THE EFFECT OF SERVICE QUALITY DELIVERY ON

CUSTOMER SATSFACTION OF JIMMA ZONE REVENUES

AUTHORITY

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1 ACKNOWLEDGEMENT

Abstract

The aim of this study is to assess quality of service delivery and its impact on customer satisfaction. It described the relationship between service quality dimensions and customer satisfaction in Jimma Zone Revenues Authority and identifies the most important dimension of service quality. Moreover, it shows the gaps between customer's expectation and perception on the quality of service delivery system in the organization. The study was carried out through the use of cross-sectional survey design and primarily based on data collected through structured questionnaire developed based on SERVQUAL instrument. Convenience sampling technique was used to select 248 respondents from customers of 2780 vat registered target population of the organization. The data collection was taken one month. The data has been analyzed by descriptive statistics and Pearson's correlation. The finding shows that all the five service quality dimensions are positively related with customer satisfaction. Reliability test shows the highest positive relation with customer satisfaction while tangibles demonstrate the least positive relation with customer satisfaction. The result also indicates that the overall service quality perceived by consumers was not satisfactory meaning expectations exceeded perceptions and all the dimensions showed higher expectations than perceptions of services. This implies that the organization is not providing the level of service quality required by customers. The findings suggest that the organization need to improve all the dimensions of service quality.

Keywords: Service quality, Customer satisfaction

CHAPTER ONE

1. INTRODUCTION

1.1 Background of the Study

"Service quality and customer satisfaction are unarguably the two core concepts that are at the root of the marketing theory and practices"(Spring and Mackoy; 1996).In today's world of intense competition, the key to sustainable competitive advantage lies in delivering high quality services that will in turn result in satisfied customers. When competition increases and environmental issue becomes dynamic, the importance of service quality is increased (Asubonteng, 1996).

In today's world, the existence of all human being is related with different services including banking service, food service, communication service, medical service, transportation service, and emergency services to list some. In general, our economy is founded on service (James; 1998).

Customer satisfaction drives successful businesses. High-performing businesses have developed principles and strategies for achieving customer satisfaction. Research has identified a core set of attributes and actions of successful customer service organizations within the market economy. Organizations that provide services recognize that satisfied customers are the key to their success. They focus on achieving 100 percent customer satisfaction and embed this priority throughout the organization from top to bottom with a solid frame work of policies, practices and information. (Center for study of social policy, 2007)

Achieving high levels of customer satisfaction requires that organizations continually monitor and examine the experiences, opinions, and suggestions of their customers and people who are potential customers. Improving service quality to meet customers' standards is an ongoing part of doing business. In this way, customers drive the market and the organization. (Center for study of social policy, 2007)

"To day customer's takes good customer service for granted and customers are now the rules and that goes for business as much as customer market. All business customers want the same thing; better access to service, more competitive price better customer service and complain than ding process".(DouglusandBasto;2002).

1.2 Background of the organization

Jimma Zone Revenue Authority is a semi-autonomous Government organization charged with the duty of collecting and administering tax revenue in Jimma Zone. It was established in1998 to professionalize tax collection and to ultimately improve efficiency in tax collection.Inorder to achieve this, Jimma Zone Revenue Authority carried out a restructuring exercise. The Authority is also focusing on providing quality and customer focused services to all their clients on top of the various initiatives being under taken.Reports on issues from suggestion boxes at the organization office reveal that tax payers complain of long queues,in consistencies in tax assessments, rude staff, inconvenient and complicated tax procedures,high assessments and complicated forms. This may be attributed to suppression of new ideas and limited subordinates staff participation in policy formulation which makes them find difficulty when it comes to implementation, is conduct, un willingness for staff to take initiatives and accept responsibility for decision making. (Organizational BSC document, 2004)

In Jimma Zone Revenue Authority, allemployees are expected to use the Authority's Client standards as the minimum requirement for customer service. The client standards are to be used in addition to the operational standards that have been developed specifically for each service. (Organizational BSC document, 2004)

1.3 Statement of the Problem

In 2004Jimma Zone Revenue Authority implemented balanced scorecard is a management system (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. For developing better systems of tax administration through overall modernization drive of the all systems

and procedures. A key challenge for any service business is to deliver satisfactory out comes to its customers in a ways that are cost effective for the company. "If customers are dissatisfied with the quality of the service they would not be willing to pay very much for it or even to buy it, at all if competitor offer better"(Lovelock and Wirtz;2004:408). Jimma Zone Revenue Authority is facing the challenge of delivering effective services which can satisfy customers. Most of the time, there is a gap between customer expectation and service provided by the organization. These gaps in service expectation and delivery can damage relationships with customers.

In order to measure service quality its impact on customer satisfaction researches have been conducted by other researchers to solve the problem. In the context of Ethiopia, there are some attempts made by Beliyu (2003) in four banks. Also, substantial research works have also been done on Ethiopian tax system gaps Taddese (2005).

Jimma Zone Revenue Authority is developing better systems of tax administration through overall modernization drive all of the systems and procedures. However, aligning its human resource to drive and sustain the modernization and change initiatives (organization report; 2006). Because of this and other problems the revenue generated by the economy is not collected properly and tax payers voluntary discharging is very less in the zone, for example in 2006 the plan of the authority to collect revenue form the zone was 270 million but the authority only collected 243 million (organizational report; 2006) . Moreover there is no previous works done in this area in the organization.Hence, delivering quality service and creating customer satisfaction is expected from the organization to collect the revenues generated from the economy.

