

THE EFFECT OF SERVICE DELIVERY SYSTEM ON CUSTOMER SATISFACTION: A STUDY ON LARGE TAXPAYERS IN ADDIS ABABA, ETHIOPIA

*A Thesis Submitted to the School of Graduate Studies of Jimma University in
Partial Fulfillment of the Requirements for the Award of the Degree of Master
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August, 2020

DECLARATION

I declare that this thesis (The Effect of Service Delivery System on Customer Satisfaction: A Study on Large Taxpayers in Addis Ababa, Ethiopia) is my original work. It has not been submitted for a degree in any other universities and all the materials used in this study have been duly acknowledged.

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STATEMENT OF CERTIFICATION

This is to certify that Dawit Hagos has carried out his research work entitled “The Effect of Service Delivery System on Customer Satisfaction: A Study on Large Taxpayers in Addis Ababa, Ethiopia” for the partial fulfillment of Masters of Arts in Business Administration at Jimma University, College of Business and Economics Department of Accounting and Finance. This study is original and is not submitted for any degree in this university or any other universities and is suitable for submission of Masters of Arts in Business Administration.

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List of Acronyms

AALTPBO Addis Ababa Revenue Authority Large Taxpayers Branch Office

ANOVA Analysis of Variance

ECC Ethiopian Customs Commission

ERCA Ethiopian Revenues and Customs Authority

FDRE Federal Democratic Republic of Ethiopia

IMF International Monetary Fund

LTO Large Taxpayers' Office

MOR Ministry Of Revenue

OECD Organization for Economic Co-operation and Development

SERVQUAL Service Quality

SPSS Statistical Package for Social Science

SIGTAS Standard Integrated Government Tax Administration System

TIN Taxpayer Identification Number

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Abstract

The main objective of the study is to assess the large taxpayers' satisfaction in Addis Ababa with respect to tax service delivery system in Addis Ababa Revenue Authority-Large Taxpayers Branch Office. To achieve the objective, the mixed research approach; specifically concurrent approach was employed in order to counterbalance the quantitative and qualitative data results of the study and sample data was collected from 252 large taxpayers' in Addis Ababa by cross-sectional survey method. In the survey method, a structured questionnaire and interview were used to collect the data. The research used a probability-sampling method specifically a random sampling method to select the participants from the population. The study has followed both descriptive and explanatory research design. The collected data was analyzed by mean, frequency, correlation, and regression analysis with the help of SPSS V25. The result of the study revealed that all dimensions of service delivery system i.e. service quality, delivery dimensions and complaints handling mechanisms have a significant and positive relationship with large taxpayers' satisfaction in Addis Ababa Revenue Authority-Large Taxpayers Branch Office. However, even though there is a positive association between service delivery dimension and large taxpayers' satisfaction, it is not statistically significant. Besides this, among the three dimensions of service delivery system, service quality dimension has the highest effect on large taxpayers' satisfaction in the branch followed by complaints handling mechanism dimension. The study concluded that, all the three dimensions of service quality system, except service delivery dimension have positive and statistically significant association with large taxpayers' satisfaction. The study recommended that due attention should be given to service quality dimensions and complaints handling dimensions to increase large taxpayers' satisfaction level in the branch office. The importance of this study is to provide the satisfaction level of large taxpayers in Addis Ababa in reference to the tax service delivery system in Addis Ababa Revenue Authority Large Taxpayers Branch Office. Furthermore, for developing service delivery strategies to address efficient and effective service to large taxpayers so that they can increase large taxpayers' satisfaction in order to collect sufficient revenue for the government.

Keywords: *Large taxpayer, Satisfaction, Service Quality Dimension, Service Delivery Dimension, Complaints Handling Dimension*

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The service industry plays an increasingly important role in the economy of many countries. In today's global competitive environment, delivering quality service is considered as an essential strategy for success and survival (Parasuraman *et al.*, 1985). Even the public sector organizations have come under increasing pressure to deliver quality services and improve efficiencies (Robinson, 2011). However, service quality practices in public sector organizations is slow and is further exacerbated by difficulties in measuring outcomes, greater scrutiny from the public and press, a lack of freedom to act in an arbitrary fashion and a requirement for decisions to be based on regulation (Teicher *et al.*, 2002). Organizations that provide public services therefore need to take additional steps to ensure that services are of a high quality.

The former Ethiopian Revenue Customs Authority (ERCA); currently named with Ethiopian Ministry Of Revenues (MOR), as a public service organization, is striving to satisfy public demands of quality service. Like other countries, the Ethiopian government adopted the Tax Service Delivery Policy in early 2000s. Adopting the tax service delivery policy, which created a customer service process that incorporates taxpayer registration and cancelations, education and assistance on tax matters, tax information and explanation through different mechanisms and facilitation for tax liabilities to be paid in each branches of MOR organizational structure are the major reforms performed by MOR. The main objective of the reform was ensuring equitable, efficient and effective service to taxpayers and hence to meeting the increased demand of taxpayers (Chulle, 2016). Similarly the government also enacted the directive on “complaints handling on public service delivery” with the main objectives of providing quick responses to customer complaints, collecting feed-back and reducing the burdens of access to justice and legal institutions (Desta, 2008).

The tax payers, normally visits revenue offices for various reasons but most importantly, they are looking for information on tax matters, registering as tax payers, filing of returns and payments and payments of tax liability and penalties (Tentim, 2014). The domestic tax revenue collection branch office, as service providers are therefore under obligation to offer quality service to their customers, who are mainly taxpayers. Besides this, according to OECD (2010), the primary mandate of most tax administrations is to ensure compliance with

tax laws and improve taxpayers' satisfaction. In order to do that and find the most effective treatment, revenue bodies benefit from knowledge about taxpayer behavior. This is because better understanding of taxpayer behavior can be expected to place revenue bodies in a stronger position to design and implement effective compliance strategies, which contributes to the sustainability of taxation systems. In addition, Fjeldstad, *et al* (2012) suggested that understanding how citizens perceive and experience taxation may provide an essential diagnostic of the political realities for tax reform. Consequently, Taxpayers' behavior towards tax system has evoked great attention among many Revenue Authorities in the world especially in developed countries. However, it is debatable on what has been done towards the study of taxpayers' view towards tax system in developing countries (Omweri, *et al*; 2010). Fjeldstad, *et al* (2012), McKercher and Evans (2009) also explained that taxpayer non-compliance is a continual and growing global problem that is not readily addressed.

The results of the study conducted by Jofreh and Aida (2014) found that taxpayer satisfaction affects all aspects of quality service such as tangible factors, reliability, empathy, assurance, and accountability. Debere (2014) showed that business taxpayers had a generally negative view or dissatisfaction towards the tax system and they perceive that, submitting a tax return, getting a tax refund, tax law enforcement, are complex and unfair. Yesegat and Fjeldstad (2016) argued that taxpayer's satisfaction or dissatisfaction with the government's provision of goods and services is expected to have an impact on tax compliance. A study of four African countries also shows a significant association of satisfaction with the tax system and positive tax compliance attitudes (Ali *et al*, 2013).

However, while these studies were based on evidence from developed countries, studies in developing countries are limited (as also stated by Temtim, 2014). Besides, very limited work has been done with the objective of assessing the taxpayer's satisfaction level even in developed countries. More specifically, in the case of Ethiopia, to the knowledge of the researcher, there is insufficient study on large taxpayers' satisfaction in Addis Ababa with special reference to the tax service delivery system in the dedicated branch. In this context, the broad purpose of this study was therefore to examine the large taxpayers' satisfaction in Addis Ababa with special reference to the tax service delivery system in Addis Ababa Revenue Authority-Large Taxpayers Branch Office.

According to ERCA (2016), in Ethiopia taxpayers are classified in to large, medium, and small taxpayers at the Federal level and Regional level based on their annual turnover.

Accordingly, large taxpayers are those whose annual sales turnover is above Birr 35 million; medium taxpayers are those whose annual sales turnover between Birr 5 million and Birr 35 million and also small businesses are those whose annual sales turnover is less than Birr 5 million. According to the domestic tax audit manual of May, 2014 head quarter of Ethiopian revenue and customs authority (ERCA) segmented its tax payers into large tax payer's office (LTO), medium tax payer's office (MTO), small tax payer's office (STO). Addis Ababa Revenues Authority has three divisions for its 340,520 taxpayers; small, middle and large taxpayers' offices (Addis Fortune, 2018). However, this study doesn't not cover all branches of ERCA all over Addis Ababa; rather it will focus only on large taxpayers' satisfaction in Addis Ababa with respect to Tax Service Delivery System in Addis Ababa Revenue Authority-Large Taxpayers Branch Office. The study focused only on large taxpayers because those taxpayers collectively account for between 60 – 70% of the governments overall tax revenue each year as stated by Mintiwab (2017).

1.2 Statement of the Problem

Taxes are major source of state revenue, which is used for funding the Government's expenditures and development programs; and besides this taxes revenue is worth the largest domestic revenue (Fauziati, *et al*, 2016). Therefore, the main objective of imposing tax on the public is to generate revenue for the government, to reduce inequality through a policy of redistribution of income and wealth and also to minimize income gap between rich and poor people (Terrefe, 2016). Palil (2010) as cited in Girma (2017) also defined taxation as one of the important elements in managing national income, especially in developed countries and has played an important role in civilized societies since their birth thousands years ago. But the amount of revenue to be generated by a government from taxes program depends among other things, on the willingness of the taxpayers to comply with tax laws of a country (Eshag, 1983).

Following the increasing cases of tax noncompliance, public policy makers and researchers have paid especially tax evasion and its consequences on the capacity of government to raise public revenue, great amount of attentions to the issue of tax compliance globally for the past few decades. However, there are bulky of research evidences on tax compliance behavior linked to developed countries especially the United State (US); it is limited on developing countries (Alabede, *et al*; 2011; as cited in Temtim, 2014). They recommended that understanding the taxpayers' behavior, their perception towards the tax system, and

periodical assessment of their satisfaction as well as how the service delivery influence the tax compliance will be a solution to this gap. Satisfaction refers to the feeling of gratification or happiness. According to Oliver (1980) satisfaction is the response of customers to the fulfillment of their needs. A person's satisfaction will result in his/her different behaviors (Palil, 2010).

With this basic concepts Taxpayer satisfaction can be defined as a situation where the wishes, expectations, and needs of the taxpayers are met (Awaluddin & Tamburaka, 2017). Government institutions specially tax administrations, have been launching new strategic approaches and reforms to ensure tax payers' satisfaction with quality and modern service to place tax payers at the center of the tax administration system to achieve the overall objectives of any revenue authority (Reddy and Abay, 2018). The service industry plays an increasingly important role in the economy of many countries. In today's global competitive environment, delivering quality service is considered as an essential strategy for success and survival (Parasuraman *et al.*, 1985). Even the public sector organizations have come under increasing pressure to deliver quality services and improve efficiencies (Robinson, 2011). However, service quality practices in public sector organizations is slow and is further exacerbated by difficulties in measuring outcomes, greater scrutiny from the public and press, a lack of freedom to act in an arbitrary fashion and a requirement for decisions to be based on regulation (Teicher *et al.*, 2002). Organizations that provide public services therefore need to take additional steps to ensure that services are of a high quality.

A quality taxpayer service aimed at ensuring every eligible taxpayer to pay a fair and right tax under the law and at the right time. Furthermore, quality taxpayer service was aimed to facilitate the widening of the tax-base, attaining high revenue collection efficiency and effectiveness, and creating a taxpayer friendly environment for tax administration (Annah Kant, 2005).

Reddy and Abay (2018) stated that, despite the efforts taken by Ethiopian government, the tax administration in general; and the service delivery in particular of the revenue sector is poorly performed. Due to this, the taxpayers continued to complain about the quality of the service, behavior of the tax office staff, poor handling taxpayer queries and complaints on tax matters, lengthy bureaucratic tax administrative procedures coupled with the nature of physical facilities in keeping and processing accurate and up to date taxpayer information.

From the researcher point of view, a lot of work has been done studying the customer's satisfaction with service provision by the private sector, especially in developed countries. Very few researchers have been made on related issues in Ethiopia. For instance a study by Temtime (2014) indicated that Business taxpayers in Addis Ababa- Ethiopia are not satisfied with the existing tax system. A study conducted by Yesegat and Fjeldstad (2013) on Taxpayers' views of business taxation in Ethiopia found that the limited capacity of tax administration service delivery resulted on taxpayers' dissatisfaction which, in turn, result on low compliance level, and poor revenue performance in Ethiopia. In addition, Yesegat and Fjeldstad (2016) conducted a study on Business people views of paying tax in Ethiopia and found that taxpayers' satisfaction and service delivery have a statistically significant correlation.

Beside this, there is lack of sufficient study related to assessment of large tax payers' satisfaction in service delivery system of revenue bodies in general in Ethiopia and particularly Addis Ababa revenue bodies. A study by Reddy and Abay (2018) on large taxpayers' satisfaction with tax service delivery system revealed that there is a significant and positive correlation between taxpayers satisfaction and quality service dimension', service delivery dimensions and complaints handling mechanism. Moreover, customer service business process department of Large Taxpayers Office tried to gather feedback through brochures and evaluate monthly on taxpayer perception toward the service. However, this is not on research basis.

Like other countries, the Ethiopian government adopted the Tax Service Delivery Policy in early 2000s. However, in practice, there are problems in providing quality service, prompt service and efficient complaints handling to taxpayers in the revenue sector if Ethiopia (ERCA, 2012). In addition, the large tax office pointed out problems like staff attitude, skill, capacity, and experience gap; inconsistent taxpayer education and support; delay in giving timely decision and fear to decide; delay in providing fast, effective, and efficient service etc. (LTO, 2016). Therefore, besides the lack of sufficient study related to assessment of large tax payers' satisfaction with satisfaction determinant factors in service delivery of revenue bodies in Ethiopia (as also stated by Temitm, 2014; Reddy and Abay, 2018), there is inconsistency of previous results as stated above. Therefore, to slim down the gap the researcher has assessed the satisfaction of large tax payers in Addis Ababa with Tax Service Delivery; mainly with service quality dimensions (tangibility, reliability, responsiveness, assurance and

empathy), Service delivery dimensions (equity, timely, ample, continuous, and progressive) and complaints handling mechanism (access, efficiency and integration) provided by Addis Ababa Revenue Authority Large Taxpayers' Branch Office (AALTPBO).

1.3 Research Question

In examining the satisfaction of large taxpayers in Addis Ababa with respect to Tax Service Delivery System by Addis Ababa Revenue Authority Large Taxpayers' Branch Office, the study has attempted to answer the following research questions: -

- What is the relationship between Service Quality Dimensions (such as tangibility, reliability, responsiveness, assurance, and empathy) in AALTPBO and the satisfactions of large taxpayers in Addis Ababa?
- What is the relationship between Service Delivery Dimensions (such as equitability, timeliness, ample, continuousness, and progressiveness of service) in AALTPBO and the satisfactions of large taxpayers in Addis Ababa?
- What is the relationship between Complaints Handling Mechanisms (such as accessibility, efficiency, and integrity) in AALTPBO and the satisfactions of large taxpayers in Addis Ababa?
- To what extent large taxpayers in Addis Ababa satisfy towards the items in Tax Service Delivery System (i.e. Service Quality Dimensions¹, Service Delivery Dimensions² and Complaints Handling Mechanisms³) in AALTPBO?
- How is the effect of each items of Tax Service Delivery System (i.e. Service Quality Dimensions, Service Delivery Dimensions and Complaints Handling Mechanisms) in AALTPBO on the satisfactions of large taxpayers in Addis Ababa?

1.4 Research Hypothesis

Based on the above research questions, the researcher proposed the following research Hypothesis:

¹ The items in Service Quality Dimensions are tangibility, reliability, responsiveness, assurance and empathy.

² The items in Service Delivery Dimensions are Equitable Service, timely service, ample service, continuous service and progressive service.

³ The items in Complaints Handling Mechanisms are accessibility, efficiency and integration.

H1: *There is a significant relationship between **Service Quality Dimensions** in AALTPBO and large taxpayers' satisfaction in Addis Ababa. Derived Sub-Hypotheses:*

H1.1: *There is a significant relationship between tangibility in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H1.2: *There is a significant relationship between reliability in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H1.3: *There is a significant relationship between responsiveness in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H1.4: *There is a significant relationship between assurance in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H1.5: *There is a significant relationship between empathy in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H2: *There is a significant relationship between **Service Delivery Dimensions** in AALTPBO and large taxpayers' satisfaction in Addis Ababa. Derived Sub-Hypotheses:*

H2.1: *There is a significant relationship between Equitable Service in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H2.2: *There is a significant relationship between timely service in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H2.3: *There is a significant relationship between ample service in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H2.4: *There is a significant relationship between continuous service in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H2.5: *There is a significant relationship between progressive service in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H3: *There is a positive relationship between **Complaints Handling Mechanisms Dimension** in AALTPBO and large taxpayers' satisfaction in Addis Ababa. Derived Sub-Hypotheses:*

H3.1: *There is a significant relationship between accessibility in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H3.2: *There is a significant relationship between efficiency in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H3.3: *There is a significant relationship between integration in AALTPBO and large taxpayers' satisfaction in Addis Ababa.*

H4: Service Delivery System (i.e. Service Quality Dimensions, Service Delivery Dimensions and Complaints Handling Mechanisms) in AALTPBO have significant effect on large taxpayers' satisfaction in Addis Ababa.

1.5 Objectives of the Study

1.5.1 General Objective

The main objective of the study was to examine the effect of service delivery system on customer satisfaction with special reference to large taxpayers in Addis Ababa, Ethiopia.

1.5.2 Specific Objectives

Specifically this study has attempted: -

- To examine the extent of large taxpayers satisfaction towards each items of Tax Service Delivery System (i.e. Service Quality Dimensions, Service Delivery Dimensions and Complaints Handling Mechanisms) in AALTPBO.
- To assess the relationship between service quality dimensions of tax service delivery system in AALTPBO and the satisfactions of large taxpayers in Addis Ababa.
- To describe the relationship of large taxpayers satisfaction in Addis Ababa with service delivery dimensions of tax service delivery system in AALTPBO.
- To examine the relationship between complaints handling mechanisms dimensions of service delivery system in AALTPBO and the satisfactions of large taxpayers in Addis Ababa.
- To assess the effect of each items of Tax Service Delivery System (i.e. Service Quality Dimensions, Service Delivery Dimensions and Complaints Handling Mechanisms) in AALTPBO on the satisfactions of large taxpayers in Addis Ababa.

