UNIVERSITY OF GHANA

ASSESSING THE SERVICE QUALITY OF SHIPPING SERVICE PROVIDERS IN GHANA: THE CASE OF CUSTOM HOUSE AGENTS AT THE TEMA PORT

BY

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THIS DISSERTATION IS SUBMITTED TO THE UNIVERSITY OF GHANA IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF M.A. PORTS AND SHIPPING ADMINISTRATION DEGREE

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DECLARATION

I hereby declare that this Project Work for the award of a Master of Arts degree in Port and Shipping Administration from the Regional Maritime University hereby submitted, has not been submitted by me or anyone else for a degree at this or any other University. It is my own work and the materials consulted have been properly acknowledged. I therefore take full responsibility for the views expressed there in, factual accuracy of the content and any flaws that it might contain.

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SUPERVISOR

Signature Date
DEDICATION

I dedicate this Project Work to God for His infinite mercies, the entire Atogiyire Family especially my mother, Mrs Lydia Atogiyire and wife Mrs Elizabeth Atogiyire who have continued to support and encourage me to pursue higher education.
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ABSTRACT

Custom House Agents play a vital role in trade facilitation and in the forwarding and clearing of cargo at the ports. The aim of the study was therefore to assess the service quality of the Customs House Agents in creating customer satisfaction for shippers. It also assessed the gap between expectations of service quality and perceptions of service quality through the viewpoint of the Ghanaian shipper. Qualitative research approach was adopted, specifically the Case Study method. Using a convenient sampling technique, 150 respondents completed a questionnaire based on SERVQUAL and constructed on Likert scale. Data analysis was done using the Statistical Package for Social Scientist (SPSS). The general outcome was that the Custom House Agents were found to be performing below the expectations of shippers in all the five dimensions of service quality. In addition, the study found that reliability was the most important service quality dimension to shippers, irrespective of their perceptions and expectations of service quality. Lastly, the study using interviews investigated the challenges impeding the efforts of the Custom House Agents in delivering high service quality to shippers and also made recommendations to assist the Agents improve their services.
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CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

Service providers have realized over the past few years that competition can well be managed through customer satisfaction and service quality. Thus service quality is imperative in achieving competitive advantage. Service quality offers a way of achieving success among competing services, particularly in the case of companies that offer nearly identical services. Therefore, service quality may be the only way for a company to differentiate itself from its competitors. Such differentiation can yield a higher proportion of customer satisfaction and choices, and hence mean the difference between financial success and failure.

Custom House services are a particularly customer-intensive service sector that link shippers with other shipping service providers by effectively delivering services to shippers. It plays an important role in delivering high quality customer service, and its performance has linked with the performance of manufacturers or suppliers. Not only are Custom House Agents looking less and less different from one another, but a growing range of them (Custom House Agents) are providing the same services. Therefore, to survive in this dynamic and competitive market place, the best way for Custom House Agents to retain customer loyalty is to provide an environment where customer satisfaction and service quality can be effectively managed. In other words, customer satisfaction and service quality are a critical source of gaining competitive advantage and superior performance in the Custom House service sector.
1.2 Background

Service quality is a prerequisite for creating customer satisfaction and therefore forms a basis for customer perceptions and customer expectations. Oliver (1997) argues that service quality can be described as the result from customer comparisons between their expectations about the service they will use and their perceptions about the service company. This implies that if the perceptions are higher than the expectations the service will be considered excellent, if the expectations equal the perceptions the service is considered good and if the expectations are not met the service will be considered bad.

Oliver (1997) argues again that customer satisfaction can be described as a judgment that a product or service feature, or the product or service itself, provides pleasurable consumption. Satisfaction can also be described as a fulfillment response of service and an attitude change as a result of the consumption.

Satisfied customers are most likely to share their experiences with other five or six people around them. Similarly, dissatisfied customers will most likely tell another ten people about their unfortunate experiences with a particular organisation. In order to achieve customer satisfaction, organisations must be able to build and maintain long lasting relations with customers through satisfying various customers’ needs and demands (Pizam & Ellis, 1990). Otherwise, the combined effect of negative word-of-mouth, switching and reduced consumption will affect the productivity and profitability of the bank.

Service quality is crucial in any business as it helps create bond between the business and its clients (Blem, 1995). In today’s competitive business environment, service quality is very important in attracting and retaining customers. This is due to the fact that customers derive their perception of service quality on the levels of satisfaction they experience with a particular business. Businesses need to be able to satisfy customers and meet their
expectation of service quality in order to gain competitive advantage (Gagliano & Heathcote, 1994). Consequently, marketers need to continually assess customers' expectations of service quality in order to avoid customer dissatisfaction (Zeithaml, Bitner, 1996).

Leah (2005) opined that customer satisfaction is the holy grail of success for businesses in the customer service industry. The goal of every successful business is to maintain a high level of customer satisfaction by providing their customers with value added transactions through positive customer service interactions. In turn, the customer's expectation is to feel important and assisted during the interactions that ultimately lead to their desired end result.

1.3 Statement of Problem

Trade liberalisation and globalisation have resulted in intense competition among firms and industries. The Ghanaian maritime industry is not exempted, especially with the proliferation of Customs House Agents, transport and logistics companies in the country.

There are close to 700 Custom House Agents in Ghana belonging to three main associations viz: Freight Forwarders Association (FFAG), Ghana Institute of Freight Forwarders (GIFF) and Custom Brokers Association of Ghana (CUBAG). To survive in this dynamic and competitive market place, one major way for Custom House Agents to retain customer loyalty is for them to provide an environment where customer relationships can be effectively managed.

Custom House Agents act as intermediaries between shippers and suppliers of logistics services. They are required by Customs to represent the shipper (cargo owner) in the procedures for clearing cargo at the ports. Over the years, GIFF and other state institutions such as the Customs Division of the Ghana Revenue Authority (GRA) have been organizing
seminars and various training programmes purported at improving the skills, professionalism and expertise of Custom House Agents.

In spite of these efforts, there have been complaints by shippers and other stakeholders in the maritime industry about the service quality of Custom House Agents. The Ghana Shippers’ Authority, a state institution mandated to represent the interest of shippers has over the years been receiving complaints regarding the service quality of Custom House Agents from shippers.

The purpose of the study is therefore to investigate how widespread the complaints are and why despite training and intense competition in the freight forwarding and clearing service sector, shippers continue to complain about the service quality and lack of satisfaction with the services of Customs House Agents. It is also hoped that the study will find out if there are challenges hindering the ability of Custom House Agents to satisfy shippers and deliver quality services as well as proffer recommendations for improving services to shippers.

1.4 Aim and Objectives of the study

The aim of the study is to assess the service quality of Customs House Agents in creating customer satisfaction. It will also assess the gap between expectations of service quality and perceptions of service quality through the view point of the Ghanaian shipper.

The specific objectives of the study are to:

1. Assess shippers’ expectations and perceptions of service quality of Custom House Agents as per the five dimensions of service quality – tangibility, reliability, responsiveness, assurance and empathy;
2. Ascertain the gap between the expectations and the perceptions of shippers with regards to customer satisfaction and service quality of Customs House Agents and find out if the gap is significant;

3. To find out which of the five dimensions of service quality is most important in the satisfaction of shippers’ expectations by Custom House Agents;

4. To inquire if there are challenges confronting Customs House Agents in the delivery of customer satisfaction and quality services to shippers;

5. Find out whether improved service quality by Custom House Agents can influence shippers to retain their (Agents) services.

1.5 Research Questions

In order to provide answers to the research objectives, the following questions are posed for investigation:

1. What expectations and perceptions do shippers have about Customs House Agents’ efforts towards customer satisfaction and service quality as per the five service quality dimensions?

2. What are the gaps between the expectations and perceptions of shippers with regards to customer satisfaction and service quality effort of Customs House Agents and whether the gaps are significant?

3. Which of the five dimensions of service quality is the most important in ensuring customer satisfaction?

4. Are there challenges confronting customer satisfaction and service quality delivery of Customs House Agents?
5. Can improved service quality by Custom House Agents influence shippers to retain the services of the Agents?

1.6 Significance of Study

This study will assist in identifying customer satisfaction and service quality dimensions that are significant to Customs House Agents in Ghana to enable them to develop strategies to improve their service delivery. This will enhance the competitive position of existing companies and those to be established in future in the freight forwarding and cargo clearing service sector and ensure their survival, especially in this era of keen competition.

By measuring the satisfaction of shippers, Customs House Agents can develop customer-centred service approach to deal with shippers in order to avoid the tendency of shippers switching to competing companies.

By identifying what customers expect and perceive to be related to customer satisfaction and service quality, Customs House Agents can revise, redesign or repackage their service operations and tailor them to meet the perceptions and expectations of shippers. By this, the services they deliver will bring satisfaction to the shippers and entice them to stay while attracting new and potential shippers. Customers have become quality conscious, so they compare service offering of companies and will opt for superior quality services.

The study will serve as a guide for Customs House Agents to develop policies which will improve their overall service delivery, especially in areas where gaps between expectations and perceptions are wide in order to enhance customer satisfaction. This will give the individual companies a comparative advantage and enable them emerge as the most preferred companies in the maritime industry.
In view of the allegations by shippers and maritime stakeholders that have been echoed in the media about the low quality of services of Custom House Agent, the researcher believes the study could provide an avenue for dispelling the allegations or confirming them.

It is also envisaged that the outcome of the study could contribute to the on-going discussion on the passage of the Consumer Rights bill in Ghana.

Lastly, the study will contribute to literature on customer satisfaction and service quality among Custom House Agents in Ghana and also serve as a guideline for further research.

1.7 Methodology

The study adopted the qualitative research approach. Specifically, the Case Study method was used and with the application of a self administered questionnaire and interview guide, primary data was collated from 150 shippers and 15 Custom House Agents respectively.

The questionnaire had closed-ended and open-ended questions and was used to assess the expectations and perceptions of the service quality of Custom House Agents. The interview guide on the other hand was used to conduct a semi-structured interview to gather information on the measures being employed by the Custom House Agents to improve service quality as well as challenges confronting them.

Interviews were also conducted with some executives of Associations or Institutions of Custom House Agents and one of the Managers from the Ghana Shippers' Authority.
1.8 Scope of Study

The study was focused on the service quality of Custom House Agents at the Tema Port. It will thus center on gathering primary data from shippers in Accra and Tema. These two locations constitute the largest concentration of shippers in Ghana.

1.9 Organisation of the Study

The dissertation will be structured into five chapters as follows:

Chapter One will give a brief description of the research and highlight salient discussions on the effect of service quality on customer satisfaction and retention. The chapter will also present a statement of the problem, objectives of the study, research questions, significance of the study, brief methodology and the structure of the dissertation.

Chapter Two will describe service quality management from historical perspective, the concept of quality and description of services based on the literature from numerous writers. Service quality dimensions/models, customer satisfaction and the importance of service quality to businesses will also be discussed in this chapter. The chapter will also present the conceptual framework of the study.

Chapter Three will present the methodology of the study. The strategies adopted in the study will be fully discussed in this chapter. The strategies will include sample size and sampling procedures as well as the questionnaire and interview guide for the survey.

Chapter Four will present the analysis and discussion of the results of the study.

Chapter five will present a brief summary of the study and the main findings, conclusions with regards to the new knowledge derived from the research and recommendations for improving service quality.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter two focuses on a review of appropriate literature on service quality relating to customer service. The chapter contains the review of information on shippers as customers, customers’ expectations and perceptions of service quality and how these factors influence customer satisfaction and service quality dimensions in organisations.

In addition, the definition of customer expectation, perceptions and benefits of service quality and the link between service quality and customer satisfaction and retention is also discussed. The literature shows that service quality is a factor that can influence return on investment and customer loyalty to any organisation.

2.2 Definition of the Concepts of Service, Quality and Service Quality

These concepts lack universal definition because they portend different meaning to different people and organizations. They are however frequently used to describe products and/or services. There have been several definitions of the concepts from varied literature in an attempt to establish a common understanding.