1.4 Research Questions

1. What is the relationship between service quality dimensions and customer satisfaction in Jimma Zone Revenue Authority?
2. What is the level of quality of service being offered by Jimma Zone Revenue Authority to their customers?

3. What is customers 'expectation and perception of service quality provided by Jimma Zone Revenue Authority?

1.5 Objectives of the study

General objective

The overall objective of the study is to assess the quality of service delivery system and its impact on the customer satisfaction of Jimma Zone Revenue Authority.

Specific objective

1. To investigate the relationship between service quality and customer satisfaction in Jimma Zone Revenue Authority.
2. To examine customer's expectation and perceptions of service quality provided by Jimma Zone Revenue Authority.
3. To describe factors that minimizes the service delivery gaps.
4. To identify actions that must be taken by managers in order to satisfy customers through meeting their needs and wants.

1.6 Research Hypotheses

H10: Reliability does not have positive relationship with customer satisfaction of Jimma Zone Revenues Authority.

H20: Responsiveness does not have positive relationship with customer satisfaction of Jimma Zone Revenues Authority.

H30: Assurance does not have positive relationship with customer satisfaction of Jimma Zone Revenues Authority.

H40: Empathy does not have positive relationship with customer satisfaction of Jimma Zone Revenues Authority.

H50: Tangibles does not have positive relationship with customer satisfaction of Jimma Zone Revenues Authority.

1.7 Significance of the Study

Since there are no previous well documented studies on service quality and its subsequent effect on customer satisfaction with regard to Jimma Zone Revenue Authority.

This research is thus believed to have importance in the following areas.

1. The study is expected to provide information on the importance of quality service on customer satisfaction.
2. The finding enables Jimma Zone Revenue Authority to understand the relation between service quality delivery and customer satisfaction and helps the organization to know the most important dimension used to satisfy customers. Also it indicates the extent of the gap between perceived performance and customers' expectations of service quality. This enables to minimize the gaps and to meet customers' expectation.

1.8 Scope and Limitation of the Study

Since the study has focused on assessing the quality of the current service delivery system of Jimma Zone Revenue Authority and customer satisfaction, the respondents in this study were customers from Jimma Zone Revenue Authority who are found in Jimma city. This study looked at the perceptions and expectation of customers only, there by excluding the views of management and front line employees. Focusing only on customer's perceptions and expectation can be seen as limitation.

1.9 Structure of the Paper

This paper has five chapters. The first chapter deals with back ground information, statement of the problem, objective of the study, significance of the study, conceptual frame work of the study, scope and limitation of the study. The second chapter deals with. The third chapter discusses the utilized methodology. In the fourth chapter, there are results and discussions. The last chapter consists of the conclusion and recommendation parts.

CHAPTER TWO

2. THEORETICAL AND EMPIRICAL LITERATURE REVIEW

2.1 Theoretical Discussion

2.1.1Definition of Service

Many writers define 'service' in different ways: for example (Kottler; 2012) defined service as "a form of product that consists of activities, benefits, or satisfactions offered for sales that are essentially intangible and do not result in the ownership of anything". Although services are performed by service providers and consumer together its quality results in perception and value assessment by the customer (Rao; 2007).

2.1.2Service Quality

According to Parasuraman*etal.*(1988), service quality can be defined as an overall judgment similar to attitude towards the service and generally accepted as an antecedent of overall customer satisfaction. Lewis and Booms (1983) defined service quality as a measure of how well the service delivered matches customers' expectations..

In this regard, (Parasuramanetat.1988,) defined perceived service quality as "a global judgment or attitude relative to the degree of excellence or superiority of service". According to Kassarjian, 1991, customers have expectations to meet when they purchase a product or service. After studying several service firms, Parasuramanetal identified five expectations about service quality; these include assurance, reliability, responsiveness, tangibility, and empathy that account for much of the variations of customer's perception of service quality across organizations. Reliability involves the ability to perform the promised service dependably and accurately. Responsiveness is about the willingness to help customers and provide prompt services. Assurance includes knowledge and courtesy of employees and their ability to convey trust and confidence. Empathy is when the organization provides care and individualized attention to its customers. Tangibility

includes appearance of physical facilities, equipment, personnel and communication materials.

However, Cronin and Taylor (1992) argued that service quality should be conceptualized as "similar to an attitude "approach and should be operational zed by the "adequacy-importance" model. Cronin and Taylor (1992), using performance-based approach, developed the SERVPREF measurement instrument. Cronin and Taylor (1994) maintained that performance- based measurements display slightly higher predictive power of customer perceptions of service quality.

According to Gowne*d al.* (2001), service delivery is more complex in the public sector because it is not simply a matter of meeting expressed needs, but of finding out unexpressed needs, setting priorities, allocating resources and publicly justifying and accounting for what has been done. Muhammad Sabbir et al. (2012) proved that assessment of service quality expectations and perceptions to be reliable in the public service setting. Muhammad Sabbir et al. (2012) also suggest public sectors to know how customers evaluate service quality and what they can do to measure and improve service quality. Therefore, to exceed customer expectations, it is necessary for even a public sector organization to continually improve the quality of service provided to its customers.

According to Peter Hernon et al. (2001) Service quality has been defined from at least four perspectives:

- **Excellence**; although the mark of an uncompromising student and high achievement, the attributes of excellence may change dramatically and rapidly. Excellence is often externally defined.
- **Value**; It incorporates multiple attributes, but quality and value are different constructs-one the perception of meeting or exceeding expectations and the other stressing benefit to the recipient.
- **Conformance to specifications**; It facilitates precise measurement, but users of a service may not know or care about internal specifications.