1.6 Definition of Terms

Table 1.1: Definition of Terms

Key Terminologies	Contextual Meanings	Author
Large Taxpayer	Taxpayers whose annual sales turnover is above Birr 35 million.	ERCA (2016)
Satisfaction	A person's feeling of pleasure or disappointment resulting from comparing one's perception of a performance received (an outcome) and one's initial expectations.	Reddy and Abay (2018).
Quality	A dynamic condition associated with service products, people, processes and environments that meet or exceed expectations.	Ishak and Sulvariany (2017)
Quality Service	The ease of making good communication relationships, understanding the needs of the taxpayer, the availability of physical facilities including adequate means of communication, and skilled employees in their duties.	Ishak and Sulvariany (2017)
Service Quality Dimensions	Service quality dimensions which is adopted from a model used by Suresuchandar <i>et al.</i> (2002) are Tangibility, Reliability, Responsiveness, Assurance and Empathy.	Suresuchandar <i>et al.</i> (2002)
Service Delivery Dimension	Service Delivery Dimensions which is adopted from a model used by Millett (1954) are Equitable Service, Timely Service, Ample Service, Continuous Service, and Progressive Service.	Millett (1954)
Complaints Handling Mechanism Dimensions	Complaints Handling Mechanism Dimensions are Accessibility, Efficiency and Integration.	Suresuchandar <i>et al.</i> (2002)

1.7 Scope of the Study

According to ERCA (2016) i.e. currently named Ministry of Revenue (MOR), in Ethiopia taxpayers are classified in to large, medium, and small taxpayers at the Federal level and Regional level based on their annual turnover. According to the domestic tax audit manual of May, 2014 head quarter of Ethiopian revenue and customs authority (ERCA) segmented its tax payers into large tax payer's office (LTO), medium tax payer's office (MTO), small tax payer's office (STO). Addis Ababa Revenues Authority has four divisions for its 340,520 taxpayers; micro,small, middle and large taxpayers' offices (Addis Fortune, 2018). However, this study aimed to examine the satisfactions of large taxpayers in Addis Ababa with respect to the service delivery system of AALTPBO. Hence, the study doesn't cover all branches of MOR all over Addis Ababa; rather it focused only on Large Taxpayers Branch Office in Addis

Ababa. So, the study was geographically delimited to Addis Ababa; specifically AALTPBO. Therefore, it was not the purpose of the study to generalize the conclusions reach to the whole of Ethiopian taxpayers i.e. this study only highlighted the satisfactions of large taxpayers residing in Addis Ababa branch office only.

The service delivery system of AALTPBO was analyzed based on three different dimensions. These dimensions along with their specific variables are Service Quality Dimensions (such as tangibility, reliability, responsiveness, assurance and empathy), Service Delivery Dimensions (equitable service, timely service, ample service, continuous service, and progressive service) and Complaints Handling Mechanism (such as Accessibility, Efficiency and Integration). Hence conceptually the study was delimited to the aforementioned three dimensions of tax service delivery system in AALTPBO.

On the bases of the research questions and objectives of the study, this study is methodologically delimited to use concurrent mixed research approach (abductive research approach) for the reason that the use of quantitative and qualitative approaches in combination may provide a better understanding of research problems from different perspectives and complex phenomena than either approach alone. Besides this, this research approach was chosen in order to counter balance the quantitative and qualitative data results of the study.

1.8 Significance of the Study

The importance of this study would be to provide basic information about the satisfaction of large taxpayers in Addis Ababa with respect to tax service delivery system in Addis Ababa Revenue Authority-Large Taxpayers Branch Office. In addition to this, officials and employees of revenue authorities especially Addis Ababa Revenue Authority-Large Taxpayers Branch Office and other stakeholders can make use of this research output for designing a better tax service delivery strategy that might help the organization to provide efficient and effective service to large taxpayers so that they can increase large taxpayers' satisfaction; thereby decrease complaints and increase revenue for the government. For the researcher, conducting this study has helped a lot to broaden the knowledge on the topic area. Finally, anybody who might be interested to conduct a research in this subject area may use the study as a reference and will initiate further researches to be done in the subject area. Besides, the study is believed to trigger the importance for undertaking further research on

the area of large taxpayers' satisfaction with tax service delivery system in Ethiopian in general.

1.9 Organization of the Paper

The study was structured in 5 chapters. The first chapter presents a brief overview of the research gap and introduce the research question and objectives, as well as, the scope and limitations of the research study. The next chapter i.e. Literature review, provides the reader both empirical and theoretical background for the research subject. Theoretical Background provides insight in to the concepts related to the study area. Empirical Background provides the findings of different studies conducted in related study areas. The third chapter i.e. Research Methodology, indicates the entire research process including its philosophy, strategy, approach, as well as, its data collection methods that was utilized while conducting the study was discussed. The sampling procedure in addition to the ethical considerations was also discussed within this chapter as well. The fourth chapter i.e. Analysis and Discussion, presents the analysis and discussion of findings generated from data collection techniques being applied. The last chapter i.e. Summary of Findings, Conclusions & Recommendations presents a summary of achieved results, reminds the reader about limitations, and provide recommendations and proposes areas for further study.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

This chapter presents the literature in the area of the concepts of tax service delivery system and large taxpayers' satisfaction. The review has three major sections. The first section presents a review of the theoretical aspects related to the study. The second section presents the empirical reviews related with the study. The third section presents the conceptual framework that this study has followed to answer the research questions.

2.1 Theoretical Literature Review

2.1.1 Understanding of Customer Satisfaction

2.1.1.1 The Concept of Satisfaction

Satisfaction can be defined as a person's feeling of pleasure or disappointment resulting from comparing one's perception of a performance received (an outcome) and one's initial expectations (Reddy and Abay, 2018). If performance falls short of expectations, the client is dissatisfied. On the contrary, if performance matches expectations, the client is satisfied. If performance exceeds expectations, the client is highly satisfied or delighted (Kotler, 2012).

Satisfaction is a customer's post purchase evaluation of the overall service experience. It is an affective state of feeling reaction in which the consumer's needs desires and expectations during the course of the service experiences have been met or exceeded (Hunt, 1977). Satisfaction is a post choice evaluation judgment concerning a specific purchase decision, on the other way it can be approximated by the equation: satisfaction = perception of performance – expectations (Oliver, 1980 as cited on Chulle, 2016).

2.1.1.2 The Concept of Customer Satisfaction

Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations (Kotler & Keller 2012). Oliver cited in Zeithmalet *et al.*, (2013) defines "Satisfaction is the consumer's fulfilment response. It is a judgment that a product or a service feature or a product or a service itself, provides a pleasurable level of consumption related fulfilment." The above definition is interpreted in less technical terms by Zeithmalet *et al.*, (2013) that satisfaction is whether the product or service met customers' expectation as the product or service is evaluated by customers. Satisfaction may be associated with feelings of ambivalence if positive and negative experiences associated with a product or a service Zeithmalet *et al.*,

(2013). Parasuraman *et al.*, (1994) mentioned perceived service quality considered one of the determinants of customer satisfaction as there are other factors. Zeithmalet *et al.*, (2013) also stated customer satisfaction is influenced by specific product or service features, perceptions of product or service quality, and price. Moreover personal factors such as customers' mood or emotional state and situational elements like family member influence. Fonseca, Pinto, and Brito (2010) after reviewing various literatures stated, even though they have different meanings for satisfaction they all share common elements. When examined as a whole, three general components can be identified:

- Consumer satisfaction is a cognitive and emotional reaction;
- The reaction belongs to a particular focus,
- The reaction occurs in a particular period (after consumption, after choice based on experience and expressed before and after choice, after consumption, after extensive experience of using).

They also tried to show that there is not a general consensus regarding the nature of this concept. If some authors argue that consumer satisfaction results from a specific transaction that occurs at a given time and by the benefits and value of the transaction, others see consumer satisfaction in terms of cumulative overall satisfaction, based on all contacts and experiences with a company and the client's experience until a certain moment.

2.1.2 Concepts of Service Quality

2.1.2.1 Understanding of Service & Service Quality

Many experts have defined the meaning of service in various ways. "Service" was an act, or performance, of people offered by one party to another. In addition, a service is an economic activity that creates value and provides benefits for clients at specific times and places, with the result of bringing about a desired change, in or on behalf of, the recipient of the service (Lovelock & Wirtz, 2004). Yamit (2002) as cited in Ishak and Sulvariany (2017) states that quality is a dynamic condition associated with service products, people, processes and environments that meet or exceed expectations i.e. it is the difference between customer expectations of service and perceived service. While Parasuraman, *et al.*, (1990) as cited in Ishak and Sulvariany (2017) states that quality is a measure of overall assessment of the level of a good service and defines quality as fitness fit (fitness for use).Quality services should be

able to provide security, comfort, smoothness and legal certainty (Ishak and Sulvariany, 2017).

2.1.2.2 Determinants of Service Quality

Parasuraman *et al* (1985) as cited in Chulle (2016) proposed that ten dimensions determine service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customers, and tangibles. Thus, they proposed that the difference between perceived performance and expected performance of these ten dimensions determines overall perceived quality. These dimensions are restructured in to five principal dimensions that customers use to judge service quality based on a comparison between expected service and perceived service.

Table 2.1: Comparison of the original model and restructured model of the quality dimensions

Original Model	Restructured Model	Description
Tangibility	Tangibility	Physical aspect of what is provided that can be perceived by the five human senses.
Reliability	Reliability	Ability to fulfill what was promised both dependably and accurately. Reliable service performance is a customer expectation and means that service accomplished on time, in the same manner, without error every time.
Responsiveness	Responsiveness	Ability to attend to the users and provide the service promptly, capturing the notion of flexibility and ability to adapt to the needs of the service user.
Competency	Assurance	Defined as the courtesy, knowledge of employees and their ability to convey trust and confidence. The assurance dimensions are competence of perform services, politeness and respect to customer, effective communication with the customer, and the general attitude that the server has the customer's best interest at heart.
Courtesy		
Credibility		
Safety		
Access	Empathy	Individualized attention to the users. Empathy includes accessibility, sensitivity and effort in understanding the needs of users.
Communication		
Comprehension of the user		

Source: Parasuraman *et al* cited on Chulle (2016)

2.1.2.3 Service Commitments of Tax Administration

Revenue bodies provide a broad range of services and products related to their different tasks. It can be everything from pure dispersion of information, via different types of guidance services, which often include a dialogue between revenue body staff and users, to different types of transactional services (OECD, 2007). The definition of tax service according to Caroko (2015) as cited in Ishak and Sulvariany (2017) is a process of assistance to taxpayers in certain ways that require sensitivity and interpersonal relationships in order to create satisfaction and success. While the quality of tax services according to Komala (2013) as

cited in Ishak and Sulvariary (2017) is the implementation of services that can provide optimal satisfaction for taxpayers related to the quality of services provided. Quality of service in tax authority can be measured with the ability to provide satisfactory service that can provide services with responses, abilities, decency, and trustworthiness that is owned by the tax authorities. In addition, the ease of making good communication relationships, understanding the needs of the taxpayer, the availability of physical facilities including adequate means of communication, and skilled employees in their duties (Ishak and Sulvariary, 2017). According to OECD (2007), the service categories along with description and examples are presented as below: -

Table 2.2: Service Categories of Tax Administrations

Service Category	Description	Examples of Services	Characteristics
Information	Information services and products which are one way communication and do not result in a change to account status.	<ul style="list-style-type: none"> • Education • Publications (paper and web) • Campaign • Mass distribution of different types of information • Instructions 	<ul style="list-style-type: none"> • Timing volume: partly predictable • Size volume: flexible, can be influenced, revenue body initiate. • Standardization/automation: possible in many cases
Interaction	Two-way communication, which in itself doesn't result in any change in account status.	<ul style="list-style-type: none"> • Enquiry • Audit • Guidance • Debt collection 	<ul style="list-style-type: none"> • Timing volume: partly predictable • Size volume: flexible, can be influenced. • Standardization/automation: difficult
Transaction	Activity or services that results in a change in account status or account information.	<ul style="list-style-type: none"> • Filling of tax returns, VAT etc • Payment/refund 	<ul style="list-style-type: none"> • Timing volume: very predictable • Size volume: can to a very little degree be influenced • Standardization/automation: great potential

Source: Organization for Economic Co-operation and Development (OECD), 2007.

The tax administration should provide impartial and professional courteous service and must keep private and confidential information regarding the individual taxpayers. It should also offer clear, understandable and current tax information and will make this information available to tax payer through various media and provide timely, accurate written information that one can rely on to questions and requests for tax information (Asian Development Bank, 2001). Furthermore, education and information programs on specific tax issues should be arranged with taxpayers to enhance their awareness and taxpayers should be allowed to voluntarily disclose their tax situation without incurring a penalty or being prosecuted for tax violations under certain conditions.

2.1.3 Service Quality Dimensions

According to Kotler (2012), quality service is any action or activity that can be offered by one party to another, which is essentially intangible and does not result in any ownership. Meanwhile, according to Tjiptono (2017), service quality is an attempt to fulfill needs and desires of and delivery accuracy in balancing customer expectations. In the case of tangible goods, quality can be assessed by examining the goods. Quality control can be used to check specifications and reject defective goods. But service quality cannot be assessed in the same way as a tangible product due to particular feature of service such as, intangibility, inseparability etc. As in the case of goods, the service provider cannot undertake quality check before the service is finally delivered to the customer. In order to assess the service quality the customer judges the expected service quality against the perceived quality when they receive it.

2.1.3.1 SERVQUAL Model

In the past two decades, most research in measuring service quality has emphasized the use of SERVQUAL scale (Ladhari, 2009; Guo *et al.*, 2008; Rodrigues *et al.*, 2011). Parasuraman *et al.* (1985) first introduced ten determinants of service quality based on extensive focus group interviews; Reliability, Responsiveness, Competence, Access, Courtesy, Communication, Security, Credibility, Understanding and Tangible. Then, the same authors (1988) proposed the SERVQUAL instrument that measures perceived service quality dimensions, which were reduced to five after two stages of the scale refinement.

SERVQUAL assess the perceived service quality through measuring the actual perception of the service and consumers' expectations in relation to the five dimensions of service quality.

Service Quality = Consumers' Perceptions – Consumers' expectations

Parasuraman *et al.* (1985, 1988) defined the five dimensions as follows:

- **Tangibility:** representing the service physically. Companies should provide physical representations or images of their service that customers will use to evaluate quality, to enhance image, provide continuity and signal quality. Most companies would however, combine this dimension with another dimension to create a service quality strategy (Wilson *et al.*, 2008).
- **Reliability:** delivering on promises. This dimension is consistently shown to be the most important determinant of perceptions of service quality (Wilson *et al.*, 2008:85).

This dimension includes the consistency in which service promises are met which could include keeping schedules or appointment times, completing tasks on time, and ensuring that outcomes are met.

- **Responsiveness:** being willing to help. This dimension emphasizes the attentiveness and promptness in dealing with customer requests, questions, complaints and problems. This includes the length of time a customer has to wait for assistance, answers to questions or attention to problems. Notion of flexibility and ability to customize the service to customer needs. Reflect customer's point of view, not companies (Wilson *et al.*, 2008).
- **Assurance:** inspiring trust and confidence. This dimension is important when customers perceive services as high risk or feel uncertain about their ability to evaluate outcomes. The company has to seek to build trust and loyalty between key contact people and customers (Wilson *et al.*, 2008).
- **Empathy:** treating customers as individuals. Caring, understanding customers' needs and paying attention, individually, to the customers. Customers are unique and special and it is important that their needs are understood. Every customer wants to feel important and understood by firms that provide a specific service. It would be a good strategy for businesses to know their customers by name and build relationships that reflect their personal knowledge of their requirements and preferences.

The SERVQUAL instrument has been vigorously challenged in recent years by a number of writers. Cronin and Taylor (1992, 1994) were the first to question the conceptual basis of the SERVQUAL. They stated that the discrepancy between perception and expectation is an extension of the disconfirmation paradigm from the satisfaction literature. They argue that service quality is best conceptualized by service provider performance or "perception – only" score rather than the difference between perception and expectation. The premise of this assertion is that the distinction between service quality and satisfaction come from the personal experience of the service. In other words, consumer satisfaction judgements require consumers to experience the service in contrast with that indicated in the SERVQUAL, so that service quality becomes a global judgement, is similar to attitude (Parasuraman *et al.*, 1988) and can be developed without personal experience. Furthermore, many writers have challenged SERVQUAL formula on the grounds that consumers usually tend to rate expectation higher than perception because they use their own standards rather than actual perceptions of the service quality (Buttle, 1996; Cronin and Taylor, 1994; Brown *et al.*, 1993).

Another major drawback of the SERVQUAL is that the instrument measures the functional dimension of the quality (the process of the service delivery) and it fails to pay attention to the technical dimension (the outcome of the service provided) (Kang and James, 2004; Ladhari, 2009; Buttle, 1996; Mangold and Babakus, 1991). Richard and Allaway (1993) argue that the use of a single dimension in measuring service quality is “misspecified” and fails to predict consumers’ buying behaviors. Despite limitations to the SERVQUAL, the instrument has been widely adopted by management practitioners and academics to measure service quality in a variety of service industries in different countries.

2.1.4 Service Delivery Dimensions

Millett (1954) pointed out that in a democratic government, public organizations focus on very specific service dimensions in order to deliver a satisfactory service to taxpayers. He focused on five dimensions of service that create taxpayer satisfaction such as:

- **Equitable Service:** means fairness in the administration of tax authority work. All taxpayers should be treated equally in the eyes of the law and the administration. If a government service user receives preferential services, other service users may become dissatisfied with the unequal delivery of the service. If all service taxpayers receive equal treatment, then satisfaction levels will be uniform.
- **Timely Service:** means that no performance of the public enterprise can be effective, which is not on time. Public services must begin and end on schedule. Management must assure that public services are performed on time.
- **Ample Service:** means the right amount of services is in the right place at the time: the right amount of supplies, equipment and staff; the right amount of telephone access; and the right geographical location which is easy to reach. The required amount of service is always available.
- **Continuous Service:** means that the service is always available to the service users who need it. Public services cannot operate one week and close the next week. Management’s task is to be always on the job, always ready and prepared to do the required work in the public interest.
- **Progressive Service:** means that the service improves in quality and performance. Using modern technology to increase taxpayers’ compliance, reduce administrative and compliance cost, provide modern service and to increase the revenue collection of tax revenue offices.

Therefore, the researcher used these five service delivery dimensions to assess the satisfaction of large taxpayers with tax service delivery in AALTPBO.

2.1.5 Complaints Handling Mechanisms

A complaint is an expression of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly expected or legally required; and an effective complaint handling system provides three key benefits to an organization. These are; it resolves issues raised by a taxpayer who is dissatisfied in a timely and cost-effective way; it provides information that can lead to improvements in service delivery; and where complaints are handled properly, a good system can improve the reputation of an organization and strengthen public confidence in an organization's administrative processes (Ombudsman, 2017).

Taxpayer's complaint is a process that emerges when a service experience lies outside a customer's acceptance zone during the service interactions and/or in the evaluation of the value-in-use. This unfavorable experience can be expressed in the form of verbal and/or non-verbal communication to another entity and can lead to a behavioral change (Tronvoll, 2007; as cited in Reddy and Abay, 2018). Complaint resolution process is used by organizations to track and analyze customer complaints, ensure prompt response, help them learn from complaints to improve their services, and hold them accountable for doing so (Center for study, 2007; as cited in Reddy and Abay, 2018).

There are many models for effective complaint handling, and the choice of model must be suited to the work, structure and size of an agency and the needs of its clients. According to Ombudsman (2009), five fundamental principles are observed in governmental organizations in effective complaints handling system to enhance customer's satisfaction. The five fundamental principles effective complaints handling system for better taxpayer's satisfaction are; fairness, accessibility, responsiveness, efficiency, and integration. However, to avoid redundancy and repetition of some complaints handling mechanism variables with service quality and service delivery dimension variables which have almost similar meaning like (fairness) and (responsiveness) principles are not included in the conceptual framework. Only accessibility, efficiency, and integration variables of complaints handling mechanisms were used in this study.

