



**ST. MARY'S UNIVERSITY COLLEGE, SCHOOL OF
GRADUATE STUDIES**

**ASSESSMENT OF SELLER GROUP MEMBERS' SATISFACTION WITH
THE SERVICE QUALITY OF ETHIOPIAN COMMODITY EXCHANGE**

**BY
KONJIT REGASSA**

**JUNE, 2018
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY COLLEGE, SCHOOL OF GRADUATE
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List of Abbreviations

ACE	- Ace derivatives & commodity exchange Ltd.
ASCE	- Abuja Stock and Commodity Exchange
CAADP	- Abuja Stock & Commodity Exchange
CBOT	- Chicago Board of Trade
EACWAS	- Ethiopian Agriculture Commodity Service Exchange
ECX	- Ethiopian Commodity Exchange
ENN	- Ethiopian News Network
GRN	- Gods Receiving Notes
GROT	- Global Board of Trade
KACE	- Kenyan Agriculture Commodity Exchange
MCX	- Multi Commodity Exchange
NASDAQ	- National Association of Securities Dealer Automated Quotation System
PACDE	- Pan African Commodity Derivatives Exchange
SPFEX	- South Africa Future Exchange
UCE	- Uganda Commodity Exchange
MWAEMU	- UEMOA French Name Members of the West African Economic and Monetary Union
ZAMACE	- Zambian Commodity Exchange

DECLARATION

I, Konjit Regassa, declare that this thesis is my own original work and that it has not been presented to any other university for a similar or any other degree award.

Konjit Regassa

Name

Signature

ENDORSEMENT

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

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ABSTRACT

Service quality and member satisfaction are very important concepts that companies must understand if they are to grow and remain competitive in the business environment, and it is very important for them to know how to measure these constructs from the member's perspectives. This study focuses on assessing the service quality dimensions and member satisfaction in the Ethiopian Commodity Exchange (ECX). The main objective is to assess activities that are related to service quality and its contribution to member's satisfaction, while the specific objectives are to determine levels of service quality and members' level of satisfaction using the SERVQUAL dimensions and finally establish a link between service quality and member satisfaction. The data was collected by use of self-administered questionnaires and face to face interviews. The questionnaire developed for this study was based on a SERVQUAL model that identified the influence of the five dimensions, (Responsiveness, Assurance, Empathy, Tangibility, and Reliability) on Exchange service environment on member satisfaction. A descriptive study was conducted on 117 seller members of ECX, data collected concocted of qualitative and quantitative having been analyzed using SPSS window version 20. Descriptive statistics such as frequency, mean, and standard deviation were used to analyze the data. Tables were used to summarize responses for further analysis and facilitate comparison. The result of the study shows that the ranking of SERVQUAL dimensions in relation to high satisfaction was in the following order, responsiveness first, tangibles second, assurance third, reliability forth and empathy last. Members were highly satisfied only on seven of the twenty-seven attributes. Members were satisfied on very few attributes and on the SERVQUAL dimensions members were 26% list satisfied and 26% highly satisfied. The overall satisfaction rate (including marginally satisfied mildly satisfied, satisfied, and highly satisfied) is 55% in all service dimension measurement results. This result indicates that service quality is generally below average in the Ethiopian Commodity Exchange and members are only marginally satisfied and there is a need for improvement. More can be done to exceed members' expectations on all the dimensions of service quality. Major findings and recommendations include: Members are unsatisfied because of inadequacy and inefficiency of warehouse and grading services, inadequate electronic trading time, the product mixing of different seeds, and the penalty cost paid for late warehousing. Since ECX warehouses are not giving adequate service to members and the aim of the establishment of ECX is to facilitate commodity trade, it should separate itself from the warehouse and quality grading operations. As electronics trading is the most vital aspect of ECX operations it should adjust the time with the mechanism of preventing the necessary protection put in place. In addition, product mixing has been a long-drawn complaint without any solution. To rectify the situation management should follow these incidents and make those responsible to account.

Key Words: Members, Member's satisfaction, ECX, Commodity Exchange, SERVQUAL, service quality

Chapter one: Introduction

1.1 Background of the study

There are two types of Investment, the financial Investment and the real asset investment. The significant part of real asset investment are commodities. Both stock exchanges and commodity exchanges involve traders buying and selling activates. Commodity Exchanges aggregates the demand and offer of the individual type of commodities and create transparent market price by settling exchange rates. As commodities are not production output but also material inputs for further production it is very natural that tangibility makes them tradable on future exchange and have a role in growth of the industry and commerce of the country to raise funds for organization expansion. The market plays a role of a common market is not only providing the much-needed funds for boosting the organization but also providing a common place for commodity trading. (Rejnus, 2002).

Satisfaction is the outcome felt by members who experienced a company's performance that has full filled expectations. Members are satisfied when their expectations are exceeded. (Brehanu and Temesgen, 2013). Commodity exchange have members' as the main actors. Member satisfaction is associated with performance achieving expectation. On the other hand, personal beliefs, attitude and evaluation may affect member satisfaction. Members who are more satisfied complain less. Dissatisfied members tend to be less committed and certainly disloyal to the service and it's provide. So, for those members who enjoy positive experience to the service are more likely to become a stable base of satisfied members. It is because they tend to have better social interactions with service providers. Indeed, it has been showed that both members' satisfaction and service quality perceptions positively impact the purchase intentions of members, and members' satisfaction was found to have a strong and more consistent link with quality service (Abbas, et al, 2012). Members' satisfaction can be measured based on all experiences with the organization. (Garbarion and Johnsson, 2014, p 71) say that "overall satisfaction is a cumulative construct summing satisfaction with specific periods and service and services of the organization and satisfaction with various factors of the organization, such as the physical facility." Satisfied members trust and are committed to organization. Trust is generally viewed as an essential ingredient for successful relationships

and willingness to rely on an exchange partner in whom one has confidence. Satisfied members trust the organization, they are committed to the organization-commitment being an ending desire to maintain a valued relationship with the organization-they stay longer, they have increased loyalty, they have high repurchased intentions and hence make the organization earn more profit and give a substantial value to their relationship with the organization (Eleni and Goggim, 2005).

This research focuses on member's satisfaction with the Ethiopian Commodity Exchange (ECX). This topic is selected because so far, no research study has been done on seller group members' satisfaction. Many research have done a study on different aspect of the exchange activities, like, (Habtamu, 2014), on challenge faced by exporters, (Mulugeta, 2008), on ECX challenges and opportunity of liquidity, and (Paul, 2011), who studied on trading on commodity exchanges. No study has so far appeared on seller members' satisfaction and service quality in Ethiopia Commodity Exchange (ECX). The main motivation of this study therefore to cover that research gap by studding members' satisfaction.

1.1.2. Development of Commodity Exchange in Africa

Despite the potential benefits, organized commodity exchanges remained confined to industrialized countries for more than a century. In many countries, exchanges failed to emerge as privately profitable entry either because of underlying market failures or due to heavy government interventions in commodity markets. This situation began to change with the onset of the structural adjustment programs in the 1980s, which involved liberalization of commodity markets and dismantling of marketing boards. During this time, commodity exchanges were viewed as a market-based solution to price risks and other market failures. Indeed, the growing of commodity exchanges in developing countries has been so significant since the 1990s that most of the world's functional commodity exchanges are now located outside of North America and Europe, (Rashid, 2015).

While Africa was late in entering the modern commodity exchange (1994, after a gap of several decades). There is now no longer any lack of exchange initiatives. A count of African exchange initiatives shows that they are developing an organized commodity exchange (Mohammed et al, 2015). This paper further explains that there are, or have been, exchange initiatives of some sort in 28 African countries. In more than half of the countries, there is

already an active exchange, or the path towards an exchange has moved into the planning and development stage, often supported at the highest level of government.

Two exchanges have reached reasonable volumes, in futures trade (SAFEX in South Africa) or spot trading (Ethiopia) – trading respectively over 210 million tons (mostly grains) and almost 600 thousand tons (mostly coffee) in 2012. Global Board of Trade (GBOT) in Mauritius is trying to become an offshore destination for global exchange trade. Ace Derivatives and Commodity Exchange Ltd. (ACE) in Malawi is developing from a small volume of trade to a more ambitious reach, trying to build a regional market on the back of warehouse receipts; something that Nigeria’s Abuja Stock and Commodity Exchange (ASCE) exchange, which is struggling to show any kind of volume, can for the time being only strive for in the future. Ugandan Commodity Exchange (UCE) in Uganda and Zambian Commodity Exchange (ZAMACE) in Zambia are trying to build trade based on electronic warehouse receipt systems. Some exchanges ventures – in Kenya and Morocco– only provide market information, although they may aspire to facilitate transactions in future. "There are some one-off exchanges which are more like trade fairs, organized to bring buyers and sellers together in one place (in Burkina Faso, Mali and Niger)." There are also ambitious pan-African plans (Bourse Africa) or regional ones in the Economy community of West Africa State (ECOWAS) and East Africa regions)", (Mohammed et al, 2015, p 49). The authors continue to elaborate that all this activity makes Africa the worlds current frontier for commodity exchange development, attracting the interest of some large international commodity exchange groups – the Chicago Mercantile Exchange, the world’s largest commodity exchange, is increasingly engaged with South Africa’s, (SAFEX) South Africa Future Exchange; India’s Financial Technologies group, which has in its midst the world’s second largest commodity exchange, Multi Commodity Exchange (MCX), has two commodity exchange projects in the continent; National Association of Securities Dealer Authority Quotation System (NASDAQ), a major exchange and exchange technology group, is part of another regional initiative. The exchanges that are operational or have seen significant investments towards becoming operational vary widely in their intended scope of actions, but Contract enforcement, warehouse receipts and clearing are now within the scope of most.

Furthermore, Africa's policy makers have expressed the interest in a pan-African exchange to encourage regional trade and over the past ten years there have been several ambitious pan-African initiatives. The first being Pan-African Commodities and Derivatives Exchange (PACDEX), work on which started in the early 2000s. PACDEX envisaged a franchising model but, despite considerable work, the initiative, which relied on active support of African governments did not gather sufficient momentum and was disbanded.

At sub-regional level, Regional organizations in both West and East Africa are considering the creation of regional exchanges. ECOWAS plan, adopted by its member states in January 2005, foresees a number of actions to develop regional markets for agricultural products." A feasibility study was done by Members of the West African Economy and Monetary Union (MWAEMU) in 2010. This feasibility study and its recommendations are in several ways quite peculiar. They suggest that governments should take the lead in creating and managing an exchange. International experiences of how an exchange can be developed are largely ignored. Several other national exchanges have developed in sub-Saharan Africa. There are more failed commodity exchange initiatives in Africa than those that are still operational, and most of those who succeed are struggling to survive; and yet, there are many more new initiatives." (Mohammed et al 2015 p49).

According to thesis authors African markets have poor communication, lack transparency, inadequate dispute resolution mechanism that lead to unenforceable contracts, they have very conservative approach, they show lack of market fundamentals, undeveloped markets, very little reliable data on trade flows, much of the trading takes place informally, and no quality control or quality standards.

Production of agricultural commodities play a major economic role in many developing countries especially in the least developed ones. Over the past few decades the market for agricultural commodities has shown a pattern of long-term fall in price and short-term price volatility Paul, (2011). Such conditions are unfavorable and harm individual producers and governments. Establishment of organized commodity Exchanges is promoted as the most viable solution to protect especially small-holding farmers from harmful price volatility. To eliminate these kinds of problems and to facilitate and modernize the marketing of some agricultural products the Ethiopian commodity exchange (ECX) was established in 2007G.C.

ECX mainly facilitates trade among its members. ECX members are the main players of the exchange. A membership seat is a permanent and transferable to trade on the Exchange. Members can be any individual, company, public enterprise, or cooperatives that meet the membership requirements.

ECX offers two types of membership, the first membership type is trade members who are buyers or Sellers only for themselves and the second type of membership is intermediary members who trade on their account and on behalf of their clients through participating in selling or buying activities. Members may also appoint authorized representatives to trade or act on their behalf. An authorized representative is an individual employed as an agent or is staff of a member. This study focuses on Intermediary members of the Exchange who are seller members who currently number 141, the objective of the study is to assess the service quality of ECX towards its members.