- **Meeting and/or exceeding expectations**; this definition is all encompassing and applies across service industries, but expectations change and may be shaped by experiences with other service providers.

Most marketing researchers have concentrated on the last perspective. The Gaps Model of Service Quality reflects that perspective and offers service organizations a frame work to identify services in the form of the gaps that exceed (orfailtomeet) customers' expectations (Peter Hernon and Danuta A.Nitecki, 2001).

Although all five gaps may hinder an organization in providing high quality service, the fifth gap is the basis of a customer-oriented definition of service quality that examines the discrepancy between customers' expectations for excellence and their perceptions of the actual service delivered (Peter Hernon and Danuta A.Nitecki, 2001). Expectations are desired wants, the extent to which customers believe a particular attribute is essential for an excellent service provider and perceptions are a judgment (Parasuraman, Berry, &Zeithaml, 1991). Jeffrey E.Disend (1991) correlates the Gaps model with the concept of service quality .He maintains that poor service results if the gap, or difference, is large between what is expected and what is delivered. When what is delivered matches what is expected, customers find the service acceptable.

Service quality is thus recognized as one of the most important features of developing and maintaining fruitful and successful relationships in various areas of marketing. Organizations have to ensure that they know what they are trying to achieve and what their consumers expect of them-they can then start to set targets and measure progress and effectiveness in a meaningful way. Without this clear direction and constancy of purpose, the quality cannot be determined and therefore is unlikely to be improved.

2.1.2.1 Managing Service Quality

The critical task of service sector is service quality management. Most services cannot be counted, measured, inventoried, tested, and verified in advance of sale to assure quality. According to Zenithal et al. (1981) service quality management is difficult, Because of its intangibility; the firm may find it difficult to understand how consumers perceive their services and evaluate service quality. Second, services, especially those with a high labor content, are heterogeneous: their performance of ten varies from producer to producer, from customer to customer, and from day to day Consistency of behavior from service personnel (i.e., uniform quality) is difficult to assure because what the firm intends to deliver may been tiredly different from what the consumer receives. Third, production and consumption of many services are inseparable. Without measurement managers will not be sure weather service gaps exist, let alone what types of gaps and where they exist. Many organizations are eager to provide good quality services, but fall short simply because they do not accurately understand what customers expect from the company. The absence of well-defined tangible cues makes this understanding much more difficult than it would be if the organization were making manufactured goods.

In service marketing the quality of service is critical to a firm's success. Service providers must understand two attributes of service quality:-first quality is defined by the customer not by producer or seller. Second, Customer assesses service performed (Stanton; 1987).Consequently, to effectively manage quality, service firm should:

Help customers formulate expectation: Expectations are based on information from personnel and commercials our cues promises made by the service provider and experience with the particular service as well as other similar services.

Measure the expectation level of target market: A service firm must conduct research to measure expectations. Gathering data on the target market's past behavior, existing perceptions and believes and exposure of information can provide the bases for estimating expectation.

2.1.3 Customer Satisfaction

Kottler (2012) defined customer satisfaction as "it depends on the service or product's perceived performance relative to a buyer's expectations. If the product's performance falls short of expectations, the customer is dissatisfied. If performance matches expectations, the customer is satisfied. If performance exceeds expectations, the customer is highly satisfied or delighted." According to Gundersenet.al; (1996) customer satisfaction is as a post consumption evaluative judgment concerning a specific product or service.

Although, there are a number of customer satisfaction theories in the literature such as contrast theory, dissonance theory, and equity theory, research shows that expectation-disconfirmation paradigm has received much empirical attention(Parasuramanet al.,1988).However, other empirical findings demonstrate that customer satisfaction can also be measured through product or service performance (Anderson and Sullivan,1993;Churchill and Surprenant,1982)or an outcome of service quality (Andersonetal.,1994).

There is over whelming evidence in both service quality and customer satisfaction literatures that repurchase intension is an outcome of service quality perceptions as well as satisfaction obtained from purchase episode(Carman,1990;Zeithaml and Bitner,2000).

Customer satisfaction has become a key intermediary objective in service operations due to the benefits it brings to organizations (Saha and Theingi,2009).The importance of customer satisfaction is derived from the generally accepted philosophy that for a business to be successful and profitable, it must satisfy customers (Bitner and Hubbert,1994).Previous research has demonstrated that satisfaction is strongly associated with re-purchase intentions (Cronin and Taylor,1992;Fornell,1992) .Customer satisfaction also serves as an exit barrier, helping affirm to retain its customers(Fornell,1992;Halstead and Page,1992). Several studies have concluded that it costs more to gain a new customer than it does to retain an existing one. In addition, customer satisfaction also leads to favorable word-of-mouth publicity that

provides valuable indirect advertising for an organization (Halstead and Page, 1992; Fornell, 1992).

2.1.3.1 Factors that Affect Customer Satisfaction

According to Matzleretal, (2002) factors that affect customer satisfaction are classified in to three factor structures:-

1. **Basic factors:-**these are the minimum requirements that are required in a product to prevent the customer from being dissatisfied. They do not necessarily cause satisfaction but lead to dissatisfaction if absent. These are those factors that lead to the fulfillment of the basic requirement for which the product is produced. These constitute the basic attributes of the product or service. They thus have a low impact on satisfaction even though they are a pre requisite for satisfaction. In aunt shell competence and accessibility

2. **Performance factors:-**these are the factors that lead to satisfaction if fulfilled and can lead to dissatisfaction if not fulfilled. These include reliability and friendliness.

