.09	.680
	4					

Source: Own survey, 2019

4.5 Correlation Analysis between Service Quality Dimensions and Customer Satisfaction

Correlation analysis is a measure of relationship (association) and strength between two variables. To answer the third research question, this analysis will determine the relationship between service quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy) and customer satisfaction. Pearson's correlation coefficient (r) which measures the strength and direction of a linear relationship between two variables is used. Values of Pearson's correlation coefficient are always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive sense; a correlation coefficient of -1 indicates that two variables are perfectly related in a negative sense, and a correlation coefficient of 0 indicates that there is no linear relationship between the two variables.

A low correlation coefficient; 0.1-0.29 suggests that the relationship between two items is weak or non-existent. If r is between 0.3 and 0.49 the relationship is moderate. A high correlation coefficient i.e. >0.5 indicates a strong relationship between variables. The direction of the dependent variable's change depends on the sign of the coefficient. If the coefficient is a positive number, then the dependent variable will move in the same direction as the independent variable; if the coefficient is negative, then the dependent variable will move in the opposite direction of the independent variable. Hence in this study both the direction and the level of relationship between the dimensions of service quality and customer satisfaction are conducted using the Pearson's correlation coefficient. It will answer research question three.

Hypothesis testing

Referring to table 4.16 below, we can test the first five hypotheses.

From the exhibited results of table 4.16, we can observe that reliability and empathy has strong correlation with customer satisfaction(r of 0.547 and significance < 0.01 both) and followed by assurance (r of 0.518 and significance < 0.01). Tangibility and responsiveness shows moderate correlation with customer satisfaction (r of 0.43 and 0.465 respectively with both <0.01 significance).

Table 4.16 The relationship between service quality and customer satisfaction

		Tangibility	Reliability	Responsiveness	Assurance	Empathy	Customer satisfaction
Tangibility	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	54					
Reliability	Pearson Correlation	.526**	1				
	Sig. (2-tailed)	.000					
	N	54	54				
Responsiveness	Pearson Correlation	.254	.657**	1			
	Sig. (2-tailed)	.064	.000				
	N	54	54	54			
Assurance	Pearson Correlation	.492**	.703**	.545**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	54	54	54	54		
Empathy	Pearson Correlation	.381**	.731**	.481**	.828**	1	
	Sig. (2-tailed)	.004	.000	.000	.000		
	N	54	54	54	54	54	
Customer satisfaction	Pearson Correlation	.423**	.547**	.465**	.518**	.547**	1
	Sig. (2-tailed)	.001	.000	.000	.000	.000	
	N	54	54	54	54	54	54

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Own survey, 2019

Accordingly, we can conclude that there is a positive and significant correlation or relationship between service quality dimensions and customer satisfaction. So, any improvement in one of the dimensions will positively contribute to enhancing customer satisfaction.

This answers the third research question.

Pertinent to these results, we can test the first five hypothesis. Accordingly, H1, H2, H3, H4, and H5 can be accepted as all dimensions are observed to have significant and positive relationship with satisfaction. .

But once we confirmed the positive and significant correlation between service quality dimensions and customer satisfaction, we further check if there is causal relationship between service quality dimensions and customer satisfaction so as to strengthen the answer of the third question and check second hypothesis.

4.6 Multicollinearity test

Before analyzing variables for multiple regressions, a multicollinearity test should be done first. Multi-co-linearity is the situation in which the independent variables are highly correlated. The test of multicollinearity is detected by Tolerance and Variance inflation factor (VIF) result. Tolerance is an indicator multicollinearity which is calculated using the formula $1 - r^2$ for each variable. If this value is very small that it is less than 0.10, then multiple correlations with other variables is high, suggesting the existence of multicollinearity. Variance inflation factor (VIF) is the inverse of the Tolerance value i.e. $1 / (1 - r^2)$. VIF values above 10 implies the existence of multicollinearity between variables.

Table 4.17 Coefficients for multicollinearity

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Co linearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	.331	.706		.469	.641		
	Tangibility	.225	.140	.224	1.604	.115	.641	1.559
	Reliability	.062	.238	.055	.263	.794	.288	3.477
	Responsiveness	.293	.199	.228	1.472	.148	.521	1.918
	Assurance	.043	.227	.042	.191	.849	.255	3.917
	Empathy	.398	.254	.347	1.566	.124	.254	3.932

a. Dependent Variable: Customer satisfaction

Source: Own survey, 2019

From the above table 4.17, we can infer that the tolerance of all the service quality dimensions is > 0.1 and the VIF is less than 10 which tells us that there is no multicollinearity between predictor variables (independent). Therefore, multiple regression analysis can be carried out.