1.1.3 The Ethiopian Commodity Exchange

Ethiopia, as many agrarian societies depend on agriculture for most of its production, more than 84% of Ethiopians depend on small scale farming for their livelihood. (Habtamu, 2014). This is to stress the fact that agriculture is the back bone of Ethiopian economy and to facilitate and modernize the marketing of some agricultural products, the Ethiopian commodity exchange (ECX) has been established in 2007 G.C. The government has organized the Ethiopian Commodity Exchange Authority through proclamation to eliminate problems associated with backward agricultural marketing traditions and to facilitate transparent, efficient, and innovative marketing system to protect the interests of both producers and consumers. Paul (2011) in his research study describes ECX as a model of its kind in Africa with its end-to-end integrated system of central Trading, Warehousing, Product Grading, Certification, Clearing, Settlement, Delivering and Market information dissemination. The Exchange is a private-public undertaking with capital investment from the Ethiopian government and membership seats privately owned by trade and intermediary members. The exchange is jointly governed by a private-public board of directors and managed by a professional team. The main export items and foreign currency earners are coffee, pea beans and sesame, mung beans, Red kidney, which are being traded by Ethiopian

commodity exchange, coffee in open floor trading and other products are traded electronically among its members and participants.

The Ethiopian commodity exchange (the ECX) which was officially opened in May 2008 is expected to play an important role as a platform for transparent and cost-effective marketing platform. ECX is basically a spot market where on a trading floor transaction are made with open outcry bidding. Initially sesame was brought by members to various warehouses where it is sampled, weighted, graded and certified. The sellers (Members') who deposit their produce at the warehouse receive a warehouse receipt which they kept until the produce has been sold at ECX and they are paid. Improving price discovery, linking small holders to markets, reducing transaction costs, and increasing agricultural earnings are some of the popular claims about benefits of Agricultural Commodity Exchanges and the ECX, (Rashid, 2015). The ECX has the major categories of membership, warehousing and grading, the trading system, clearing and settlement, rules and regulations.

1.1.3.1 Membership

The ECX has two types of membership category: Trading Member who trade only for their own account and Intermediary Member who trade for their own account as well as for clients. Thus, Non-Members can trade on the ECX as Clients of Intermediary members.

Before intermediary members trade on behalf of clients, they must first enter into a Member Client Agreement. These groups are the major actors for the operation of the ECX. Since Habtamu (2014) has focused his study on buyers and recommended a further study on sellers this study focused on the sellers of ECX. The requirement for members are the following (Ethiopian Commodity Exchange, 2007). Members are required to pay membership seat price, they should present an audited financial statement, security deposit and annual membership fee payment for the year is required including other requirements.

Since its establishment various research papers have been written that focus on challenges that encounter Ethiopian Commodity Exchange in relation to export, warehousing, its challenge regarding small scale farmers and not many on member's satisfaction. This research paper tried to focus on the satisfaction of ECX permanent and active seller members regarding some functions that should be provided to members to remain competitive and

profitable. To get trust from members' ECX need to provide quality service on a sustainable base's. In many company's members' satisfaction has been a very success factor for growth and development. But, regarding ECX "Despite the tremendous progress Ethiopia has made, expanding fertilizer use by some 200 percent over the past decade, more than doubling agriculture production, and increasing road density by 137 percent, so little had changed. Researchers, including myself had done studies showing weak market integration and high transaction costs, stark realities that nobody was doing anything about" (Eleni 2012, P.4). This shows that many years after starting its operations ECX has not been up to expectations even if the size of its membership has grown above 347 in 2017. Achieving service quality and member satisfaction is crucial in the commodity exchange sector because of the special nature of the commodity exchange. Hence member satisfaction is a crucial factor in the operational success of ECX, and that is why it has become necessary to determine the degree of member's satisfaction through the research study. (Supplementary data obtained from a video of ENN Television program (2017) and ECX coffee contracts).

1.1.3.2 Warehousing and Grading Service

Unlike other Exchange practices where warehousing and grading is done by an independent institution, the ECX has made this function by itself. As per its brochure this is done until a well-organized company capable of doing this function with independence is established.

ECX started operations with the warehouse leased from the Ethiopian Grain Trade Enterprise located in Addis Ababa. As it previously planned ECX has twenty-one warehouses outside Addis Ababa, as of May 2018. This might bring both an opportunity and challenge. The opportunity is the ECX can control the standard of the commodities while the challenge is the market actors may question the independence of the warehouse operations from government interventions. Each warehouse is equipped with a grading laboratory and quality control specialists trained for this purpose. This suggests that the quality of the commodities coming to the ECX warehouses can be reasonably graded.

When depository bring their commodity to the warehouse, they will be provided with warehouse receipts called goods receiving note (GRN) as an authentication of ownership.

After GRN is issued the product is graded, coded and after approval is electronically entered. Warehouse receipts are the basis of trade at the pit of the ECX trade. The standard lot size for washed coffee is 30 bags (net weight of 60 kg) and 30 bags (net weight of 85 kg) for unwashed coffee. For other products the minimum allowable deposit is 50 bags (net weight of 100 kg) one contract.

Storage is intended for ECX trading. Penalties will be charged in case of expiration of warehouse receipt and late pick up after seventeen days for unsold coffee and up to thirty days for unsold other products. New receipt is issued as soon as title is transferred to the buyer. The Warehouse Handling and certification fee, including sampling, grading. Weighing, loading and unloading is birr 2.70 per bag payable by seller and birr 2.10 per bag payable by buyer. Warehouse storage charge is birr 0.16 per day for each bag, with initial 3 days of grace period, from date of issuance of warehouse receipt. A penalty of 3.5% per day calculated on the current taxable value of the warehoused goods, using the closing price of the same grade as warehoused goods will be paid after the expiry of warehouse receipts.

1.1.3.3 The Trading process

Before a week pre-trading information is sent to all members by Viber and a daily hard copy is posted on the notice board. Except coffee, where trading is done by floor outcry, all the other products sales are done electronically.

The key opportunities in adopting an open outcry method is its transparency as the members and/or their floor representatives can easily observe who is offering and bidding for what price, all information pertinent to the product is electronically displayed for all traders to see.

That why many researchers favor electronics trading. Eleni (2011), by citing Sarkar and Tozzi (1998) discussed that although open outcry systems were more effective to trade highly active contracts, electronic trading has the potential to enhance operational efficiency and reduce costs. In addition, the author found that electronic trading systems reduce spreads while open outcry systems have higher market quality due to smaller variance of pricing error and higher information content, which is measured by studying the bid-ask spreads in response to trades, two minutes will be given for one buyer and from twenty to thirty minutes

will be given to seller to complete the transaction. When seller and buyer agree the seller fills up the necessary form, and after both have signed the floor representative enters the data and payment and title transfer process is initiated.

1.1.3.4 Clearing and Settlement

Members are required to open member pay-in/client pay-in and member pay-out/ client payout accounts at banks (twelve Banks as of December 2017) that have special agreements with ECX. Thus, the ECX can withdraw money from member pay-in/client pay-in account balance and transfer it to the member pay-out/ client pay-out account. Members/ clients can not withdraw money from pay-in account without the authorization of the ECX. The Central Depository Division of the ECX generates Electronic Warehouse Receipts that identifies legal title to Commodity in the Warehouse.

1.2 Statement of the Problem

As believed in many service giving organizations customer is the king. A service giving organization should always try to satisfy its customers so that it can retain them and use them as positive referrals to attract more customers.

The Ethiopian economy is dominated by agricultural products with a very backward farming and marketing system. To address this issue and to facilitate and modernize the marketing of some agriculture products, the Ethiopian commodity exchange was established pursuant to Ethiopian Commodity Exchange no. 550/2007, as wholly owned government market institution (Mulugeta 2008) and formed to give quality service to its members'. Eleni, (2005) describes commodity Exchange as a highly sophisticated market system, with an electronic-based, highly evolved system of trading in future commodity positions.

There are studies on specific aspect of members' satisfaction. Berhanu and Temesgen, (2015) studied grading and warehousing section of ECX. Mulugeta, (2008) studied on ECX, challenges and opportunities of liquidity, Paul, (2011) studied on assessment of the opportunities and challenges of the ECX, G/kiristos, (2011) studied on trading in commodity exchange. Samson (2014) made a comparative Study on current floor-based trading system and on-line trading at Ethiopian Commodity Exchange, and Abdurazac (2010) studied on

market efficiency of the Ethiopian Commodity Exchange, Habtamu, (2014) studied challenges to exporters and suggests that there are rooms for further research on seller member's satisfaction. Also, no study has been conducted on seller members' satisfactions. These group are the main actors who are playing a significant role in the trading activities of ECX, because they are the main provides of commodities, without them ECX cannot undertake any trading.

This research therefore focuses on the need to assess the satisfaction of members, who are involved in selling trade of both types of membership, i.e. Trade members and Intermediary members. As presented in the previous pages many studies done on ECX have come up with different solutions that can be taken by ECX as to how best to address member's satisfaction, but the challenges and the problems are still there. Mulugeta, (2008), in his findings include the frequent rejection of commodities due to frailer to meet the quality standards and the tendency to use outdated closing price to determine price lists, Paul, (2011), discoursed about the challenges consisting of limited awareness about the operations and benefits of the exchange by every market player, trader, cooperatives, exporters, farmers, brokers, etc. and the challenge of a limited capacity in terms of scales, infrastructure particularly of telecommunications and storage capacity, Gebrekiristos, (2011), forum that there is high transaction cost, price fluctuation, difficulty of network access, lack of adequate warehouse and higher penalty cost. This researcher is therefore motivated to carry out and assess the fact on the ground and give possible solutions to the situations influencing service quality and member satisfaction on seller members of the ECX.

The Research Questions

This research paper has tried to answer the following questions:

- a. How the service quality of EXC is perceived by members?
- b. How responsive are ECX staff to member's satisfaction?
- c. What is the extent of member's satisfaction regarding the warehouse and grading services?
- d. How do members trust the ECX staff in receiving their service?
- e. How does the empathy shown to members compare to their expectation?

1.3 Objectives of the Research

1.3.1 General objective

The purpose of this study is to assess activities that are related to service quality and its contribution on seller member satisfaction in the Ethiopian Commodity Exchange market. In addition, this study has tried to assess service quality in relation to seller member satisfaction and pinpoint the relationship between service quality, member satisfaction, and member loyalty and recommend feasible solutions to the management so that relationships between ECX and seller members is rewarding to both sides.

1.3.2 Specific Objective

The specific objectives include:

- To assess the Tangibility of ECX to its members’
- To analyze the perceptions of members about the competence of ECX staff.
- To describe the responsiveness of ECX’s service to members.
- To assess members confidence level inspired by ECX staff
- To assess empathy of staffs of ECX towards the need of members.

1.4 Significance of the study

The research focusing on ECX's head office is conducted (trade will be done only at the head office) to understand the issues in relation to quality service delivery and their influence on members’ satisfaction. The research findings will help stakeholders in general when the recommendations to improve the service delivery quality of ECX is accepted by management and implemented. In addition, the study has provided management with the chance to a feedback from its members. As all policy maker’s intention is to create an institution that efficiently performs its duties this thesis provides inputs to the policy makers in evaluating the institution against the country’s needs and take corrective action. The study can also be used by ECX management as an indication of their progress made towards the fulfillment of the institutions missions. As it is the first research on ECX from its seller member satisfaction perspective the study can also provide and motivate further researches.

1.5 Scope and limitation of the study

1.5.1 Scope

The Exchanges' relationship with its members is complex and diverse and this research study has focused only on the selling aspects of those relationships. This is because so far, no study has been conducted on members' satisfaction, especially seller members, so this study has focused on seller members' satisfaction ECX. As trading is conducted in the head office this study is limited its scope only in the head quarter and include all seller members (or their authorized representatives or agents) of the ECX.