3. **Excitement factors**:-these are factors that increase customers' satisfaction if fulfilled but does not cause dissatisfaction if not fulfilled which include project management.

2.1.3.2Reasons of Customer Dissatisfaction

Sometimes customers become dissatisfied, as indicated on www.qualitygurus.com some of the reasons for this dissatisfaction are:-

Not knowing the Expectations: Customer remains dissatisfied unless the company knows what the customer actually expects out of their product.

Not Meeting the Expectations: A customer may become dissatisfied because the service does not live up to expectations. In addition to that as a result of the rapid improvement in the technology, customer may compare the services provided by a company with those of the competitors, which may lead to dissatisfaction and customers over expectations and their changing needs may lead them for dissatisfaction.

2.1.4 The Relationship between Satisfaction and Service Quality

To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction(Cronin, Brady, and Hult,2000;Anderson et al.,1994;Cronin and Taylor,1992).Parasuramanetal (1988) defined service quality and customer satisfaction as "service quality is a global judgment, or attitude, relating to the superiority of the service, where as satisfaction is related to a specific transaction".Parasuramanetal. (1985) defined Satisfaction is a "post consumption experience which compares perceived quality with expected quality, whereas service quality refers to a global evaluation of a firm's service delivery system". However, 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).Parasuraman,Zeithaml, and Berry(1994)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 (Brad yet al., 2002; Cronin and Taylor, 1992; Parasuraman, Zeithaml, and Berry, 1988).Parasuramanetal. 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.CroninandTaylor (1992) argued against Parasuramanetal.'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 stronger influence on purchase intention than service quality, and concluded that the strategic emphasis of service organizations should focus on total customer satisfaction programs.

The authors reasoned that consumers may not buy the highest quality service because of factors such as convenience, price, or availability and that this constructs may

enhance satisfaction while not actually affecting consumers' perceptions of service quality.

Cronin and Taylor (1994) later conceded that the directionality of the service quality/satisfaction relationship was still in question and that future research on the subject should incorporate multi- item measures.

The authors suggested restricting the domain of service quality to long-term attitudes and consumer satisfaction to transaction-specific judgments. On the other hand, Bitner and Hubert (1994) determined that service encounter satisfaction was quitted instinct from overall satisfaction and perceived quality. The authors concluded that the constructs exhibited independence.

Adding to the debate about the distinction between service quality and satisfaction, customer satisfaction has also been operational zed as a multidimensional construct along the same dimensions that constitute service quality (Sureshch and ar, Rajendran, and Ananthara man, 2002). Despite strong correlations between service quality and customer satisfaction in their study, the authors determined that the two constructs exhibited independence and concluded that they were in fact different constructs, at least from the customer's point of view.

Brady and Cronin (1992) had endeavored to clarify the specification and nature of the service quality and satisfaction constructs and found empirical support for the conceptualization that service quality was an antecedent of the super ordinate satisfaction construct. In addition, the authors found that explained a greater portion of the variance in consumers' purchase intentions than service quality. 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.Iacobuccietal.(1995)conclude that the key difference between service quality and customer satisfaction is that quality relates to managerial delivery of the service while satisfaction reflects customers' experiences with that service. They argue that quality improvements that are not based on customer needs will not lead to improved customer satisfaction. Bolton and Drew (1994:176) pointed out

'customer satisfaction depends on pre-existing or contemporaneous attitudes about service quality". Also Parasuramanetal (1988) found that customer satisfaction is the outcome of service quality.

Literatures indicate that service quality is closely tied to customer satisfaction (Hernon, Natick, & Altman, 1999;, Smart, Maddern&Maull, 2008). Quality and customer service have been identified as critical strategic issues for both public and private sector organizations (Donnelly, Wisniewski, Dalrymple, & Curry, 1995). The "use of a variety of measures of service quality in the private sector as critical indicators of both organizational performance and general customer satisfaction is widely accepted and has given rise to considerable empirical research" (Donnelly et al., 1996).

In the private sector, customer satisfaction is secured through high quality products and services. They provide the consumer value for their money and are seen as being essential for the long-term survival and success of all organizations (Donnelly, Wisniewski, Dalrymple, & Curry, 1995). Public sector organizations are under constant pressure toimprove customer service on a continuous basis (Donnelly et al., 1995). Some of these pressures arise internally from a genuine desire to improve quality of services provided to communities; others are demanded by outside sources such as governing bodies, oversight groups or the general public (Donnelly et al., 1995). It is recognized that public sector organizations face more difficulties than those in the private sector in their efforts to improve customer service (Donnelly et. al, 1995).

Peter Heron et al. (1999) assert that "service quality, developed over time, relates to customer expectations, where as satisfaction is transaction-specific, is a more short-termmeasure, and focuses on a personal, emotional reaction to service". Research on service quality hastended to focus on one dimension – expectations– and has defined service quality interms ofreducing the gap between service provided and customer expectations (Hernon&Nitecki, 1999). This suggests that if public sector leaders want to increase service quality, the gap needs to be narrowed. The potential payoff from improved service quality is considerable. Providing excellent service, which should be the goal of every organization, leads to greater efficiency and effectiveness and a loyal customer base (Zenithal, Parasuraman, & Berry, 1990).