4.7 Regression analysis

Regression analysis is a statistical measure that attempts to determine the strength of the relationship between one dependent variable and a series of other changing variables (known as independent variables). More specifically, regression analysis helps one understand how the typical value of the dependent variable (criterion variable) changes when any one of the independent variables is varied, while the other independent variables remain constant. This regression analysis will be multiple regression analysis since the independent (predictors) variables are five.

The regression coefficient is the value that represents the rate of change of one variable (dependent variable) as a function of changes in the other variable (independent variable). It represents the mean change in the response variable for one unit of change in the predictor variable while holding other predictors in the model constant. This statistical control that regression provides is important because it isolates the role of one variable from all of the others in the model.

This multi linear regression analysis confirms or disconfirms the hypothesis “Service quality dimensions have an effect on customer satisfaction” and strengthens the answer of research question three.

4.7.1 Tangibility

The result of the regression model shown below in table 4.18, indicates that there is a positive statistical relationship between tangibility(independent variable) and customer satisfaction(dependent variable). In this case, the coefficient of determination (R-square) indicates the proportionate amount of variation in the response variable (customer satisfaction) explained by the independent variable (tangibility) in the linear regression model. Thus, 17.9% (R-squared = 0.258) of the variation on customer satisfaction is explained by tangibility.

Table 4.18 Model Summary for tangibility

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.423 ^a	.179	.163	.623

a. Predictors: (Constant), Tangibility

Source: Own survey, 2019

From the following coefficient table 4.19, we find the beta value which measures how strongly tangibility influences the customer satisfaction. Thus a unit increase in tangibility leads to a 0.424 increase in customer satisfaction, other things remain constant.

Table 4.19 Coefficients for tangibility

a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.362	.522		4.525	.000
	Tangibility	.424	.126	.423	3.362	.001

a. Dependent Variable: Customer satisfaction

Source: Own survey, 2019

4.7.2 Reliability

As depicted in the regression model table 4.20 below, it is exhibited that there is a positive statistical relationship between reliability (independent variable) and customer satisfaction (dependent variable). In this case, the coefficient of determination (R-squared) indicates the proportionate amount of variation in the response variable (customer satisfaction) explained by the independent variable (reliability) in the linear regression model. Therefore, 29.9% (R-squared=0.299) of the variation on customer satisfaction is explained by reliability.

Table 4.20 Model Summary for reliability

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.547 ^a	.299	.285	.575

a. Predictors: (Constant), Reliability

Source: Own survey, 2019

The beta coefficient indicated in table 4.21 below shows us how strongly reliability influences customer satisfaction. Hence, we can observe that a unit increase in reliability implies 0.623 increase in customer satisfaction, other things kept constant.

Table 4.21 Coefficients for reliability

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.571	.541		2.902	.005
	Reliability	.623	.132	.547	4.708	.000

a. Dependent Variable: Customer satisfaction

Source: Own survey, 2019

4.7.3 Responsiveness

From the regression model table 4.22 below, we can see that there is a positive statistical relationship between reliability (independent variable) and customer satisfaction (dependent variable). The coefficient of determination (R-squared) indicates the proportionate amount of variation in the customer satisfaction (response variable) explained by the responsiveness (independent variable) in the linear regression model. It shows us clearly that 21.6% (R-squared=0.216) of customer satisfaction is explained by responsiveness.

Table 4.22 Model Summary for responsiveness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.465 ^a	.216	.201	.608

a. Predictors: (Constant), Responsiveness

Source: Own survey, 2019

From the table 4.23 of coefficient for responsiveness below, we can infer the strong influence of responsiveness on customer satisfaction. The beta value here implies that a unit increase in responsiveness results in 0.598 increases in customer satisfaction, other things remaining constant.

Table 4.23 Coefficients for responsiveness

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.744	.625		2.788	.007
	Responsiveness	.598	.158	.465	3.788	.000

a. Dependent Variable: Customer satisfaction

Source: Own survey, 2019

4.7.4 Assurance

Table 4.24 of regression model for assurance indicated below shows that there is a positive statistical relationship between reliability (independent variable) and customer satisfaction (dependent variable). The coefficient of determination (R-squared) indicates the proportionate amount of variation in the customer satisfaction (response variable) explained by the assurance (independent variable) in the linear regression model. The R-squared value of 0.269 indicates a 26.7% of variation on customer satisfaction is explained by assurance.