2.1.6 Ethiopian Tax Law & Tax Authority

2.1.6.1 Ethiopian Tax Law

Ethiopian tax law is basically originate from three sources of organs; legislative, administrative and judicial sources. There are a number of proclamations and tax reforms dealing with taxes in the country, the most prominent of which include Income Tax Proclamation No. 286/2002; Council of Ministers Income Tax Regulation No. 78/2002; Value Added Tax Proclamation No. 285/2002; Council of Ministers Value Added Tax Regulation No. 79/2002; Turnover Tax Proclamation No. 308/2002; and Excise Tax Proclamation No. 307/2002. These proclamations and tax reforms are aimed at expansion the base, justifying rates, strengthening the administration and enhancing taxpayers’ compliance behavior in order to generate adequate revenue to cover recurrent and capital expenditures of the government, and hence, finance new projects and poverty reduction programs in the country (Redae and Sekhon, 2016). The 1995 Constitution of the Federal Democratic Republic of Ethiopia (FDRE) classifies taxation power into three: as those assigned exclusively to the federal government, regional states, and concurrently to both regional and federal governments. As per the constitution, regional states have the power to levy and collect taxes from sources assigned to them (World Bank Group’s, 2016).

2.1.6.2 Classification of Tax Payers in Ethiopia

According to ERCA (2016) as cited in Girma (2017), taxpayers are classified in to large, medium, and small taxpayers at the Federal level and Regional level based on their annual turnover. Accordingly, large taxpayers are represented 1% of the total taxpayer and their annual sales turnover is above Birr 35 million, medium taxpayers are represented 10% up to 20% of the total taxpayer and their annual sales turnover between Birr 5 million and Birr 35 million and also small businesses are represented 80% up to 90% of the total taxpayers but on the other hands, their annual sales turnover is less than Birr 5 million.

According to the report of (OECD, 2004), Identification criteria for large businesses vary from country to country as one or more measures are used. The number of entities or group of entities classified as large taxpayers varies from one country to another due to the size of the economy as well as the definition and the criteria used to classify these taxpayers in the large business category. The large taxpayer’s office in Ethiopia is located near Beklo Bet, on Debrezeit Road, which also has a Western Branch for medium taxpayers, for the Gulele,

Kirkos, Kolfe Keranio, Lideta and Addis Ketema sub city districts. Medium taxpayers in other districts, however, pay at the Eastern Branch located inside the headquarters of the ERCA, off Equatorial Guinea Street and also the lowest taxpayers located in every wereda level.

2.1.6.3 Ethiopian Tax Authority

According to ERCA establishment proclamation No .587/2008, the Authority is looked upon as "an autonomous federal agency having its own legal personality". The Authority came into existence on 14 July 2008, by the merger of the *Ministry of Revenue, Ethiopian Customs Authority* and the *Federal Inland Revenue Authority* who formerly were responsible to raise revenue for the Federal government and to prevent contraband. Reasons for the merge of the foregoing administrations into a single autonomous Authority are varied and complex.

In accordance with report of ERCA (2016), The Ethiopian Revenues and Customs Authority (ERCA) is the body responsible for collecting revenue from customs duties and domestic taxes. In addition to raising revenue, the ERCA is responsible to protect the society from adverse effects of smuggling. ERCA administers domestic taxes in its 10 branches offices (Large Taxpayers' Office (LTO), West Addis Ababa Branch, East Addis Ababa Branch, Mekelle, Adama, Hawassa, Bahir Dar, Jimma, Dere Dawa, Kombolcha). Similarly for customs duties ERCA has 11 branches throughout the country (Addis Ababa Kaliti, Addis Ababa Airport, Adama, Mojo, Dere Dawa, Jigjiga, Moyalle, Kombolcha, Mekelle, Bahir Dar, and Millie customs branch offices) (ERCA, 2017).

2.2 Empirical Literature Review

In order to achieve a high level of customer satisfaction, majority of researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction (Cronin & Taylor, 2002). Parasuraman *et al* (1994) as cited by Chulle (2016) concluded that the confusion surrounding the distinction between the two constructs was partly attributed to practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult.

Wilson *et al.* (2008) as cited in Amanfi (2012) stated that other than service quality such as price or compliance cost, product quality, complaint handling and employee satisfaction can determine customer satisfaction. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses

specifically on dimensions of service (Wilson *et al.*, 2008, as cited in Reddy and Abay, 2018). The SERVQUAL instrument is the most popular and widely used instrument to measure service quality (Suresuchandar *et al.*, 2002, as cited in Reddy and Abay, 2018).

Maroundas *et al* (2009) measured customer satisfaction and service quality in the Greek tax administration system by using SERVPERF as the main measuring instrument. The finding showed that service quality and satisfaction were seen as one-dimensional variables that centre on the human factor. More specifically, as regards service quality, the general factor that emerged according to the study includes elements of responsiveness, emotional understanding (empathy) and assurance. As regards to satisfaction, the factor that emerged incorporates elements of responsiveness, empathy, assurance and reliability.

C.N. Krishna Naik, *et al.* (2010) in their study assessed the effect of Service Quality (SERVQUAL) on Customer Satisfaction in Retailing. They utilized SERVQUAL dimension such as tangibility, reliability, responsiveness, empathy, and assurance; to analyze the gap between perceptions and expectations of the customer, concerning with the service at retail units in the South Indian state of Andhra Pradesh in the city of Hyderabad. The result of their study showed that services offered by retail units have positive impact and are significant in building customer satisfaction.

The SERVQUAL instrument is the most popular and widely used instrument to measure service quality (Suresuchandar *et al.*, 2002 as cited in Reddy and Abay, 2018). In this study, to assess large taxpayers' satisfaction in Addis Ababa with respect to tax service delivery system in Addis Ababa Revenue Authority-Large Taxpayers Branch Office, the researcher will adopt SERVQUAL instrument i.e. the five service quality dimensions as modified by Reddy & Abay (2018); such as tangibles, reliability, responsiveness, assurance and empathy.

Wilson *et al.* (2008) as cited in Amanfi (2012) stated that other than service quality such as price or compliance cost, product quality, complaint handling and employee satisfaction can determine customer satisfaction. Millett (1954) as cited in Reddy and Abay (2018) pointed out that in a democratic government, public organizations focus on very specific service dimensions in order to deliver a satisfactory service to taxpayers. He focused on five dimensions of service that create taxpayer satisfaction such as: Equitable service, Timely service, ample service, Continuous service, and Progressive service.

Moreover, effective complaint handling is also a determinant factor for taxpayers' satisfaction. According to Commonwealth Ombudsman (2009) five fundamental principles are observed in governmental organizations in effective complaints handling system to enhance customer's satisfaction. The five fundamental principles effective complaints handling system for better taxpayers' satisfaction are: Fairness, Accessibility, Responsiveness, Efficiency and Integration.

Reddy and Abay (2018) in their topic "Assessment of large taxpayers' satisfaction with tax service delivery system: A case on Ethiopian large taxpayers' office, Addis Ababa, Ethiopia" tried to measure the satisfaction with respect to service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy), Service delivery dimensions (equity, timely, ample, continuous, and progressive) and complaints handling mechanism (access, efficiency and integration) provided by Large Taxpayers' office. They concluded that large taxpayers were more dissatisfied with service quality dimension aspects and the level of large taxpayers' concern towards the service delivery dimensions was statistically different. That is, large taxpayers are more dissatisfied with timely service delivery, tax education programs and e-tax service of the branch office. But they are satisfied with equal treatment of the revenue office to all large taxpayers, availability of tax employees on their job, and on some improvements of the revenue office in service delivery to large taxpayers. Furthermore, the large taxpayers were dissatisfied with complaint handling i.e. Accessibility, Efficiency and Integration dimensions. Generally, the concern of large taxpayers was higher on service quality dimensions as compared to service delivery dimensions and complaints handling mechanism.

Kente Annah (2005) studied the quality of taxpayer service and the performance of income tax revenue collection in Uganda to establish the relationship between the quality of taxpayer services at Uganda Revenue Authority and the performance of income tax revenue collections. The research concluded that an improvement in taxpayer services positively influenced the performance in income tax revenue collections. An improvement on the quality of taxpayer services Uganda Revenue Authority provided, with focus on the tangibility, responsiveness and reliability determinants of taxpayer service quality would raise the performance of annual income tax revenue collections in Kampala tax area. The summary of different determinants of customer satisfaction with respect to service delivery as per different researchers is presented as below: -

Table 2.3: Summary of Satisfaction Determinants

Authors	Determinants of Taxpayers Satisfaction
Maroundas <i>et al.</i> (2009)	Responsiveness, Emotional understanding (empathy), Reliability and Assurance
C.N. Krishna Naik, <i>et al.</i> (2010)	Five dimensions of service quality(SERVQUAL) such as; Tangibility, Reliability, Responsiveness, Empathy, and Assurance
Wilson <i>et al.</i> (2008) as cited in Amanfi (2012)	In addition to Five dimensions of service quality(SERVQUAL) i.e. Tangibility, Reliability, Responsiveness, Empathy, and Assurance; Compliance Cost, Product Quality, Compliant Handling & Employee Satisfaction
Suresuchandar <i>et al.</i> (2002) as cited in Reddy and Abay (2018)	Service Quality Dimensions (SERVQUAL) such as; Tangibility, Reliability, Responsiveness, Empathy, and Assurance
Millett (1954) as cited in Reddy and Abay (2018)	Service Delivery Dimensions such as; Equitable Service, Timely Service, Ample Service, Continuous Service, and Progressive Service
Commonwealth Ombudsman (2009)	Complaints Handling System such as; Fairness, Accessibility, Responsiveness, Efficiency and Integration.
Reddy and Abay (2018)	Service Quality Dimensions such as; Tangibility, Reliability, Responsiveness, Assurance and Empathy Service Delivery Dimensions such as; Equitable Service, Timely Service, Ample Service, Continuous Service, and Progressive Service Complaints Handling System such as; Accessibility, Efficiency and Integration

Source: Author computation

2.3 Research Gap

From the above empirical studies, the researcher understands that there was a very big difference in service provision to taxpayers in developed and developing countries. Especially, in Ethiopia, tax service delivery is still low as it was indicated in ERCA (2012) report which is indicated in the preceding sections. Besides this, the studies which focused in Ethiopia do not demonstrate that much on taxpayers' in general and large taxpayers' satisfaction in particular. Moreover, as of the knowledge of the researcher, there is no a single researcher which focused in large taxpayers satisfaction in Addis Ababa with respect to the tax service delivery provided by the dedicated branch i.e. AALTPBO. From the researchers' preliminary assessment and during data collection at the branch, it was understood that AALTPBO is trying to gather feedback of customers about their customer service business process and evaluated large taxpayers' satisfaction level towards the service provided by the branch. However, this is not on a research basis.

Therefore, this study added to that body of knowledge by assessing the satisfaction level of large taxpayers with tax service delivery in AALTPBO to fill the gap not only using the most populous model i.e. SERVQUAL alone, but also by including other variables which are not used in the above mentioned studies. These variables which was considered in this study besides the SERVQUAL model are Service Delivery Dimensions and Complaints Handling Mechanisms on large taxpayers' satisfaction in Addis Ababa with respect to the tax service delivery in AALTPBO.

2.4 Conceptual Framework

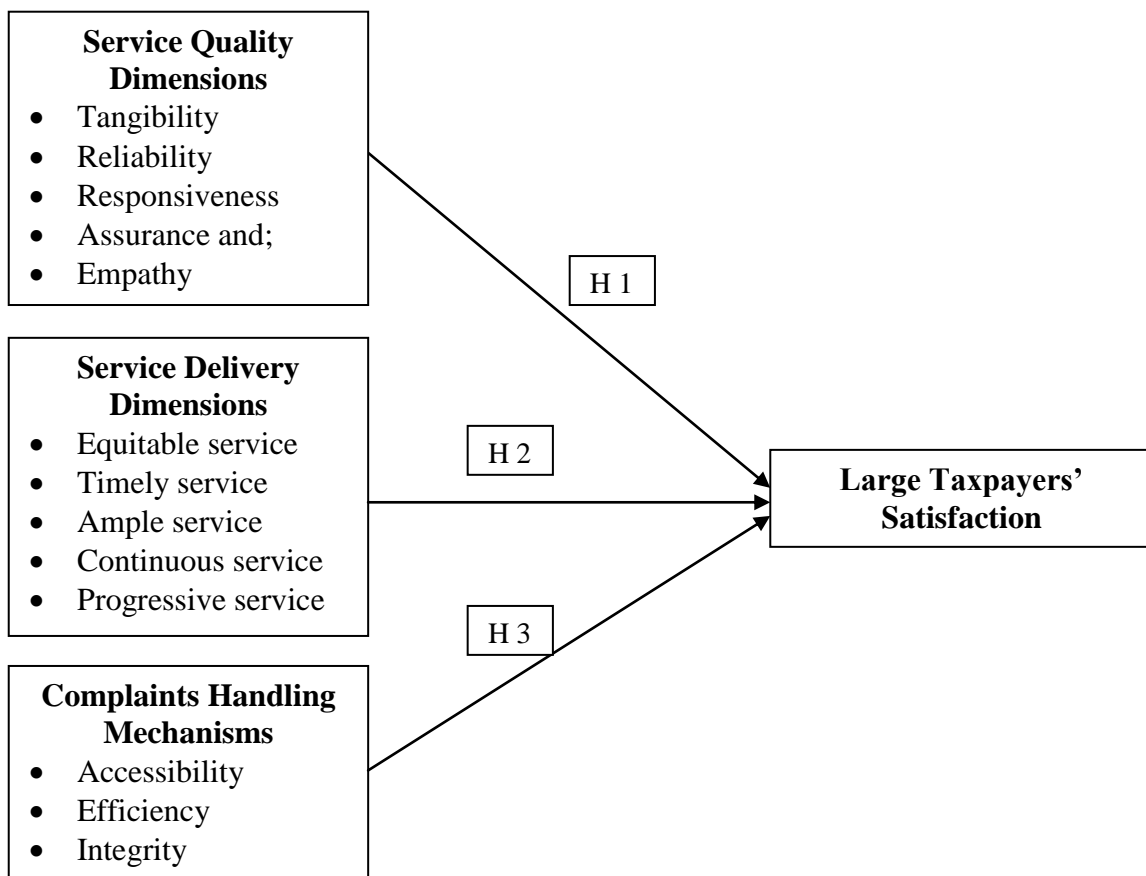
The conceptual framework shows the crucial process, which is useful to show the direction of the study. Based on the overall review of the related literatures, the following conceptual frame work for this study was developed.

To make the assessment of satisfactions of large taxpayers in Addis Ababa with tax service delivery system of AALTPBO, the researcher has adopted a model used by Reddy and Abay (2018). Reddy and Abay (2018) has divided the service delivery system in to three dimensions which affects customer satisfaction. These are service quality dimensions which is adopted from a model used by Suresuchandar *et al.* (2002) such as Tangibility, Reliability, Responsiveness, Assurance and Empathy, Service Delivery Dimensions which is adopted from a model used by Millett (1954) such as Equitable Service, Timely Service, Ample Service, Continuous Service, and Progressive Service; and Complaints Handling System which is adopted but made modifications to avoid redundancy & repetition of some variables with service quality and service dimension variables and they are Accessibility, Efficiency and Integration.

Since service delivery system is more expressed in the above three dimensions and since these dimensions are the aggregates of different models used by different researchers, the researcher has decided to adopt the model used by Reddy and Abay (2018). Hence, the researcher assessed the satisfactions of large taxpayers in Addis Ababa with respect to the service delivery system of AALTPBO by overlooking three different dimensions of service delivery system. These are Service Quality Dimensions (such as tangibility, reliability, responsiveness, assurance and empathy), Service Delivery Dimensions (equitable service, timely service, ample service, continuous service, and progressive service) and Complaints Handling Mechanism (such as Accessibility, Efficiency and Integration).

The conceptual framework in this study shows the link between the variables of study; mainly tax service delivery system and large taxpayers' satisfaction. The dependent variable was large taxpayers' satisfaction and the independent variable was service quality dimension (tangibility, reliability, responsiveness, assurance and empathy), Service delivery dimensions (equitable service, timely service, ample service, continuous service, and progressive service) and complaints handling mechanism (accessibility, efficiency and integrity). The presumed relationships between the variables that was investigated was illustrated in the following hypothetical model as below.

Figure 2.1: Conceptual Framework



Independent Variables

Dependent Variable

Source: Developed by the researcher by adapting from Reddy and Abay (2018)

CHAPTER THREE: RESEARCH METHODOLOGY

The aim of this section was to highlight the overall methodological consideration of the thesis. In this chapter the practical methods which was used in order to answer the research questions and fulfill the purpose of the research were presented. It presents brief explanation of the research methodology that was used in the research and it includes research design, population, sample size and sampling techniques, sources/tools of data collection and method of data analysis, validity and reliability and finally ethics issues.

3.1 General Description of the Study Area

The former Ethiopian Revenue and Customs Authority was restructured in 2019. According to the new structure, the Ministry of Revenue (MOR) is the highest authority with oversight over customs issues. The Ethiopian Customs Commission (ECC) operates now under the Ministry of Revenue and is led by a commissioner. The Ethiopian Revenues and Customs Authority (ERCA), currently named as Ministry Of Revenue (MOR), is the body responsible for collecting revenue from customs duties and domestic taxes (ERCA, 2016). In addition to raising revenue, the Ministry Of Revenue is responsible to protect the society from adverse effects of smuggling.

MOR administers domestic taxes in its 10 branches offices (Large Taxpayers' Office (LTO), West Addis Ababa Branch, East Addis Ababa Branch, Mekelle, Adama, Hawassa, Bahir Dar, Jimma, Dere Dawa, Kombolcha). Similarly for customs duties ECC has 11 branches throughout the country (Addis Ababa Kaliti, Addis Ababa Airport, Adama, Mojo, Dere Dawa, Jigjiga, Moyalle, Kombolcha, Mekelle, Bahir Dar, and Millie customs branch offices) (ERCA, 2019). As it was described in the former sections, the study will not cover all branches of MOR all over Addis Ababa; rather it will focus only on large taxpayers' satisfaction in Addis Ababa with respect to Tax Service Delivery System in Addis Ababa Revenue Authority-Large Taxpayers Branch Office. Addis Ababa Revenues Authority has three divisions for its 340,520 taxpayers; small, middle and large taxpayers' offices (Addis Fortune, 2018). According to ERCA (2016) as cited in Girma (2017), taxpayers are classified in to large, medium, and small taxpayers at the Federal level and Regional level based on their annual turnover. Accordingly, large taxpayers are those whose annual sales turnover is above Birr 35 million; medium taxpayers are those whose annual sales turnover between Birr 5 million and

Birr 35 million and also small businesses are those whose annual sales turnover is less than Birr 5 million.

3.2 Research Approach

The main purpose of this study was to assess the large taxpayers' satisfaction in Addis Ababa with respect to Tax Service Delivery System in AALTPBO. On the bases of this, the researcher was used concurrent mixed research approach (abductive research approach) for the reason that the use of quantitative and qualitative approaches in combination may provide a better understanding of research problems from different perspectives and complex phenomena than either approach alone. Besides this, this research approach was chosen in order to counter balance the quantitative and qualitative data results of the study.