"In some instances, authors have equated or confused service quality with satisfaction" (Andale bet al.2000).A number of writers have also referred to service quality as an antecedent to satisfaction; satisfaction as the antecedent to service quality; or service quality and satisfaction as either interrelated or discrete concepts (Anderson &Fornell,1994) Wood side &Wilson,1994). Both service quality and satisfaction can be an end in themselves; each is worthy of examination as a frame work for evaluating library services from a customer's perspective. Service quality is an evaluation of specific attributes, and this judgment is cognitive However, satisfaction focuses on a specific transaction or, in the case of overall satisfaction, it is accumulative judgment based on collective encounters with a service provider over time. Satisfaction judgments are more affective and emotional reactions to an experience or collection of experiences: "Simply put, satisfaction is a sense of contentment that arises from an actual experience in relation to an expected experience" (Hernon & Whitman, 2001). Because service quality as a means of evaluation probes precise statements on which the library seeks customer input, it serves as a planning tool. Judgments about satisfaction, on the other hand, tend to be global in the type ofquestionsasked. Unlike service quality, satisfaction focuses less on specific statements and relies more on open-ended questions. In satisfaction studies, there can be a probing of how customers rate the library in a few specific areas, though the list ismuch shorter and more general than found in aservice quality questionnaire.

2.1.5 Theoretical Frame work

The SERVQUAL developers found thatthethemes, "which offer critical clues for achieving effective service quality control, can be cast in the form of five gaps pertaining to executive perceptions of service quality and the tasks associated with service delivery to customers" (Zeithaml, Parasuraman, & Berry, 1990). The four themes that were identified by the SERVQUAL developers were numbered and labeled as:

1. **Gap between Customer Expectation and Management Perception(Knowledge Gap):-**

Zeithaml, Parasuraman and Berry (1990) determined that the executive's perceptions about what customers expect from superior quality service were, for the most part, in line with what the customers really did expect. Executives understood that customers expected things like courtesy, error free work and having customer's best interests at heart. Despite this basic understanding, differences between the expectations of the customers and the executive's understanding of the importance placed on those expectations by the customers were noted.

As an example, customer's of a bank place the highest priority on feeling secure in their transactions when judging the service quality of the bank. The bank executives, while understanding that feeling secure in their transactions is an important aspect of service quality to customers, may have the perception that providing prompt service is what the customers feel is the most important. This miss perception of customer expectations by management and leadership was labeled as Gap 1 by Zeithaml, Parasuraman and Berry (1990).

Generally management does not always perceive correctly what customers' want. Electricity company manager might think that consumer's judge the company service by the quality of employees' performance in the technique department, where as customers may be more concerned with the courtesy and responsiveness.

2. **Gap between Management Perception and Service Quality Specification (The Standard Gap)**:-

The work with service industry executives revealed to the SERVQUAL developers need for performance standards that match management's perception of customer's expectations. Not creating performance standards that match the customer perception of service quality was labeled Gap 2. While creating performance standards that match customer perceptions of service quality sounds simple to accomplish, the service industry

executives expressed a lot of frustration about actually making it a reality. The SERVQUAL developers' research revealed that while the executives may actually understand, or have aperception about, the aspects of service quality that is important to the customers, many had not implemented performance standards to address them. This hadn't been done for a variety of reasons, all of which were based up on assumptions of the executives; they couldn't think of a performance standard to address the service quality aspects, they felt that the task of identifying performance standards was impossible,they felt that the variability inherent in the service defies standardization, they felt that the demand for service is too hard to predict, they felt that the expectations of the customer for those aspects were unreasonable, and/orthey felt that their organization can't change (Zeithaml, Parasuraman, & Berry, 1990).

The SERVQUAL developers concluded thatthe reason's provided for notestablishing performance standards were rationalizations by the executives for not wanting, or nothaving the knowledge, to establishperformance standards.They went astep furtherand surmised thatthe "potential gap betweenawareness ofcustomers' expectations and thetranslation of that awareness into appropriate service standards(Gap 2) may be the absence or wholehearted management commitment to service quality" (Zeithaml, Parasuraman, & Berry, 1990,p. 40).

3. **Gap between Service Quality Specification and Service Delivery (The Delivery Gap):-**

Even when organizations understand the service quality expectations of their customers and then translate them into performance expectations, there isn't a guarantee that service providers will be willingto or capable to deliver.This issue was labeled as Gap 3 and was identified by the executives; most of whom reasoned that their employees were just unwilling to meet the standards that were set for them. This highlights the key role that the line level service providers play in the customer's perception of the quality of service delivered by organizations. Some of the executives made the point that when it comes to people, it is difficult to maintain standardized quality (Zeithaml, Parasuraman, & Berry, 1990).

The personnel might be poorly trained or in capable or unwilling to meet the standard or they may be held to conflicting standards such as taking time to listen to customers and serving them fast. For example a bank officer who is told by the operations department to work fast and by the marketing department to be courteous and friendly to each customer.

4. Gap between Service Delivery and External Communication:

Customers' expectations about service quality are influenced by, among other things, the information that they receive from the service provider. When service providers advertise or communicate something about their services to their customer base, that communication helps to formthe customer's expectation of service. The ability or inability of the service provider to deliver the services that are promised through their external communications with their customers is Gap 4.When service providers deliver as promised, and they meet or exceed the expectations of their customers, Gap 4 narrows. When service providers don't deliver as promised and they failto meet the expectations of their customers Gap 4 widens.

