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**THE EFFECT OF SERVICE QUALITY ON PASSENGERS'
SATISFACTION: THE CASE OF ETHIOPIAN AIRLINES**

BY: TEBAREK NASER

JUNE, 2017

ADDIS ABABA, ETHIOPIA

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SATISFACTION: THE CASE OF ETHIOPIAN AIRLINES**

BY

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**ASSESSMENT ON THE EFFECT OF SERVICE QUALITY ON
PASSENGER'S SATISFACTION; THE CASE OF ETHIOPIAN
AIRLINES**

BY

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Abbreviations

ASSU	Assurance
AU	African Union
E	Expectation
EAL	Ethiopian airlines
ECA	Economic Commission for Africa
EMP	Empathy
P	Perception
REL	Reliability
RES	Responsiveness
SERVQUAL	Service quality model
TAN	Tangibility

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Abstract

Today competition is not only rife, but growing more intense constantly. Companies must give keen attention to their competitors and must understand their customers. Airlines are suffering from each competition. Service quality is typically defined in terms of consumer satisfaction. The purpose of this study is to measure the service quality and its effect on customer satisfaction at Ethiopian airlines. To this purpose the researcher has studied the service quality of the airline using SERVQUAL model instrument developed by Parasuraman. SERVQUAL model has been applied in designing the questionnaire by using five dimensions of service quality: tangibility, reliability, responsiveness, assurance, and empathy. The findings of this study are based on the analysis of a sample of 320 respondents of Ethiopian airlines international passengers. The research design for this study was Descriptive and use mixed type of research approach. Convenience sampling technique was used in the study to take a sample from infinite population. Data collected from respondents are analyzed by using qualitative analysis, descriptive, correlation, and regression analysis. The study investigates the relationship between service quality and customer satisfaction and also investigates dimensions that have significant effect on customer satisfaction. The results revealed that passengers of Ethiopian airlines are not satisfied by the services of Ethiopian airlines because; passengers have highest level of expectation than perception in all five dimensions. The findings also showed that the dimensions of service quality such as, reliability, assurance and tangibility, are positively correlated to customer satisfaction. Responsiveness and empathy have insignificant relationship with customer satisfaction. Managers should train employees, improve visually attractive facilities and coordinate all stake holders. Finally, managers at EAL should measure passenger's satisfaction and service quality seasonally to keep the services corresponded with customer's expectation.

Key words: - Service Quality, passengers expectation and perception, Customer Satisfaction, passenger

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Air travel industry has been in the news frequently for a number of reasons. The future of major airlines worldwide is seen in danger by a number of analysts, researchers, media personnel, and so on. With all this, customer satisfaction and changing attitudes is yet another area that catches the common eye for solid reasons (Mansoor et al., 2010).

Service quality is a customer perception that occurs when the need of service is met above average, more than just adequate (Daniel, 2005). Air travel industry has been in the news frequently for a number of reasons. The future of major airlines worldwide is seen in danger by a number of analysts, researchers, media personnel, and so on. With all this, customer satisfaction and changing attitudes is yet another area that catches the common eye for solid reasons (Mansoor et al., 2010). Customer satisfaction is the customers evaluation of a product or service in terms of whether that product or service has meet their needs and expectations, failure to meet the needs and expectations is assumed to result in dissatisfaction with the product or service (Zeithaml, 2004). It is obvious that customers are important stakeholders in organizations and their Satisfaction is a priority to management (Mohamed, 2000).

The research related to service quality and customer satisfaction in the airline industry has been growing in interest. Because of the delivery of high service quality is essential for airlines survival and competitiveness. A number of researchers have applied service quality related theories and methods in the airline industry (Patterson et al, cited in Jin-Woo, Rodger and Cheng 2005). Airlines and airfreight companies that were formerly just domestic in scope now have extensive foreign route networks (Loveloke and Wright, 2001).

According to Archana and Subha (2012), in a highly competitive environment the provision of high quality services to passengers is the core competitive advantage for an airline's profitability and sustained growth. In the past decade, as the air transportation

market has become even more challenging, many airlines have turned to focus on airline service quality to increase customer satisfaction.

Airline managers should develop various strategies to guarantee providing quality services to passengers because airline service dimensions were found to have significant and positive influences on airline image and passengers behavioral intentions. Failure to provide quality services to passengers may damage the formation of airline image (Jin-Woo, Rodger and Cheng-Lung, 2005). Due to the increasing competitive pressure in their home markets and in order to benefit from untapped African markets. European and Middle Eastern airlines are focusing on the regions Market more and more. They are opening new routes, forming alliances with African airlines, and offering competitive prices there by imposing increased competition to African Airlines: KLM Airways and Emirates Airline are the two notable examples in this regard (Mersha, 2004).

Service quality conditions influence a firm's competitive advantage by retaining customer patronage, and with this comes market share. Delivering high-quality service to passengers is essential for airline survival, so airlines need to understand what passengers expect from their services. Recently many researchers and modern management philosophy stresses that, customer satisfaction have become an important issue for today's business world because of the rapid business environment. The purpose of this study was exploring the assessment on effect of service quality on passenger's satisfaction towards the services provided by the Ethiopian airlines.

1.2 Statement of the Problem

It is imperative that service companies' measure and monitor service quality and satisfaction with a view of influencing the behavioral intentions of their customers. Service quality and customer satisfaction are interdependent variables that are closely related, implying that an increase in one is likely to lead to an increase in another. It is imperative that service companies' measure and monitor service quality and satisfaction with a view of influencing the behavioral intentions of their customers.

The speed and intensity of change in service offerings has accelerated in recent years within the airline industry. Airline is one of the service organizations in which the major part of their offer is service. There are particular problems and challenges in services,

Services have to contend with uncertainties over customer involvement and what they expect.

Airlines competitive advantage lies in service quality perceived by customers. More importantly, customers have started to take a strong interest in how the airline goes about providing services to them and they compare the company with others. This is done in order to satisfy their own minds that the airline are up to date and use most current means, which are compatible with those of the best providers. Furthermore, customers will be curious about company systems, procedures and processes in rendering services to them and of course in service industry sectors such as the airline industry, things are transparent and customers would observe the variances and shortcomings almost immediately.

Airline services are made up of a very complex mix of intangibles. Thus, measuring customers' expectations, as well as their service quality is a real challenge because customer satisfaction is determined by many intangible factors such as neatness of the cabin, crew's behaviors, etc. Delivering high-quality service to passengers is essential for airline survival, so airlines need to understand what passengers expect from their services. When expectation for a service provider appears to fill customer needs customer will consider purchasing the service, otherwise will not.

The major competitors of Ethiopian airlines include, South Africa Airways, Egypt Air, Lufthansa, Yemenia, Saudi Air, Air France KLM, Sudan Airways, Fly Emirate, and Fly Dubai. Due to the existence of these airliners customers have a wide choice to select the suitable airline according to their requirements. If passengers are not satisfied they will reconsider the buying decision for further flights and will probably switch to another airline. The cost of lost customers can be many times the simple loss of revenue from what they no longer buy. This makes Passengers gratification essential goal for Ethiopian airlines.

Due to this fact there is a need to continuously assess the service quality and passengers satisfaction towards the services provided by Ethiopian airlines. Taking this in to consideration the researcher is initiated to undertake this study.

1.3 Objectives of the Study

1.3.1 General Objective of the Study

The main focus of the study was explore the service quality and passenger's satisfaction towards the services provided by Ethiopian airlines, in terms of five dimensions of SERVQUAL instrument that was reliability, assurance, tangibles, empathy, and responsiveness.

1.3.2 Specific Objectives of the Study

The research focuses on the following specific points

1. To evaluate the dimensions that influences the satisfaction level of passengers.
2. To measure the level of passengers satisfaction towards the services of Ethiopian airlines.
3. To identify the major problems international passengers encounter in Ethiopian airlines.

1.4 Significance of the Study

The study would be significant in several aspects like

- The output of the study would provide up to date and valuable information's for Ethiopian airlines and it would also contribute to the current Knowledge in practice.
- It would indicate managers of Ethiopian airlines to revisit and correct existing gaps.
- This research is thus intending to fill the literature gap related to service quality and customer satisfaction using a model that may describe the various factors of service delivery through five dimensions.
- More specifically this study may serve as preliminary work or a stepping stone for further study on the issue.

1.5 Scope of the Study

The study was focus only on international passengers of Ethiopian airlines. In determining the existence of service-gaps in Ethiopian airlines, the study was not

including domestic flight services. Because of stiff competition in the international market the researcher has focused only international passengers. And also the study was not including other services given by Ethiopian airlines like cargo service. The respondents of the study were international passengers of Ethiopian airlines who have been on at least double-trip international flight by Ethiopian airlines.

1.6 Limitation of the Study

The main limitations of this study are constraints of resource and time. The financial and material resource needed for a large sample size for this study were inadequate. Difficulty when the researcher got permission from the company to collect data. The study focus only on international passengers of Ethiopian airlines, it does not consider domestic passengers of the airline Customers of the airline those who have no flight at the time of the data collection are not considered. There may be subjectivity of respondents at the time of filling the questionnaires this may affect the effectiveness of the findings.

1.7 Organization of the Study

The remaining part of this thesis is organized as follows. Chapter two presents Theoretical background on measuring service quality using a known service quality model (SERVQUAL) followed by a review of previous studies particularly empirical literatures and conceptual framework related to the SERVQUAL model. Chapter three discussed the research methodology adopted for the study and relevant Justifications. It outlines the methodology for carrying out the secondary and primary data collections. Chapter fourth includes summery of the results or findings of the study, interpretation and discussion of the findings. Chapter five comprises conclusion that were draw from the research findings, and recommendations of the study to enhance the service quality and to ensure passengers satisfaction.