3.3 Research Design

Research design is a framework or blueprint for conducting a research. It contains all the necessary information needed to structure and solve the research problems. The main purpose of this study was to examine the effect of Tax Service Delivery System on customer satisfaction in AALTPBO. This study has followed both descriptive and explanatory research designs in order to address the aforementioned objectives.

Descriptive research attempts to define or describe a subject often by creating a profile of a group of problems, people or events through the collection of data the tabulation of the frequencies on research variables or their interaction: the study reveals who, what, where, when and how much (Cooper and Schindler, 2006). The researcher used the Cross-sectional field survey method to assess the relationship between large taxpayers' satisfaction in Addis Ababa and Tax Service Delivery System in AALTPBO. Cross sectional research design involves carrying out of a study just once and the information is therefore used to represent a specific time, since the research is limited in time, as the research is being undertaken for an academic course limited to 3 months (Saunders Lewis and Thornhill,2003). In the cross-sectional field survey, independent (i.e. Tax Service Delivery System) and dependent variables (large taxpayers' satisfaction in Addis Ababa) were measured at the same point in time by using a single questionnaire. Cooper and Schindler (2006) defined a survey as an instrument process used to collect information during a highly structured interview through the use of structured questionnaires. Therefore, the data collection instrument used in the study is a questionnaire.

3.4 Target Population and Sampling Techniques

3.4.1 Target Population

According to Hair *et al.* (2010), target population is said to be a specified group of people or object for which questions can be asked or observed made to develop required data structures and information.

The target population of the study were large taxpayers in Addis Ababa. Addis Ababa Revenues Authority has three divisions for its 340,520 taxpayers; small, middle and large taxpayers' offices (Addis Fortune, 2018). According to ERCA (2016) as cited in Girma (2017), taxpayers are classified in to large, medium, and small taxpayers at the Federal level and Regional level based on their annual turnover.

Accordingly, large taxpayers are those whose annual sales turnover is above Birr 35 million; medium taxpayers are those whose annual sales turnover between Birr 5 million and Birr 35 million and also small businesses are those whose annual sales turnover is less than Birr 5 million. According to Ministry of Revenue; Large Taxpayers Branch Office (2019), the total number of large taxpayers in Addis Ababa is 764. They are served by AALTPBO. Hence, the target population or universe of the study were the 764 registered large taxpayers of Addis Ababa as of the data from large taxpayers' branch office (2019).

3.4.2 Sampling Design

A sample design is a defined plan for obtaining a sample from a given population (Kothari, 2004). So in this section the sampling frame, sampling size & the sampling techniques were described as follow.

3.4.2.1 Sample Frame

The main purpose of this study was to examine the effect of Tax Service Delivery System on customer satisfaction in AALTPBO. According to Ministry of Revenue; Large Taxpayers Branch Office (2019), the total number of large taxpayers in Addis Ababa is 764. Hence, the sampling frame was drawn from these 764 registered large taxpayers of Addis Ababa as of the data from large taxpayers' branch office (2019).

3.4.2.2 Sample Size

According to Alreck & Settle (2005) the choice of sample size is normally made after considering statistical precision, practical issues and availability of resources. A different sampling paradigm by Lowler (1984) as cited in (Fasil, 2018) noted that there is no a single precise way for the determinations of sample size hence there are a number of inadequacy for deciding on sample size. Malhotra & Peterson (2006) stated that, the larger the sampling size of a research, the more accurate the data generated.

Due to time and resource constraints it was assumed difficult to study all the population of the study and selecting a sample is necessary. Sekeran (2001) defines a sample as a portion of the population that has attributes as the entire population. However, to determine the sample size, the researcher used Yamane's (1967) formula as cited in Alemu (2018). He provided a simplified formula to calculate the sample size. This formula is based on a 95% desired confidence level and a 5% desired level of precision.

$$n=N/[1+N(e^2)]$$

Where: n = Sample size
N = Population size
E = Level of precision or acceptable sampling error (0.05)

$$\text{Sample size (n)} = 764/[1+764(0.05)^2]$$

$$\mathbf{n=262}$$

Based on the above formula a sample of 262 large taxpayers in Addis Ababa were selected from the target population.

3.4.3 Sampling Techniques

There are two types of sampling techniques Probability and Non-probability sampling Techniques. Non-probability sampling is that sampling procedure which does not afford any basis for estimating the probability that each item in the population has of being included in the sample. Non-probability sampling is also known by different names such as deliberate sampling, purposive sampling and judgment sampling. In this type of sampling, items for the sample are selected deliberately by the researcher; his choice concerning the items remains supreme. In other words, under non-probability sampling the organizers of the inquiry purposively choose the particular units of the universe for constituting a sample on the basis that the small mass that they so select out of a huge one will be typical or representative of the whole (Creswell, 2003). In probability sampling, all people within the research population

have a specifiable chance of being selected. These types of sample are used if the researcher wishes to explain, predict or generalize to the whole research population (Dawson, 2002).

Therefore, this study utilized a non-probability sampling method specifically convenience sampling method. Convenience sampling is defined as a method adopted by researchers where they collect market research data from a conveniently available pool of respondents (Creswell, 2003). The researcher preferred to use this sampling method because it is the most commonly used sampling technique as its incredibly prompt, uncomplicated, and economical. The other reason was that there are no criteria required to be a part of this sample since the branch i.e. AALTPBO is dedicated for the large taxpayers in Addis Ababa.

3.5 Data Source & Collection Techniques

3.5.1 Data Type and Source

The main purpose of the research was to assess the large taxpayers' satisfaction in Addis Ababa with respect to tax service delivery system in the AALTPBO. In order to achieve the general & specific objectives, both primary and secondary source of data were utilized.

Primary data was obtained from large taxpayers in Addis Ababa who were served in AALTPBO. According to (Biggam, 2008), primary data is the information that the researcher finds out by him/herself regarding a specific topic. The main advantage with this type of data is that it is collected with the research's purpose in mind. It implies that the information resulting from it is more consistent with the research questions and objectives. The primary data were collected through structured questionnaire adopted from previous studies but majorly from a questionnaire used by Reddy and Abay (2018). Secondary sources of data was obtained from AALTPBO, Ministry of Ethiopian Revenue and other written materials such as journals, reports and documents related to the research topics. The concepts of service, service quality, service quality dimensions, service delivery dimensions, complaints handling mechanism, customer satisfaction, number of large taxpayers in Ethiopia as well as in Addis Ababa, different tax proclamations in Ethiopia, and different empirical findings were among the major secondary data utilized in this research.

3.5.2 Data Collection Methods

For collecting the primary data, the researcher utilized survey data collection method in order to collect data from AALTPBO, officials/experts and large taxpayers in Addis Ababa. Cooper and Schindler (2006) defined a survey as an instrument process used to collect information during a highly structured interview through use of structured questionnaires. In survey method questionnaire were used in order to collect the data (i.e. unstructured personal interview with AALTPBO officials/experts who assumed to have detailed information in the area under study and questionnaire for large taxpayers in Addis Ababa). Secondary data was collected through reviewing the selected written materials from the aforementioned sources.

3.5.3 Data Collecting Instruments

For collecting the primary data, questionnaires and unstructured interviews were used as the main instruments for data gathering from AALTPBO officials/experts and large taxpayers in Addis Ababa. The unstructured interview method was used in order to gain some supportive as well as comprehensive information for the study and on issues that were not covered on the questionnaire. The needful information was collected from AALTPBO officials/experts who assumed to have detailed information in the area under study. The interviews were conducted with the preparation of topic guides and interview questions which were developed in line with the conceptual framework of the research questions for officials/experts from the branch under study.

The other primary data sources were large tax payers found in Addis Ababa. In this, the data were collected through structured questionnaire adopted from previous studies i.e. a questionnaire used by Reddy and Abay (2018), SEVIQUAL model of Parasuraman *et al.* (1985) and others. The questionnaire were modified by the researcher in order to relate it with the general & specific objectives of the research. The questionnaire designed for assessing Tax Service Delivery System in AALTPBO through the three dimensions i.e. Service Quality Dimension, Service Delivery Dimensions and Complaints Handling Mechanism Dimensions; were structured in a five-point Likert-type scale questionnaire; with responses options ranging from “Highly Dissatisfied” (coded as 1) to “Highly Satisfied” (coded as 5). Besides this for measuring large taxpayers satisfaction level about the tax service delivery in AALTPBO, questionnaires were structured in a five-point Likert-type scale questionnaire; with responses options ranging from “Highly Disagree” (coded as 1) to “Highly Agree” (coded as 5). The questionnaire has three sections and has a total of 24 questions. The first

part of the questionnaire was about the demographic characteristics of the respondents and has 4 questions. The second section was designed to measure the satisfaction of large taxpayers in Addis Ababa towards AALTPBO tax service delivery system with respect to the three dimensions of service delivery system. Section two has three sub-sections accordingly with Tax Service Delivery System Dimensions i.e. service quality, service delivery and complaints handling mechanism. The following table indicates the determinant factors of tax service delivery system and the numbers of questions as stated in the questionnaire found in appendix. The third section contains questionnaires designed for measuring the general satisfaction level of large taxpayers with respect to the general tax service delivery system of the branch. The questionnaires contained closed-ended questions, where the respondents were required to answer all the questions. The name of sections, sub-sections & number of questions is presented as below;

Table 3.1: Questionnaire Structure of the Study

S.No.	Determinants/Dimensions of Tax Service Delivery System	Number of Questions	Total Number of Questions
1	General Information	Question No. 1 - 4	4
2	Service Quality Dimensions	Question No. 5 - 9	5
3	Service Delivery Dimensions	Question No. 10 - 14	5
4	Complaints Handling Mechanism Dimensions	Question No. 15 - 17	3
5	Large taxpayers Satisfaction	Question No. 18 - 24	7
	Total Questions		24

The questionnaires were prepared both by English language and Amharic language. The questionnaires are attached as appendix 1 in this document. Regarding the collection of secondary data, the researcher referred several literatures, reports, journals, academic magazines, published papers, books, essays, researches, dissertations, websites, reports and documents related to the research topics.

3.5.4 Data Collection Procedures

Self-completion questionnaires which are simple and easy to understand were designed to collect data from large taxpayers in Addis Ababa. Structured interview questions were also designed to collect data from large taxpayers in Addis Ababa. The questionnaires contained close-ended questions with a five-point Likert scale on which the respondent was asked to tick the boxes that apply to them. The study distributed the questionnaires to the sample respondents. The response rate is shown in Table 3.2 below.

Table 3.2: Response rate of large taxpayers in Addis Ababa

No.	Description	Respondents
1	Sample selected	262
2	Questionnaire distributed	262
3	Questionnaire returned	252
4	Response rate (%)	96%
5	Usable response	252

Source: - Computed by the researcher

A pilot test involving 26 respondents group (10% of the desired respondents) were carried out to evaluate the completeness, precision, accuracy and clarity of the questions toward addressing the research objectives and the overall objective of the study. The changes and suggestions of the respondents were then incorporated to the questionnaires to ensure all aspects were sufficiently covered. A letter of introduction was attached to the questionnaires explaining the purpose of the study. This was preceded by seeking permission from AALTPBO and from each respondents randomly selected. The questionnaires were administered to respondents during working hours where large taxpayers were attending to the dedicated office for different reasons. The whole exercise was conducted within four weeks. The questionnaire took an average of ten-twenty minutes to be completed by respondents.

3.6 Methods of Data Analysis

The method of data analysis was descriptive and inferential analysis. The rationale behind using descriptive analysis is that the researcher is interested in describing the existing situation under study. The analysis will handle in a way that each issue included in the study is addressed. Both qualitative and quantitative descriptions were applied.

After collecting the data; the collected data were reviewed for detection of errors and omissions through careful scrutiny of the completed questionnaires and were examined for completeness and accuracy upon completion of the data collection process. Thereafter, the data was sorted & coded, then organized systematically and analyzed using Statistical Package for Social Sciences (SPSS v25).

The proper statistical tools were aligned with the objectives of the research. While utilizing the descriptive analysis, tables, percentages, means, and standard deviation were used. Inferential statistical tools such as Spearman Ranks Test of Correlation were used to show the relationship and the strength/degree as well as direction of associations between dependent &

independent variables. The other inferential statistics used was regression analysis that shows interdependence of independent variables and dependent variable. Thus, both the strength of the relationship between variables and the influence of independent on dependent variable and statistical significance were assessed.

3.7 Regression Model Specification

Coakes and Steed (2007) stated that the result of regression is an equation that represents the best prediction of a dependent variable from several independent variables. This study used multiple linear regression model after testing relevance of structural equation model. The relevant test for conducting linear regression model according to Almaquist *et al.* (2016) are the absence of outliers, linearity, normality, the absence of multicollinearity.

For examining the effect of Tax Service Delivery System in AALTPBO on large taxpayers' satisfaction in Addis Ababa, service quality dimension, service delivery dimension, and complaint handling mechanism in the branch were identified as the major variables. However, there are different attributes under each major variables. Hence based on the three major variables, the following two regression model were designed.

$$LTPS1 = \beta_0 + \beta_1SQ + \beta_2SD + \beta_3CH + \varepsilon$$

Where; LTPS = Large Taxpayers Satisfaction, SQ = Service Quality, SD = Service Delivery. CH = Complaints Handling

And, β_0 is constant; and β_1 is the coefficient of Service Quality, β_2 is the coefficient of Service Delivery, and β_3 is the coefficient of Complaints Handling as well as ε is the error or noise term. This model was basically used to identify the determinant factors that affect the satisfaction of large taxpayers in Addis Ababa with respect to tax service delivery system in AALTPBO.

$$LTPS2 = \beta_0 + \beta_1SQT + \beta_2SQRL + \beta_3SQR + \beta_4SQA + \beta_5SQE + \beta_6SDE + \beta_7SDT + \beta_8SDA + \beta_9SDC + \beta_{10}SDP + \beta_{11}CHA + \beta_{12}CHE + \beta_{13}CHI + \varepsilon$$

Where; LTPS = Large Taxpayers Satisfaction, SQT = Service Quality-Tangibility, SQRL = Service Quality-Reliability, SQR = Service Quality-Responsiveness, SQA = Service Quality-Assurance, SQE = Service Quality-Empathy.

SDE = Service Delivery-Equitable Service, SDT = Service Delivery-Timely Service, SDA = Service Delivery-Ample Service, SDC = Service Delivery-Continuous Service, and SDP = Service Delivery-Progressive Service.

CHA = Complaints Handling-Accessibility, CHE = Complaints Handling-Efficiency, and CHI = Complaints Handling-Integrity. And, β_0 is constant; and $\beta_1 - \beta_{13}$ are the coefficients of the aforementioned attributes.

3.8 Data Triangulation

The triangulation of data is critical to rigorous research studies, as it allow the researcher to look at the research problem from multiple angels in order to improve the accuracy of the findings established (Neuman, 2006). There are many methods of ensuring data triangulation occurs in research. Among all, for the purpose of this study Triangulation of measures and triangulation of method were utilized.

In order to examine the factors influencing the satisfaction of large taxpayers in Addis Ababa, valid and reliable scales as well as unstructured open-ended questions were prepared for the large taxpayers in Addis Ababa and experts/officials of AALTPBO. By using triangulation of measures methodology, the researcher was be able to look at the problem from multiple angels and examined the results critically. As it was indicated in the previous section, in this study a mixed research approach i.e. both qualitative and quantitative methods were utilized. In order to maximize the benefits of both types of research methods, triangulation of methods were hence applied.

3.9 Variable Description

Based on the theoretical and empirical analysis of the literature review, for assessing the large taxpayers' satisfaction in Addis Ababa with respect to tax service delivery system in the Addis AALTPBO, the researcher has adopted a model previously used by Reddy and Abay (2018). So as it was mentioned in Reddy and Abay (2018), the dependent variable was large taxpayers' satisfaction in Addis Ababa and the independent variables were Service Quality Dimension (tangibility, reliability, responsiveness, assurance and empathy), Service Delivery Dimensions (equitable service, timely service, ample service, continuous service, and progressive service) and Complaints Handling Mechanism Dimension (accessibility, efficiency and integrity).

3.10 Validity of Questionnaire

Validity is a general term denoting “correctness of measure” (Yaremko, 1982 as cited in Reddy & Abay, 2018). Validity refers to the degree to which an instrument measures what it is supposed to be measuring. Validity has a number of different aspects and assessment approaches. Statistical validity is used to evaluate instrument validity, which includes internal validity and structure validity (Shehadah, 2017). Bryman & Bell (2007) as cited in Muhe (2018) also defined validity as how much any measuring instrument measures what it is intended to measure. They also suggest that the important issue of measurement validity relates to whether measures of concepts really measure the concept or not. There are several ways of establishing validity such as content validity; convergent validity concurrent; predictive validity; construct validity; and convergent validity. The validity of this research paper, as it was stated in the literature review part, all the variables are adopted from previous research works. Therefore, this study addressed content validity through the review of literature and adapting instruments used in previous studies.

3.11 Reliability

Reliability is the extent to which a study’s operations can be repeated, with the same results and it also involves the accuracy of the chosen research (Wiedersheim-Paul and Eriksson, 2008; as cited on Hailegebriel, 2016). Nunnaly (1978) as cited in Muhe (2018) stated that reliability is the consistency of a test, survey, observation, or another measuring device. The level of reliability of the instrument indicates the consistency of the variables. Cronbach’s alpha is an index of reliability associated with the variation accounted for the true score of the underlying construct and it can only be measured for variables which have more than one measurement question. 0.5 is a sufficient value, while 0.7 and above is a more reasonable value. Therefore, the reliability of the questionnaire was analyzed by using Cronbach’s alpha statistics. As it is indicated in the table 3.3 below, all Cronbach’s alpha indexes are above 0.7 suggesting that the variables are consistent to measure large taxpayers’ satisfaction.

Table 3.3: Reliability Analysis

Variables	Cronbach’s Alpha	Number of Items
Service Quality Dimensions	.970	5
Service Delivery Dimensions	.872	5
Complaints Handling	.930	3
Large Taxpayers Satisfaction	.727	7
Overall Reliability	.879	20

The above table 3.3 shows the values of Cronbach's Alpha for each field of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's Alpha were in the range from 0.727 to 0.970. This range is considered as high and the result ensures the reliability of each field of the questionnaire. The Cronbach's Alpha value of the entire questions were equals 0.879 (87.9%) and this indicates very good reliability of the entire questionnaire. This means that there is very high internal consistency and reliability in the questionnaire. Therefore, the level of alpha was considered to be reliable enough to proceed with the data analysis. Thereby, it can be said that the researcher proved that the questionnaire was valid, reliable, and ready for distribution to the population sample.

3.12 Ethical Consideration

This study identified five key ethical issues which as stated by Neuman (2011) that could affect this research study, and put in place strategies to address them: informed consent; confidentiality; feedback of results; negative impact on employability; and security of data. Informed consent was provided by respondents in this study through the return of their completed questionnaire to the researcher as explained in the beginning of the questionnaire. Confidentiality was maintained and upheld by the researcher. Feedback of results to respondents was made through presenting the findings to the advisor. Negative impact of employability is protected through upholding confidentiality of responses. Finally, securing of data was upheld by storing all responses in the hands of the researcher.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS & DISCUSSION

This chapter presents data analysis and discussion of the research findings. The data analysis was made with the help of Statistical Package for Social Science (SPSS version 25). The presented and analyzed data were also interpreted by the researcher. A questionnaire having 24 questions were targeted to circulate to 262 targeted sample, however 252 were completed and properly returned to the researcher, thus making the response rate 96%. Therefore, 252 useable questionnaires were considered for the study.

