EFFECTS OF SERVICE QUALITY ON CUSTOMER SATISFACTION AT ETHIOPIAN REVENUES AND CUSTOMS AUTHORITY, JIMMA BRANCH

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 of Business Administration (MBA)

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Abstract

The study assesseseffects of service quality on customer satisfactionat ERCAJImma branch. This study endeavors to discover the impact of service quality on customer satisfaction in ERCA of Jimmabranches using Five dimensions in service quality (SERVQUAL) such as tangibility, reliability, responsiveness, empathy, and assurance are considered as the base for this study. To achieve the overall objective of the study collect data from customers of the branches, using questioners. Accordingly, 242 respondents were participated in the study using a simple random sampling technique.Both descriptive and inferential statistics methods were applied in the analysis part. The data were analyzed by using SPSS version 20.1. The result of the study reveals that the overall level of customer's satisfaction in the study area is low as compared those who were not satisfied. The result of study showed that except assurance the rest service quality indicators (SERVQUAL) positively and significantly affect customers'satisfaction in the organization. Thus, it can be concluded that responsiveness, reliability and tangibility remains the most determinant and/it strongly influence customers' satisfaction level of the study area. Furthermore, multiple regressions identify the relative contribution of each variable and determine the best predictor variables among a set of variables. Accordingly, responsiveness has the highest contribution to customer loyalty among the independents variables (beta = .873). Based on the findings the study recommend the following management bodies of the branch further investigate the main reason of unsatisfied customers and tried to create continuous improvements on the major factors affecting customers level of satisfaction.

Key words: Tangibility, responsiveness, assurance, reliability, empathy and satisfaction

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Certificates

This is to certify that the thesis entitles "Effects of service quality on customer satisfaction at Ethiopian Revenues and Customs Authority, Jimma Branch" submitted to Jimma University for the award of the degree of Masters of business Administration (MBA) which is carried out by Mr. ***Abiy Belay Ayisewer***, under our guidance and supervision.

Therefore, we hereby declare that no part of this thesis has been submitted to any other university or institutions for the award of any degree or diploma.

WorkinehBayisa(Phd)	_____	_____
Adviser	Signature	Date
Belay Chekol _____	_____	_____
Co-Adviser	Signature	Date

Declarations

I, Abiy Belay declare that this work entitled "Effects of Service quality on customer satisfaction at Ethiopian Revenues and Customs Authority, Jimma Branch" is outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of the research advisors.

This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of master's in Business Administration [MBA]

By:Abiy Belay

Signature_____

Date_____

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ACRONYMS/ABRIVATIONS

CSQ ---------- Customer Satisfaction Questionnaire

SERVQUAL---- ---------- Service Quality

SQQ:---------- Service Quality Questionnaire

ERCA:---------- Ethiopian Revenues and Customs Authority

SPSS: ----------Statistical Package for Social Science

CHAPTER ONE

INTRODUCTION

The purpose of this study is to establish a relationship between service quality dimensions and customer satisfaction for Ethiopian Revenues and Customs Authority (ERCA) of Jimma branch of Ethiopia. To achieve the overall objective of the study used several techniques in the entire chapter, in this regards in chapter one the study briefly provide the introductory part of the study, such as, background of the study, organizational background, statement of the problem, basic research questions, objective of the study, scope of the study and significance of the study were discussed sequentially.

1.1. Background of the Study

Every organization strives to make its customer remains satisfied with its products and services. Customer satisfaction is surely a very critical element towards retaining profitable business relations with the customers. The combined effect of a high retention rate and the enhanced profitability of loyal customers can lead not only to higher profit, but to a better 'quality of earnings', as the Customer base is less volatile(Bryman, 2003).Customer satisfaction and delivery of effective service very interlinked.

Service quality "has become as one of the key driving forces for business sustainability and is vital for firms' accomplishment" (Rust and Oliver, 1994). "Customer service quality is a crucial source of distinctive competence and often considered a key success factor in sustaining competitive advantage in service industries" (Palmer, 2001).

Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be an antecedent to customer satisfaction regardless whether these concepts were cumulative or transaction-specific. It implies that service quality concept plays a central role in understanding customer satisfaction and retention (Parasuraman, 1985).

Parasuraman et al., (1985) and Zeithamletal., (1990) "noted that the key strategy for the success and survival of any business institution is the deliverance of quality services to customers.

"Gefan (2002) "defined Service quality as the subjective comparison that customers make between the quality of the service that they want to receive and what they actually get.

Service delivery is not only limited to private firms for the purpose of earning profit, but it has also delivered by the public as well. Governments have legal responsibilities and authorization to deliver quality service for citizens as well as foreigners who seek service from them. On the other hand, citizens as customers also have the legal right of getting quality service up to the level of their expectations from their governments due to the fact that any government exists to satisfy the wants and needs of its customers, the public (Zairi, 2000).

Currently public sector is under increasing pressure to demonstrate that their services are customer focused and that continuous performance improvement is being delivered. As a result, high quality service is a priority for public service providers worldwide (Zairi, 2000). Thus, as service providers, rendering quality service and continuously improving the service quality has become a very real issue for all service rendering organizations.

A number of studies have been conducted to explore the link between service quality and customer satisfaction. A recent Nigerian study by Ojo (2010) says that in order to maintain high levels of customer satisfaction, it is mandatory for the organization to update its services according to the expectations of customers. Not only the goal should be meeting the demands, but competitive advantage comes with exceeding the demands of the customer (Ojo, 2010). This derives customer satisfaction for long-term customer retention.

According to Berry (1991), the heart of excellent service marketing is characterized by service reliability, performing the service consistently and accurately. When a company performs a service carelessly, when it makes avoidable mistakes, when it fails to deliver as per promises, it erodes the customer confidence in its capabilities and undermines its

chances of earning a reputation for service excellence. From the customer's perspective, the proof of a service is its flawless performance.

The study by Newman and Cowling (1996) "believes that excellent service quality is vital to business profitability and survival." Thus, from the finding of Newman and Cowling, the researcher understands that if service quality is going down in the organization, it will have negative effects on the organization's profitability.

The purpose of this study is thus to assess the quality of service delivery in ERCA of Jimma Branch. The study used concepts from different model of quality service measurements like that of the SERVQUAL and others to assess customers' general perception on the quality of service delivery by the authority and its effect on customer satisfaction.

1.2. Background of the Organization

Ethiopian Revenue and Customs Authority (ERCA) is the body responsible for collecting revenue from customs duties and domestic taxes. It is also responsible to protect the society from adverse effects of smuggling. It seizes and takes legal action on the people and vehicles involved in the act of smuggling while it facilitates the legitimate movement of goods and people across the border.

The ERCA traces its origin to July 7, 2008 as a result of the merger of the Ministry of Revenues, the Ethiopian Customs Authority and the Federal Inland Revenues in to one giant organization. Reasons for the merge of the foregoing administrations into a single autonomous authority are varied and complex. Some of those reasons include**:** to provide the basis for modern tax and customs administrations, cut through the red tape or avoid unnecessary and redundant procedures that results delay and cost-inefficient, be much more effective and efficient in keeping and utilizing information, promoting law and order, resource utilization and service delivery, and transform the efficiency of the revenue sector to a high level.

There are 30 (thirty) branches of ERCA around the country and also has 22 Customs Control stations, 50 Checkpoints and 153 Tax Centers. The 153 tax centers are a tax collection station administered under a branch office and located in the vicinity of taxpayers are engaged in administering domestic taxes from Category "A" taxpayers.

Jimma branch office has one tax center in Wollega, Nekemete City. And, the study also focused on category "A" taxpayers that are found in branch office.

The main objectives of ERCA include establishing modern revenue assessment and collection system; and provide customers with equitable, efficient and quality service, causing taxpayers voluntarily discharge their tax obligations, enforcing tax and customs laws by preventing and controlling contraband as well as tax fraud and evasion, collecting timely and effectively tax revenues generated by the economy and providing the necessary support to regions with a view to harmonizing federal and regional tax administration systems. Hence, proper assessment and collection of tax is one of the factors that enable the government to achieve its goals and programs. Besides, it reduces the country's dependability on the foreign loan and donations and could make the country to finance its expenditures with the available domestic revenue basically on tax. The aim of the study was to take an assessment in what level customers satisfy on the current service of Ethiopian Revenue and customs Authority Jimma Branch.

Research Gap Analysis

In Ethiopia there were studies that took place related to service quality and customer satisfaction, however, there were no timely studies that indicated the current situation of delivery of service quality and its impact on customer satisfaction.

An important gap still exists in the empirical literature to indicate service quality delivery and customer satisfaction specifically related to ERCA.Most of the studies related to service quality and customer satisfaction were done on commercial banks of Ethiopia, such as, a study doing by Belay (2010) the impact of service quality on customer satisfaction of private commercial banks, using Five dimensions of service quality (tangibility, reliability, responsiveness, assurance and empathy the result implied that, The three service quality dimensions (assurance, empathy, and responsiveness) have positive and insignificant effect on customer satisfaction. Tangibility has a positive and significant impact on customer satisfaction. However, reliability has a negative and insignificant effect on customer satisfaction.

There was although the researches made by Semu (2012), focused on, factor affecting quality of service delivery in Commercial Bank of Ethiopia, the result reveal that, among the other, factors responsiveness and reliability highly affected delivery of quality service.

A specific study made by Indian researchers on service quality in Ethiopia by1Rajasekhara M,2V.S. Mangnale (2011**)** shows that from Overall satisfaction level about 49% respondents conveyed their disappointment on the overall performance of the service sector activities of Ethiopia. This means it should be healthier to identify the areas which led to this kind of dissatisfaction and introduce complete overhaul to recover the situation. The researchers identified some areas of dissatisfaction particularly service quality, tariff structure, service encounter, service delivery process, bill payment areas, complaint handling procedure, after sales service etc. through qualitative research. The Ethiopian service sector is already working on the above area which has led to great customer dissatisfaction with the support of overhauling of most of the existing plans, procedures, programs, strategies, policies and even budgets also.

There were no study that took place in ERCA, specifically on the relationship between service quality and customer satisfaction, however, there were a studies applied in ERCA related with others specific issues; study consulted was a Master's thesis by Worku (2009) on the challenges and practices of e-Government in Ethiopia at Civil Service Organizations (36) including ERCA. The result of the study presents the overall aggregate result on practice of e-Government by all the 36 agencies, which constrained for this study not to examine how much ERCA was performing in e-Government. Moreover, in terms of availability of informational services, the study focuses more on counting on presences than contents, as it can be evidenced from the limitation of the study that asserts the design issues of the systems was not covered while this study utilizes observational assessment by experts on the field and also benchmarking of design features with other Sub-Saharan countries. Generally the related studies reviewed lack the comprehensive discussion and result on the relationship between service quality dimension and customer satisfaction they were more tend to focus on the legislative part of tax reform than the customers level of satisfaction, and also are not current. The study, is therefore, found necessary to fill these gaps identified.

1.3.Statement of the Problem

A business can only achieve success only by understanding and fulfilling the needs of customers. From a total quality perspective, all strategic decisions a company makes are customer driven. Thus the company must serve to dynamic customer and market requirements. According to the study by Collart (2000), one of the determinants of success of a firm is how the customers perceive the resulting service quality, as this is the key driver of perceived value. It is the perceived value which determines customer satisfaction.

In Ethiopia, in most cases, service is provided in manner that suits the administrative convenience (i.e. provider) rather than compliance to the recipient interest. In relation to this, inconsistency of regulation and guidelines among governing institutions that provide related service as well as lack of coordination and cooperation among various departments within an institution and between related institutions often hinder efficiency in service delivery (Ministry of Capacity Building (MCB), 2001:3).

Moreover, the service delivery in public institutions is time taking due to excessive hierarchal organizational structure. And yet sufficient attention is not given in the planning process of many governmental institutions to improve their time taking service delivery system as well as procedure of service delivery. In addition, the human resource management system and working condition in the civil service do not motivate employees to provide quality service properly. The service users are also not aware of their rights and obligations regarding how and when to receive the public service (MCB,2001:5).

