

The Effect Of Service Quality On Customer Satisfaction: The Case Of Ethiopian Airlines

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Abstract

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. The findings of this study are based on the analysis of a sample of 320 respondents of Ethiopian airlines international Customer. 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. 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 Customer of Ethiopian airlines are not satisfied by the services of Ethiopian airlines. 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.

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

1. 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 conditions influence a firm's competitive advantage by retaining customer patronage, and with this comes market share. Delivering high-quality service to Customer is essential for airline survival, so airlines need to understand what Customer 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 Customer satisfaction towards the services provided by the Ethiopian airlines.

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 is 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 Customer is essential for airline survival, so airlines need to understand what Customer 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 Customer 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 Customer gratification essential goal for Ethiopian airlines.

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

3. Objectives of the Study

3.1. General Objective of the Study

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

3.2. Specific Objectives of the Study

The research focuses on the following specific points

- ✓ To evaluate the dimensions that influences the satisfaction level of Customer.
- ✓ To measure the level of Customer satisfaction towards the services of Ethiopian airlines.
- ✓ To identify the major problems international Customer encounter in Ethiopian airlines.

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.

5. Scope of the Study

The study was focus only on international Customer 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 Customer. And also, the study was not including other services given by Ethiopian airlines like cargo

service. The respondents of the study were international Customer of Ethiopian airlines who have been on at least double-trip international flight by Ethiopian airlines.

6. Research methodologies

6.1. Research Approach

In order to answer the research questions relevant for this study the researcher has use mixed research approach by which both qualitative and quantitative approaches have employed to provide a better understanding of a research problem. In fact, collected data are opinions of Customer which qualitative in nature that follows qualitative approach. However, the data collected through questioners 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 offset the weakness of both quantitative and qualitative research approaches separately. Thus, by using both approaches the strength of each approach can make up for weakness of other (Creswell 1994).

6.2. 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 (Zickmud, 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).

6.3. Source of Data

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

6.4. Data Collection Technique/Instrument

Primary data was collected from international Customers 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 Customer satisfaction was used in the process of collecting data. The researcher has administered the questionnaires to international Customer 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.

6.5. Sample Size for Total Population and Ticket Offices

6.5.1. Sample Size for Total Population

The research population was international Customer 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 Customer, because once the Customer 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)

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

ss= 384

A total sample of 384 Customer who had traveled using Ethiopian airlines were taken as respondents from the infinite population that are international Customer 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 Customer 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 Customer of all 98 routes were found in Addis Ababa terminal. The questionnaires were distributed in a week from May 6 to May 13/2017.

6.5.2. 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, Megegnagna, 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.

$$\text{Population (ticket office)} = 17 \text{ Appropriate percentage} = 30\% \text{ Sample } 30\% (17) = 5.1$$

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.

6.6. 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 Customer weight for departure).

6.7. 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.

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

7.1. Correlation Analysis

Table 1 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	-.0170*	.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 customersatisfaction ($r=0.164$) 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 .

7.2. Regression Analysis

Table 2 ANOVA

Model	Sum of Squares	DF	Mean Square	F	Si g.
1 Regression	51.068	5	10.214	107.9	.0
ResidualTotal	29.708	314	0.95	54	00
	80.776	319			a

Source questionnaires

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

b. Dependent Variable: overall customers satisfaction

Table 3 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 4 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 predicts customer satisfaction insignificantly.

7.3. The Most Important Predictor of Overall Customer Satisfaction

Table 5 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 6 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 Customer overall satisfaction is less than three having a mean score of (2.81) which shows Customer of Ethiopian airlines are not satisfied with the services of the airline.

8. Conclusion and recommendation

8.1. 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 Customer 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.

8.2. Conclusion

This study used SERVQUAL framework to model and analyze the passenger gap between expected and perceived service with

respective 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 Customer must have received perceptions equal to or more than expectations and vice versa.

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 Customer but empathy and responsiveness do not have significant influence on the satisfaction level of Customer. 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 Customer satisfaction.
- When we see the overall satisfaction of Customer Ethiopian airlines Customer are not satisfied with the services provided by Ethiopian airlines.

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