1.8 Definition of Terms

Service Quality

Service quality is a customer perception that occur when the need of service is met above average, more than just adequate in other words service quality is the ability of service

that meet a customer's expectations for that service. It represents of the service valued by the customer.

Customer Satisfaction

Customer satisfaction is a measure of how a product and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator with business and is an indicator of how successful the company is at providing products and Services to the market. Customer satisfaction is an abstract concept and is actually happening of the state of satisfaction will vary from person to person and product /service to product / service in a competitive market where business compete for customer; customer satisfaction is considered a key element of business strategy (Gitman and Carl, 2005).

The Dimensions of SERVQUAL scale are

Reliability – the ability to perform the promised service dependably and accurately. It is regarded as the most important determinant of perceptions of service quality.

Responsiveness – the willingness to help customers and to provide prompt service. This dimension is particularly prevalent where customers have requests, questions, Complaints and problems.

Assurance – the employee's knowledge and courtesy, and the ability of the service to inspire trust and confidence.

Empathy – the caring, individualized attention the service provides its customers.

Tangibles– the appearance of physical facilities, equipment, personnel image that will find favor with consumers (Peter and Angela, 2006)

CHAPTER TWO

LITERATURE REVIEW

2.1 Service Quality

Service quality is a customer's perceptions that occur when the need of service is met above average more than just adequate. In other words, service quality is the ability of services that meets a customer's expectations for that service. It represents the properties of the service valued by the customer. Service quality is measured by five dimensions that are reliability, assurance, tangibility, empathy, and responsiveness (Parasurama cited in Willas, 2010). Parasurama proposed two dimensions of service quality, which are technical quality and functional quality. Technical quality refers to the result or the outcome of the service, while functional quality refers to the process or the way the service has been delivered (Grönroos cited in Nai-Hwa and Shu-Luan, 2008). Because of its importance, researchers have devoted a great deal of attention to service quality (Marco, 2001). Maintaining quality are the main concerns of business today. Providing quality is not a concern of manufacturing companies alone. The delivery of high-quality service becomes a marketing requirement among air carriers as a result of competitive pressure (Ostrowski et al., cited in Archana and Subha 2012). Benefits gained from creating and maintaining quality of service are greater than the cost to reach or as a result of poor quality. Better service quality as a tool to achieve competitive advantage of a company.

Superior service quality and consistency can lead to customer satisfaction which in turn will provide various benefits, such as: (1) the relationship between the company and its customers will become more harmonious, (2) provide a good basis for re-purchase activities, (3) encourage customer loyalty, (4) creating a recommendation by word of mouth (word of mouth) that benefit the company, (5) to be a good corporate reputation in the customer's mind, and (6) company's profit will be increased. The implication of these benefits is that each company must realize the strategic importance of quality. Continuous quality improvement is not a cost but an investment to generate greater profits (Hutt and Speh cited in Mohamad, 2010). Quality in airline service is difficult to describe and measure due to its heterogeneity, intangibility, and inseparability, and only the customer can truly define service quality in the airline industry (Chang and Keller cited in Archana and Subha, 2012).

2.2 Determinants of Service Quality

Access: the physical approachability of service location, including the ease of finding one's way around the service environment and the clarity of route.

Aesthetics: extent to which the components of the service package are agreeable or pleasing to the customer, including both the appearance and the ambience of the service environment, the appearance and presentation of service facilities, goods and staff.

Attentiveness/helpfulness: the extent to which the service, particularly of contact staff, either Provides help to the customer or gives the impression of interest in the customer and shows a Willingness to serve.

Availability: the availability of service facilities, staff and goods to the customer. In the case of Contact staff, this means both the staff/customer ratio and the amount of time each staff member has available to spend with each customer. In the case of service goods, availability includes both the quantity and the range of products made available to the customer.

Care: the concern, consideration, sympathy and patience shown to the customer. This includes the extent to which the customer is put at ease by the service and made to feel emotionally (rather than physically) comfortable.

Cleanliness/tidiness: the cleanliness, and the neat and tidy appearance of the tangible components of the service package, including the service environment, facilities, goods and contact staff.

Comfort: the physical comfort of the service environment and facilities.

Commitment: staff's apparent commitment to their work, including the pride and satisfaction they apparently take in their job, their diligence and thoroughness.

Communication: the ability of the service providers to communicate with the customer in a way he or she will understand. This includes the clarity, completeness and accuracy of both verbal and written information communicated to the customer and the ability of staff to listen to and understand the customer.

Competence: the skill, expertise and professionalism with which the service is executed. This includes the carrying out of correct procedures, correct execution of customer instructions, and degree of product or service knowledge exhibited by contact staff, the rendering of good, sound advice and the general ability to do a good job.

Courtesy: the politeness, respect and propriety shown by the service, usually contact staff, in dealing with the customer and his or her property. This includes the ability of staff to be unobtrusive and interfering when appropriate.

Flexibility: a willingness and ability on the part of the service worker to amend or alter the nature of the service or product to meet the needs of the customer.

Friendliness: the warmth and personal approachability (rather than physical approachability) of the service providers, particularly of contact staff, including cheerful attitude and the ability to make the customer feel welcome.

Functionality: the serviceability and fitness for purpose or “product quality” of service facilities and goods.

Integrity: the honesty, justice, fairness and trust with which customers are treated by the service organization.

Reliability: the reliability and consistency of performance of service facilities, goods and staff. This includes punctual service delivery and an ability to keep to agreements made with the customer.

Responsiveness: speed and timeliness of service delivery. This includes the speed of throughput and the ability of the service providers to respond promptly to customer requests, with minimal waiting and queuing time.

Security: personal safety of the customer and his or her possessions while participating in or benefiting from the service process. This includes the maintenance of confidentiality. (Robert, 1995).

2.3 The Gaps Model of Service Quality

To enhance knowledge of service quality and encourage investigation of the key issues, a model has been developed the Service Quality Gap Model which has made a substantial

contribution to our understanding of service quality. The authors regard a gap as representing a significant hurdle in achieving a satisfactory level of quality. The overriding attractiveness of this model is that it should encourage us to consider service quality in more than definitional terms. Rather, it looks to the workings of a service organization for explanation of the how and why of Service quality delivery. The models key features are:

- The identification of key attributes of service quality from a management and consumer perspective.
- Highlighting the gaps between consumers and service providers with particular reference to perceptions and expectations.
- Understanding the implications for service management of closing the gaps. The most important insight obtained from the research on the service quality model has been: A set of key discrepancies of gaps exist regarding executive perceptions of service quality and the tasks associated with service delivery to consumers. These gaps can be major hurdles in attempting to deliver a service which consumers would perceive as being of high quality.

Service Quality Model

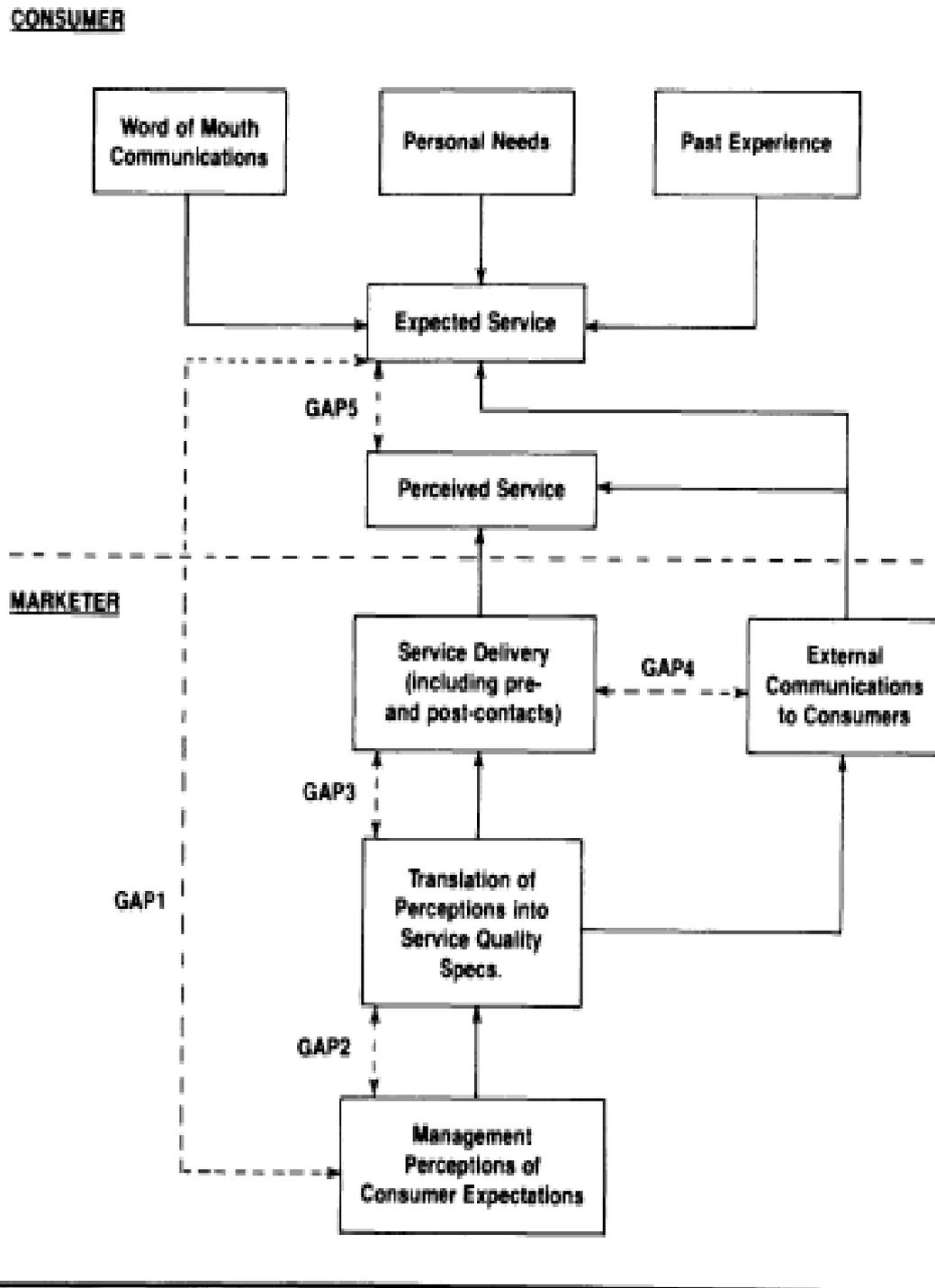


Figure 1 Service quality models

Source: (Peter and Angela, 2006)

The following is a brief account of the gaps:

Gap1-States that many service organizations simply do not understand what customers expect and what really matters to them. This gap can only be bridged through customer research and, more particularly, knowledge from front-line employees.