Service companies are under a constant and dynamic change, everybody is aware of this and so, proactive action is required. What they have aimed to do is to identify issues that are relevant to make them fit with the required service delivering system and as such applicable to all involved in the management and competitiveness of service companies regardless of their location or national boundaries (Zairi, 2000). Though, this is for most of Ethiopian public service renders organizations, much part are extended to ERCA. This is because, most of customers are observed complaining the organization service delivery

system such as, the waiting time of customers is more bulky, lack of responsive employee, bureaucratic characters, interruption of network, are some of the problems that most of the customers complaining about. Therefore, those are some of the research problems that initiated the researcher to investigate further on the issue under the research topic of 'Assessment of the effect of service quality on customer satisfaction in ERCA of Jimma Branches.

1.4. Objectives of the study

1.4.1. General Objectives

The main objective of this study was to examine the effect of customer service quality on customer satisfaction in ERCA of Jimma Branch.

1.4.2. Specific Objectives

- To identify the effect of tangibility on customer satisfaction of Jimma branch
- To determine the effect of reliability on customer satisfaction of Jimma branch
- To determine the effect of responsiveness on customer satisfaction of Jimma branch
- To identify the effect of assurance on customer satisfaction of Jimma branch
- To determine the effect of empathy on customer satisfaction of Jimma branch
- To identify the customers' level of satisfaction

1.5. Hypothesis of the study

In light of the objectives articulated above, the following hypotheses were investigated:

Hypothesis 1

Ho1: Tangibility does not have a positive and significant effect on customer satisfaction.

Hypothesis 2

Ho2: Reliability does not have a positive and significant effect on customer satisfaction.

Hypothesis 3

Ho3: Responsiveness does not have a positive and significant effect on customer satisfaction.

Hypothesis 4

Ho4: Assurance does not have a positive and significant effect on customer satisfaction.

Hypothesis 5

Ho5: Empathy does not have a positive and significant effect on customer satisfaction.

1.6. Scope of the Study

The study is specifically delimited to the branches of the company that are located in Jimma, though that is desirable for generalizing the findings to the entire out line branches. Furthermore, even if there are many determinants that affect customer satisfaction this study will not attempt to study all customer satisfaction factors rather focus on service quality measurements (SERVQUAL, Instrument) that are, tangibility, responsiveness, reliability, assurance and empathy. Accordingly the quality of these services and satisfaction of service user were being synchronized. Quality of service specifically assessed from Intangibility, Perishable, Inseparability and Variability dimensions. Whereas customer satisfaction are measured using variables: Customer expectation, service standard and survive provision within the for maintained quality dimension structured questionnaires. Thus the study findings were presented based on customers view.

1.7. Significance of the Study

A study of rendering quality service in public organization like ERCA is important for the following major reasons:

- It provides further testing into the multi-dimensional nature of service quality in the civil service sector.
- It gives additional evidence as to the level of relationship between nations as public customers and service giving public organizations.
- It delivers feedback for the civil service organization regarding the perceptions of their customers toward their service quality.

It extends the service quality literature. This study expects to contribute to the literature on assessing quality of service delivery in the organization. The results of this research could assist the leadership of the authority in improving the quality of services to the expectation of their customers.

Furthermore, the research is important for the following major reasons:

- The findings of the study expected to add value regarding the perception of customers on the quality of services delivery of the authority and suggest what major actions have to be taken to meet the needs and expectations of customers,
- This study tries to combine theoretical and empirical research and find out the major dimensions that customers have problems in receiving quality service from the authority.
- The research lays the theoretical foundation of the practices, for which will provide future academic research on the assessment of quality service in ERCA.

1.8. Limitations of the study

All the customer of the Authority was not taken as the subject of the study. Not only this but also, the fact that the study is only conducted in a limited branch and it is difficult to generalize the fining results in a country wide. The other limitation of the study were, lack of sufficient and relevant literature that relate quality of service delivery with public organizations like that of ERCA; and prejudice, poor cooperation and reluctance of respondents to fill in the questionnaire and give detail interview.

1.9. Organizations of the study

This study is organized in to five chapters. The first chapter presents the introduction. The second chapter shows the literature review while the third chapter contains brief description of the research methods and design. The fourth chapter presents and analyzes the results. Finally, the chapter five presents the conclusions and recommendation of the study respectively.

CHAPERT TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter covers the literature reviewed of Theories and models and conceptual framework which serves as evidence of the Variables of the study - Service Quality and Customer Satisfaction. Definitions of service, quality, customer satisfaction, the concept of service quality, and the relationship between service quality and customer satisfaction is briefly highlighted.

2.1. Concise description of theory

SERVQUAL is a multi-item scale developed to assess customer perceptions of service quality in service and retail businesses (Parasuraman et. al., 1988). The scale decomposes the notion of service quality into five constructs as follows:

- Tangibles - physical facilities, equipment, staff appearance, etc.
- Reliability - ability to perform service dependably and accurately
- Responsiveness - willingness to help and respond to customer need
- Assurance - ability of staff to inspire confidence and trust
- Empathy - the extent to which caring individualized service is given

SERVQUAL represents service quality as the discrepancy between a customer's expectations for a service offering and the customer's perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions (Parasuraman et. al., 1988). The use of perceived as opposed to actual service received makes the SERVQUAL measure an attitude measure that is related to, but not the same as, satisfaction (Parasuraman et. al., 1988). Parasuraman et. al. (1991) presented some revisions to the original SERVQUAL measure to remedy problems with high

means and standard deviations found on some questions and to obtain a direct measure of the importance of each construct to the customer.

Kettinger and Lee (1994) and Pitt et. al. (1995) were among the early adapters of SERVQUAL to the IS context. Their work sought to use SERVQUAL to measure the service quality of the IS function. Since this time concerns have been raised regarding the suitability of SERVQUAL to the IS context (Kettinger and Lee, 1997; Pitt et al., 1997; Carr, 2002; van Dyke et. al., 1999).

2.2. Definition of Customer satisfaction

Customer satisfaction is defined as a customer's overall assessment of the performance or experience that the company has offered to them. This overall satisfaction across the product and service provided by e-banking has a strong positive effect on customer loyalty **(**Baumann 2007).Kanyurhi, (2013**)** argues that customers reach satisfaction decisions by comparing the performance a product or service with their prior expectations.

2.3. Service quality

Service quality can be defined as the difference between customer's expectations of service performance prior to the service encounter and their perceptions of the service received. Quality service has a positive effect on the bottom-line performance of a firm and thereby on the competitive advantages that could be gained from an improvement in the quality of the service offered so that the perceived service exceeds the service level desired by customers **(**Ladhari, 2008**).**

Nowadays, with increased competition, service quality has become a popular area of academic investigation and has been recognized as a key factor in keeping the competitive advantage and sustaining satisfying relationships with customers (Zeithmal et al., 2000)

Service quality is considered an important tool for a firm's struggle to differentiate itself from its Competitors (Ladhari, 2008). Service quality has received a great deal of attention from both academicians and practitioners (Negi, 2009).

British Journal of Marketing Studies Published by European Centre for Research Training and Development UK (2008) pointed out that, by defining service quality, companies will be able to deliver services with higher quality level.

Akroush (2008) also pointed out that service quality is the result of the comparison made by customers about what they feel service firms should offer, and perceptions of the performance of firms providing the services. Gronroos (2007) also defined service quality as the outcome of the comparison that consumers make between their expectations and perceptions.

Customer's expectation serves as a foundation for evaluating service quality because, quality is high when performance exceeds expectation and quality is low when performance does not meet their expectation (Athanassopoulos et al., 2001). Perceived service is the outcome of the consumer's view of the service dimensions, which are both technical and functional in nature.

It is very vital to note here that, service quality is not only assessed as the end results but also on how it is delivered during service process and its ultimate effect on consumer's perceptions (Ekinci, 2004). Service quality has a strong correlation with customer satisfaction, financial performance, manufacturing costs, customer retention, customer loyalty, and the success of marketing strategy (Cronin et al., 2000; Wong et al., 2008). Organizations operating within the service sector consider service quality to be a strategic component of their marketing plan (Ekinci, et al., 2004). Through service quality, organizations can reach a higher level of service quality, a higher level of customer satisfaction, and can maintain a constant competitive advantage (Meuter et al., 2000).

Service quality also defined as the degree of discrepancy between customer normative expectations for service and their perceptions of service performance. Service quality can be defined as meeting the needs and expectations of the customer (Kotler, and Armstrong, 2010). The definition of service quality can be extended to the overall

evaluation of a specific service with ten service quality dimensions: tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding/knowing the customer (Lassar& Winsor, 2000).

2.4. Service quality Model

Most of the researchers have recognized and used the service quality measuring model in a variety of industries such as the service quality model improved byAkroush, (2008) .The service quality model of Baumann (2007).Johnston, (2007) suggested a five dimensional structure of perceived service quality tangibles, reliability, responsiveness, empathy and security as the instruments for measuring the service quality.

2.4.1. Tangibility as a SERVQUAL dimension

The tangibles involve the firms' representatives, physical facilities, materials, and equipment as well as communication materials. Furthermore, Physical environmental conditions appeared as a clear evidence of the care and attention paid for the details offered by the service provider (Ladhari, 2008). Davis et al. (2003) summarize tangibles like the physical confirmation of the service. More specifically, Magesh, (2010) define the tangibility appearance of physical facilities, equipment, personnel, and written materials. Finally, in the present research, tangibles are the facilities and the banking services offered by the providers of the Arab bank headquarters as perceived by the specific Arab banking customers. Such tangibles are measured using 4 items of the tangible dimension of the *22-item SERVQUAL*

2.4.2. Reliability as a SERVQUAL dimension

Reliability depends on handling customer service issues, performs the services right the first time; offers services on time, and maintain a record of error-free. Moreover, they define reliability as the most significant factor in conventional service (Malhotra, & Mukherjee, 2004). Reliability also consists of the right order fulfillment; accurate records; accurate quote; right in the bill; Results are more accurate than commissions; keep the promise of service. He also mentions that reliability is the most significant factor in banking services (Magesh, 2010). More specifically, in a study by Parasuraman et al. (1985), SERVQUAL was applied to gather data in four different companies, including banks, credit card companies, the company's maintenance services, and long

distancephone company. He found high reliability in all four of these companies, with the possible exception of some of the values associated with significant dimensions (Mokhlis, 2012).

Finally, reliability is defined as the “ability to perform the promised service dependably and accurately” (Zeithmal et al., 2000). In this research, reliability is the ability of banking service providers at a specific Arab bank to execute the promised service as perceived by the specific Arab bank headquarters’ banking customers. This is measured using 5items of the reliability dimension of the 22-item SERVQUAL

2.4.3. Responsiveness as a SERVQUAL dimension

Responsiveness is defined as "the willingness to help customers and provide prompt service"(Kanyurhi, 2013). Furthermore, Johnston (2005) defines responsiveness such as speed and timeliness of service delivery. This consists of processing speed and service capabilities to respond promptly to customer service requests, and wait a short and queuing time. More specifically, responsiveness is defined as the willingness or readiness of employees to provide services. It contains the timeliness of service (Baumann 2007). It also contains understanding the needs and requirements of the customer, easy operation time, individual attention provided by the staff, attention to the problem and customers' safety in their dealings (Kumar et al., 2009). Finally, in this research, responsiveness is the readiness of banking service providers at a specific Arab bank headquarters to provide punctual services as perceived by a specific Arab bank headquarters’ banking customers. This is measured using 4 items of the responsiveness dimension of the 22-item SERVQUAL.

2.4.4. Empathy as a SERVQUAL dimension

Akroush, (2008) defined empathy as a caring and individual attention that the firm provides to its clients. It contains giving individual attention to employees who understand the needs of their customers and customer facilities during business hours. Furthermore, Kanyurhi, (2013) demonstrates empathy in their research of private sector banks, provide individual attention and easy operation time; give personal attention, and understand the specific needs of customers. Ladhari,(20081) suggest that empathy

contains approachability, sensitivity, and efforts to understand customer needs. Also, Johnston (2007) defined empathy as the ability to make customers feel welcome, especially by staff contacts.