2.2.1 Service

Some of the definitions for the concept of service include the following:

- Bateson and Hoffman (1999) describe services as deeds, efforts or performance while Regan (1963) explains services as activities, benefits or satisfactions offered for sale or provided in connection with the sale of goods.
2.2.2 Service Characteristics

Several researchers have proffered myriad characteristics for services over the years. So far, intangibility, inseparability, heterogeneity and perishability have traditionally been used to distinguish services from physical products. Other characteristics of services include the time and place of service delivery, the level of customization and standardisation, the role of technology in service delivery, durability and the complexity of the assets needed (Matear et al., 2000).

According to Hinson (2012) the main characteristics of services that distinguish it from products are intangibility, heterogeneity, inseparability and perishability.

- **Intangibility**: This characteristic explains the fact that services are deeds, processes and performances rather than objects which can be touched, felt, smelled or even heard. This makes it difficult for customers to evaluate services prior to purchase and, therefore, service purchase may by risky. For example, a clearing agent can assist a shipper in clearing cargo at the seaport. However, even after the service is performed, the shipper may not fully understand the benefits received from the service itself because in the end the only tangible component for the shipper will be the cargo that was cleared and receipts of payments at various points in the clearing process.

- **Heterogeneity**: This means that usually, no two service delivery provisions are exactly alike and also, no two customers are the same. Each customer has unique demands and experiences service in a unique way. Heterogeneity demands that companies
develop singular and harmonized procedures and policies as well as corporate service vision that order the behavior of service employees and increasingly compel them to behave in a consistent, competent and courteous manner.

- **Inseparability**: The service is being produced at the same time that the client is receiving it (e.g. during processing of documents on the GCNet platform, or an advice or consultation by a Custom House Agent). Unlike goods which are produced first, then sold before consumption, services are produced, sold and consumed at the same time.

- **Perishability**: This refers to the concept that services can usually not be saved, stored, resold or returned. In other words, unused capacity cannot be stored for future use. For example, an hour of a consultant’s time, if unutilized, cannot be resold. Therefore, an unsold service is lost forever.

### 2.2.3 Quality

Some of the definitions for the concept of quality include the following:

- **Crosby (1979)** defines quality as conformance to standardized obligations. This implies that when a company consents to the pattern provided by the customers, such product or service is deemed quality.

- **Macdonald and Piggott (1990)** define quality as delighting the customer by continuously meeting and improving upon agreed requirements. Harrington (1987) argues that excellence is a never ending, so good is not good enough until good is better and better is best.
2.2.4 Service Quality

Service quality is a concept that has stimulated substantial curiosity and debate in research. There are challenges defining and evaluating it with no general consensus emerging (Wisniewski, 2001). Some of the definitions include:

- Bitner and Hubbert (1994) defined service quality as the consumer’s overall impression of the relative inferiority or superiority of the organization and its services.

- Lewis and Booms (1983) describe service quality as a measure of how well the service level delivered matches customer expectations. Service is said to be quality when it consistently conforms to customer expectations.

- Parasuraman (1985) define service quality as the degree and direction of discrepancy between the consumer’s perceptions and expectations, or the extent to which a service meets or exceeds customer expectations.

2.3 Studies on Service Quality

2.3.1 Measuring Service Quality using SERVQUAL Model

Literature on service quality abounds with a litany of factors or determinants for measuring service quality. Sachev and Verma (2004) for instance measure service quality using determinants such as customer perception, customer expectation, customer satisfaction, and customer attitude. According to Nyeck et al. (2002) as cited by Osei-Poku (n.d) the SERVQUAL model is by far all inclusive in an effort to conceptualize and measure service quality. It is one of the most widely used models to measure service quality in the literature.
Consequently, this study adopted the SERVQUAL dimensions to measure service quality of Custom House Agents at the port of Tema.

The SERVQUAL dimensions are: tangibles, reliability, responsiveness, assurance and empathy are the basis for service quality measurement (Parasuraman et al., 1988; Zeithaml et al., 1990).

- **Tangibles**

The tangibles include the appearance of the company personnel, facilities, materials, and equipment as well as communication materials. The condition of the physical surroundings is seen as tangible evidence of care and attention to detail exhibited by the service provider (Fitzsimmons & Fitzsimmons, 2001).

- **Reliability**

The reliability has to do with the consistency of performance of service facilities, systems, processes and procedures, goods and personnel which are considered important (Johnston, 1997). This includes punctual service delivery and ability to keep to agreements made with the customer. According to Fitzsimmons and Fitzsimmons (2001), reliability is the ability to perform the promised service both dependably and accurately without errors.

- **Responsiveness**

Johnston (1997) describes responsiveness as the rapidity and timeliness of service delivery. This includes the speed of cargo forwarding or clearing and the ability of the Custom House Agents to respond promptly to shippers’ service requests, with minimal waiting and queuing time. According to Fitzsimmons and Fitzsimmons (2001) avoidable negative perceptions of service quality are created when the customer is kept waiting for no apparent reason.
Assurance

This incorporates the skill, knowledge and civility or courteousness of employees as well as their ability to put across trust and confidence. The assurance dimension includes the characteristics such as proficiency and skill to deliver service, courtesy and reverence for the customer, effective communication with the customer and the general attitude that the service provider has the customers’ best interest at heart (Fitzsimmons & Fitzsimmons, 2001).

Empathy

Empathy involves the provision of caring, individualized attention to customers, approachability, sensitivity, and effort to understand the customers’ needs (Fitzsimmons and Fitzsimmons, 2001). In other words empathy has to do with a Custom House Agent’s efforts at genuinely showing interest in the business of the shipper. Johnston (1997) describes empathy as the ability to make the customer feel welcome, particularly by the contact staff.

2.3.2 Assessing Service Quality

Implementing and evaluating service quality is a very complex process, because of the intangible nature of service and the difficulty in measuring customers’ expectations and perception. Zeithaml and Bitner (1996) believe that content and delivery of a service are essential factors for evaluating service quality. While customers evaluate the quality of delivery, service providers determine the content of the service.

Edvardsson (1998) contends that the concept of service should be approached from the customers’ perspective. According to him, the customers’ total perception of the outcome is the service and that the customer outcome is created in a process where service is generated
through that process. Customers’ involvement in the service process is necessary, since they are co-producers of service.

2.3.3 Customer’s Expectations and Perceptions of Service

According to Zeithaml and Bitner (1996) Customer expectations are beliefs about service delivery that function as standards or reference points against which performance is judged. They argue that customers hold different levels of expectations namely: desired service, adequate service, predicted service and ideal expectation. According to the authors, customers compare their perceptions of service delivery with these reference points when evaluating service quality and therefore knowing what customers expect is critical in gaining competitive advantage. Failure to understand the levels of service customers expect can mean losing a customer to competitors who are able to meet the customer’s expectations and therefore be at risk of losing business.

According to Zeithaml et. al (2009), perceptions are always considered in relation to expectations. They opine that perceptions are formed through customers’ assessment of the quality of service provided by a company and whether they are satisfied with the overall service. Zeithaml and Bitner (2003) propose that because perceptions could change over time, it was necessary for companies to continually evaluate customer perceptions.

2.3.4 What is SERVQUAL?

The SERVQUAL is a customer perception tool developed by Zeithaml, Parasuraman, and Berry (1985) for measuring gaps between customers’ perceptions and customers’ expectations of service quality along the five service dimensions of tangibility, reliability, responsiveness, assurance and empathy. It is an empirically derived method that may be used
by a service organisation to improve service quality. This method involves the development of an understanding of the perceived needs of target customers.

These measured perceptions of service quality for the organisation are then compared with the organisation’s expected service quality. The resulting gap analysis may then be used as a driver for service quality improvement.

### 2.3.5 The Quality Gaps Model

There are several service quality models but the most popular model in the literature (on service quality) is that of Parasuraman et al. (1985). The model explains the key activities of a service company that influence customers’ perception of quality. It goes further to show the interaction between the activities and identifies the key activities which are pertinent to the delivery of a satisfactory level of service quality.

According to Parasuraman et al. (1985) service quality is a function of the differences between expectation and performance along the quality dimensions. The gaps are:

- **Gap 1**: Also known as the Management Perception Gap, Gap 1 explains the differences between consumers’ expectations and management’s perceptions of service quality. In other words, the gap occurs because a company’s management perceives the quality expectations inaccurately.

- **Gap 2**: This gap emanates from the difference between management’s perceptions of consumer’s expectations and service quality specifications. In other words service quality specifications are not consistent with management’s perceptions of quality expectations.

According to Rowley (1997), this gap is caused by inadequate commitment to service quality, inappropriate goal setting, or management being inexperienced in this area and that
management’s understanding of customer expectations must be accurately translated into appropriate quality specifications and performance standards.

- **Gap 3**: This gap addresses the difference between service quality specifications and service actually performed. In other words, the gap results from quality specifications falling short of performance in the service production and delivery process. This gap is known as the service performance gap. It arises from shortage of resources in key areas, lack of commitment and motivation, inadequate quality control procedures or inadequate staff training (Rowley, 1997).

- **Gap 4**: Also referred to as the market communication gap, Gap 4 stems from the difference between service delivery and the information/communication to consumers about the delivery of the service. The gap implies that a company is not matching its promises to its service delivery. A possible solution to this anomaly is to create a system that coordinates planning and execution of external market communication campaigns with service operations and delivery.

- **Gap 5**: This gap comes about because the perceived service is not in sync with the expected service. Parasuraman et al., (1988) argue that gap 5 is the total sum of the preceding four gaps and that if management wants to close the gap between performance and expectations, it is crucial to design procedures for measuring service performance against expectations.

### 2.4 Service Quality, Customer Satisfaction and Customer Retention

The significance of customers in the survival of businesses cannot be overemphasized. It is for this reason that over the years many researchers and academicians have continued to highlight the importance of customers. The major idea behind advocating service quality is to
connect with customers by building resilient customer relationships in order to meet their expectations. Customer satisfaction is thus a key factor in the formation of customers’ desires for future purchase (Mittal & Kamakura, 2001).

According to Bruhn and Georgi (2006) customer satisfaction is defined as the balancing of customer expectations against the perception of services delivered by the company. Rouse (2008) also defines customer satisfaction as a degree of satisfaction provided by the goods or services of a company as measured by the number of repeat customers or how service meets customer’s expectation.

In view of the increasing competition in the marketplace, following globalization and trade liberalization it has become crucial for Custom House Agents to achieve customer longevity, through excellence service delivery (Lassar et al., 2000). According to Cronin (2003), service quality has the potential for ensuring customer satisfaction and retention, operational efficiency and profitability of an organization. File and Prince (1992) also argue that a satisfied customer is more comfortable repeating business with a firm and even recommend it to others. In addition, customers promote the company to others by word-of-mouth when they are satisfied with the services (Gee et al., 2008) and thus increase a firm’s customer-base.

Furthermore, companies such as the ones owned by Custom House Agents devote a great proportion of their annual budgets in promoting their companies with the ultimate aim of winning many more shippers. Krishnan et al. (1999) establish that the cost of retaining existing customers by providing high quality products and services is significantly lower than the cost of winning new customers. Another study by Martins and Toledo (2000), found that service quality increases market share by maintaining current customers and acquiring new ones.
As already established in the preceding paragraphs, satisfaction enable companies to retain existing customers which costs substantially less to the companies than the acquisition of new ones. Most customers leave a company because they are not satisfied with the service or product offering (Rust and Zahorik, 1993). According Hoyer and MacInnis (2001) satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight of a service. To achieve satisfaction and retention, customer needs and wants must be fulfilled (La Barbera and Mazursky, 1983).

Similarly, Bowen and Chen (2001) found that customer satisfaction leads to customer retention/loyalty. In other words, satisfied customers are less prone to overtures from the competition (Fornell, 1992).