Gap2– even where customer expectations are understood, management experiences difficulty in translating that understanding into service quality specifications. This exists because:

- Management may believe that customer expectations are unreasonable or unrealistic. A test for this remains elusive.
- Management may believe that the degree of variability inherent in service defines standardization. Ironically, reduction of variability has become a key motivator for the standardization of services.
- There is an absence of wholehearted management commitment to service quality. In the face of short-term financial deadlines many service companies are reluctant to pursue customer satisfaction or quality efforts.

Gap3– even when formal standards or specifications for maintaining service quality are in existence, the delivery of a quality service is by no means certain. This is caused by poor, inadequately deployed resources in terms of people, systems and technology. The implications for the human resource or personnel management function should be obvious.

Gap4– advertising and other forms of communication by a service organization can affect consumer expectations. The danger is that promises made are not kept. Many service organizations use the brochure or prospectus (some very glossy) for communicating with potential customers. It should be a statement of what the customer will receive, not an attractive set of promises that cannot be delivered.

Gap5– this gap represents the key challenge. To ensure good quality the provider must meet or exceed customer expectations. Perceived service quality is the result of the consumer's comparison of expected service with perceived service delivery (Peter and Angela 2006).

2.4 SERVQUAL Model

SERVQUAL has undoubtedly had a major impact on the business and academic Communities (Francis, 1996). Service quality is viewed as a multi-dimensional concept. Consumers assess and evaluate number of factors or dimensions. The fifth gap in the Gaps Model of Service Quality gave rise to SERVQUAL, a self-administered questionnaire purported to be a generic measure of service quality. In other words, it was designed to be applicable to a wide variety of services. The dimensions to be measured in the scale are:

1. Reliability – the ability to perform the promised service dependably and accurately. It is regarded as the most important determinant of perceptions of service quality. This dimension is particularly crucial for services such as railways, buses, banks, building societies, insurance companies, delivery services and trade services, e.g. Plumbers, carpet fitters, car repair.

2. Responsiveness – the willingness to help customers and to provide prompt service. This dimension is particularly prevalent where customers have requests, questions, complaints and problems.

3. Assurance– the employees’ knowledge and courtesy, and the ability of the service to inspire trust and confidence. This dimension may be of particular concern for customers of health, financial and legal services.

4. Empathy– the caring, individualized attention the service provides its customers. Small service companies are better placed (though not necessarily better at) for treating customers as individuals than their larger, invariably standardized counter parts. However, relationship marketing is designed to offer a more individualistic approach for customers of large organizations.

5. Tangibility–the appearance of physical facilities, equipment, personnel and communication materials. All of these are used in varying degrees to project an image that will find favor with consumers. Tangibles will be of particular significance where the customer’s physical presence at a service facility is necessary for consumption to occur, e.g. hair salon, hotel, night club (Peter and Angela 2006).

2.4.1 Problem with SERVQUAL

Notwithstanding its growing popularity and widespread application, SERVQUAL has been subjected to a number of theoretical and operational Criticisms (Francis, 1996). Although SERVQUAL is an excellent instrument for measuring service quality managers must be aware of potential problems with the instrument as well as with gap theory methodology on which it is based. Understanding of these problems may prevent service companies from misinterpreting the result and developing inappropriate marketing plans.

The SERVQUAL instrument has three potential problems.

1. SERVQUAL measures customers' expectations of the ideal firm in a particular service industry .this may or may not be relevant to the capabilities of a particular service firm or the set of service firms available to a customer.
- 2.The second problems with SERVQUAL is its generic nature .since it is not industry specific it does not measure variables that may be important to a particular industry.
- 3.The third problem with the gap theory methodology used for measuring the level of service quality ,measuring consumer expectations after the service has been provided will bias consumer responses .if consumer had positive experience at block buster they will tend to report lower scores for their expectations .so there is a measurable gap between what they expected and the actual service received .if customers have negative experience at a video rental store the opposite occur customers tend to report higher scores for their expectations so there would be negative gap between expectations and perceived level of service (Kenneth and David ,2003).Despite criticism from other research, SERVQUAL remains the most commonly used diagnostic model for evaluating service quality (Yu-Kai, 2009).

2.5 Customer Satisfaction

Customer satisfaction is perhaps one of the most talked about challenges of organizations, both in the public and private sectors. Indeed, this represents every organization's sole purpose, is at the heart of every mission statement, and is the ultimate goal of any strategies put in place (Mohamed, 2000).

Satisfaction is the feeling of someone who described feeling happy or disappointed that the result of comparing the perceived performance of a product with the expected product performance. If performance fails to meet what is expected, then the customer will feel disappointed or dissatisfied. If the performance is able to meet what is expected, then the customer will feel satisfied. If the performance can exceed what is expected, then the customer will feel very satisfied (Kotler, 2003).

Customer satisfaction is a necessary component but a customer may be satisfied today yet not necessary loyal in the future (Paul, 2001). If the service firm has performed well in the past and if the service failure is not too serious, the consumer will usually give the firm another chance. However if the service failure was severe or if the service firm has failed to perform well in the past it is likely the customer will choose another vender for the next purchase (Kenneth and David, 2003).

Attributes are extremely important. Customers, of course, would like their journey to be smooth, comfortable, and the whole experience very enjoyable. Of course aspects such as safety will be on everyone's mind, but we can say that this is a basic requirement that every airline company has to address and would not be the reason why customers buy from one operator or another (Mohamed, 2000).

2.5.1 Customer Expectation and Perception

Before, during (if appropriate) and after consumption of a service two feelings are prominent, namely expectations and perceptions. Expectations are usually formed prior to usage of a service but may also occur where a customer is actively involved in the delivery of a service. They reflect inclinations or beliefs as to what will or should happen. Perceptions can also develop during a service, but invariably materialize after usage. They represent the customer's evaluation of the service, particularly in relation to expectations. Where perceptions match or exceed expectations the customer is said to be satisfied in accordance with the first law of service (Peter and Angela, 2006).

Satisfaction - Perception = Expectation

Customer expectations are beliefs about service delivery that function as standards or reference point against which performance is judged because customers compare their perception of performance with this reference points when evaluating service quality,

though knowledge about customer expectations is critical to marketers .knowing what the customer expects is the first and possibly the most critical step in delivering quality service (Valarie A.2004). According to Kenneth and David (2003), Customer expectations are used as the standard or reference against which service performance is judged.

It consists of five levels.

- Idealist level– consumer wished for level of service.
- Desired service level–level of performance customers want or hope to receive from a service
- Adequate service level- minimum level of service a consumer will tolerate and accept without being dissatisfied
- Zone of tolerance- area between the adequate level of service and the desired level of service.
- Predicted service level–level of service consumers actually expect from the service firm. Customer perceives service in terms of the quality of the service and how satisfied they are overall with their experiences. When a customer finds his or her expectations exceeding the likely hood of becoming a repeat customer increases sharply (Paul, 2001).

The higher the expectation the greater the probability of purchase and the lower the expectation the lower the probability of purchase, the higher the expectation the greater the chance that the service firm will not be able to meet consumer expectation and that the customer will be dissatisfied the reverse is true for lower expectations service firms face this strange dilemma promoting high expectations will increase patronage but also increase the chances of producing dissatisfied customers.

Promoting lower expectations will ensure satisfied customers but the chances of getting customers to buy the service are greatly reduced .therefore, the ideal goal is to promote the exact service customers will receive and to provide the exact service customers expect if firms can match expectations and service customers are satisfied. Managing customer expectations is a critical component in the marketing plan of a service business .customer expectations must be managed during the pre-purchase phase, the service encounter, the post purchase phase. To customers who are evaluating the quality of a service it is their

perception that counts not what the service provider thinks. If the customer perceives he or she receives poor service then the decision about future patronage will be based on that perception .service firms must understand the concept of service quality from the view point of the customer not from the view point of the service firm or service provider (Kenneth and David, 2003).

2.6 Service Quality and Customer Satisfaction

Consensus is growing that the two concepts are fundamentally different in terms of their underlying causes and outcomes. Although they have certain things in common satisfaction is generally viewed as a broader concept. Whereas service quality assessment focuses specifically on dimensions of service based on this view perceived service quality is a component of customer's satisfaction. The link between service quality and customer satisfaction indicated that the two constructs are independent but are closely related implying that an increase in one is likely to lead to an increase in another (sureshchandar et al, 2002).

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).

The quality of service is the excellence or superior service delivery process to those with consumer expectations. There are two main factors that affect the quality of services, namely: expected service and perceived service. If the service is received as expected then the service quality is good or satisfactory, but if the services received exceed the expectations will be very satisfied customer and perceived service quality is very good or ideal. Conversely, if the service received is lower than expected then the perceived poor quality of services. Quality of service will depend on how much the service provider's ability to consistently meet the needs and desires of consumers. (Zeithaml et al 1996 ;).