Additionally, the SERVQUAL model indicates that satisfaction is related to the size and direction of disconfirmation of a person's experience when he/she faces his/her initial expectations (Levesque,& Dougall, 1996).). This study uses 4 items of the empathy dimension of the 22- item SERVQUAL.

2.4.5. Security as a SERVQUAL dimension

Security refers to the safety and security of customer transactions with the Arab bank including a privacy policy. Levesque &Dougall (1996).Zeithamlet al.(2000). Recommended adding the security dimension to future service quality research. Security is ensued when the service becomes safe, and the customer information gets protection.

2.5. Customer Satisfaction

The literature shows that customer satisfaction is important to get long-term business success (Zeithami et al., 2000). To protect market share / profit, organizations need to overcome competitors through offering high quality products or services to ensure customer satisfaction (Tsoukatos & Rand, 2006). Furthermore, Magesh, (2010) indicates that customer satisfaction requires full meeting customer expectations of products and services. When performance matches or exceeds customer expectations for service, they are satisfied. If not, they are not satisfied (Munusamy, 2006). Moreover, several studies generally define customer satisfaction and dissatisfaction as the customer's judgments concerning a business's success or failure in meeting expectations (Chidambaram, & Ramachandran, 2012, Kheng et al., 2010). When expectations are met, satisfaction results and unmet expectations lead to dissatisfaction (Oliver, 2000). Lau, and Cheung (2013) indicate that the attitude of customer satisfaction resulting from what customers believe should happen (anticipation) compared with the situation when what they believe is not the case (perceived performance). In addition; satisfaction strengthens quality perception and leads repeat purchases. More specifically, in the banking industry, a main element of customer satisfaction is the nature of the relationship among customers and suppliers of

products and services. Therefore, both product and service quality usually are observed as an important condition and valuable factor for retaining customer satisfaction (Muslim & Isa, 2005).

It is true that the delivery of high quality services to the company customers offers an opportunity to differentiate them in the competitive market (Karatepe*et al.,* 2005). Additionally, Zaim, Bayyurt, and Zaim (2010) found that tangibility, reliability and empathy are significant for customer satisfaction, but Mengi (2009) indicated that responsiveness and assurance are more significant. Additionally, Siddiqi (2010) examined the applicability of service quality of retail banking industry in Bangladesh and found that the quality service is positively correlated with customer satisfaction where empathy had the highest positive correlation with customer satisfaction followed by assurance and tangibility. On the other hand, Lo, Osman, Ramayah and Rahim (2010) found that empathy and assurance had the highest influence on customer satisfaction in the Malaysian retail banking industry. Arasli, Smadi and Katircioglu (2005) found that reliability had the highest impact on customer satisfaction. Finally, a number of studies have identified the dimensions of service quality as the antecedents of customer satisfaction (Lau et al., 2013, Saghier, & Nathan, 2013). Relatively few studies have investigated service quality in the retail banking sector in Jordan. Also, Bank administrators recognize the significance of customer satisfaction and have developed a strategy to improve the quality of service satisfaction and loyalty (Awan et al., 2011). Customer places on services significantly affect satisfaction, and customer satisfaction is a result of loyalty (Awan et al., 2011).

2.6. SERVQUAL scale

SERVQUAL scale is a principal instrument in the services marketing literature for assessing customer service quality. This instrument has been widely utilized by both managers and academics to assess customer perceptions of service quality for a variety of services (e.g. Banks, credit card companies, repair and maintenance companies). The results of the initial published application of the SERVQUAL instrument indicated five dimensions of service quality emerged across a variety of services (Magesh, 2010).

These dimensions include tangibles, reliability, responsiveness, assurance and empathy. Tangibles are the physical evidence of service, reliability involves consistency of performance and dependability, responsiveness concerns the willingness or readiness of employees to provide services, assurance corresponds to the knowledge and courtesy of employees and their ability to inspire trust and confidence, and finally, empathy pertains to caring, individualized attention that a firm provides its customers (Lassar at al., 2000).

In its original form, SERVQUAL contains 22 pairs Likert scale statements structured around five service quality dimensions in order to measure service quality (Cronin and Taylor, 1992). Each statement appears twice. One measures customer expectations of a particular service industry. The other measures the perceived level of service provided by an individual organization in that industry. The 22 pairs of statements are designed to fit into the five dimensions of service quality. A seven-point scale ranging from "strongly agree" (7) to "strongly disagree" (1) accompanies each statement. The "strongly agree" end of scale is designed to correlate with high expectations and high perceptions. Service quality occurs when expectations are met (or exceeded) and a service gap materializes if expectations are not met. The gap score for each statement is calculated as the perception score minus the expectation score. A positive gap score implies that expectation have been met or exceeded and a negative score implies that expectations are not being met. Gap scores can be analyzed for each individual statement and can be aggregated to give an overall gap score for each dimension (Magesh, 2010).

Researchers conducted are of the sorts that support SERVQUAL scale. Common result of the relevant researches can be summarized as such that, perceived service quality is the result of comparison of service performance with customer expectations and the evaluation of service quality does not only depend on final output but also on the way of how the service is provided (Zeithmal et al.,2000).

2.7. Development of service quality models

It is evident from the review of literature that there has been a sequential development in the field of service quality and it seems that the development is still continuing owning to the increasing importance of the concept of service quality in order to survive in today's

competitive world. Each and every step of the ladder of the service quality development seems to be an updating of the previous findings or observations. From the review, no well- accepted conceptual or operational definition of service quality measurement could be identified. However, most of the measures of service quality support the SERVQUAL model. Since the development of SERVQUAL (Lymperopoulos, & Soureli, 2006).

SERVQUAL is a „diagnostic tool that uncovers a firm‟s broad weaknesses and strengths‟ in service quality (Zeithmal et al., (2000). The SERVQUAL model (performance minus expectation) focuses on the five „gaps‟ affecting the delivery of excellent service quality.

The five dimensions of the SERVQUAL scale include (Zeithaml, 2000):

1. The physical facilities, equipment, and the appearance of the staff (Tangibles);
2. The dependability and accuracy of the service provider (Reliability);
3. The ability to know and willingness to cater to customer needs (Responsiveness);
4. The ability of the staff to instill confidence and trust in the company (Assurance);
5. The ability of the staff to provide a caring service to customers (Empathy).

The service quality literature initially focused on measurement issues. Following the introduction of the SERVQUAL, attention centered on the determinants of perceived service quality with particular emphasis on the service delivery process.

SERVQUAL is designed to measure service quality as perceived by the customer. Consumers in the focus groups discussed service quality in terms of the extent which service performance on the dimensions matched the level of performance that consumers thought a service should provide. A high quality service would perform at a level that matched the level that the consumer felt should be provided. The level of performance that a high quality service should provide is termed as consumer expectations. If performance is below expectations, consumers judged quality to be low. To illustrate, if firms responsiveness was below consumers' expectations of the responsiveness that a high quality firm should have, the firm would be evaluated as low in quality in responsiveness (Mokhlis, 2012).

2.8. The Relationship between Satisfaction and Service Quality

The exact relationship between satisfaction and service quality has been described as a complex issue, characterized by debate regarding the distinction between the two constructs and the casual direction of their relationship (Brady, Cronin and Brand, 2002)., Zeithaml, (2000) 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.

Interpretations of the role of service quality and satisfaction have varied considerably (Parasuraman, Zeithaml, and Berry, 1988). Parasuraman et al. (1988) confined satisfaction to relate to a specific transaction as service quality was defined as an attitude. This meant that perceived service quality was a global judgment, or attitude, relating to the superiority of the service. Cronin and Taylor (1992) argued against Parasuraman et al."s categorization.

Cronin and Taylor (1992) found empirical support for the idea that perceived service quality led to satisfaction and argued that service quality was actually an antecedent of consumer satisfaction. Cronin and Taylor (1992) asserted that consumer satisfaction appeared to exert a stronger influence on purchase intention than service quality, and concluded that the strategic emphasis of service organizations should focus on total customer satisfaction programs.Rust and Oliver (1994) maintained that while quality was only one of many dimensions on which satisfaction was based, satisfaction was also one potential influence on future quality perceptions.

2.9. Customer Satisfaction in Service Render Sector

In line with Ladhari, (2008), customer satisfaction is a key to long-term business success. To protect or gain market shares, organizations need to outperform competitors by offering high quality product or service to ensure satisfaction of customers. In proportion to Magesh (2010), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation.

Customers compare their expectations about a specific product or services and its actual benefits. As stated by Kotler & Armstrong, (2010), satisfaction as a person's feelings of pleasure or disappointment resulting from the comparison of product's perceived performance in reference to expectations. Customer's feelings and beliefs also affect their satisfaction level. Zeithaml (2000) satisfaction or dissatisfaction is a measure or evaluation of a product or service's ability to meet a customer's need or expectations. Johnston et al. (2007) also reported that overall satisfaction is the outcome of customer's evaluation of a set of experiences that are linked with the specific service provider. It is observed that organization's concentration on customer expectations resulted into greater satisfaction.

If the customers of an organization are satisfied by their services the result is that, they will be loyal to them and consequently be retained by the organization, which is positive for the organization because it could also mean higher profits, higher market share, and increasing customer base (Karatepe et al., 2005). Customer satisfaction has become important due to increased competition as it is considered very important factor in the determination of bank's competitiveness (Berry et al., 1990).

Continuous measurement of satisfaction level is necessary in a systematic manner ((Levesque, & Dougall et al., 1996). Because satisfied customer is the real asset for an organization that ensures long-term profitability even in the era of great competition. Cronin et al., (2000) mentioned in their study that satisfied customer repeat his/her experience to buy the products and also create new customers by communication of positive message about it to others. On the other hand, dissatisfied customer may switch to alternative products/services and communicate negative message to others. Customer satisfaction is a set of feeling or outcome attached with customer's experience towards any product/ service (Bolton, Ruth, 1998). Hence, organizations must ensure the customer satisfaction regarding their goods/services.

2.10. Classification of Services

Classified products into three categories using the works of economists;

Search qualities: attributes that consumers can determine before purchasing the product. Search qualities include color, style, price, fit, feel, hardness and smell. Example of products is clothing, automobile, furniture and jeweler.

Experience qualities: attributes that can be determined only after purchase or during consumption. Examples include taste and wear ability and examples include vacation packages and restaurant services.

Credence qualities: attributes that consumer may find very difficult to evaluate (mainly due to insufficient technical knowledge) even after purchase and consumption. Examples include wheel alignment (auto repair), medical operation, etc (Zeithaml, 2000).

2.11. Customer Satisfaction in Banking Practice

Customer satisfaction is about consumer satisfaction (that is, user satisfaction), rather than about buyer satisfaction (which may include non-users).

Second, satisfaction is a feeling. It is a short-term attitude that can readily change given a constellation of circumstances. It resides in the user's mind and is different from observable behaviors such as product choice, complaining, and repurchase.

Third, satisfaction commonly has thresholds at both a lower level (insufficiency or under fulfillment) and an upper level (excess or over-fulfillment). This means that a consumer's

Satisfaction may drop if she/he "gets too much of a good thing." Many people focus upon the Lower threshold and neglect the potential for an upper threshold. With this definition in mind, we move to the traditional macro-model of customer satisfaction. This model underlies much of the research in customer satisfaction over the past decade. Note the following:

- Perceived performance often differs from objective or technical performance, especially when a product/service is complex, intangible, and when the consumer is unfamiliar with the product/service.
- Comparison standards can come from numerous sources that can vary widely by individual, by situation, and by product/service type.

- Perceived disconfirmation is the evaluation of perceived performance according to one or more comparison standards. Disconfirmation can have a positive effect (generally implying a satisfying result), a negative effect (generally implying a dissatisfying result), or a zero effect.
- Satisfaction feeling is a state of mind, an attitude. The phrase "mixed feelings" applies here, as a consumer may have different levels of satisfaction for different parts of a product/service experience.
- Outcomes of satisfaction feelings may involve intent to repurchase, word-of-mouth (the consumer's communication with her/his network of her/his approval/disapproval for a product/service), and complaints.

