



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

**ASSESSING THE EFFECTS OF SERVICE QUALITY ON  
CUSTOMERS' SATISFACTION: THE CASE OF LIDETA SUB  
CITY SMALL TAX PAYERS BRANCH OFFICE**

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**ID.No. SGS/0371/2007A**

**January 24, 2017**

**ADDIS ABABA**

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SMALL TAX PAYERS BRANCH OFFICE

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Addis Ababa

## Approval

The undersigned certify that they have read and hereby recommend to the St. Mary's University to accept the Thesis submitted by Melkamu Tsehay, and entitled *Assessing the Effects of Service Quality on Customers' Satisfaction: the case of Lideta Sub City Small Tax Payers Branch Office*, in partial fulfillment of the requirements for the award of a Masters Degree in General Business Administration.

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## **Declaration**

I, Melkamu Tsehay, I.D. Number SGS/0371/2007A, do hereby declare that this Thesis is my original work and that it has not been submitted partially; or in full, by any other person for an award of any other Degree or other similar titles of any other university or institution and all sources of materials used for the study have been duly acknowledged.

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## **Endorsement**

This Thesis has been submitted for examination with my approval as a supervisor.

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## **List of Abbreviations**

<b>ACSI</b>	American Customer Satisfaction Index
<b>BPR</b>	Business Processing Reengineering
<b>BSC</b>	Balance Score Card
<b>CIAT</b>	Inter-America Center of Tax Administration
<b>CSA</b>	Central Statistics Authority
<b>CSRP</b>	Civil Service Reform Program
<b>ECX</b>	Ethiopian Commodity Exchange
<b>ERCA</b>	Ethiopian Revenue and Customs Authority
<b>FDRE</b>	Federal Democratic Republic of Ethiopia
<b>LSCSTBO</b>	Lideta sub city small taxpayer branch office
<b>MoCB</b>	Ministry of Capacity Building
<b>n.d</b>	no date
<b>PLC</b>	Private Limited Company
<b>PSDRP</b>	Public Service Delivery Reform Program
<b>PSRC</b>	Public Service Research Center
<b>PSSSI</b>	Public Sector Service Satisfaction Index
<b>SERVPERF</b>	SERVICE PERFORMANCE
<b>SERVQUAL</b>	SERVICE QUALITY
<b>SPSS</b>	Statistical Package for Social Science
<b>UNDP</b>	United Nation Development Program
<b>VIF</b>	Variance Inflation Factor

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## ***Abstract***

*Customer satisfaction is a curtail concept and regarded as a strategic weapon to compete and stay as an organization. Quality service has become an important factor for the achievement of customer satisfaction and fulfilling the complex needs and expectation of customers. The objective of the study was to assess the implication of service quality on customers' satisfaction in Lideta sub city small taxpayer branch office (LSCSTBO). To achieve the objective, appropriate research questions and hypotheses were postulated to guide the research. The study adopted descriptive research method. The SERPERF MODEL was modified and incorporated into a detailed questionnaire to acquire information from customers. Interview guides were designed to gather responses from some staff and management members. Secondary data was also collected from manuals and reports. The collected data was analyzed by correlation and multiple regression analysis with help of SPSS (20.0) tool. The result indicated that overall satisfaction, which is the upshot of service delivery, provided a positive result higher than the midpoint (3.46 out of maximum 5). Moreover; reliability, empathy and tangibility have the main predictors of customers' satisfaction. Assurance and responsiveness have a positive correlation but no significant impact on customers' satisfaction. It was also found that in LSCSTBO insufficient staff, problem of providing fast service, delay in answering questions and problems, and lack of awareness were among the problems. It was thus recommended that the revenue office should concentrate on implementing training programs, recruit sufficient and skill employees. Finally, prior focus and resource allocation should be given to reliability, empathy and tangibility dimensions which have greater impact on customers' satisfaction.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Customer Satisfaction is a crucial concept both for private and public sector in the modern world. It plays an important role and regarded as a strategic weapon to compete and stay as an organization. As a result of this, different studies had been undertaken by many researchers concerning customer satisfaction. According to (Aborampah, 2010), satisfaction is a subjective concept and depends on so many factors and varies from person to person. In addition, Fecikova (2004) as cited in Aborampah (2010) explained that satisfaction is fulfilling of customers' needs and wants. Customer satisfaction can be used to evaluate and enhance the performance of an organization as it measures the quality of goods and services as experienced by customers who consumes them (Fornell et al., 1996). Hanan and Karp (1989) as cited in Sriyam (2010) also refer to customer satisfaction as the only meaningful competitive advantage. While Moller (1997) as cited in Anber and Shireen (2011) indicated that customer satisfaction has been rated among the most important factors that can be measured in assessing organizational performance.

Researches in this area suggest that service quality is an important indicator of customer satisfaction (Moguluwa and Ode, 2013). Hence, delivering high quality service is the key to sustainable performance. All organizations realized the significance of delivering and managing service quality which leads to customer satisfaction (Bilijana and Jusuf, 2011). According to Hansmark and Albinson (2004) as cited in Bilijana and Jusuf (2011), "satisfaction is an overall customers' attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive."

In this regard, public sector organizations are responsible for providing quality services for their citizens in general and their customers in particular. However, the service provided by the public sector is very poor due to bureaucratic procedures, corruption, unattractive work condition and poor work ethics (Amanfi, 2012). As a result, reforms in the public sectors aiming at improving service delivery have

considerable focus during the last decades (PSRC, 2007). Fundamentals to the demand for better customer services are the heightened expectations of citizens' expectations that transcend delivering services. According to Chandrashakhar, as quoted by pricewaterhousecoopers (2007), in a speech in the public sector research center forum, "the reality of the public sector today is that it is assessed by the efficiency of its service delivery no longer is the effectiveness of the public sector measured by the revenue it generates or the employment it provides."

Moreover, as part of the public sector, tax administrators are service providers and are characterized as a high service rendering organization for taxpayers. Taxpayers normally visit the tax office for different purposes but most importantly, they are looking for tax matter services. As a result, taxpayers want to get quality service from tax administrations while fulfilling their responsibility. At the same time, tax administrations are responsible to ensure every eligible taxpayer pays fair and right tax under the law and right time. Further, they are mandated to ensure the efficiency, effectiveness and economic not only for themselves but also for taxpayers. In addition to this, tax administrations are responsible for minimizing administrative constraints such as taxpayers complain, complex procedures, and delay of tax assessment and auditing. Hence, so as to realize these responsibilities and mandates and maintain taxpayers' satisfaction, different countries introduced and implemented different tax policies and strategies.

Similarly, Ethiopia introduced various packages to improve service delivery and satisfy taxpayers at different period, such as citizens' charter, BPR, and BSC. There by, effectively and efficiently implementing these service reforms in the ground can provide a smooth function to realize tax administration objective and attain taxpayers' satisfaction and should have been paid attention in the first place.

From the researcher's point of view, a lot of works have been done in studying customers' satisfaction with service provided by the private sector especially in developed countries. But though some works on the subject has been done in the public sector as well, there was no sufficient study related taxpayers satisfaction from the service reforms in Ethiopia.

On the basis of the above background information, this study is initiated to examine the effect of the service quality provided by Lideta sub city small tax payer's branch office on customer satisfaction.

## **1.2 Problem Statement**

In the modern world of intensifying globalized competitiveness, so as to sustain as a competitor, understanding customers' requirements and fulfilling these requirements followed by an assessment of customer satisfaction are the homework of any business organization. According to Fornell et al. (1996) customer satisfaction can be used to evaluate and enhance the performance of firms, industries, economic sectors and national economies as it measures the quality of goods and services as experienced by the customers who consumes them.

Service quality which is the main indicator of customer satisfaction has assumed the center stage of business organizations survival and development in the 21<sup>st</sup> century. Moreover, governmental institutions, specifically tax administrations have been launching a new strategic approach for management and taxpayers' satisfaction to address the challenges faced resulting from the changes observed in taxpayers, i.e., the development of more sophisticated and global businesses, persons demanding higher assistance quality and new services, demands for the provision of personalized, specific and highly reliable information (CIAT, 2009). This strategic plan can be defined with a single idea: to place taxpayers at the center of the tax administration system to achieve the overall objective of the authority.

However, most of the time taxpayers were faced so many administrative challenges to get quality service and ultimately affect their satisfaction. These administrative challenges which influence their satisfaction were: obtaining of accurate, precise, and timely information; gaining help in the process of application of the tax regulations and tax procedures; getting advice of documentation for achieving particular rights and obligations in the tax area; obtaining explanations how to submit particular tax returns, receiving impartial and fair treatment; ensuring transparency and accountability; Providing of information for payment deadlines; and easily access for Manuals, procedures, brochures, leaflets and check-lists.



Likewise, the Ethiopian service delivery system, particularly the tax administration is characterized with some challenges such as lack of access, quality and equity provision, lack of qualified manpower, lack of efficiency and effectiveness in operation, and lack of prioritization and decision making process. So as to eliminate these challenges, the Ethiopian government, with the ultimate objective of improving customer satisfaction, designed and implemented civil service reforms in 2001. Public service delivery (PSD) is one component of these civil service reforms (ECSU, 2009). Lideta sub city Small tax payer's branch office, as a governmental institution, has been also characterized with such challenges. Ultimately, the office, as a governmental institution, has been implemented these service delivery reforms to satisfy taxpayers. However, there have been no studies to assess the implication of the service quality provided by the revenue office on taxpayers' satisfaction. Hence, assessing the effects of service quality on taxpayers' satisfaction with service provided by the revenue office is necessary and the findings of the study will be used to inform tax police makers and the tax office to undertake further improvements.

### **1.3 Objective of the Study**

#### **1.3.1 General Objective**

The general objective of this study was to assess the effects of service quality on customers' satisfaction with the service provided by the revenue office.

#### **1.3.2 Specific Objectives**

In light of the general objective the paper has also addressed the following specific objectives:

1. To measure the overall level of customers' satisfaction
2. To examine the relationship between assurance and customers' satisfaction
3. To examine the relationship between responsiveness and customers' satisfaction
4. To examine the relationship between reliability and customers' satisfaction
5. To examine the relationship between empathy and customers' satisfaction
6. To examine the relationship between tangibility and customers' satisfaction

7. To determine service factors that need to be improved to increase customers' satisfaction

## **1.4 Hypothesis**

H<sub>1</sub>: there is a positive correlation between assurance and customers' satisfaction in Lideta sub city Small tax payer's branch office

H<sub>2</sub>: there is a positive correlation between responsiveness and customers' satisfaction in Lideta sub city Small tax payer's branch office

H<sub>3</sub>: there is a positive correlation between empathy and customers' satisfaction in Lideta sub city Small tax payer's branch office

H<sub>4</sub>: there is a positive correlation between reliability and customers' satisfaction in Lideta sub city Small tax payer's branch office

H<sub>5</sub>: there is a positive correlation between tangibility and customers' satisfaction in Lideta sub city Small tax payer's branch office

## **1.5 Significance of the Study**

This, effects of service quality on customer's satisfaction study is expected to help in obtaining feedback from taxpayers that will help to examine the significance of service quality on customers' satisfaction with the services delivered by the revenue office. This research is an important part of measuring the office performance in providing services to taxpayers. The information collected from this study is important for several reasons.

First, it enabled to assess impact of each service quality on satisfaction in which it indicated areas where the office has performed well with the taxpayers' desire or need otherwise areas where improvements need. Second, the results of the study is important for the office to make adjustments or design new service packages to better address taxpayers needs and expectations. Third, based on findings, the study was come up with recommendations for policy reform measure in service quality prioritization and resource allocation based on their impact and significance. Finally, the research will serve as secondary source for researchers in the field of taxpayers' service delivery.

## **1.6 Scope of the Study**

In public institutions or organizations, there were so many services provide so as to satisfy customers. Some of the services provided by governmental institutions partially or fully so as to satisfy customers were electric service, water service, defense, postal service, telecommunication service and so on. However, this study, taking the time constraints into account, was confined to tax related services based on the service quality dimensions.

Moreover, Tax related services were also provided throughout the Addis Ababa city by revenue offices, including the Ethiopia revenue and custom authority itself and to all taxpayers. However, due to financial and time constraints, the study was restricted only in Lideta sub city Small tax payer's branch office, particularly on category A and B taxpayers where they have a continuous contact with the tax office regarding tax matters. In addition, these taxpayers, due to their obligation to report (monthly or quarterly transaction, annual tax return, monthly payroll of employee) and their rights to ask (clearance, renewable, objection of assessment and feedback), they have a regular contact with employees of the revenue office. Besides of this, the study covered from 2003 up to 2008.

## **1.7 Description of the Study Area**

Addis Ababa has 10 sub cities and each sub city is divided into 'Woredas', which are the smallest administrative units of the city. Lideta Sub City, which is one of the sub cities found in the Central part of Addis Ababa, divided to 10 'Woredas (New charter of Addis Ababa City Administration).

Until December 2010, Lideta Sub City Revenue Office was one of the offices in the Lideta Sub City Administration. According to ERCA (2011), due to the agreement concluded between the Addis Ababa City Administration and ERCA, after December 2010 the Addis Ababa Revenue Authority and ERCA have merged and the following new organizational structures formed in Addis Ababa:

1. Micro Taxpayers' Branch: - This include taxpayers whose annual turnover is not more than 100,000 birr.
2. Small Taxpayers' Branch: - This include taxpayers whose annual turnover is greater than 100,000 birr and not more than one million birr.
3. Medium Taxpayers' Branch: - This include taxpayers whose annual turnover is greater than one million birr but not more than 15 million birr. And,
4. Large Taxpayers' Branch: - This include taxpayers whose annual turnover greater than 15 million birr.

Therefore, Lideta Sub City Revenue Office now called Lideta Sub City Small Taxpayers' Branch under ERCA only in terms of administration and transfer the tax collected to the Addis Ababa City treasury.

### **1.8 Organization of the Study**

This research study is organized in to five chapters. The first chapter dealt with introductory issues including background of the study where different researchers' concepts and the gap in service quality and customer satisfaction was discussed. The second chapter discussed the literature review in which different research studies in the area of service quality and customer satisfaction in the public sector and the implication of service quality dimensions on customers' satisfaction was raised. The third chapter of the study focused on the research methodology where it showed how the research was undertaken. The fourth chapter presented data presentation, analysis and discussion based on the data gathered from primary and secondary sources. The final chapter dealt with summary of findings, conclusions, recommendations and suggestions for future researchers based on the data analysis and findings.

## **CHAPTER TWO**

### **LITERATURE RERIEVIEW**

#### **Introduction**

The purpose of this chapter is to review the existing literatures regarding customers' satisfaction and the service quality factors that affect satisfaction and their relationships from different empirical studies. This section mainly dealt with the over view of service delivery in the public sector; the concept of service quality, dimensions and measurement of service quality; the concept of customer satisfaction and its main determinants; and finally the relationship between service quality and customer satisfaction based on views of different previous research findings .

#### **2.1 Over View of Service Delivery in Public Sector**

Public services are those services which are mainly or completely funded by taxation. They are activities of government institutions and aimed at satisfying the needs and ensuring the well being of societies as well as enforcing laws, regulations and directives of the government. However, Gowan et al.(2001) as cited in Amanfi (2012) explained, service delivery in the public sectors is more complex than the private organizations because it is not simply the matter of meeting expressed needs but of finding out unexpressed needs, setting priorities and allocating resources and publicly justifying and accountable what has been done. Providing quality service (Randall and senior, 1994) and improving efficiency (Robinson, 2003 as cited in Amanfi, 2012) under public sector is expressed with increasing pressure. It is also expressed by many researchers and academicians that quality of service in most public organizations is stayed unsatisfactory.

Furthermore, Service quality practice in public sector, according to Tiecher et al. (2002), is slow and is further exacerbated by difficulties in measuring outcomes, greater scrutiny from the public and press, a lack of freedom to account in arbitrary fashion and requirements for decision making to be based on law. Moreover, as Gowan et al., Robinson and Tiecher et al. thought, public sector organizations are inherently constrained in delivering quality service to customers and this is further

made worse by systems, structures and processes which by all intents and purposes impeded to ensure accountability, transparency and efficiency.