The traditional tendency to equate the two constructs, the notion that perceived service quality and customer satisfaction are distinctive constructs has subsequently achieved some degree of consensus among researchers. According to this view, perceived service

quality is evaluated by the actual performance of the service in terms of particular service attributes in the specific context, whereas customer satisfaction is assessed by the customers overall experience of the service (of which service quality is only one aspect) (Oliver cited in Gour and Theingi.2009).

The antecedent role of service quality and satisfaction is situation specific and that if a consumer is cognitive oriented, he or she will perceive the relationship as service quality causing satisfaction, whereas if a consumer is affective oriented he or she will perceive the relationship as satisfaction causing service quality. (Dabholkar cited in Festus et al 2006). The confusion surrounding the distinction between the two constructs was partly attributed to practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult (Parasuraman, Zeithaml, and Berry 1994).

The concept of satisfaction and the quality is often equated even though these two concepts have a different understanding. In general, satisfaction is considered to have a broader concept than service quality assessment, which specifically focuses only on the service dimension. Quality of service is the focus of the assessment that reflects the customer's perception of the five specific dimensions of service. Conversely, satisfaction is more inclusive, that is, satisfaction is determined by the perception of service quality, product quality, price, situation factors, and personal factors (Zeithaml&Bitner cited in Mohamed, 2010).

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).

2.7 Conceptual Framework

Service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means confirming to customer expectations on a consistent basis (Lewis and Boon cited in a. Parasuraman et al). 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 (Clemes, 2008).

Customer satisfaction has been defined in various ways, but the conceptualization, which appears to have achieved the widest acceptance, is that satisfaction is a post-choice evaluative judgment of a specific transaction (Bastos and Gallego, 2008).

There are five dimensions of service quality (SERVQUAL) that must be present in any service delivery. SERVQUAL helps to identify clearly the impact of quality dimensions on the development of customer perceptions and the resulting customer satisfaction. SERVQUAL include:

- Reliability - the ability to perform the promised services dependably and accurately.
- Responsiveness - the willingness to help customers and provide prompt service.
- Assurance - the knowledge and courtesy of employees as well as their ability to convey trust and confidence.
- Empathy - the provision of caring, individualized attention to customers, and
- Tangibles - the appearance of physical facilities, equipment, personnel and communication materials. (Parasuraman , et al.1988).

<u>DEPENDENTVARIABLE</u>	<u>INDEPENDENT VARIABLES</u>		
CUSTOMER SATISFACTION	Tangibility	Assurance	Reliability
	Responsiveness	Empathy	

2.8 Hypotheses

In doing this research the following hypothesis were formulated.

1. Assurance

According to Olu (2010), there is positive relationship between assurance and customer satisfaction. Assurance is the knowledge and courtesy of employees as well as their ability to convey trust and confidence Parasuraman, et al. (1998). Based on this finding the following hypothesis is developed.

H1: Ha: there is significant positive relationship between assurance and customer satisfaction.

2. Reliability

According to Munusamy and Vong (2008), reliability has significant positive impact on customer satisfaction. Reliability is the ability to perform the promised services dependably and accurately Parasuraman, et al. (1998). Based on this finding the following hypothesis is developed.

H2: Ha: there is significant positive relationship between Reliability and customer satisfaction.

3. Tangibility

Munusamy and Vong (2008) found that there is a significant positive relationship between tangibles and customer satisfaction. Tangibles are the appearance of physical facilities, equipment, personnel and communication materials used (Zeithaml et.al., 1990). Based on this finding the following hypothesis is developed.

H3: Ha: there is significant positive relationship between Tangibility and customer satisfaction.

4. Empathy

Mesay (2012), found that there is significant negative relationship between empathy and customer satisfaction. Empathy is the caring, individualized attention the service provides its customers (Peter and Angela, 2006). Based on this finding the following hypothesis is developed.

H4: Ha: there is significant negative relationship between Empathy and customer satisfaction

5. Responsiveness

Mesay (2012), found that there is a strong positive relationship between the responsiveness dimension and customer satisfaction. Responsiveness is willingness to help customers and provide prompt service (Parasuraman, et. al.1998) .Based on this finding the following hypothesis is developed.

H5: Ha: there is significant positive relationship between Responsiveness and customer satisfaction.

CHAPTER THREE

RESEARCH METHODOLOGIES

3.1 Research Approach

In order to answer the research questions relevant for this study the researcher has used mixed research approach by which both qualitative and quantitative approaches have been employed to provide a better understanding of a research problem. In fact collected data are opinions of passengers which are qualitative in nature that follows qualitative approach. However, the data collected through questionnaires demands some quantitative analysis, which makes the approach quantitative. According to Creswell (1994) using mixed type of research approach is very advantageous like, provides strength that offsets the weakness of both quantitative and qualitative research approaches separately. Thus, by using both approaches the strength of each approach can make up for the weakness of the other (Creswell 1994)

3.2 Research Design

Research design is a master plan that specifies the methods and procedures for collecting and analyzing the needed information. It provides a framework or plan of action for the research (Zickmund, Babin, Carr and Griffin).

The research design for this study was explanatory. Explanatory is an attempt to connect ideas to understand cause and effect, meaning researchers want to explain what is going on (Marczyk & et al., 2005).

3.3 Source of Data

The researcher would use both primary and secondary sources of data for the study. Primary data was collected from international passengers of Ethiopian airlines and secondary data was from different sources like; text books, internet, organization intranet, newspaper, magazines, as well as previous studies, journals and among other sources. This information was collected by visiting places like libraries and internet cafes.

3.4 Data Collection Technique/Instrument

Primary data was collected from international passengers of Ethiopian airlines by using questioner. The questionnaires were distributed to customers who would wait to buy ticket from Ethiopian airlines ticket offices. Questionnaires titled the effect of Service quality on passengers satisfaction was used in the process of collecting data. The researcher has administered the questionnaires to international passengers of Ethiopian airlines at selected ticket offices and bole international airport terminal. The relevance of this is that the questionnaires are convenient and less time consuming. The questionnaires were designed in such a way that they can address all the issues that the study is supposed to answer.

The research instrument which was employed in this research was SERVQUAL instrument which is a self-administered questionnaire purported to be a generic measure of service quality. In other words, it was designed to be applicable to a wide variety of services (Parasuraman, et al. 1985). The scales of measurement for this study were interval scale. Five points Likert scale which include weights for Expectations: 1= Not Important 2= Less Important 3= Neutral 4=Important 5= Very important and: 1= very dissatisfied 2= dissatisfied 3= Neutral 4= Satisfied 5= Very satisfied for perception. Both open ended and closed ended Questions were used. Open ended questions were aimed to get the overall opinion of the respondents. The closed ended questions were designed to get definite answers and are used for simplicity. To check the reliability and appropriateness of the questionnaire pilot testing was conducted and the necessary adjustments were made before the responses from the respondents were collected organized, classified, tabulated, interpreted and analyzed.

3.5 Sample Size for Total Population and Ticket Offices

3.5.1 Sample Size for Total Population

The research population was international passengers of Ethiopian airlines who have been on at least double-trip international flight by Ethiopian airlines. As of Jan 2017 Ethiopian airlines has 98 international routes in Africa, America, Europe, Gulf, Middle East and Asia. As per data obtained from the ticket offices, there is no clear figure that shows the total number of passengers, because once the passengers are used the service they may

not be come again. Based on the formula of Bill Godden, (2004) for determining sample size from infinite Population (where the population is greater than 50,000)

$$SS = \frac{z^2 \times (p) \times (1 - p)}{C^2}$$

SS = Sample Size

Z = Z-value (1.96 for a 95 percent confidence level)

P = Percentage of population picking a choice (0.5)

C = Confidence interval, expressed as (0.5)

$$SS = \frac{1.96^2 \times (0.5) \times (1 - 0.5)}{0.5^2}$$

$$\underline{\underline{SS= 384}}$$

A total sample of 384 passengers who had traveled using Ethiopian airlines were taken as respondents from the infinite population that are international passengers of Ethiopian airlines who have been on at least one double-trip international flight in the past twelve months by Ethiopian airlines.

The respondents were taken from international passengers of Ethiopian airlines. To make the sample representative the respondents were selected from Addis Ababa because Addis Ababa international airport is the international travel hub for Ethiopian airlines, and passengers of all 98 routes were found in Addis Ababa terminal. The questionnaires were distributed in a week from May 6 to May 13/2017

3.5.2 Sample Size for Ticket Offices

Currently In Addis Ababa, there are seventeen ticket offices that are located in Piazza, Beherawi, Arat kilo, Eliana, Hilton Hotel, ECA, AU, Bole, Gurd shola, Tana(Merkato), Radisson Blue hotel, Megenagna, Lideta, Qebena, Domestic airport, Terminal, and at Bole-international airport terminal while customers are waiting for departure.

According to Mugende and mugende (2009) determining sample size, for a given population thirty percent (30%) of the total population is considered as adequate sample size.

Population (ticket office) =17

Appropriate percentage=30%

Sample 30 %(17) =5.1

From the above seventeen ticket offices the researcher were choose five ticket offices those located Beherawi, Piazza, Arat kilo, Qebena and Eliana ticket offices would be choose by using convenience sampling method, because of their geographical proximity to the researcher work place.

3.6 Sampling Design

The sampling design would be used in the study is Non Probabilistic Sampling design. Particularly convenience sampling was used to select respondents from the ticket offices and from the terminal (respondents from the weighting rooms where international passengers weight for departure).

3.7 Methods of Data Analysis

After collecting all the necessary data, they were coded and edited, analyzed to eliminate errors and ensure consistency. This is intended to ease the tabulation work. The data would be entered into a computer and analyzed with the use of statistical packages for social science (SPSS) version 20 and the result is going to be presented in tables for easy interpretation. Finally, a research report would write from the analyzed data in which conclusions and recommendations are made.