4.1 Demographic Information of the Respondents

The researcher distributed 262 questionnaires to large taxpayers by physically attending in to AALTPBO. But 252 questionnaires were fully filled and returned with response rate of 96%. Table 4.1 below presents demographic information of respondents.

Table 4.1: Demographic Information of Respondents

Variable	Category	Frequency	Percent
Sex	Male	202	80.2
	Female	50	19.8
Education Background	≤ grade 12/10	60	23.8
	Diploma	130	51.6
	BA Degree	51	20.2
	BSC Degree	11	4.4
	MA/MSC & above	0	0.00
Length of year being a customer in the branch.	Less than 1 year	153	60.7
	1 – 5 years	94	37.3
	5 – 10 years	0	0.00
	More than 10 years	5	2.0

Source: Survey, 2020

According to table 4.1 above, 70.98% of the respondents are males and 80.2% of the respondents are male. This implies majority of large tax payers in Addis Ababa are male. Besides this, majority of the respondents (i.e. 51.6%) have an education background of diploma; followed by respondents having an educational background of less than or equal to grade 12/20 and BA degree holders by having 23.8% and 20.2% share. None of the respondents have above first degree level. 60.7% of the respondents replied that they have less than a year experience served in the branch. As it was indicated in the literature review the dedicated branch for large taxpayers is a recent government decision.

4.2 Descriptive Analysis

The main purpose of the research was to assess the large taxpayers' satisfaction in Addis Ababa with respect to tax service delivery system in the AALTPBO. In order to achieve the general & specific objectives, both primary and secondary source of data were utilized.

4.2.1 Large Taxpayers Perception towards Service Quality Dimensions

As it was explained in conceptual framework, to make the assessment of satisfactions of large taxpayers in Addis Ababa with tax service delivery system of AALTPBO, the researcher adopted a model used by Reddy and Abay (2018). The three dimensions of service delivery system are service quality dimension, service delivery dimensions and complaints handling system.

Service quality dimension which was adopted from a model used by Suresuchandar *et al.* (2002) as cited in Reddy and Abay (2018) are Tangibility, Reliability, Responsiveness, Assurance and Empathy. Large taxpayers in Addis Ababa were asked about their perception on the satisfaction towards the service quality dimensions of AALTPBO. The result of the survey is presented as follow in table 4.2.

Table 4.2: Large Taxpayers Responses on Service Quality Dimensions

	Highly Dissatisfied		Dissatisfied		Neutral		Satisfied		Highly Satisfied	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Office physical facilities availability, cleanness' and attractiveness (Tangibility).	4	1.6	24	9.5	38	15.1	92	36.5	94	37.3
Provision of correct and accurate information to taxpayers' (Reliability).	6	2.4	30	11.9	36	14.3	142	56.3	38	15.1
Employees' helpfulness and cooperation to large taxpayers (Responsiveness).	2	8	28	11.1	42	16.7	122	48.4	58	23.0
Employees' courteousness and respectfulness with large taxpayers (Assurance).	2	8	27	10.7	45	17.9	123	48.8	55	21.8
The branch has convenient service hours to large tax payers (Empathy).	2	8	28	11.1	52	20.6	118	46.8	52	20.6

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

From the above table 4.2 it can be seen that majority (73.8%) of large taxpayers responded satisfied or highly satisfied with the physical facilities availability, cleanness' and attractiveness of AALTPBO's; followed by employees' helpfulness and cooperation to large taxpayers in AALTPBO (71.3%). Besides this, among the variables of service quality dimensions, large taxpayers in Addis Ababa showed the least satisfaction or the highest dissatisfaction (dissatisfied or highly dissatisfied) i.e. 19.1% for a sentence described as "the

branch has convenient service hours to large tax payers” and for the provision of correct and accurate information to taxpayers’ in AALTPBO i.e. 14.3% respectively.

So, to test whether these observed differences are statistically significant or not the researcher has applied a One-Way ANOVA analysis. According to Almaquist *et al.* (2016), the necessary assumptions to conduct a One-Way ANOVA such as normality & homogeneity were tested. One-Way ANOVA was chosen by the researcher since a One-Way ANOVA as explained by Almaquist *et al.* (2016) is a procedure for testing the hypothesis and enable to compare the means of the samples or groups in order to make inferences about the population means. According to Creswell (2003), One-Way ANOVA (“analysis of variance”) is one of the parametric test and it compares the means of two or more independent groups in order to determine whether there is statistical evidence that the associated population means are significantly different. The SPSS output of the One-Way ANOVA Test Statistics for service quality dimensions is shown below.

Table 4.3: One-Way ANOVA Test on Service Quality Dimensions

		Sum of Squares	df	Mean Square	F	Sig.
Office physical facilities availability, cleanness’ and attractiveness (Tangibility).	Between Groups	244.619	16	15.289	185.986	.000
	Within Groups	19.318	235	.082		
	Total	263.937	251			
Provision of correct and accurate information to taxpayers’ (Reliability).	Between Groups	212.773	16	13.298	253.935	.000
	Within Groups	12.307	235	.052		
	Total	225.079	251			
Employees’ helpfulness and cooperation to large taxpayers (Responsiveness).	Between Groups	220.603	16	13.788	3240.109	.000
	Within Groups	1.000	235	.004		
	Total	221.603	251			
Employees’ courteousness and respectfulness with large taxpayers (Assurance).	Between Groups	209.379	16	13.086	458.994	.000
	Within Groups	6.700	235	.029		
	Total	216.079	251			
The branch has convenient service hours to large tax payers (Empathy).	Between Groups	203.302	16	12.706	193.338	.000
	Within Groups	15.444	235	.066		
	Total	218.746	251			

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

The One-Way ANOVA on service quality dimensions result implies that we have a significant result. The value of F for tangibility is 185.98, which reaches significance with a *p*-value of .000 (which is less than the .05 alpha level). The value of F for reliability is 253.94, which reaches significance with a *p*-value of .000 (which is less than the .05 alpha level). The value of F for responsiveness is 3240.11, which reaches significance with a *p*-value of .000 (which is less than the .05 alpha level). The value of F for assurance is 458.99, which reaches significance with a *p*-value of .000 (which is less than the .05 alpha level). The

value of F for empathy is 193.34, which reaches significance with a *p*-value of .000 (which is less than the .05 alpha level). The decision is reject *H*₀ and we can conclude that the observed difference in the means among the service quality variables are not simply by chance. This means there is a statistically significant difference among the means of service quality variables. That means the levels of concern of large taxpayers towards the items in service quality are statistically different. In conclusion, regarding service quality dimensions, large taxpayers were dissatisfied with reliability, empathy & assurance. However they have better satisfaction with tangibility and responsiveness.

4.2.2 Large Taxpayers Perception towards Service Delivery Dimensions

Service delivery dimension which was adopted from a model used by Suresuchandar *et al.* (2002) as cited in Reddy and Abay (2018) are Equitable Service, Timely Service, Ample Service, Continuous Service, and Progressive Service. Large taxpayers in Addis Ababa were asked about their perception on the satisfaction towards service delivery dimensions of AALTPBO. The result of the survey is presented as follow in table 4.4.

Table 4.4: Large Taxpayers Responses on Service Delivery Dimensions

	Highly Dissatisfied		Dissatisfied		Neutral		Satisfied		Highly Satisfied	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The branch treated all large taxpayers equally (Equitable Service).	12	4.8	41	16.3	14	5.6	107	42.5	78	31.0
The branch provide consistent tax education service (Timely Service).	41	16.3	99	39.3	68	27.0	40	15.9	4	1.6
The branch provides the right e- tax service (Ample Service).	12	4.8	39	15.5	20	7.9	115	45.6	66	26.2
Availability of service to large taxpayers in the branch (Continuous Service).	8	3.2	39	15.5	22	8.7	107	42.5	76	30.2
The revenue office has shown a significant improvements in serving large taxpayers (Progressive Service).	8	3.2	37	14.7	22	8.7	105	41.7	80	31.7

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

From the above table 4.4 it can be seen that majority (73.4%) of large taxpayers responded satisfied or highly satisfied about the availability of progressive service in AALTPBO (a significant improvements in serving large taxpayers in the branch); followed by the availability of continuous service to large taxpayers in AALTPBO (72.7%). Besides this, among the variables of service delivery dimensions, large taxpayers in Addis Ababa showed the least satisfaction or the highest dissatisfaction (dissatisfied or highly dissatisfied) i.e. 55.6% about the provision of consistent tax education service to large taxpayers' in AALTPBO and for the provision of the right e-tax service in the branch (20.3%) respectively.

Moreover, to test whether these observed differences are statistically significant or not, the researcher applied a One-Way ANOVA test. The SPSS output of the One-Way ANOVA test statistics for service delivery variables is shown as below.

Table 4.5: One-Way ANOVA Test on Service Delivery Dimensions

		Sum of Squares	df	Mean Square	F	Sig.
The branch treated all large taxpayers equally (Equitable Service).	Between Groups	324.188	18	18.010	148.595	.000
	Within Groups	28.241	233	.121		
	Total	352.429	251			
The branch provide consistent tax education service (Timely Service).	Between Groups	116.604	18	6.478	11.417	.000
	Within Groups	132.202	233	.567		
	Total	248.806	251			
The branch provides the right e- tax service (Ample Service).	Between Groups	311.756	18	17.320	202.843	.000
	Within Groups	19.895	233	.085		
	Total	331.651	251			
Availability of service to large taxpayers in the branch (Continuous Service).	Between Groups	302.110	18	16.784	265.180	.000
	Within Groups	14.747	233	.063		
	Total	316.857	251			
The revenue office has shown a significant improvements in serving large taxpayers (Progressive Service).	Between Groups	286.977	18	15.943	129.550	.000
	Within Groups	28.674	233	.123		
	Total	315.651	251			

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

The One-Way ANOVA on service delivery dimensions result implies that we have a significant result. The value of F for Equitable Service, timely service, ample service, continuous service and progressive service is 148.59, 11.42, 202.84, 265.18 and 129.55 respectively; which reaches significance with a *p*-value of .000 (which is less than the .05 alpha level). The decision is reject H_0 and we can conclude that the observed difference in the means among the service delivery variables such as equal treatment of large taxpayers, delivery of service with time standards, effective e-tax service, availability of service and improvements in service delivery are not simply by chance. That means the levels of concern of large taxpayers towards the items in service delivery are statistically different. In sum, concerning service delivery dimensions, large taxpayers were disagreed (dissatisfied) with timely service and ample service dimension, but they were satisfied with progressive, continuous & equitable service dimensions in the AALTPBO.

4.2.3 Large Taxpayers Perception towards Complaints Handling Mechanism

Complaints handling mechanism dimension of service delivery system which was adopted from a model used by Suresuchandar *et al.* (2002) as cited in Reddy and Abay (2018) but modified to avoid redundancy & repetition of some variables with service quality are Accessibility, Efficiency and Integration. Large taxpayers in Addis Ababa were asked about their perception on the satisfaction towards complaints handling mechanism of AALTPBO. The result of the survey is presented as follow in table 4.6.

Table 4.6: Large Taxpayers Responses on Complaints Handling Mechanism

	Highly Dissatisfied		Dissatisfied		Neutral		Satisfied		Highly Satisfied	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
The branch facilitates large taxpayers' to deliver their complaints in variety of ways /example- in person, by telephone, by mail, and using the internet/ (Accessibility)	94	37.3	57	22.6	40	15.9	52	20.6	9	3.6
The branch solves complaint as quickly as possible (Efficiency)	94	37.3	58	23.0	42	16.7	50	19.8	8	3.2
The branch has strong internal and external integration to solve large taxpayers' complaints Timely (Integration)	93	36.9	60	23.8	37	14.7	50	19.8	12	4.8

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

From the above table 4.6 it can be seen that majority of (24.6%) of large taxpayers in Addis Ababa are satisfied or highly satisfied with the availability of strong internal and external integration to solve taxpayers' complaints timely in AALTPBO; followed by the accessibility of complaints handling system in the branch (24.2%). On the other hand, large taxpayers in Addis Ababa showed the least satisfaction or the highest dissatisfaction (dissatisfied or highly dissatisfied) i.e. 60.3% for the efficiency of complaint handling in the branch.

Moreover, to test whether these observed differences are statistically significant or not the researcher applied a One-Way ANOVA test. The SPSS output of the One-Way ANOVA test statistics for complaints handling mechanism variables is shown as below.

Table 4.7: One-Way ANOVA Test on Complains Handling Mechanism

		Sum of Squares	df	Mean Square	F	Sig.
The branch facilitates large taxpayers' to deliver their complaints in variety of ways /example- in person, by telephone, by mail, and using the internet/ (Accessibility)	Between Groups	33.833	18	1.880	1.198	.021
	Within Groups	365.640	233	1.569		
	Total	399.472	251			
The branch solves complaint as quickly as possible (Efficiency)	Between Groups	32.250	18	1.792	1.175	.002
	Within Groups	355.178	233	1.524		
	Total	387.429	251			
The branch has strong internal and external integration to solve large taxpayers' complaints Timely (Integration)	Between Groups	20.057	18	1.114	.661	.012
	Within Groups	392.547	233	1.685		
	Total	412.603	251			

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

The One-Way ANOVA on complaints handling mechanism result implies that we have a significant result. The value of F for accessibility, efficiency and integration is 1.198, 1,175 & 0.661 respectively; which reaches significance with a *p*-value of .021, .002 & .012 respectively (which is less than the .05 alpha level). The decision is reject Ho and we can conclude that the observed difference in the means among the complaints handling mechanism variables such as accessibility, efficiency and integration are not simply by chance. That means the levels of concern of large taxpayers towards the items in complaints handling mechanism in the branch are statistically different. In sum, concerning complaints handling mechanism, large taxpayers were disagreed (dissatisfied) with the branch solves complaints as quickly as possible the integration i.e. the availability of strong internal and external integration to solve large taxpayers' complaints in the branch.

4.2.4 Large Taxpayers Satisfaction towards Tax Service Delivery System

Large taxpayer's satisfaction towards tax service delivery system was adopted from a model used by Suresuchandar *et al.* (2002) as cited in Reddy and Abay (2018). Large taxpayers in Addis Ababa were asked about their satisfaction about the general tax service delivery system in AALTPBO. The result of the survey is presented as follow in table 4.8.

Table 4.8: Large Taxpayers Responses on Large Taxpayers Satisfaction

	Highly Dissatisfied		Dissatisfied		Neutral		Satisfied		Highly Satisfied	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Addis Ababa Revenue Authority-Large Taxpayers Branch Office employees are helpful, cooperative, respectful and dependable handling large taxpayers' problems.	2	8	23	9.1	48	19.0	125	49.6	54	21.4
Addis Ababa Revenue Authority-Large Taxpayers Branch Office employees keep large taxpayers informed in correct and accurate information when service rendering.	2	8	23	9.1	48	19.0	125	49.6	54	21.4
The office facilities of Addis Ababa Revenue Authority-Large Taxpayers Branch Office are clean & attractive.	10	4.0	23	9.1	38	15.1	91	36.1	90	35.7
Addis Ababa Revenue Authority-Large Taxpayers Branch Office provides consistent tax education service and the right e-tax service to large taxpayers in Addis Ababa.	56	22.2	111	44.0	33	13.1	49	19.4	3	1.2
Addis Ababa Revenue Authority-Large Taxpayers Branch Office has shown significant improvements in serving large taxpayers & treats all large taxpayers equally.	45	17.9	109	43.3	49	19.4	47	18.7	2	8
Addis Ababa Revenue Authority-Large Taxpayers Branch Office facilitates large taxpayers' to deliver their complaints in variety of ways of communication channels.	94	37.3	57	22.6	40	15.9	52	20.6	9	3.6
Addis Ababa Revenue Authority-Large Taxpayers Branch Office has strong internal and external integration and hence solves timely.	93	36.9	60	23.8	37	14.7	50	19.8	12	4.8

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

From the above table 4.8 it can be seen that majority (71.8%) of large taxpayers are satisfied or highly satisfied with the office facilities such as the cleanness and attractiveness of AALTPBO followed by the helpfulness, cooperativeness, respectfulness, and dependability of employees working in the branch in handling large taxpayers' problems and for a sentence stating that "employees of the branch keep large taxpayers informed in correct and accurate information when service rendering" having similar percentage share of 71%.

In contrary, large taxpayers showed the least satisfaction or the highest dissatisfaction (dissatisfied or highly dissatisfied) i.e. 60.7% for a sentence stating "AALTPBO has strong internal and external integration and hence solves timely" followed by a sentence stating "AALTPBO facilitates large taxpayers' to deliver their complaints in variety of ways of communication channels" (59.9%) respectively. This implies that large taxpayers are highly satisfied with the office facilities and the helpfulness, cooperativeness, and respectfulness of employees in AALTPBO. However, they showed the least satisfaction (dissatisfaction) about

the availability of strong internal and external integration to solve complaints timely in the branch and about the existence of variety of ways of communication channels to deliver large taxpayers complaints.

The researcher has utilized mean rank & Friedman Test in order to identify the most important dimension of service delivery system among the three dimensions i.e. Complaints Handling, Service Delivery & Service Quality Dimensions which have greatest impact on the satisfaction of large taxpayers in Addis Ababa. Table 4.9 below indicates the mean rank of the three dimensions. In order to rank as per their importance, the study used Friedman Test and the result is presented as follow;

Table 4.9: Friedman Test Mean Ranks of Service Delivery System Dimensions

	Mean Rank
Service Quality Dimension	2.46
Service Delivery Dimension	2.16
Complaints Handling Mechanism	1.38

Source: Compiled from survey questionnaires using SPSS V 25, (2020)

From the above Table 4.9, it can be seen that large taxpayers in Addis Ababa have the highest satisfaction for the service quality dimensions (Mean Rank = 2.46) in the branch followed by the service delivery dimensions in the branch (Mean Rank = 2.16). On the other hand, large taxpayers in Addis Ababa showed the least satisfaction for the complaints handling mechanism in the branch (Mean Rank = 1.38).

However, in order to check whether these observed differences are statistically significant or not, the researcher applies the Friedman procedure test. The SPSS output of the Friedman Test Statistics for the three dimensions of service delivery system in the branch is shown below.

Table 4.10: Friedman Test Statistics for Service Delivery System Dimensions

Test Statistics ^a	
N	252
Chi-Square	165.124
df	2
Asymp. Sig.	.000
a. Friedman Test	

As reported in the Table 4.10 above, the computed Friedman Chi-square statistics is 165.124 with two degree of freedom and the Asymptotic p-value is 0.000, which is less than 0.05. Hence, we conclude that the observed differences in the rankings among the three dimensions

of service delivery system in the branch are not simply by chance. Therefore, the levels of large taxpayers' satisfaction towards the three dimensions of service delivery system in the branch are statistically different not simply by chance. In conclusion, large taxpayers showed the highest satisfaction for the service quality dimensions of the branch followed by the service delivery dimensions of the branch. In contrary, they showed the least satisfaction for the complaints handling system of the branch.