Some public sectors, like revenue offices are there to serve the customers who have no alternatives as private organizations. As Sandler and Hudson (1998) explained, public institutions and non-profit organizations provide services that cannot be attained anywhere and customers could not go elsewhere due to the absence of alternatives. Therefore, public sectors should have a stress on the principles of equity and fairness in service administration as customers' seldom have the chance of alternative competitive suppliers. To become truly a customer center, public sectors needs first and foremost to gear their culture towards serving the customers.

According to the PSRC (2007), citizens today are more aware of their rights, have better access to information on public service and consequently have higher expectations of service level. They also expect positive customer experience and better returns on the taxes they pay. Hence, the issue of providing effective and efficient service delivery is not only the concern of private business organizations but also the concern of public institutions. So as to accomplish the needs of customers, public institutions have continuously undertaken several reforms.

Likewise, service provision for the public in Ethiopia had been undergone through different stages. According to FDRE public service delivery and reform program (2001), the public sector in the Ethiopian context has a long tradition and experience of serving various governments. However, so far they were given little attention to the service delivery. As a result of this, the public service delivery system is characterized by so many problems such as lack of access and inequity in provision of service; poor quality in provision of service; citizen solidification in the service delivery system; lack of qualified and skilled manpower; lack of effectiveness and efficiency in operation public institutions; and poor and delayed prioritization and decision making mechanisms.

To overthrow such challenges, the Ethiopian civil service undertook a reform in 1996. This reform, according to the FDRE public service delivery and reform program (2001) highlighted a number of deficiencies in terms of effectiveness, efficiency, accountability, and transparency. In order to minimize such challenges and problems,

the government designed a new civil service reform program (CSRP) with the aim of developing fair, transparent, efficient and ethical civil service through reforms, systems development and training. Among these reform pillars is public service delivery reform (FDRE and UNDP, 2003). Revenue authorities, both federal and regional, as part of public sectors and service provider institutions, also had designed and implemented taxpayers' service delivery reform program in order to ensure quality taxpayers' services.

Quality taxpayers' service means the service and information provided by the tax administration to meet the principles of good tax system and fulfilling taxpayers' obligation. It also includes assistance in areas which the taxpayers might not even have realized that compliance could be fulfilled through taxpayer service and information (Grampert, 2001). Quality taxpayers' service is also a matter of accessibility, commitment of tax officials to assist taxpayers', treat taxpayers fairly, capacity to understand taxpayer concerns and questions, to be foresighted taxpayers' need, prompt processing of taxpayers' application to refund or complaint (Grampert, 2001). Bird and Oldman (2000) asserts that effective implementation of taxpayers' service program will satisfy taxpayers.

Generally, quality taxpayer service embraces a timely handling of taxpayers' complain, empathy and competent of tax officials, Tax officials' easily accessible both in face-to-face and telephone or in a convenient location, communicating to taxpayers in a language to understand them, an endeavor to satisfy their special needs, securing taxpayers' document and tax affairs, and good appearance of equipment, facility and layout (Aslund, 2002). Therefore, in order to attain the ultimate objective of revenue authorities which is creating self-assessed taxpayers, improving the responsiveness and effectiveness of tax officials; creating better communication, advice, and information; linking regular taxpayers' feedback to quality improvement and recording plan; and more importantly promoting voluntary taxpayers is very necessary to guarantee better taxpayers' service and ultimately taxpayers satisfaction.

## 2.2 Concepts of Service Quality

The concept of service is defined by different authors and researchers in literatures. According to Parasuraman et al. (1985) services are deeds, process and performance. Gronroos (1984) defined service as : “any activity or serious of activities more or less intangible nature that normally, but not necessarily, take place in interactions by customer and service employees and/or physical resources or goods and/or systems of service provider, which are provided as a solution to customer problems”. Kotler et al. (1999) cited in Biljana and Jusuf (2011) defined service as “any activity or benefit that one party offers to another which is essentially intangible and does not result in the ownership of anything and it may or may not be tied to physical product”. Service or service delivery basically refers to the systematic arrangement of activities in service giving institutions with the aim of fulfilling or satisfying the needs and expectations of service users with the optimum use of resources (MoCB, 2001).

Quality is defined as anything that accorded with characteristics of the product or service to meet the customer need (Karim and cowling, 1996 as cited in Ragavan and Mageh, 2013).

Service quality as perceived by customers indicates what was left of their pervious perception and the level of satisfaction with the current performance (Ragavan and Mageh, 2013). This implies that service quality is an intermediary factor between what the customers pervious perception and the present perception of it. Therefore customers can assess the actual quality provided to them (Mualla and Deeb, 1998). Mualla and Deeb (1998) also stated that the customers’ satisfaction with the actual performance level of service had a further implication on the formation the customers’ perceptions of service quality.

Service quality has been identified and documented as one of the key driving force for organizational survival, sustainability and accomplishment (Rust and Oliver, 1994). The concept of service quality has been defined by different researchers and academicians. According to Zeithaml and Bitner (2008), as cited in Amanfi (2012) “service quality is a focused evaluation that reflects customer’s perception of specific dimensions of quality: Reliability, Responsiveness, Assurance, Empathy, and Tangibility”. It is defined as customers’ judgment about an entity’s overall excellence



or superiority which is conceptually constructed and centers on perceived quality (Zeithaml et al., 1987 as cited in Amanfi, 2012).

According to Parasuraman et al. (1985), the difference between customers' expectation of the services and their perceived services is expressed as service quality. In other words, service quality is the outcome of the comparison that customers make between their expectations about the service and their perceptions of the ways the service has been performed (Groonoos, 1984). Zeithaml et al. (1987) further explained that service quality is the difference between expectation and perceived service. Others also defined service quality as the extents to which a service meets customers' needs and expectation (Amanfi, 2012)

There are two major approaches to creating and deciding on a model to measure service quality (Anber and Shireen, 2011). The first one is the, Directional Approach, which is connected with satisfaction, though not equivalent it is related to the customers' perception of the actual performance of the service provided (Anber and Shireen, 2011). This approach supports the concept of satisfaction as psychological state prior to giving judgment on the quality of service. It indicates the measurement of actual performance rather than comparison of expectation and performance and termed as SERVPERF (Josep et al., 1992). The second approach, which is the Gap Approach, is related with the comparison of service expectation with service perception and termed as SERVQUAL (Parasuraman et al., 1985).

In general, the concept of service quality depends on the customers experience and behavior towards judging their feeling on the service provided by the responsible body. Moreover, it is sound to express the concept of service quality from actual performance of the organization in which customers perceived during receiving the service rather than considering expectations of customers before serving and perceptions after serving by the organization.

### **2.3 Service Quality Dimensions**

Groonoos (1984) and Czepiet et al. (1990) have considered service quality dimensions as technical and functional or process quality. These dimensions were assessed

according to attitude and behavior, appearance and personality, service mindness, accessibility and approachability of customer contact personnel.

Czepiel et al. (1990), in addition to found the process and outcome dimensions, also identify three dimensions of service encounters, distinguishing among customer perception, provider characteristics and production realities. They suggested that these are common characteristics in service delivery, and determination of satisfaction in each case is similar.

The customer perception dimension, as Czepiel et al. (1990) includes, purpose, motivation, silence, cost and risk. Whereas the product realities more covers technology, location, content, complexity and duration. The final dimension of provider characteristics relates to expertise, attitude and demographic attributes of staff.

Edvardsson et al. (2005) expanded the provider characteristics and production realities and summarizes four quality aspects which affect customer perception. The first aspect service quality, which is technical quality, refers the skills of the employee and design of service systems. The second quality aspect, which concern with how the different parts of the service delivery systems work together, is the integrative quality. The third service quality aspect, according to these researchers, is the functional quality: this aspect deals with the manner in which service is delivered and relates with layout and accessibility. The final quality aspect, which is the outcome quality refers results of the actual service and indicates whether it meets the promised service and the customers' needs and expectation.

Moreover, Hedvall and paltschik's (1989) as cited in Amanfi (2012), stated two dimensions of service quality (willingness and ability to serve's and physical and psychological access); (Garvin, 1988 as cited in Amanfi, 2012) listed nine dimensional approaches (performance, aesthetics, features, conformance, reliability, durability, serviceability, response, and reputation); and Oliver and Rust's (1994) also stated three dimensions (functional, technical and environmental quality constructs).

Furthermore, Parasuraman et al. (1985) addressed ten quality dimensions as to how the customer makes an assessment of service quality. These determinants that can be

used to measure service quality are separately defined by them. The first quality dimension, access, is related with the approachability and easy of contact to customers. The second dimension used to make an assessment of service quality is communication that refers the organization's capability in informing and listening to customers. Competence, which measures employees' possession of required skills and knowledge to perform the service in a better way to satisfy their customers, is also among the ten dimensions used to assess service quality. The fourth dimension is related with demeanor and attitude of contact personnel and referred as courtesy. Credibility which refers trustworthiness and honesty; reliability which assesses consistency of performance and dependability of employees in serving customers; responsiveness which indicate timeliness of service and willingness of employees to serve their customers; Security which reflects customers freedom from danger, risk and doubt while dealing with the organization; tangibility which indicate physical evidence of the organization to perform service; and understanding/knowing the customers' needs were the main dimensions to assess the service quality performance an organization according to these writers.

Later on, Parasuraman et al. (1988) minimized the ten dimensions of service quality into five dimensions. The three dimensions: reliability, responsiveness and tangibility are the original dimensions, whereas the remaining seven dimensions were replaced with assurance and empathy. According to Al-Allaq and Al-Ta'ii as cited in Anber and Shireen (2011), assurance includes courtesy, competence, credibility and security from the ten dimensions whereas empathy covers access, communication and service provider understanding to beneficiaries.

The modified service quality dimensions of Parasuraman et al. (1988) were used in the SERVQUAL MODEL:

The first dimension based on the modified service quality dimension is tangibility. This dimension includes physical facilities, equipment, physical appearance of employee, and communication materials which are very important to facilitate service provision.

The second modified dimension, empathy is the combination of three of the original service quality dimensions: access, communication and understanding customers .this

dimension refers the ability to identify, understand and respond appropriately to customers' emotional state before, during and after the transaction/service providing/ (Shaffer, 2008 )as cited in Shelly,(n.d)). Understanding the customer's personal needs, taking care of them individually and showing them all sorts of sympathy and affection, looking at them as close friends and distinguished clients (Anber and Shireen, 2011)

The third dimension, reliability is equal with original service quality dimension. This dimension also refers the ability to provide the exact required service according to the given specifications (Anber and Shireen, 2011). Zeithaml (1988) also defined it as the ability to perform promised service dependably and accurately. In a similar manner, the forth service quality dimension, Responsiveness is equal to the original dimension defined by Parasuraman and others in 1985. This dimension assesses the inclination and willingness of the employees to serve customers quickly and properly.

The final dimension forwarded by these writers is Assurance which captured competence, courtesy, credibility and security from the original service quality dimension in combination. It refers knowledge and courtesy of employees and their ability to convey trust and confidence (zeithaml, 1988). It also refers to the feeling of trust and confidence in dealing with the organization. This reflects the workers knowledge and experience and their ability to build self confidence as well as confidence in the customers themselves (Anber and Shireen, 2011).

As the classification and explanation of service quality dimension into different categories by different writers in different areas of study and time, there is no so much difference among them rather all revolved in similar concepts regardless of expanding or narrowing the classifications. Hence, in order to explicitly assess and measured the service quality provided by any organization, it is necessary to use the minimized service quality dimensions.

## **2.4 Service Quality Measurement**

Service quality by its nature is an elusive, indistinct and abstract concept (Sachdev and Verma, 2004). Consumers hardly express their requirement and also there are

difficulties in delimiting and measuring the concept. However, there were different measurement models in different research studies.

In literature two perspectives of service quality measurement have been identified. These are internal and external perspectives. The former is defined as zero-defects-doing it right the first time, or conformance to requirements (Garvin, 1988 as cited in Amanfi, 2012). The later one sees service quality in terms of customer expectation, customer perception, customer satisfaction, customer attitude and customer delight (Schdev and Verma, 2004). The external perspective applies the expectation and perception measurement to judge the service quality level and referred as disconfirmation paradigm and has been originally developed by Parasuraman et al. (1985). This model uses the SERVQUAL scale to measure or assess the service quality.

Cronin and Tayler (1992) came out with four different measurement models: SERVQUAL, SERVPERF, WEIGHTED SERVQUAL, and WEIGHTED SERVPERF. In their findings they concluded that SERVPERF was the most popular in measuring service quality. In addition, some researchers did not support the five factor structure of SERVQUAL formulated by parasuraman et al. (1988), and administering expectation items is also considered unnecessary (Carmen, 1990; Babakus and Boller, 1992 as cited in Amanfi, 2012). The SERVPERF, developed by Colin and Tayler is part of the SERVQUAL model which excluded customer expectation. They found that the unweighted SERVPERF measure (performance only) performs better than any other measures of service quality and that has more accurate service quality score than SERVQUAL. They agreed that current performance best reflects the customers' perception of service quality, and that expectation is out of the domain (Cronin and Tayler, 1992)

According to Cronin and Tayler, in order to measure perceived service quality using only part of the SERVQUAL scale based on the performance was to avoid any possible psychometric problems as a result of different scores between expectation and perception. It also helps to avoid possible confusions of respondents (Brown et al., 1993). Sureshchandar et al. (2002) also explained that customer satisfaction as a multi-dimensional variable should be activated in the framework of the same dimension that comprises perceived service quality.

SERVQUAL and SERVPERF constitute of the two most broadly used complex multiple item scales for measuring perceived service quality and satisfaction. Their main difference is that SERVQUAL measures service quality and satisfaction as the gap between customer expectation and perception, whereas as SERVPERF only focuses on items of perception regarding the delivery of a service and satisfaction (Brady et al., 2002). Thus, from the two models, the SERVPERF model was employed to assess the impact of service quality on taxpayers satisfaction with the service having perceived by the revenue office in the same framework and dimensions of service quality so as to eliminate the possible confusions because most of the taxpayers, from my experience, were not aware of what expectation differs from perception. At the same time they had not the ability to compare what they expect and what the perceived rather they can easily judge the revenue office from what they gained at the right time.

## **2.5 Concepts of Customer Satisfaction**

The concept of customer satisfaction was widely discussed in different academics and practitioners' in the field of service providing organization. The topic raises an interest since 1965 when Cardozo discussed about customer effort, expectation and satisfaction (Nadya, 2012). Since then the concept of customer satisfaction was used widely in different research areas.

Many researchers conceptualized customer satisfaction as an individual's feeling of pleasure or disappointment resulting from comparing the perceived performance or outcome in relation to the expectation (Manusamy, et al., 2010 as cited in Moguluwa and Ode, 2013). According to Oliver (1980) as cited in Nadya (2012), satisfaction is "the result of an evaluative process that contrasts pre-purchase expectations with perceptions of performance during and after the consumption experience." (Muffatto and Palizzolo (1995) as cited in Nadya (2012) also defined it as "the culmination of all efforts made for improvement". Abadh (2012) also defined it as the difference between the assumed quality of service and involvement or feelings after having the perceived service. According to these definitions, customer satisfaction is defined based on the experience with the service as well as the outcomes of the service and suggest that satisfaction is derived from different aspects of service provision.

Oliver (2006) as cited in Nadya (2012) suggested some related concepts influencing satisfaction; such as quality of service elements, value, attitude, disconfirmation between expectation and perceived performance, and loyalty. Malcolm (2008) also explained service quality, situational factors and service feature and complaint handling as some of the factors influencing satisfaction.

Lenka et al. (2009) explained that service quality is the delivery of service while satisfaction is customers experience with the service. They also explained that positive perception of service quality is the indication of customer satisfaction. Moreover, Reiman et al. (2008) concluded that customer satisfaction is directly affected by perceived service quality. The framework of the ACSI theory and research also revealed that perceived quality is considered as the first determinant of overall customer satisfaction (Forrest and Morgeson, 2013).

This simplified concept helps in simplifying the measurement of customer satisfaction by taking the perceived service quality directly rather than taking service expectations because as Saif (2012) explained service expectations are combinations of a customer's prediction about what is likely to happen during a service transaction as well as the wants and desires of that customer.

Generally there are two conceptualization of satisfaction, namely transaction-specific and cumulative satisfaction. The former is very own evaluation of once experience and reaction towards a particular service encounter (Boshoff and Gary, 2004 as cited in Mogulua and Ode, 2013). The later refers the customer overall evaluation of the consumption experience to date (Johnson et al., 1995 as cited in Moguluwa and Ode, 2013).