2.12. Customer expectations

In the beginning of a service experience delivery process, customers are looking forward to service encounters with eager anticipation. In other words, what customers expect to acquire from service providers can define diverse customer expectations. Moreover, customer expectations are regarded as desires or wants of customers, i.e. what they feel a service provider should offer more than what would offer. (Levesque, & Dougall, 1996), proposed that understanding customer expectations of a service played an important role for delivering satisfactory services. Previous researches had presented that how customers assess the performance of a service provider was based on the single level of expectation standard, which meant customer felt a service provider should offer. However, past researchers kept evolving and extending the conceptual model of expectations, putting a lot of effort to pinpoint the critical element within customer expectations. These researchers offered multi levels of customer expectations (Baker, 2000).

2.13. Impact of service quality on customer satisfaction

Service quality is found to be a strong predictor of customer satisfaction. Research in different industries have investigated the relationship between service quality (its dimensions) and customer satisfaction – telecommunications In traditional banking service quality dimensions of relational performance, core performance and features performance were found to be significant predictors of customer satisfaction (Magesh,

2010). Various studies have been conducted in similar area, where in banking service quality dimensions have been tested as predictors of customer satisfaction (Krepapa et al., 2003; McDougall and Levesque, 2000; Ndubisi and Wah, 2005).

2.14. Empirical Review

Munusamy et al.,(2010)The three service quality dimensions (assurance, empathy, and responsiveness) have positive and insignificant effect on customer satisfaction. Tangibility has a positive and significant impact on customer satisfaction. However, reliability has a negative and insignificant effect on customer satisfaction.

Mohammad and Alhamadani et al.,(2011) The five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) have a positive and significant effect on customer satisfaction.

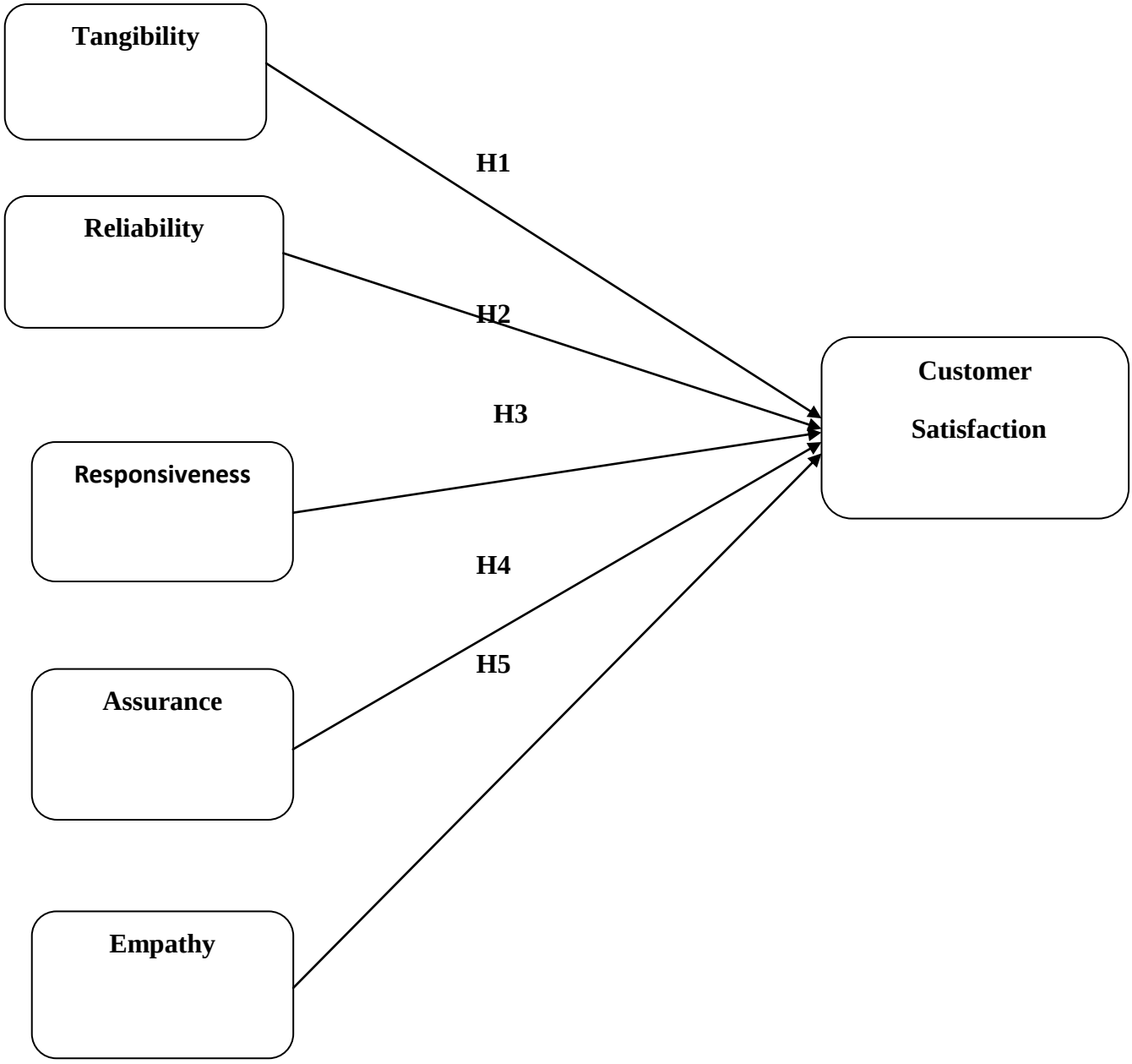
Al-Hawary et al.,(2011) The four service quality dimensions (tangibility, reliability, assurance, and responsiveness) have a positive and significant effect on customer satisfaction. Empathy has a negative and significant effect on customer satisfaction.

Malik et al., (2011) The two dimensions of service quality (reliability, assurance) have a significant and positive effect on customer satisfaction. However, the rest three service quality dimensions (tangibility, responsiveness and empathy) have no contribution to customer satisfaction.

2.15. Conceptual frame work

Most studies confirm that there is a relationship between service quality and customer satisfaction. For instance, Magesh, (2010) found a positive relationship between service quality and customer satisfaction. Likewise, Johnston, (2007) also found that perceived service quality influences customer satisfaction. Similarly, Kotler, & Armstrong, (2010) assured that service quality has a positive effect on customer satisfaction which means that the higher quality of service attracts more customers who have bought back the desire and intention to recommend. Finally, this theoretical framework guiding the evaluation is depicted in figure 1 below, considering different types of models. Also, this

study will investigate independent variables which can determine service quality namely: tangibles, reliability, responsiveness, assurance and empathy as well as their impact on level of satisfaction (dependent variable). Accordingly the following frame works were developed:



Source**:** "Parasuraman,1988"

Figure 1: Conceptual Framework

CHAPTER THREE

RESEARCH DESIGN AND MOTHODS

Introduction

This chapter presents details of the research design and methodology. This includes the research design, sample size and sampling technique, data source and collection method, and data analysis.

3.1. Research Design

Both descriptive and explanatory study design using quantitative method was used to analyze for data collected from customers. The reason behind using descriptive study design is because the researcher is interested in describing the existing situation under study. This study used descriptive analysis that describes the service quality dimensions that lead to customer satisfaction. This study also used explanatory study design, to explaining, understanding, predicting and controlling the relationship between variables. The study is cross-sectional in the sense that relevant data was collected at one point in time.

3.2. Population and Sampling Technique of the study

A population study is a study of a group of individuals taken from the general population who share a common characteristic. In this study target population of the study were customers of ERICA of Jimma branch. Currently there are650 category A tax payers registered in Ethiopian Revenues and Customs Authority of Jimma Branch. The study used simple random sampling technique. This is because every object has the same probability being chosen. Based on these the researcher used the following sample size determination formula to determine the sample size of the population. The formula was developed by Taro Yamane (1967). It is calculated as follows:

$$n=\frac{N}{1+N(e)^2}$$

Where **n** is the sample size,

N is the population size, and

e is the level of precision or sampling error = (0.05)

$$n=\frac{650}{1+650(.05)^2}=248$$

3.3. Source of data

To achieve the objectives of the study, the researcher used both types of data sources; primary and secondary data sources. Primary data sources were found from customers of ERCA of Jimma branch, while, secondary data sources were several related materials, such as, documents of the organization, books, articles, researches and so forth.

3.4. Data gathering tools

Questionnaires were used as tools in gathering primary data of the study. On the other hand Books, documents of the organizations, internets sources, related articles and researches were served as tools of data gathering from secondary sources. Primary data was collected using questionnaires. The questionnaire items were adopted from previous studies (Graham & Simy 2004). However, the questions were modified to suit the study area context, and sought respondents' feelings about overall customer satisfaction and the effect of service quality on customer satisfaction and evaluation of each service quality dimensions in ERCA. In this ways the questions in questionnaire provided in to three parts these are in the first parts respondents background were assessed, while in the second section service quality of the organization assessed and in the third part the study assessed respondent level of satisfaction.

The questions that were provided in the second and third parts were using Likert scale with five response categories (strongly disagree, disagree, neither agree nor disagree, agree and strongly agree). "The Likert scale method was preferred to make questions

interesting to respondents and thereby enhance their cooperation, ultimately to ensure maximum response rate" (Robson Colin, 2002).

3.5. Method of data analysis

The data collected from different sources, both quantitative and qualitative, were processed and analyzed using mixed approach such as, descriptive and explanatory data analysis method. To be completed and minimizing error the data that are collected from the primary survey were edited, and coded. Finally the data were processed using computer software called Statistical Package for social scientists (SPSS) version 20.1.

The descriptive statistics includes frequencies, percentages, means and standard deviation and the explanatory data analysis used inferential statistics includes correlation analysis and regression analysis. To show the effect of service quality effect on customer satisfaction the study used Pearson correlation and multiple regression analysis.

The equation of multiple regression on this study is generally built around two sets of variable, namely dependent variables (customer satisfaction) and independent variables (Tangibility, reliability, responsiveness, assurance, and empathy). The basic objective of using regression equation on this study is to make the researcher more effective at describing, understanding, predicting, and controlling the stated variables.

Regress customer satisfaction on the service quality dimensions

$$Yi = \beta 1 + \beta 2X2 + \beta 3\ X3 + \beta\ 4X4 + \beta\ 5X5 + \beta 6X6$$

Where Y is the dependent variable- customer satisfaction

X2, X3, X4, X5, and X6 are the explanatory variables (or the regressors)

β1is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.

β2, β3, β4, β5, and β6 refers to the coefficient of their respective independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

3.6. Validity

The validiy of scientific study increases using various sources of evidence (Yin, 1994). The researcher used a content validity, as it were assessed how well a set of scale items match with the relevant content domain of the construct that it is trying to measure. Thus, a number of different steps were taken to confirm the validity of the study, as follows:

- data were collected from those target population respondents who have goodunderstanding and experiences in the study area.
- Survey questions were prepared based on previous empirical research review as well as conceptual questions related to organizational service delivery practice to ensure result validity.
- The participants were also asked to give comments on the statements of the questionnaires to avoid subjectivity and ambiguity.

3.7. Reliablity

Cronbach's alpha is a tool for assessing reliability scale which normally ranges between 0 and 1.Internal consistency reliability is a measure of consistency between different items of the same construct. If a multiple-item construct measure is administered to respondents, the extent to which respondents rate those items in a similar manner is a reflection of internal consistency. Hence, a multiple–item measurement scale internal consistency method is used to the study. According to George and Mallery (2003) a Cronbach's alpha coefficient greater than 0.9 implies excellent, greater than 0.8 is good, greater than 0.7 is acceptable, greater than 0.6 is questionable, greater than 0.5 is poor, and less than 0.5 is unacceptable".

Based on the principle in order to establish the degree of reliability, consistency, and accuracy of the instrument, a pilot study was conducted. Based on the method the consistency and reliability of the study measured dividing the question based on their dimension as indicated below in the table.