4.3 Correlation Analysis

This study used both descriptive and explanatory designs to reach at aforementioned objectives. Correlation analysis is one of explanatory design that is intended to identify the relationship between independent variables i.e. dimensions of service delivery system and dependent variable i.e. large taxpayers' satisfaction in AALTPBO. Since the data gathered from large taxpayers to assess their satisfaction with quality service dimensions, service delivery dimensions and complaints handling mechanism in AALTPBO is ordinal data in ranks, the appropriate test of their correlation (association) is the Spearman rank correlation coefficient to compute the association in the following sections.

As stated in Almaquist *et al.* (2016), The Spearman correlation evaluates the monotonic relationship between two continuous or ordinal variables. The Spearman rank-order correlation coefficient (Spearman's correlation, for short) is a nonparametric measure of the strength and direction of association that exists between two variables measured on at least an ordinal scale.

As it was indicated in the conceptual framework and research questions of the study, this study aimed to evaluate the relationship between service quality systems of AALTPBO (i.e. service quality dimension, service delivery dimension and complaints handling mechanism) and large taxpayers in Addis Ababa. In this section we will see the relationship between each dimensions with large taxpayers' satisfaction. In the proceeding sections, we will assess the relationship between each dimensions of service quality system and large taxpayers' satisfaction in Addis Ababa independently.

As stated in Almaquist *et al.* (2016), the correlation coefficient 1 or -1 is termed as perfect, -0.9 to -0.7 (or 0.7 to 0.9) termed as strong, -0.6 to -0.4 (or 0.4 to 0.6) termed as moderate and -0.3 to -0.1 (or 0.1 to 0.3) termed as weak. Based on this premises, the Spearman rank

correlation between each dimensions of service quality system in the branch with large taxpayers' satisfaction is presented as below.

Table 4.11: Correlation between Service Quality System and Large Taxpayers Satisfaction

			Service Quality Dimension	Service Delivery Dimension	Complaints Handling Mechanism	Large Taxpayers Satisfaction
Spearman's rho	Service Quality Dimension	Correlation Coefficient	1.000			
		Sig. (2-tailed)	.			
		N	252			
	Service Delivery Dimension	Correlation Coefficient	.292**	1.000		
		Sig. (2-tailed)	.000	.		
		N	252	252		
	Complaints Handling Mechanism	Correlation Coefficient	.044	.046	1.000	
		Sig. (2-tailed)	.487	.470	.	
		N	252	252	252	
	Large Taxpayers Satisfaction	Correlation Coefficient	.539**	.191**	.689**	1.000
		Sig. (2-tailed)	.000	.002	.000	.
		N	252	252	252	252

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

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

The results in the table 4.11 show that there is a positive & statistically significant relationship between all the selected dimensions of service quality system and large taxpayers' satisfaction in Addis Ababa i.e. service quality dimensions ($r = 0.539, 0.000; P < 0.01$), service delivery dimensions ($r = 0.191, 0.002; P < 0.01$) and complaints handling mechanism ($r = 0.689, 0.00; P < 0.01$). Besides this, as per the classification of relationship strength stated by Almaquist *et al.* (2016), there is a significant, positive and moderate relationship between complaints handling mechanism and large taxpayers' satisfaction in Addis Ababa; as well as the relationship between service quality dimensions and large taxpayers' satisfaction in Addis Ababa. However, there is a significant, positive and weak relationship between service delivery dimensions and large taxpayers' satisfaction in Addis Ababa.

In general from this correlation analysis we can conclude that all dimensions of service delivery system i.e. service quality, service delivery and complaints handling mechanisms have significant and positive correlation with large taxpayers' satisfaction in AALTPBO. That means, the higher the quality of service in the branch office, the more large taxpayers' satisfaction; the more effective the service delivery in the branch office, the higher the large taxpayers' satisfaction; and the more efficient the branch office in complaints handling, the higher the satisfaction of large taxpayers. Besides this, as it was indicated above from the correlation coefficient of all the three dimensions of service delivery system, complaints

handling mechanism has relatively the strongest relationship with large taxpayers' satisfaction; followed by service quality dimensions and service delivery dimensions.

This finding of the study supports a previous study conducted by Utama (2012) and Novitasari (2014). Utama (2012) in his study tested the "Influence of Service Quality, Tax Sanction, and Compliance Costs to Taxpayer Compliance". This research was conducted at Joint Office of United Administration System under One Roof system (SAMSAT) of Tabanan. The result of the research shows that service quality variable has positive and significant influence to taxpayer compliance. Novitasari (2014) conducted his study on Joint Office Administarsi Manunggal System under One Roof system (SAMSAT) of Semarang III. The study aimed to assess the effect of taxpayer awareness, socialization of taxation, and quality of service on taxpayer compliance. The study showed that variable service quality significantly influence the compliance to pay Motor Vehicle Tax.

4.3.1 Correlation between Service Quality Dimensions and Large Taxpayers Satisfaction

As it was indicated in the conceptual framework, the variables of service quality dimension are Tangibility, Reliability, Responsiveness, Assurance and Empathy. The Spearman rank correlation between each variables of service quality dimension with large taxpayers' satisfaction is presented as below.

Table 4.12: Correlation between Service Quality Dimensions and Large Taxpayers Satisfaction

			Large Taxpayers Satisfaction	Tangibility	Reliability	Responsiveness	Assurance	Empathy
Spearman's rho	Large Taxpayers Satisfaction	Corr. Coefficient	1.000					
		Sig. (2-tailed)	.					
		N	252					
	Tangibility	Corr. Coefficient	.480**	1.000				
		Sig. (2-tailed)	.000	.				
		N	252	252				
	Reliability	Corr. Coefficient	.532**	.805**	1.000			
		Sig. (2-tailed)	.000	.000	.			
		N	252	252	252			
	Responsiveness	Corr. Coefficient	.518**	.730**	.876**	1.000		
		Sig. (2-tailed)	.000	.000	.000	.		
		N	252	252	252	252		
	Assurance	Corr. Coefficient	.526**	.720**	.854**	.982**	1.000	
		Sig. (2-tailed)	.000	.000	.000	.000	.	
		N	252	252	252	252	252	
Empathy	Corr. Coefficient	.516**	.699**	.835**	.940**	.921**	1.000	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.	
	N	252	252	252	252	252	252	

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

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

Hypothesis – 1

There is a significant relationship between service quality dimensions and large taxpayers' satisfaction in AARALTBO.

Ho: $\rho = 0$ (There is no significant relationship between service quality dimensions and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between service quality dimensions and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of tangibility is 0.000 which is less than 1%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between service quality dimensions and large taxpayers' satisfaction at the 1% level of confidence. That means, the more quality service given by the AALTPBO, the higher the satisfaction of large taxpayers. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.40 – 0.59, it means that there is moderate correlation between the independent and dependent variables. Hence, there is moderate and positive relationship between service quality dimensions and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 1.1

Ho: $\rho = 0$ (There is no significant relationship between tangibility in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between tangibility in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of tangibility is 0.000 which is less than 1%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between tangibility and large taxpayers' satisfaction at the 1% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.40 –

0.59, it means that there is moderate correlation between the independent and dependent variables. Hence, since the correlation coefficient of tangibility is 0.480, there is moderate and positive relationship between tangibility and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 1.2

Ho: $\rho = 0$ (There is no significant relationship between reliability in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between reliability in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of reliability is 0.000 which is less than 1%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between reliability and large taxpayers' satisfaction at the 1% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.40 – 0.59, it means that there is moderate correlation between the independent and dependent variables. Hence, since the correlation coefficient of reliability is 0.532, there is moderate and positive relationship between reliability and large taxpayers' satisfaction, which is statistically significant.

H1.3: There is a significant relationship between responsiveness in AALTPBO and large taxpayers' satisfaction in Addis Ababa.

Hypothesis – 1.3

Ho: $\rho = 0$ (There is no significant relationship between responsiveness in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between responsiveness in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of responsiveness is 0.000 which is less than 1%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between responsiveness and large taxpayers' satisfaction at the 1% level of confidence. As it is stated

in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.40 – 0.59, it means that there is moderate correlation between the independent and dependent variables. Hence, since the correlation coefficient of responsiveness is 0.518, there is moderate and positive relationship between responsiveness and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 1.4

Ho: $\rho = 0$ (There is no significant relationship between assurance in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between assurance in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of assurance is 0.000 which is less than 1%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between assurance and large taxpayers' satisfaction at the 1% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.40 – 0.59, it means that there is moderate correlation between the independent and dependent variables. Hence, since the correlation coefficient of assurance is 0.526, there is moderate and positive relationship between assurance and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 1.5

Ho: $\rho = 0$ (There is no significant relationship between empathy in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between empathy in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of empathy is 0.000 which is less than 1%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between empathy and large taxpayers' satisfaction at the 1% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.40 – 0.59, it means that there is moderate correlation between the independent and dependent

variables. Hence, since the correlation coefficient of empathy is 0.516, there is moderate and positive relationship between empathy and large taxpayers' satisfaction, which is statistically significant.

The above table also indicates that, among the attributes of service quality dimension, there is relatively strong relationship between reliability and large taxpayers' satisfaction, followed by assurance, responsiveness, and empathy respectively. This finding of the study contradicts with a study conducted by Maroundas, Aggelopoulos, & Menexes (2009) & Hidayat, *et al.* (2014). Maroundas, Aggelopoulos, & Menexes (2009) conducted a study on customer satisfaction and service quality in the Greek tax administration system by using SERVPERF as the main measuring instrument. More specifically, as regards service quality, the general factor that emerged according to the paper includes elements of responsiveness, emotional understanding (empathy) and assurance. The study concluded that there is significant relationship between responsiveness, empathy, assurance and reliability with customer satisfaction. However, there is insignificant relationship between reliability and customer satisfaction. The study explained that this situation is may be the result of the existence of overlaps with other elements, mainly responsiveness.

Hidayat, *et al.* (2014) studied the indicators and variables that form quality of tax services, regional tax regulations, taxpayer satisfaction level, taxpayer behavior, as well their compliance in theory using confirmatory factor analysis (CFA) approach in Indonesia Mataram. According to the finding, the strongest indicator for tax service quality is responsiveness, while the highest score for regional tax regulation indicator is assurance or clarification of the regulations. The strongest indicator for taxpayer satisfaction level is hope, sanctions for taxpayer behavior and tax reporting for taxpayer obedience.

This finding of the study has a slight difference with a study conducted by Reddy and Abay (2018). Reddy and Abay (2018) on their study on large taxpayers' satisfaction on Ethiopian large taxpayers' office, found that though there is positive and significant correlation between service quality dimensions and large taxpayers' satisfaction, the strength of correlation is weak. But this this found that the strength of correlation is moderate unlike Reddy and Abay (2018) findings.

However, the finding of this study supports a previous study conducted by Krishna, *et al.* (2010) & Jinea (2011). Krishna, *et al.* (2010) in their topic Service Quality (SERVQUAL)

and its Effect on Customer Satisfaction in Retailing used SERVQUAL dimension to analyze the gap between perceptions and expectations of the customer, concerning with the service at retail units in the South Indian state of Andhra Pradesh. The result of research showed that services offered by retail units have positive impact and are significant in building customer satisfaction. Jinea (2011) examined the relationship between service quality, satisfaction, and loyalty in the private commercial banks in Bangladesh. The study proved service quality, satisfaction, and loyalty is positively related to each other.

4.3.2 Correlation between Service Delivery Dimensions with Large Taxpayers Satisfaction

As it was indicated in the conceptual framework, the variables of service delivery dimensions are equitable, timely, ample, continuous and progressive services. The Spearman rank correlation between each variables of service delivery dimension with large taxpayers' satisfaction is presented as below.

Table 4.13: Correlation between Service Delivery Dimensions and Large Taxpayers Satisfaction

			Large Taxpayers Satisfaction	Equitable Service	Timely Service	Ample Service	Continuous Service	Progressive Service
Spearman's rho	Large Taxpayers Satisfaction	Corr. Coefficient	1.000					
		Sig. (2-tailed)	.					
		N	252					
	Equitable Service	Corr. Coefficient	.152*	1.000				
		Sig. (2-tailed)	.016	.				
		N	252	252				
	Timely Service	Corr. Coefficient	.131*	-.006	1.000			
		Sig. (2-tailed)	.038	.926	.			
		N	252	252	252			
	Ample Service	Corr. Coefficient	.137*	.883**	-.012	1.000		
		Sig. (2-tailed)	.030	.000	.848	.		
		N	252	252	252	252		
	Continuous Service	Corr. Coefficient	.139*	.846**	.018	.923**	1.000	
		Sig. (2-tailed)	.028	.000	.779	.000	.	
		N	252	252	252	252	252	
	Progressive Service	Corr. Coefficient	.145*	.794**	-.017	.864**	.901**	1.000
		Sig. (2-tailed)	.021	.000	.784	.000	.000	.
		N	252	252	252	252	252	252

*. Correlation is significant at the 0.05 level (2-tailed).

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

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

H2: There is a significant relationship between service delivery dimensions and large taxpayers' satisfaction in AALTPBO.

Hypothesis – 2

Ho: $\rho = 0$ (There is no significant relationship between service delivery dimensions and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between service delivery dimensions and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Since the p-value for all service delivery dimensions is less than 1% & 5% , we reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between service delivery dimensions and large taxpayers' satisfaction at the 1% & 5% levels of confidence. That means, the more effective service of the branch office, the higher the satisfaction of large taxpayers.

As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.00 – 0.19, it means that there is very weak correlation between the independent and dependent variables. As it is indicated in the above table, all the correlation coefficients are under this range and hence, there is **very weak** and positive relationship between service delivery dimensions and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 2.1

Ho: $\rho = 0$ (There is no significant relationship between equitable service in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between equitable service in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of equitable service is 0.016 which is less than 5%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between equitable service and large taxpayers' satisfaction at the 5% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.00 – 0.19, it means that there is very weak correlation between the independent

and dependent variables. Hence, since the correlation coefficient of equitable service is 0.152, there is very weak and positive relationship between equitable service and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 2.2

Ho: $\rho = 0$ (There is no significant relationship between timely service in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between timely service in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of timely service is 0.038 which is less than 5%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between timely service and large taxpayers' satisfaction at the 5% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.00 – 0.19, it means that there is very weak correlation between the independent and dependent variables. Hence, since the correlation coefficient of timely service is 0.131, there is very weak and positive relationship between timely service and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 2.3

Ho: $\rho = 0$ (There is no significant relationship between ample service in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between ample service in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of ample service is 0.030 which is less than 5%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between ample service and large taxpayers' satisfaction at the 5% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.00 – 0.19, it means that there is very weak correlation between the independent and dependent variables. Hence, since the correlation coefficient of ample service is 0.137, there is very

weak and positive relationship between ample service and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 2.4

Ho: $\rho = 0$ (There is no significant relationship between continuous service in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between continuous service in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of continuous service is 0.028 which is less than 5%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between continuous service and large taxpayers' satisfaction at the 5% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.00 – 0.19, it means that there is very weak correlation between the independent and dependent variables. Hence, since the correlation coefficient of continuous service is 0.139, there is very weak and positive relationship between continuous service and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 2.5

Ho: $\rho = 0$ (There is no significant relationship between progressive service in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between progressive service in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of progressive service is 0.021 which is less than 5%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between progressive service and large taxpayers' satisfaction at the 5% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.00 – 0.19, it means that there is very weak correlation between the independent and dependent variables. Hence, since the correlation coefficient of progressive service is 0.145, there is very weak and positive relationship between progressive service and large taxpayers' satisfaction, which is statistically significant.

However, though Reddy and Abay (2018) conducted not in AALTPBO, their finding has a very slight difference with this finding. They found the same finding as this study, but their findings states that there is weak correlation service delivery and large taxpayers' satisfaction.

4.3.3 Correlation between Complaints Handling Mechanism and Large Taxpayers Satisfaction

As it was indicated in the conceptual framework, the variables of complaints handling mechanism are Accessibility, Efficiency and Integration. The Spearman rank correlation between each variables of service delivery dimension with large taxpayers' satisfaction is presented as below.

Table 4.14: Correlation between Complaints Handling Mechanism and Large Taxpayers Satisfaction

			Large Taxpayers Satisfaction	Accessibility	Efficiency	Integration
Spearman's rho	Large Taxpayers Satisfaction	Correlation Coefficient	1.000			
		Sig. (2-tailed)	.			
		N	252			
	Accessibility	Correlation Coefficient	.646**	1.000		
		Sig. (2-tailed)	.000	.		
		N	252	252		
	Efficiency	Correlation Coefficient	.621**	.910**	1.000	
		Sig. (2-tailed)	.000	.000	.	
		N	252	252	252	
	Integration	Correlation Coefficient	.655**	.799**	.817**	1.000
		Sig. (2-tailed)	.000	.000	.000	.
		N	252	252	252	252

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

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

H3: There is a significant relationship between complaints handling mechanism dimensions and large taxpayers' satisfaction in AARALTBO.

Hypothesis – 3

Ho: $\rho = 0$ (There is no relationship between complaints handling mechanism and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between complaints handling mechanism and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Since the p-value for all complaints handling mechanism dimensions is less than 1%, we reject the null hypothesis (Ho) and conclude that there is a significant and positive

relationship between complaints handling mechanism and large taxpayers' satisfaction at the 1% levels of confidence. That means, the more efficient the branch office in solving large taxpayers' complains and the greater the large taxpayers' satisfaction would be. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.60 – 0.79, it means that there is strong correlation between the independent and dependent variables. As it is indicated in the above table, all the correlation coefficients are under this range and hence, there is strong and positive relationship between complaints handling mechanism and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 3.1

Ho: $\rho = 0$ (There is no significant relationship between accessibility in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between accessibility in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of accessibility is 0.000 which is less than 1%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between accessibility and large taxpayers' satisfaction at the 1% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.60 – 0.79, it means that there is strong correlation between the independent and dependent variables. Hence, since the correlation coefficient of accessibility is 0.646, there is strong and positive relationship between accessibility and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 3.2

Ho: $\rho = 0$ (There is no significant relationship between efficiency in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between efficiency in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of efficiency is 0.000 which is less than 1%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between efficiency and large taxpayers' satisfaction at the 1% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.60 – 0.79, it means that there is strong correlation between the independent and dependent variables. Hence, since the correlation coefficient of efficiency is 0.621, there is strong and positive relationship between efficiency and large taxpayers' satisfaction, which is statistically significant.

Hypothesis – 3.3

Ho: $\rho = 0$ (There is no significant relationship between integration in AALTPBO and large taxpayers' satisfaction).

H1: $\neq 0$ (There is significant relationship between integration in AALTPBO and large taxpayers' satisfaction). Where, ρ is the Greek word Spearman's rho.

Generally, the p-value of integration is 0.000 which is less than 1%, decision is reject the null hypothesis (Ho) and conclude that there is a significant and positive relationship between integration and large taxpayers' satisfaction at the 1% level of confidence. As it is stated in Almaquist *et al.* (2016), if the correlation coefficient ranging from absolute value of 0.60 – 0.79, it means that there is strong correlation between the independent and dependent variables. Hence, since the correlation coefficient of integration is 0.655, there is strong and positive relationship between integration and large taxpayers' satisfaction, which is statistically significant.