Several researchers agreed that cumulative definition of satisfaction has to be adopted rather than a specific definition (Johnson et al., 2002) because cumulative satisfaction is more fundamental indicator of an organization overall performance and motivates organization's investment in customer satisfaction (Anderson 1994 as cited in Shelly (n.d). In a similar manner, Hsu (2008) hypnotized that cumulative customer satisfaction is organizations fundamental indicators of past, present and future performance instead of specific transaction information about the service encounter. Cumulative satisfaction can be viewed as theoretical or latent variable and can be

empirically measured and meaningfully compared as a weighted average or index of satisfaction indicators (Johnson et al., 2002). In general, it is agreed that customer satisfaction measurement is a post consumption assessment by users about the product or service gained (Churchill and Surprenant, 1982).

## **2.6 Determinants of Customer Satisfaction**

There are many customer satisfaction driving factors that need to examine so as to accurately measure it. According to Oliver (1993); Parasuraman et al. (1988); and Gronroos (1994) service quality and customer service experience could influence customer satisfaction. Service experience implies the service encounter and/or service process that creates cognitive, emotional and behavioral response which results in mental marks (Gronroos, 2005 as cited in Frank and Theresa, 2001). Wilson et al. (2008) as cited in Amanfi(2012), stated that other than service quality such as price, product quality, complaint handling and employees' satisfaction can determine customer satisfaction. Customer satisfaction is affected by overall quality, price, expectation (Andersson, 1994 as cited in Shelly (n. d). Moreover, Churchill and Surprenant (1982) explained that a positive correlation existed between expectation and satisfaction.

According to these authors expectation and disconfirmation are important variables to explain customer satisfaction. In spite of all factors studied, service quality has received a considerable attention (Lien et al., 2008). Service quality effect on satisfaction is often seen as greater than other antecedents (Churchill and Surprenant (1982). This implies that Customer satisfaction is broader construct than service quality, so service quality assumed to be an important antecedent of customer satisfaction (Shelly, n.d). Gronroos (2001) explained that perceived service quality is an important determinant of customer satisfaction that has both cognitive and affective nature.

With regard to determinants of customer satisfaction, the explanation of different researchers depends on the type of the service. Some of them explained determinants of customer from manufacturing industries and some others explained from the service sector. In the service sector, particularly in the public sector, price, product quality and others may have no effect. Rather service quality, employee satisfaction



and complaint handling mechanisms can be set as the most dominant determinants and directly affect satisfaction in the public sector.

As PSSSI (2010) , the most important determinants of customer satisfaction in the public sector were service delivery which refers whether the service delivered with what customers need; staff attitude that express the attitude of staff they deal with customers; professionalism which show the knowledge and ability of staff they deal with; information which refers the information available about the service customers before, during and after the service provision; and the timelines that indicate the length of time it took to get what they needed.

These determinants listed in the PSSSI (2010) to measure customer satisfaction in the public sector, including internal revenue have similar characteristics with the SERVICE QUALITY dimensions listed by Parasuraman et al. (1988). Moreover, Saif (2012) also used the service quality dimensions in his study customer satisfaction in the public sector. In a similar manner, The Greece tax administration used the service quality dimensions especially SERVPERF to measure taxpayers' satisfaction (Maroudas et. al., 2009). Kente (2005) also similarly used the SERVQUAL dimensions in his study about taxpayers' service quality and collection performance in Ugandan revenue authority.

The researcher's interest in taking service quality implication on customers' satisfaction for this study is because service quality has proven to be the best determinant of customer satisfaction when we come to service sector especially public sector. In addition, providing quality service to satisfy citizens and stockholders was one of the main reasons why the government undertook reform in the public sector including the revenue authority. Hence, assessing the implication of the service quality on customers' satisfaction is essential.

## **2.7 Service Quality and Customer Satisfaction**

Service quality and customer satisfaction are two important concepts to academic research study. This is why different researchers, especially in marketing undertook a vast study in relation to the two concepts. According to Brady and Cronin (2001) and

Zeithaml et al. (1996) the relationship between service quality and customer satisfaction has gained attention in marketing literature.

The relationship of these two concepts is explained differently by different researchers. As Zeithaml and Bitner (2000) cited in Anber and Shireen(2011), customer satisfaction is influenced by customer perception of quality. Further, Gotlieb et al. (1994) explained that service quality is an antecedent of the broader concept of customer satisfaction. Moreover, Saravana and Rao (2007) as cited in Nadya (2012) recognized that customer satisfaction is grounded in the level of service quality provided. Parasuraman et al. (1994) also explained that service quality and customer satisfaction are two discrete concepts, but also closely related constructs. Bigne et al. (2003) based on the two related constructs concluded that the discrimination between the two concepts is a very necessary topic both for researchers and administrative staffs in the effort to identify on which aspect the objective goals to be focused.

However, there are also some researchers that concluded the two concepts as interconnected and used interchangeably. According to Rust and Zahoric (1993), and Boulding et al. (1993), quality and satisfaction are closely related and synonymous. Iacobucci et al. (1995) also concluded that there is no difference between service quality and customer satisfaction.

The dominant trend in the literatures seems to be the fact that satisfaction is the highest order variable and that perception concerning quality affect the sense of satisfaction which in turn affects the future judgment of the customer (Lee et al, 2000; Hurly and Estalami, 1998; Cronin et al, 2000 as cited in Maroudas et al., 2009).

Some researchers concluded satisfaction as a specific and short term evaluation, whereas quality as general and long term evaluation (Bitner and Hubbert, 1993 as cited in Maroudas et al., 2009). On the reverse other researchers described that quality is a specific and short term evaluation, whereas satisfaction as general and long term evaluation (Oliver, 1993). According to Omachonu et al (2008) quality has a long term impact on the satisfaction of customers.

Generally there are two schools of thoughts regarding the relationship between service quality and customer satisfaction. The first school of thought agreed that

service quality is the ancestor of customer satisfaction (Cronin and Taylor, 1992; Spreng and Macky, 1996; Antreas and Opoulos, 2003 as cited in Amanfi, 2012). According to Deng et al, (n.d) cited in Amanfi (2012) service quality is a significant determinant of customer satisfaction. Anderson et al (2004) as cited in Mogulua and Ode (2013) also stated that quality leads to a satisfied customer. The second school of thought agreed that customer satisfaction helps to develop the perception of high quality (Bolton and Drew, 1991).

Many customer satisfaction studies, both in the private and public sectors forwarded the service quality and service quality dimensions impact on satisfaction.

Maroudas et al. (2009) in their study about taxpayers' satisfaction in the Greek tax administration system concluded that any improvement to the service quality of tax administration as perceived by the taxpayers and their satisfaction require special attention to all elements of the service quality. (Anber and Shireen, 2011) in their study of customer satisfaction in the service sector also stated that all these service quality variables have an effect on customer satisfaction. Moreover, Amanfi (2012), in a study of service quality and customer satisfaction in the public service sector explained that all the service quality dimensions have a positive relationship with customer satisfaction. However, Amanfi (2012) also stated that the strength of all these dimensions have no similar impact on satisfaction. Accordingly empathy, assurance and responsiveness have a higher impact than tangibility and reliability on the satisfaction of customers.

Sriyam (2010) in the study of customer satisfaction in the private sector concluded that service quality and customer satisfaction have significant relationship. Further, Sriyam concluded that in the service sector, especially hotel sector, tangibility (cleanses and appearance) is the main factor for customer satisfaction followed by assurance. Ragavan and Mageh (2013), in their study of service quality and customer satisfaction in private banks concluded that all service quality dimensions had a significant and positive relationship with customer satisfaction. In addition, they came up with a conclusion from their regression result that, except empathy, which had no influence the remaining dimensions: assurance, reliability, responsiveness and tangibility had significantly and positively influencing customer satisfaction.

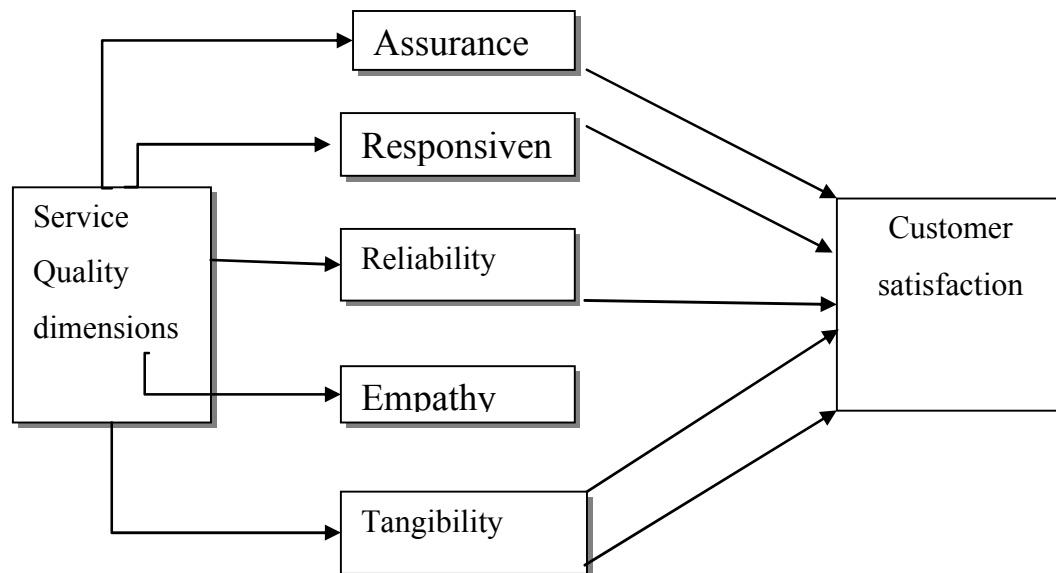
This indicates that all service quality dimension relationships with satisfaction can be different based on the service provided by different service providers. In addition, even within a public or a private sector, the results of the service dimension relationship and impact on customer satisfactions were not similar and vary one from the other.

## **2.8 Conceptual Framework**

So as to narrow down the main focus of the study and draw a strategy to the topic a conceptual framework is presented below. The conceptual framework shows the preceding discussions and the five different independent variables interrelationship with the dependent variable. The SERVPERF which is the modified model of SERVQUAL is considered as preferable for examining the implication of service quality on customer satisfaction with the service provided by Lideta sub city small tax payer branch office.

Hence, the correlation and impact level was evaluated with the five dimensions of the service quality namely, assurance, accessibility, reliability, responsiveness and tangibility. The overall satisfaction of taxpayers was assessed by overall service quality /delivery response of taxpayers.

**Figure 2.1** The Conceptual Framework.



Source: Institute of Interdisciplinary Business Research (2010)

Cited in Amanfi (2012) with modification

## 2.9 Conclusion

Public services unlike the private services are mainly provided by funds collected from citizens in the form of tax. In line with this, provision of service with such fund is complex and passes through different channels. As a result of this, most services provided by public sectors were characterized as unsatisfactory and bounded by so many problems.

The concept of customers' satisfaction in the public sector is also related with quality of service provision provided by such sectors and other factors. However, service quality was the dominant factor which influences customers' satisfaction in most public sectors. Customers' satisfaction as personal and mental judgment of customers feeling of pleasure from the perceived service, its measurement also depends on the customer's judgment of the quality of service provided by the organization. Hence, examining of the implication of different service factors on customers' satisfaction was undertaken using different service quality measurement models.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Research Design Type and Approaches**

For the methodology, the researcher applied mixed research. The quantitative approach with a quantitative research questionnaire, to test the hypothesis which is important to meet the main objectives of the study and a qualitative approach with unstructured interview and documentary analysis, to evaluate the office service delivery performance in relation to taxpayers' satisfaction is used.

The method research that utilized in this study was survey method/cross-sectional/, unstructured interview and document analysis. The survey allows the collection of large amounts of data from a sizable population in an economical way. Questionnaires and structured observations often fall in this strategy (Thornhill et al, 2003 as cited in Rana, 2006). So as to address the research problems using a survey method, the researcher used self administered/structured/ questionnaires. This was because, due to a large sample it helped to administer simply and minimizes cost and time. In addition, most taxpayers' were not professionals so that it might be difficult to understand questions and explain their idea if questionnaires are opened. The unstructured interview and documentary analysis was also used to evaluate the service delivery performance of the office in line with customers' satisfaction.

Descriptive research design was employed In order to examine the objectives of the study and answer the hypothesis; this is because it sought to describe the situation with regard to the implication of service quality on customers' satisfaction, and how the service quality factors affect satisfaction by testing the hypothesis. According to Gay (1992) as cited in Amanfi (2012), descriptive research involves gathering data to test hypothesis or answer the stated questions concerning status of the subject of the study.

The research approach was deductive approach. This was because the existing theories and empirical studies were applying and testing them in assessing the implication of service quality on customer satisfaction in Lideta sub city small tax

payer's branch office. This survey instrument was prepared in English and Amharic language.

### **3.2. Data Type, Source and Collection Tools**

The data type used to achieve this study was both primary and secondary data. Similarly the sources of data were both primary and documentary sources. Therefore, the study used self administered questionnaires to collect appropriate primary sources from the taxpayers' and interview from tax experts and management; and documentary sources of the tax office to achieve the research objectives and the study. Primary data were collected from respondents' viewpoint, information on the level and standard of service quality offered by the tax office, level of satisfaction. At the same time, primary data were collected from interviews of the revenue office believing that they had valuable information and deep understanding about the issue. Secondary data were also used. These secondary data were documents of the tax office regarding standards, annual reports of the tax office, complaint feedback documents and other relevant documentary materials. These sources are important for analysis in relation to the feedback from respondents and help to make recommendations.

As a mixed nature of the study, the researcher applied survey method of data collection in order to collect relevant and adequate first hand data from actual taxpayers, unstructured interview from tax officials and documentary analysis of reports and working manuals. The reason behind the survey method is to measure variables by asking people questions and then to examine the effect and relationship among variables. Structured questionnaire was prepared to collect data considering the time, cost and managing the data collected from large samples. In addition, self administered questionnaires help respondents/taxpayers/ from facing challenges to express their ideas. Respondents have an opportunity to comment and provide information deemed relevant, but not included in the questionnaires.

The questionnaire was designed with Likert scale.

A Likert scale is psychometric scale and is the most widely used scales in survey research. Since it is simple and easy to understand, the response rate is encouraging.

The Likert scale is easy to construct and administered. It is also important for respondents to understand (Malhotra, 1996 as cited in Aborampah, 2010). The questionnaire has 5 point Likert scale from very satisfied to very dissatisfied on the base of Services performance model where each question is based on the performance of services provided by the office and taxpayers' perception of the quality of service received.

### 3.3. Sampling Design

In order to select the appropriate representative of the total population and to make the research findings more relevant and accurate, the sample design would be well structured. The target population, techniques of selecting samples and sample size were clearly stated.

#### 3.3.1 Target Population

The target population for the survey study was comprised 3390 actual taxpayers who are category “A” and “B”. These categories were chosen because they were continuously moving to the tax office in order to get service related to their business. In addition, 151 tax officials and the management team were part of the target population. Therefore the issue of service quality on customers’ satisfaction in Lideta sub city small tax payer’s branch office is highly related with these targeted populations. Table 3.1 shows the targeted populations and sample size.

Table 3.1 sampling frame of target population

S.N	Target Population	Number of target population	Sample size
1	Category “A” taxpayers	1050	71
2	Category “B” taxpayers	2340	158
3	Tax officials	151	8
Total sample size			237

Source: LSCSTBO, 2016



### 3.3.2. Sampling Technique

The techniques the researcher applied were both probability and non-probability sampling. From probability sampling, stratified sampling followed by simple random sampling techniques was applied. The way of selecting samples from each category was stratified sampling first because the total populations of taxpayers were not proportional where taxpayers are grouped by category and business type. Therefore, it was important to divide the total population into sub-population that was representatives of each category than the total population. Using the proportional allocation the sample size from each stratum was identified. Then, using the simple random technique, the researcher selected items from each stratum to constitute a sample.

From the non-probability sampling a purposive sampling method was used in the interview with selective tax officials and the management team in Lideta sub city small tax payer's branch office. This was because they were routinely interacted with taxpayers and had a deep knowledge and understanding about the taxpayers' needs and feelings. Therefore, the information gathered from purposive interview was expected to help to increase the quality of information.