Table 4.24 Model Summary for assurance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.518 ^a	.269	.255	.587

a. Predictors: (Constant), Assurance

Source: Own survey, 2019

The results of coefficient of responsiveness depicted below in table 4.25 tell us that there is a strong a strong influence of assurance on customer satisfaction. The beta value shows a unit increase in assurance brings in a 0.531 increase in customer satisfaction, other things being constant.

Table 4.25 Coefficients for assurance

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.958	.495		3.956	.000
	Assurance	.531	.122	.518	4.370	.000

a. Dependent Variable: Customer satisfaction

Source : Own survey, 2019

4.6.5 Empathy

As shown in the regression model for assurance in table 4.26 below, it indicates that there is a positive statistical relationship between empathy (independent variable) and customer satisfaction (dependent variable). The coefficient of determination (R-squared) indicates the proportionate amount of variation in the customer satisfaction (response variable) explained by the empathy (independent variable) in the linear regression model. Therefore, 30% (R-squared=0.3) of the variation on customer satisfaction is explained by empathy.

Table 4.26 Model Summary for empathy

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.547 ^a	.300	.286	.575

a. Predictors: (Constant), Empathy

Source: Own survey, 2019

From the following coefficient table 4.27, we find the beta value which measures how strongly empathy influences the customer satisfaction. Thus a unit increase in empathy leads to a 0.627 increase in customer satisfaction, other things remain constant.

Table 4.27 Coefficients for empathy

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	1.551	.544		
	Empathy	.627	.133	.547	
				2.849	.006
				4.717	.000

a. Dependent Variable: Customer satisfaction

Source : Own survey, 2019

4.8 Overall regression analysis

A multiple linear regression analysis is carried out. As it can be inferred from the result of table 4.28 below, there is a positive and statistically significant relationship between the independent variables (tangibility, reliability, responsiveness, empathy and assurance) and the dependent variable (customer satisfaction). Thus 40% (R-squared = 0.399) variation on customer satisfaction is explained by the independent variables.

Table 4.28 Model summary for service quality dimensions

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.632 ^a	.399	.336	.554

a. Predictors: (Constant), Empathy, Tangibility, Responsiveness, Reliability, Assurance

Source : Own survey, 2019

From the ANOVA table 4.29 below, it is determined that service quality dimensions have Significant impact on customer satisfaction as $F = 6.373$ and Sig. is .000. Therefore, this result indicates that the hypothesis “Service quality dimensions have an effect on customer satisfaction” is accepted.

Table 4.29 ANOVA for service quality dimensions and customer satisfaction

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.790	5	1.958	6.373	.000 ^b
	Residual	14.747	48	.307		
	Total	24.537	53			

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), Empathy, Tangibility, Responsiveness, Reliability, Assurance

Source : Own survey, 2019

Table 4.30 Coefficients for Service Quality Dimension on Customer Satisfaction

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.167	.706		.469	.641
1 Tangibility	.127	.140	.224	1.604	.115
Reliability	.229	.238	.055	.263	.794
Responsiveness	.204	.199	.228	1.472	.148
Assurance	.181	.227	.042	.191	.849
Empathy	.257	.254	.347	1.566	.124

a. Dependent Variable: Customer satisfaction

Source : Own survey, 2019

The above coefficient table 4.30 indicates the beta (B) values of the independent variables.

The regression function for service quality dimensions and customer satisfaction can be derived from the table 4.30 as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e, \text{ where}$$

Y = customer satisfaction., (x1=tangibility, x2=reliability, x3=responsiveness, x4=assurance, x5=empathy),

β_0 =constant term, $\beta_1 - \beta_5$ are the Beta coefficients for their respective variables.

$$Y = 0.167 + 0.127 \text{Tan} + 0.229 \text{Rel} + 0.204 \text{Res} + 0.181 \text{Ass} + 0.254 \text{Emp}$$

Therefore, the relative importance of the significant predictors is determined by observing the beta values of service quality dimensions on customer satisfaction. Empathy has the highest beta value which means empathy is the best predictor. Reliability and Responsiveness are the second and third predictors respectively. Tangibility shows least beta value and is least predictor.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter deals with the summary of findings, conclusions drawn from the findings and the recommendations forwarded for improvement of services delivery process of the EIZ OSS.