According to Brink & Berndt (2005), customers perceive services in terms of the quality of service provided and the satisfaction level attained. Therefore these two concepts, service quality and customer satisfaction, have become the focus of the attention of several organisations because they want to measure the concepts. The purpose for the focus on quality of service and customer satisfaction can be traced to the fact that it is the organisations believe that they can differentiate themselves from their competitors by providing better service quality and overall customer satisfaction.

Hunt (1993) argues that the companies that are not capable of offering high quality products or services, eventually lose their competitive advantage, which though narrowing their market potentials may lead to economic isolation. In order to remain competitive in today's market, companies need to pursue high quality in all respects.

Andreassen (2001) found that customer satisfaction can be viewed as an evaluation where expectations and actual experience is compared. Therefore, a service failure is when the service delivery does not manage to meet customer expectations. The impact of customer
service, customer satisfaction and service quality on a company's customers and profits may be significant, but customer satisfaction is the key ingredient to the success of any business. It is the most important factor that creates loyal customers. However, Grant (2003) argues that companies should not believe that meeting or exceeding expectations alone satisfies customers, and thus should not 'manage expectations' by lowering them to produce higher customer satisfaction.

Grant's argument is supported by Hinson (2015) who explains that:

"In the current competitive marketplace, satisfying customers alone might prove inadequate. Customer satisfaction is not enough to get customers to come back. Some studies conducted in service marketing have shown that anywhere from 68% to 85% of customers who switch from one supplier to another were happy or very happy at the time they switched. Today's happy customers could become tomorrow's ex customers."

According to Hinson (2015) the aim of every progressive service firm is not to merely service or satisfy customers, but make them successful. This implies that organisations must get into their customers' world and inquire what it is they are trying to achieve. If a firm's customers are in business themselves, the firm must develop an intimate understanding of their clients' businesses as well as their own.

Swaid and Wigand (2007) in their study found that to satisfy and retain customers, the organization has to offer a superior service quality. The study indicates that the key dimensions of e-commerce service quality are website usability, information quality, reliability, responsiveness, assurance and personalization. Secondly, customer satisfaction is influenced mostly with the perception of reliability, while customer loyalty is affected by the
perception of assurance and customer retention is predicted by the customer satisfaction index.

Service quality is needed for creating customer satisfaction and service quality is connected to customer perceptions and customer expectations. Oliver (1997) argues that service quality can be described as the result from customer comparisons between their expectations about the service they will use and their perceptions about the service company. In other words, if the perceptions would be higher than the expectations the service will be considered excellent, if the expectations equal the perceptions the service is considered good and if the expectations are not met the service will be considered bad (Kabir & Carlsson, 2010).

The above discussions of the studies of some researchers point to the fact that there is an intrinsic relationship between service quality, customer satisfaction and customer retention with regards to service organizations like Custom House agents. Service quality is pursued in order to satisfy customers; while customer satisfaction is a determinant of customer retention. Consequently, Custom House Agents need to provide quality services to ensure that shippers are satisfied in order to enhance their repurchase decision. Rust and Zahorik (1993) conclude that numerous publications treat satisfaction as the necessary premise for customer retention.

2.5 Improving Service Quality and Customer Service

One of the key ways of improving service quality and customer service is to focus on the employees who deliver customer service because service begins on the inside of the organization. It begins with how individuals speak and deal with each other (Martinez, 1997). This is important because the nature and tone of customer service interactions with clients is greatly influenced by the nature and tone of interactions between employees. Various factors contribute to the culture of service expressed by an organization including hiring practices,
training, service policy and employee compensation. It is therefore crucial that organizations or Custom House Agents spend ample time in hiring employees who understand the work and how to handle customers.

Continuous or regular training and innovation in training is one of the most crucial aspects of the quality improvement process (Hiam, 1992). According to researchers, the training has shifted from aspects such as developing skills and discipline on-the-job to process improvement which involves continuously reviewing, analyzing, incorporating, changing consumer expectations, and refining the process so that products and services continuously improve (Lin and Darling, 1997).

According to Lin & Darling (1997) customer service training results not only in the improvement of needed skills for the employee to successfully carry their duties but results in increase in self-efficacy of the employee.

Booth (1999) suggested that training should be used in many areas, such as helping employees develop a positive attitude about themselves and seek opportunities to serve customers. According to him training has the potential to teach employees how to communicate effectively with customers, become more positive and powerful representations of their business, listen more attentively to customer needs, develop a professional service manner, and maintain a neat, professional appearance. Training should not only lead to skill improvement, but should also change the way employees think and view their jobs (Lin & Darling, 1997).

Another way to handle customer satisfaction and service quality is to identify factors that influence customer satisfaction. Silvestro & Johnston (1990) identified the following service quality factors:
- *hygiene factors*, or dissatisfiers (what is expected by customer, but will not be a source of satisfaction, e.g. clean service environment);
- *enhancing factors*, or satisfiers – (factors that lead to customer satisfaction but failure to deliver does not cause dissatisfaction);
- *dual threshold factors* (if such factors are failed to deliver, will cause customer dissatisfaction. However, if delivered above the specific level will cause satisfaction).

In addition, Gummesson (1991) thinks that the factor that he considers to be missing from all service quality research - love factor is crucial in assessing service quality. According to him, it constitutes the willingness and readiness to serve the customer, genuine empathy, caring personality and that emotional ties can appear e.g. between a shipper and a Custom House Agent, thus adding to quality of interaction.

Schneider and Bowen (1985) found a positive correlation between the attitude of employees, the attitude of customers and employee and customer perceptions of service quality. They also found that customer satisfaction is directly related to the attitude and perceptions of employees, in turn, the attitude and perceptions of employees relate to the organization and its management practices. They also argue that customer satisfaction is not just relating to the values and attitudes of employees, which means that the overall effectiveness of the organization has direct impact on values and attitudes. Consequently, if Custom House Agents are intended on improving service quality it will be crucial to create companies whose effectiveness run through the entire company not parts of the company.

### 2.6 The Maritime Industry, Service Quality and Customer Satisfaction

The maritime industry is predominantly a service based industry with demand for such services derived from the need to move cargo from one point to the other. With the advent of containerization and the associated door-to-door and just-in-time concepts, an assessment of
how well a delivered service conforms to the expectations of shippers is critical to maritime service providers as well as their clients. Some studies have been undertaken in this area as follows:

2.6.1 Elements of logistics service

A number of research findings strongly support the opinion that logistics improvements in service quality can actually lead to an increase in customer satisfaction (Daugherty, Stank, & Ellinger 1998 Innis & La Londe, 1994). Operational elements of logistics service related to product availability, product condition, delivery reliability, and delivery speed, as well as relational elements such as communications and responsiveness have been shown to have a positive relationship with customer satisfaction ((Daugherty, Stank, & Ellinger; Stank, Goldsby, & Vickery, 1999).

2.6.2 Third party logistics service providers

Lieb and Miller (1988) surveyed trucking companies and determined how operations and services differed for Just-In-Time (JIT) and non-JIT customers. The respondents to their survey cited the requirement for more customized services, adherence to strict time schedules, closer long term working relationships, a greater extent and quality of communication, and higher operating costs associated with JIT customers.

2.6.3 Components of Logistics Service Quality

Mentzer, Flint, and Hult (2001) acknowledged that logistics performance perceptions vary among market segments. Using a qualitative study the results of the focus group study indicated that customers were concerned with personal contact quality, order release quantities, information quality, ordering procedures, order accuracy, order condition, order
quality, order discrepancy handling and timeliness. They concluded that logistics programs should be customized by customer segment.

2.6.4 Frontline Employee Contribution to Delivery of Quality Output

Voss, Calantone and Keller (2005) surveyed 18 logistics distribution centres in the U.S. and examined the relationship between frontline employee performance and interdepartmental customer orientation. The findings indicated that high levels of frontline employee performance and interdepartmental customer orientation have a positive effect on distribution center service and supply chain performance. This study added further credibility to the importance of frontline distribution personnel in the delivery of quality output.

2.6.5 Knowledge–based automation system in service logistics

Effective service logistics management lowers costs and increases service value which positively impacts customer satisfaction (Cheung, Chan, Kwok, Lee & Wang, 2006). The authors argue that information driven service logistics is insufficient for today’s complex logistics environment so they propose a knowledge–based automation system (KBSAS) to enhance the competitiveness for manufacturing enterprises in service logistics. Their findings include streamlining the service logistics process, reduction of paperwork, and improvement of customer service quality.

2.7 Custom House Agents in Ghana

Background

The practice of cargo clearing and freight forwarding in Ghana by Custom House Agents can be traced back to 1960’s and 70’s at the port Tema which is the larger of the two main seaports in Ghana (Egoh, 2010 n.d). The practice was initially undertaken by persons who
could avail themselves and could process custom documents (i.e. bills of lading or sea waybill). Following increased international trade and lack of legal framework regulating the clearing/freight forwarding industry, in 1978 a legal regime was established to back the operation and licensing of Custom House agents in the country by the Supreme Military Council (SMC). This was the Custom House licensing Decree 1978 (SMCD 188) together with its legislative instrument as Custom House Agents Licensing Regulation 1978 (LI 1178). As such the then Custom, Excise and Preventive Service (CEPS) started training people in the proficiency of customs procedures and licensing them after the completion of a course as custom house agents.

According to Egoh (2010) the licensed custom house brokers during that era came under an association known as the National Association of Customs House Agents (NACHA). Today, freight forwarders are associated under Ghana Institute of Freight Forwarders (GIFF), Custom House Brokers Association of Ghana (CUBAG) and Freight Forwarders Association of Ghana (FFAG) which are all dedicated towards ensuring that Ghana maintains an ability to plug effectively into the global log network.

Functions

Amanhyia (2007) has provided a summary of the duties of Ghanaian freight forwarders to include find the most appropriate and cost-effective way of moving goods; prepare goods for dispatch; communicate with carriers such as road, rail, air and sea companies; book transport cargo space and prepare quotations and invoices; confirm transport arrangements; check incoming goods against documents; and clear goods through customs.

To be effective and efficient, freight forwarders need to have excellent people and customer service skills, good verbal and written communication skills, problem-solving skills, record-
keeping and numeracy skills and basic computer skills as well as applicable Customs rules and regulations and tariff structures applicable among others.

Challenges

Mbiah and Arku (2006) opine that the problems associated with Freight Forwarders or Customs House Agents are essentially lack of professionalism and regulation in their activities. According to them there are a number of unlicensed and unqualified persons parading as Custom House Agents who are dragging the reputation of the profession in the mud, and their traits include operating from the field and not offices, no identification cards linking them to any recognized clearing company and promise short delivery times.

"It is important that the various associations to which some of these clearing agents belong raise their professional standards and requirements for membership. It should not be enough to have a Custom House Proficiency Certificate. Testimonials and membership of recognized associations must be a pre-requisite for practicing as a Custom House Agent. There must be a strong regime to punish these recalcitrant Agents coupled with a coordinated approach by the major players in dealing with this matter." Mbiah and Arku (2006) added.
CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the choice of method of collecting and analyzing data, from practical point of view. It also presents the research design, describes the research methods, sampling techniques and the instruments employed in data gathering.

3.2 Research Design

There are three main research strategies: qualitative, quantitative and mixed approach that can be adopted for a study. The decision to use any strategy depends on the nature of work, the objectives of the study, the level and nature of the research questions and the practical considerations related to the research environment among others (Shih, 1998). While quantitative approach involves the gathering of hard, objective and standardized data, the qualitative approach requires soft, rich, deep and less complex mathematical analysis (Corbetta, 2003). The mixed approach combines the two approaches together in a study (Neuman, 2007).

For this study, the qualitative research approach was used. According to Willig (2001) qualitative research is concerned with finding meaning, and in particular how people make sense of the world and how participants experience events from their perspective.