1.5.2 Limitation

Questionnaires are distributed to all 141 seller members but 24 questionnaires or (17%) of the total population of 141 research participants have not returned the questionnaires. This may not hundred present response, but since 83% - for typical response rate for common survey types more than 80% is considered high, (Fryrear, 2015) - of the respondents have filled and returned the questionnaire the strength greatly outweighs the weakness that could arise from this situation. Furthermore, most of the limitations the researcher faces are related to the newness and uniqueness of the operation of ECX and ECX being yang institution, academic resources on issues helpful to the body of this thesis are very limited.

1.6 Organization of the study

This thesis is organized as follows: the first chapter is an introductory part where general information about ECX is presented including background, statement of the problem, research objective, and significance of the study and the scope of the research. The second chapter reviews theoretical literature, empirical literature and summary and literature gap pertaining to commodity exchanges in general and the Ethiopian Commodity Exchange in particular. The third chapter discusses the research design and approaches, population, validity and reliability test, data source and data collection methods, data analysis Techniques and are included. The fourth chapter is data analysis and presentation. The fifth chapter is attributed to conclusion and recommendation of the research study.

Chapter Two: Review of Literature

This chapter contains three parts, theoretical review, empirical review and summary and literature gap. The theoretical part has discussed about commodity exchange, members satisfaction, and different measurements of service quality. The empirical part has discussed about different scholarly studies focusing on member's satisfaction in service giving organizations, like commodity exchanges, particularly the Ethiopian Commodity Exchange (ECX). The literature summary and gap has summarized the core points of the literature review and discuss about the literature gap.

2.1 Theoretical Literature

2.1.1 The concept of members' satisfaction

Satisfaction is associated with fulfilling expectations through quality performance while dissatisfaction occurs when performance falls below expectations. It is apparent, therefore, that member satisfaction is an abstract and rather ambiguous concept. Manifestations of satisfaction vary from one person to another and from one product to another, in addition personal beliefs, attitudes and evaluations may affect member satisfaction and marketing literature is rich with studies that have shown relationships between service quality and other variables such as member satisfaction, member purchase intention, and member value. Satisfaction is seen as a reliable predictor of repurchase intentions. Consumers who are more satisfied complain less and are more likely to repurchase. In contrast, dissatisfied member tends to be less committed and certainly disloyal to the service and its provider. Also, loyal members or those who enjoy positive experiences with the service are more likely to become a stable base of satisfied members. It is because they tend to have better social interactions with the service providers. Therefore, it can be safely assumed that the enrichment of service production and delivery can create members satisfaction which in turn leads to customer revisit intention. Indeed, it has been shown that both member satisfaction and service quality perceptions positively impact the purchase intentions of member and member satisfaction was found to have a stronger and more consistent effect on purchase intentions than service quality, Abbas, et al, (2012).

(Eleni and Goggim, (2005) describe Commodity Exchange as simply a central place where sellers and buyers meet to transact in an organized fashion, with certain clearly specified and transparent rules of the game. The commodity exchange is the development of the fairs and open air- markets of the middle ages. The main rationale for the establishment of this exchange was the reduction of transaction costs and organizing a physical marketplace where buyers and sellers could be sure of finding a ready market, Paul, (2011).

The Chicago Board of Trade -which is the largest even today- The Tokyo Grain Exchange and the London Metal Exchange are the first commodity exchanges in the world. A commodity market is usually a market that trades in primary products rather than factory outputs, like Wheat, Coffee, Cocoa, Fruit and Sugar.

A Commodity is a product that has commercial value, which can be produced, bought, sold and consumed which are basically the products of primary sector of the economy. The Chicago Board of Trade (CBOT) established in 1848, was born out of necessity. Traders wanted a central place to sell and buy their grains and minimize the risk of not getting paid. So, CBOT was born to be a centralized place where buyers and sellers can meet to negotiate and formalize forward contracts. What separates a Commodity Exchange from any market place where buyers and sellers meet to transact is that it is organized, transparent and it has its own rule and regulations.

It is widely believed that agricultural production and trade are the primarily means of livelihood for millions of people, especially in developing countries hence commodity sector development is essential for reduction of poverty and improving income of the population. The purpose served by a Commodity Exchange depend in part on the nature of the specific contract that are traded.

Before its establishment (CBOT) farmers came to the market without any information about prices and the city had no enough storage facilities to accommodate the unsold products, leaving the farmers at the mercy of the traders. After CBOT was formed, it became a central place where farmers and traders could meet to exchange cash for delivery of wheat but after grading and weighing. After more than 150 years, the core function of a Commodity exchange has not changed but has grown in modernization and sophistication. It can be

safely said that the primary reason for establishing Commodity Exchanges has not changed fundamentally since the Chicago Board of Trade in 1864

"For more than a century, commodity exchange remained largely confined to industrialized nations, but with market liberalization and increasingly affordable information technology, they mushroomed around the world after 1990" (Rashid et al, 2010 p 8).

To be beneficiary of the Commodity Exchange functions many governments in Africa became interested in them. Commodity Exchanges are very important for Africa as its people are heavily dependent on agricultural products. By establishing Commodity Exchanges, it is believed that efficiency can be increased, and risk managed substantially minimized. The condition enabling the development of a Commodity Exchange like, Commodity specific condition, which should be continuously produced and stored, product homogeneity within a system of grades and standards, large and active spot markets, variable spot market price and in addition Commodity Exchange should attract market participants. (Rashid, et al, 2010).

A Commodity Exchange must be supported to have a grading system, a system where contracts can be enforced and transparent spot market." Future markets perform two essential functions. First, they facilitate the transfer of price risk and increase liquidity between agents with different risk preferences. The second major Economic function of future markets is price discovery." (FAO, 2010 p.47).

There are three general types of Exchange structures: The Exchange as "non-profit" firm, the Exchange as a consumer cooperative and the Exchange as a profit firm. The most common form of Exchange entity has been the commercial mutual non-profit entity. Thus, it is commercial in that it offers service for a fee, it is mutual in that the actors who are its source of income also own and control it. It is non-profit in that it is restricted from distributing its earnings or profits outside of the firm. Whatever it is, the chosen exchange structure has an important implication for its efficiency, profitability and general behavior, (Eleni, 2007).

In brief it is advantageous to establish Exchanges to create trust and integrity in the market, to decrease substantially transaction costs, to increase market liquidity and partially to manage transfer of price risk.

The fundamental premise of establishing Commodity Exchanges is the existing agricultural markets are inefficient as evidenced by high transaction costs and high risk of transacting. Thus, many sellers and buyers are expected to come to trade at Exchanges when quality, delivery and prompt payment are guaranteed implying Service quality by meeting the requirements to member expectations regularly.

Commodity Exchanges work with certain rules and procedures. Goods that are traded must be according to known standards of quality, certified by licensed inspectors that are qualified and regulated. In addition, Commodity Exchanges allow buyers and sellers to trade on the exchange floor and carry out their bids in a public place rather than a private negotiation. In addition, Exchanges operate with membership-based trading where members are expected to comply with certain rules and meet certain standards.

"Since chaos would quickly result if membership were continually open to increasing numbers, membership in Exchange is fixed." (Eleni and Goggin, 2005, p. 9). Members pay an initial price and annual fee to be and remain a member, which can be bought or sold on the market like stocks. This membership fee is believed to have members a stake in the performance, integrity and trust of the Exchange. As an Exchange brings sellers and buyers together for the organization of selling and buying, members are expected to follow the rules of the exchange and make use of standardized contracts when buying or selling which is enforceable by law.

Members of a commodity exchange go to the central market place of trade to buy and sell assured of quality, quantity, delivery and payment. They are provided with a system of daily clearing and settlement of contracts. Exchanges improve market efficiency by operating a trading system where buyers and sellers use standardized contracts. Market transparency is accomplished by distributing market information on time to all market players effectively.

For measuring member satisfaction with respect to different aspects of service quality and to overcome problems, which are created because of the gap between management and

members' a survey instrument called SERVQUAL was designed to measure service quality by comparing their perception with their experience.

Many researchers use SERVQUAL to measure the service quality. Siddiqi (2011) discusses that service quality and member satisfaction have been conceptualized as a distinct but closely related construct and concluded that there is a positive relationship between the two constructs

Expectations are reference points against which service delivery is compared only at the beginning. The level of expectation can vary widely depending on the reference points the members hold. Members' expectations embrace several elements including desired service, adequate service, predicted service and a level of tolerance that falls between the desired and adequate service levels. The definition of member satisfaction and measurement has been widely debated. It is a highly personal assessment that is generally affected by member expectations

Members always expect the best quality service that is available, quality is a measure how closely a service conforms to member needs, wants and expectations. Members' service quality expectation is formed by their experience, word of mouth, service firm advertisement and their needs. Members compare the perceived service with actual service, if the expected service falls below the actual service members' loss interest in the service provider and if the perceived service meets or exceeds the actual service they continue to use the providers' service repeatedly.

2.1.2 Service Quality models

There are more than 17 service quality measurement models (other than SERVQUAL), as reviewed by (Seth, et al, 2004). The SERVQUAL model are tested, for structured questionnaires it measures better than the other models, (Kuma, 2008). Has no question of validity, and applicability is well established for member satisfaction concerning service quality, (Siddiq, 2011), which is the reason for choosing it against the other models to measure and analyses this research data. Some of the most recent ones are discussed below: -

The internal service quality model

Frost and Kumar (2000) explored the extent to which the construct service quality plays in an internal marketing setting. This conceptual model known as "the internal service quality model" **was** designed based on the original "**Gap**" model developed by Parasuraman. The model evaluated the dimensions and their relationships that determine service quality among internal customers (front-line staff) and internal supplier (support staff) within a large service organization.

Data envelopment analysis (DEA)

Soteriou and Stavrinides (2000) explained about Data development analysis (DEA) which can be used to provide direction improvement to branches which do not use their resources in the most efficient way to provide service quality.

Internet banking model

Broderick and Vacherorornpuk, (2002) wrote that internet-based service quality tries to explore how customers view internet banking. One of the key challenges of the internet as a service delivery channel is how service firms can manage service quality as these remote formats bring significant change in customer interaction and behavior. In the context of internet, five key elements are discussed by these authors which are treated as central influences on perceived service quality: They are: customer expectations of the service; the image and reputation of the service organization; aspects of the service setting; the actual service encounter; and customer participation. This model highlights the importance of information technology (IT)-based service.

IT-based model

The other reviewed research, Zhu et al (2002) discusses the advantage of information technology to create more value and reduce costs.

Model of e-service quality

Santos, (2003) discusses that as service quality is increasingly recognized as an important aspect of electronic commerce (e-commerce) because the online comparison of the technical features of products is essentially costless, feasible and easier than comparison of products through traditional channels, service quality is the key determinant for successful e-commerce.

2.1.3 The SERVQUAL Model

The reviewers state that after reviewing the other models they see a weakness in that the models focus only on one link i.e. either marketer to consumer or front-line staff to support staff. The authors conclude by stating that "it is clear from the review that none of the models currently satisfies the set framework" Seth et al (2004 p 946) and that to make them more practical more research is required. As concluded by the reviewers these models are not tested and that is the reason I chose SERVQUAL to measure and analyze this research data.

“Satisfaction refers to the buyer’s state of being adequately rewarded in a buying situation for the sacrifice he or she has made, “Abbas, et al, (2012, p 199)”, these researchers explain that adequacy of a satisfaction is a result of matching actual past purchase and consumption experience with the expected reward from the brand in terms of its anticipated potential to satisfy the customer’s motives. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment. They define satisfaction to mean that satisfaction is the member’s evaluation of a product or service in terms of whether that product or service has met their needs and expectations.

Anka, et al, (2013) by citing Zeithamal, et al (1996) describes services quality as SERVQUAL by five dimensions constructs namely tangibles, reliability, responsiveness, assurance and empathy. Basically, these dimensions represent the consumer’s criteria of judging service quality. The Service quality five dimensions: tangibility, reliability, responsiveness, assurance and empathy are described below as presented **by Anka et al (2013) and by (Akinyele, 2010).**

Tangibility

Tangibility relates to the physical aspects or evidence of a service. Physical aspects include appearance of equipment and fixtures, physical facilities, materials associated with the service, appearance of personnel and communication materials, convenience of physical facilities and layouts. In addition to the appearance of the facilities, it also considers the convenience offered to the member by the layout, and organization premises should have a high standard of decoration and a nice environment to positively influence service quality which leads to consequently to member loyalty. The physical service setting is a very important tangible factor that influences service quality perceptions.