Consumer expectations are affected by standards made by company representatives and advertising. For example if a hospital brochures shows a beautiful room, but the patient arrives and finds the room to be cheap and tack looking, external communications have distorted the customers' expectations.

5. Gap between Perceived Service and Expected Service:

This gap occurs when the consumer miss perceives the service quality. The physician may keep visiting the patients to show case, but the patient may interpret this as an indication that something really is wrong.
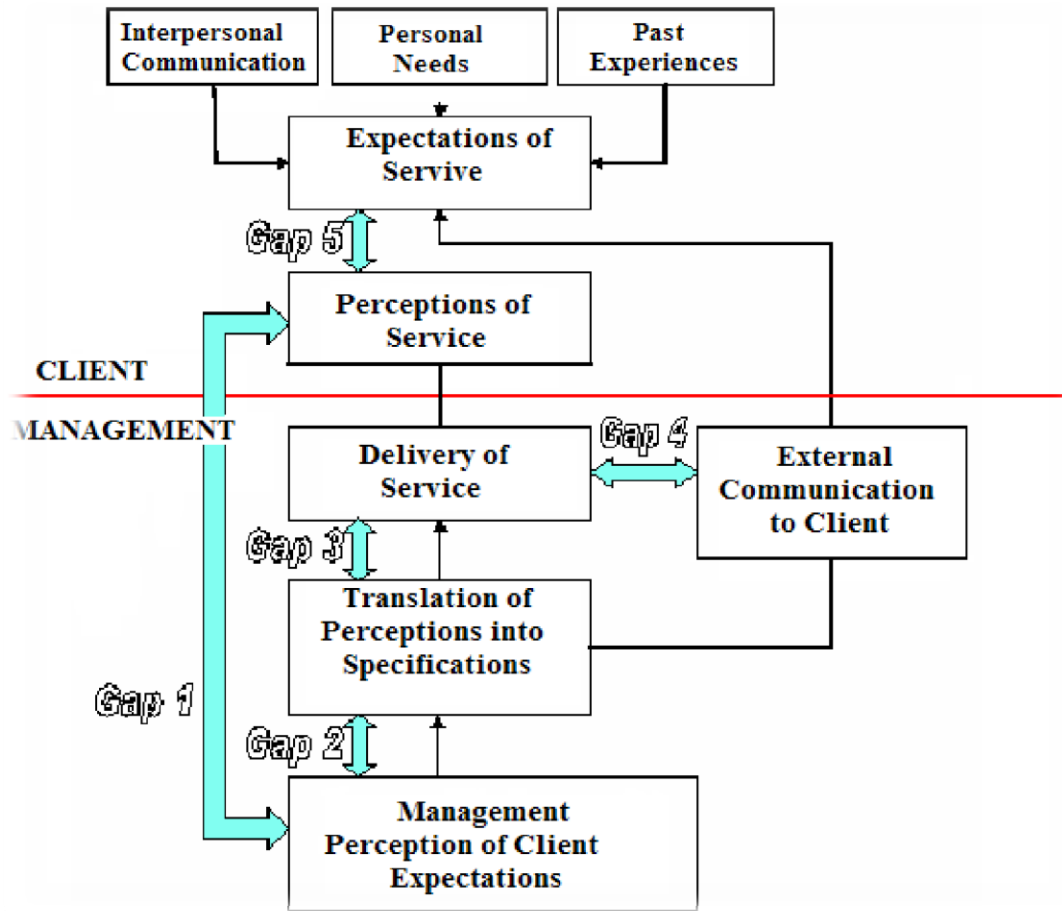
Figure1: Aconceptualmodelofservicequality

Source: Parasuramanet.al. 1985

SERVQUAL

As a result of research being conducted into the subject of service quality, the SERVQUAL instrument was developed during the late 1980s and early 1990s by Valerie A. Zeithaml, Parasuraman and Leonard L. Berry.Their early research revealed that while the literature in the area of goods quality was fairly abundant, there was practically nothing in the area of service quality. The quality control principles and practices that they uncovered in the area of goods quality were inadequate for understanding service quality. They concluded that the inadequacy of the quality control principles and practices founder standing service quality is the result of three fundamental differences between services and quality (Zeithaml, Parasuraman, & Berry, 1990).

First, services, as opposed to goods, are intangible; they are performances and experiences rather than objects. While precise manufacturing specifications can be set concerning uniform quality standards for objects like vehicles and shovels, the same cannot be said for services like tactical and strategic analytical support since the criteria that are set for evaluating performance of service delivery by the customers is likely "complex and difficult to capture precisely (Zeithaml, Parasuraman, & Berry, 1990).

-Second, services, as opposed to goods, are "heterogeneous; their performance often varies from producer to producer, from customer to customer, and from day to day" (Zeithaml, Parasuraman, & Berry, 1990, p. 15).

Finally, services, as opposed to goods, are inseparable in terms of their production and consumption. "Quality in services often occurs during service delivery, usually in an interaction between the customer and the provider (Zeithaml, Parasuraman, & Berry, 1990,). Service providers do not have the luxury of producing an object outside of the observation of their customers before it is actually consumed. Rather, the customers are able to observe the production of the service while they receive it (Zeithaml, Parasuraman, & Berry, 1990).