However, though Reddy and Abay (2018) conducted not in AALTPBO, their finding has a very slight difference with this finding. They found the same finding as this study, but their findings states that there is moderate correlation between complaints handling mechanism and large taxpayers' satisfaction in Addis Ababa.

4.4 Regression Analysis

This analysis is used to identify effect of each dimensions of tax service delivery system i.e. service quality, service delivery and complaints handling mechanism on large taxpayers' satisfaction. Multivariate linear regression method was used to run the regression analysis. In multiple regressions, each independent variable effect on dependent variable is estimated while taking into account all independent variables effects on dependent variable (Almquist *et al.*, 2015). Before running the regression analysis, classical model assumptions were tested.

4.4.1 Diagnostic Test of Assumptions

To test multiple linear regression first necessary to test the classical assumption includes linearity, normality test and multicollinearity test. The result of each assumptions are presented as follow;

I. Linearity Test

Linearity test aims to determine the relationship between independent variables and the dependent variable is linear or not. The linearity test is a requirement in the correlation and linear regression analysis (Almquist *et al.*, 2015). If the value if sig. deviation from linearity in the ANOVA test is greater than 0.05, then the relationship between the independent variables are linearly dependent; and if the value is less than 0.05, then the relationship between independent variables with the dependent is not linear. Keeping this in mind, linearity test between the independent variables such as service quality dimensions, service delivery dimensions and complaints handling mechanism dimensions with large taxpayers' satisfaction were computed by SPSS version 25 and the result of the test is presented as follow;

Table 4.15: Linearity Test (ANOVA Table)

			Sum of Squares	df	Mean Square	F	Sig.
Large Taxpayers' Satisfaction * Service Quality	Between Groups	(Combined)	46.137	16	2.884	10.141	.000
		Linearity	41.687	1	41.687	146.610	.000
		Deviation from Linearity	4.450	15	.297	1.043	.411
	Within Groups		66.820	235	.284		
	Total		112.957	251			
Large Taxpayers'	Between	(Combined)	9.629	18	.535	1.206	.257

Satisfaction * Service Delivery	Groups	Linearity	2.922	1	2.922	6.589	.011
		Deviation from Linearity	6.707	17	.395	.890	.587
	Within Groups		103.328	233	.443		
	Total		112.957	251			
Large Taxpayers' Satisfaction * Complaints Handling Mechanism	Between Groups	(Combined)	55.941	10	5.594	23.646	.000
		Linearity	54.364	1	54.364	229.79	.000
		Deviation from Linearity	1.578	9	.175	.741	.671
	Within Groups		57.016	241	.237		
	Total		112.957	251			

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

Based on the ANOVA Output Table as indicated above, value sig. Deviation from Linearity of all independent variables is found greater than 0.05. The value of Sig. Deviation from Linearity of large taxpayers' satisfaction & service quality is $0.411 > 0.05$, service delivery $.587 > 0.05$ & complaints handling mechanism $0.671 > 0.05$. Therefore, it can be concluded that there is a linear relationship between each dimensions of tax service delivery system and satisfaction of large taxpayers.

II. Multicollinearity Test

Gujarati (2004) states that multicollinearity problem arises when there is a linear relationship among explanatory variables that the result could not obtain estimates of all parameters. This causes large variance and standard error with a very low t- ratio and wide confidence interval. Different methods are often suggested to detect the existence of multicollinearity problem. Variance inflation factors (VIF) technique used for continuous explanatory variable and contingency coefficient (CC) method is used for dummy variables. For continuous variables, if the value of VIF is 10 and above, the variables are said to be collinear. Similarly, if the value of CC greater than 0.75, the variables said to be collinear.

As stated by Almquist *et al.* (2015), the decision making criteria is if the VIF value lies between 1 -10, then there is no multicollinearity and if the VIF value < 1 or > 10 , then there is multicollinearity. Based on this criteria, the test were conducted on the independent variables and the result is shown as below;

Table 4.16: Multicollinearity Test

	Tolerance	VIF
Service Quality Dimensions	.944	1.059
Service Delivery Dimensions	.946	1.057
Complaints Handling Mechanism Dimensions	.994	1.006

Source: Compiled from Survey Questionnaires using SPSS V 25, 2020

Based on the coefficients output – collinearity statistics, obtained VIF value of service quality dimensions, service delivery dimensions and complaints handling system dimensions obtained is 1 to 10. Hence, it can be concluded that there is no multicollinearity symptoms.

III. Normality Test

In order to test the normality, the researcher used a normal probability plot test by using SPSS. As it is indicated in Almquist *et al.* (2015), the decision making criteria is if the points follow the diagonal line, it can be concluded that the value is normally distributed. Conversely, if the points do not follow the diagonal line, it can be concluded that the residual value is abnormally distributed. The normal probability plot of the SPSS output is presented as below;

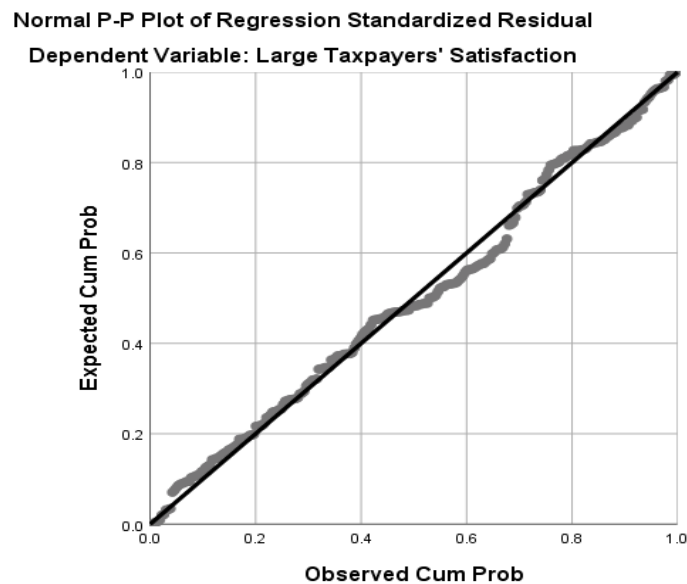


Figure 4.1: Normal P-P Plot

Source: Own computations, 2020

Based on normal chart probability the above plot, we can see that the existing points always follow and approach the diagonal line. Thus, it can be concluded that the residual value is normally distributed so that the regression analysis procedure has been fulfilled.

IV. Residual Normality Test

One of the classical linear regression models assumptions is the error term should be normally distributed or expected value of the error term should be normally distributed or expected value of the errors terms should be zero ($E(UT)=0$). The researcher used histogram to identify normal distribution of residuals and the result is presented as follow;

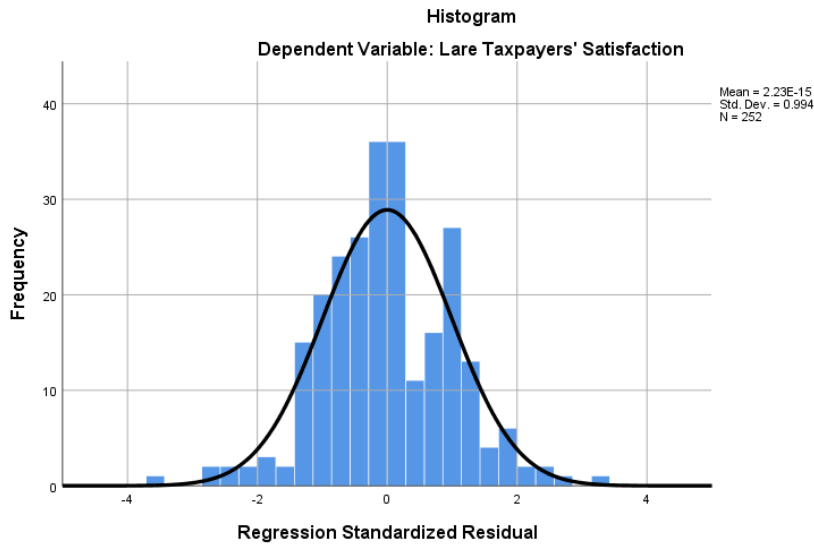


Figure 4.2: Regression Standardized Residual
Source: Own computations, 2020

The result indicates that standard residuals are a little bit far away from the curve, many of the residuals are fairly close more to the curve and the histogram is bell shaped. This implies that the majority of scores lie around the center of the distribution (so the largest bars on the histogram are all around the central value). Therefore, this indicates that the residuals are normally distributed.

4.4.2 Regression Results

4.4.2.1 Regression Result-1

The first table of the linear regression model is the Model Summary table. This table provides the R, R², adjusted R², and the standard error of the estimate, which can be used to determine how well a regression model fits the data. The R² value (also called the coefficient of determination) reflects how much of the variation in the dependent variable (large taxpayers' satisfaction) that is explained by the variation in the independent variable (dimensions of tax service delivery system). In other word, the value of R² shows the influence of dependent variable due to the independent variables.

Table 4.17: Model Summary of Multiple Linear Regression 1

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.892 ^a	.795	.793	.30557

a. Predictors: (Constant), Complaints handling mechanism, service delivery dimensions & service quality dimensions

b. Dependent Variable: Large taxpayers' satisfaction

Source: Own computations, 2020

The study model summary is presented in table 4.17 above. This summary is used to identify role of tax service delivery system dimensions used in this study in explaining large taxpayers' satisfaction. As it is shown in the table, R squared is 0.795 and adjusted R squared is 0.793 suggesting that that 79.5% variation in large taxpayers' satisfaction in AALTPBO is explained by service delivery system (i.e. service quality dimensions, service delivery dimensions & complaints handling mechanism) used in this model.

From this figure, one can conclude that the explanatory variable which is the aforementioned three dimensions of service delivery system jointly explained 79.5% of large taxpayers' satisfaction towards AALTPBO. The remaining percent of the change in large taxpayer's satisfaction is caused by other factors which are not included in this study. Table 4.18 below, also implies that this result is statistically significant.

This finding of the study supports a previous study conducted by Girma (2017). Girma (2017) in his study on assessing determinants of large business taxpayers tax compliance in the case of Addis Ababa city concluded that knowledge of taxpayer, quality service of tax authority and transparency of tax system had influence on tax compliance of taxpayer and they have positive and significant relationship with tax compliance of large business taxpayer.

The second result of regression i.e. ANOVA table as indicated in table 4.18 below gives a p-value=.001 which shows that the fitted regression model is appropriate. So that the independent variables (i.e. Tax Service Delivery System dimensions such as service quality, service delivery & complaints handling) significantly predict the dependent variable (i.e. large taxpayers' satisfaction), hence the regression model is a good fit of the data.

Table 4.18: ANOVA result of Multiple Linear Regression Model 1

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	89.801	3	29.934	320.583	.000 ^b
	Residual	23.156	248	.093		
	Total	112.957	251			
a. Dependent Variable: Large Taxpayers' Satisfaction						
b. Predictors: (Constant), Complaints Handling, Service Delivery & Service Quality						

Source: Own computations, 2020

As indicated in table 4.18 above, F-statistic is significant at 0.000 indicating that the model used (multiple linear regression) is appropriate to explain effect of Tax Service Delivery System dimensions on large taxpayers' satisfaction. This implies that Tax Service Delivery System in AALTPBO significantly affects large taxpayers' satisfaction.

The main important result of multiple linear regression models i.e. Beta-coefficient has given much emphasis. Beta-coefficient basically measures the variance of dependent variable caused by independent variable in the model i.e. the effect of each major determinant variable on large taxpayers' satisfaction (Almquist *et al.*, 2015). The p value shows the significance level of models. The result is presented as below;

Table 4.19: Multiple Linear Regression-Beta Coefficients of Major Independent Variables

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.546	.106		5.147	.000
	Service Quality Dimensions	.418	.022	.562	18.994	.000
	Service Delivery Dimensions	.002	.022	.003	.090	.928
	Complaints Handling Mechanism	.371	.016	.654	22.687	.000

a. Dependent Variable: Large Taxpayers' Satisfaction

Source: Own computations, 2020

As it is shown in the above table, there is a positive association between all independent variables and large taxpayers' satisfaction in Addis Ababa. Besides this, the column called sig. shows the p-values of all the three major determinant variable is below 0.05 except service delivery dimensions, which means that the association between service quality dimensions and large taxpayers' satisfaction; as well as the association between complaints handling mechanism dimensions and large taxpayers' satisfaction is statistically significant. This implies that, there is a significant association between service quality dimensions of AARALTBO and large taxpayers' satisfaction; and between complaints handling mechanism dimensions of AARALTBO and large taxpayers' satisfaction.

However, the association between service delivery dimensions and large taxpayers' satisfaction is not statistically significant. This implies that, there is no significant association between service delivery dimensions of AARALTBO and large taxpayers' satisfaction. The researcher used unstandardized coefficients and their sign to analyze the effect each independent variables (i.e. the three dimensions of Tax Service Delivery System) on dependent variable (i.e. large taxpayers' satisfaction). The result as indicated in table 4.19 above, Service Quality Dimensions have the highest B coefficient value i.e. 0.418; followed by Complaints handling mechanism dimensions by having B coefficient value of 0.371. This implies that, Service quality dimensions in Addis Ababa Revenue Authority Large Taxpayers' Branch Office highly predicts (41.8%) the variation in large taxpayers' satisfaction; followed by Complaints handling mechanism dimensions (37.1%) respectively.

From the above analysis, it can be concluded that the estimated regression equation was:

$$\text{Large Taxpayers' Satisfaction} = 0.546 + 0.418 * \text{Service Quality Dimensions} + 0.002 * \text{Service Delivery Dimensions} + 0.371 * \text{Complains Handling Mechanism Dimension}.$$

From this regression equation it can be concluded that Service quality dimensions in Addis AARALTBO has the highest effect on large taxpayers' satisfaction; followed by complaints handling mechanism and service delivery dimensions respectively. The B-coefficient for each independent variables indicates that each improvement in service quality dimensions increases large taxpayers' satisfaction by an average of 54.6% while controlling everything else in the model. Furthermore, an additional reform in complaints handling mechanism in the branch increases large taxpayers' satisfaction on average by 37.1% while holding the other variables constant.

4.4.2.2 Regression Result-2

The first table of the linear regression model is the Model Summary table. This table provides the R, R², adjusted R², and the standard error of the estimate, which can be used to determine how well a regression model fits the data. The R² value (also called the coefficient of determination) reflects how much of the variation in the dependent variable (large taxpayers' satisfaction) that is explained by the variation in the attributes of major independent variables. In other word, the value of R² shows the influence of dependent variable due to the attributes of major independent variables.

Table 4.20: Model Summary of Multiple Linear Regression 2

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.904 ^a	.818	.808	.29417
a. Predictors: (Constant), Timely Service, Tangibility, Ample Service, Accessibility, Empathy, Efficiency, Reliability, Progressive Service, Equity Service, Assurance, Continuous Service, Responsiveness				
b. Dependent Variable: Large taxpayers' satisfaction				

Source: Own computations, 2020

The study model summary is presented in table 4.20 above. This summary is used to identify role of each attributes of major independent variables used in this study in explaining large taxpayers' satisfaction. As it is shown in the table, R squared is 0.818 and adjusted R squared is 0.808 suggesting that that 80.8% variation in large taxpayers' satisfaction in AALTPBO is explained by all attributes of the major independent variables used in this model. The remaining percent of the change in large taxpayer's satisfaction is caused by other factors

which are not included in this study. Table 4.21 below, also implies that this result is statistically significant. The second result of regression i.e. ANOVA table as indicated in table 4.21 below gives a p-value=.001 which shows that the fitted regression model is appropriate. So that the attributes of each major independent variables significantly predict the dependent variable (i.e. large taxpayers' satisfaction), hence the regression model is a good fit of the data.

Table 4.21: ANOVA result of Multiple Linear Regression Model 2

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	92.361	13	7.105	82.100	.000 ^b
	Residual	20.596	238	.087		
	Total	112.957	251			

a. Dependent Variable: Large Taxpayers' Satisfaction
b. Predictors: (Constant), Timely Service, Tangibility, Ample Service, Accessibility, Empathy, Efficiency, Reliability, Progressive Service, Equity Service, Assurance, Continuous Service, Responsiveness

Source: Own computations, 2020

As indicated in table 4.21 above, F-statistic is significant at 0.000 indicating that the model used (multiple linear regression) is appropriate to explain effect of each variables under the identified independent variables on large taxpayers' satisfaction.

The main important result of multiple linear regression models i.e. Beta-coefficient has given much emphasis. Beta-coefficient basically measures the variance of dependent variable caused by each attributes of the major independent variables in the model. The p value shows the significance level of models. The result is presented as below;

Table 4.22: Multiple Linear Regression-Beta Coefficients of each Independent Variables

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.402	.109		3.685	.000
	SQT	.152	.036	.232	4.226	.000
	SQRL	-.018	.053	-.025	-.335	.738
	SQR	.122	.136	.171	.898	.370
	SQA	.163	.107	.226	1.529	.128
	SQE	.002	.071	.002	.025	.980
	SDE	-.025	.047	-.044	-.528	.598
	SDT	.069	.019	.102	3.637	.000
	SDA	.152	.069	.260	2.218	.028
	SDC	-.097	.072	-.163	-1.355	.177
	SDP	-.47	.055	-.079	-8.52	.395
	CHA	.176	.033	.331	5.361	.000
	CHE	.047	.035	.087	1.354	.177
	CHI	.151	.025	.288	6.035	.000

a. Dependent Variable: Large Taxpayers' Satisfaction

Source: Own computations, 2020

Where; SQT = Service Quality-Tangibility, SQRL = Service Quality-Reliability, SQR = Service Quality-Responsiveness, SQA = Service Quality-Assurance, SQE = Service Quality-Empathy. SDE = Service Delivery-Equitable Service, SDT = Service Delivery-Timely Service, SDA = Service Delivery-Ample Service, SDC = Service Delivery-Continuous Service, and SDP = Service Delivery-Progressive Service. CHA = Complaints Handling-Accessibility, CHE = Complaints Handling-Efficiency, and CHI = Complaints Handling-Integrity.

As it is shown in the above table, among the 13 variables which are the attributes of the three dimensions, only tangibility (from service quality dimension), timeliness (from service delivery dimensions), ample service (from service delivery dimensions), accessibility (from complaints handling mechanism), and integrity (from complaints handling mechanism) have statistically significant and positive association with large taxpayers' satisfaction in Addis Ababa. Besides this, as the column called sig. of the remaining 8 variables doesn't have statistically significant association with large taxpayers' satisfaction in Addis Ababa.

The researcher used unstandardized coefficients and their sign to analyze the effect of each attributes of independent variables (i.e. the three dimensions of Tax Service Delivery System) on dependent variable (i.e. large taxpayers' satisfaction).

The result as indicated in table 4.22 above, by considering only on those attributes (variables) having significant value, accessibility (one of the dimension of complaints handling mechanism) have the highest B coefficient value i.e. 0.176; followed by tangibility (one of the dimension of service quality) & ample time (one of the dimension of service delivery) by having B coefficient value of 0.152 each, integrity (one of the dimension of complaints handling mechanism), and timeliness (one of the dimension of service delivery) by having B coefficient value of 0.151 and 0.069 respectively. This implies that, among the 13 variables under the identified major independent variables (the three dimensions), accessibility (one of the dimension of complaints handling mechanism) in AARALTBO highly predicts (17.6%) the variation in large taxpayers' satisfaction; followed by tangibility (one of the dimension of service quality) & ample time (one of the dimension of service delivery) each 15.2% each, integrity (one of the dimension of complaints handling mechanism), and timeliness (one of the dimension of service delivery) 15.1% and 6.9% respectively.