### 3.3.3. Sample Size

Based on the nature of the problem, using a formula, a sample of 229, where 71 from the category "A" taxpayers' and 158 from category "B" taxpayers' were proportionally selected from the population of 3390 taxpayers (1050 "A" and 2340 "B") to achieve a greater degree of representativeness of the views of the taxpayers and to achieve a high degree of reliability and validity. For the purpose of the interview out of 151 employees of the Revenue office, 3 management team and 5 tax officials totally 8 employees were selected in the sample. The total sample size used to undertake the study was 237 respondents.

The sample size, as Piergiorgio (2003) was determined by:

$$fn = \frac{?}{??\frac{?}{?}}$$

Where,

$N$ = target population of the study area

$n$ = sample size when population greater than 10,000 considering level of significance 95% and the proportion in the target population estimated to 0.2 because they have similar characteristics.

$fn$ = sample size from target population

Therefore

$$n = \frac{z^2 pq}{d^2}$$

Where

$n$ = the sample size when infinite population

$d$ = is the desired level of precision

$p$ = is the estimated proportion of an attribute that is present in the population

$q = 1-p$

$Z$ = is found in statistical tables

### **3.4. Data Analysis**

The data analysis in this study used descriptive statistics and inferential. The Statistical Package for the Social Science (SPSS 20.0) tool was used to analyze the data. This statistical tool helps to describe respondents' profiles and analyze correlation between independent and dependent variables in the study. Descriptive statistics such as mean, frequencies, percentage and standard deviations used to analyze the basic profiles respondents like age, gender, business type and others. The researcher used inferential techniques such correlation, and regression analysis to determine the relationship between variables and to test the hypothesis. The results were presented using tabulation.

### **3.5. Ethical Considerations**

Before proceeding to any action, the researcher consulted with Lideta sub city small tax payer's branch office Manager for consent to carry out the study and the study could not begin until permission was received. In order to ensure transparency and to avoid any fear from respondents, the questionnaires were prepared in English and Amharic language and tried to eliminate any indicators of personal information from the questionnaire. Besides of this, to avoid biases in filling the questionnaire and gave freedom of expression, the researcher avoided any interference and contact with respondents. Furthermore, the researcher, while distributing the questionnaire, orally explained the purpose of the study to all respondents and made them aware of how it could fill the questionnaire.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND DISCUSSION

#### Introduction

This chapter dealt with the detail analysis of the findings based on the data collected both from primary and secondary sources which were analyzed using Statistical Package for Social Science (SPSS20.0).

The data gathered from primary and secondary sources are presented, analyzed and discussed. This chapter mainly includes the respondents' socio-demographic background, the satisfaction level of the respondents, the correlation and regression analysis, the performance level of each service factor; service factor ranking based on their contribution to satisfaction, summary of hypothesis and finally, the main challenges and achievements while performing service to customers was presented.

#### 4.1 Response Rate of Respondents

##### 4.1: Respondents Response Rate

Target Population	Number of Distribute Questioner	Number of Returned Questioner	Percent (%)
Category "A" taxpayer	71	66	92.96
Category "B" taxpayer	158	146	92.4
Total	229	212	92.57

Source: Survey Result, November 2016

As Table 4.1 above indicates, the main respondent groups were taxpayers who had a direct and regular contact with the revenue office on tax matters. In total, 229 taxpayers and 8 tax officials were taken as a sample to undertake the study. However, only 212 taxpayers and 8 tax officials were contacted and successfully taken through the questionnaire and interview respectively. Hence, 92.57% of the distributed questionnaires to taxpayers' were effectively collected.

## 4.2 Socio-Demographic Background of the Respondents

Table 4.2: Respondents Educational Level by Business Category

Educational level	Business Category		Total
	Category A	Category B	
No Formal Education	4	10	14
Master/PHD	2	3	5
Bachelor	8	13	21
Diploma	19	24	43
High school	33	96	129
<b>Total</b>	<b>66</b>	<b>146</b>	<b>212</b>

Source: Survey Result, November 2016

This educational background statistics of the respondents is very important factor to come up with fundamental conclusion on the accuracy of the response for each questionnaire. This is because; each questionnaire needs a deep understanding of the question to answer accordingly. Bearing this in mind, the data from Table 4.2 above showed that 93.4% of the total respondents had a formal educational background. This indicated that majority of the respondents had no difficulties in understanding and responding to each questionnaire. The remaining 6.6% of the respondents had no formal education, but they filled and returned the questionnaires. So, it is expected that they had a help from their family members or they had reading and writing skills.

## 4.3. Frequency of Contact with the Revenue Office

The respondents' response to contact with the office and the number of contacts within a year gives a clue about the service received by taxpayers and their judgment of service delivery satisfaction while dealing with the revenue office.

Table 4.3: Frequency of Contact

	Response	Business Category		Total	Percent/%/
		Category	Category		
		A	B		
Frequency of contact per year	Twice a Year	0	3	3	1.23
	Four times a Year	3	43	46	21.61
	Twelve times a year	11	54	65	30.86
	More than 12 times a year	52	46	98	46.30
		66	146	212	

Source: Survey Result, November 2016

It is evident that, as taxpayers, all respondents had contacts with the revenue office. However, the frequency of contact could vary from taxpayer to taxpayer as well as from business category to business category. As Table 4.3 above indicates, 46.3% of the respondents had more than 12 times visiting or contacting in a year in order to get tax related services. 30.9% of the respondents similarly visited the office monthly whereas 21.6% of the respondents went quarterly. The remaining 1.2 % of the respondents contacted the tax office twice a year. This shows that almost all of the respondents usually contacted with the revenue office in order to get service in relation to their tax issues. Hence, they had full experience and knowledge to judge the revenue office from the service they perceived.

#### **4.4. Overall Satisfaction by Business Category**

Assessing the satisfaction level of customers' is part of the main objective of the study. Hence, in this part the overall satisfaction level and satisfaction by business category is presented and analyzed in detail below in Table 4.4 and 4.5 respectively.

Table 4.4: Overall Satisfaction

		Statistics							
Overall satisfacti on	N	Min	Max	Mean	Std. D.	Skewness		Kurtosis	
	St.	St.	St.	St.	St.	St.	Std. Error	St.	Std. E.
	212	1	5	3.46	1.064	-.857	.191	-.143	.379

Source: Survey Result, November 2016

As shown from the descriptive statistics Table 4.4 above, the response included both extremes of very satisfied and very dissatisfied scales irrespective of the frequency of the respondents. The mean statistics is 3.46 and the skewness is -0.857, which indicates that the responses are inclined to the right (satisfied) side of the satisfaction scale. Also the kurtosis of overall satisfaction for the total sample (-.143) is within the range for normality (-1.0 to 1.0), which indicates the assumption of normality of a population mean is satisfied. However, this did not mean that customers were fully delighted with the service provided by the revenue office. This result had to some extent similar implication with previous conclusions about public sector organizations.

For instance, Gowan et al. (2001) as cited in Amanfi (2012) explained that providing service in the public sector is more complex than the private sector due to the need of setting priorities, allocation of resources and accountability and justifying to the public. In addition, Tiecher et al., (2002) also suggested that service quality in the public sector is characterized by slow and further worsen by difficulties in measuring outcomes and greater scrutiny from the public and the press and bounded by law. As per explanation of these researchers; public sectors are inherently constrained in delivering quality service to customers and further worsen by system, structure and process. Due to these characteristics and challenges of providing service in the public sector, its outcome, which is overall satisfaction, is also affected.

The management team and tax experts, similarly forwarded that due to different reasons, including lack of skill, knowledge and commitment, inadequacy of manpower, turnover, network problem/SIGTAS/; the service delivery was not as much as what taxpayers needed. These comments and interview results were corresponded with the challenges and problems stated by FDRE, PSDRP (2001)

where most public sectors had problems of providing quality service, lack of qualified manpower, lack of efficiency and effectiveness, partiality and inequity in provision of service, inadequate personnel, and others.

The combined effect of these challenges finally resulted unpleasant customer with service delivery of the organization and forced to submit complain or made alternative decisions such as closing business, change business place, delay of submitting return. Moreover, the objective of creating voluntary taxpayer or self-assessed tax system will be in question. Furthermore, tax arrears and penalties which resulted from complain and delay will increase. Therefore, to protect such consequences achieving the required level of satisfaction by providing service quality is the main assignment of the tax office.

Table 4.5 Satisfaction by Business Category

		Percentage	Business Category		Total
			A	B	
<b>Satisfaction scale</b>	Very Dissatisfied	No. of respondents	6	24	30
		% of Total	2.8	11.3	14.2
	Dissatisfied	No. of respondents	5	22	27
		% of Total	2.4	10.4	12.7
	Neutral	No. of respondents	6	19	25
		% of Total	2.8	9	11.8
	Satisfied	No. of respondents	38	57	95
		% of Total	17.9	26.9	44.8
	Very Satisfied	No. of respondents	11	24	35
		% of Total	5.2	11.3	16.5
Overall Satisfaction			3.74	3.07	3.46
Total Respondents			66	146	212

Source: Survey Result, November 2016

As indicated in Table 4.5 above, 61.3% of the respondents said that they were happy with the service delivery of the revenue office. 26.9% of the respondents had



dissatisfied with the service delivery and the remaining 11.8% of the respondents were neither satisfied nor dissatisfied with the service provided by the tax office.

Furthermore, when we look the overall satisfaction by business category, there is a great variation between them. Table 4.5 also indicated that category “A” taxpayers were more satisfied than category “B” taxpayers. Statistically, 74.2% category “A” taxpayers responded that they were pleased. In the case of category “B” taxpayers, only 55.5% were satisfied.

When we compared the Overall satisfaction, taxpayers of category “A” were more delighted than category “B” taxpayers, which accounted 3.74 and 3.07 respectively. This indicated that most of category “B” taxpayers were not well familiar with the tax reform. This was because, as they suggested in the questionnaire, the tax office was forced them to take financial records and report quarterly. However, most of them had no awareness about turn over tax/TOT/ and financial income preparation and document management including sales and purchase receipt use. Consequently, they were exposed to penalties and lose. In addition to this, they suggested that there were some traders who had similar capacities, but did not yet take financial records/revenue and expenditure document/. The tax experts and management team also raised the presence of continuous follow up and awareness creation problem in the tax office.

Generally, this gap in satisfaction between the two business categories reflects that there is a problem of tax education, supporting and helping on how to handle financial statement to medium taxpayers. In addition, there is no strong coordination and common understanding with trade and industry office to protect legal traders from illegal traders. In line with this, from the researchers’ experience, these medium taxpayers/category “B”/ were not voluntary to take financial records. This was because they feared to take receipts, including sales register machine and tax audit results. As a result, they were always complaining to the office. Therefore, to minimize the gap, the tax office must work in coordination with stakeholders and implement effective taxpayers’ service programs.

## 4.5 Service Delivery Satisfaction by Each Service Dimensions

### 4.5.1 Assurance

According to Parasuraman et al. (1988), Assurance implies the knowledge and courtesy of employees and their ability to convey trust and confidence including competence, courtesy, credibility and security. All staff members' possession of the required skills and knowledge to perform the services, politeness, respectfulness, consideration, friendly contact, trustworthiness and honesty with taxpayers, taxpayers freedom from danger and risk when contact with employees which includes physical safety, financial security and confidentiality were among criteria included in this service quality dimension.

This dimension is in general about the behavior and ability of the employees to inspire confidence, courtesy, skill and knowledge to provide service and answer questions and problems from taxpayers. Furthermore, Anber and Shireen (2001) explained assurance was not only reflecting workers knowledge and experience and their ability to build self confidence but also confidence in the customers themselves. Table 4.5 shows that the respondents' perception of this service quality factor.

Table 4.6: Assurance Statistics

Assurance-Items	Statistics			
	Min	Max	Mean	Std. Dev
Employees professionally, competency and the knowledge ability to answer your questions	1	5	3.34	1.257
Employees knowledge in understanding tax laws and fulfilling their responsibility while providing service to you	1	5	3.40	1.223
Employees consistently courteousness and respectfulness with you	1	5	3.56	1.236
employees confidence and self re-assuring in providing service	1	5	3.60	1.100
You feel safe in your transaction/delivery of service/ with the tax office	1	5	3.71	.924
<b>Assurance Mean Score</b>	<b>1.20</b>	<b>5.00</b>	<b>3.52</b>	<b>0.851</b>
<b>Overall Satisfaction</b>	<b>1</b>	<b>5</b>	<b>3.46</b>	<b>1.064</b>
<b>Valid N</b>	<b>212</b>			

Source: Survey Result, November 2016

As indicated in Table 4.6 above, taxpayers were more feel secured while they contacted with tax office. In contrast, taxpayers were not so satisfied with tax officials' knowledge to tax laws and fulfilling their responsibility when they serve taxpayers. The average mean of satisfaction with assurance of the tax office, which account 3.52 is above the average mean of overall service delivery satisfaction 3.46. However, both average means were below the satisfied scale, though they were far from the dissatisfied level. The figure indicated that the staff members were above all courteousness, respectful, confidence and serves to fulfill taxpayers' safety.

However, tax officials also lacked knowledge, proficiency competency and understanding of the tax laws. Likewise, the interview result also indicated that most of the employees were not eager to know the tax laws and support their daily work with rules and regulations rather they adopted working with experiences and asking those who had work experiences in the office. Similarly, taxpayers suggested that, even though they worked hard even weekends, they had no confidence to make decisions rather they directed customers to their coordinators and if they were not in office customers were forced to go back home without completing their concern. In addition, they explained that, there was a problem of overestimation of sales, lack of commitment in some employees, lack of transparency in audit selection, and lack of skill and knowledge especially financial accounting/item cost method.

The overall result demonstrates that, the tax authority and the tax office had no effective capacity development programs so to upgrade tax official's skill, knowledge and self confidence to make decisions independently. Moreover, the tax office had no strong monitoring and evaluation system for each expert to eliminate errors in their daily activities. Hence, the tax office, should implement continuous learning programs about tax laws and follow ups, expanding best practices, using service standards in their plan, and strengthen networks with taxpayers and tax experts.

#### **4.5.2 Responsiveness**

Responsiveness, according to parasuraman et al. (1988), implies that staffs are willing to help customers and provide prompt service to customers such as quick service, professionalism in handling and recovering from mistakes. Service provider's ability to provide services in a timely manner is a critical component of service quality for

many customers. It also refers to effective handling and solving of problems. Saif (2012) also explained responsiveness as adequate contact information and performance, prompt responses to customers, timely responses to customer, adequate response time, and quickly solve problems. Table 4.7 showed that the respondents' perception of this service quality factor.

Table 4.7: Responsiveness Statistics

Responsiveness-Items	Statistics			
	Min	Max	Mean	Std. D
Employees telling to you exactly when services will be performed	1	5	3.85	1.017
Employees giving prompt/timely/ service to you	1	5	3.40	1.203
Employees are always willing to help/assist/ and cooperate you	1	5	3.36	1.264
Employees are never too busy to respond to your requests	1	5	3.10	1.177
Employees answering questions and problems quickly	1	5	2.93	1.244
The revenue office staffs adequateness to execute its service promptly	1	5	3.07	1.291
<b>Responsiveness Mean Score</b>	<b>1.33</b>	<b>5</b>	<b>3.29</b>	<b>0.818</b>
<b>Overall Satisfaction</b>	<b>1</b>	<b>5</b>	<b>3.46</b>	<b>1.064</b>
<b>Valid N</b>	<b>212</b>			

Source: Survey Result, November 2016

As Table 4.7 above reveals, taxpayers' perception towards responsiveness of the tax office while serving was above the overall satisfaction level, which accounts 3.29. Taxpayers were unsatisfied with the tax office. Because the tax office was not in a position to answer questions and problems of tax matters timely. Similarly, taxpayers were neither satisfied nor dissatisfied with the adequacy of tax officials to execute their duties promptly. Table 4.7 above also shows that taxpayers were not fully satisfied because employees were overloaded to answer customers' requests and not fully willing to help and assist them, which accounted 3.10 and 3.6 respectively. The

office's ability in providing information when service will be performed (3.85) is in a good position, though it requires further improvement to reach the required level.