3.8 Ethical Issues

Most ethical issues in researches fall in to one or more of the following four categories:- protection from harm, informed consent, right to privacy, and honesty with professional. Therefore, given the understanding of the research;

Participants would be told about the nature of the study to be conducted and they would be given the choice of either participating or not because any participation should be strictly voluntary;

Information collected from each individual are kept confidential and would not be used for any other purpose than this study;

Anonymity of the individuals who responded to the questionnaires are kept confidential and not be disclosed to any third party;

Literatures cited for the purpose of the research would be duly acknowledged

3.9 Validity Analysis

The content validity of the instrument for the present study was ensured as the service quality dimensions and items are identified from the literature and were reviewed by professionals and academicians in different literature and by the research advisor. Pilot tests were then conducted with customers who were seen as similar to the population for the study. For this purpose 30 questionnaires were distributed for the purpose of the pre-testing was to refine the questionnaire and to assess the validity of measures.

3.10 Respondent's Profile

SERVQUAL Models Measure of Customer Satisfaction	
	Alpha coefficient for dimensions
Tangibles (TANG)	0.875
Reliability (REL)	0.835
Assurance (ASS)	0.850
Empathy (EMP)	0.833
Responsiveness (RES)	0.739

CHAPTER FOUR

RESULTS AND DISCUSSION

The data collected from ticket offices and terminals by using questionnaires are presented and analyzed in this chapter. This section of the study deals with the statistical testing and interpretation of the result making use of SPSS version 20 software.

A total of 384 questionnaires were distributed at selected ticket offices and Bole international Airport terminal. Out of which 363 were returned, 19 questionnaires were rejected due to missing data and 24 were returned unfilled. Therefore, 320 questionnaires served as data for analysis to present the findings and draw conclusion which gives an 83% return rate that is assumed to be suitable for further analysis.

Table 1 Gender and Age of the respondent

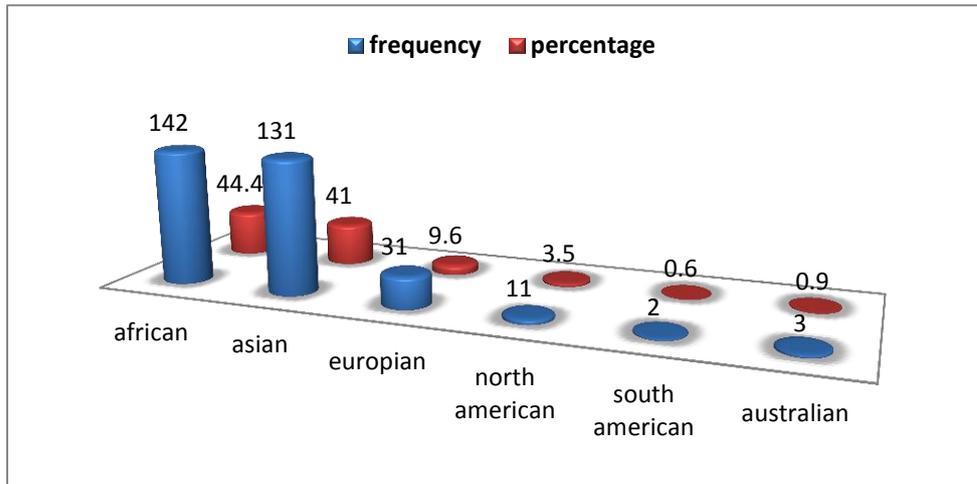
Gender of the Respondents	Frequency	Percent
Male	212	66.3
female	108	33.7
total	320	100
Age of Respondents	Frequency	Percent
18-35	151	47.2
36-50	115	35.9
51-65	49	15.3
66-90	5	1.6
Total	320	100

Source questionnaires'

Out of the respondents, 33.7% were female and 66.3% were male. We can see majority of Ethiopian airlines passengers are male. The airline should implement different strategies to attract female passengers. The second demographic part was about age, the age range in the questionnaire shows majority (83%) of the respondents indicated they were in between 18-50 years. Specifically 18 – 35 age range represented about 47.2% of the respondents, and 36 – 50 was 35.9%, while 51-65 was 15.3%. Finally in the above table, 65 years bracket were 1.6%. This clearly depicts that majority of the respondents were in

the productive age and if treated well Ethiopian Airlines might build long term relationship with these customers.

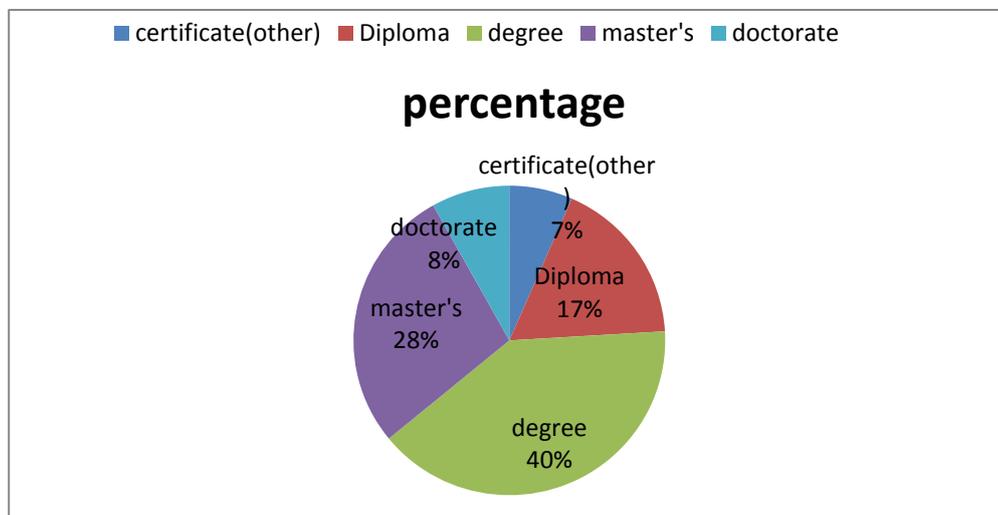
Figure 2 frequency and percentage of respondent's nationality



Source questionnaires

From the 320 responses, the most represented nationality were African's with (44.4%) 142 respondents; next biggest nationality was Asians with (41%) of the total 320 respondents. The third most represented nationality was Europeans with 31 (9.6%), while the fourth was North American's with 11 (3.5%), the fifth was Australians with 3(0.9%) and South America was the sixth with 2 (0.3%). From this, one can understand that majority of Ethiopian Airlines customers are from Africans and Asians.

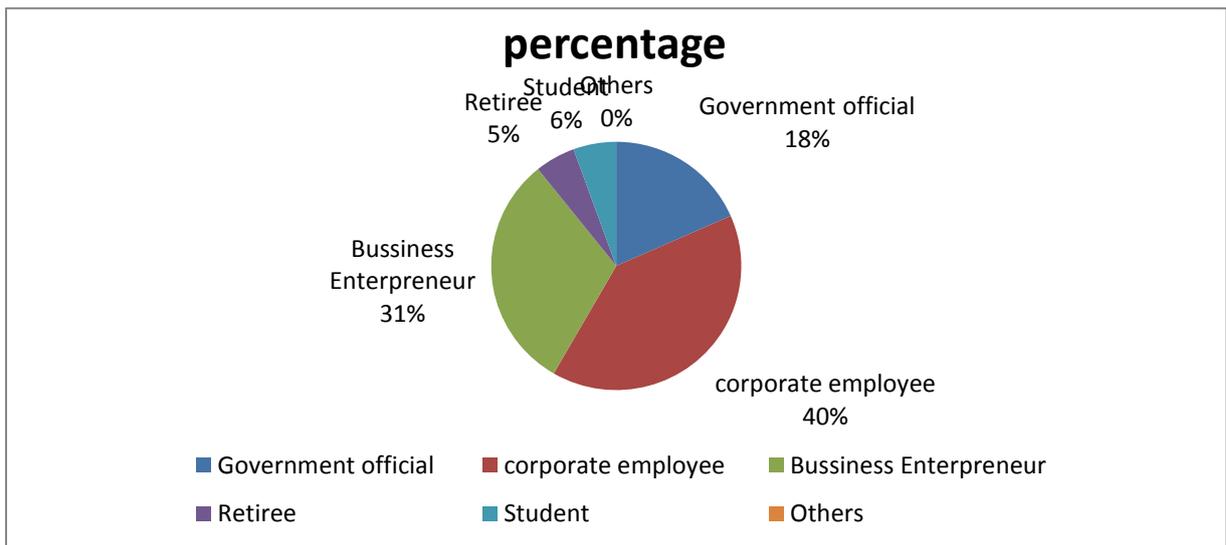
Figure 3 Educational Qualification of the respondents.



Source questionnaires'

The above table depicts the educational qualification and occupation of respondents. With respect to the academic qualification of the participants, majority (40%) of the respondents were first degree holders followed who were master’s holders (28%). Of the total respondents about 76% of them had above diploma level of education. This depicts that majority of Ethiopian Airlines passengers are educated and users of airlines services are most of the time educated peoples. This may show that uneducated peoples will use other kinds of transportation system.

Figure 4 Occupations of the respondent



Source questionaries’

With regard to occupation of participants, majority (40%) of participants were corporate employee followed by those who had business enterprise (31%). While the least number of respondents (5%) respond that they were retiree. This shows that majority of international travelers were individuals who were running their own business and employed in corporate organizations.