Qualitative research seeks to understand and interpret social interactions using smaller samples that are not randomly selected. For this reason, the results tend to be particular or specialized findings that are less generalisable unlike quantitative research which uses larger
randomly selected larger samples and produces generalisable findings that can be applied to the entire population (Johnson & Christensen, 2008).

3.3 Research Method

The research method adopted for the study was a case study. A case study is a descriptive research method used to obtain in-depth information about a person, group or phenomenon. It is different from survey research which involves asking a group of participants, questions through interviews or questionnaires and quantitative and sometimes mathematical methods to analyse the data. Case studies also tend to use qualitative data such as interviews, but may occasionally use quantitative data as well, like questionnaires (Nachmias, 1992). It requires an empirical enquiry that allows for an in-depth investigation of the dynamics of a particular system.

The researcher chose the case study method because the subject under exploration (service quality) is a contemporary phenomenon occurring within a real-life context and is based on multiple sources of evidence. According to Kumekpor (2002), this method leads to a better familiarity with the circumstances of a particular case and assists in assessing the reaction of almost all actors with regard to concerns raised during the course of the study.

The use of the case study also afforded the researcher the opportunity of studying a new phenomenon of service quality with regards to the stakeholders of Ghana’s maritime industry and specifically Custom House Agents. While reviewing literature for the study, the researcher observed that while literature on service quality in areas such as marketing and banking abound, the same could not be said of the maritime industry and Custom House Agents to be specific. Also, since the researcher has modest knowledge about the phenomenon under study, the case study method was the most appropriate since it provided a
platform for the researcher to acquaint himself with local conditions pertaining to the area of study. The method provided a better understanding of the subject under investigation since it made it possible for the researcher to learn from practice.

Again, the total number of the target population under study, the researcher observed, was very large and unknown and as such an arbitrary sample size for a quantitative study may not result in a generalisable finding. However, with case study, although the outcome cannot be generalized to the overall population, as can experimental research and other forms of quantitative research, provides extensive information for the development of hypotheses for future testing.

3.4 Sources of Data Collection

The study made use of primary and secondary data sources in gathering the relevant information for the study. The primary data was collected from selected respondents (shippers) under study. The study used a questionnaire and an interview guide in collecting the primary data on which the analysis was based. The secondary data was collected from existing literature which formed the literature review of the study. The sources of the secondary data included books, journals, articles obtained from the internet and the Regional Maritime University library.

3.5 Target Population

The target population was shippers or importers and exporters operating within Accra and Tema Metropolitan areas. It was difficult ascertaining the total number of shippers in the country and the two cities. Efforts at obtaining the figures from the Ghana Shippers’ Authority (GSA) and other regulatory bodies yielded no result. Information obtained from unpublished reports from the GSA indicated that there were thousands of shippers operating
in the two cities. Some belong to various trade associations such as the Ghana Union of Traders Association (GUTA), Ghana Chamber of Commerce and Industry, the Shipper Committees of the Ghana Shippers Authority, Association of Ghana Industries (AGI), etc, while several others did not belong to any trade association.

3.6 Sampling Technique

A non-probability sampling technique was used for the study. Specifically, the researcher applied a convenient sampling technique. Under this sampling technique the researcher selects only the most accessible members of the population. In other words convenience sampling implies that respondents are selected because they are available and willing (Bryman & Bell, 2011). This is contrary to probability sampling where every member of the population has an equal chance of selection.

One of the key advantages of convenience sampling is the ability of the researcher to collate large data within a short period, while its major drawback is the limited ability in generalizing findings from the technique.

The choice of the convenience sampling technique enabled the researcher to obtain 150 completed self administered questionnaires, out of a total of 200 questionnaires that were issued to respondents.

3.7 Data gathering tools/instruments

The researcher used two instruments in collating the primary data from the respondents.

(i) Questionnaire

The first instrument was a semi-structured questionnaire which was mainly an adoption of the standardized SERVQUAL questionnaire for assessing customers’ perceptions and
expectations of service quality. All the items measuring service quality dimensions were standard questions developed by Parasuraman et al. (1988) to measure service performance.

The questionnaire was used, firstly because it afforded the researcher a basis for comparison and analysis of the findings vis-à-vis the reviewed literature. It also accorded anonymity to the respondents and therefore most likely elicited honest responses. Aside from granting respondents the leeway to complete the instrument at their convenience, it also provided them privacy and relieve to respond to very personal questions, unlike face-to-face interview which could have posed some challenges.

The questionnaire was designed into four major sections containing closed-ended and open-ended questions. While the closed-ended questions restricted respondents to a range of responses, the open-ended questions allowed them to freely express themselves.

Section ‘A’ of the questionnaire contained questions on the demographic characteristics of respondents. Sections ‘B’ and ‘C’ sought information on shippers’ expectations and perceptions of service quality delivery of Custom House Agents at the port of Tema respectively. The respondents were required to rate their expectations and perceptions on a predetermined five-point Likert Scale: 1 – Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree and 5 – Strongly Agree.

The services of the Custom House Agents were therefore assessed according to the SERVQUAL variables of Tangibility, Assurance, Responsiveness, Empathy and Reliability, to determine the level of satisfaction derived from the quality of services. The two sections each had portions where respondents were required to rank in order of importance the five dimensions of SERVQUAL.
Section ‘D’ of the questionnaire contained questions pertaining to retention of Custom House Agents by shippers.

(iii) Interview Guide

The study also used semi-structured interview to gather more primary data on the activities, satisfaction with service delivery, achievements and whether there are challenges confronting Custom House Agents. It also covered measures that can be taken to improve the delivery of services to shippers. An Interview Guide was designed and interviews were conducted with fifteen (15) Custom House Agents and leaders of the Ghana Institute of Freight Forwarders (GIFF), Custom Brokers Association of Ghana (CUBAG) and Freight Forwarders Association of Ghana (FFAG). These are three key associations or institutions representing Custom House Agents.

The interviews enabled the researcher to obtain first hand information about the activities of Customs House Agents and how they impact on their ability to deliver quality services to shippers. Interviews are a useful data collection method for enabling respondents to give details about complex issues (Bowling, 2002). Semi-structured interviews are flexible in process, allowing the interviewee’s own perspectives to be explored (Bryman, 2004).

An interview using the interview guide was also conducted with a Manager of the Ghana Shippers’ Authority for the organisation’s views since the Authority is the only statutorily mandated state agency tasked with the responsibility of promoting and protecting the interest of shippers in the country.

3.8 Pre-test of Research Instrument

The questionnaire was pre-tested on 10 shippers, five respondents each in Accra and Tema. The outcome was used to review the questions that were unclear and or ambiguous.
3.9 Data Analysis

The study employed descriptive tools such as mean averages and histograms in analyzing the data. The data collected was edited and coded. The coded data was then processed using Statistical Package for Social Sciences (SPSS) software version 16.0.

3.10 Ethical Consideration

The researcher took steps to ensure confidentiality of data gathered and anonymity of all the respondents in the study. Respondents were also not coerced or unduly influenced to cooperate in providing primary data.

3.11 Challenges with Fieldwork

Several of the target respondents (shippers) were not cooperating because according to them their businesses were reeling from harsh economic environment that the country was facing and that they were not in the right frame of mind to respond to questionnaires. Other respondents showed respondent fatigue and explained that aside from participating in other studies on varied topics they did not see themselves benefitting from such research studies.
4.1 Introduction

The chapter presents the outcome of the fieldwork that was undertaken by the researcher. The outcome comprises the responses of shippers (importers and exporters) in Tema and Accra to an administered questionnaire and responses to interviews.

A 16.0 version of a Statistical Package for Social Scientists (SPSS) was used to perform the analysis while Microsoft Excel 2009 was used in generating the histograms and pie charts in order to explain the outcome.

The questionnaire was self-administered to a total of 200 importers in Tema and Accra. However, 150 completed copies of the questionnaire were retrieved for the analysis. Consequently, the response rate was 75%.

4.2 Demography of Respondents

The outcome of the study showed that of the 150 sampled respondents 120 respondents constituting about 80% of respondents were males, while the remaining 30 constituting 20% were females as can be seen in Table 4.1 below.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>120</td>
</tr>
<tr>
<td>Female</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
</tr>
</tbody>
</table>

Source: Field work, June 2015
The level of formal education of respondents was considered in the demography of respondents because the researcher envisaged that it could influence responses. From Table 4.2 below the level of educational qualification of respondents ranged from basic education to tertiary education. The results showed that three (3) of the respondents comprising 2% had basic education qualification, 27 respondents comprising 18% had secondary education qualification while the majority of 120 respondents comprising 80% were holders of tertiary education qualifications.

**Table 4.2: Educational Qualification**

<table>
<thead>
<tr>
<th>Educational Qualification</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Secondary</td>
<td>27</td>
<td>18</td>
</tr>
<tr>
<td>Tertiary</td>
<td>120</td>
<td>80</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field work, June 2015*

Furthermore, the experience of respondents in the business of shipping was also assessed because the researcher envisaged that responses to the questionnaire could differ on the basis of experience. From Table 4.3 below, of the total number of respondents, 56 representing about 37% were in business for less than five (5) years while 52 representing 35% were in business for between 6-10 years. Respondents who were in business for between 11-20 years were 30 and represented 20% of the respondents while those in business for more than 20 years were 12, representing 8%.
Table 4.3: Shipping experience of Respondents

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 5 yrs</td>
<td>56</td>
<td>37</td>
</tr>
<tr>
<td>6yrs – 10yrs</td>
<td>52</td>
<td>35</td>
</tr>
<tr>
<td>11yrs – 20yrs</td>
<td>30</td>
<td>20</td>
</tr>
<tr>
<td>Above 20yrs</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field work, June 2015*

Another variable that was assessed was the trade associations respondents belonged to. The results as contained in Table 4.4 below indicate that majority of the respondents (57) representing 38% belonged to other trade associations, while 39 respondents comprising 26% belonged to the Ghana Union of Traders Association (GUTA). Also, 34 respondents representing 23% did not belong to any trade association, while 12 (8%) and 8 (5%) of the respondents were members of the Ghana Chamber of Commerce and Industry and the Shipper Committees of the Ghana Shippers’ Authority respectively.

Table 4.4: Trade Association of Respondents

<table>
<thead>
<tr>
<th>Trade Association</th>
<th>No. of Respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GUTA</td>
<td>39</td>
<td>26</td>
</tr>
<tr>
<td>GSA C’tees</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Chamber of Commerce</td>
<td>12</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>57</td>
<td>38</td>
</tr>
<tr>
<td>None of above</td>
<td>34</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>150</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Field work, June 2015*
4.3 Service Quality Dimensions of Shippers

A questionnaire with sections containing 24 questions each on expectation of service quality and perception of service quality was used to collate data on five service quality dimensions, namely tangibles, responsiveness, reliability, assurance and empathy. Each question was assessed based on a five-point Likert scale which ranged from Strongly Disagree to Strongly Agree as per the questionnaire in the Appendix I.

As already mentioned in the last chapter, all the items measuring service quality dimensions were standard questions developed by Parasuraman et al. (1988) to measure service performance. According to Parasuraman et al. (1988) an effective way of measuring service performance is to assess the quality gap which is the difference between Perception (P) and Expectation (E); in other words Q=P-E. Consequently, when Q is positive it implies shippers are satisfied and when negative, shippers are dissatisfied.