As most of the respondents and the tax officials explained, the office hardly has adequate employees to provide service timely and promptly. Due to mismatch of employees to work, there was a delay in performing some activities as planned especially auditing, answering complaints of tax return, giving tax clearance, and utilizing data collected from different sources. Taxpayers also forwarded some problems related to responding tax related services. Such problems were: delay in informing of audit results, overload during monthly report, closing office due to meetings, looking all taxpayers as tax evaders when they asked information, problem of serving right first time and lack of hospitality in few employees.

The statistical and qualitative result signifies that most of the problems were the result of the inadequacy of personnel in the revenue office. For any organization, if the number of employees is not proportional to work load, the problem of the organization becomes multidimensional. Therefore, as human capital is a key for success every organization, the revenue office should focus on eliminating problems related to the adequacy and quality of employees.

The findings also disclosed that there was an administrative problem. Every activity of governmental institutions is financed by taxpayers' money. So that the tax office must give priority to its customers than internal situations because, taxpayers are more sensitive and expect equal service with what they paid in the form of tax. Furthermore, the result reflected that, the tax office had a problem of knowing its taxpayers' behavior and did not have full information about taxpayers' activities. Hence, so as to create of self-assessed taxpayer and provide promotion and reward for these regular and voluntary taxpayers, it is necessary to take separate data of these tax evaders than looking all taxpayers as tax shelters.

### **4.5.3 Empathy**

Empathy as defined by parasuraman et al. (1985) is about easy access, good communication and understanding the customer. This dimension includes convenient operating hours, limited waiting times, keeping the customer informed and listen,

making an effort to understand the customer which involves learning about specific requirements, and providing individualized attention. In a similar manner, Anber and Shireen (2011) defined empathy as understanding customers needs, taking individual care and showing them all sorts of sympathy and affection, and looking them as close friends and distinguished customers. This indicates the empathy dimension above the other dimensions reflects customers are above all “kings” for any organization and no organization can exist without them. As customers, taxpayers also need special attention from tax administrators while dealing with their tax related services. Table 4.8 below shows the respondents’ response with regard to their feelings and expressions on the revenue office's service provision.

Table 4.8: Empathy Statistics

<b>Empathy-Items</b>	<b>Statistics</b>			
	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
The revenue office in giving you individual attention	1	5	3.69	1.099
The revenue office operating hours convenience to all its customers	1	5	3.76	1.091
The revenue office’s Treating its taxpayers in caring fashion/respectful/	1	5	3.06	1.173
The revenue office has employees who give you personal attention	1	5	3.57	1.158
The revenue office has your best interests at heart	1	5	3.41	1.156
Employees understanding with your specific needs	1	5	3.47	1.087
<b>Empathy Mean Score</b>	<b>1</b>	<b>5</b>	<b>3.49</b>	<b>0.802</b>
<b>Overall Satisfaction</b>	<b>1</b>	<b>5</b>	<b>3.46</b>	<b>1.064</b>
<b>Valid N</b>	<b>212</b>			

Source: Survey Result, November 2016

As indicated in Table 4.8 above, the empathy dimension had scored greater than the overall satisfaction, which accounted 3.49. Taxpayers responded that the tax office was, though had some weakness, in a good situation in giving individual taxpayer attention, providing convenient operating hours, and possessing employees who had

the ability to give personal attention. In this service quality dimension, taxpayers were almost neutral with the tax office, whether it had treated them with respectful and caring fashion or not. This shows that taxpayers were not certain with the revenue office's hospitality while serving them. Table 4.8 also reflected that customers were not fully satisfied with the revenue office because it had some problems in understanding customers' specific needs and taking their best interests at heart while performing service.

Customers have a face to face contact with front office experts. As a result, they had the experience of judging them regarding their ability and behavior in treating customers. For this reason customers addressed some problems related to this aspect. For instance, as they suggested, the revenue office was more focused on revenue collection and /achieving its plan/ without considering taxpayers socio-economic problems. In addition, they explained that the office was forced them to use sales registered machine and to prepared financial statement without considering their personal problems. Furthermore, delay in closing tax matters, poor relationship with customers, poor attention to create awareness of tax laws and financial income preparation were also among the weakness of the office according to the taxpayers' comments.

Though not all, some of the problems raised by taxpayers were also stated by the tax officials during an interview. Specifically, officials raised the problem of awareness creation to taxpayers due to work overload and lack of experienced employees in tax education program. In addition to this, they explained that most taxpayers were not also interested to take part in trainings.

From the analysis, it is evident that there is a problem from both the taxpayers and tax officials. The tax office had a problem of assessing individual taxpayer's capacity and socioeconomic conditions prior to prepare and implement tax planning. Beyond this, it shows that the office had poor human resource management from recruitment to upgrading system to undertake its operation. Likewise, the justification indicated that taxpayers were also part of the problem. From experience, taxpayers, equivalent to what they pay need immediate response for every question they raised without considering the tax laws and rules. Therefore, the revenue office should work

intensively with the city administration and revenue authority to eliminate the problems and provide the required service to customers.

#### 4.5.4 Reliability

Parasuraman et al. (1988) defined reliability as the ability to perform the promised service dependably and accurately. It includes doing it right the first time, which is one of the most important service components for customers. This dimension also includes keeping promises, showing a sincere interest in solving problems, providing services at the promised, providing the service at the time plans to do so and trying to keep an error free records or services.

Table 4.9: Reliability Statistics

Reliability-Items	Statistics			
	Min	Max	Mean	Std. D
Revenue office's Providing service at the promised time	1	5	3.40	1.233
When you have a problem, tax office's interest in solving it sincerely	1	5	3.22	1.230
The revenue office's performing the service right the first time	1	5	2.99	1.273
The revenue office's providing its services at the time it plans to do	1	5	3.41	1.107
The revenue office in insisting on error free service/records/	1	5	3.56	1.148
The revenue office in Maintaining records and profiles in well manner	1	5	4.01	1.057
Revenue office in providing customers with correct and accurate information	1	5	3.52	1.207
<b>Reliability Mean Score</b>	<b>1.43</b>	<b>5.00</b>	<b>3.44</b>	<b>0.789</b>
<b>Overall Service Delivery Satisfaction</b>	<b>1</b>	<b>5</b>	<b>3.46</b>	<b>1.064</b>
<b>Valid N</b>	<b>212</b>			

Source: Survey Result, November 2016



As Table 4.9 above indicates, reliability dimension had scored below the mean score of overall service delivery satisfaction, which accounts 3.44. This dimension had important service, quality items, where taxpayers' responded as dissatisfied such as performing service right the first time which scored the lowest point of 2.99. The response also reflects that the tax office is not so good at solving problems sincerely and timely. In addition to this, performing services at the promised time and the time planned to do so were also other challenges of the office, which scored 3.22 and 3.41 respectively. The revenue office was in a better condition in maintaining records and profiles of the taxpayers in a well manner. Comparatively, it had also good work in providing accurate and correct information and maintaining an error free service.

Likewise, as the respondents and tax officials explained the main problem of the office was performing services timely without delay, especially auditing, giving tax clearance, immediate maintenance of sales registration machine, delay in file/document giving, report receiving, announcing tax return/ tax payable/ and other problems were existed in the revenue office.

Most of the problems were related to inadequacy of skilled manpower, which had the capability to perform services efficiently and effectively without delay. In addition to this, focusing on routine activities rather than arranging them based on their weight and giving priority for these critical was another problem of the revenue office. Besides, lack of commitment among employees to provide service based on the plan was also a factor for customers to disappoint. Therefore, implementing effectively the service standards and code of conduct which are already prepared and shelved in the office is very necessary to minimize the challenge.

#### **4.5.5 Tangibility**

The tangibility dimension includes the physical aspects such as the physical appearance and the internal situation of the office. According to Parasurman et al. (1988) tangibility is about physical facilities, equipment, personnel and communication material and if the personnel appear neat. Generally it is about location convenience for customers and internal facility's good appearance and looking. Respondents' response regarding their perception in Relation to this dimension is stated below in Table 4.10

Table 410: Tangibility Statistics

Tangibility-Items	Statistics			
	Min	Max	Mean	Std. D
The revenue office in possessing modern looking/equipment to provide service to taxpayers	1	5	3.30	1.294
The revenue office physical facilities such as rooms and reception place visually cleanness and attractiveness	1	5	2.73	1.308
Staffs have an appropriate appearance	1	5	3.13	1.329
Materials associated with convenience to service rendering	1	5	3.32	1.219
<b>Tangibility Mean Score</b>	<b>1.00</b>	<b>5.00</b>	<b>3.12</b>	<b>0.963</b>
<b>Service Delivery Satisfaction</b>	<b>1</b>	<b>5</b>	<b>3.46</b>	<b>1.064</b>
<b>Valid N</b>	<b>212</b>			

Source: Survey Result, November 2016

As clearly shown in Table 4.10, tangibility had the lowest score mean from all the service quality dimensions where tax payers were not feeling well with physical situation of the tax office. The mean score, though not in dissatisfied scale, all tangibility-items mean scored were below the overall satisfaction mean. The tangibility dimension also had the lowest score mean of all the 29 questions filled by taxpayers which scored 2.73. This indicates that the tax office had inadequate serving and reception rooms. Taxpayers were not satisfied with Equipments which served for facilitation and saving time such as SIGTAS. All in all, taxpayers were not satisfied with physical and internal condition of the tax office.

The interview result from tax experts and management team also indicated that the tax office is not convenient to perform their duty. As they explained, due to shortage of large rooms, they were forced to sit in scattered rooms and taxpayers were forced to serve in these dispersed rooms for one service.

## 4.6 Correlation and Multiple Regression Analysis

### Reliability and Validity Test

Reliability and validity of data of the various multi-item constructs representing the different components of service quality and customer satisfaction were first tested by computing cronbach's alpha and factor analysis. The internal consistency/ reliability/ of the variables measured was done through Cronbach's Alpha. Cronbach's alpha estimates the internal consistency of variables in a scale. The widely acceptable cut-off level of alpha is 0.7 (Hulland, 1999). Here it can be seen that in all the cases,  $\alpha$  values are above parity indicating the internal consistency for all the variables.

In here, Reliability checks when applied to all 28-items provide excellent overall Cronbach's Alpha coefficient (0.921) which indicates the very good scaling of the instrument. Alpha coefficients and item-to-total correlations were calculated for the five quality dimensions ( $\alpha=0.855$ ) and final results support that all 28 items present a robust structure with no evident need for deletions or modifications.

Validity refers to the degree to which a statistical instrument measures what it is intended to measure. It emphasizes the accuracy of a measurement instrument (Cooper and Schindler, 2006). Factor analysis was performed to assess the internal validity. It is a construct validity technique used in assessing the quality of the questionnaire and it is obtained by means of factor analysis (Frank & Theresa, 2011).

Extraction communalities (estimates of the variance in each variable which is recommended to be greater than 0.5), The Kaiser-Meyer-Olkin (Measure of Sampling Adequacy which is recommended to be closer to 1.0), and Bartlett's test of sphericity which is recommended to be less than 0.05 were commonly used to assess the suitability of the instrument. The test of sphericity tests the hypothesis that the correlation matrix is an identity matrix, which would indicate that the variables are unrelated and therefore unsuitable for structure detection.

Hence, all the ratio of question item communality are larger than the minimum recommended level of 0.5, except Emp2 (.437), and Emp6 (.417). Since .437 and .420 are closer to 0.5 they were kept in the analysis rather than dropping.

Similarly, as indicated below in Table 4.11, the results of the sampling adequacy shows a high value of 0.902 for the Kaiser-Meyer-Olkin Measure and indicate the suitability of the research data for structure detection, i.e. the proportion of variance in the items that might be caused by underlying factors. It is also confirmed by the significance of the Bartlett's test of sphericity tests ( $X^2: 1946.955, df: 378, p=0.000$ ) indicating that the variables are not unrelated and therefore the sample was suitable for analysis. This means that customer satisfaction assessment questionnaire in the revenue office has enough validity.

Table 4.11: Validity Test

<b>KMO and Bartlett's Test<sup>a</sup></b>		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.902
Bartlett's Test of Sphericity	Approx. Chi-Square	1946.955
	Df	378
	Sig.	.000
a. Based on correlations		

Source: Survey Result, November 2016

## **Multicollinearity**

Multicollinearity is a degree of correlation among the independent variables. This phenomenon commonly occurred when a large number of independent variables are incorporated in a regression model because some of them may measure the same concepts. According to Jeeshim (2002), only the existence of multicollinearity is not a violation of the OLS assumption. However, a perfect correlation violates the assumption that x matrix is full ranked, making OLS impossible.

Though there is no formal criterion for determining the bottom line of the tolerance value and VIF which are used to test multicollinearity among independent variables, according to hair et al., (1998) as cited in Jeeshim (2002), a tolerance value of greater than 0.1 and a VIF less than 10 (VIF is a reciprocal of tolerance value) indicates that the model had no serious multicollinearity problem. The condition indices were below limits of 30. Hence, as the table below indicated the tolerance value, VIF and condition indexes were passable to make an analysis and conclusion for the study.

The Durbin-Watson value of 1.927 was confined to the acceptable (1.5 to 2.5). It indicated that there was no autocorrelation of error terms. The values of these criterions were stated below in Table 4.12

Table 4.12: Multicollinearity Test

Model	Conditiona l index	Egien value	Collinearity Statistics		Dubrin Watson
			Tolerance	VIF	
(Constant)	1.000	5.850			1.927
Assurance	9.231	.069	.457	2.186	
Responsiveness	13.626	.032	.393	2.547	
Empathy	16.675	.021	.322	3.106	
Reliability	18.504	.017	.398	2.514	
Tangibility	22.496	.012	.793	1.261	
a. Dependent Variable: customers' satisfaction					

Source: Survey Result, November 2016

#### **4.6.1 Correlation Analysis for Service Quality Dimensions and Customers' Satisfaction**

A correlation analysis was constructed using the five independent variables with the dependent variable separately. According to Kothari (2002), Pearson's coefficient of correlation (or simple correlation) is the most widely used method of measuring the degree of relationship between two variables. Hence so as to examine the association between the independent and dependent variable it is necessary to use Pearson correlation.

##### **I. Relationship between Assurance and Customers' Satisfaction**

Different researchers explained that service quality is the main driver of customer satisfaction. For instance, Zeithaml and Bitner (2000) stated that customer satisfaction is influenced by customers' perception of quality. As well, Saravana and Rao (2007) as cited in Nadya (2012) concluded that customer satisfaction is the level of service quality provided. Assurance, which is an element of service quality, similarly had also received attention by researchers in the study of customer satisfaction. Ragavan and

Mageh (2013) concluded that assurance had a positive relationship with customer satisfaction in the private bank. Amanfi (2012) in a study of service delivery in the public sector also stated that assurance had a positive relationship with customers' satisfaction. Table 4.13 showed that the relationship between assurance and customers' satisfaction.

Table 4.13: Assurance and Customers' Satisfaction Correlation

		Customers' satisfaction	Assurance
Customers' satisfaction	Pearson Correlation	1	.511**
	Sig. (2-tailed)		.000
	N	212	212
Assurance	Pearson Correlation	.511**	1
	Sig. (2-tailed)	.000	
	N	212	212

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

Source: Survey Result, November 2016

The result of this study, as shown in Table 4.13 below, had similar results with these studies where the correlation coefficient of assurance ( $r=.551$ ,  $\alpha=.000$ ) positively and significantly correlated with taxpayers' satisfaction. This result indicates that taxpayers' perception of the quality service in which employees' capability and confidence towards providing quality service influenced their satisfaction level. Furthermore, unless employees had possessed required skills, knowledge, demeanor and attitude to perform service with quality it was very difficult to create satisfied customers. From the researcher experience in the office, Employees were very enthusiastic to serve taxpayers' in respectful and politeness manner. In addition, each individual employee was careful to make taxpayers confident while dealing with the tax office. As a result, assurance had contributed a significant importance for taxpayers' satisfaction.

## II. Relationship between Responsiveness and Customers' Satisfaction

Responsiveness, which is one of the service quality dimensions, describes the inclination and willingness of employees to serve their customers quickly and properly. In addition, it includes employees' adequacy to execute services timely. As a result of this, customers' satisfaction can be influenced by the service providers' capability to respond timely and properly to their customers' needs and expectations.