Table 3.1 Reliability Test of the Study

Independent Variables	Cronbach's Alpha if Item	N of Items	N of respondents
Tangibility	.904	5	242
Reliability	.787	5	242
Responsiveness	.837	5	242
Assurance	.752	5	242
Empathy	.904	5	242

Source Questioner, 2017

As indicated from the above table the reliability test of the questions was acceptable and reliable this is because the entire question found under each of the service quality dimension questions Cronbach's Alphaitem greater than the value of 0.5.

3.8. Ethical Consideration

I am going to treat any information I get from any individual confidentially without disclosing the respondents identity, and I am going to be as open minded as possible and express opinions as they are given. I will not modify anything and I am going to be very appreciative of all literature that has contributed in any way to my research.

CHAPTER FOUR
DATA PRESENTATION ANALYSIS AND INTERPRETATION

This core chapter deals with the discussion and analysis of data collected from customers of ERCA of Jimma branch. As indicated in the methodology part the study conducted basically using questionnaires filled by respondents. The study totally distribute 248 questionnaires however, the analysis were done based 242 (98%) the rest 6 questioners were omitted for their errors.

4.1. Background of respondents

Table 4.1 Characteristics of respondents

Description responds	**Response**	
	Frequency (No)	**Percept (%)**
A. Gender		
Male	152	62.8
Female	90	37.2
Total	**242**	**100**
B. Educational level		
Un educated	-	-
Junior	13	5.4
High school level	22	9.1
Certificate	36	14.9
Diploma	70	28.9
First Degree	101	41.7
Master and Above	-	-
Total	**242**	**100**
C. Age of respondents		
18-25	45	18.6
26-35	133	55.0
36-45	64	26.4
46-55	-	-
Above 55	-	-
Total	**242**	**100**
D. Business Category of Tax Payers		
Private Limited Company	161	65.3
Share company	27	22.3
Government	54	11.2
Total	**242**	**100**

Source Questionnaire 2017

The above table indicates the demographic natures of the respondents accordingly; the majority of the surveyed customers are male representing 62.8 % of the sample while women constitute 37.2 %.The combination of male to female of respondents indicated that the gender combination of the sample was fair which was helpful to incorporate the opinion of both sex in the study.

Concerning to educational level of respondents, there were no uneducated respondents as well as masters and above educational level so that they do not have contribution in the study, similarly respondents whose educational level belongs to junior (5.4%) and High school (9.4%) were relatively small. However, majority of the respondents hold certificate (14.9%), Diploma (28.9%) and degree (41.7%). Regarding customers educational status can be said that, most of the branches customers were found in a good educational level.

Concerning the age group majority of respondents 55 % were between the age group of 26-35 followed by the age group of 36-45 which is 26.4% and age groups belongs 18 – 25 which is 18.6%.However, there were no respondent 46 and above age groups. Regarding the age group of the respondents, it can be analyzed that, most of the tax payers of the branches are young and adults.

With related to respondents category of business types, majority of the respondents accounted for 65.3% belongs private limited business, followed by, Share Company (22.3%) and governmental organization tax payers (11.2%). The result implied that, in the branches tax payers dominated by individual business runners.

4.2.Descriptive Analysis of SERVQUAL

In line with the objectives articulated under chapter three here effort was made to analyse respondents view on the provided a five scale likert types of questions. Rrespondents‟ feedbacks were captured along the 23 items corresponding to the five dimensions that were introduced to measure the study area under each of the SERVQUAL measurements such as, tangibility, responsiveness, reliability, assurance and empathy.In this regard the descriptive parts of this study were analyzed based on using a descriptive statistics of mean and standard deviation. Accordingly, the composite mean value shows the average

of all respondents' perceptions on a certain dimensional questions. While, standard deviation shows how diverse are the perceptions of respondents for a given dimensional questions.

For instance, high standard deviation means that the data are wide spread, which implies respondents give variety of opinion while, low standard deviation implies respondents close respondents opinion whether positively or negatively. Express close opinion. Based on these, the result mean score value and standard deviation of the study based on the rule of thumb that pertaining to the intervals for breaking the range in measuring variables that are captured with five point scale (that ranges from strongly disagree to strongly agree) is 0.8, which is actually found by dividing the difference between the maximum and minimum scores to the maximum score (Thumb, 2012). Hence, a calculated composite mean value that ranges from 1 to 1.80 implies strong disagreement, whereas the remaining ranges of 1.81 to 2.6, 2.61 to 3.4, 3.41 to 4.2 and 4.21 to 5.00 representing respondents' perceptions of disagreement, neutrality, agreement and strong agreement respectively. Therefore, composite scores of mean and standard deviation were calculated for each of the variables as follow:

4.2.1. Service Delivery Quality Regarding Tangibility

Tangibles involve in the firms' representatives, physical facilities, materials, and equipment as well as communication materials. Tangible materials have their own impact in determining customer satisfaction level in service rendering institutions like ERCA. To find out the branches institutions delivery of quality of service in terms of tangible materials the study made an attempt to develop a five scale Likert types of questions and customers were invited to indicate their views for each of the questions. Based on these, respondent were asked about their branch Authority service quality, the result mean score value and standard deviation implied below in the table.

Table 4.2 Respondents view on the service quality interims of tangibility

Related questions	N	Mean	Std. Deviation
The branch has modem looking equipment	242	2.8306	1.11209
The branch has neat and disciplined employees	242	2.7273	1.05453
Room is clean and provides adequate of space	242	3.1074	.89999
Employees' uniforms are attractive	242	2.2727	.96409
Printed materials(forms, brochures,etc)look attractive	242	2.5182	.93791

Source, survey data, 2017

As indicated on the above table the questions were provided to assess whether, the branch organization service quality regarding tangibility is well performed or not. Accordingly respondents give their respective view for each of the related questions.

Regarding the question whether the organization provided modern looking equipment's such as, computerization system, and other necessary equipment's that can facilitate the organization work or not, accordingly, majority of respondents at a mean score value of 2.8306 with a scattered standard deviation of 1.11209 implied their neutrality, which implies that, some of the respondents view regarding with the organization accomplishment of equipment's are positive, while some of the respondent implied the reverse. Therefore, based on the view of the respondents we can deduced that, respondents view on the organization equipment is not similar some of them indicate its weakness while, the other implied good side, however, the result still indicate an accomplishment of equipment's in the eyes of large number of respondents are still not fulfilled.

Concerning to the question asked whether the branch has neat and disciplined employees, still respondents implied similar answer like the above paragraph. Accordingly, respondents at a mean score value 2.7273 with a standard deviation value of 1.05453 still implied respondents view are not similar, some of them implied their agreement that the employee of the branches are neat and disciplined, while some of them implied their disagreement. Based on the respondents view, even though, employees are in somehow neat and disciplined, however, respondents that, implied their disagreement on the

questions indicated still there is a gap in creating well-disciplined employee of the organization.

Concerning to the question, the rooms cleanness and availability of space, majority of respondents, at a mean score value of 3.1074 with a relatively similarity of standard deviation at .89999 implied rooms of the branch authorities were not clean and crowded in their space.

Regarding the questions whether employees' uniforms are attractive, majority of the respondents implied at a lowest composite mean value of 2.2727 with similar standard deviation at.96409, their disagreement. With related to this question some customer respondents were indicated that

‘’ it is difficult to identify employee from customers this is because, there was no employee identification mechanism such as, using an ID, that can express position of employee’’ as a result of lack of uniform or using employee identification mechanism for customers it is difficult to accomplish task.

Finally, the study were assessed, whether an availability of Printed materials(forms, brochures, etc) look attractive or not still majority of the respondents at a low mean value of 2.5182 with a standard deviation at .93791 implied, there is lack of written materials, that can easily guide customers to accomplish their tasks.

Generally, the result of the respondents regarding tangibility implied that, even though the branches authority tried to reduce challenges of service quality however, still there are challenges of service quality in terms of tangibility.

4.2.2. Respondents view on the reliability of the service quality

Reliability depends on handling customer service issues, performs the services right the first time; offers services on time, and maintain a record of error-free. Moreover, reliability is the most significant factor in conventional service. Reliability also consists of the right order fulfillment; accurate records; accurate quote; right in the bill; Results are more accurate than commissions; keep the promise of service and so forth that more focuses on operation efficiency. In premise to this concept the survey were provided

related questions to assess ERCA branches of Jimma. Below in the table respondents view were indicated and discussed clearly.

Table 4.3 Respondents view on the reliability of the service quality

Related questions	N	Mean	Std. Deviation
The branch provides its services at promised times	242	2.5537	.78841
Employees are consistently courteous	242	2.8223	.72122
The employees handled customer's complaints effectively	242	2.8223	.94091
Employees provide accurate information to customers	242	2.9050	.79629
Employees show dependability in handling service problem	242	3.1901	.71515

Source, survey data, 2017

As indicated on the above table the survey were tried assess customers of ERCA, on the reliability of the service quality provided by the branches using different types of related questions. Accordingly respondents were forwarded their view on the provided question as follow:

The study was assessed respondents view whether, the branch provides its services at promised times or not, however, respondents implied at a lowest mean value 2.5537 with similar standard deviation their disagreement. With related to this question an interview with some of the customers were doing some of them complained that, actually as a any kind of public organization it has its own working time, however, most of the employee were not found on their work at a promised time, accordingly, some of the employee spent their lot of time in meeting, and some of the concerned on their personal concern than serving the customer delicately. From the result both questioner and interview the study infer, service quality interims of respecting the working hours were not reliable, as a result large number of customers were dissatisfied on the situations.

Concerning with employee politeness the study were indicated at a low a mean value of 2.8223 with a small variation of standard deviation, .72122 implied there were a problem politeness and courteous of regarding with employee side.

The study were also assessed the branch organization how handle customer complain, however, the result mean value 2.8223still indicate the organization doesn't manage complaint customers properly. Regarding complainant handling benefit, Richard (2011) explain that, good complaints handling system provides benefits to the organizations: providing a quick, easy and cost-effective means of resolving difficulties and giving customers the assurance that their complaints are being taken seriously and that they are being treated properly, fairly and impartially.

The study also assessed whether employees provide accurate information to customers or not, in these regard the cumulative mean results at 2.9050 with scattered standard deviation result at .79629 implied their neutrality, this implied that there is an impartial customer handling process in the organization, this is because some of the respondents implied their positive response while others implied their negative response.

4.2.3. Respondents view on the Responsiveness of Employee of the Branches Satisfaction

Responsiveness is the willingness to help customers and provide prompt service. Furthermore, it is responsiveness such as speed and timeliness of service delivery. This consists of processing speed and service capabilities to respond promptly to customer service requests, and wait a short and queuing time. More specifically, responsiveness related to the study area the willingness or readiness of employees to provide services. Employee responsiveness can affect customer satisfaction. With regards to this concept the study were assessed customers of ERCA Jimma branches service quality regarding with employee responsiveness through five likert scale question similar with the above discussion of tangibility and reliability. Accordingly below the table implied respondents' respective view:

Table 4.4 Respondents view on the responsiveness of ERCA of Jimma branches

Related questions	N	Mean	Std. Deviation
Employees are happy and willing to serve the customer	242	2.7231	.75245
The branch provides diversified service to the customers	242	3.2645	.96639
The branch gives prompt service	242	2.8306	1.02673
The branch gives quick response to customer requests	242	3.0000	.95977

Source, survey data, 2017

As indicated on the above table to asses employee responsiveness the study were provided five likert scale questions, and the cumulative result were discussed based on mean value and standard deviation. Accordingly, respondents view on the provided questions analyzed as follow:

The study were forwarded a question whether employee are happy and willing to serve the customer, the response of the customer at a mean value 2.7231 with a small difference standard deviation .75245 implied that, even though some of the employees are willing and happy in serving customers, however, majority of the employees were not serving customers in a good manners.

With regards to these question some of the customers indicate that some time when customers ask an information some of the employee act like as they are so busy indicate and didn't give customers any responses for the needed information, this is an implication of branch employees are not well motivated.

Concerning the branch whether it provides diversified service to the customers or not the result mean value at, mean value of 3.2645 with a standard deviation .96639 implied positive response that is every kind of service that provide by ERCA also provided in Jimma branches.