The professional appearance of staff is an important means of tangibilizing the intangible service products. Furthermore, the tangibles of a service or service provider can be represented by the physical appearance of employees and other physical infrastructures. The introduction of a dress code or uniform for employees is another tangible factor.

The other tangibility aspect is the interior design of premises and facilities. The interior design of the premises and facilities influences members' perception of service quality, member satisfaction and loyalty.

Reliability

The reliability construct in the SERVQUAL model represents the service provider's ability to perform the promised service dependably and accurately. This is achieved through keeping promises to do something, providing right service, consistency of performance and dependability, service is performed right at the first time, the company keeps its promises by billing and keeping records correctly, make merchandise available and make error-free sales, and perform reliable transactions with accurate records. Reliability also consists of accurate order fulfillment; Accurate quote, accuracy in billing and accurate calculations, etc.

Responsiveness

Responsiveness is the determinant that defines the willingness to help members' and to provide prompt services. It is the desire and willingness to assist customers and deliver prompt service. It involves features such as the opening hours of the service provider, the

politeness of the employees and the time the member must wait to get the service. In other words, it describes how quick and effective the response to the member is. Willingness to help members are likely to have an important and positive effect on member perceived service quality and member satisfaction in commodity exchanges. Responsiveness is positively related to service quality and member satisfaction. It also involves understanding needs and wants of the members, convenient operating hours, individual attention given by the staff and attention to member problems and member safety.

Assurance

The assurance construct consists of competence (possession of the required skills and knowledge to perform the service), courtesy (consideration for the member's property, clean and neat appearance of public contact personnel), credibility and security of the employees and their ability to inspire trust and confidence.

Assurance means the polite and friendly staff, provision of financial advice, interior comfort, eases of access to account information and knowledgeable and experienced management team. This includes employees having knowledge to answer questions, inspiring confidence, providing prompt service, willing to respond to member's requests, giving members' individual attention, showing consistent courtesy with members' and even treat members' properly on the phone.

This dimension concerns how knowledgeable and courteous employees are to inspire confidence and trust from their members'. The assurance attributes are all very much about the extent to which a consumer trusts the service provider and whether or not they have the confidence in an organization to provide service securely and competently.

Empathy

The last dimension of the SERVQUAL model is empathy. Empathy is the caring and personalized attention the organization provides its members'. It is reflected in the service provider's provision of access, communication and understanding the members'. Individual attention, understanding of the staff when a problem occurs and the knowledge the employees have of the members' needs were the primary elements included in the evaluation

of empathy. This dimension captures aspects of service quality that are directly influenced by service provider's policy such as good member service and member handling. The degree to which the member feels the empathy will cause the member to either accept or reject the service encounter. The higher the level of empathy, the higher the overall evaluation of member satisfaction.

2.2 Empirical Literature.

Eleni, (2007) writes that at present there are some 250 institutions recognized as Exchanges, providing cash, futures, options and other forms of derivatives markets for almost all the major commodities and assets traded in the world, including agricultural goods, energy products, metals, financial products, securities and others. (Eleni and Goggim, 2005) discussed that a commodity exchange in its wider sense is an organized market place where trade with or without the physical commodities is funneled through a single mechanism, allowing for maximum and effective competition among buyers and among sellers.

By simply centralizing trade in a certain commodity, an exchange can facilitate title transfer, market transparency and price discovery. In addition, Commodity Exchange provide sellers and buyers of a certain product clearing house services with limited fear of default for participants, (Rashid, et al, 2010).

Furthermore, Commodity Exchanges can help strengthen market liquidity, improve price discovery and facilitate price risk. (Eleni and Goggim, 2005) pointed out in their research study that Commodity Exchanges are places that create integrity and trust, places where market information is generated, places that have systems linked to warehouses receipts and finally Commodity Exchange are systems that increase market volume, liquidity and decrease risk. "In particular service firms recognized the need not only to attract members' but also to forge and maintain long-term relationship with them to create a competitive edge in an ever-increasing competitive market place." Satisfied members are loyal and are committed to their membership obligations. "(Anka, et al, 2013 p 32). Member loyalty is the intention of the member to stay with organization and their commitment to increase the breadth and depth in the relationship with the firm. Member loyalty is now accepted as

indispensable in strategic decision making because it costs more to attract new members' than to retain old once, (Anka, et al, 2013) defined service quality as satisfying or exceeding member requirements and expectations, and consequently to some extent it is the member who eventually judges the quality of a product or service. Service quality is the difference between member expectation for service performance prior to the service encounter and their perception of the service received. (Siddiqui, 2011) defines service as a process consisting of series of intangible activities that normally, but not necessarily always, take place in interaction between the member and service employees and/or physical resource or goods and/or systems of the service provider, which are provided as solutions to members 'problems. Services have different features, like, intangibility – It cannot be counted, measured, tested and verified. Variability - varies depending on who provides it, perishability - cannot be stored for later sales or use.

In the Ethiopian context, agriculture, which is backward and unproductive, is expected to feed its growing population and a source of raw material for the industrialization drive. "Agriculture in Ethiopia contributes about 85 percent to livelihood, 50 percent to GDP and 90 percent to the export market of the country." (Bethlehem, 2009, p.1). It is known that coffee, Tea, Cotton, Cereals, Oilseeds, Fruits, Vegetables and Livestock products are the major agriculture products used for domestic consumption and Export. Eleni and Goggin, (2005) pointed out in their research study that there are push factors that justify a Commodity Exchange in Ethiopia. These factors are, emphasis on commercialization and small holder's quality based production, the presence of a large domestic grain market, the existence of significant central Addis Ababa market linking dispersed surplus and deficit areas, the long tradition of grain brokers in Addis Ababa market with established rule and codes of conduct, the emergence of new market-oriented cooperatives and unions to bulk up produce and organize farmers, the emergence of new market actors such as commercial farmers and large-scale traders, the establishment of national warehouse receipts system in 2005, influenced by the current political momentum and new market development initiative at the policy level and with recommendations and political and economic decisions by government the Ethiopian Commodity Exchange was officially formed in 2007. G.C.

The ECX, a government-owned exchange initially focused on trading Maize, Wheat and Bean but was unable to attract a significant volume of these commodities. Since Dec. 2008, the ECX has turned its focus to export commodities, with the support of policies discouraging export through other arrangements, (Rashid, et al, 2010,)

Countries with successful exchanges have far more developed communications and/or transportation infrastructure than countries with less successful exchanges and the researchers added that the real challenge in African commodity exchange is not the development of grades but the enforcement of contracts that use those goods. They continue to say that inadequate market information, a weak system to enforce contracts, lack of standards and grades and the inexistence of the necessary institutions that support proper market functioning are some of the constraints of coffee market in Ethiopia. In addition, erratic price behaviors that are inconsistent with transaction costs could undermine a commodity exchange by making risk unacceptably high. Prices can also vary significantly across space due to inadequate infrastructure or information asymmetry, both of which are important sources of market failures. The non-competitive situations resulting from market failures can make it difficult to identify how to structure contracts to be traded on an exchange, (Shahidur, et al, 2015). Different challenges face African countries commodity exchanges. "Quality of warehouse and storage management skills tends to be highly variable in most African countries. Improving professional skills in the warehousing industry is necessary if storage losses are to be kept at a minimum. Similar training and capacity building is required to enable traders and processing companies to utilize the warehouses in cost-effectively managing their inventories". (Eleni, 2011, p 26). According to the study made by (Meijering, et al, 2010) limited availability of international market information in terms of prices and production levels, which is reflected in poor linkage and transmission of price trends with the national market, is expected to be another challenge considerably affecting the competitiveness of the Ethiopian exports in the international market and this is expected to create disincentives for the exporters to engage in through ECX. The researchers added that exporters in Ethiopia face several quality problems in terms of quality grading and sampling representation of commodities and adulteration especially by mixing seeds of different seeds. By citing (Celeste Aida, 2010), (Eleni, 2011) found that internet and telecommunications in the ECX are still quite deficient (sometimes non-existent) to

disseminate information to the participants. The author discusses that lack of capital, remoteness, poorly developed roads and telephone lines are only some of the barriers that keep farm households far away from markets, and therefore from the potential benefits of the ECX.

In addition as the findings of this author shows ECX faces several constraints that impede it from the successful accomplishment of its mission, such as, poor quality of produce that farmers deliver combined with the fact that most small-scale farmers find it difficult to deliver in bulk which is ideal for an exchange; and secondly, most of the commodities in Ethiopia are heavily regulated by boards and are grown and marketed in an environment of struggling cooperatives, which are inefficient, mismanaged and have cumbersome internal bureaucracies. And the other major factor identified in the study was intervention of government, in grain markets, which distorts prices and discourages increased private sector participation in commodity markets.

In addition to the above (Eleni and Goggin, 2005), before the establishment of the ECX found that the Ethiopian grain markets faced some constraints such as; lack of sufficient market coordination between buyers and sellers, the lack of market information, the lack of trust among market actors, the lack of contract enforcement, and the lack of grades and standards, which implies that buyers and sellers operate within narrow market channels, that is, only those channels for which they can obtain information and in which they have a few trusted trading partners and their conclusion showed that establishment of a commodity exchange will eliminate constraints that the Ethiopian commodity market faced. According to these authors the absence of easily accessible market information for farmers or small traders leads to lack of market transparency, low bargaining power of the buyers and sellers, low and highly variable prices due to market inefficiency, coexistence of surplus and deficit areas due to weak spatial integration of markets, high risks, low produce quality and high losses, high transaction costs and insufficient production to satisfy consumer demand.

Another important finding made by (Eleni and Goggim, 2005) showed that lack of credit, lack of understanding of the exchanges new concept-particularly for small-scale operators, including farmers- resistance to change and non-performance on contracts are considered in the study as the main constraints for the successful accomplishment of commodity

exchanges. Communications and transportation infrastructure is said to be critical to a functioning exchange and outstanding constraints and challenges to the stabilization of commodity prices were identified to include the small-scale nature of production and low level of further processing, poor performance of state and public institutions, poor infrastructure which made production uncompetitive and inadequate market information as well as poor access to productive assets, (Eleni, 2011).

As per the report of (UNCTAD ,2008) United Nations of Trade and Development there are three better functioning commodity exchanges in Africa, the South Africa futures Exchange (SAFTEX) launched in 1987 evolved as a leading emerging market first by trading in financial and gold futures and then traded in many agricultural products. The Kenyan Agricultural Commodity Exchange (KACE) was set up in 1994 to trade agricultural commodities, like cereals, dairy products and cotton and later was reorganized in April 2003. The Abuja Stock Exchange which was reincorporated as the Abuja Securities and Commodity Exchanges (ASCE) in 2003 is configured to help develop the largely unorganized but potentially lucrative Nigerian commodity- trading through the establishment of a platform that will stimulate effective and efficient price discovery, transparency timely settlement and more importantly quality service to its members,

"While quality in tangible goods has been described and measured by markers, quality in services is largely undefined and unsearched", (Parasuraman et al, 1985 p 41). These authors describe service quality as having three characteristics: Intangibility: because they are performance rather than objects, precise manufacturing specifications concerning uniform quality can rarely be set, most services cannot be measured, inventoried, tested and verified in advance of sale to assure quality. Secondly, services are heterogeneous, i.e. from time to time and from customer to customer they differ. Uniform quality is difficult to assure because what the firms intend to deliver may differ from what the member receives. The researchers go on to explain that production and consumption of many services are inseparable and therefore quality in service is not engineered at the manufacturing plant then delivered intact to the member.

Member satisfaction is the outcome when their expectations are exceeded. Satisfied member remains loyal and longer and talk favorably about the company, (Borja and Tefera

2015). The attainment of quality in production and services has become a pivotal concern of the 1980s. Moreover, Members can only stay and be part of ECX if they are satisfied with its service quality. A recent research on ECX and member satisfaction pointed out that the organization is not providing the service to its member as promised, the employees are not showing sincere interest in solving members' problems and the organization is not providing on time it promised to do so, (Berhanu and Temesgen, 2015). As the above research study discussed members' satisfaction of ECX's service is not up to the members' expectations. Without giving a quality service, it is difficult to achieve the desired target in a commodity market.