Table 4.14: Responsiveness and Customers' Satisfaction Correlation

		Customers' satisfaction	Responsiveness
Customers' satisfaction	Pearson Correlation	1	.598**
	Sig. (2-tailed)		.000
	N	212	212
Responsiveness	Pearson Correlation	.598**	1
	Sig. (2-tailed)	.000	
	N	212	212
**. Correlation is significant at the 0.01 level (2-tailed).			
Source: Survey Result, November 2016			

Table 4.43 above demonstrated that, the responsiveness dimension had a positive correlation with customers' satisfaction. This result had also similarities with previous studies findings. For instance, Anber and Shireen (2012) in their study of customer satisfaction in the public sector found that responsiveness had positive relationship with customer satisfaction. In addition, Sriyam (2010) in study of service quality in service sector concluded that there is a positive relationship between responsiveness and customer satisfaction.

The correlation coefficient of responsiveness ( $r=0.598$ ) is greater than that of assurance ( $r=0.511$ ) which indicated that the revenue office responsiveness to provide quality service to satisfy taxpayers outweigh assurance. In addition the coefficient reflects that taxpayers were more concerned for fast response for assessment, audit, tax complain, tax clearance and other services. In a similar manner, employees in particular and the tax office in general were more responsible to serve taxpayers.

From researcher's experience and observation, the tax office has a suggestion box where taxpayers had to put their feeling regarding the service condition. In addition, the tax office had a clear plan when assessment, audit, tax complain and others were performed. This is why responsiveness had a significant importance for customers' satisfaction.

### III. Relationship between Empathy and Customers' Satisfaction

Empathy as part of the service quality dimension and the driver of customer satisfaction, also gained attention from researchers. For instance, Amanfi (2012) concluded that though all service quality dimensions had a positive relationship with customers' satisfaction, empathy had the greatest correlation with customer in the public service sector. In addition, Maroudas et al. (2009) in their study about taxpayers' satisfaction also proved the positive relationship of the service quality dimensions including empathy with customers' satisfaction. The result of this study, as presented below in Table 4.15, also coincided with the previous studies of findings.

Table 4.15: Empathy and Customers' Satisfaction Correlation

		Customers' satisfaction	Empathy
Customers' satisfaction	Pearson Correlation	1	.655**
	Sig. (1-tailed)		.000
	N	212	212
Empathy	Pearson Correlation	.655**	1
	Sig. (1-tailed)	.000	
	N	212	212
** . Correlation is significant at the 0.01 level (1-tailed). Source: own making			
Source: Survey Result, November 2016			

As indicated in Table 4.15 above, ahead of assurance and responsiveness indicated in Table 4.13 and 4.14, empathy had a strong association with customers' satisfaction. The perception of taxpayers' in service quality provided by the tax office outweighs by empathy than assurance and responsiveness. This shows that taxpayers' were more satisfied as a result that the tax officials and the tax office were more focused on



providing service with giving attention to individual taxpayers, setting convenient time, having committed employees, respecting and understanding the taxpayers' needs and so on. The result also showed that, as empathy emphasized more on customer care, feeling and sympathy, taxpayers were more sensitive for such services while dealing with the revenue office. For this reason, empathy had more importance and significance for customers' satisfaction than assurance and responsiveness.

#### IV. Relationship between Reliability and Customers' Satisfaction

Table 4.16: Reliability and Customers' Satisfaction Correlation

		Customers' satisfaction	Reliability
Customers' satisfaction	Pearson Correlation	1	.689**
	Sig. (1-tailed)		.000
	N	212	212
Reliability	Pearson Correlation	.689**	1
	Sig. (1-tailed)	.000	
	N	212	212
** . Correlation is significant at the 0.01 level (1-tailed). Source: own making			
Source: Survey Result, November 2016			

As shown in Table 4.16 below, the correlation reflects that above all the service quality factors; reliability was the most positively correlated with customers' satisfaction. The coefficient correlation between these two variables is 0.689. Regardless of the correlation level this result supported previous studies findings. For instance, Ragavan and Mageh (2013); and Anber and Shireen (2011) in their studies concluded that reliability as part of service quality dimensions had a positive association with customer satisfaction.

The result indicated that the most important service quality dimension on customer satisfaction was reliability, which goes to prove that reliability was perceived as a dominant service quality that contributed to improve in customer satisfaction levels followed by empathy. However, this does not mean that the remaining factors had

weakest correlation with customers' satisfaction. This is because with the exception of tangibility, the remaining service quality dimensions had a similar relationship with customers' satisfaction. The result also reflected that above all customers' feel delight in the revenue office due to its reliable response for their needs and wants. Moreover, it indicated that the revenue office was more transparent to perform its duties and customers were more aware of the schedules of the revenue work execution time.

## V. Relationship between Tangibility and Customers' Satisfaction

Tangibility which is also one of the components of service quality dimensions has a significant relationship with customers' satisfaction. It includes the physical facilities, equipments, employees' appearance and office layouts.

Table 4.17: Tangibility and Customers' Satisfaction Correlation

		Customers' satisfaction	Tangibility
Customers' satisfaction	Pearson Correlation	1	.406**
	Sig. (2-tailed)		.000
	N	212	212
Tangibility	Pearson Correlation	.406**	1
	Sig. (2-tailed)	.000	
	N	212	212
<b>**.</b> Correlation is significant at the 0.01 level (2-tailed).			
<b>Source: Survey Result, November 2016</b>			

As indicated in Table 4.17 above, compared with the remaining service quality factors, tangibility, though had a positive correlation, had the moderate correlation with customers' satisfaction ( $r = 0.406$ ,  $N = 212$ ,  $\alpha = 0.000$ ). Like the other dimensions, this dimension had also similar results with the previous studies findings.

This result shows that compared to other dimensions, the physical condition of the tax office had no greater importance to improve their satisfaction. The internal facilities such as modern technologies, reception rooms and TVs, and tax law materials are very necessary to facilitate service delivery. However, taxpayers' were not more

focused on them. As a result, tangibility had moderate importance for customers' satisfaction compared with assurance, responsiveness, reliability and empathy. Nevertheless, since it had a positive correlation with satisfaction, the revenue office should give attention for its internal facilities to improve customers' pleasure.

#### 4.6.2 Multiple Regression Analysis

According to Kothari (2002), it is possible to employ several methods to determine the relationship between variables, but no method can tell certain that a correlation is indicative of a causal relationship. Thus, it is necessary to focus both on the degree and cause and effect relationships between and among dependent and independent variables using correlation and regression techniques.

Multiple regression analysis was employed to test the impact of the service quality dimensions on customers' satisfaction. It is a useful technique to analyze the relationship between a dependent and independent variables (Hair et al., 1998) as cited in Jeeshim (2002).

**Table 4.18: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.742 <sup>a</sup>	.551	.536	.724	1.927

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

***b. Dependent Variable: Customers' satisfaction***

Source: Survey Result, November 2016

As indicated in the Table 4.18 above, the result shows that together 55.1% of the variance in the overall customers' satisfaction was predicted by assurance, responsiveness, empathy, reliability and tangibility. Table 4.18 also indicated that there is a positive relationship between the overall satisfaction and the independent variables with a correlation coefficient of 0.742. The adjusted R Square, which

reflects the success of the model considering the variables in the model and the number of observations had also accounted for 53.6% of the variance in the dependent variable. This reflected that service quality is the main determinant of customers' satisfaction.

Moreover, the result also supports the conclusions of previous studies findings. For instance, Churchill and Surprenant (1992) concluded that the service quality effect on customers' satisfaction is often seen as greater than other antecedents. In addition, Lien et al. (2008) stated that in spite of all factors studied to determine customer satisfaction, service quality has received a considerable attention. The result mainly revealed that though there were other factors such as employee satisfaction, tax law and the amount of tax payment, service quality was a principal factor in the revenue office to determine customers' satisfaction. The result also reflected that customers were more sensitive to service quality than other factors to voluntarily pay their tax returns.

Table 4.19: Significance of the Model / ANOVA <sup>a</sup> /						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	100.400	5	20.080	38.258	.000 <sup>b</sup>
	Residual	81.878	156	.525		
	Total	182.278	161			

a. Dependent Variable: Customers' satisfaction

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

Source: Survey Result, November 2016

In order to assess the overall significance of the model, the ANOVA Table 4.19 was presented with  $F(5,156) = 38.258$ , and  $(\alpha = .000)$  above. Therefore, the model reached statistical significance because the significance value  $(\alpha = .000)$  is below the stated significance value  $(\alpha = 0.05)$ . Similarly, the F statistics result also support to

draw a conclusion as the value is higher than the tabulated F statistics which is 2.21. Therefore the F statistic proves that the selected model is the best fit.

As shown from the preceding correlation analysis, there was a positive relationship between the dependent and independent variables. However, a correlation or a significant relationship between the dependent and independent variable does not imply a change in the independent variable affects the dependent variable to change. Therefore, it is interesting to see which of the predictors contribute to change dependent variable /customer satisfaction/ to the required level. This implies that it is important to examine which factors have higher influence on taxpayers' satisfaction by testing the impact or effect of each latent variable. Outlining the factors responsible for significantly affecting customers' satisfaction will also allow for efficient allocation of resource and more adequate improvement of the service quality.

Table 4.20: Coefficients of the Service Quality Dimensions

Coefficients <sup>a</sup>							
Model	Unstand. Coeffi.		Stand. Coef fi.	T	Sig.	Collinearity Stat.	
	B	Std. E	Beta			Tolerance	VIF
(Constant)	-.452	.300		-1.509	.133		
Assurance	.006	.020	.024	.302	.763	.457	2.186
Responsiveness	.025	.019	.113	1.322	.188	.393	2.547
Empathy	.057	.021	.256	2.711	.007	.322	3.106
Reliability	.069	.016	.356	4.188	.000	.398	2.514
Tangibility	.039	.017	.141	2.337	.021	.793	1.261

a. Dependent Variable: overall satisfaction

Source: Survey Result, November 2016

The coefficient Table 4.20 above shows that the standardized coefficient of empathy, reliability and tangibility are all statistically influential and significant. Additionally, it showed that reliability has the greatest impact and significance on customers' satisfaction in the revenue office ( $\beta=0.356$ ,  $\alpha= .000$ ). The data also indicated that empathy is the second most important dimension driving satisfaction ( $\beta=0.256$ ,  $\alpha= 0.007$ ) followed by tangibility ( $\beta=0.141$ ,  $\alpha= 0.021$ ). Table 4.20 also indicates that assurance has the lowest impact and insignificance on customers' satisfaction ( $\beta=0.024$ ,  $\alpha= 0.763$ ). Similarly responsiveness has moderate influence, but insignificance to customers' satisfaction ( $\beta=0.11$   $\alpha= 0.188$ )

Further, the result of this the study had different results with those previous studies conclusions. For instance, Amanfi (2012) in his study conclude that empathy, assurance and responsiveness had greater effect than tangibility and reliability. In contrary Sriyam (2010) concluded that tangibility had the greater effect on customers' satisfaction. In addition, (Ragavan and Mageh (2013) concluded that all the service quality dimensions had significant impact on service quality.

The regression result showed that reliability, empathy and tangibility were the determinants of customers' satisfaction in Lideta sub city Small tax payer's branch office where as assurance and responsiveness were not predictors of customers' satisfaction. This implies that, customers' gave more emphasis to reliability, empathy and tangibility of the revenue office. On the other hand, customers' were not concerned with the assurance and responsiveness of the revenue office and did not affect their satisfaction as soon as the office is reliable, empathy and physical appeared good.

## 4.7 The Five Lowest Mean Score in Service Quality Dimension Items

Table 4.21 Lowest Mean Items

	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev.</b>
Physical facilities visually clearness	212	1	5	2.73	1.308
Answering questions and problems quickly	212	1	5	2.93	1.244
Performing the service right the first time	212	1	5	2.99	1.273
Treating taxpayers in caring fashion/respectful	212	1	5	3.06	1.173
Staffs adequateness to execute service promptly	212	1	5	3.07	1.291

Source: Survey Result, November 2016

As indicated in Table 4.21 above, the lowest score is 2.73 from the tangibility factor, followed by 2.93 and 2.99 from responsibility and reliability service dimensions respectively. These three consecutive lowest scores reflect that taxpayers' were dissatisfied with office facilities, employees answering questions and problems, and tax office performance in service right the first time. Table 4.21 also indicates that treating taxpayers in caring fashion and the number of employees to serve taxpayers had the lowest score, which accounts 3.06 and 3.07 respectively. Taxpayers' in these two service items were approached to the middle point where there had neither satisfied nor dissatisfied.

In the same way, the results from the interview also indicated that the main problems and challenges of the revenue office were office layouts and internal facilities, gap in providing services quickly and timely, shortage of qualified employees, lack of commitment in few employees, lack of deep know how about tax laws, by-laws, regulations and directives, poor understanding of tax reform both in employees and taxpayers and others.

## 4.8 The Five Top Score Mean in Service Quality Dimension Items

Table 4.22: Top Mean Score Items

	N	Min	Max	Mean	S. Dev.
The revenue office in giving you individual attention	212	1	5	3.69	1.099
Feeling safe in contacting/delivery of service/ with the tax office	212	1	5	3.71	.924
Operating hours convenience to all customers	212	1	5	3.76	1.091
Telling exactly when services will be performed	212	1	5	3.85	1.017
Maintaining records and profiles in well manner	212	1	5	4.01	1.057

Source: Survey Result, November 2016

Here, in Table 4.22 above, though it shows the top mean score from the total service quality items, except one item which indicate at the satisfied scale point, the remaining four items were between the neutral and satisfied scale level. However, as the mean score of all these service quality items were inclined to the satisfied level than to the neutral level, we can conclude that they were good scores.

Taxpayers' were pleased with reliability of the revenue office in maintaining their files and documents in a well manner. In addition, Taxpayers' were in a position of satisfied with regard to the employees and the tax office in announcing them the right time when service is performed, revenue office operating hours, feeling safe in their contact, and receiving attention when dealing about tax matter services. Besides, tax officials and the management team also hardly raised problems related to documentation, informing time of operating hours, protecting taxpayers' safety. However, the employees and management team explained that there were few employees who have lack of commitment to serve taxpayers' and giving attention for each service receiver.



## 4.9 Rank of the Service Quality Dimensions to Improve Satisfaction

In order to increase service delivery satisfaction, taxpayers were asked to put the service delivery dimensions according to their importance to contribute for the improvement of service quality. Hence, the following Table 4.23 reflects the order of the service quality factors according to their benefit for service delivery improvement in the future.

Table 4.23: Service Quality Dimension Ranking

	1 <sup>st</sup> rank	2 <sup>nd</sup> rank	3 <sup>rd</sup> rank	4 <sup>th</sup> rank	5 <sup>th</sup> rank	Percent
Assurance	108	62	24	13	5	21.37
Responsiveness	88	56	42	20	6	20.02
Empathy	95	63	30	12	12	20.49
Reliability	84	72	27	28	1	20.27
Tangibility	67	60	37	12	36	17.85

Source: Survey Result, November 2016

As the rank Table 4.23 above indicates, assurance had the highest value or the first rank stated by respondents in which the tax office should give priority to improve customers' satisfaction. This priority ranking reflects that currently the revenue office employees lack competency, credibility and courtesy in providing quality service to customers. Empathy had the next rank in which taxpayers put as an important component for their satisfaction that needs to be improved. This component, at the same time, from the correlation and regression result, had a significant importance and the highest impact on customers' satisfaction following the reliability dimension. Such priority may be raised from considering its significant effect for service delivery improvement.

The third rank is taken by responsiveness dimension. This component is an important factor in which customers needed from tax collectors to improve so as to facilitate their tax matters timely. However, in the regression analysis, responsiveness had no significant effect on customers' satisfaction.

Reliability, even it ranked as a fourth rank to improve customers' satisfaction, the gap between the second and third rank is insignificant. This shows that reliability is also an important factor to improve service delivery satisfaction. Beyond this, in the regression and correlation analysis, reliability had the most dominant impact and significance on customers' satisfaction. Furthermore, Customers' gave less attention to the office internal situation (tangibility) compared to the remaining factors so as to improve their satisfaction. But it had a significant effect on customers' satisfaction from the statistical findings.

The order of the service factors by taxpayers so as to improve the service delivery condition and fulfill customers' satisfaction had some contradicting result with the statistical finding. However, since all dimensions had their own contribution to customers' satisfaction the revenue office should give considerable attention to all.