Regarding with time accuracy of the branch the study were assessed whether the services are provided by promptly or not, and the response of the customer at a mean value 2.8306 with a scattered standard deviation value 1.02673implied their neutrality, which means

even though the branches response some of consumers service timely however, there are also challenges to respond customers service, promptly.

4.2.4. Relationship between Assurance and Customer Satisfaction

Assurance is knowledge and good manners or courtesy of employees. Further, it the ability of employees with the help of the knowledge possessed to inspire trust and confidence will strongly strike the level of customer satisfaction. In the study sector services provided to the customer, assurance means providing assistance in a polite and friendly manner, ease in accessibility details, comfort or convenience inside the organization. Based on the above concept the study were provided a related questions to assesses the service quality of the branches interims of assurances and the result of the respondents presented below in the table.

Table 4.5 Respondents view on the service quality related to assurance

Related questions	N	Mean	Std. Deviation
The employee has the required skill in providing service	242	2.7355	.86680
Employees are trustworthy	242	3.9091	.60182
The employees have sufficient knowledge of service information	242	2.7231	.75245
The employees make customers feel safe in the service provide	242	2.8140	.83649
Employee instills confidence in customers	242	3.0041	.74287

Source, survey data, 2017

To analyses the fourth variable of assurance just like the previous analysis the study provide five basic questions as indicated in the above table. Respondents were give their respective answer over the provided questions, by choosing the alternative five type of questions as follow:

Concerning the skill of employee the study were assessed whether employee has the required skill in providing service or not accordingly majority of the respondent at a mean value 2.7355 implied their neutrality, which means some of the respondent agreed that, employee provide by fulfilling the required skill professionally, however, some of the respondents implied that employee doesn't have the required skill in providing the

services accordingly, some of the respondent indicated some of the employee challenged by operational efficiency such as in operating the software.

Regarding the question whether customers trust employee of the organization in paying tax or not, consumers indicated their response at a highest mean value of 3.9091 with a less diversity of opinion which indicated at a standard deviations of .60182 implied employees are trustworthy.

The study was also assessed whether employees have sufficient knowledge of service information or not in this regard respondents at a lowest means score value 2.7231. with a value of standard deviations .75245 implied that, most of the employee doesn't have sufficient information, this is because when customers ask any of an employee to fining help in some case they were observed in some confusion even to told where the problem is solved.

With related to the questions asked whether employees make customers feel safe in the service provide or not still respondents at mean score value of 2.8140 implied, there is a problem, this is because, customers to feel safe they should require the necessary information, such as, how they complain challenges, where they get the necessary information if they have complain and so forth.

Finally, the study were assessed confidence of customers on employee, respondents indicated at a mean score value of 3.0041, implied their neutrality which means some of the employee tried to their own contribution customers to be confident on their work by their appropriate function of their duties, while some of the employees are not properly functioned their task. As a result respondents view on this issue was not similar.

4.2.5. Relationship between empathy and Customer Satisfaction

Empathy is caring and individualized attention to customers to make them feel they are receiving better services and individualized attention. Service empathy characterizes both the service provider's willingness and capability to respond to individual customer desires. Based on these the study was provided related questions for customers and their respective response were provided below in the table.

Table 4.6 Respondents view on the service quality related with Empathy

Related questions	N	Mean	Std. Deviation
Employees always treat customers in a friendly manner	242	2.7273	.96838
Employees understand customers' specific needs	242	3.2727	.75671
Employees treat customer with great respect	242	2.5331	.89775
Employees give individual attention to customers	242	2.6240	.88973

Source, survey data, 2017

As indicate from the respondents customers, the questions asked related to empathy were not respond positively, accordingly, the mean score value of 2.7273 implied employee were not treat customers in a friendly manner. With related to this idea Magesh, (2010) implied that, treating customers in friendly manner can relax customers and initiated to them to ask what every they want freely, however, customers implied in their response some of the employees were act like a boss than treating customers friendly.

Regarding the question asked whether, employees understand customers' specific needs, or not majority of the respondent at a mean score value implied their agreement, however the rest respondents indicated at a standard deviations.75671 implied their disagreement which means still some of the employees didn't in understanding customers specific need, such as, all customers didn't need similar types of treatment this is because some of the customers are new for the organization while some of them are explained, and other difference are happened on customers so that, employee should understand customers specific need.

4.3.Level of customer satisfaction in ERCA of Jimma Branch

Customer satisfaction requires full meeting customer expectations of services. When performance matches or exceeds customer expectations for service, they are satisfied. If not, they are not satisfied. In premises to this concept the study tried to analyzed customerslevel of satisfaction using a five scale satisfaction level on the service provided by the organization. Accordingly the following survey implied below in the given table:

Table 4.7 Respondents level of satisfaction on the organization service quality

Related questions	N	Mean	Std. Deviation
I am satisfied with the Branch's complete range of service	242	2.8182	.93791
I am satisfied with the performance of the employees of this Branch	242	2.7273	.86423
I am satisfied of being a client of this Branch	242	2.9091	.99792
I am satisfied with the Branch employees' professional competence	242	2.5455	.49896
I am satisfied with the quick service of this branch	242	2.6322	.98594
I am satisfied with the respectful behavior of employees	242	2.5413	.89741

Source, survey data, 2017

As can be seen from the above table respondent level of satisfaction on the organization service quality were assessed using different types of questions, however, all of the means values and the standard deviations measurement indicated respondent were dissatisfied on the service quality provided by the branch. Therefore from the results one can infer that, even if the some proportion of the customers are somehow satisfied by the service provided in the branch organizations however, large proportion of respondents still dissatisfied by the service provided in the organization.

4.4. Correlation Analysis between Service Quality Dimensions and customer Satisfaction

To find out the relationship between service quality dimensions and customer satisfaction, Pearson's correlation coefficient (r) which measures the strength and direction of a linear relationship between two variables is used. Values of Pearson's correlation coefficient are always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive sense; a correlation coefficient of -1 indicates that two variables are perfectly related in a negative sense, and a correlation coefficient of 0 indicates that there is no linear relationship between the two

variables. A low correlation coefficient; 0.1 - 0.29 suggests that the relationship between two items is weak or non-existent. If r is between 0.3 and 0.49 the relationship is moderate. A high correlation coefficient i.e. >0.5 indicates a strong relationship between variables. The direction of the dependent variable's change depends on the sign of the coefficient. If the coefficient is a positive number, then the dependent variable will move in the same direction as the independent variable; if the coefficient is negative, then the dependent variable will move in the opposite direction of the independent variable. Hence in this study both the direction and the level of relationship between the dimensions of service quality and customer satisfaction are conducted using the Pearson's correlation coefficient. The table below presents the result of the correlation analysis made using bivariate correlation.

Table 4.8.The relationship between service quality dimensions and customer satisfaction

		Satisfaction
Tangibility	Pearson Correlation	.748**
	Sig. (2-tailed)	.000
	N	242
Reliability	Pearson Correlation	.636**
	Sig. (2-tailed)	.000
	N	242
Responsiveness	Pearson Correlation	.814**
	Sig. (2-tailed)	.000
	N	242
Assurance	Pearson Correlation	.566**
	Sig. (2-tailed)	.000
	N	242
Empathy	Pearson Correlation	.715**
	Sig. (2-tailed)	.000
	N	242

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

The result correlation analysis implied that, all of the in dependent variables positively correlated customer satisfaction, when the study compare the relative correlation between the service quality dimensions and customers satisfaction, responsiveness highly

correlated with customers satisfaction (r =.814**) followed by tangibility (r =.748**), empathy (r =.715**), reliability (r = .636**) and assurance (r =566*). When we look at the inter correlation between the service quality dimensions we can see that there is a positive and significant relationship between all independent variables with the dependent one, which implies that a change made in one of the service quality dimension will positively motivate the other service quality dimension in turn increase customer satisfaction.

4.5. Multiple Regression Analysis

Multiple regression analysis was employed to examine the effect service quality rendered in ERCA Jimma branches on customer's level of satisfaction. The result also helps us to understand which variables among the five independent variables are more determine customer's level of satisfaction. The findings further indicate model summary result, ANOVA and coefficient of multiple regressions.

Table 4.9 Model Summary of multiple regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.968[a]	.938	.929	.33843

a. Predictors: (Constant), Tangibility, responsiveness, reliability assurance and empathy

As it can be depicted from the table there is a positive and statistically significant relationship between independent and dependent variables. In overall, the results revealed that all independent variables accounted for 93.8% of the variance in customers satisfaction(R^2 = 0.938). Thus, 93.8 % of the variation of customers' satisfaction can be explained by the five service quality dimensions questions and other unexplored variables may explain the variation in customer satisfaction is accounted 6.2%.

Table 4.10 ANOVA analysis

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	112.502	9	12.500	109.140	.000[b]
	Residual	7.445	65	.115		
	Total	119.947	74			

a. Dependent Variable: Customer satisfaction

b. Predictors: (Constant), Tangibility, responsiveness, reliability assurance and empathy

The result in the ANOVA table confirmed the significance of the overall model by p-value of 0.000 which is below the alpha level, i.e. 0.05, which means, the independent variables taken together have statistically significant relationship with the dependent variable under study.

Table 4.11 Coefficient value of multiple regression analysis

Variables		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.730	.087		-8.396	.000
	Tangibility	.420	.060	.300	7.045	.000
	Reliability	.310	.043	.303	7.254	.000
	Responsiveness	.908	.036	.873	25.157	.000
	Assurance	-.557	.052	-.415	-10.640	.000
	Empathy	.121	.056	.094	2.163	.032

Dependent Variable motivation

In the table-4.9, unstandardized coefficients indicated how much the dependent variable varies with an independent variable, when all other independent variables are held constant. The beta coefficients indicated that how and to what extent the independent variables influence the dependent variable. Accordingly the result coefficient value of multiple regression analysis indicated that, responsiveness, (beta = .873, t = 25.157, p = < .000), Reliability (beta = .300, t =7.254, p = .000) and tangibility(beta =.300, t=7.045, p<.000) has the highest influence or significant impact on customer's satisfaction, followed by, empathy (beta=.94, t=2.163, p<.032). However, Assurance (beta =−.415,

t=– 10.640, p< .000), have a relatively lower impact on customers satisfaction of the study area.

In general, the findings result of multiple regression analysis, indicate that, not all of the service quality dimensions have positive effects on customer satisfaction. Out of the five service quality dimensions four dimensions (tangibility, reliability, responsiveness, and empathy) have positive and significant effects on customer satisfaction. On the other hand, assurance has a negative and insignificant influence on customer satisfaction.

Mathematical Valuation

Yi = β1 + β2X2 + β3 X3 + β 4X4 + β 5X5 + β6X6

Where Y is the dependent variable- customer satisfaction

X2, X3, X4, X5, and X6 are the explanatory variables (or the regressors)

β1is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.

β2, β3, β4, β5, and β6 refers to the coefficient of their respective independent variable which measures the change in the mean value of Y, per unit change in their respective independent variables.

=-.730+420X2+.310X3+.908X4+-.557X5+.121X6

X2 represents Tangibility

X3 represents Reliability

X4 represents Responsiveness

X5 represents Assurance

X6 represents Empathy

4.6. Discussion of Results

This section discusses the findings of the statistical analysis in relation to the previous research and literature.

The result of this study indicates that tangibility has a positive and significant effect on customer satisfaction. This finding is supported by (Munusamy, 2010), found that

tangibility has a positive and significant effect on customer satisfaction. This finding is also supported by (Al-Hawary, 2011) reported that tangibility has a positive and significant effect on customer satisfaction. On the contrary, (Malik et al., 2011) reported that tangibility has no contribution to customer satisfaction.

The finding of this study also indicates that reliability has a positive and significant effect on customer satisfaction. This finding is supported by (Al-Hawary,2011) reported that reliability has a positive and significant effect on customer satisfaction. This result also supported by (Malik ,2011), found that reliability has a significant and positive effect on customer satisfaction. On the other hand,(Munusamy, 2010) reported that reliability has a negative and insignificant effect on customer satisfaction.