Though the literature was weak in the area of service quality, the SERVQUAL developers were able to find a few contributions that helped to guide their future development. Those contributions were boiled down into three themes:

- "Service quality is more difficult for customers to evaluate than goods quality.
- Customers do not evaluate service quality solely on the outcome of a service; they also consider the process of service delivery.
- The only criteria that count in evaluating service quality are defined by the customers" (Zeithaml, Parasuraman, & Berry, 1990).

As a result of the insights obtained during their initial research in to the area of service quality, the SERVQUAL developers sought to ascertain the following:

- How customers evaluate the quality of the service provided to them.

- Whether customers directly make a global evaluation or if they assess specific facets of a service in arriving at an overall evaluation.
- Ifthey assess specific facets, whatthe facets or dimensions on which they evaluate the service.
- Whether or not the facets or dimensions vary across services or and different customer segments.
- If customers' expectations play a crucial role in the assessment of service quality, what are the factors that shape and influence those expectations? (Zeithaml, Parasuraman, & Berry, 1990)

In order to obtain this information, the SERVQUAL developers conducted an exploratory study on some chosen service industries like retail banking, credit card, securities brokerage, and product repair and maintenance. They chose these service industries because they felt that they "varied along key attributes used to categorize services" (Zeithaml, Parasuraman, & Berry, 1990) and because they were looking for service quality insights that would "transcend the boundaries of specific industries" (Zeithaml, Parasuraman, & Berry, 1990).

The SERVQUAL developers defined service quality, as perceived by customers as "the extent of discrepancy between customers' expectations or desires and their perceptions" (Zeithaml, Parasuraman, & Berry, 1990).

Finally the developers SERVQUAL felt that the greatest knowledge derived from their study was the identification of ten dimensions by which customers use to judge the quality of the service delivered by the provider. Each of the ten dimensions identified were consistent to the four service sectors that were studied. The ten service dimensions that were identified were labeled as: "tangibles, reliability, responsiveness, competence, courtesy, credibility, security, access, communication, and understanding the customer" (Zeithaml, Parasuraman, & Berry, 1990). At the conclusion of the exploratory study, the SERVQUAL developers were confident that the ten dimensions of service quality were exhaustive and appropriate for assessing quality in abroad variety of services even though the specific evaluative criteria may vary from service to service (Zeithaml, Parasuraman, & Berry, 1990).

Following the exploratory study, the SERVQUAL developers began a quantitative research project to develop an instrument for measuring customers' perceptions of service quality. The instrument that was ultimately developed was SERVQUAL.The SERVQUAL customer perception tool which was developed through this process consisted of 22 statements to ascertain the general expectation of customers concerning service and 22 matching statements to measure customers' assessment of a specific organization within the service industry.

Thus, they proposed that over all perceived quality can be determined by the differences between perceived performance and expected performance of these ten dimensions.

They prepared a quantitative research and the previous ten components were collapsed in to five dimensions:-

1. **Reliability**: is ability to perform the promised service dependably and accurately.
2. **Responsiveness**: willingness or readiness of employee or professionals to provide service.
3. **Assurance**: knowledge and competence of service providers and the ability to convey trust and confidence.
4. **Empathy**: Caring, individualized attention the firm provides to its customers.
5. **Tangibles**: Physical facilities, equipment's and appearance of personnel. Reliability, tangibles and responsiveness remained distinct, but the remaining seven components collapsed in to two aggregate dimensions, assurance and empathy (Andersson, T.D.1992).

Criticisms of SERVQUAL

SERVQUAL **has been** subjected to a number of theoretical and operational criticisms, though the model has been the major generic model used to measure and manage service quality across different service settings and various cultural backgrounds (Buttle, 1996). On the other hand Asubontengetal (1996) conclude

that until better but equally simple model emerges SERVQUAL will predominate as a service quality measure.

As identified by Buttle (1996) theoretical and operational criticisms of SERVQUAL are listed below.

Theoretical:

- **Gapsmodel**:there is little evidence that customers will assess service quality in terms of Perception and expectation gaps.

- **Paradigmatic objections**: SERVQUAL is based on a disconfirmation model rather than an attitudinal paradigm; and SERVQUAL fails to draw on established economic, statistical and psychological theory.

- **Process orientation**: SERVQUAL focuses on the process of service delivery, not the outcomes of the service encounter.

- **Dimensionality**: SERVQUAL's five dimensions are not universals; the number of dimensions comprising service quality is contextualized; items do not always load on to the factors which one would a priorie xpect;and there is a high degree of inter-correlation between the five RATER dimensions"(Buttle,1996).

Operational:

- **Expectations**: consumers use standards other than expectations to evaluate service quality; and SERVQUAL fails to measure absolute service quality expectations.

- **Itemcomposition**: four or five items cannot capture the variability within each SQ dimension.

- **Moments of truth** (**MOT**): customers 'assessments of service quality may vary from MOT to MOT.

- **Polarity**: the reversed polarity of items in the scale causes respondent error.

- **Two administrations**: two administrations of the instrument cause boredom and confusion.

- **Variance extracted**: the over SERVQUAL score accounts for a disappointing proportion of item variances" (Buttle, 1996).

1.1.6 Empirical Discussion

Brysland and Curry (2001) stated that the literature clearly supported the use of SERVQUAL in the public sector. According to Gowan*et al.* (2001), service provision is more complex in the public sector because it is not simply a matter of meeting expressed needs, but of finding out unexpressed needs, setting priorities, allocating resources and publicly justifying and accounting for what has been done. Anderson (1995) also measured the quality of service provided by a public university health clinic. Using 15 statements representing the five-dimensions of SERVQUAL (Parasuraman*et al.,* 1988), she assessed the quality of service provided by the clinic at the University of Houston Health Center. Patients were found to be generally dissatisfied with the five dimensions of SERVQUAL. The highest dissatisfaction was felt with assurance. On the other hand, tangibles and empathy exhibited the lowest level of dissatisfaction.