4.3.1 Tangibility Dimension

Tangibility dimension entails the appearance of physical facilities such as offices, communication materials, equipment and appearance of staff. Primary data based on the expectation and perception of shippers were gathered and presented in the table 4.5 below.
Table 4.5: Descriptive Statistics on Tangibility Dimension

<table>
<thead>
<tr>
<th>Tangibility Expectation</th>
<th>Tangibility Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>Mean</td>
</tr>
<tr>
<td>Clearing Agents should have modern office equipment and offices.</td>
<td>4.27</td>
</tr>
<tr>
<td>Offices of Clearing Agents should be visually appealing.</td>
<td>4.28</td>
</tr>
<tr>
<td>Clearing Agents and their employees should be well dressed and neat in appearance.</td>
<td>4.36</td>
</tr>
<tr>
<td>Materials associated with the services of Clearing Agents such as Invoice books should be visually appealing.</td>
<td>4.16</td>
</tr>
<tr>
<td>Average</td>
<td>4.268</td>
</tr>
</tbody>
</table>

Source: Field work, July 2015

From Table 4.5, it is apparent that the mean scores of all the items under Tangibility Expectation are higher than the mean scores of all the items under Tangibility Perception, resulting in average mean scores of 4.268 and 3.445 respectively. This means that the physical facilities such as offices, equipment, communication materials and the personal appearance of Custom House Agents currently fall short of the expectation of shippers. This is depicted by the average Gap of -0.823.

On specific items under Tangibility, the item ‘Clearing Agents and their employees should be well dressed and neat in appearance’ attracted the highest mean score (4.36) under Tangibility Expectation, while under Tangibility Perception, the item ‘Materials associated with the services of Clearing Agents such as Invoice books are visually appealing’ got the highest mean score (3.50). This implies that the appearance of Customs House agents in the
course of service delivery is of a great concern to shippers who expect them to keep a more professional look. It also means that even though there is a gap of -0.66, Custom House Agents are performing better with regards to materials for services than the rest of the items under perception.

**Gap analysis of Tangibility Dimension of Service Quality**

![Figure 4.1: Tangibility Gap](image)

*Source: Field work, July 2015*

It is apparent from Figure 4.1 that, with regards to the tangibility dimension, shippers were expecting Custom House Agents to provide a service quality level of 4.268 representing about 85%. The Agents were rather providing a service quality level of 3.445, representing about 69% with a gap of -0.66 (about 13%). This implies that Custom House Agents were falling short with regards to the service quality dimension of tangibility. This outcome tends to support Hunt (1993) who argues that the companies that are not capable of offering high quality products or services will eventually lose their competitive advantage and that in order to be able to remain competitive in today's market, companies need to pursue high quality in all respects.
4.3.2 Reliability Dimension

Reliability Dimension implies consistency of performance of service facilities, goods and staff. It includes punctual service delivery, ability to keep to agreements made with the customer and the ability to perform the promised service both dependably and accurately without extra fees. Primary data based on the expectation and perception of shippers were gathered and presented in the Table 4.6 below.

Table 4.6: Descriptive Statistics on Reliability Dimension

<table>
<thead>
<tr>
<th>Reliability Expectation</th>
<th>Mean</th>
<th>Reliability Perception</th>
<th>Mean</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>When Clearing Agents promise to do something by a certain time, they do.</td>
<td>4.00</td>
<td>When Clearing Agents promise to do something by a certain time, they do.</td>
<td>3.52</td>
<td>-0.48</td>
</tr>
<tr>
<td>When a shipper has a problem the Clearing Agent should show sincere interest in solving it.</td>
<td>4.07</td>
<td>When a shipper has a problem the Clearing agents show sincere interest in solving it.</td>
<td>3.53</td>
<td>-0.54</td>
</tr>
<tr>
<td>The Clearing Agent should perform his/her service right the first time.</td>
<td>4.32</td>
<td>The Clearing Agents perform their service right the first time.</td>
<td>3.49</td>
<td>-0.83</td>
</tr>
<tr>
<td>Clearing Agents should provide their services at the time they promise to do so.</td>
<td>4.45</td>
<td>Clearing agents provide their services at the time they promise to do so.</td>
<td>3.37</td>
<td>-1.08</td>
</tr>
<tr>
<td>Clearing Agents should keep their record accurately and free from errors.</td>
<td>4.20</td>
<td>Clearing agents keep their record accurately and free from errors.</td>
<td>3.30</td>
<td>-0.90</td>
</tr>
<tr>
<td>Average</td>
<td>4.208</td>
<td>Average</td>
<td>3.442</td>
<td>-0.766</td>
</tr>
</tbody>
</table>

Source: Field work, June 2015

Just like the above, Table 4.6 shows mean scores of all the items under Reliability Expectation being higher than the mean scores of all the items under Reliability Perception, resulting in average mean scores of 4.208 and 3.442 respectively. This means that the ability
of Custom House Agents to perform the promised service dependably and accurately, falls short of the expectation of shippers. This is depicted by the gap of -0.766.

On specific items under Reliability dimension, the item “Clearing Agents should provide their services at the time they promise to do so” attracted the highest mean score (4.45) under Reliability Expectation, while under Reliability Perception, the item “When a shipper has a problem, the clearing agents show sincere interest in solving it”, got the highest mean score (3.54). This means that the ability of Customs House Agents to deliver on their promise is key to the operations of shippers. It also means even though there is a gap of -0.766, Custom House Agents are performing better under this item than the rest of the items.

**Gap analysis of Reliability Dimension of Service Quality**

![Figure 4.2: Reliability Gap](image)

*Source: Field work, July 2015*

It can be deduced from Figure 4.2 above that, with regards to the tangibility dimension, shippers were expecting Custom House Agents to deliver a service quality level of 4.208, representing about 84%. The Agents however were providing a service quality level of 3.442, which represents about 69%, with a gap of -0.766 (about 15%). This means that Custom House Agents were falling short with regards to the service quality dimension of reliability.
This outcome is at variance with the study by Swaid and Wigand (2007) which found reliability to be one of the key elements needed for organizations to offer superior service quality in order to satisfy and retain customers.

4.3.3 Responsiveness Dimension

Responsiveness Dimension describes the speed and timeliness of service delivery. It includes the speed of throughput and the ability of the service to respond promptly to customer service requests, with minimal waiting and queuing time. Primary data based on the expectation and perception of shippers were gathered and presented in the table below.

Table 4.7 Descriptive Statistics on Responsiveness Dimension

<table>
<thead>
<tr>
<th>Responsiveness Expectation</th>
<th>Responsiveness Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item</td>
<td>Mean</td>
</tr>
<tr>
<td>Clearing Agents should give prompt service.</td>
<td>4.32</td>
</tr>
<tr>
<td>Clearing Agents should make information easily obtainable.</td>
<td>4.17</td>
</tr>
<tr>
<td>Clearing Agents should always be willing to help.</td>
<td>4.20</td>
</tr>
<tr>
<td>Clearing Agents should not be too busy to respond to your request.</td>
<td>4.27</td>
</tr>
<tr>
<td>Average</td>
<td>4.240</td>
</tr>
</tbody>
</table>

Source: Field work, June 2015

Table 4.7 above shows mean scores of all the items under Responsiveness Expectation being higher than the mean scores of all the items under Responsiveness Perception, resulting in average mean scores of 4.240 and 3.563 respectively. This means that the willingness of Custom House Agents to help shippers and provide prompt service falls short of the expectation of shippers, depicted by the average gap of -0.678.
On specific items under the Responsiveness dimension, the item “Clearing Agents should give prompt service” attracted the highest mean score (4.32) under Responsiveness Expectation, while under Responsiveness Perception, the item “Clearing Agents are not too busy to respond to your request”, got the highest mean score (3.77). This means that the ability of Customs House Agents to deliver prompt service is very significant in the operations of shippers. It also means even though there is a gap of -0.766, Custom House Agents do well to respond promptly to the requests of shippers.

**Gap analysis of Responsiveness Dimension of Service Quality**

![Figure 4.3: Responsiveness Gap](image)

**Source:** Field work, July 2015

It can be seen from Figure 4.3 that, with regards to the responsiveness dimension, shippers were expecting Custom House Agents to deliver a service quality level of 4.240, representing about 85%. However, the Agents were providing a service quality level of 3.563, representing about 71%, with a gap of about 14% (0.678). This means that with regards to the service quality dimension of responsiveness, Custom House Agents were under performing. This finding is in accordance with that of Oliver (1997) who argued that if perceptions were
higher than expectations, the service will be considered excellent; if the expectations equal the perceptions the service is considered good and if the expectations are not met the service will be considered bad.

### 4.3.4 Assurance Dimension

This considers the knowledge and courtesy of employees as well as their ability to convey trust and confidence. It includes features such as competence to perform the service, politeness and respect for the customer, effective communication with the customer and the general attitude that the service provider has for the customers’ best interest at heart. Primary data based on the expectation and perception of shippers were gathered and presented in the Table 4.8 below.

<table>
<thead>
<tr>
<th>Assurance Expectation</th>
<th>Assurance Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>The behavior of Clearing Agents should instill confidence in shippers</td>
<td>4.35</td>
</tr>
<tr>
<td>Shippers should feel safe doing business with Clearing Agents</td>
<td>4.21</td>
</tr>
<tr>
<td>Clearing Agents should be polite to you the shipper</td>
<td>4.33</td>
</tr>
<tr>
<td>Clearing Agents should be knowledgeable to answer your questions</td>
<td>4.40</td>
</tr>
<tr>
<td>Average</td>
<td>4.323</td>
</tr>
</tbody>
</table>

*Source: Field work, June 2015*

Just like the service dimensions above, Table 4.8 shows mean scores of all the items under Assurance Expectation being higher than the mean scores of all the items under Assurance Perception, resulting in average mean scores of 4.323 and 3.750 respectively. This means the
show of knowledge and courtesy of employees of Custom House Agents and their ability to convey trust and confidence in serving shippers falls short of the expectation of shippers. This is depicted by the average gap of -0.573.

On specific items under the Assurance dimension, the item “Clearing Agents should be knowledgeable to answer your questions”, attracted the highest mean score (4.44) under Assurance Expectation, while under Assurance Perception, the item “Clearing Agents are knowledgeable to answer your questions” got the highest mean score (3.98). This means that the knowledge of Customs House Agents in delivering service is very significant in the operations of shippers under both expectation and perception. The gap of -0.573 shows that Custom House Agents still have room to improve their knowledge.

Gap analysis of Assurance Dimension of Service Quality

![Assurance Gap Chart]

**Source: Field work, July 2015**

It is clear from Figure 4.4 that with regards to the tangibility dimension, shippers were expecting Custom House Agents to provide a service quality level of 4.323, representing about 86%. However, the Agents were providing a service quality level of 3.750.
representing about 75%, with a gap of -0.573 (about 11%). This connotes that with regards to the service quality dimension of assurance, Custom House Agents were under performing. This result is at variance with that of Davis and Mentzer (2006) who examined how loyal relationships between suppliers and customers affect the size of the gap between customer expectations and suppliers perceptions of these expectations. The study revealed that a high logistics service quality has a positive effect on loyalty.

4.3.5 Empathy Dimension

Empathy involves the provision of caring and giving individualized attention to customers. It includes approachability, sensitivity, ability to make the customer feel welcome and effort to understand the customers’ needs. Primary data based on the expectation and perception of shippers were gathered and presented in the table below.

Table 4.9: Descriptive Statistics on Empathy Dimension

<table>
<thead>
<tr>
<th>Empathy Expectation</th>
<th>Mean</th>
<th>Empathy Perception</th>
<th>Mean</th>
<th>Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clearing Agents should give individual shippers special attention</td>
<td>4.17</td>
<td>Clearing Agents give individual shippers special attention</td>
<td>3.23</td>
<td>-0.94</td>
</tr>
<tr>
<td>Working hours of Clearing Agents should be convenient to all shippers</td>
<td>4.25</td>
<td>Working hours of Clearing Agents are convenient for all shippers</td>
<td>3.51</td>
<td>-0.74</td>
</tr>
<tr>
<td>Agents should understand the specific needs of shippers</td>
<td>4.35</td>
<td>Clearing Agents understand the specific needs of shippers</td>
<td>3.29</td>
<td>-1.06</td>
</tr>
<tr>
<td>The Clearing Agents should have shippers’ best interest at heart</td>
<td>4.21</td>
<td>The Clearing Agent has shippers’ best interest at heart</td>
<td>3.57</td>
<td>-0.64</td>
</tr>
<tr>
<td>The office locations of Clearing Agents should be easily accessible by shippers</td>
<td>4.19</td>
<td>The office locations of Clearing Agents are easily accessible by shippers</td>
<td>3.43</td>
<td>-0.76</td>
</tr>
<tr>
<td>Average</td>
<td>4.234</td>
<td>Average</td>
<td>3.406</td>
<td>-0.828</td>
</tr>
</tbody>
</table>

*Source: Field work, June 2015*
Just like the results of the above mentioned dimensions, Table 4.9 shows mean scores of all the items under empathy expectation being higher than the mean scores of all the items under empathy perception, resulting in average mean scores of 4.234 and 3.406 respectively. This means Custom House Agents’ show of care and individualized attention accorded shippers falls short of the expectation of shippers. This is depicted by the average gap of -0.828.