However, the finding of this study indicates that responsiveness has a positive and significant effect on customer satisfaction. This result is supported by (Mohammad and Alhamadani, 2011), found that responsiveness has a positive and insignificant effect on customer satisfaction. And also(Al-Hawary, 2011) reported that responsiveness has a positive and significant effect on customer satisfaction.

Moreover, the result of this study also indicates that assurance has a negative and insignificant effect on customer satisfaction. In the contrary this finding is not supported by Malik et al., (2011), he reported that assurance has a positive and significant effect on customer satisfaction. Also (Al-Hawary, 2011) found that assurance has a positive and significant effect on customer satisfaction.

The finding of this study further indicates that empathy has a positive and significant effect on customer satisfaction. This finding is supported by (Mohammad and Alhamadani, 2011), reported that empathy has a positive and significant effect on customer satisfaction. On the contrary (Munusamy, 2010) found that empathy has a negative effect on customer satisfaction.

In overall, the results revealed that all independent variables accounted for 93.8% of the variance in customers satisfaction (R^2 = 0.938). Thus, 93.8 % of the variation of customer's satisfaction can be explained by the five service quality dimensions questions

and other unexplored variables may explain the variation in customer satisfaction is accounted 6.2%.

Furthermore, from the findings of this study, researcher found out that not all of the service quality dimensions have positive effects on customer satisfaction. Out of the five service quality dimensions four dimensions (tangibility, reliability, responsiveness, and empathy) have positive and significant effects on customer satisfaction. On the other hand, assurance has a negative and insignificant effect on customer satisfaction. The results of this study further indicate that responsiveness is the most important factor to have a positive and significant effect on customer satisfaction.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RCOMMENDATION

5.1. Summary

The study was intended to investigate the effect of service quality on customer satisfaction in Ethiopian Revenues and Customs Authority Jimma branch. Primary data was collected through questionnaire. 242 respondents randomly selected from the branch customers and data was processed with computer software called SPSS 20.1.

The results of background information of respondents indicated that majority of the total respondents (62.8%) are male, (55%) aged in the range of 26-35 years, (41.7%) are degree holders, and (65.3%) of the respondents are privet limited companies.
The results of the descriptive statistical analysis also indicated that, customers were not satisfied in all the five service quality dimensions from the five tangibility have the least mean value.

The correlation result show that there is a positive and significant relationship between independent variable with that of customer satisfaction. Responsiveness has the highest correlation value followed by tangibility, empathy, reliability and assurance. Furthermore, the multiple regression results showed that except assurance the four service quality dimensions (tangibility, reliability, responsiveness and empathy) have positive and significant effect on customer satisfaction.

The R square value of 0.938, demonstrates that 93.8% of variation in customer satisfaction can be accounted by the service quality dimensions. The findings of this study also indicated that responsiveness is the most important factor to have positive effect on customer satisfaction.

5.2. Conclusion

The research was intended to take an assessment on service quality and its impact on customer satisfaction, an assessment taken in Ethiopian Revenues and Customs Authority Jimma Branch. To conduct the research 248 customer where randomly selected. Based on the presentation and analysis of the data obtained, the main conclusions and recommendations are summarized in this chapter.

- According to analytic results, this study examined the service quality of ERCA of Jimma branch affected by various determinant factors. The findings of the research indicate that customer satisfaction towards the authority branch service quality significantly and positively influenced by tangibility, reliability, responsiveness, and empathy. From this finding, it is clear that the customer expectation exceeds well in tangibility, reliability, responsiveness and in empathy.
- There was a problem in ERCA of Jimma branch to meet the expected customer service regarding employee responsiveness. It indicate that, customer of the branch are not receive the expected help from employee of the organization, as indicated in the finding part there are a lot of customers who need help from employee at different situations such as, some of the customers need technical help such as, how to write, how to complain some errors, where to get target information and so forth, however, the result of the study indicate some of the employee were not helping customers at a times when the customers need them, the most and the customer requests and other queries remains unanswered or unattended at most times. Therefore, employee responsiveness to help customers need significantly affect customers' satisfaction of Jimma branch of ERCA.
- Generally, the study identified, on many service quality dimensions (Tangibility, reliability, responsiveness, and empathy) majority of the respondents responded that they were very dissatisfied and expresses their disagreement with service provided by the branch. This evaluation of respondents indicates that on some performance indicators in the branches customers didn't meet their expectation.

However, some of the respondent evaluates in contrary with the majority respondents positively on the provided service of the organization. In this regards the company in some area achieve good results such as, on the dimension of assurance.

- Moreover, from the findings of this study, researcher found out that not all of the service quality dimensions have positive effects on customer satisfaction. Out of the five service quality dimensions four dimensions (Tangibility, responsiveness, reliability and empathy) have positive and significant effects on customer satisfaction. On the other hand, assurance has a negative and insignificant influence on customer satisfaction. The findings of this study also indicated that responsiveness is the most important factor to have positive and significant effect on customer satisfaction, followed by tangibility, reliability and empathy.

5.3.Recommendation

Numerous respondents indicated that the service delivery system of the company needs some improvement. With the completion of this research study based on service quality and customer satisfaction, the following suggestions made to the organization. These suggestions portray the personal opinions of the author it should be regarded merely as good advice.

- In this study Responsiveness is the dominant service quality dimension which has a highest effect on customer satisfaction therefore the branch organization would work on the indicators of this dimension i.e. the organization need to invest on trainings to enhance its employees, how to handle their customers.
- The researcher recommends that the organization needs to give more emphasis to improve customer satisfying power for tangibility's. Because currently this variable has relatively low mean values. The organization need to concentrate on tangibles as it has the least mean score. Continuous improvements and follow ups might enhance future customer satisfaction levels with respect to this variable. The organization in particular can conduct further customer opinion services regarding the status of customer views on the tangible nature of the branch.
- To improve customer handling system and develop loyal customers, the branch should give greater awareness on enhancing communication with its customers, by developing effective relationship strategy and providing individualized attention to them. Today customers' demand is variable and the company should establish strong connection with them so as to obtain clear and updated information about their requirement. When customers are treated well and satisfied with the services provided by the organization, they will communicate positively about the organization services to their clients.
- The management needs to improve quality services so as to satisfy customer's needs. The branch needs to pay much attention on the customer complaints in

order to satisfy the customer's expectation. Individual attention should be given to customers in order to better understand their needs and better satisfy them.

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APPENDEX
Jimma University
College of Bussiness and Economics

APPENDEX A

Questionnaires to be fill by ERCA Customers

I am currently doing thesis on "THE CUSTOMER SATISFACTION IN THE SERVICE QUALITY OF ETHIOPIAN REVENUES AND CUSTOMS AUTHORITY: AN ASSESSMENT OF JIMMA BRANCH. The purpose of the questionnaire is to gather adequate information in customer service quality and customer satisfaction. In order to make the study more fruitful, your response to the given question would be necessary. All of your response to the given question would be used for the research purpose and will be kept confidential.

To finalize, I would like to forward my deepest gratitude for your unreserved cooperation in filling the questioner.

Part I: Background information of respondents

Directions:Part One: Demographic Characteristics Information (please use the right (√) mark to show your choice)

1. **Sex:**

Male [ ] Female [ ]

2. **Educational level:-**

uneducated [ ] Junior [ ] High school [ ]

Certificate [ ] Diploma [ ] Degree [ ] Masters andabove [ ]

3. **Age:-**

18- 25 [ ] 26-35 [ ] 36-45 [ ] 46-55 [ ] 55 and above [ ]

4. **Business category that you belongs:**

Private Limited Company [ ] Share Company [ ] Governmental company [ ]

Part II: SERVQUAL ITEMS

Instructions:-The following sets of statements represent different aspects of service quality status and their aim is to measure how quality service provided in ERCA of Jimma branch and their effect on customers level of satisfaction on the provided service. So that, please indicate the extent of your agreement or disagreement with each statement by making ***right (√) sign*** in the box corresponding to your level of disagreement or agreement that represented by a number from 1 to 5 (**Where 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree)**.

S.N.	Statement	Score Values				
		Strongly Disagree(1)	Disagree(2)	Neutral(3)	Agree(4)	Strongly Agree (5)
	Questions Related to Tangibility	1	2	3	4	5
1	The Branch has modern-looking equipment,					
2	The Branch has neat and disciplined employees.					
3	Room is clean and provides adequate of space					
4	Employees' uniforms are attractive					
5	Printed materials (forms, brochures, etc) look attractive					
	Questions Related to Reliability					
1	The Branch provides its services at promised times.					
2	Employees are consistently courteous.					
3	The employees handled customer's complaints effectively					
4	Employees provide accurate information to customers.					
5	Employees show dependability in handling service problem.					
	Questions Related to Responsiveness					
1	Employees are happy and willing to serve the customer.					
2	The Branch provides diversified service to the customers					
3	The Branch gives prompt service					
4	The Branch gives quick response to customer requests.					

	Questions Related to Assurance					
1	The employee has the required skill in providing services.					
2	employees are trustworthy					
3	The employees have sufficient knowledge of service information					
4	The employees make customers feel safe in the service provide					
5	Employee instills confidence in customers.					
	Questions Related with Empathy					
1	Employees always treat customers in a friendly manner					
2	Employees understand customers' specific needs.					
3	Employees treat customer with great respect					
4	Employees give individual attention to customers.					

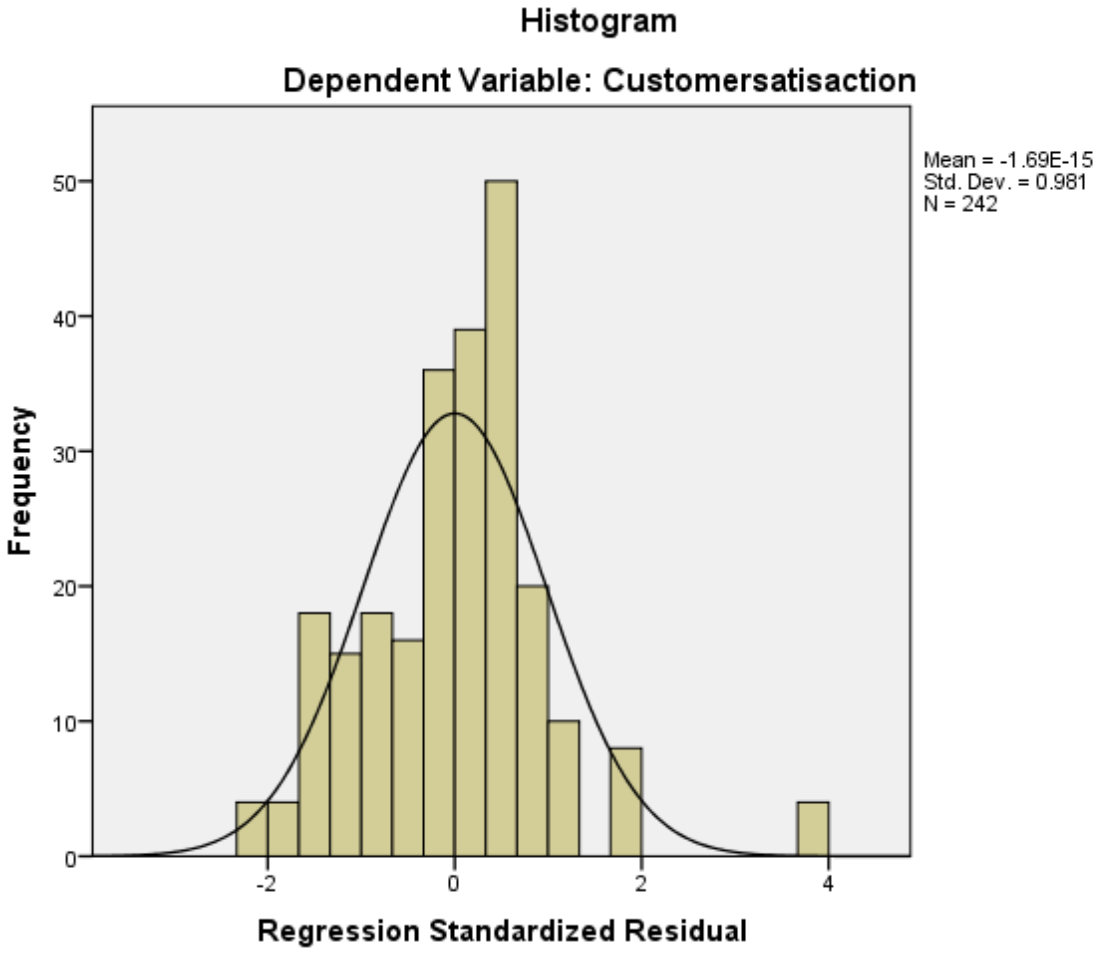
III. CUSTOMER SATISFACTION QUESTIONNAIRE (CSQ

Below the question assessed your level of satisfaction on the service quality effectiveness of ERCA of Jimma Branches. Accordingly indicate your level of satisfaction based on the numbers represented by (1 represent strongly dissatisfied, 2 dissatisfied, 3 average, 4 satisfied and 5 strongly satisfied).