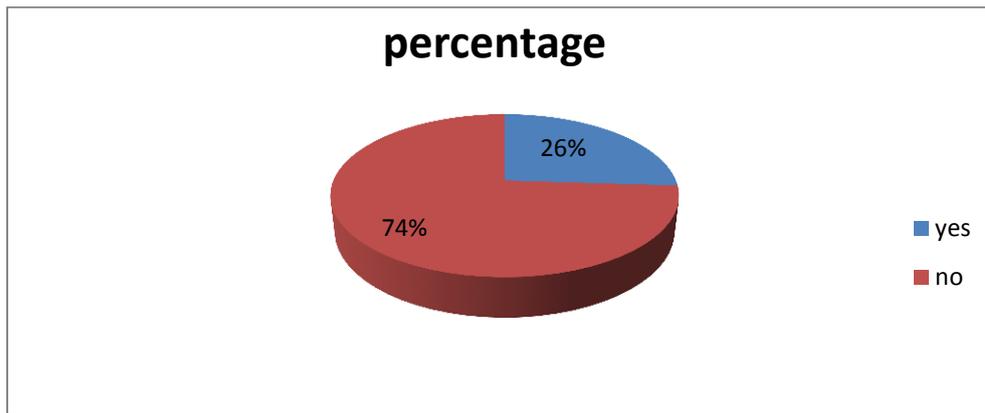
Table 2 Frequency of flights and purpose of travel of the respondents

Number of flights using Ethiopian airlines in the last one year	Frequency	Percent
1-3	234	73.1
4-6	53	16.6
7-9	26	8.1
more than 9 times	7	2.2
Total	320	100
Purpose of Travel	Frequency	Percent
Business	123	38.4
Leisure	41	12.8
Visiting friends	97	30.3
Other	59	18.5
Total	320	100.0
Travel Class	Frequency	Percent
Economic class	222	69.4
Business class	98	30.6
Total	320	100.0

Source questionnaires'

It is clearly indicated in the above table that majority (73.1%) of the passengers had an experience of less than 4 flights in the last one year, followed (16.6%) by those who traveled between 4-6 flights. Only 2.2 % has traveled more than 9 times in the last 1 year period. With regard to travel purpose majority (38.4%) of them responded it is for the purpose of business followed by those who were travel for the sake of visiting friends and relatives with (30.3)%. Among 320 respondents majority (69.4%) of them were using economic class service and the rest 30.6% business class.

Table 3 Problems faced using Ethiopian Airline



Source questionnaires

Concerning whether they faced with any problems with the service that Ethiopian Airlines is providing, majority of them (74%) replied there were no problems that they have faced with (26%) of them replied they face problems while using Ethiopian airlines. Among the problems that they have faced; the time gap to get water this is at the time of meal services while travelling , problems in confirmation of ticket, toilet facilities in the departure, washrooms cleanliness, difficulty of network connection for booking online via website, number of toilets in the transit hall, sometimes problems of mishandling luggage, opening of luggage by force, theft of luggage, problems of service personnel in handling passengers complaints, and lack of vegetation meal even if requested at the time of booking were some of the problems that Ethiopian airline passengers have raised.

4.1 Service Quality Dimensions Analysis

4.1.1 Customer Satisfaction on Tangibility Dimension

Table 1 Mean perception, expectation and Gap Scores of Tangibility Dimension

Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
Appearance, gesture and uniforms of cabin crew	3.81	4.10	-0.29
Modern and clean in-flight facilities and equipment's	3.74	4.26	-0.52
Variety and quality of in-flight meals	3.49	4.24	-0.75
Providing visually appealing equipment, like interiors, seats and seat covers etc.	3.65	4.14	-0.49
Average mean	3.67	4.19	-0.52
Total mean	14.69	16.74	-2.57

Source: Questionnaires

As indicated in above table, of the tangibility dimension items, appearance and gesture was found to be the most important item rated as the highest perception mean by Ethiopian airline Passengers followed by its modern and clean equipment's. While the least mean perception was indicated by EAL passengers in the statement variety and quality of in-flight meals. Whereas, Ethiopian Airlines passengers highest mean expectation was indicated on item modern and clean in-flight facilities and equipment's with a mean score of 4.26 followed by a statement variety and quality of in-flight meals in which Ethiopian Airlines performed least. Concerning the SERVQUAL Gap score, the highest service quality gap is -0.75 (the variety and quality of in-flight meals), while the lowest gap score is -0.29 (Appearance, gesture and uniforms of cabin crew). From this one can infer that there is a gap between Ethiopian Airlines passenger's perceived performance and their expectation which shows customers are not satisfied with tangibility dimension.

4.1.2 Customer Satisfaction on Reliability Dimension

Table 2 Customer Satisfaction on Reliability Dimension

Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
On time performance of schedule flights.	3.89	3.87	-0.05
Remedial procedures for deployed or missing baggage.	3.62	4.20	-0.58
Efficiency of the check in process.	3.82	3.87	-0.05
Transfer service and efficiency at departure airport	3.63	4.15	-0.52
Performing the services right the first time.	3.72	3.89	-0.17
Average mean	3.74	4.12	-0.38
Total mean	18.68	20.58	-1.9

Source: Questionnaires

Descriptive statistical analyses were conducted to identify the passenger's satisfaction in terms of reliability dimension as perceived by the Airlines passengers. As shown in table above, the average mean perception on reliability items ranges from 3.89 to 3.62 on a 5-point scale and the average mean expectation ranges from 4.15 to 3.87.

As the responses of travelers shows the Airline performed well on item on time performance of schedule flights with a mean score of 3.89 followed by a statement efficiency of the check in process and performed the least on item remedial procedures for deployed or missing baggage. Whereas on expectation side, travelers expect more on the statement on time performance of schedule flights with a mean score of 4.47 followed by item remedial procedures for deployed or missing baggage which score is 4.20. From this one can understand that the Airline is trying to meet expectation of its passengers because its performance was observed well on item that passengers indicated they do have highest expectation. The highest gap score was recorded on items on time

performance of schedule flights and Remedial procedures for deployed or missing baggage with a Gap score of -0.58 for both items. We can see from the above table customers are not satisfied with reliability dimension.

4.1.3 Customer Satisfaction on Responsiveness Dimensions

Table 3 Mean perception, expectation and Gap Scores of Responsiveness Dimension

Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
Capable to response to emergency	3.84	4.48	-0.64
Understanding the specific needs of individual.	3.47	4.28	-0.81
Prompt response of employees of the airline to your request or compliant	4.14	4.31	-0.17
Keeping customers informed about when services will be performed	4.06	4.31	-0.25
Capacity to respond to cancelled or delayed flights.	3.82	4.62	-0.8
Average mean	3.87	4.4	-0.53
Total mean	19.33	22	-2.67

Source: Questionnaires

As indicated in Table above, the highest mean perception of responsiveness attribute of service quality is assigned to the Prompt response of employees of the airline to your request or compliant 4.14. The next highest mean perception of responsiveness attribute is referred to Keeping customers informed about when services will be performed which was 4.06 The lowest mean perception referred Understanding the specific needs of individual which was 3.47. On the other hand, the highest mean expectation of responsiveness attribute is referred to item (Capacity to respond to cancelled or delayed flights) which was 4.62 followed by (Capable to response to emergency situations) which was 4.48. The highest gap score was observed on responsiveness attribute of (Understanding the specific needs of individual) which was -0.81, while the least Gap

score referred to Prompt response of employees of the airline to your request or compliant that was -0.17 As indicated above, with regard to responsiveness dimensions, the gap between respondents expectation and perception is highest for the attributes. Therefore; we can see that customers are not satisfied with responsiveness dimension.

4.1.4 Customer Satisfaction on Assurance Dimensions

Table 4 Mean perception, expectation and Gap Scores of Assurance Dimension

Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
Knowledgeable employees to answer customers questions	3.70	4.39	-0.69
Sincerity and patience in resolving passengers problems	3.98	4.42	-0.44
Employees instill confidence to passengers	3.57	4.16	-0.59
Probability of flight breakdowns	3.53	4.14	-0.61
Employees are consistently courteous.	3.40	4.24	-0.84
Average mean	3.64	4.27	-0.63
Total mean	18.18	21.35	-3.17

Source: Questionnaires

The above Table depicts the mean scores of perception and expectation, as well as Gap scores of assurance dimension of service quality. As a result, the highest perception mean score (3.98) was assigned to item Sincerity and patience in resolving passengers problems. The second highest perception mean (3.70) was observed on item knowledgeable employees to answer customer's questions. While the lowest perception mean (3.40) score was indicated on item Employees are consistently courteous. Similarly, the highest (4.42) and the second highest (4.39) expectation mean score was revealed on items mentioned above on perception, respectively. Whereas, the lowest expectation mean (4.14) was observed on item Probability of flight breakdowns. Concerning the Gap between mean scores of perception and expectation, the highest Gap (-0.84) was indicated

on item Employees are consistently courteous. Whereas, the lowest Gap (-0.44) was observed on Sincerity and patience in resolving passengers problems. This shows that the perceived performance and expectation of customers was not comparable for assurance dimension and we can see that customers are not satisfied with assurance dimension.

4.1.5 Customer Satisfaction on Empathy Dimensions

Table 5 Mean perception, expectation and Gap Scores of Empathy Dimension

Service quality attributes	Perception Mean	Expectation mean	Gap Score (P-E)
Numerous, easy to use ticketing channels	3.78	4.16	-0.38
Spontaneous care and concern for passengers needs	3.89	4.39`	-0.5
Having other travel related partner e.g. car rental, hotels, travel insurance	4.01	3.49	0.52
Having a sound loyalty program to recognize you as a frequent customer	3.69	4.11	-0.42
Mean Average	3.84	4.04	-0.19
Mean Total	15.37	16.15	-0.78

Source: Questionnaires

The above table clearly depicts that the highest mean perception of empathy was indicated on item Having other travel related partner e.g. car rental, hotels, and travel insurance (4.01) followed by the attribute Spontaneous care and concern for passengers needs 3.89. While the lowest mean perception (3.69) was on item that describes having a sound loyalty program to recognize you as a frequent customer.