5.1 Summary of Findings

The main objective of this research is to study the association between service quality and customers satisfaction at EIZ OSS. In undertaking the research, the level of service quality and customer satisfaction and their relationship is analyzed. In doing so, the study used SERVPERF model with self-administered questionnaire that contained 22 performance statements related to the five service quality dimensions which was distributed for 63 sample respondents. The instruments are checked for reliability test.

- ❖ The results of background information of respondents indicated that from all the respondents are foreigners and of which 87% are Chinese investors. More than 75% of the investors has stayed in the park for 2 and greater years. Of all investors, the 64.8% has experience of OSS before the park.
- ❖ The descriptive statistical analysis of service quality dimensions shows that tangibility has highest mean value of 4.12 from all service quality dimension followed by empathy (4.0817

), assurance (4.0775) and reliability (4.04). But responsiveness scored 3.9575 which is least mean value from all service quality measurement. The mean value of all service quality dimensions is found to be 4.055.

- ❖ Regarding customer satisfaction, the descriptive analysis indicated that out of the 54 respondents 15 respondents(27.8%) strongly agreed for satisfaction. 29 respondents (53.7%) agreed and 10(18.5) responded neutral for satisfaction of the service provided. The mean value of the overall customer satisfaction level is found to be 4.09.
- ❖ The correlation analysis of service quality dimensions and customer satisfaction is carried out and a positive and significant relationship is inferred. Accordingly, reliability and empathy indicated strong correlation with customer satisfaction(r of 0.547 and significance < 0.01 both) and followed by assurance (r of 0.518 and significance < 0.01). Responsiveness and Tangibility shows moderate correlation with customer satisfaction (r of 0.465 and 0.43 respectively with both <0.01 significance).
- ❖ . The regression analysis is performed between predictor variables (service quality dimensions) and customer satisfaction which has indicated that there is a positive statistical relationship between the two. It is found that 39.9% (R -squared = 0.399) variation on customer satisfaction is explained by the independent variables. From the analysis result empathy and reliability has higher beta values with 0.254 and 0.229 respectively and tangibility has least beta value with 0.127.

5.2 Conclusions

Based on the analysis carried out in the previous chapter for studying the association of service quality and customer satisfaction in the EIZ OSS, the following conclusions are drawn from the summary of findings.

The finding of the descriptive analysis demonstrates that mean value of customers perception of service quality is at different mean level for all five service quality dimensions. Tangibility is perceived to have relatively higher mean value of quality service which indicates that EIZ OSS's physical facilities, equipment, and appearance of personnel is agreed to be quality. This is followed by empathy, assurance and reliability on their mean quality perception of customers. But, Customers perceived least mean value of service quality on the responsiveness measure which is willingness to help customers and provide prompt service. On average, the service quality provided at EIZ OSS is agreed to have quality based on the performance measurements. So, it can be concluded that service quality level is satisfactory at EIZ OSS.

From the findings of the descriptive analysis for the over all customer satisfaction, we can conclude that the service being delivered at EIZ OSS is satisfying the customers on average.

The correlation analysis of service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) and customer satisfaction indicated that they all are positively correlated to customer satisfaction. The strong relationship with customer satisfaction is observed from empathy and reliability followed by assurance while a moderate relationship is inferred with tangibility and responsiveness dimensions. Regarding the overall customer satisfaction, we can conclude that majority of the customers are satisfied with the service provided but around 18% are neutral for satisfaction .

From the regression analysis findings, we can conclude that there is a positive and statistically significant relationship between the independent variables (tangibility, reliability, responsiveness, empathy and assurance) and the dependent variable (customer satisfaction). It is observed that 40% ($R\text{-squared} = 0.399$) variation on customer satisfaction is explained by the independent variables. . From the five the service quality dimensions, empathy has the highest influence over customer satisfaction followed by reliability and tangibility has least influence for customer satisfaction.

This result demonstrates that there is a positive and significant causal effect of service quality dimensions on customer satisfaction and it can be concluded that delivering quality service has strong causal association with the satisfaction of customers at EIZ OSS.

5.3 Recommendations

This research has shown that the causal relationship between service quality and customer satisfaction in EIZ OSS. The results obtained confirms that all the service quality dimensions have a positive effect on customer satisfaction. Though satisfaction level of customers indicated to be satisfactory on average, there are about 18.5% customers who perceived neutral for the service quality provided by the EIZ OSS. Therefore, based on the findings and conclusions of the study, the following recommendations are forwarded to the management of EIZ OSS to enhance the unsatisfied perception of customers.