On specific items under the empathy dimension, the item “Agents should understand the specific needs of shippers” attracted the highest mean score (4.35) under empathy expectation, while under empathy perception, the item “The Clearing Agent has shippers’ best interest at heart” got the highest mean score (3.57). This implies that Customs House Agents understanding of the specific needs of shippers is pivotal for shippers. It also means even though there is a gap of -0.828, Custom House Agents have the interest of shippers at heart.

**Gap analysis of Empathy Dimension of Service Quality**

![Figure 4.5: Empathy Gap](source: Field work, June 2015)
From Figure 4.9 above, with regards to empathy dimension, shippers were expecting Custom House Agents to provide a service quality level of 4.234, representing about 85%. The Agents were however, providing a service quality level of 3.406, representing about 68%, with a gap of 0.828 (about 17%). This suggests that with regards to the service quality dimension of empathy, Custom House Agents were performing below the expectation of shippers. This outcome is contrary to that of Gummesson (1991) who posits that the factor that he considers to be missing from all service quality research is the love factor which he describes as the willingness to serve the customer, genuine empathy, and a caring personality. He explains that, emotional ties can appear for instance between a shipper and a custom house agent, thus adding to quality of interaction.

4.4 Comparison of All Service Quality Dimensions
One of the objectives of the study is to find whether there exist gaps between the expectations and perceptions of shippers on service quality of Custom House Agents on all the service quality dimensions. Figure 4.6 below presents a trend of the existing gaps of the various dimensions of service quality.

Source: Field work, June 2015
The pictorial representation from Figure 4.6 clearly depicts that there exists gaps with regards to expectation and perception among all the service quality dimensions are significant. The gap for Tangibility, Reliability, Responsiveness, Assurance and Empathy are significant since the average mean values under Service Quality Expectation are above 4.0 while the mean values of Service Quality Perception are below 4.0.

4.4.1 Test for Significance of Differences between Expectation and Perception on all the Service Quality Dimensions

A paired sample test was conducted to assess whether the difference that exists between expectation and perception of the service quality dimensions was significant or not and to answer the hypothesis:

\[ H_0: \text{There is no difference between the expectation and perception of the service quality dimensions.} \]

\[ H_1: \text{There is a difference between the expectation and perception of the service quality dimensions.} \]

Table 4.10 Summary of Paired Samples test on differentiation on Expectation and Perception

<table>
<thead>
<tr>
<th>Paired factors between Expectation and Perception</th>
<th>Paired Difference</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expectation Factor</td>
<td>Perception Factor</td>
<td>Mean Difference</td>
</tr>
<tr>
<td>Tangibility</td>
<td>Tangibility</td>
<td>.823</td>
</tr>
<tr>
<td>Reliability</td>
<td>Reliability</td>
<td>.766</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Responsiveness</td>
<td>.678</td>
</tr>
<tr>
<td>Assurance</td>
<td>Assurance</td>
<td>.573</td>
</tr>
<tr>
<td>Empathy</td>
<td>Empathy</td>
<td>.828</td>
</tr>
</tbody>
</table>

*Source: Field work, June 2015*
A significance test analysis was conducted at 95% confidence level to establish whether the gap between shippers’ expectation and perception of the service quality of Custom House Agents was significant. From Figure 4.6, the preponderance of high average values under expectation, ranging above 4.0 over low average mean values under perception ranging below 4.0 has resulted in high values in differences in the average means of the various service quality dimensions when compared to the P-value of 0.05 as can be seen in Table 4.10. All the mean differences of all the service quality dimensions scored significantly higher than the P-value meaning the null hypothesis should be rejected. This implies that there was a significant difference in shippers’ expectation and perception of the services of Custom House Agents. In other words, the services quality of Customs House Agents falling short of the expectation of shippers in Ghana is significant.

The outcome is in accordance with Andreassen (2001) study which found that a service failure is when the service delivery does not manage to meet customer expectations. According to the researcher, the impact of customer service, customer satisfaction and service quality on a company’s customers and profits may be significant, but customer satisfaction is not only the key ingredient to the success of any business but the most important factor that creates loyal customers.

4.5 Ranking of Service Quality Dimensions

The study also sort to find out which of the service quality dimensions was the most important and which was of least significance to shippers in their assessment of the services of Custom House Agents. The ranking of the service dimensions has been captured in Table 4.11 below as follows:
Table 4.11: Summary of Scores of Ranking of Service Quality Dimensions

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Expectation</th>
<th>Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most important</td>
<td>Reliability</td>
<td>Reliability</td>
</tr>
<tr>
<td>Second most important</td>
<td>Assurance</td>
<td>Responsiveness</td>
</tr>
<tr>
<td>Third most important</td>
<td>Responsiveness</td>
<td>Assurance</td>
</tr>
<tr>
<td>Fourth most important</td>
<td>Tangibility</td>
<td>Tangibility</td>
</tr>
<tr>
<td>Least important</td>
<td>Empathy</td>
<td>Empathy</td>
</tr>
</tbody>
</table>

Source: Field work, June 2015

From Table 4.11 above, shippers agree that the dimension of reliability under service quality for both expectation and perception was the most important and that the dimension of empathy was the least important. However, on the second and third most important dimensions shippers disagree on rankings under expectation and perception. While assurance and responsiveness are the second and third most important under expectation, responsiveness and assurance are the second and third most important under perception respectively. Tangibility dimension was ranked fourth probably because the Custom House Agents were performing comparatively well in this area. This implies that, in their effort to improve the quality of their services to shippers, Custom House Agents should focus more attention on reliability. This finding is akin to that of Stank, Goldsby, Vickery (1999) and Parasuraman, Zeithaml, and Barry’s (1988) who identified reliability in operational performance and relational performance as the core dimensions of logistical service while responsiveness, assurance, and empathy attributes were encompassed in relational performance as the second dimension of service performance in their study.
4.6 Retention of Custom House Agent

On the question of whether shippers were satisfied with the quality of services of their Custom House Agent, 102 respondents representing 68% indicated that they were satisfied while 48 respondents constituting 32% said they were not satisfied with the services. Those who were dissatisfied gave reasons such as delays in clearing, missing vehicle parts, illegitimate charges and unavailable receipts for payments. This result is closely related to that of File and Prince (1992) who argued that a satisfied customer is more comfortable repeating business with a firm and even recommending it to others.

On the question of whether shippers would recommend their Custom House Agent to anyone, 96 respondents representing 64% indicated that they will, while 54 representing 36% said they will not. Those who indicated that they will not recommend their Agents to anyone attributed their reasons to undue delays in clearing, inability to stick to schedules and lack of accountability by the Agents. This outcome is in relation to that of Gee et al. (2008) who found that customers promote a company to others by word-of-mouth when they are satisfied with the services, thus leading to an increase in a firm’s customer-base.

In addition, with regards to whether shippers have a dedicated Custom House Agent who handles their cargo, 105 respondents representing about 70% indicated that they did, while 45 respondents representing 30% said they did not. According to those who indicated that they did not have dedicated Agents, several indicated the unreliability and lack of professionalism as the main reason.

Lastly, on the issue of whether shippers prefer to have a dedicated Custom House Agent who will handle their cargo, 138 respondents representing 92% stated in the affirmative while the remaining 12 respondents representing 8% stated the negative. The respondents who did not want a dedicated Agent stated that they preferred to engage Agents on need basis and that
most of the Agents they had encountered were not professional enough. This finding can be associated with that of Bowen and Chen (2001) who found that customer satisfaction leads to customer retention/loyalty. In other words, satisfied customers are less prone to overtures from the competition.

4.7 Summary of Responses to Indepth Interviews with Custom Hose Agents and some of the leaders of Custom Hose Associations or Professional Institutions.

1. What is the mandate/role of Custom House agents in Ghana’s maritime industry?

Custom House agents play an important role in Ghana’s maritime industry by assisting shippers go through the required custom documentation procedures and paying all required taxes and duties on the goods. According to Custom House Agents Licensing Regulation 1978 (LI 1178), only Custom House agents and self-declarants can clear cargo or undertake the necessary documentation for export of cargo on behalf of shippers. In other words, shippers who are not self-declarants are not required to deal directly with shipping service providers without engaging the services of Custom House agents.

With regard to the use of the GCNet, government ensures that only people, especially Custom House agents, who are adequately trained to use the platform are allowed to do so. It is for this same reason that the resources are currently being spent in training Custom House agents on how to access the newly introduced Single Window Clearance Regime.

2. What are some of the functions of Custom House agents?

According to the respondents, Custom House Agents in Ghana perform myriad functions in the country’s maritime industry.
Some of the functions the Agents perform with regards to exporting of cargo from Ghana include the following:

- Assisting the shipper decide which carrier to use, appropriate day of the week to ship, the best route, the most economical shipment size, etc;
- They provide the exporters with quotations on freight costs, port charges, insurance costs, agency fees and many other fees and charges;
- At the request of the shipper, the Custom House agents can make arrangements and provide the necessary services for expediting shipments to overseas destination by undertaking functions such as booking space with the carrier, completing export documentation, arranging for cargo insurance, advising on foreign import regulations, providing guidance on packaging, marking, and labeling, complete export documentation such as Bills of Lading and other important functions.

Some of the functions Custom House agents perform with regards to the clearing of import cargo into Ghana include the following:

- Arrange insurance for cargo and payment of port charges, duties and taxes on behalf of the shipper;
- Arrange to complete documentation and clear import cargo through customs;
- Liaising with international Custom House agents to arrange pick-up and delivery of goods to clients premises;
- Advise shippers of the costs of transporting cargo from the port and the choice of warehouse;
- Record movement and placement of goods while they are in transit.
3. Are you satisfied with the execution of your functions?

The respondents all agree that they are executing their functions to the best of their ability. They however believe there is more they can do to improve the quality of their services to shippers. They also acknowledge the fact some complaints have been coming up concerning the activities of some of their colleagues which do not augur well for the image of the profession they are practicing.

4. What are some of the steps taken by Custom House Agents to improve on the quality of their services to shippers?

According to the respondents some of the steps being taken to improve the quality of their services include:

- Regular training and capacity building of Agents of the Associations to enable them deliver quality services to their clients who are mainly shippers;

- Encouragement of Agents by the various Custom House associations to enroll in certificate awarding professional institutions such as the GIFF Training Institute which has over the years been pursuing programmes leading to the award of Diplomas and Higher Diplomas which are certified by FIATA – the international body for Freight Forwarders;

- Participation in seminars and workshops organized by state agencies and the private sector to introduce new policies or upgrade the knowledge of Agents;

- Organisation of regular short courses to enable their Agents improve their knowledge on the use of ICT facilities and the Internet to facilitate service delivery to shippers.

The leaders of the Associations are currently collaborating with the GCNet and
Customs Division of GRA to train Custom House Agents on how to access the newly introduced Single Window Regimes in the clearing of import cargo.

5. What are some of the challenges confronting Custom House Agents in delivering quality services to shippers in Ghana?

According to the Custom House Agents who were interviewed, some of the challenges confronting them in the execution of their mandate include the following:

- Unfair competition from some shipping lines which have waded into the business of clearing and forwarding and are undercutting Custom House Agents with lower charges. According to the respondents the shipping lines are taking over several of their clients and making it difficult for their businesses to grow in size and capacity to be able to deliver improved quality services.