The highest expectation mean 4.39 was observed on items Spontaneous care and concern for passengers needs and having other travel related partner e.g. car rental, hotels, travel insurance score the lowest (3.49) expectation mean. The highest gap score was observed on empathy attribute of Having other travel related partner e.g. car rental, hotels, travel insurance (0.52). While the least Gap score referred to Numerous, easy to use ticketing

channels (0.38). This indicates that, Ethiopian airlines passengers are not satisfied on empathy dimension .

Table 6 Summary of Expectation and Perception Gap

SERVQUAL dimensions	Perception mean total	Average mean perception	Expectation mean total	Average mean expectation	Gap (P-E) total
Tangibility	14.69	3.67	16.74	4.19	-2.57
Reliability	18.68	3.74	20.58	4.12	-1.9
Responsiveness	19.33	3.87	22	4.4	-2.67
Assurance	18.18	3.64	21.35	4.27	-3.17
Empathy	15.37	3.84	16.15	4.04	-0.78

Source: Questionnaires

As the above table indicates, Ethiopian Airlines passengers reported that the greatest mean average (perception) is for responsiveness (3.87) followed by Empathy (3.84) and reliability (3.74) and tangibility (3.67). However, the lowest mean (perception) as perceived by Ethiopian Airlines passengers was prevailed in assurance (3.64). This reveals that Ethiopian Airline weakest performance is on assurance and its strongest performance is on responsiveness dimension of service quality.

On the other hand, the highest mean (expectation) reported in Ethiopian Airlines were on responsiveness (4.4), followed by assurance (4.27) and tangibility (4.19) dimension of service quality. While, the lowest mean (expectation) as reported by Ethiopian airlines passengers were reliability (4.12), followed by empathy (4.04) dimensions of service quality. This also revealed that passengers do have high expectation towards Responsiveness dimension of service quality and low expectation toward empathy. The researcher also wants to see the Gap difference between perception and expectation on the five dimensions of service quality and found that the highest gap -3.17 was observed on assurance followed by -2.67 in responsiveness then -2.57 on tangibility whereas, the lowest Gap was observed on Empathy (-0.78) followed by reliability which is (-1.9) dimensions of service quality. Ethiopian Airlines performance and passengers expectation

was comparable on Empathy, reliability, Tangibility followed by responsiveness and assurance dimensions.

4.2 Correlation Analysis

		Tangibility	Reliability	Responsiveness	Assurance	Empathy	overall customers satisfaction
Tangible	Pearson Correlation	1					
	Sig. (2-tailed)						
Reliability	Pearson Correlation	.315**	1				
	Sig. (2-tailed)	.000					
Responsiveness	Pearson Correlation	-.170**	.251**	1			
	Sig. (2-tailed)	.002	.000				
Assurance	Pearson Correlation	.224**	.467**	.096	1		
	Sig. (2-tailed)	.000	.000	.085			
Empathy	Pearson Correlation	.027	.016	.124*	.061	1	
	Sig. (2-tailed)	.636	.775	.027	.273		
overall customers satisfaction	Pearson Correlation	.455**	.675**	-.164**	.623**	.101	1
	Sig. (2-tailed)	.000	.000	.003	.000	.071	
**.correlation is significance at the 0.01 level (2-tailed)							
*.correlation is significance at the 0.05 level (2-tailed)							

Source: questioners

The above table depicts the relationship between the five dimensions of service quality and overall customer satisfaction. As indicated in the table that there is positive moderate relationship between reliability and overall customer satisfaction($r=0.675$) at significance level of < 0.01 . The above table depicts the relationship between assurance and customer

satisfaction and the result indicated that there is a positive moderate relationship between assurance and customer satisfaction ($r=0.623$) at significance level of <0.01 .

Similarly, there is also a positive moderate relationship between tangibility and overall customer satisfaction ($r=0.455$) at significance level of <0.01 .

There is insignificant relationship between responsiveness and overall customer satisfaction ($r=0.164$) at significant level of 0.03 . With regard to Empathy and overall customer satisfaction, there is also insignificant relationship that is ($r=0.101$) at significant level of 0.071 . From this it is concluded that. From hypothesis one H_a : Assurance has positive relationship with customer satisfaction is accepted and H_o : Assurance has negative relationship with customer satisfaction is rejected ,from hypothesis two H_a : Reliability has positive relationship with customer satisfaction is accepted and H_o : Reliability has negative relationship with customer satisfaction is rejected and from hypothesis three H_a : Tangibility has positive relationship with customer satisfaction is accepted and H_o : Tangibility has negative relationship with customer satisfaction is rejected. Therefore, reliability, assurance and tangibility have a positive relationship with customer satisfaction because they are all correlated with each other at significance level $<0.01\%$. But responsiveness and empathy have insignificant relationship with customer satisfaction because their significant level is >0.01 .

4.3 Regression Analysis

Table 7 ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	51.068	5	10.214	107.954	.000a
Residual	29.708	314	0.95		
Total	80.776	319			

Source questionnaires

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

b. Dependent Variable: overall customers satisfaction

Table 8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.795	0.632	0.626	0.308

Source: questioners

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

According to the above table the independent variables predict the dependent variable with R square =63.2% with adjusted R Square 62.6%.

Table 9 Regression result

Model	Un-standardized Coefficients		Standardized Coefficients	T	Sig
	B	Std. Error	Beta		
(Constant)	0.307	0.216		1.418	0.157
Tangible	0.179	0.027	0.239	6.571	0.000
Reliability	0.415	0.039	0.436	10.687	0.000
Responsiveness	-0.035	0.044	-0.03	-0.834	0.405
Assurance	0.299	0.032	0.364	9.351	0.000
Empathy	0.060	0.030	0.069	1.994	0.047
a. Dependent Variable: overall customers satisfaction					
b. Independent variables: Empathy, Reliability, Responsiveness, Tangibility, Assurance					

Source: questioners

The relative importance of the significant predictors is determined by looking at the standardized coefficients. Reliability has the highest standardized coefficient and they have significant relationship. Which means reliability is the best predictor in this study context. Next to reliability assurance is the best predictor of customer satisfaction followed by tangibility. Analyzing the whole table results, the order of significance for

predictors of overall customer satisfaction responsiveness and empathy predict customer satisfaction insignificantly.

4.4 The Most Important Predictor of Overall Customer Satisfaction

Table 10 Predictors of Customer Satisfaction

Rank	Dimension	Beta	T	Significance
1 st	Reliability	0.436	10.687	0.000
2 nd	Assurance	0.364	9.351	0.000
3 rd	Tangibility	0.239	6.571	0.000
4 th	Empathy	0.069	1.994	0.047
5 th	Responsiveness	-0.030	-0.834	0.405

Source: questioners

The findings of the regression analysis reveal that the customers perceived service quality provided by EAL and where by the overall evaluations of service quality was determined largely by the three factors respectively: namely, reliability, assurance and tangibility, which appear to be the most important dimension in predicting customer satisfaction. Items included in reliability include, provide services as promised, accurate information, perform the service right at the first time, offer some help, and keep records accurately. assurance such as required skill to perform service, product knowledge, speak appropriately, trustworthy, makes feel safe and lastly tangibility such as dress properly, uniform is clean, provides the services with smiling, attractive appearance the effect of responsiveness such as telling you exactly when services will be provided, give prompt service, willingness to help, and respond to requests promptly and empathy such as able to communicate effectively, shows personal attention, knows specific needs, convenient time management is found to be insignificant.

Table 11 overall customer satisfaction

Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
overall customers satisfaction	320	1	4	2.81	.647
Valid N (list wise)	320				

Source: questioners

According to the above table passengers overall satisfaction is less than three having a mean score of (2.81) which shows passengers of Ethiopian airlines are not satisfied with the services of the airline.

4.5 Analysis of Open-ended Questionnaires

Passengers were asked whether they have faced with any problems in the service of Ethiopian airlines and to give suggestions via which Ethiopian airline can improve and meet expectation of its passengers. Among the problems that they have faced; the time gap to get water, problems in confirmation of ticket, toilet facilities in the departure, washrooms cleanliness, difficulty of getting booking online via website, number of toilets in the transit hall, sometimes problems of mishandling luggage, opening of luggage by force, theft of luggage, problems of service personnel in handling passengers complaints, and lack of vegetation meal even if requested were some of the problems that Ethiopian airline passengers have raised that the airline should give due attention for the betterment of its services and passengers satisfaction.

Passengers were also asked to suggest solutions through which Ethiopian airlines can improve and satisfy its passengers. They suggested that the airline has to give attention and improve on the following services:-

- Food service needs improvement
- Staff behavior:- the way they treat people
- Cabin crew should interact with passengers because this kind of hospitality will remain to be a motivation for current and future passengers
- Ethiopian passengers should be treated equally with foreigners
- Communication problem

- Chairs were not comfortable (seem to be old, not flexible any more)
- The number of toilets at the departure section in the airport is not enough and not privately inclined. More toilets should be provided and they should be secured and larger so as the passengers will get privacy while in the toilets.
- Carelessness in transferring passengers luggage's entering into Addis from other countries to their final destination- missing their luggage
- Problem with online booking/check in
- Music's and videos entertainment needs to be updated,
- To conduct customer service related trainings and workshops to staffs and crew
- Politeness towards passengers needs improvement
- The ventilation system before takeoff is bad and needs attention of the concerned body
- Recent entertainment and better online services
- Long delay of flight should be improved.
- Chairs could not put backwards and the airline has to work on it
- No blankets on chair in night flight and needs to be made available
- To train ground crew in-charge of the lugs to be honest with their work and to their country.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1. Summary of Findings

- There is Gap difference between perception and expectation on the five dimensions of service quality and found that the highest gap -3.17 was observed on assurance followed by -2.67 in responsiveness then -2.57 on tangibility whereas, the lowest Gap was observed on Empathy (-0.78) followed by reliability which is (-1.9) dimensions of service quality. Ethiopian Airlines performance and passengers expectation was comparable on Empathy, reliability, Tangibility followed by responsiveness and assurance dimensions.
- There is positive moderate relationship between reliability and overall customer satisfaction ($r=0.675$) at significance level of < 0.01 . The relationship between assurance and customer satisfaction and the result indicated that there is a positive moderate relationship between assurance and customer satisfaction ($r=0.623$) at significance level of <0.01 . Similarly, there is also a positive moderate relationship between tangibility and overall customer satisfaction ($r=0.455$) at significance level of <0.01 .
- There is insignificant relationship between responsiveness and overall customer satisfaction ($r=0.164$) at significant level of 0.03. With regard to Empathy and overall customer satisfaction, there is also insignificant relationship that is ($r=0.101$) at significant level of 0.071.
- The relative importance of the significant predictors is determined by looking at the standardized coefficients. Reliability has the highest standardized coefficient (0.436) and they have significant relationship. Which means reliability is the best predictor in this study context. Next to reliability assurance (0.364) is the best predictor of customer satisfaction followed by tangibility (0.239).
- The customers perceived service quality provided by EAL and where by the overall evaluations of service quality was determined largely by the three factors respectively: namely, reliability, assurance and tangibility, which appear to be the most important dimension in predicting customer satisfaction and they have highest beta value (0.436, 0.364, 0.239) respectively.