From the above analysis, it can be concluded that the estimated regression equation was:

$$\text{LTPS2} = 0.402 + 0.152\text{SQT} + 0.069\text{SDT} + 0.152\text{SDA} + 0.176\text{CHA} + 0.151\text{CHI} + \varepsilon$$

From this regression equation it can be concluded that accessibility of complaints handling in AARALTBO has the highest effect on large taxpayers' satisfaction; followed by ample service (the right amount of service in the right place and time) & tangibility of service quality, integrity of complaints handling, and timeliness of service delivery in AARALTBO respectively.

Hypothesis Test Result

Among the resigned hypothesis of the researcher, the fourth hypothesis test is related or addressed by regression result-1 as indicated in the previous section. The result of the hypothesis is presented as follow;

***H4:** Service Delivery System (i.e. Service Quality Dimensions, Service Delivery Dimensions and Complaints Handling Mechanisms) in AARALTBO have significant effect on large taxpayers' satisfaction in Addis Ababa.*

Hypothesis – 4

Ho: $\rho = 0$ (Service Delivery System (i.e. Service Quality Dimensions, Service Delivery Dimensions & Complaints Handling Mechanisms) in AARALTBO have not significant effect on large taxpayers' satisfaction in Addis Ababa).

H1: $\neq 0$ (Service Delivery System (i.e. Service Quality Dimensions, Service Delivery Dimensions & Complaints Handling Mechanisms) in AARALTBO have significant effect on large taxpayers' satisfaction in Addis Ababa).

The study model summary-1 which is presented in table 4.17 above is used to identify role of tax service delivery system dimensions used in this study in explaining large taxpayers' satisfaction. As it is shown in the table, R squared is 0.795 and adjusted R squared is 0.793 suggesting that that 79.5% variation in large taxpayers' satisfaction in AARALTBO is explained by Service Delivery System (i.e. Service Quality Dimensions, Service Delivery Dimensions & Complaints Handling Mechanism) used in this model. The remaining percent of the change in large taxpayer's satisfaction is caused by other factors which are not

included in this study. Table 4.18 also implies that this result is statistically significant. Accordingly hypothesis testing revealed that null hypothesis rejected but alternative hypothesis accepted.

CHAPTER FIVE: SUMMARY OF MAJOR FINDINGS, CONCLUSION & RECOMMENDATIONS

This chapter provides the summary of major findings, conclusions and recommendations from the study. The conclusions and recommendations are derived from the findings of the study, which are presented in chapter four.

5.1 Summary of Major Findings

The main objective of the study was to assess the large taxpayers' satisfaction in Addis Ababa with respect to Tax Service Delivery System in Addis Ababa Revenue Authority-Large Taxpayers Branch Office. The study has developed five specific objectives to be achieved in this study. The first specific objective was to examine the extent of large taxpayers' satisfaction towards each dimension of tax service delivery system. Descriptive analysis along with ANOVA test across each dimension were conducted. The descriptive analysis revealed that among the dimensions of service delivery system, large taxpayers in Addis Ababa showed relatively the highest satisfaction for service quality dimension followed by service delivery dimension and complaints handling respectively.

Among the attributes of service quality dimension, large taxpayers in Addis Ababa relatively showed the highest satisfaction for tangibility & assurance. On the other hand, among the attributes of service quality dimension, large taxpayers' in Addis Ababa showed relatively the least satisfaction (dissatisfied) for the reliability and empathy. With respect to service delivery dimension, among the attributes of service delivery dimensions, large taxpayers in Addis Ababa relatively showed the highest satisfaction for progressive service and continuous service. Besides this, among the attributes of service delivery dimension, large taxpayers' in Addis Ababa relatively showed the least satisfaction (dissatisfied) for timely and ample service. Regarding to complaints handling mechanism dimension, the study revealed that among the attributes of complaint handling mechanism dimensions, large taxpayers in Addis Ababa relatively showed the highest satisfaction for integration and accessibility. On the other hand, among the attributes of complaint handling mechanism dimension, large taxpayers' in Addis Ababa showed the least satisfaction (dissatisfied) for efficiency.

The other objectives of the study were to assess the relationship between each dimensions of service delivery system with large taxpayers' satisfaction in the branch. Non-parametric correlation analysis were conducted in order to assess the relationship between each dimensions of service quality system with large taxpayers' satisfaction in the branch. The study revealed that all dimensions of service delivery system i.e. service quality, service delivery and complaints handling mechanisms have significant and positive relationship with large taxpayers' satisfaction in Addis Ababa Revenue Authority Large Taxpayers Branch Office. Besides this, the study revealed that among the three dimensions of service delivery system, complaints handling mechanism has relatively the strongest relationship with large taxpayers' satisfaction; followed by service quality dimensions and service delivery dimensions.

The last objective of the study was to assess the effect of each dimensions of service delivery system on large taxpayers' satisfaction in the branch. In order to address this specific objective, multiple linear regression analysis were conducted. However, before conducting the multiple linear regression analysis, all the mandatory assumption tests such as linearity, normality and multicollinearity tests were conducted. The multiple linear regression analysis revealed that 79.5% variation in large taxpayers' satisfaction in Addis Ababa Revenue Authority-Large Taxpayers Branch Office is explained by service delivery system (i.e.

service quality dimensions, service delivery dimensions & complaints handling mechanism) used in the model. From this, one can conclude that the three dimensions of service delivery system jointly explained 79.5% of large taxpayers' satisfaction towards Addis Ababa Revenue Authority-Large Taxpayers Branch Office. The remaining percent of the change in large taxpayer's satisfaction is caused by other factors which are not included in this study. The study also revealed that among the three dimensions of service delivery system, there is statistically significant positive association between service quality dimensions and large taxpayers' satisfaction; as well as between complaints handling mechanism dimension and large taxpayers' satisfaction. However, even though there is a positive association between service delivery dimension and large taxpayers' satisfaction, it is not statistically significant.

Furthermore, the study revealed that Service quality dimensions in Addis Ababa Revenue Authority Large Taxpayers' Branch Office highly predicts (41.8%) the variation in large taxpayers' satisfaction; followed by Complaints handling mechanism dimensions (37.1%) respectively. This implies that Service quality dimensions in Addis Ababa Revenue Authority Large Taxpayers' Branch Office has the highest effect on large taxpayers' satisfaction; followed by complaints handling mechanism and service delivery dimensions respectively.

5.2 Conclusion

Ethiopian Revenue Customs Authority (ERCA) as a public service organization is striving to satisfy public demands of quality service. Having this in mind, the main objective of the study was to assess the large taxpayers' satisfaction in Addis Ababa with respect to Tax Service Delivery System in Addis Ababa Revenue Authority-Large Taxpayers Branch Office. Five specific objectives and four hypothesis were developed and in order to address these, descriptive analysis, non-parametric correlation analysis and multiple linear regression analysis were conducted. Accordingly, the conclusions of the study are follow:

As indicated in the conceptual framework, service quality system has three dimensions i.e. service quality dimension, service delivery dimension and complaints handling mechanism dimension. From the descriptive analysis, the study concluded that among these dimensions, large taxpayers in Addis Ababa showed relatively the highest satisfaction for service quality dimension followed by service delivery dimension and complaints handling respectively. The study also assessed the attributes of each dimensions of service delivery system.

The study concluded that among the attributes of service quality dimension, large taxpayers in Addis Ababa relatively showed the highest satisfaction for *tangibility* i.e. physical facility availability, cleanliness' and attractiveness of the branch office. Large taxpayers in Addis Ababa also showed relatively higher satisfaction for *assurance* i.e. employees' helpfulness and cooperation to large taxpayers in the branch. Besides this, among the attributes of service quality dimension, large taxpayers' in Addis Ababa showed relatively the least satisfaction (dissatisfied) for *reliability* i.e. the provision of correct and accurate information to taxpayers' in the branch. Followed by *empathy* i.e. the availability of convenient service hours to large taxpayers in the branch.

With respect to service delivery dimensions, the study concluded that among the attributes of service delivery dimension, large taxpayers in Addis Ababa relatively showed the highest satisfaction for *progressive service* i.e. showing significant improvements in serving large taxpayers in the branch. Large taxpayers in Addis Ababa also showed relatively higher satisfaction for *Continuous service* i.e. the availability of service to large taxpayers in the branch. Besides this, among the attributes of service delivery dimension, large taxpayers' in Addis Ababa relatively showed the least satisfaction (dissatisfied) for *timely service* i.e. the provision of consistent tax education service to the large taxpayers in the branch. Followed by *ample service* i.e. the provision of right e-tax service to the large taxpayers in the branch.

In the same manner, the study concluded about complaints handling mechanism dimension that among the attributes of complaint handling mechanism dimension, large taxpayers in Addis Ababa relatively showed the highest satisfaction for *integration* i.e. the availability of strong internal and external integration to solve large taxpayers' complaints in the branch. Large taxpayers in Addis Ababa also showed relatively higher satisfaction for *accessibility* i.e. the availability delivering large taxpayers complaints in variety of ways in the branch. On the other hand, among the attributes of complaint handling mechanism dimension, large taxpayers' in Addis Ababa showed the least satisfaction (dissatisfied) for *efficiency* i.e. the efficiency of the branch to solve large taxpayers complaints as quickly as possible.

Non-parametric correlation analysis were conducted in order to assess the relationship between each dimensions of service quality system with large taxpayers' satisfaction in the branch. The study concluded that all dimensions of service delivery system i.e. service quality, service delivery and complaints handling mechanisms have significant and positive relationship with large taxpayers' satisfaction in Addis Ababa Revenue Authority Large

Taxpayers Branch Office. Besides this, among the three dimensions of service delivery system, complaints handling mechanism has relatively the strongest relationship with large taxpayers' satisfaction, followed by service quality dimensions and service delivery dimensions.

The study also conducted a multiple linear regression analysis in order to know the cumulative effect of each dimensions of service quality system on large taxpayers' satisfaction. The study concluded that the three dimensions of service delivery system jointly explained 79.5% of large taxpayers' satisfaction towards Addis Ababa Revenue Authority-Large Taxpayers Branch Office. The remaining percent of the change in large taxpayer's satisfaction is caused by other factors, which are not included in this study. The study also revealed that among the three dimensions of service delivery system, there is statistically significant positive association between service quality dimensions and large taxpayers' satisfaction; as well as between complaints handling mechanism dimension and large taxpayers' satisfaction. However, even though there is a positive association between service delivery dimension and large taxpayers' satisfaction, it is not statistically significant. Furthermore, the study concluded that among the three dimensions of service delivery system which are identified in this study, service quality dimensions has the highest effect on large taxpayers' satisfaction; followed by complaints handling mechanism and service delivery dimensions respectively in Addis Ababa Revenue Authority Large Taxpayers' Branch Office.

5.3 Recommendations

The study aimed to assess the large taxpayers' satisfaction in Addis Ababa with respect to Tax Service Delivery System in Addis Ababa Revenue Authority-Large Taxpayers Branch Office. As indicated in the conceptual framework, service quality system has three dimensions i.e. service quality dimension, service delivery dimension and complaints handling mechanism dimension. The findings of the study indicated that among these dimensions of service delivery system, large taxpayers in Addis Ababa showed relatively the highest satisfaction for service quality dimension followed by service delivery dimension and complaints handling respectively. Hence, the study forwards recommendation according to these findings across each dimensions of service delivery system dimensions as follow;

A. Service Quality Dimension

As indicated in the findings of the study, among the attributes of service quality dimensions, large taxpayers in Addis Ababa relatively showed the highest satisfaction for tangibility followed by assurance. However, among the attributes of service quality dimensions, large taxpayers' in Addis Ababa relatively showed the highest dissatisfaction (least satisfaction) for reliability followed by empathy. Therefore, with respect to service quality dimension, the following recommendations are forwarded;

- In order to provide correct and accurate information to the large taxpayers across the employees of the branch equally, the branch should enhance the capacity of employees through different capacity building trainings and establish comparable knowledge among service rendering employees to the large taxpayers about the services they are delivering to the large taxpayers.
- The branch office needs to establish convenient service hours for large taxpayers in Addis Ababa. For doing this, the branch office has to discuss with large taxpayers in order to know their convenient time to be served in the branch office and the branch should make the proper adjustments of service hours accordingly.

B. Service Delivery Dimension

As indicated in the findings of the study, among the attributes of service delivery dimensions, large taxpayers in Addis Ababa relatively showed the highest satisfaction for progressive service followed by continuous service. However, among the attributes of service delivery dimension, large taxpayers' in Addis Ababa relatively showed the highest dissatisfaction (least satisfaction) for timely service followed by ample service. Therefore, with respect to service delivery dimension, the following recommendations are forwarded;

- The branch has to establish a periodical and consistent tax education/training platform for the large taxpayers in Addis Ababa.
- In order to enhance the quality of the training, the branch needs to prepare proper training manual and allocate the right and competitive experts for the provision of this consistent training for the large taxpayers.

- In order to reduce the time waste of large taxpayers in the branch as well as in order to avoid the physical existence of large taxpayers in the branch for paying tax, the branch has to establish a proper e-tax service and give the appropriate training on the operation of the new technology to the large taxpayers.

C. Complaints Handling Mechanism

As indicated in the findings of the study, among the attributes of complaints handling mechanism dimension, large taxpayers in Addis Ababa relatively showed the highest satisfaction for integration followed by accessibility and efficiency respectively. Therefore, with respect to complaints handling mechanism dimension, the following recommendations are forwarded;

- The branch has to give much emphasis for solving complaints of large taxpayers in the branch within short period or as quickly as possible. In order to achieve this, the branch office needs to establish a complaint handling procedure and categorize different issues with their possible time for solving the complaints. Besides this, the branch has to evaluate its complaint handling performance periodically.
- The branch has to establish different facilities for collecting complaints from large taxpayers such as collecting complaints in person, by telephone, by email and other possible ways. In addition to this, the branch has to inform the newly established ways of collecting complaints from the large taxpayers.

As indicated in the multiple linear regression, all the three dimensions of service quality system, except service delivery dimension have positive and statistically significant association with large taxpayers' satisfaction. However, even though there is a positive association between service delivery dimension and large taxpayers' satisfaction, it is not statistically significant. Besides this, among the three dimensions of service delivery system, service quality dimension has the highest effect on large taxpayers' satisfaction in the branch followed by complaints handling mechanism dimension. Hence, the study recommends that due attention should be given to attributes of service quality dimensions and complaints handling mechanism in order to increase large taxpayers' satisfaction level in the branch office.

Besides this, as it was indicated in significance of the study part, the findings of this study also has a great importance for the policy makers. Policy makers should give a due attention for proper implementation of the service delivery tax reform strategies of the country in general; and for large taxpayers in particular to achieve the intended objective of addressing large taxpayers' satisfaction and ensuring good governance in the revenue sector by delivering equitable, efficient and quality service to large taxpayers.

5.4 Limitations & Future Directions

This study is limited in its scope on assessing the External Customers / Large taxpayers'/satisfaction on service quality dimensions, service delivery dimensions and complaints handling system of the Addis Ababa Revenue Authority-Large Taxpayers' Branch Office. Therefore, future study should include other taxpayers' satisfaction determinant factors like employees' customer handling culture and effect of employees' motivation on taxpayers' satisfaction.

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Appendices

Appendix 1: Questionnaire in English

Dear Respondents/Large Taxpayers in Addis Ababa

The purpose of this study is to assess the large taxpayers' satisfaction in Addis Ababa with respect to Tax Service Delivery System in Addis Ababa Revenue Authority-Large Taxpayers Branch Office. The study will be used purely for academic purpose and thus it will not affect you in any case. So, I kindly request you to spend your precious time to fill the questionnaire as frank as and reasonable as possible. Information gathered will be treated with utmost

confidentiality and will not be used for any other purpose. *Therefore, you all not expected to write your name.*

Best Regard!!

Part I. General Background of Respondents (Demographic Information)

1. Sex A. Male B. Female
2. Education Background
- A. \leq Grade 12/10 B. Diploma C. BA Degree
- D. BSC Degree E. MA Degree F. MSC Degree
3. For how long you are a customer of this branch?
- A. Less than 1-year B. 1 – 5 years C. 5 – 10 years
- D. More than 10 years
4. How do you rate the standard of service provided by this branch?
- A. Improving B. As expected
- B. Below my expectation D. Deteriorating

Part II: Perception on Tax Service Delivery System in the Branch

To what extent do you express your satisfaction for the following statements regarding the tax service delivery system in the branch? Please put a **cross (x)** or **any other mark** in the applicable box to rate your level of satisfaction.

S.No.	Statements	Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly Satisfied
A	Service Quality Dimensions					
5	Office physical facilities availability, cleanness' and attractiveness (Tangibility)					
6	Provision of correct and accurate information to large taxpayers'					

	(Reliability)					
7	Employees helpfulness and cooperation to large taxpayers (Responsiveness)					
8	Employees courteousness and respectfulness with large taxpayers (Assurance)					
9	The branch has convenient service hours to large tax payers (Empathy)					
B	Service Delivery Dimensions					
10	The branch treated all large taxpayers equally (Equitable Service)					
11	The branch provide consistent tax education service (Timely Service)					
12	The branch provides the right e- tax service (Ample Service)					
13	Availability of service to large taxpayers in the branch (Continuous Service)					
14	The revenue office has shown a significant improvements in serving large taxpayers (Progressive Service)					
C	Complaints Handling Mechanisms					
15	The branch facilitates large taxpayers' to deliver their complaints in variety of ways /example- in person, by telephone, by mail, and using the internet/ (Accessibility)					
16	The branch solves complaint as quickly as possible (Efficiency)					
17	The branch has strong internal and external integration to solve large taxpayers' complaints Timely (Integration)					

Part III: Large Taxpayer Satisfaction

Please provide your best response for all questions and put “X” or “√” mark inside the box to your response.

Please indicate your level of satisfaction for the tax service delivery system in the Addis Ababa Revenue Authority Large Taxpayers Branch Office.

S.No.	Statements	Highly Disagree	Disagree	Neutral	Agree	Highly Agree
18	Addis Ababa Revenue Authority-Large Taxpayers Branch Office employees are helpful, cooperative, respectful and					

	dependable handling large taxpayers' problems.					
19	Addis Ababa Revenue Authority-Large Taxpayers Branch Office employees keep large taxpayers informed in correct and accurate information when service rendering.					
20	The office facilities of Addis Ababa Revenue Authority-Large Taxpayers Branch Office is clean & attractive.					
21	Addis Ababa Revenue Authority-Large Taxpayers Branch Office provides consistent tax education service and the right e-tax service to large taxpayers in Addis Ababa.					
22	Addis Ababa Revenue Authority-Large Taxpayers Branch Office has shown a significant improvements in serving large taxpayers & treats all large taxpayers equally.					
23	Addis Ababa Revenue Authority-Large Taxpayers Branch Office facilitates large taxpayers' to deliver their complaints in variety of ways of communication channels.					
24	Addis Ababa Revenue Authority-Large Taxpayers Branch Office has strong internal and external integration and hence solves timely.					