- Inadequate number of highly competent personnel is affecting service delivery. According to the respondents some of their colleagues lack the skills for undertaking project forwarding, a skill which will enable Agents undertake freight forwarding and transportation for big projects like the construction of the Ghana Gas facility and the Bui Dam. This, according to them affects the quality of service delivery to shippers because most of the agents are not adequately trained.

- The respondents admitted that the lack of ICT skills by several Custom House agents is one of the challenges negatively influencing their ability to deliver quality services to shippers. According to them, most of their activities are increasingly becoming ICT based and that it was for that reason that their Associations were collaborating with Government Agencies such as Customs Division of GRA, GCNet, Ghana Shippers’ Authority, etc, to hold short courses in ICT for them.
Inability to extend some level of credit or pre-finance the clearing of the cargo is affecting the quality of services to shippers. According to respondents the capital base of most their colleagues could not support pre-financing of cargo clearance. They also alluded to the fact that low capitalisation was affecting their ability to build facilities of their own such as container freight stations and warehouses; all of which will can go a long way to enhance the quality of their services to shippers.

Government support, according to respondents, in the form of a policy allowing only indigenous Ghanaian owned Custom House companies to clear cargo belonging to government agencies, could go a long way to enable them build capacity in order to improve their service quality to shippers. According to them governmental support has not been forthcoming, thus adding to the numerous confronting their businesses.

Political interference in the affairs of the country’s maritime sector has over the years not been favourable to Custom House agents. According to the respondents, interferences such as inspection of cargo enroute to final destination have often caused delays in delivery periods. Sometimes in an attempt to increase revenue or meet set revenue targets government prevails upon the Customs Division of the GRA to increase duties at the ports. All of these invariably impact on their ability to deliver quality services to shippers.

Delays in the clearing process resulting from the operations of stakeholders such as Customs Division of GRA, Port Authority, scanner and terminal operators all go a long way to compromise the delivery of quality services to shippers by Custom House agents. It makes it difficult for Agents to deliver on scheduled dates, thus making them appear less reliable to their clients.
The failure of the maritime industry to weed out charlatans is one the topmost challenges negatively impacting the business of clearing and freight forwarding in the Tema Port. According to respondents unqualified Agents have been defrauding unsuspecting shippers of their monies, for example by presenting false documents or un-itemized bills during the clearance process.

Excessive red tape, extortion and bureaucracy that Agents are subjected to at the hands of various agencies in the port, especially Customs Officers, in the day to day conduct of their business poses a challenge to service quality.

6. What measures can Custom House Agents take to improve the quality of their services to shippers?

The following were some of the recommendations respondents provided to assist Custom House Agents improve their service quality to shippers:

- The respondents indicated that advancement in technology has transformed the freight forwarding industry, thus making it imperative for them to continuously build capacity. According to them the application of ICT will not only afford them the possibility of exploiting the opportunities of providing value added services, customer relationship management but improving the quality of their services generally.

- One of the challenges confronting Custom House Agents is the unavailability of adequate funds to enable them grant credit to shippers and to invest in facilities such as warehousing, trucks and container stations. The respondents recommend that all the various Custom House associations come together to contact the Banks for specialized loans at favourable rates to enable them grow their businesses improve the quality of their services to shippers.
The respondents acknowledged that the freight forwarding industry in the country has for a long while attracted bad publicity due to the reported fraudulent activities of registered and unregistered Custom House agents. According to them the bad reputation of the industry was making some shippers prefer Custom House companies established by shipping lines to those established locally by Ghanaians. They believe that continuous advocacy will eventually dispel the bad reputation of the industry and eventually lead to improved services.

The respondents believe the establishment of state agency to monitor the activities of Custom House agents will inject sanity and greater discipline in the freight forwarding industry. They believe that such an organization will not only ensure only qualified and registered Custom House Agents operate but will ensure that ensures standards are set to improve service quality.

Building closer collaboration with stakeholders in the maritime will facilitate the service quality of Agents in delivering a seamless service to shippers since their performance is intrinsically linked to the smooth operations of other stakeholders in clearing and forwarding business.

The respondents recommend the formation of large companies and corporations since the country’s freight forwarding industry is characterized mostly small sized Custom House companies operating mainly as man-one businesses. They believe when most of the small companies merge they can form bigger and formidable companies that will not compete fairly with companies being established by the shipping lines but ones that are capable of delivering improved service quality to shippers and other clients.
4.8 Summary of Responses to Interview with one of the Managers of the Ghana Shippers’ Authority

1. What is the mandate/role of Custom House agents in Ghana’s maritime industry?

The mandate of Customs House Agents is essentially to provide support to importers and exporters in the processing of their cargo for either import clearance or export out of the country.

The work of Customs House Agents revolves around providing ancillary shipping services in the form of technical, administrative and transportation on behalf of shippers. By law, their activities are regulated and one must be certified to operate as a Custom House Agent by Customs Administration.

2. What are some of the functions of Custom House Agents?

According to the Manager the functions of Custom House are many and varied depending on the level of expertise or size of the company to be able take on some specialised responsibilities. But generally, the functions of the Agents include but not limited to the following.

- Import processing for clearance purpose on behalf of shippers
- Export processing for exports on behalf of shippers
- Arrange transportation on behalf of shippers
- Provide technical assistance to shippers in the area of customs and other regulatory requirements in import and export processing.
3. Are shippers satisfied with the way and manner some Custom House Agents execute their functions?

The Manager noted that shippers to some extent are satisfied with the services of Custom House Agents but that there was still much room for the improvement of the quality of service delivery. According to the Manager, the GSA regularly receives complaints from shippers in their transactions with shipping service providers and that the complaints from Custom House Agents constitutes about 30% of the total number of complaints received annually. Most of the complaints range from illegitimate charges to Agents bolting away after receiving cash from shippers to commence clearance procedures.

4. Are you aware of any efforts on the part of Custom House Agents to improve the quality of their services to shippers?

The Manager noted that over the years the Agents have taken steps to improve the quality of their services by first of all identifying themselves with institutions or associations resulting in the formation of the Ghana Institute of Freight Forwarders (GIFF), Custom Brokers Association of Ghana (CUBAG) and Freight Forwarders Association of Ghana (FFAG). These bodies have over years been organising workshops and seminars for their members in various programmes especially in ICT all targeted at improving their services.

State institutions such as the GSA and Customs have regularly organised training for the Agents to build capacity. The Manager noted that in recent years GIFF has been organising professional courses leading to the awards of higher national diplomas in transport and logistics.
5. What are some of the challenges hindering Custom House Agents from delivering quality services to shippers in Ghana?

The Manager said that in spite of the efforts by the various associations of Agents to improve the quality of service delivery of their members the Agents are still confronted by myriad challenges including lack of professionalism and regulation in their activities. There are a number of unlicensed and unqualified persons parading as Agents who are dragging the reputation of the profession in the mud. Their traits include not operating from offices, no identification cards linking them to any recognized Custom House company, promise of shorter delivery periods and lower fees.

The Manager also noted that some of the challenges impeding the efforts of the Agents have to do with the challenges the country’s ports are facing such as high charges, congestion, inadequate automation of clearance procedures, the involvement of numerous Regulatory Agencies in the clearing system, all of which go a long way to prolong the stay of cargo at the ports and invariably make the cost of doing business at the ports high.

The Manager also acknowledged that there were also a number of inherent problems in the cargo clearance process that could be attributed to the acts of omission or commission on the part of shippers and which directly or indirectly impede efforts at improving services by Custom House Agents. According to the Manager some of the practices of shippers which hamper the cargo clearance process at the ports include shippers engaging Agents who promise lower duties and taxes even though such Agents may be unlicensed, presentation of forged documents and false description of cargoes.
6. What measures can Custom House Agents take to improve the quality of their services to shippers?

The GSA Manager noted that the following measures when diligently implemented could assist Custom House Agents improve their services to shippers:

- The various associations to which most of the Agents belong should raise their professional standards and requirements for membership. It should not be enough to have a Customs House Proficiency Certificate, Testimonials and membership of recognized associations must be a prerequisite for practicing as a Custom House Agent.

- There must be a strong sanctions regime to punish these recalcitrant Agents coupled with a coordinated approach by the major players in dealing with wayward Agents.

- Seek collaborations with other stakeholders such as the Ghana Shippers Authority, Port Authority and the GCNet to help build capacity among their membership.

- Establish service chatter that will help improve their service quality regimes

- Introduce quality control systems in their operations to stop their members from acting arbitrarily in relations to their fees and charges

- Improve on their operational competences and paucity of knowledge through capacity building in international trade

- The smaller companies form partnerships in order to build huge capacities to take on jobs at the international stage and serve shippers better.
4.9 Analysis of Responses to the Interviews

One of the objectives of this study is to find out if there are challenges impeding the ability of Custom House Agents to deliver quality services to shippers in Ghana. The results of the interviews with the 15 Custom House Agents and some executives of Custom House associations and the Ghana Shippers’ Authority above outline several of the challenges hindering the improvement of service quality by Custom House Agents.

The challenges can be categorized into (i) those resulting from the Agents themselves due mostly to inadequate capacity – financial and professionalism wise; (ii) systematic challenges – challenges resulting from inherent inadequacies of port processes; and (iii) Regulatory challenges – challenges resulting from lack of a statutory body with oversight responsibility on the activities of Custom House Agents in the country. These challenges are similar to those espoused by Mbiah and Arku (2006) who opined that the problems associated with Freight Forwarders or Customs House Agents in Ghana are essentially lack of professionalism and regulation in their activities.

One revelation that emanated from the interview with the GSA was that even the shippers themselves either by omission or commission contribute to the challenges confronting Custom House Agents in their attempt at improving the quality of their services by providing fake documents to their Agents.

Finally, and in combining the findings from the questionnaire and the interviews, it is obvious that Custom House Agents fell short in the delivery of quality services to shippers. However, in the light of the numerous challenges, some of which are systemic and others contributed by shippers themselves, one cannot put an entire blame of the short fall in service quality at the door steps of the Agents. This is more so when there is evidence that over the years the
Agents have made efforts via capacity building programmes to improve their ability to improve the quality of services to shippers.
CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter contains a summary of the major findings of the study which are presented in accordance with the objectives of the study. It also contains the conclusions drawn from the findings and recommendations which are provided to assist in improving the quality of services delivered to shippers by Customs House Agents.

5.2 Summary of Key Findings

5.2.1 Assessment of Service Quality Dimensions
The first service quality dimension was tangibility which recorded average mean scores of 4.268 and 3.445 for service quality expectation and perception respectively and a gap of -0.823. These scores implied that with regards to physical facilities such as offices, equipment, communication materials and the personnel appearance, Custom House Agents performed below the expectation of shippers. On specific items under tangibility, the item “Clearing Agents and their employees should be well dressed and neat in appearance” attracted the highest mean score under tangibility expectation, while under tangibility perception, the item “Materials associated with the services of Clearing Agents such as Invoice books are visually appealing” got the highest mean score.

The reliability dimension also recorded average mean scores of 4.208 and 3.442 for service quality expectation and perception respectively, and a gap of -0.766. This outcome implied that the ability of Custom House Agents to perform the promised service dependably and accurately fell short of the expectation of shippers. On specific items under reliability dimension, the item “Clearing Agents should provide their services at the time they promise
to do so” attracted the highest mean score under expectation, while under reliability perception, the item “When a shipper has a problem, the clearing agents show sincere interest in solving it” got the highest mean score.