#### **4.10 Major challenges and achievements**

##### **a) Challenges**

Customers listed some tax related service problems existed in the revenue office. Similarly, the tax experts and management team stated some challenges prevailed while performing their operation. Most of these challenges raised from both sides were these problems customers said dissatisfied in the service quality dimension questionnaires. Some of the main challenges were:

**Serving right the first time-** the revenue office had a problem in providing service without delay and appointment. Especially announcing tax audit result; receiving of monthly report; giving tax clearance for banking and license closing were not performed immediately without delay and taking appointments

**Answering customers' questions and problems quickly and timely-** the tax office had problems of responding customers' questions and problems quickly, especially on customers complain about over estimation of sales and tax audit results, maintaining sales registration machine when they informed.

**Employees' competency and knowledge to undertake their duties independently and confidentially-** lack of skill and knowledge about tax reforms and tax laws, fear

to make decisions independently and confidentially, lack of common understanding among themselves and with taxpayers' were also the main challenges which affect the provision of quality service and improving customers' satisfaction.

**Employees' adequacy-** human capital, especially qualified manpower is the key factor for success of any organization. The numbers of employees were not sufficient to serve customers. Moreover, most of them were newly recruited and had no more experience with tax related services.

**Lack of awareness-** this problem was not only the problem of employees but customers' also. With regard to tax officials, though most of the employees were committed to serve their customers' few employees lack awareness to serve customers in a caring fashion and politely. Moreover, these employees were not eager to upgrade themselves by reading different tax laws, rules and regulations. Further, taxpayers' were not shaped themselves to take trainings about tax laws and improve their knowhow. Beyond this, they need better treatment not because as customers' but because they pay tax. Due to such perceptions, taxpayers' mostly expect immediate response from the revenue office ignoring rules and regulation.

## **b) Achievements**

While performing their operation, the revenue office had some positive reflections from customers'. Some of these achievements were:

**Maintaining records and profiles/documents/-** as most customers response, the revenue office was so good in protecting taxpayers' documents and they did not face challenges to receive their documents if they needed.

**Clear plan when service will be performed-** the revenue office, though had a problem of performing service timely, it had a clear plan when customers' will be served for their issues. In addition, employees informed customers' when they have to come and get the service. Beyond this, the revenue office announced taxpayers in advance when they have to come and submit their document specifically tax audit, and getting finger print.

## 4.11 Hypotheses Result

The designed hypotheses were tested using both the correlation and regression analysis. Based on the result of these analyses, the results of the hypotheses are presented below;

*H<sub>1</sub>: There is a positive correlation between assurance and customers' satisfaction in Lideta sub city Small tax payer's branch office*

The correlation analysis indicated that assurance had a positive correlation with customers' satisfaction ( $r = .551$ ,  $\alpha = .000$ ). However, the regression result indicated that assurance had no significant impact on customers' satisfaction ( $\beta = .024$ ,  $\alpha = .765$ ). Hence, though the hypothesized relationship was supported, assurance had no significant impact on the criterion variable

*H<sub>2</sub>: There is a positive correlation between responsiveness and customers' satisfaction in Lideta sub city Small tax payer's branch office*

The correlation analysis indicated that responsiveness had a positive correlation with customers' satisfaction ( $r = .598$ ,  $\alpha = .000$ ). However, the regression result indicated that responsiveness had no significant impact on customers' satisfaction ( $\beta = .113$ ,  $\alpha = .188$ ). Hence, though the hypothesized relationship was supported, responsiveness had no significant impact on the criterion variable

*H<sub>3</sub>: There is a positive correlation between empathy and customers' satisfaction in Lideta sub city Small tax payer's branch office*

The correlation analysis indicated that empathy had a positive correlation with customers' satisfaction ( $r = .655$ ,  $\alpha = .000$ ). Similarly, the regression result indicated that empathy had significant impact on customers' satisfaction ( $\beta = .256$ ,  $\alpha = .007$ ). Hence, the hypothesized relationship was supported, and empathy had significant impact on the criterion variable.

*H<sub>4</sub>: There is a positive correlation between reliability and customers' satisfaction in Lideta sub city Small tax payer's branch office*

The correlation analysis indicated that reliability had a positive correlation with customers' satisfaction ( $r = .689$ ,  $\alpha = .000$ ). Similarly, the regression result indicated that reliability had significant impact on customers' satisfaction ( $\beta = .356$ ,  $\alpha = .007$ ). Hence, the hypothesized relationship was supported, and reliability had significant impact on the criterion variable.

*H<sub>5</sub>: There is a positive correlation between tangibility and customers' satisfaction in Lideta sub city Small tax payer's branch office*

The correlation analysis indicated that tangibility had a positive correlation with customers' satisfaction ( $r = .406$ ,  $\alpha = .000$ ). Similarly, the regression result indicated that tangibility had significant impact on customers' satisfaction. Hence, the hypothesized relationship was supported, and tangibility had significant impact on the criterion variable.

## **CHAPTER FIVE**

### **SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION**

#### **Introduction**

This chapter, as a continuation of the previous chapters, presents summary of the main findings, conclusion and recommendation of the study based on the analysis in relation to the literature review.

#### **5.1 Summary of Findings**

Assessing the overall customers' satisfaction is one of the main objectives of the study. Hence, 61.3% of the respondents were delighted and the remaining 26.9% and 11.8% were dissatisfied and neutral respectively. In addition, category "A" taxpayers were more satisfied than category "B" taxpayers. Generally, the overall satisfaction analysis, which is the upshot of the service delivery provided positive results higher than that the midpoint (Mean = 3.46 out of maximum 5).

Examining the relationship of the five service quality dimensions with customers' satisfaction in the revenue office was also the main objective of the study. So, the findings disclose that the service quality dimensions of reliability, responsiveness, empathy, reliability and tangibles were positively and significantly correlating with taxpayers overall satisfaction. Reliability had the strongest correlation with customers' satisfaction and perceived as a dominant service quality. On the other hand Tangibility had the weakest correlation with customers' satisfaction.

The regression results reveal that the service quality is the main determinant customers' satisfaction in which 55.10% of the variation in satisfaction was explained by service quality. However, the level of impact differs one from the other dimensions. Reliability had the most dominant impact and significance on satisfaction followed by empathy and tangibility respectively. Responsiveness and assurance had little impact, but they had no significance in predicting satisfaction.

As part of the study objective, customers were also asked to rank the service dimensions according to their importance to improve their satisfaction level. As a result, assurance was ranked as first factor that need to be improved by the tax office so as maximize their satisfaction. Responsiveness, empathy and reliability were stated from second, third and fourth respectively. Tangibility was ranked last rank as an important dimension so as to improve their satisfaction.

From the analysis, comments and interviews of the study, there were some important findings, which were explained as challenges and achievements. Staff adequacy to execute timely service, serving right the first time, answering questions and problems including complains quickly and promptly, employee's competency and knowledge to perform service independently and confidentially and lack of awareness were among the challenges the tax office faced and forced to provide poor service and customers were felt dissatisfied. The analysis also had some important findings, which considered as achievements for the revenue office such as maintaining records and profiles /documents/ of customers, clear plan when service will be performed and mostly committed employees to serve customers.

## **5.2 Conclusions**

Provision of quality service and finally satisfying customers is an important mechanism to build voluntary taxpayers and achieve objectives for revenue authorities and offices. However, like other public sectors, they had so many problems in providing quality service. Lideta sub city Small tax payer's branch office was also faced some problems in providing quality service so as to satisfy customers. Consequently, the overall satisfaction level, which was the outcome of the service delivery, has scored **3.46 out of 5**). The result reflects, even though far from the dissatisfied level, there are still challenges to provide quality service and satisfy taxpayers in tax office.

Insufficient Staff to undertake timely service, problem of providing fast service, delay in answering customers' questions and problems, shortage of office facilities, employees incompetency and poor knowledge to perform service independently and confidentially and lack of awareness were among the problems existed in the revenue office. The combined effect of these challenges finally resulted in low satisfaction

level from the service. Therefore, to achieve the required level of satisfaction an improvement in service quality by minimizing the problems is the main assignment of the tax office.

Using the correlation and regression analysis, the result showed different results. Using the correlation analysis the result showed that service quality and all service quality dimensions had a positive correlation with satisfaction. This result complies with Amanfi (2012) that concluded all service quality dimensions had positive relationship with satisfaction in the public sector. Moreover, Maroudas, et al., (2009) in their study about taxpayers' satisfaction also proved the relationship of the service quality on satisfaction.

However, the regression analysis results revealed that though service quality a dominant driver for customers' satisfaction the service quality dimensions had different effects on customers' satisfaction. Reliability had the most dominant impact and significance on satisfaction followed by empathy and tangibility respectively. Responsiveness and assurance had little impact and no significance on influencing satisfaction. The findings showed that all service quality dimensions had no similar impact on customer satisfaction even if they had strong correlation. Likewise, previous studies findings concluded similar results. For instance, Amanfi (2012) concluded that empathy, assurance and responsiveness had greater effect than tangibility and reliability on customers' satisfaction in the public sector. Sriyam (2010), in contrary concluded that tangibility had the greater effect on satisfaction.

Based on their experiences, taxpayers ranked assurance as the first factor that needs to be improved by the revenue office to improve their satisfaction. Responsiveness, empathy and reliability were stated from second, third and fourth respectively. Tangibility ranked by customers as last rank to be given priority by the tax office so as to improve satisfaction.

These two results/regression and ranking/ had some conflicting implication. However, since the statistical result is more accurate than the ranking result the revenue office should give more attention on the regression result to improve customers' satisfaction.



The revenue office had problems of Staff adequacy to execute timely service, providing service right the first time, answering questions and problems of customers quickly and promptly, convenient in work area/office/ and office facilities, employee competency and knowledge to perform service independently and confidentially and lack of awareness. Hence, the tax office should properly manage these problems based on their priorities so as to improve the service quality and ultimately taxpayers' satisfaction.

### **5.3 Limitations of the study**

While carrying out this research, the researcher had faced problems which include low awareness on the importance of the research by the tax payers which result in inconvenience and non-returned questionnaires, financial constraints to exploit all information. The other limitation of this study was lack of relevant references and secondary data related to the study in Ethiopia. Despite all these, the researcher tried to design ways to manage limitations by attempting close relation with taxpayers' to get accurate information and respond timely, extensive use of library materials, research papers and internet sources.

### **5.4 Recommendations**

From the findings and abovementioned conclusions, the following recommendations were forwarded to minimize the problems of quality service provision so as to improve taxpayers' service delivery satisfaction.

#### **To improve employees efficiency and effectiveness**

The tax office should provide continuous quality development and training program, Continuous learning culture and Recognition and reward system. These mechanisms can eliminate the challenges and improve service quality and customers' satisfaction. Such mechanisms enhance employees' capacity to perform and decide independently and confidentially; share knowledge and experience among departments and employees; create strong common understanding with customers and staff members; and stimulate motivation to do with commitment.

## **To improve customers' service delivery**

First of all, the revenue office should properly **implement Service standards**. This is because Service Standards are key elements of the government's quality services strategy. They are designed to improve the quality of service delivery by making consideration of time, cost, human resource and other factors. The tax office has manuals containing service standards/ stretched objectives/ and desired outcomes for such purpose. However, most of the activities, as their annual plans and reports indicated, were undertaken without considering these service standards.

Second, the tax office should give more attention for setting benchmarks and dissemination of best practices in a timely, accessible, user-friendly, and efficient manner.

Third, the revenue office must effectively **implement complaint management system**. The tax office had a suggestion box to receive any complains and suggestion from taxpayers. However, the tax office had no clear guidelines and complain registration book to solve such problems. Therefore, as the system is important to identify areas that need changes and allows clients to provide an input for service improvement; gives the organization a second chance to serve and satisfy dissatisfied clients; offer an opportunity to strengthen public support for the organization; and help reduce an organization's workload, the revenue office should give emphasis to it.

Forth, the revenue office should undertake continuous awareness creation system. Because due to lack of knowledge about tax laws and rules, a lot of taxpayers were made mistakes while submitting their tax returns and reports. As a result of their fault, they were exposed to offenses and penalties and increase complains. In addition, the revenue office should provide recognition and reward for those who follow the laws and rules while they perform their business and deal with revenue office.

### **To improve service quality dimensions**

Based on the analysis result, the revenue office should focus primarily on improving the reliability, empathy and tangibility service quality dimensions which have greater impact on customers' satisfaction. Resource allocation and utilization should be based on these priorities. Beside to this, the remaining dimensions (Assurance and responsiveness) though had no significant impact on customers' satisfaction; the revenue office should give considerable attention to improve them.

### **To Strength System and Process**

The revenue office should create the culture of common understanding, better communication and timely information dissemination with all stakeholders. In addition, the office should undertake continuous monitoring and follow up both for employees and customers because it is necessary to make immediate solutions for mistakes and help to make alternative way of doing.

## **5.5 Suggestions for Future Researchers**

The study topic was very important for service provision in the revenue sector. However, because of time and budget constraints the study had some limitations. Therefore, it is needed to suggest for future researchers.

The study did not include other factors such as employee satisfaction, tax law and complaints management system which affects customers' satisfaction in the revenue sector. Therefore, future researchers can consider the impact of these factors on customers' satisfaction.

The result also had some contradicting results not only the regression and correlation but also in the ranking of the factors. So future researchers can develop more detail models that can explain the effect of each dimension on customers' satisfaction.

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## **Appendix A**

### **St. Mary's University**

#### **Department of General Business Administration- Master program**

#### **Questionnaire**

#### **Dear respondents!**

I am Melkamu Tsehay student of St. Mary's University. Currently I am conducting a research entitled with **Assessing the Implication of Service Quality on Customers' Satisfaction** whose purpose is to fulfill the partial requirement for master of Art degree in General Business Administration. The quality of this paper highly relies on the data and information you would provide.

The purpose of this questionnaire is only for academic purpose. Thus, your ideas and comments are highly honored and kept confidential. Your frank response and valuable support in responding to the questions raised is of paramount important to the success of the study. Therefore, I request you to fill the questionnaire carefully and at your best knowledge in all regard. You should choose the answer you think is correct according to your understanding.

To create a secure environment for your free and genuine responses, you are not required to write your name.

Thank you in advance for your cooperation and prompt response!

#### **Contact Address**

If you have any questions contact me at the following address:

Melkamu Tsehay. Cell phone: 0923479199. E-mail: [melkamutsehay@yahoo.com](mailto:melkamutsehay@yahoo.com)

## SECTION A – PERSONAL BACKGROUND.

**Please make a circle from the alternatives**

sex	Age	Highest level of education	business category	business activity/write
a. male b. female	a. 20-29 b. 30-39 c. 40-49 d. 50-59 e. 60 and above	a. Masters/PhD b. Bachelors c. Diploma d. High school e. No formal education	a. category 'A'  b. category 'B'	

### Section B- General Question

1. As a taxpayer and customer of the tax office are you in contact with tax office regularly?

Yes   NO

2. How many times do you go to the office in a year? Approximately;

Once a year  twice a year  4 times  12 times  more than 12

### Section C-Service Delivery Satisfaction by Each Service Dimensions

3. Please mark with (√) for your level of satisfaction from the following scale for each service dimensions.

Service dimensions	Scale				
<b>ASSURANCE</b>	1	2	3	4	5
employees confidence and self re-assuring in providing service					
You feel safe in your transactions/delivery of service/ with the tax office					
Employees consistently courteousness and respectfulness with you					
Employees professionally, competency and the knowledge ability to answer your questions					
Employees knowledge in understanding tax laws and fulfilling their responsibility while providing service to you					
<b>RESPONSIVENESS</b>	1	2	3	4	5

Employees telling to you exactly when services will be performed					
Employees giving prompt/timely/ service to you					
Employees are always willing to help/assist/ and cooperate you					
Employees are never too busy to respond to your requests					
Employees answering questions and problems quickly					
The revenue office staffs adequateness to execute its service promptly					
<b>EMPATHY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
The revenue office in giving you individual attention					
The revenue office operating hours convenience to all its customers					
The revenue office's Treating its taxpayers in caring fashion/respectful/					
The revenue office has employees who give you personal attention					
The revenue office has your best interests at heart					
Employees understanding with your specific needs					
<b>RELIABILITY</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Revenue office's Providing service at the promised time					
When you have a problem, tax office's interest in solving it sincerely					
The revenue office's performing the service right the first time					
The revenue office's providing its services at the time it promises to do					
The revenue office in insisting on error free service/records/					
The revenue office in Maintaining records and profiles in well manner					
Revenue office in providing customers with correct and accurate information					
<b>TANGIBILITY</b>					

The revenue office in possessing modern looking equipment(SIGTAS, computers, chairs, tables) to provide service to taxpayers					
The revenue office physical facilities such as rooms and reception place visually clearness and attractiveness					
Staffs have an appropriate appearance					
Materials associated with convenient the service rendering facilities (such as pamphlets, statements, office layout, office location are visually appealing					
Your overall satisfaction from the revenue office					

**Very satisfied= 5, Satisfied= 4, Neutral= 3, Dissatisfied=2 and Very dissatisfied=1**

4. Please rate the service factors that need to be improved by the tax office based on

service factor	Rank needed to improve				
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>
Assurance(( knowledge , credibility and courtesy of employees)					
Responsiveness(willing to help and provide prompt service)					
Empathy(provision of individually care, easy access, good communication and attention to taxpayers)					
Reliability(ability to perform the promised service dependably and accurately)					
Tangibility(appearance of physical facilities, equipments, and personnel)					

their importance to ensure your service delivery satisfaction.