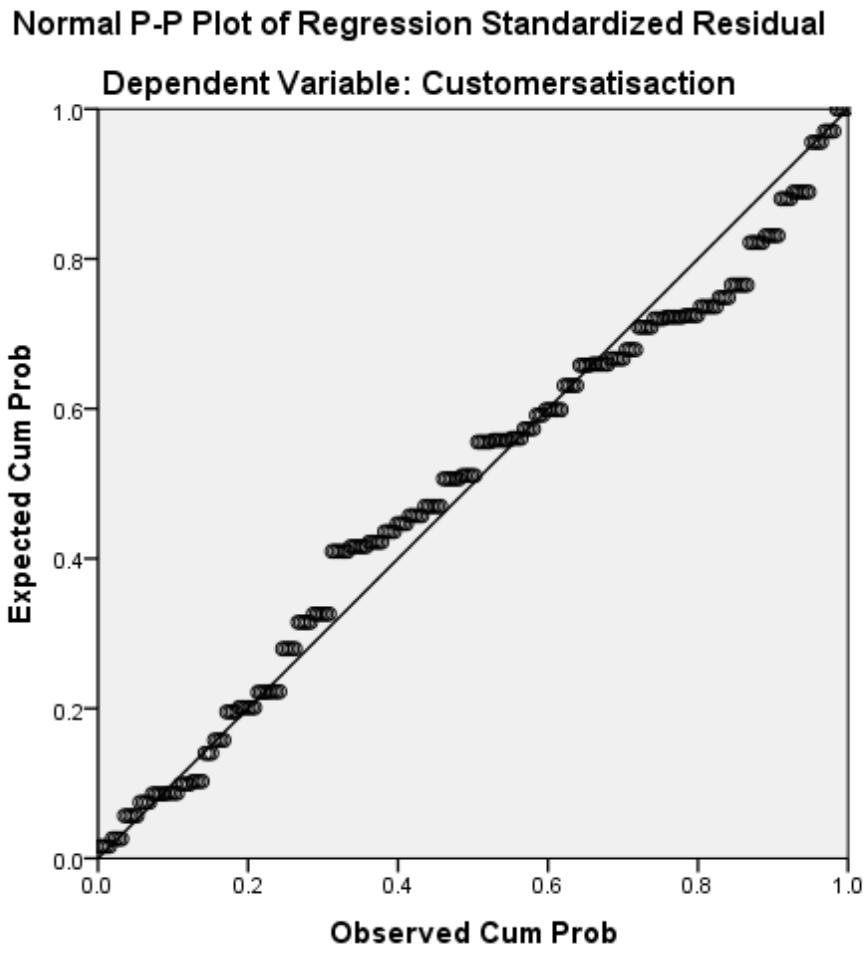
	Satisfaction Related Questions	1	2	3	4	5
1	I am satisfied with the Branch's complete range ofservices.					
2	I am satisfied with the performance of the employees of this Branch.					
3	I am satisfied of being a client of this Branch.					
4	I am satisfied with the Branch employees' professional competence					
5	I am satisfied with the quick service of this Branch.					
6	. I am satisfied with the respectful behavior of Employees.					

Thank you!!

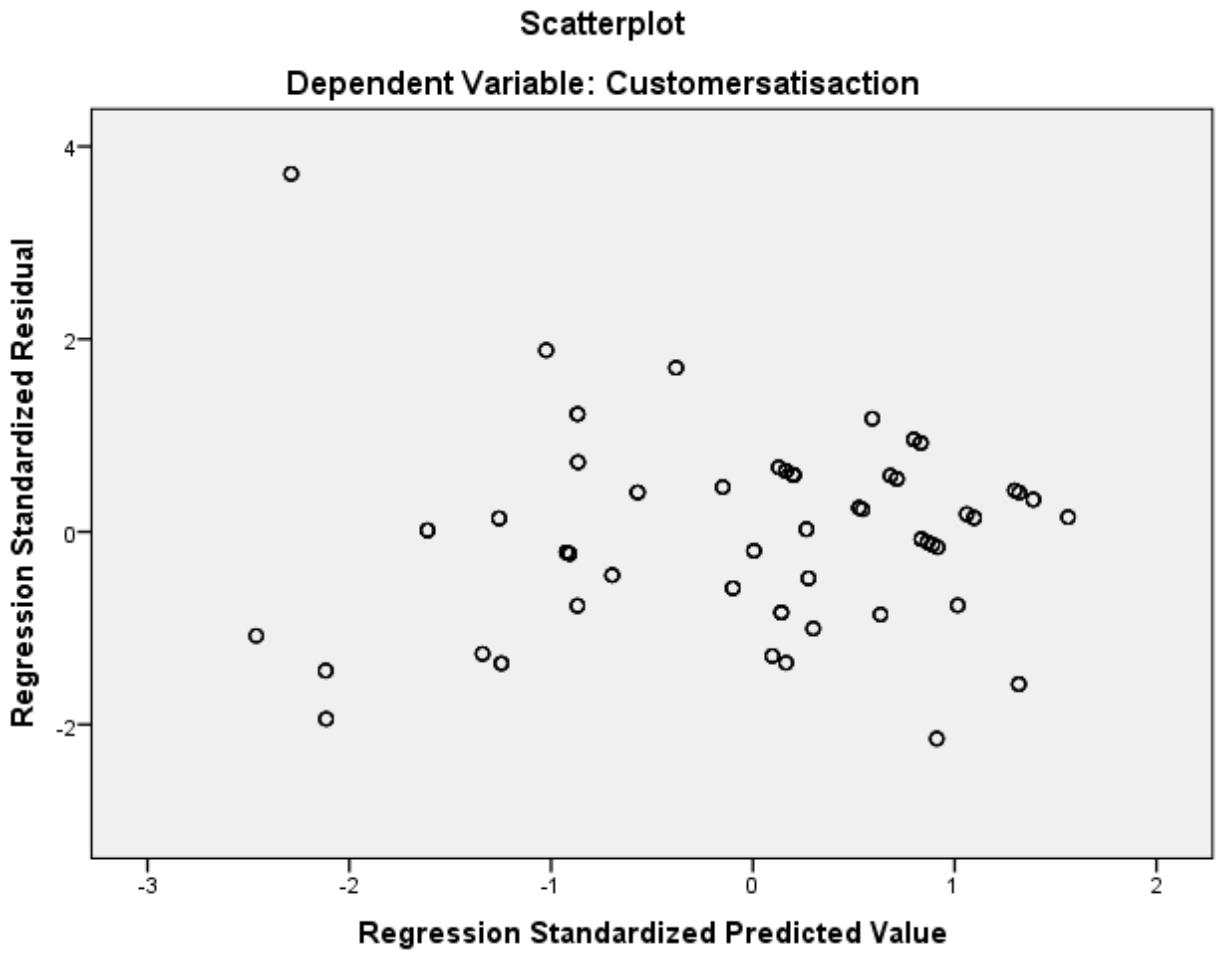
APPENDEX B



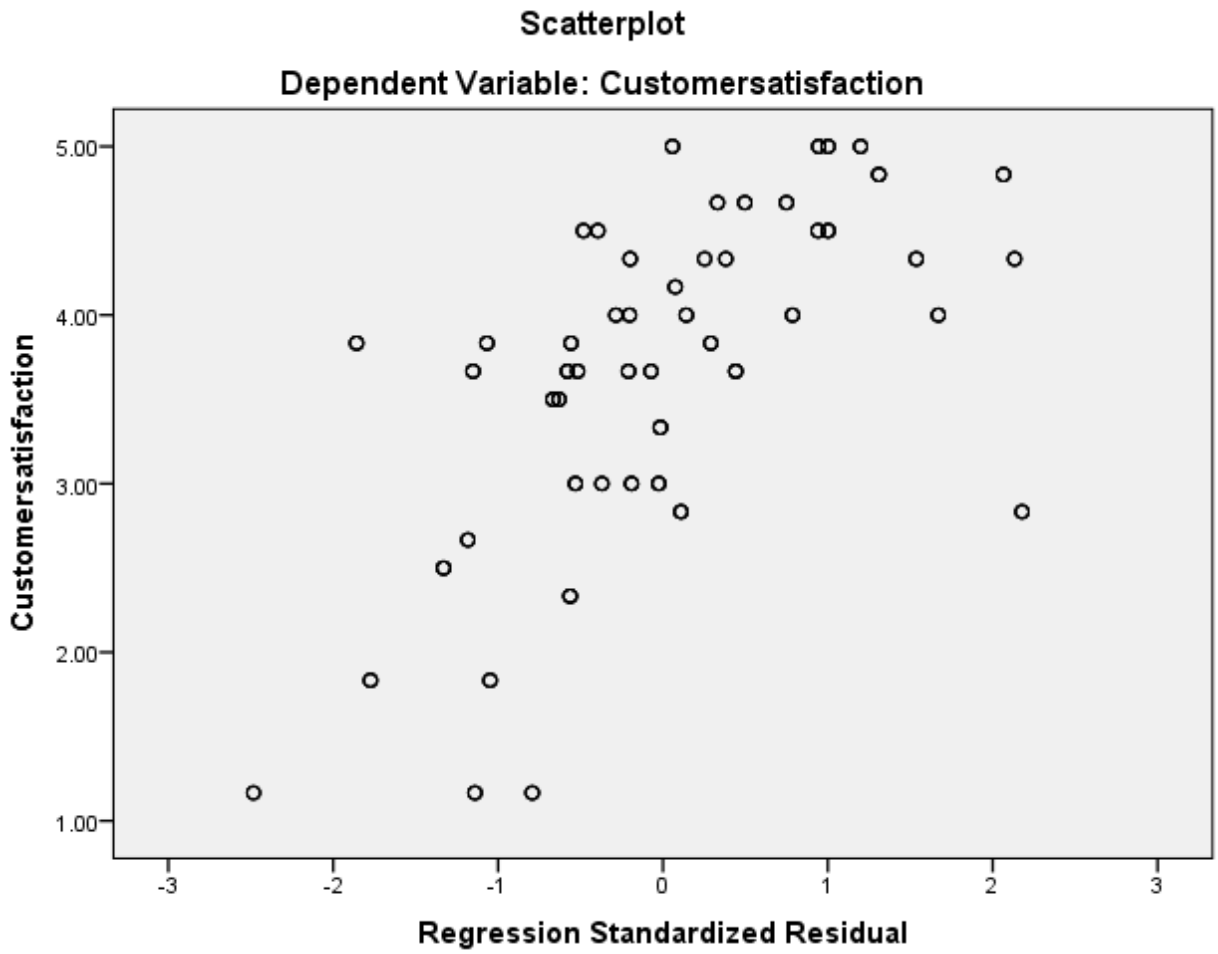
From the above histogram we can understand that the residual distributed equally.



As indicate in the above graph the residual somehow straight line so it is linear to process the multiple regression analysis.



As indicated from the above chart the residual normally distributed with that of dependent variable.



To test homoscedacity drawing a straight line we can see that the residuals have homogeneity to continue multiple regression analysis.