An empirical study on ECX by (Berhanu et al, 2015) found the overall service quality perceived by members was not satisfactory, meaning, expectations exceeded perceptions and all the expected level of service quality demanded by members were not met. The findings suggested that ECX need to improve its service quality in all the dimensions.

2.3 Summary and literature gap

The literature review has shown the many aspects and merits of commodity exchanges the world over and there is an agreement on its purpose, being a market that trades in primary products rather than manufactured ones., such as, wheat, coffee, sugar, etc. commodity markets can include physical trading and derivatives trading using spot prices, (Dhole, 2014). The purposes of commodities exchange is centralizing trade in a certain commodity, an exchange can facilitate title transfer, market transparency, and price discovery. Transaction costs are reduced because coordination through a centralized exchange can reduce costs associated with identifying market outlets, physically inspecting product quality, and finding buyers or sellers. It is possible to organize an exchange around an auction floor in which physical goods are traded. In Africa, many such auction floors dealing in export commodities have operated for many decades. These auctions floors lower search costs for participants and may reduce market thinness and consequent price volatility, (Shahidur, 2015). Commodity exchanges can help strengthen market liquidity by trading contracts for future delivery, improve price discovery, and facilitate price risk management. An exchange can improve liquidity because a futures contract is a fungible financial instrument which buyers and sellers are willing to hold and exchange, (Bisen and Asthtikar, 2016).

In Ethiopia, where the economy heavily depends on agricultural production and the development objective of the government focuses on agriculture, it is imperative to consider a market for agricultural products. Agriculture, like the cases in many other developing countries, is the backbone of the Ethiopian economy.

ECX was established by proclamation to transform the country's agriculture into market-oriented production system, to promote participation of small scale farmers by providing up-to-date market information, and in general to bring efficient, orderly and unified marketing system for agricultural commodities. This can be considered as a major effort taken by the government to develop a modern marketing system in the country. Accordingly, ECX has put in place a system of the market is regulated and governed by rules and regulations, has members to trade on physical or online trading platform on standardized contracts.

ECX, the first modern market in Ethiopia which commenced operation in April 2008, and has the vision of transforming the Ethiopian economy by becoming global commodity market of choice and mission of connecting all buyers and sellers in an efficient, reliable, and transparent market by connecting innovation and technology and based on continuous learning, fairness, and commitment to excellence. In organized market, the actual organization activity of exchange is left to members that are drawn from the private sector. The ECX is established for the benefit of members, who acquire their membership by fulfilling criteria set by the Exchange's internal rules and regulations.

ECX contributes to standardized quality of commodities, efficient, risk-free and transparent trading as well as dissemination of market information to all stakeholders. In addition to providing a pure trading marketplace, ECX is based on a broader integrated scope of organization operations which includes: (I) quality grading and certification, (ii) warehousing and electronic warehouse receipting, (iii) trading, (IV) market data dissemination and (v) clearing and settlement. (Gebre-michael, 2014) "The Ethiopian commodity exchange (ECX) –a government-led and donor-funded exchange- is widely regarded by the popular media as a success story, but there is little rigorous research to substantiate many of the popular claims". (Rashid, 2015, p 3). The objective of this research is to fill that knowledge gap.

Chapter Three: Research Methodology

Research methodology is a science of studying how research is to be carried out, essentially the procedure by which researchers go about their work of describing, explaining and predicting phenomena are called research methodology. (C.R. Kohari, 2004). The research methodology contains five parts: research design and approach, population, data source and collection method, validity and reliability test, data analysis techniques.

3.1 Research design and approach

The research methodology has included the research design, how data is collected, and analyzed. Research design is descriptive, explanatory, and exploratory research. This research study uses the descriptive type research design.

Researches use a mixed approach both (qualitative and quantitative methods). Qualitative research involves why and how of decision making as opposed to the what, where and when of quantitative analyses. Each method has their own technique. Interviews and observations are forms of qualitative research while experiments and surveys are quantitative research.

Qualitative approach data analysis method involves identifying common patterns within the responses and critically analyzing them to achieve aims and objectives. Quantitative approach data analysis method involves critical analysis and interpretation of figures and numbers and attempts to find the rationale behind usefulness of the findings. This research uses mixed (qualitative and quantitative) approach. Data collected from 117 seller members and the research is designed in such a way that it focuses on current operation and current permanent members of ECX. As measuring and analyzing members' satisfaction and identifying member's needs is a qualitative and quantitative matter, the research study is descriptive in nature.

3.2 Population

The total number of members is 347 as of Dec. 2017, out of these 19 are trade members who are buyers only for themselves, and 328 are intermediary members who trade on their account and on behalf of their clients through participating in selling or buying trade

activities both themselves and for their clients. Out of 328 intermediary members, 141 are sellers, 157 are buyers and the remaining 30 are temporarily disallowed due to some unlawful acts (Members list obtained from ECX). This research study has focused only on the selling aspects of those relationships and the sampling method of this study is censuses and has considered all 141-intermediary member who are in selling trade. The reason why this study focus only on seller members is that because so far, no study has been conducted on members' satisfaction, especially seller members, so this study has focused on seller members' satisfaction in the Ethiopian Commodity Exchange.

3.3 Data source and data collection method

Data could either be primary or secondary. Primary data are new data collected specially for an original research work while secondary data are data that have already been collected for some other purpose. Data capture instrument is the item used to collect data for a research project, which could be a questionnaire or a personal interview. Preliminary observation and assessment was made by going to the study area to know about the organizational set up of the service delivery system.

For this study, source of data is primary data and data collection method is the survey method, structured and self-administered questions were prepared and presented to all population of seller members who were asked to fill and return the questionnaire for further analyses. In order to clarify some ambiguous answers already given by members in the questionnaires informal face to face post-data-collection interviews were conducted with some research participants and three middle-level officers (managements) of ECX.

3.4 Validity and Reliability Test

Prior to this study an official letter from ST. Mary's University School of graduate studies was written to the Ethiopian Commodity Exchange to conduct the study for the partial fulfillment of master's degree. All information collected from the respondents was treated with confidentiality without disclosure of the respondents' identity. Moreover, no information was modified or changed, hence information gotten was presented as collected. Studied SERVQUAL has no validity issue (Kazi Omer Siddiqi, 2011), and Piloting test was

conducted on 4% of the population to identify potential problems associated with the questions and to adjust accordingly. Reliability is a consistency test for the instrument used in the study and for this test, Cronbach's Alpha-values was applied to determine the reliability of data used in SPSS version 20. (Eze et al., 2008) suggests that, scales with 0.6 Alpha and above are considered acceptable. The result of Cronbach's Alpha-values for likert-scale questions are as follows:

Table 1 Scale: Reliability Test of Instrument

Tangible		N	%
case	Valid	117	100
	Excluded	0	0
	Total	117	117

Reliability Statistics	
Cronbach's Alpha	N of Items
0.844	5

Reliability		N	%
case	Valid	117	100
	Excluded	0	0
	Total	117	117

Reliability Statistics	
Cronbach's Alpha	N of Items
0.804	6

Responsiveness		N	%
case	Valid	117	100
	Excluded	0	0
	Total	117	117

Reliability Statistics	
Cronbach's Alpha	N of Items
0.832	7

Assurance		N	%
case	Valid	117	100
	Excluded	0	0
	Total	117	117

Reliability Statistics	
Cronbach's Alpha	N of Items
0.751	6

Empathy		N	%
case	Valid	117	100
	Excluded	0	0
	Total	117	117

Reliability Statistics	
Cronbach's Alpha	N of Items
0.723	3

3.5 Data analysis Techniques

Likert-scale questionnaire are administered based on the five-point scale dimensions which is selected as being better than the seven-point scale - service quality model, and open-ended questions are also distributed, filled by participants and returned. As each dimension of the SERVQUAL scale provides a score for member satisfaction, the data collected using structured questionnaire is coded and analyzed with great care. The coding of the possible alternatives in the questionnaire was made in advance of administering the questionnaire to the respondents. Meaning, in a five-point scale the possible responses were pre-coded (for example for five-point scales, 1=strongly disagree, 2=disagree, 3=undecided, 4=agree, 5=strongly agree).

Data collected through questionnaires has been analyzed quantitatively and qualitatively by utilizing statistical tools such as SPSS and tabulation to present data. In addition, descriptive statistics such as mean, Standard Deviation and percentage are used to analyze and interpret data. MARS survey method for data that were analyzed using mean score, since five-point scale were used, mean score of 3.0 was considered as midpoint (undecided), while mean scores of greater than 3.0 and less than 3.0 were assumed as agreement and disagreement, respectively. Standard deviation greater than 1 indicated a significant variation in the respondents while a standard deviation of less or equal to 1 indicated no significant variation between respondents. Data presentation percentage rates are given the following values, 50-60%= marginally satisfied, 61-70%= mildly satisfied, 71-80%= satisfied, above 81% highly satisfied and the sum percentage of most disagree and disagree has been described as unsatisfied. (Khan, E. & Arun Kulkarni, 2013).

Chapter Four: Data analysis and presentation

This section presents and discusses findings of data from the questionnaires and interviews to assess service quality and member's satisfaction at ECX

4.1 Introduction

The data collected using structured questionnaire was coded and analyzed. The coding of the possible alternatives in the questionnaire was made in advance of administering the questionnaire to the respondents and this also helped to facilitate quick answering of the questions and to simplify data entry into computer software for analysis.

The standard deviation, is used to quantify the amount of variation or dispersion of a set of data value and basically a small standard deviation means that the values in a statistical data set are close to the mean of the data which implies that members express close opinion, while high standard deviation means that the data are wide spread, which means that members give a variety of opinions. Data were analyzed with the help of SPSS version 20. After data had been presented and analyzed, conclusions and recommendations were drawn from the findings.

4.2 Tangibles

Tangibles is about the equipment being modern, the physical facilities are appealing, employees are neat appearing and materials associated with the Exchange (such as, pamphlets or statements) are visually appealing. Tangibles have five service dimensions that can influence the perception of member's service quality.

Table 2 Tangibles Analysis Table

<i>Dimensions</i>	<i>Mean</i>	<i>Percentage</i>	<i>Standard deviation</i>	<i>Members perception of service quality</i>
<i>the electronic trading system of ECX is convenient to its trader</i>	3.91	86	.961	<i>highly satisfied</i>
<i>ECX electronic trading allows adequate time to its traders</i>	2.56	59.9	1.34	<i>unsatisfied</i>
<i>ECX electronic trading system is simple to use for its members'</i>	4.06	91.5	.72	<i>highly satisfied</i>
<i>warehouse operation is adequate</i>	2.44	52.2	1.05	<i>unsatisfied</i>
<i>the working area of ECX is attractive</i>	3.47	68.4	1.12	<i>mildly satisfied</i>
<i>average</i>	3.29	71.6	1.04	

Convenience

Out of research participants 86% have responded that they believe the electronic trading system of ECX is convenient to its traders. The satisfaction rate is high, this is because the Exchange gives appropriate training on the system to its members on time by its capable trainers, the system is simple and user friendly, enough people from one trading firm are trained to work on the system, the trading floor is neat and appealing. In addition, the computers are modern, the supporting staff are neat appearing and friendly.

Brady and Cronin (2001) found that consumers react not only to products, but also to the features that accompany the product. They asserted that consumers make their purchase decision and respond to more than simply the tangible product or service being offered but respond to the total product. One of the most significant features of the total product is the place where it is bought or delivered. Agricultural products except coffee are traded electronically at ECX'S head office. Seller members can participate in the trading by themselves or through agents. Bitner (1992) focused on the elements under the control of organization at the point of interaction between members' and the firm, arguing that these controllable elements can affect perceptions of service quality and encourage repeat sponsorship.

The response has a mean of 3.91, which indicates that there a greater agreement among respondents. Similarly, as the standard deviation is .961 we conclude that respondents have expressed close opinions.