5.2 Conclusion

This study used SERVQUAL framework to model and analyze the passenger gap between expected and perceived service with respect to airline service attributes as indicator of the perceived service quality and satisfaction. In this paper the five dimensions and their respective attributes of the model are expressed using a five point Likert scale in the following manner: expectation: - Very important, Important, neutral, Less Important and Not Important. Perception:-very dissatisfied, dissatisfied, neutral, satisfied and very satisfied. Hence satisfied passengers must have received perceptions equal to or more than expectations and vice versa.

According to Gilbert and Wong (2002), understanding what passengers expect is essential to providing desired service quality in the airline industry. The expectations construct has been viewed as playing key role in consumer evaluation of service quality (Gronroos, 2001; Parasuraman *et al.* (1985; 1988). Parasuraman *et al.* (1988) defined expectation as desires or wants of consumers, i.e. what they feel a service provider should offer rather than would offer. The expectations component was designed to measure customer's normative expectations, and is similar to the ideal standard in the customer satisfaction/dissatisfaction literature (Zeithaml and Bitner, 1996).

- In all five dimensions of service quality, there is a discrepancy between international passenger's expectation and perceived performance of Ethiopian Airlines. These results mean that the airline have not achieved the desired service quality in the eyes of the respondents because respondents have higher expectation for Ethiopian airlines. And international passengers of Ethiopian airlines are not satisfied with the services provided by Ethiopian airlines.
- The Airline is trying to meet expectation of its passengers because its performance was observed well in all the items .This doesn't mean that the Airline has meet expectation of passengers. But it indicates that if the airline focuses on its service quality it will satisfy its passengers.
- Based on this study Ethiopian airlines passengers reported that they are more satisfied with Empathy and reliability followed by, Tangibility, responsiveness and assurance dimensions.

- According to this study reliability, assurance and tangibility have positive and moderate relationship with customer satisfaction but empathy and responsiveness do not have significant relationship with customer satisfaction.
- With regard to expectation, Ethiopian Airlines international travelers report shows that responsiveness was ranked first next assurance and tangibility, followed by reliability and empathy.
- Reliability, assurance, and tangibility significantly influence the satisfaction level of passengers but empathy and responsiveness do not have significant influence on the satisfaction level of passengers. It indicates that In order to satisfy and delighted customers, the focus should be placed largely on Reliability, assurance, and tangibility dimensions because these are the dimensions that have significant influence on passenger's satisfaction.
- When we see the overall satisfaction of passengers Ethiopian airlines passengers are not satisfied with the services provided by Ethiopian airlines.

5.3 Recommendations

Based on the above findings and conclusions of the study, the following recommendations are forwarded by the researcher to the serve the satisfaction of passengers.

- The problems passengers face using the services of Ethiopian airline should be given due attention for the betterment of its services and passengers satisfaction.
- The organization (Ethiopian airlines) should increase its performance according to the expectation of passengers by improving all the dimensions of service quality and by using other managerial activities which will increase the commitment of employees and other concerned bodies of Ethiopian airlines.
- Ethiopian Airlines should give deep attention for its customer survey to identify the levels of customer satisfaction and it should act accordingly based on the needs and preferences of passengers.
- It should be noted that the airline should not ignore the service quality attributes that were assessed with the lowest expectation scores. These items are just less important when compared to other attributes in which passengers have higher expectation.

- They should strengthen their system to ask passengers to comment about the service provided by Ethiopian airlines either verbally or on phone or in writing about their satisfaction.
- Results also show that passengers expectation more than what they perceive in Ethiopian Airlines and hence no satisfaction and this therefore means Ethiopian Airlines must strive hard to improve all the dimensions of service quality in order to bring higher perceived service quality and customer satisfaction.
- The concerned bodies of Ethiopian Airlines should give due attention to improve the service quality of all dimensions especially on dimensions they performed less like responsiveness and assurance.
- Reliability, Assurance and Tangibility dimensions should be given due attention by the airline because they are the dimensions which have a positive and moderate relationship with Ethiopian airlines and which have significant impact on customer satisfaction .but it doesn't mean that Ethiopian airlines should not focus on all dimensions of service quality and make efforts to improve them in order to have better performance that would lead to higher perceived service quality and customer satisfaction.
- Ethiopian airline make a deep study on the reason that international passengers have very high expectation for responsiveness next assurance and tangibility, followed by reliability and empathy and should manage passengers expectations accordingly.
- Ethiopian airlines managers should train employees, improve visually attractive facilities and coordinate all people, departments and organizations involved with the services.

5.4 Suggestions for further research

It is worth suggesting some areas for potentially useful future research. Further research will be required on the following areas.

- Assessment on effect of promotion on the level of customer expectation and perception and its effect on their satisfaction level.
- Comparative study between Ethiopian airlines and major competitors

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APPENDIX

SAINT MARYS UNIVERSITY
MA PROGRAM IN GENERAL BUSSINES ADMINSTRATION
QUESTIONNAIRES TO BE FILLED BY PASSENGERS

Dear passengers,

This questionnaire is designed to collect primary data about the service quality and customer satisfaction towards the services provided by Ethiopian airlines. The research is undertaken as academic requirement of Master's Degree in General MBA. I want to assure you that this research is only for academic purpose which is authorized by Saint Mary's university. Your inputs are important for the study and will be treated with anonymity and confidentially.

Thank you very much for your cooperation.

Part one; profile of respondents: Pleas circle your answer

1. Gender A .Male B .Female
2. Age A. 18-35 B .36-50 C. 50-65 D. 65 -90
3. Educational. Certificate (other) B. Diploma C. First degree D .Second degree E. Master's degree F. Doctorate degree
4. Your Nationality belong to A. Africa B .Asia C. Europe D. North America E. South America F. Australia G. Antarctica
5. Occupation A. Government official B .Corporate employee C .Business entrepreneur D .Retiree E. Student F Others (specify) -----
6. How many times you fly using Ethiopian airlines in the last one year? A. 1-3 B. 4- 6
C. 7-9 D. More than 9 times
7. Purpose of travel A. Business B. Leisure C. Visiting friends /relatives D. Others (specify) -----
8. Travel class A. Economic class B .Business class

PARTTWO: Please indicate on a five point scale the extent to which you find the following statements important by ticking on the box in the first column and also indicate on a five point scale the extent to which you are satisfied or dissatisfied in the second column with the following statements.

Expectations: 1= Not Important 2= Less Important 3= Neutral 4=Important 5= Very important

Perceptions: 1= very dissatisfied 2= dissatisfied 3= Neutral 4= Satisfied 5= Very satisfied

	EXPECTATION (How important is this item to you					PERCEPTION (Level of satisfaction with this item)				
	5	4	3	2	1	5	4	3	2	1
Dimensions										
Tangibility										
Appearance, gesture and uniforms of cabin crew.										
Modern and clean in-flight facilities and equipment's.										
Variety and quality of in-flight meals.										
Providing visually appealing equipment, like interiors, seats and seat covers etc.										
Reliability										
On time performance of schedule flights.										
Remedial procedures for deployed or missing baggage.										
Efficiency of the check in process.										
Transfer service and efficiency at departure										
Performing the services right the first time.										
Responsiveness										
Capable to response to emergency situations.										
Understanding the specific needs of individual.										
Prompt respond of employees										

of the airline to your request or complaint										
Keeping customers informed about when services will be performed.										
Capacity to respond to cancelled or delayed flights.										
Assurance										
Knowledgeable employees to answer customers Question										
Sincerity and patience in resolving passengers Problems										
Probability of flight breakdowns.										
Employees are consistently courteous.										
Empathy										
Numerous, easy to use ticketing channels.										
Spontaneous care and concern for passenger's needs.										
Having other travel related partner e.g. car rental, hotels, travel insurance.										
Having a sound loyalty program to recognize you as a Frequent customer.										

Customer overall satisfaction

24. Please make a circle on your overall satisfaction with EAL

Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
1	2	3	4	5

Part three

1. Have you ever faced any other problems while using the services of Ethiopian airlines? A. Yes B. No, if your answer is yes, please specify the problem

2. If you have any other comment to improve the service quality of Ethiopian airlines, please specify?

Thank you all again!

Declaration

I, the under signed, declare that this thesis is my original work and has not been presented for a degree in any other University, and that all sources of materials used for the thesis have been duly acknowledged.

Declared by:

Name _____

Signature _____

Date: _____

Date and place of submission _____

Endorsement

This thesis has been submitted to St Marry University, school of graduate studies for examination with my approval as a university advisor.

Advisor

St Marry University Addis Ababa

Signature

July, 2017