Similarly, with regards to the responsiveness dimension, mean scores of all the items under responsiveness expectation were higher than the mean scores of all the items under responsiveness perception, resulting in average mean scores of 4.240 and 3.563 respectively. This signifies that the willingness of Custom House Agents to help shippers and provide prompt service fell short of the expectation of shippers. On specific items under the responsiveness dimension, the item “Clearing Agents should give prompt service” attracted the highest mean score under responsiveness expectation, while under responsiveness perception, the item “Clearing Agents are not be too busy to respond to your request” got the highest mean score.

With regards to the assurance dimension, the mean scores of all the items under assurance expectation were higher than the mean scores of all the items under assurance perception, resulting in average mean scores of 4.323 and 3.750 respectively and a gap of -0.573. These scores indicate the fact that Custom House Agents performed below the expectation of shippers with regards to knowledge and courtesy of employees of Agents and their ability to convey trust and confidence in serving shippers. On specific items under the assurance dimension, the item “Clearing Agents should be knowledgeable to answer your questions” attracted the highest mean score under assurance expectation, while under assurance perception, the item “Clearing Agents are knowledgeable to answer your questions” got the highest mean score.
Lastly, mean scores of all the items under empathy expectation were higher than the mean scores of all the items under empathy perception, resulting in average mean scores of 4.234 and 3.406 respectively and a gap of -0.828. This means the show of care and individualized attention provided to shippers by Custom House agents did not meet the expectation of shippers. On specific items under the empathy dimension, the item “Agents should understand the specific needs of shippers” attracted the highest mean score under empathy expectation, while under empathy perception, the item “The Clearing Agent has shippers’ best interest at heart” got the highest mean score.

5.2.2 Comparison of All Service Quality Dimensions

The gaps for all service quality dimensions of Tangibility, Reliability, Responsiveness, Assurance and Empathy were significant since the average mean values under service quality expectation were above 4.0 while the mean values of service quality perception were below 4.0. Also when the average means of the various service quality dimensions are compared to the P-value of 0.05 the difference in mean values is significant.

5.2.3 Ranking of Service Quality Dimensions

The dimension of Reliability under service quality for both expectation and perception was ranked as the most important dimension, while the dimension of empathy was the least important. However, while the dimensions of Assurance and Responsiveness were ranked second and third under expectation of service quality, the dimensions of Responsiveness and Assurance were ranked second and third under perception of service quality respectively. Tangibility dimension was ranked fourth on expectation and perception.
5.2.4 Challenges confronting Custom House Agents in delivering quality services to shippers in Ghana

Some of the challenges impinging on the ability of Custom House Agents to provide quality services to shippers include the following:

- Unfair competition from some shipping lines which have waded into the business of clearing and forwarding is negatively affecting the ability of Custom House Agents to deliver quality service.

- The number of highly competent Custom House Agents is inadequate thus affecting the quality of service delivery to shippers because most of the Agents are not adequately trained.

- The lack of ICT skills by the Agents is negatively affecting their ability to deliver value added and quality services to shippers or their clients.

- Low capitalization is affecting the ability of Custom House Agents to build facilities of their own such as container freight stations, warehouses and grant credit to their clients; all of these go a long way to enhance the quality of their services to shippers.

- Government support in the form of a policy allowing only indigenous Ghanaian owned Custom House companies to undertake freight forwarding activities of government agencies, can go a long way to enable them build capacity in order to improve their service quality to shippers.

- Political interference in the affairs of the country’s maritime sector has often caused delays in delivery periods of cargo.
Delays in the clearing process resulting from the operations of stakeholders such as Customs Division of GRA and Port Authority, make it difficult for the Agents to deliver on scheduled dates, thus making them appear less reliable to their clients.

The failure of the maritime industry to weed out charlatans is negatively impacting the business of clearing and freight forwarding in the Tema Port.

Extortion and bureaucracy which Custom House Agents are subjected to at the hands of various agencies in the port, especially Customs Officers affects the quality of their services.

5.2.5 Retention of Custom House Agent

About 65% of shippers are satisfied with the service quality of Custom House Agents and would recommend their Agents to anyone. Also, while about 70% of shippers have a dedicated Custom House Agent who handles their cargo, about 92% prefer dedicated Agents to random Agents.

5.3 Conclusion

The study assessed the service quality of shipping service providers in Ghana, specifically the services of Custom House Agents at the port of Tema. The study ascertained the performance of the Agents vis-à-vis the expectations of shippers on the five service quality dimensions namely tangibility, reliability, responsiveness, assurance and empathy. The Agents were found to be performing below the expectations of shippers in all the five dimensions.

The study also investigated whether there were gaps on all the five service quality dimensions that were evaluated and whether the gaps were significant. The outcome was that the gaps
were significant, indicating a marked difference in reactions towards service quality expectation and perception of service quality by shippers.

In addition, the study found that reliability was the most important service dimension to shippers irrespective of their perceptions and expectations of service quality. The empathy dimension was the least important of the five dimensions.

Lastly but not least, the study investigated the challenges that impede the efforts of the Custom House Agents in delivering high service quality to shippers. The challenges were many and varied as some were directly related to capacity of the Agents, other challenges related to inadequate statutory regulation while the rest of the challenges were systemic in nature; these related to inherent inadequacies of the shipping industry.

In view of the above, the researcher can conclude that although there are short falls in the expectation of shippers with regards to service quality, the reasons or causes for the short fall in service quality cannot be put entirely at the doorstep of the Custom House Agents. In the responses regarding challenges confronting the Custom House sub-sector, the Custom House Agents and the Ghana Shippers’ Authority (which represents the interest of shippers) all agree that there are some challenges in the sub-sector which are beyond the control of the Agents and are hindering the efforts of the Agents.

The researcher believes when the recommendations are effectively and diligently implemented, the service quality of Custom Hose Agents will improve remarkably.
5.4 Recommendations

The recommendations follow the analysis, findings of the study and challenges confronting Custom House Agents in delivering quality services to shippers. It is hoped that a strict implementation of the recommendations will contribute to improving perceptions such that they exceed expectations of shippers. The recommendations are:

5.4.1 Regular assessment of the quality of services of Custom House Agents

Regular evaluation of the level of satisfaction of shippers and potential shippers on the dimensions of the quality of services of Custom House Agents will assist in pinpointing the dimensions that need to be improved. Custom House Agents will also get to know the areas that they have strengths or comparative advantage in order to maintain or improve standards.

5.4.2 Continuous training and capacity building

Technological advancement makes it possible for the provision of value added services in the work of Custom House Agents. The application of ICT in the work of Custom House Agents in Ghana is still at the rudimentary level, thus hindering their capacity to provide some value added services participation at the global level. It is therefore recommended that Custom House Agents continuously build capacity in ICT and new technologies in order to improve the quality of their services to shippers.

5.4.3 Regulation of the freight forwarding industry

The image of Custom House Agents in Ghana has suffered over the years due to reported cases of arbitrary charges, under-invoicing and presentation of falsified documents committed by charlatans. It is proposed that a state organization be established to regulate the
work of Custom House Agents. It is believed that such a body will expunge unqualified and fraudulent Agents and invariably contribute to improving the service quality of the Agents.

5.4.4 Formation of partnerships of small Custom House companies

One of the challenges confronting several Custom House Agents in Ghana is low capital which hinders their ability to provide services such as warehousing, container storage and extending credit to shippers. The bigger multinational companies on the other are able to provide these services and thus attract many of the shippers. It is believed that the formation of partnerships by the smaller companies will enable some of the Agents build stronger capital base in order to improve the quality of their services to shippers.

5.4.5 Improve relations with stakeholders of the shipping industry

Custom House Agents work with other agencies such as the Customs Division of GRA, Shipping Lines, Terminal Operator and the Port Authority in other clear or forward cargo on behalf of shippers. By improving or deepening inter-agency working relations with the stakeholders in the shipping industry, the Agents should be able to, for instance, clear cargo in time. Such cordial working relations should enable the Agents provide feedback on how the various agencies can work in tandem to expedite cargo clearance,

5.5 Areas for Further Studies

The researcher wishes to recommend to future researchers on this subject or topic to consider using the quantitative approach since it makes it possible for the findings to be generalized to the entire target population.

The researchers could also conduct studies into the assessment of the Custom House Agents by other stakeholders of the maritime industry such as the Port Authority or Customs.
REFERENCES


Customs House Agent (Licensing) Act 1978 (SMCD 188).


APPENDIX I

QUESTIONNAIRE

As part of efforts to improve the quality of service delivery in Ghana’s shipping and trade sector, the researcher is investigating the quality of services being provided by Custom House Agents. This questionnaire has been designed to collate information solely for academic purposes and confidentiality of the information obtained is guaranteed.

Kindly tick [ ] or complete where appropriate

SECTION A

Demographic Information

(1) Gender
   (a) Male [ ]
   (b) Female [ ]

(2) Educational Qualification
   (a) Basic [ ]
   (b) Secondary [ ]
   (c) Tertiary [ ]
   (d) None of the above [ ]

(3) Years of Experience
   (a) < 5 [ ]
   (b) 6 - 10 [ ]
   (c) 11 - 20 [ ]
   (d) above 20 [ ]

(4) Trade Association
   (a) GUTA [ ]
   (b) AGI [ ]
   (c) GSA Shipper C’tte [ ]
   (d) Chamber of Commerce [ ]
   (e) Other [ ]
SECTION B
The following set of statements relate to your expectations about the service quality of Clearing/Forwarding Agents. Please tick the extent to which you agree or believe each statement in accordance with the following scale:

Strongly Disagree [1]; Disagree [2]; Neutral [3]; Agree [4]; Strongly Agree [5]

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<td>Offices of Clearing Agents should be visually appealing</td>
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<td>Clearing Agents should not be too busy to respond to your request</td>
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Section B1

Listed below are five features pertaining to the service quality of Clearing/Forwarding Agents. Please arrange the features in order of importance as you deem fit.

1. TANGIBILITY
2. RELIABILITY
3. RESPONSIVENESS
4. ASSURANCE
5. EMPATHY

i. Which one feature of the above five is most important to you? (Please enter the feature's number)

ii. Which feature is second most important to you?

iii. Which feature is least important to you?
SECTION C

The following set of statements relate to your perceptions about the service quality of Clearing/Forwarding Agents. Please tick the extent to which you agree or believe each statement in accordance with the following scale:

**Strongly Disagree [1]; Disagree [2]; Neutral [3]; Agree [4]; Strongly Agree [5]**

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<td>Physical facilities or offices of Clearing Agents are visually appealing</td>
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Section C1

Listed below are five features pertaining to the service quality of Clearing/Forwarding Agents. Please arrange the features in order of importance as you deem fit.

1. TANGIBILITY
2. RELIABILITY
3. RESPONSIVENESS
4. ASSURANCE
5. EMPATHY

i. Which one feature of the above five is most important to you? (Please enter the feature’s number) 

ii. Which feature is second most important to you?

iii. Which feature is least important to you?

SECTION D

(1) Are you satisfied with the quality of services of your Custom House Agent?

........Yes ........No

(2) If No, please explain why you are dissatisfied.

........................................................................................................................................

(3) Would you recommend your Custom House Agent to anyone?

........Yes ........No

(4) If No, please explain why you will not recommend your Agent to anyone.

........................................................................................................................................

(5) Do you have a dedicated Custom House Agent who handles your cargo?

........Yes ........No
(6) If No, please explain why you do not have a dedicated Agent.
........................................................................................................................................................................
........................................................................................................................................................................

(7) Would you like to have a dedicated Custom House Agent who handles your cargo?

........Yes........No

(8) If No, please explain why you will like to have a dedicated Agent.

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Thank you for spending time to complete this questionnaire.
APPENDIX II

INTERVIEW GUIDE

1. What is the mandate/role of the Clearing/Forwarding Agent in Ghana’s maritime industry?

2. What are some of their functions?

3. Are you satisfied with the execution of the functions?

4. What are some of the steps being taken by Custom House Agents to improve the quality of service delivery to shippers?

5. What are some of the challenges confronting Custom House Agents in delivering quality services to shippers in Ghana?

6. What measures can they take to improve the quality of their services to shippers?