Inadequacy

As mentioned in the preceding paragraph except coffee the products are traded electronically 59.9% of respondents have said that the ECX electronics trading system does not allow adequate time to its traders. Some members have indicated that they are not happy with the allotted trading time because of repeated network failure and unavailability, and sometimes although the equipment is modern some members have indicated that they had experienced a malfunctioning equipment. This could be true because currently out of 85 computers used for trading 5 are out of service. The other factor I learned is that some members or agents are not that much adept at using the system so that the allowed time is over before they can even log in.

This response has a mean of 2.56 and a standard deviation of 1.34, which indicates that respondents do not have agreement on the response and their responses are widely dispersed, respectively.

Simplicity

Out of the study participants 91.5% have said that the ECX electronic system is simple to use to its traders. As found during the collection of data the satisfaction rate is high because seller members are given adequate training to work on the system, mostly have on the spot experience, the work area is appealing, the system is always updated, the work area is not crowded to use, and the front-desk staff are always supportive and ready to assist. The dimension has a mean of 4.06 and a standard deviation of .72 have indicated an agreement on the response with a close range of opinions.

Inefficiency

The adequacy of personnel and facilities are also aspects of tangibility that influence service quality perceptions. They affect the time taken by the organization to deliver the

service. Waiting time is a part of many service encounters and can influence service quality perceptions, where customers interact with service providers over long periods of time, emotions are of paramount importance and emotions generated at one stage in the service experience may influence customers' perceptions of later stages of the process. When customers perceive waiting time as favorable, they perceive the service quality to be higher (Brady and Cronin. 2001). When they perceive waiting time as too long or too short, their evaluation of service quality declines.

From the participating respondents 52.2% have indicated that the warehouse operation of ECX is not adequate. During the collection of data, I learned that the obvious ECX challenge is the consistency of grades and the fair representation of the commodities by the samples, some members indicated that substandard commodity is accepted while a standard commodity is rejected by mistake. They are dissatisfied with sampling and grading system of the warehouse because of bias, lack of transparency, lack of clear grading process. In addition, some respondents believe that adulteration happens in the warehouse especially by mixing sesame seeds of different origin and some have indicated their fear that the warehouse was not insured enough against loss by theft or fire. On the other hand, some say the warehouse management is not adequate because some members lack awareness regarding quality sampling and grading system of the warehouse. The dimension has a mean of 2.44 and a standard deviation of 1.05 have which indicates no agreement on the response with a variety of opinions.

Neatness

From the participating respondents 68.4% have indicated that they are mildly satisfied with the working area of ECX. The reasons for this has been given as the trading floor is neat, it is spacious, airy, and it is located at a convenient place for transport from all directions of Addis Ababa, it has a secure parking lot with safekeeping of their property. They are also appreciative of the polite reception by the security people and the staff. The mean of 3.47 and the standard deviation of 1.12 have confirmed that the working area of ECX is satisfactory.

Anka et al (2013) by citing (Angur, et al, 1999) wrote that organization premises should have a high standard of decoration and a nice environment to positively influence service quality which will consequently lead to member satisfaction. The physical service setting is a very important tangible factor that influences service quality perceptions. He proposed that the physical setting of the place of service, including not only visual aspects such as color and texture, but also noise, odors, and temperature is of importance and capable of altering member expectations and strongly influencing consumer responses and satisfaction. They called the combined physical and sensory elements of the place of service the services cape, which is expressed in terms of layout, electronic displays, seating, and cleanliness. Member perceptions of service quality has a relatively consistent and strong effect on member retention and their support intentions. The authors noted that the strongest element in the perception of service quality was the appeal of the facility architecture and decor remarking that members' first impressions of the facilities influence their overall assessment of the services. That is because the design of the physical setting and its associated attributes can have a significant effect on member satisfaction and on a member's re-patronage decisions. In addition, the professional appearance of staff is an important means of making tangible the intangible service products. Furthermore, the tangibles of a service or service provider can be represented by the physical appearance of employees and other physical infrastructure, like introduction of a dress code or uniform for employees of the Exchange.

The result of study on Tangibility confirms that tangibility and member's satisfaction are positively related with each other. The reason for the explanation of this finding is that the Exchange members' often look to any tangible indications which may be used as indicators of the service quality. The members have assessed the convenience of the electronics system, its simplicity, the good appearance of the working area and the comfort they felt about the working hour, but the management should address their dissatisfaction points of shortage of time to use the system and the operation of the warehouse which members do not trust. In the SERVQUAL measurement dimension members have given Tangibles an important place with a mean of 3.29 and standard deviation of 1.04 Tangibles has indicated to influence satisfaction of members considerably. Excellent working environment or conditions such as enough working place and well-organized office arrangement facilitates the service delivery of the employees for the members that adds value for the satisfaction of members. Therefore,

to do so, the organization should create a good working condition that can create satisfied employees, who can serve the members well. Office grooming and equipping it with modern facilities, organizing the office in well and comfortable manner have immeasurable value in facilitating service delivery system that in turn increases the satisfaction of members. Thus, as the study result shows, ECX is working well in fulfilling modern and modern looking equipment's and visually appealing physical facilities. ECX should have to be updating all the information technology materials and other working machines. ECX should also have to prepare materials like pamphlets and statements in clear, understandable and visually appealing manner. It is advisable to build Members' reception desk and to fulfill it with modern information technology materials such as satellite television so that the members can wait by recreating until they are delivered with their service. As can be seen from the result it implies that the received performance is about the Exchanges equipment is less than the expected from members. The members are still in need of more modern and updated equipment especially of laboratory and Information and communication technology materials (ICT). The higher members appreciate on the physical aspects the higher the overall evaluation of service quality is.

4.3 Reliability

Reliability is the extent to which the service is delivered to the standards expected and promised. It represents the member getting what they feel they are entitled for. According to this study, there is a positive relationship between reliability and member satisfaction. The reliability construct in the SERVQUAL model represents the service provider's ability to perform the promised service dependably and accurately. This is achieved through keeping promises to do something, providing right service, consistency of performance and dependability, service is performed right at the first time, the company keeps its promises of keeping records correctly and producing error-free transactions and records. Reliability also consists of accurate trade information, accurate record and efficient service.

Table 3 Reliability Analysis Table

<i>Dimensions</i>	<i>Mean</i>	<i>Percentage</i>	<i>Standard deviation</i>	<i>Members perception of service quality</i>
<i>Trading information decimated by ECX is reliable</i>	<i>3.0</i>	<i>47</i>	<i>1.17</i>	<i>Equally</i>
<i>The sampling (grading) is transparent and reliable</i>	<i>2.4</i>	<i>58.1</i>	<i>1.09</i>	<i>Unsatisfied</i>
<i>The electronic trading system of ECX is efficient</i>	<i>3.29</i>	<i>63.3</i>	<i>1.10</i>	<i>Mildly Satisfied</i>
<i>Warehouse service is efficient</i>	<i>2.4</i>	<i>55.6</i>	<i>1.13</i>	<i>Unsatisfied</i>
<i>During warehouse loading/unloading operations there is no problem of product mixing</i>	<i>2.48</i>	<i>51.3</i>	<i>1.16</i>	<i>Unsatisfied</i>
<i>The electronic trading system has helped trading to be free of fraud and corruption</i>	<i>3.32</i>	<i>52.2</i>	<i>1.09</i>	<i>Marginally satisfied</i>
<i>Average</i>	<i>2.82</i>	<i>54.85</i>	<i>1.12</i>	

Reliability have seven service dimensions that can influence the perception of member's service quality.

Dissemination

With a mean of 3 and standard deviation of 1.17, asked if the trading information decimated by ECX is reliable, 46.2% respondents have disagree and 47% participants have agreed. The result indicates that there is no a clear-cut answer to the question. Some respondents have indicated that the trade information decimated is not sent properly and they do not take it as reliable. As research participants have not a decision regarding these dimensions further study is recommended.

Transparency

In the case of the transparency of the sampling and grading system, 58.1% respondents have disagreed on the transparency of the sampling (grading) system. With a mean of 2.40 and standard deviation of 1.09 there is no agreement on the response that the sampling (grading) system is not transparent. The reliability construct in the SERVQUAL model represents the service provider's ability to perform the promised service dependably and accurately. This is achieved through keeping promises to do something, providing right service, consistency of performance and members are saying that this service is not dependable and are unsatisfied, because the service is not transparent, due to the lot system and longer stay of some commodities different grade is given to the same product which has the same quality. Some members even believe that samples are messed up, and mixed, the laboratory is not up-to-date and even have reservations about the technical capability of the sampling and grading staff.

System efficiency

Out of the study participants 63.3% are mildly satisfied with the efficiency of the electronic trading system of ECX. Some members are appreciative of the change from floor outcry trading to electronic trading. Most respondents are satisfied with the efficiency of the electronic system since they have been given appropriate training and can use the system comfortably. The dimension has a mean of 3.29 and a standard deviation of 1.1 have indicated an agreement on the response with a variety of opinions. 74 research participants out of 117 total population have confirmed that the electronic trading system is simple to use and hence efficient. One reason for this outcome is that members can feel a sense of security when using the system.

Warehouse efficiency

Research participants have responded by saying that they are unsatisfied with the warehouse service. 55.6% of respondents said no to the efficiency of the warehouse while 23.1% of them were undecided and 21.4% participants made agreement to the warehouse efficiency. With the mean of 2.4 and standard deviation of 1.13 the most important function of the Exchange is not giving standard service and members are unsatisfied. Some members

have indicated they are unsatisfied with the service quality of the warehouse operation because of lack of adequate warehouse that could accommodate ECX members and lack of adequate time given to store and transfer the commodities. In addition, frequent rejection of commodities due to substandard quality products and the cost of loading/unloading and transporting, the inconsistency of grades and the unfair representation of samples and the long procedure of unloading commodities have been cited as the cause of dissatisfaction. An officer of a warehouse confronted with the data result answered that there are problems in the warehouse operations since they are mostly done manually and that they are trying to modernize the operations. Warehouse operations have long been a bottleneck for ECX. The officer explained that until July 7, 2015 G.C. ECX was undertaking the warehouse and the grading service by itself but when it became unprofitable the service was transferred to the Ethiopian Agricultural Commodity Warehouse Services Enterprise (EACWSE) by Council of Ministers Regulation No 331/2014. After two years, on July 8, 2017, the warehouse and grading service was returned to ECX by Council of Ministers Regulation No 404/2017. To reduce complaints, this has led ECX to allow members to buy and sell coffee still on the truck for three days (without ECX involvements), if the coffee is not sold within three days, then the coffee will have unloaded and accepted into the warehouse.

Product mixing

From the participating respondents 51.3% have indicated that they are unsatisfied because they are losing confidence in the loading/unloading process due to product mixing. Some members have indicated that product mixing, especially sesame products occurs because of negligence and inefficiency on the part of the working manpower, problem of understaffing, and lack of experienced workforce. Because of this mess-up quality products are mixed up with substandard products and subsequently members lose money.

Fraudulent activity

Asked whether the electronic trading system has helped trading to be free of fraud and corruption, 52.2% respondents agree, 23% respondents disagree and 24.8% respondents have not decided. Some members say that since it is difficult to log in and change data they are not worried about fraud and corruption while others maintain that they suspect those working on the main frame computers may have the access to change and manipulate data. In either case

the majority believe that there is no fraud and corruption in the electronic trading system. This confirmed by the dimension with a mean of 3.32 and a standard deviation of 1.09 which indicated an agreement on the response with a variety of opinions.

4.4 Responsiveness

It involves understanding needs and wants of the members', convenient operating hours, and individual attention given by the staff, attention to problems and members 'safety in their transaction, service such as prompt communication to the members' are vital. Members are concerned whether they are provided the right information promptly. This creates members confidence, and thus helps members to make the right decisions at the right time. Responsiveness is likely to have an important and positive effect on member's satisfaction. The higher members appreciate problem solving, the higher overall evaluation of the service quality is. Responsiveness refers to the willingness and ability of the service provider to meet and adapt to member's needs. This study shows that responsiveness and member's satisfaction are positively related.