**Please if you have any comment to be added**

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## **Appendix B**

### **Interview Questions**

#### **Interview Questions for management team**

1. How do you judge about the quality of service provided to customers by employees?
2. What are the problems which challenge the office to provide the desired service quality?
3. How do you evaluate the employees in providing quality service to satisfy customers?
4. Do you believe customers are satisfied with service they gained from your office? Why?
5. Can you suggest what should to do to improve the quality of customers service delivery?

#### **Interview Questions for tax experts**

1. How do judge about the quality of service provided to customers by your office?
2. What are the problems which challenge you to provide the required service quality to your customers?
3. How do evaluate the management team/coordinator/ in initiating you to provide quality service to your customers?
4. Do you believe that customers are satisfied with the service you gave to them? Why?
5. Can you suggest what should to do to improve the quality of customers service dalliances.

## Appendix C

### በቅድስት ማሪያም ዩንቨርሲቲ

#### በጠቅላላ ንግድ አስተዳደር የትምህርት ክፍል: የሁለተኛ ዲግሪ መረሀ ግብር

እኔ መልካሙ ፀሐይ በቅድስት ማሪያም ዩንቨርሲቲ በጠቅላላ ንግድ አስተዳደር የሁለተኛ ዲግሪ ተማሪ ስሆን በአሁኑ ሰዓት የአገልግሎት ጥራት በደንበኞች እርካታ ላይ ያለው አስተዋፅኦ በሚል ርዕስ የመመረቂያ ፀሐፍ እየሰራሁ እገኛለሁ። ይሁን እንጂ የጥናቱ ውጤታማነት እና ጥራት የሚወሰነው ግብር ከፋዮች በሚያደርጉት መልካም ትብብርና በሚሰጡት መረጃ ላይ የተመሰረተነው። በእናንተ መልካም ፈቃድ ተመስርቶ የምትሰጡት መረጃ በሚሰጡበት የሚያዝና ለትምህርት አገልግሎት ብቻ የሚውል ሲሆን የምትሰጧቸው ሀሳቦች እና አስተያይቶች የተከበሩና በጥንቃቄ የሚያዙ መሆናቸውን እየገለፅኩ በመጠይቁ ላይ ስማችሁን እንድትጹኩ አይፈለግም። የእናንተ እውነተኛና ትክክለኛ መልሶች ለጥናቱ ውጤታማነት ከፍተኛ አስተዋፅኦ ስላላቸው ለመጠይቆች ትክክለኛ መልስ ነው ብላችሁ ያመናችሁብትን መልስ መስጠት የምትችሉ መሆኑን እየገለፅሁ ለምታደርጉልኝ መልካም ትብብር ከወዲሁ አመሰግናለሁ።

### መጠይቆች

#### ክፍል-ሀ የግል ሁኔታ

እባክዎት ከተሰጡት አማራጮች የሚመርጡትን ያክብቡ

ገታ	ዕድሜ	የትምህርት ደረጃ	የንግድ ደረጃ	የንግድ እንቅስቃሴዎትን ቢገልፁ
ሀ. ወንድ	ሀ. ከ20-29	ሀ. የመጀመሪያ ዲግሪ	ሀ. ደረጃ ሀ	
ለ. ሴት	ለ. ከ30-39	ለ. ሁለተኛ ዲግሪ	ለ. ደረጃ ለ	
	ሐ. ከ40-49	ሐ. ዲፕሎማ		
	መ. ከ50-59	መ. የቀለም ትምህርት		
	ሠ. 60 እና ከዚያ በላይ	ሠ. መደበኛ ያልሆነ ትምህርት		

**ክፍል-ለ**

1. ከግብር ሰብሳቢው መስሪያ ቤት ጋር የሚያደርጉት ግንኙነት መደበኛ ነው ?

አዎ  አይደለም

2. ወደ ግብር ሰብሳቢው መስሪያ ቤቱ በአመት ስንት ጊዜ ይመጣሉ? በግምት

1 ጊዜ  2 ጊዜ  4 ጊዜ  12 ጊዜ  ከ12 ጊዜ በላይ

**ክፍል-ሐ**

በሚያገኙ አገልግሎት የአረካታ ደረጃ

3. እባክዎት ከሚከተሉት የአገልግሎት ደረጃዎች X ምልክት በመጠቀም ይምረጡ::

በጣም ጥሩ ነው = 5, ጥሩ ነው = 4, መግለፅ አልቻልንም = 3, ጥሩ አይደለም = 2, በጣም ጥሩ አይደለም = 1

የአገልግሎት መለኪያ	ደረጃ				
	1	2	3	4	5
ማረጋገጫ					
ሰራተኞች በራስ የመተማመንና ራሱን አረጋግቶ አገልግሎት ከመስጠት አኳያ					
የገቢ መስሪያ ቤቱ አገልግሎት አሰጣጥ ለእርሶ ተስማሚ ነው					
ሰራተኞች ለግብር ከፋዩ የሚያሳዩት ትህትና ክብር ከመስጠት አኳያ					
የሰራተኞች እውቀትና ክህሎት ግብር ከፋዩ ለሚያሳዩት ጥያቄዎች መልስ ለመስጠት					
ሰራተኞች የግብር ህጉን ከማወቅ እና አገልግሎት ለመስጠት ግዴታቸውን ለመወጣት ያላቸው ተነሳሽነት					
<b>ፈጣን ምላሽ ከመስጠት</b>	1	2	3	4	5
ግብር ከፋዩ ለሚጠይቀው አገልግሎት ሰራተኛው ትክክለኛውን መልስ ከመስጠት አኳያ					
ሰራተኞች ለግብር ከፋዩ በሰአቱ አገልግሎት ይሰጣሉ					
ሰራተኞች ግብር ከፋዩን ለመደገፍ የሚያደርጉት ትብብር					
ሰራተኞች የግብር ከፋዩን ጥያቄ ለመመለስ ያላቸው በራስ የመተማመን ብቃት					
ሰራተኞች ግብር ከፋዩ ለሚያሳዩት ጥያቄዎች መልስ ለመስጠትና ችግሩን ለመፍታት የሚያደርጉት ጥረት					
ሰራተኞች ፈጣን አገልግሎት ከመስጠት አኳያ					
<b>የግብር ከፋዩን ችግር መረዳት</b>	1	2	3	4	5

ሰራተኞች ለግብር ከፋይ የሚሰጡት ትኩረት					
የገቢ መስሪያ ቤቱ የስራ ሰአት ለደንበኞች ተስማሚ ነው					
ገቢ መስሪያ ቤቱ ለግብር ከፋዮች የሚሰጠው ክብርና እንክብካቤ					
የገቢ መስሪያ ቤቱ ለግብር ከፋይ ትኩረት የሚሰጡ ሰራተኞች አሉት					
ገቢ መስሪያ ቤቱ ከግብር ከፋይ ጋር ተቀራርቦ ለመስራት የሚደርገው ጥረት					
ሰራተኞች የግብር ከፋዩን ፍላጎት ይረዳሉ					
<b>ታማኝነት</b>	1	2	3	4	5
የገቢ መስሪያ ቤቱ በተቀመጠው ስታንደርድ አገልግሎት ይሰጣሉ					
ገቢ መስሪያ ቤቱ ሰራተኞች የግብር ከፋዩን ችግር በሚኖርበት ሰአት ችግሩን ለመፍታት ቅንነት አላቸው					
የገቢ መስሪያ ቤቱ ሙሉ የስራ ሰአት በትክክል አገልግሎት ይሰጣሉ					
የገቢ መስሪያ ቤቱ የቀጠሮ ሰአት አክብረው ይሰራሉ					
ግብር ከፋይ በሚሰላበት ወቅት ገቢ መስሪያ ቤቱ ስህተቱን ለማስተካከል ያግዛሉ					
የገቢ መስሪያ ቤቱ ክፍተቶችን እና ገፅታውን ለማስተካከል የሚያደርገው እንቅስቃሴ					
የገቢ መስሪያ ቤቱ ግብር ከፋዮችን ከማረም እና ትክክለኛ መረጃ ከመስተት እንዴት ያዩታል					
<b>ምቹ ሁኔታ ከመፍጠር</b>	1	2	3	4	5
የገቢ መስሪያ ቤቱ ለግብር ከፋይ አገልግሎት የሚሰጡ ግብአቶችን ለምሳሌ ወንበር፣ጠረጴዛ ወዘተ ከማመቻቸት አንፃር					
ገቢ መስሪያ ቤቱ ምቹ ቦታ ከማዘጋጀት አንፃር					
የሰራተኞች አለባብስ					
አገልግሎት የሚያገኙባቸው ቦታዎችን የሚጠቁሙ ምልክቶች በራሪ ወረቀቶች ያሉበት ሁኔታ					
በገቢ መስሪያ ቤቱ ያለዎት የእርካታ ደረጃ					
በአገልግሎት	ደረጃው መሻሻል የሚያስፈልገው				
	1	2	3	4	5
የሰራተኞች እውቀት፣ታማኝነት ትህትና ያለበት ሁኔታ					
ፈጣን ምላሽ ከመስጠት ግብር ከፋዩን ከማገዝና በፍጥነት ከማስተናገድ አንፃር					
የግብር ከፋዩን ችግር እንደ ራስ በማየት ሰራተኛው የሚሰጠው አክብሮት ጥሩ ባህሪ ከማሳየት					
በተቀመጠው ሰአት ትክክለኛ አገልግሎት ከመስጠት					



የሰራተኞች አለባበስ ለሰራ የሚያስፈልጉ ግብአቶች					
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እባክዎን ተጨማሪ አስተያይ ካሎት ይጻፍሉ:::

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### Appendix D-service delivery documents

Service tools	Justification		remark
Service standards /stretched objectives	<b>existed</b>		
Customers suggestion box	<b>existed</b>		
Complaint management team	<b>existed</b>		
Appeal committee	<b>existed</b>		
Complaint registration book	<b>existed</b>		
Feedback for complaints recorded	<b>existed</b>		
Customers satisfaction assessment	<b>existed</b>		
Bench mark		<b>Not existed</b>	
Best Practice		<b>Not existed</b>	
Code of conduct	<b>existed</b>		
Memorandum of understanding	<b>existed</b>		
Taxpayers education and training case team	<b>existed</b>		
Continuous learning program	<b>existed</b>		
Tax laws and Working manuals	<b>existed</b>		
Balanced score Card/BSC/	<b>implemented</b>		

Source: Lideta sub city small taxpayer branch office, July 2016

## Appendix E- Cronbach's Alpha statistics

### Reliability Statistics

Cronbach's Alpha	N of Items
.921	28

Item-Total Statistics	Cronbach's Alpha
Employees confidence and self re-assuring in providing service/Ass1/	.916
Feel safe in your transactions/delivery of service/ with the tax office/ Ass2/	.920
Employees consistently courteousness and respectfulness with you/Ass3/	.917
Employees professionally, competency and the knowledgeable ability to answer your questions/Ass4/	.917
Employees knowledge in understanding tax laws and fulfilling their responsibility while providing service to you/Ass5/	.918
Employees telling to you exactly when services will be performed/Res1/	.920
Employees giving prompt/timely/ service to you/Res2/	.917
Employees are always willing to help/assist/ and cooperate you/Res3/	.916
Employees are never too busy to respond to your requests/Res4/	.916
Employees answering questions and problems quickly/Res5/	.917
The revenue office staffs adequateness to execute its service promptly/Res6/	.920
The revenue office in giving you individual attention/Emp1/	.919
The revenue office operating hours convenience to all its customers/Emp2/	.918

The revenue office has employees who give you personal attention/Emp3/	.917
The revenue office has your best interests at heart/Emp4/	.916
Employees understanding with your specific needs/Emp5/	.916
Treating its taxpayers in caring fashion/respectful//Emp6/	.917
Revenue office's Providing service at the promised time/Rel1/	.917
When you have a problem, tax office's interest in solving it sincerely/Rel2/	.916
The revenue office's performing the service right the first time Rel3/	.916
The revenue office's providing services at the time it promises to do /Rel4/	.918
The revenue office in insisting on error free service/records/ Rel5/	.920
The revenue office in Maintaining records and profiles /Rel6/	.921
Revenue office in providing with correct and accurate information /Rel7/	.917
The revenue office in possessing modern looking equipmen/Tan1/	.920
The revenue office physical facilities clearness and attractiveness/Tan2/	.924
Staffs have an appropriate appearance/Tan3/	.920
Materials associated with convenient the service rendering facilities /Tan4/	.920

### Reliability Statistics

Cronbach's Alpha	N of Items
.855	5

Item-Total Statistics	
	Cronbach's Alpha if Item Deleted
Assurance	.825
Responsiveness	.798
Empathy	.793
Reliability	.802
Tangibility	.888

### Appendix F- Factor Analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.902
Bartlett's Test of Sphericity	Approx. Chi-Square	1946.955
	Df	378
	Sig.	.000

Communalities		
	Initial	Extraction
Employees confidence and self re-assuring in providing service/Ass1/	1.000	.657
Feel safe in your transactions/delivery of service/ with the tax office/ Ass2/	1.000	.586
Employees consistently courteousness and respectfulness with you/Ass3/	1.000	.651
Employees professionally, competency and the knowledgeability to answer your questions/Ass4/	1.000	.603

Employees knowledge in understanding tax laws and fulfilling their responsibility while providing service to you/Ass5/	1.000	.576
Employees telling to you exactly when services will be performed/Res1/	1.000	.646
Employees giving prompt/timely/ service to you/Res2/	1.000	.641
Employees are always willing to help/assist/ and cooperate you/Res3/	1.000	.578
Employees are never too busy to respond to your requests/Res4/	1.000	.678
Employees answering questions and problems quickly/Res5/	1.000	.525
The revenue office staffs adequateness to execute its service promptly/Res6/	1.000	.715
The revenue office in giving you individual attention/Emp1/	1.000	.652
The revenue office operating hours convenience to all its customers/Emp2/	1.000	.437
The revenue office has employees who give you personal attention/Emp3/	1.000	.589
The revenue office has your best interests at heart/Emp4/	1.000	.615
Employees understanding with your specific needs/Emp5/	1.000	.564
Treating its taxpayers in caring fashion/respectful//Emp6/	1.000	.417
Revenue office's Providing service at the promised time/Rel1/	1.000	.637
When you have a problem, tax office's interest in solving it sincerely/Rel2/	1.000	.626
The revenue office's performing the service right the first time Rel3/	1.000	.632
The revenue office's providing services at the time it promises to do /Rel4/	1.000	.562
The revenue office in insisting on error free service/records/ Rel5/	1.000	.661
The revenue office in Maintaining records and profiles /Rel6/	1.000	.601
Revenue office in providing with correct and accurate information /Rel7/	1.000	.591

The revenue office in possessing modern looking equipment/Tan1/	1.000	.587
The revenue office physical facilities clearness and attractiveness/Tan2/	1.000	.673
Staffs have an appropriate appearance/Tan3/	1.000	.575
Materials associated with convenient the service rendering facilities /Tan4/	1.000	.519
Extraction Method: Principal Component Analysis.		