- This study reveals that empathy is the most influencing service quality dimension on the satisfaction of customers. But the mean score for service quality perception of customers for empathy indicated second rank from the five dimensions. So, EIZ OSS can improve empathy performance by caring individualized attention the firm provides to its customers.
- Reliability of the service provided by the EIZ OSS indicated almost similar influence like empathy. However, the mean score for service quality perception by the customers for the service provided indicated fourth in rank from the five dimensions. Therefore the management of the OSS need to enhance the reliability to better satisfy their customers by performing the service dependably, consistently and accurately.
- As it is exhibited in the study, 40% ($r^2 = 0.399$) of the overall customer satisfaction variation is explained by the independent variables (tangibility, reliability, responsiveness, assurance and empathy). Hence, the management of the EIZ OSS should work hard on all service quality dimensions as all dimensions have positive and statistically significant relationship with customer satisfaction at different level .
- It is recommended that the Industry Park Development Corporation (IPDC) need to consider the results of this thesis and built in the OSS services of new industry park projects as lessons has to be taken from existing parks in every aspect.

- It is recommended for other researchers to do further research in this service area taking this paper as a base. Because, OSS is the governments transformational policy framework of GTP and OSS is put as an incentive for investors in industry parks.

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Appendix

St. Mary's University

school of Graduate Studies

Department of project management

Questionnaire to be filled by customers of Eastern industry zone OSS service

Dear Respondents,

I am Solomon Bihonegn, a graduate student at st. merry university . I am conducting a research on“ Impact of Service Quality on Customer Satisfaction: The case of Eastern industrial zone OSS service ” in partial fulfillment of Master of Arts in project management.

I kindly request you to spend some minutes of your time in filling the questionnaire. Any information which you provide will be kept confidential. Your genuine response is highly appreciated for the outcome of the thesis.

Thank you in advance for your kind cooperation in filling the questionnaire.

Instruction

- No need of writing your name
- Your confidentiality will be maintained sincerely.
- Use √ to indicate your answer

Part I. Organizational information

1.1 Your organization existed in this park and used the service for

1. <2 years 2. 2-4 years 3. >4 years

1.2 Your organization is owned by

1. Local investor 2. Foreign investor

1.3 In what sector does your organization manufacturing in the park? _____

1.4 What is your country of origin _____

1.5 Your organization have OSS experience prior to the park

1. Yes 2. No

Part II Service quality dimensions questionnaire

This part of questionnaire intended for you to fill your perception of the service quality in OSS service

Instructions: Please tick the number that you feel most appropriate, using the scale from 1 to 5

(Where 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree and 5 =

strongly agree)

Dimension	Q. No	Statement of Evaluation	Rating scale				
			Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
			5	4	3	2	1
Tangibility	1	The shop has up to date technology/equipments					
	2	The shops' physical facilities are visually appealing/attractive					
	3	The shop has office at a convenient location to its customer					
	4	Staff of the shop at the front line position are well dressed and appear neat.					
Reliability	5	The shop staff have interest in performing the right service the first time					
	6	The shop keeps customer record correctly					

	7	The shop Provides service at the designed and promised time					
	8	The shop informs customers for any failure ahead of time					
Responsiveness	9	The shop staff provide you prompt /quick service					
	10	The shop staffs are willing to help you always when you need					
	11	The shop staffs are never busy to respond to customer request					
	12	The shop staffs tell you exactly when the service will be performed					
Assurance	13	personal behavior of the staffs are excellent that you can trust(trustworthy)					
	14	The shop staffs are consistently polite with customers					
	15	The shop staffs have adequate knowledge and skill to serve you					
	16	You feel safe with the service provided by the staff					
	17	The shop staff understand what customers specific needs are					
	18	The shop Staffs give customers individual attention					
	19	The shop staff give due consideration for customers property					

Empathy	20	The shop staffs give orientation about the new service and the cost related with the service					
	21	The shop service has convenient working hours to all its customers					
	22	The shop works at heart to your best interest .					

Part III: Overall customer satisfaction

In this part of the questionnaire, your valuable information on the overall level satisfaction with OSS service quality will be sought. Please put √ to indicate your answer.

Your overall satisfaction with OSS service	Highly satisfied	satisfied	Neutral	Dissatisfied	Highly dissatisfied
Your level of satisfaction with the overall OSS service					