Table 4 Responsiveness Analysis Table

<i>Dimensions</i>	<i>Mean</i>	<i>Percentage</i>	<i>Standard deviation</i>	<i>Members perception of service quality</i>
<i>The working hour of ECX is convenient</i>	<i>3.84</i>	<i>83.7</i>	<i>.906</i>	<i>Highly satisfied</i>
<i>The electronic trading takes place as previously scheduled</i>	<i>3.1</i>	<i>49.6</i>	<i>1.00</i>	<i>Equally</i>
<i>Traders get trading report on time</i>	<i>3.1</i>	<i>52.1</i>	<i>1.20</i>	<i>Marginally Satisfied</i>
<i>ECX distributes price list on time</i>	<i>3.0</i>	<i>46.1</i>	<i>1.14</i>	<i>Equally</i>
<i>Complaints that arise during trading are addressed satisfactorily</i>	<i>2.98</i>	<i>38.4</i>	<i>1.13</i>	<i>Equally</i>
<i>Payment is made promptly after trading</i>	<i>4.45</i>	<i>95.7</i>	<i>.759</i>	<i>Highly satisfied</i>
<i>Training on the electronic system is given on time</i>	<i>4.41</i>	<i>93.2</i>	<i>.892</i>	<i>Highly satisfied</i>
<i>Average</i>	<i>3.55</i>	<i>65.54</i>	<i>1.00</i>	

Responsiveness have six service dimensions that can influence the perception of member's service quality.

Convenience

Research participants with a rate of 83.7 % have responded that they are comfortable with the working hour of ECX. The reason for the high satisfaction rate is because, the working time being from 8.30am in the morning to 5.30 pm in the afternoon, which is the usual time of work for almost all government ministries, private companies, banks and enterprises, and is convenient to coordinate different affairs and arrange payments with other pertinent organizations and banks. In addition, the Exchange extends the trading time beyond the usual working hour for the members convenience during peak times. With the mean of 3.84 and

standard deviation of .906, there is a strong agreement among participants as to the working hour of ECX being convenient to its traders.

Timelines

Asked if they believe whether the electronic trading system starts as previously scheduled, 34.2% respondents have disagreed, 16.2% research participants are undecided while 49.6% research participants have said yes. This result shows that members are divided on the correct response. During our collection of data some members have indicated that electronics trading does not take place according to plan because of unavailability or network failure or unpreparedness of the concerned staff. The dimension has a mean of 3.1 and a standard deviation of 1.00 have indicated an agreement on the response with a close range of opinions.

Trading reports

With a mean of 3.1, a standard deviation of 1.2 and a percentage point of 52.1%, respondents have said that they are provided with trading reports on time. Regarding this operation members are satisfied only marginally. Some members have indicated that trading reports are sometimes delayed because of the ECX policy which instructs that all warehouses must close before trading reports are out and provided to members.

Price list

With mean of 3, and a standard deviation of 1.14, the research participants were asked if they believe ECX distributes price list on time. 46.1% respondents have positively responded while 45.3% respondents and 8.5% respondents have disagreed and are undecided, respectively. Some members have indicated that even when the report is ready they do not usually receive the viber price list message. Members also speak of the fact that even when the price list is delivered to them on time it does not reach them properly and the price list usually is unreliable.

Complaint resolution

Research participants are undecided about the operation to resolve member complaints promptly. 31.6% participants do not agree that member complaints are resolved

satisfactorily, while 30% respondents, and 38.4% respondents are undecided or have a positive response to the question respectively, whether complaints that arise during trading are addressed satisfactorily. With a mean of 2.98 and standard deviation of 1.13 there is no complete agreement as to the efficiency of member's complaint resolution procedure.

Prompt payment

In the case of trade payments 95.7% research participants have responded by saying that they are paid promptly after trading. Since members are required to open member pay-in and member pay-out accounts at banks that have special agreements, ECX can withdraw money from the member buyers account balance and transfer it to the sellers' member accounts. Members can not withdraw money from these accounts without the authorization of ECX. The treasury department of ECX, by accessing these accounts has made payments efficient and members are highly satisfied about it.

Timely training

In the case of timely training of members, 93.2% of respondents have said that they are highly satisfied with the timely training of members on the electronic trading system. This one of many part of quality services that can increase member's satisfaction and trust in the Exchange, because they have given prompt and appropriate service when it was most needed. The dimension has a mean of 4.41 and a standard deviation of .892 have indicated an agreement on the response with a close range of opinions.

4.5 Assurance

Assurance is the degree of trust and confidence that the member feels that the service provider, ECX, is competent to supply the service. Mostly, this stems from the degree of confidence that the member has in the service provider's staff. The member do not satisfied if he/she does not feel assured about the competence of the service provider. Assurance shows a positive relation with member satisfaction in this study. The indicated explanation of this finding is that the Exchange can instill feelings of confidence in its members and handle them in a professional and competent way.

Table 5 Assurance Analysis Table

<i>Dimensions</i>	<i>Mean</i>	<i>Percentage</i>	<i>Standard deviation</i>	<i>Members perception of service quality</i>
<i>The front desk staff of ECX has adequate training</i>	<i>3.78</i>	<i>76.1</i>	<i>.945</i>	<i>Satisfied</i>
<i>The trade follow-up staff of ECX works hard to implement the market price</i>	<i>3.38</i>	<i>53.9</i>	<i>.972</i>	<i>Marginally satisfied</i>
<i>You are satisfied with the service of the treasury department</i>	<i>4.11</i>	<i>83.8</i>	<i>.911</i>	<i>Highly satisfied</i>
<i>The service rendered by the membership section is satisfactory</i>	<i>3.73</i>	<i>75.2</i>	<i>1.09</i>	<i>Satisfied</i>
<i>Members trust the grading system of ECX</i>	<i>2.38</i>	<i>60.7</i>	<i>1.07</i>	<i>Unsatisfied</i>
<i>Electronic system trainers have adequate knowledge regarding the system</i>	<i>4.44</i>	<i>94</i>	<i>.700</i>	<i>Highly satisfied</i>
<i>Average</i>	<i>3.64</i>	<i>73.95</i>	<i>.948</i>	

Assurance have six service dimensions that can influence the perception of member's service quality.

Well trained

ECX has well trained its front desk staff who make a day to day contact with its members. That is why 76.1% of research participants believe that the front desk staff of ECX have adequate training to perform their jobs. With a mean of 3.78 and a standard deviation of .945 there is an agreement on the response and respondents have expressed a close opinion.

Implementation

Asked whether the trade follow up staff of ECX works hard to implement the market price, 53.9% respondents have responded positively, while 18.8% and 27.4% have disagreed or are undecided, respectively. The satisfaction rate is marginal because 27.4% of respondents are undecided.

Treasury

Respondents with a rate of 83.8% have said that they are satisfied with the service of the Treasury department. Members are highly satisfied with the service of the Treasury department because they know that payment is always paid twenty-four hours after completion of trade and as a system is in place there is no risk of default by the buyer, and for them perception of service has matched expectation. With a mean of 4.11 and a standard deviation of .911 there is an agreement on the response and respondents have expressed a close opinion.

Membership

Asked if they believe the service rendered by the membership section is satisfactory, 75.2% of research participants have responded positively. With a mean of 3.73 and standard deviation of 1.09 respondents have shown agreement on the response and have expressed with a variety of opinions.

Grading

When members were asked whether they trust the grading system of ECX, 60.7% respondents have said no or disagree. When sellers deposit their commodity at a warehouse they are given a receipt certifying their ownership and then the commodity is graded, coded, and electronically entered. It is this grading operation that has caused dissatisfaction. Bias, lack of knowledge, corruption is some of the reasons cited by members for the untrustworthy activity.

Adequate knowledge

Regarding trainers 94 % of research participants have responded by saying that electronic system trainers have adequate knowledge regarding the system. Some members hinted even they are using the system well in trading if there is no network problem and they are confident. With a mean of 4.44 and a standard deviation of .700 there is a great deal of agreement and a very close opinion has been expressed.

4.6 Empathy

Service members' often have expectations regarding the extent to which the service provider appears to understand and be concerned about their individual needs and wants. The more the service provider can see things from the members' point of view, the better. The core concept of empathy is to understand the needs of members' and provide individual attention. Employee and member interactions are reflected through the empathy dimensions. Data shows that the Exchange members want a high degree of interaction with the ECX staff and they also expect personalized service from the staff. The Exchange members are also looking for front line staff who can understand their specific needs. The current study confirms that empathy has an influential relation with member satisfaction.

Table 6 Empathy Analysis Table

<i>Dimensions</i>	<i>Mean</i>	<i>Percentage</i>	<i>Standard Deviation</i>	<i>Members perception service quality</i>
<i>The penalty paid for late warehousing is reasonable</i>	<i>1.76</i>	<i>76.1</i>	<i>1.05</i>	<i>Unsatisfied</i>
<i>In the trading section all members are treated equally</i>	<i>3.25</i>	<i>44.4</i>	<i>.981</i>	<i>Equally</i>
<i>ECX shows interest to cooperate with members</i>	<i>3.33</i>	<i>55.5</i>	<i>1.03</i>	<i>Marginally satisfied</i>
<i>Average</i>	<i>2.78</i>	<i>58.67</i>	<i>1.02</i>	

Empathy have three service dimensions that can influence the perception of member's service quality.

Penalty

After issuance of warehouse receipt or goods receiving note sellers can deposit their commodity only for seventeen days for coffee and thirty days for other product, after which time penalties is be charged in case of expiration of these receipts and late pick up. As the survey result indicates 76.1% of respondents do not believe the penalty paid for late

warehousing is fair. With a mean of 1.76 and a standard deviation of 1.05 they have expressed their dissatisfaction of the penalty. In addition, they complain about the extra payment on their unsold odd lots.

Equal treatment

Members want the service provider to have their interest at heart, service to be personalized and individualized and want to be treated equally. But as the survey result shows asked whether they are treated equally, 21.3% respondents have said no or disagree, 34.2% respondents have not decided and 44.4% research participants have said that they are treated equally. The mean of 3.25 and .981 of the standard deviation show the expression of an agreed close opinion.

Cooperation

Out of the research participants 55.5% respondents have believe that ECX shows interest to cooperate with members. This is a marginal result, 44.45% respondents do not agree, 21.4% respondents have not decided regarding the Exchanges interest to cooperate with members.

Table 7 Result of open-ended questionnaire

<i>Questionnaire</i>	<i>Frequency</i>		<i>Percentage</i>	
	<i>Yes</i>	<i>No</i>	<i>Yes</i>	<i>No</i>
<i>Availability of unnecessary low</i>	45	72	38.5	61.5
<i>Any loopholes in the sale of membership seat</i>	29	88	24.8	75.2
<i>Reliability of the product pricing system</i>	70	47	59.8	40.2

Respondents with a rate of 61.5% have said no, while 38.5% or 45 have said that there are unnecessary laws in ECX. The penalty payment for late warehousing and odd lot, the shortage Electronics trading time and delaying of report submission time, and the participation of only the buyer when the member is selling his seat are the main cause of the concern.

Respondents with a rate of 75.2% have said no, while 24.8% have indicated that there are loopholes in the sale of membership seat. The responses show that members have concerns because the operation is not transparent, the same kind of seat is priced differently, and the start of the sale of a single seat for one trade only for birr 25000.

On the other hand, 40.2% respondents believe that there is unreliable product pricing system, while 59.8% research participants have said yes. Those who said no, although a minority, indicate that the price does not reflect international price levels, the price is not current, the basis for the fixing of the price is unknown and different prices are given for the same quality product.

Asked for further comments they said that they need service improvement in warehouse operations and quality grading, and minimize loading/unloading cost, members are asking for the grading and sampling operation to be near their locality, the trading waiting room not comfortable and without entertainment, unsold odd lot product rule, insufficient trading time and improvement in network connections need additional work improvement.

4.7 Summary of major finding

Table 8 Summery for SERVQUAL Dimensions Result

<i>DIMENSIONS</i>	<i>MEAN</i>	<i>PERSENTAGE</i>	<i>STANDARD DEVIATION</i>
<i>TANGIBLES</i>	3.29	71.6	1.04
<i>RELIABILITY</i>	2.82	54.85	1.12
<i>RESPONSIVENESS</i>	3.55	65.54	1.00
<i>ASSURANCE</i>	3.64	73.95	.948
<i>EMPATHY</i>	2.78	58.67	1.02

Major findings and recommendations include: Members are unsatisfied because of inadequacy and inefficiency of warehouse and grading services, inadequate electronic trading time, the product mixing of different seeds, the penalty cost paid for late warehousing. ECX

warehouses were not adequate for the accommodation of the request of the member participant's commodities; it should separate itself from the warehouse and quality grading operations or build or rent adequate warehouses. Since the penalty cost for not withdrawing the commodities from the warehouses was much higher, it should apply reasonable penalty cost. The dissatisfaction rate is high regarding the insufficiency of the allotted electronic trading time. The allotted time for electronic trading is said to be management's decision to minimize mischief during trading. But members complain that even for those well trained and experienced well with the system the time is not enough.

Table 9 Summary of SERVQUAL Dimensions Satisfaction Table

Dimensions	Frequency	Highly Satisfied		Satisfied		Mildly Satisfied		Marginally Satisfied		undecided		Unsatisfied	
		Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Frequency	%
Tangibles	5	2	40	-	-	1	20	-	-	-	-	2	40
Reliability	7	1	15	-	-	1	17	1	17	-	-	3	43
Responsiveness	6	2	33	-	-	-	-	1	17	3	50	-	-
Assurance	6	2	33	2	33	-	-	1	17	-	-	1	17
Empathy	3	-	-	-	-	-	-	1	33	1	33	1	34
Attributes		7		2		2		4		5		7	
Percentage		26		7		7		15		19		26	

Chapter Five: Conclusion and Recommendation

5.1 Conclusion

Data were collected using a questionnaires and face to face interviews. The methods were chosen because it was easy to administer in the on-the-spot- collection of information approach used in this study. The technique also facilitated confidentiality of member's personal information because they did not have to disclose their identity when filling out the questionnaire. The study used descriptive analyses. Descriptive analysis involved the computation of frequency distribution, mean, and standard deviation, which were useful to identify differences among groups. SPSS data analyses method was used to meet the research objectives of this study.

With an average mean of 3.64 and a standard deviation of .948 members are more assured than the other service dimensions. Reliability and Empathy have the lowest scores and indicates that members are unsatisfied in the service provisions of sampling, warehouse service and product mixing in the Reliability dimension, and penalty payment in the Empathy dimension.

Tangible

Members are highly satisfied regarding convenience of the electronic trading system and its simplicity to use. There is a mild satisfaction regarding the attractiveness of ECXs working area, while members are unsatisfied in the operation areas concerning the time allotted to electronic trading and the operation of the warehouse being inadequate. Gebrekiristos (2011) study result showed that 69.9% of respondents did say that warehouse operation was inadequate.

Reliability

Members mildly satisfied with the efficiency of the electronic trading system. Respondents are no clear decision or equally (satisfied & unsatisfied) regarding the reliability of decimated marketing information and are marginally satisfied regarding the existence of fraudulent and corrupt activities, while members are unsatisfied concerning the operations

regarding the sampling (grading) system, the efficiency of warehouse service and product mixing.

Responsiveness

Members have no a clear decision regarding whether the electronics trading takes place as previously scheduled, whether ECX distributes price list on time and whether complaints are addressed satisfactorily. Some have agreed, some have disagreed, and some respondents are undecided. The satisfaction rate is very high regarding the working hour of ECX, with the providing of electronic system training and the making of payment after trading and members are marginally satisfied about the timely distribution of trading report.

Assurance

Members are unsatisfied and do not trust the grading (sampling) system of ECX. In the manner In Gebrekiristos (2011) study he has reported that 67.1% of respondents have responded by saying that the sampling and grading system was unsatisfactory. On the other hand, they are satisfied with the adequate training of the front desk staff to do their jobs and the reasonable service provided by the membership section, while members are highly satisfied regarding the operation of the treasury department and the adequate knowledge of the training staff.

Empathy

Members are marginally satisfied with the cooperation of ECX with members during trading, while they did not express a clear decision regarding equal treatment of members and have expressed their dissatisfaction regarding the penalty paid for late warehousing. In Gebrekirikos's study 72.1% have in the same manner responded by saying that the penalty paid was unfair.

In all service quality measures 26% are highly satisfied and in the same way another 26% are unsatisfied. 7%, 7% and 15% are satisfied mildly satisfied and marginally satisfied, respectively, while 19% are no a clear decision or equally both satisfied and unsatisfied. The highly satisfied, the satisfied, the mildly satisfied and the marginally satisfied total up to

55%, which shows that since ECX's ability to deliver service as promised has a positive effect on member satisfaction, the organization is not providing the service to its members as promised, the employees are not showing genuine interest in solving members' problems and ECX is not providing the service on the time it promised to do so. All in all, it can be said that members are only marginally satisfied in all services and ECX must do more to improve its provision of service and satisfy members better than what the data indicates now. Member's perception of service quality was measured by using the five-point Likert scale whereby the highest number indicates high level of satisfaction and the lowest number a low level of satisfaction. When the organization' responsiveness increases, the level of member satisfaction also increases. Therefore, willingness and readiness of employees of ECX in providing service has positive effect on member satisfaction.

Responsiveness has a 0% dissatisfaction rate that is there are no unsatisfied members regarding the responsiveness service quality measure. This indicates that ECX staff are willing to communicate with members and solve their problems, they are giving prompt service, employees are willing to respond to member's questions, but there are other responsiveness attributed services that members are undecided or equally about, that is, they could not decide whether they are being served well or not.

Assurance has second better dissatisfaction rate of 17% after Responsiveness. This means that employee's ability in developing confidence in members is good while a result of better provision of quality service with zero defects will build their trust of ECX and increase their satisfaction, in addition this also indicates that members feel safe in their transactions and believe that the employees are genteel to them.

Empathy has a score of 34% of dissatisfaction rate. This could mean that employees do not have the members' interest fully at heart and ECX is not giving sufficient individualized attention to its members.

Tangibles has a 40% dissatisfaction rate which indicates members are not satisfied with some aspects of the tangible assets of ECX.

Reliability has a 51% dissatisfaction rate and the highest among the 5 SERVQUAL measurement tools. The result indicates that the ECX ability to do its job in a certain time,

and its ability to do it right the first time is weak. It is believed that modern commodity exchange markets are expected to serve their members in error free or zero default on transaction but the data result shows that the availability of these operations is in doubt.

5.2 Recommendations

The Ethiopian Commodity Exchange was established to revolutionize Ethiopian agriculture and transform the economy through a dynamic, efficient and transparent marketing system. Properly implemented and regulated, commodity exchanges can contribute greatly to the achievement of a country's economic and developmental goals and strengthen the bargaining power of farmers and other participants.

As the study of the overall analysis revealed, the difficulty of network access, lack of adequate warehouses that should accommodate ECX participants request, poor recording and management system of the warehouses, higher penalty cost imposed for the participants for not withdrawing their commodity from the warehouses on time, non-transparent quality grading and sampling system of the exchange, non-transparent product pricing and membership seat sale, the delaying of report submission time, bias, corruption, inadequate electronic trading time and product mixing, were found to be amongst the forefront bottlenecks/constraints to the satisfaction of members.

1. Some members are undecided or equally about some aspects of the service they are provided. They are not decided whether they are served good or bad regarding the dissemination of trading information on time, timely distribution of price list, the satisfactory addressing of complaints that arise during trading and the equally treatment of members. I recommend a further study on these service quality dimensions so that the status is better understood, and the necessary measure taken.

2. The marginally satisfied are those who are at the lowest level of the satisfaction ladder and those mildly satisfied and satisfied are better placed in the satisfaction ladder. According to (Parasuraman, 1985) it is for customer expectation to exceed the actual service perceived and this indicates that there is always a need for improvement. According to him delivering quality service means confirming to customer expectation on a consistent basis. The attractiveness of the working area of ECX, the distribution of trading report on time, the hard

work of the follow-up staff to implement the market price, the product pricing system where prices do not show international current prices, and the belief among members that there are unnecessary laws regarding warehouse and odd lot penalty, delaying on report submission time, the shortage of trading time, the nonparticipation of the member during the sale of his/her seat, and even though a minority, there is the belief that the sale of a new membership seat is not transparent, different price is set for a similar seat and they add that the start of the single seat sale has harmed them financially, and ECX interest to cooperate are the service dimensions that have marginally, mildly or just satisfied members.

So, by making the working area more commodious for trading, by distributing the trading report in a more acceptable time frame, by implementing the market price on a more transparent way, by implementing a more transparent system of product pricing, and by designing a more participatory membership sale system, and by making members to feel better belongingness and showing interest to cooperate these services can be changed to a more highly satisfactory status. In the same manner, members have witnessed that the trading system of ECX is efficient, fraud and corruption practices are at a minimum, the front desk staff of ECX has adequate training to perform their jobs, and the membership section does its job satisfactorily. To make these operations more efficient ECX should create a good working condition that creates more satisfied employees who can serve the members better. Moreover, to make members highly satisfied, providing timely training and development for employees and equip them with timely and relevant information to well communicate with members plays a greater role. In addition, ECX should prepare materials like pamphlets and statements in clear, understandable and visually appealing manner. It is advisable to build waiting and entreating room and to accommodate with modern information technology materials such as satellite television so that the members can wait by recreating until they are delivered with their services.

3. Members are unsatisfied because of inadequacy of warehouse services, inadequate trading time, the inefficiency of warehouse service, product mixing, especially sesame products mixing, the untrustworthy grading system, the penalty cost paid for late warehousing warehouses were not adequate for the accommodation of the request of the member participant's commodities; the ECX should build or rent adequate warehouses. In

addition to this the exchange should have trained man power of warehouse operators, and it should give training to the operators and participants in handling commodities and capacity building to keep storage losses at a minimum. As most of the warehouses were found in the regional areas of the countries or out of Addis Ababa, ECX should evaluate effectively and efficiently the time given to the member participants to store and transfer their commodities. Since the penalty cost for not withdrawing the commodities from the warehouses was much higher, it should apply reasonable penalty cost for not withdrawing commodities on time. In addition to attend more to its core operations ECX should allow warehouse and grading service to be run by independent companies.

One of the most important obstacles that is harming the relationship between ECX and its members is the warehouse quality grading and sampling system. The quality grading specialists of the exchange should treat all participants equally (without bias) and should be free from corruption. In addition to this training and capacity building should be given for the quality grading specialists to upgrade their knowledge and skill. As members are asking not only for the improvement of the warehouse grading system, but they are also demanding this operation to be near their area of business and ECX should reconsider the matter. Moreover, ECX must reduce the long procedure to unload a commodity as this can solve varies member complaints and can give more satisfactory service to its member. In addition, ECX must increase the staff especially in the service center; the number of employee and the workload must be balanced so that it can achieve the desired service quality levels.

The dissatisfaction rate is high regarding the insufficiency of the allotted electronic trading time. The allotted time for electronic trading is said to be management's decision to minimize mischief during trading. But members complain that even for those well trained and experienced well with the system the time is not enough. So, as this is the most vital aspect of ECX operations it should adjust the time with the mechanism of preventing mischief put in place. Product mixing has been a long-drawn complaint without any solution. During the data collection I have come to learn that this is mostly a result of negligence by part of the workforce. To rectify the situation management should follow these incidents and make those responsible to account. The penalty cost for the delay made to withdraw the commodity on time from the warehouse on time is said to be unfair and costly. Members have explained that penalty is too much since they say they trade in millions of quintals

every year. To satisfy members ECX should come up with a reasonable price. In addition, ECX should separate the warehouse service and enable it to be undertaken by an independent organization.

4. On dimension bases Responsiveness, Assurance, Empathy, Tangibles, and reliability are ranked according to the dissatisfaction rates, but since member satisfaction levels are all linked to service quality and member satisfaction management of ECX should focus on all dimensions of service quality and make efforts to have a better performance that lead to an all-out member satisfaction. In general, delivering quality service for members has a great effect on their satisfaction, which in turn determines the existence and success of ECX. Therefore, it is mandatory that ECX should attempt to maintain consistent service quality at levels of customers' expectation by assessing all service quality dimensions regularly.

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