Using the SERVQUAL approach, Wisniewski (2001) carried out a study to assess customer satisfaction within the public sector across a range of Scottish Councils services. In the library service, the analysis of gap scores revealed that tangibles and reliability had negative gaps which indicate that customer expectations were not met.

On the other hand, responsiveness and assurance were positive implying that customer expectations were actually exceeded by the service provided. Furthermore, Donnelly et al. (2006) carried out a study to explore the application of SERVQUAL approach to access the quality of service of Strathclyde Police in Scotland. The survey captures customers' expectations of an excellent police service and compares these with their perceptions of the service delivered by Strathclyde Police. The paper also reports on a parallel SERVQUAL survey of police officers in Strathclyde to examine how well the force understands its customers' expectations and how well its internal processes support the delivery of quality services in the police department. It was found that Strathclyde Police appears to have a good understanding of the service quality expectations of their

customers as represented by the responses of elected councilors in the area covered by the force.

1.1.7 ConceptualFramework

The conceptual frame work indicates the crucial process, which is useful to show the direction of the study. The study indicates the relationship between the five service quality dimensions (i.e. reliability, responsiveness, assurance, empathy and tangible) and customer satisfaction. Also the study focuses on gap 5which represents the difference between customers' expectation and perceptions of the service.

Figure 2 shows the conceptual model that serves as a guide for the present study.

ServiceQualityDimensions
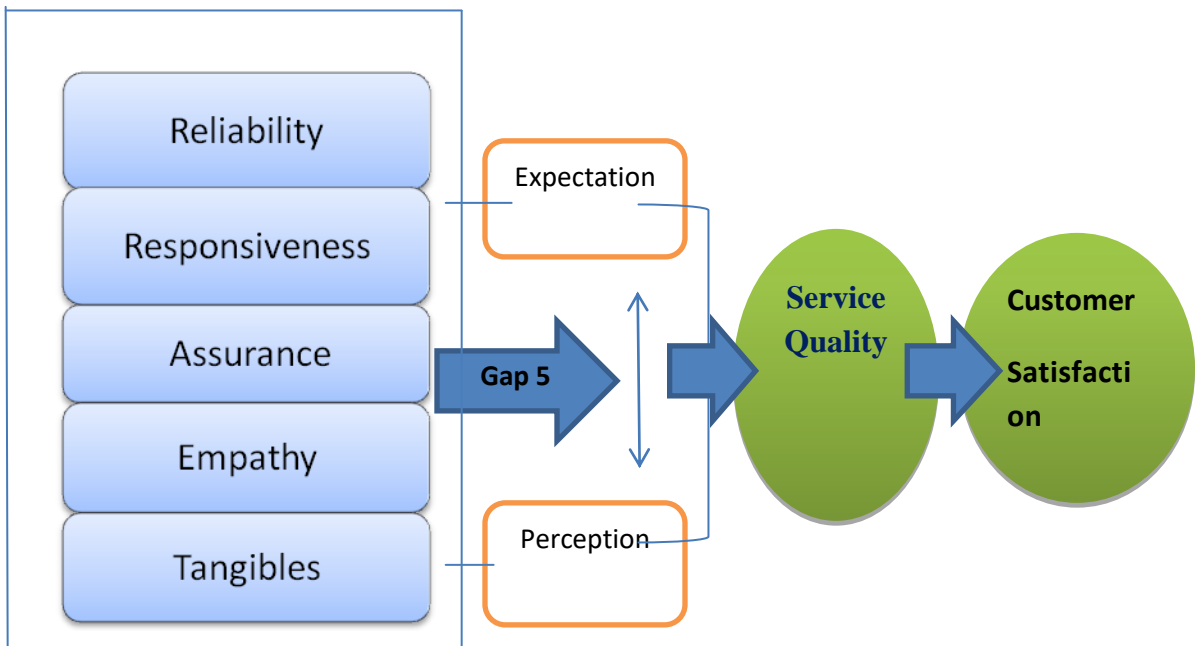
The difference between expectations and perceptions is called the gap which is the determinant of customers' perception of service quality.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

The study was employing both qualitative and quantitative approaches to research. Thus, it can be perceived as mixed method research because it combines qualitative method with the quantitative one.
The study has been carried out through the use of cross-sectional survey design. Cross-Sectional design also known as one-shot and it is best suited to studies aimed at finding out the occurrence of a phenomenon, situation, problem, attitude or issue, by taking a cross-section of the population. They are useful in obtaining an overall `picture' as it stands at the time of the study. They are `designed to study some phenomenon by taking across-section of it at one time. Descriptive research method is used to describe the quality of service delivery and its effect on customer satisfaction. As described by Suryabrata, (2003) descriptive method is a method that describes the study systematically, factually and accurately utilizing facts, behaviors and relationship between the phenomenon being studied(As citedbyNaiketal;2010).

The SERVQUAL instrument was adopted to measure the quality of customer service as it demonstrated the "gap "between the customers' expectations and the perceptions of the service delivered.

3.2 StudyArea

The area of this study was focus on assessing the quality of service delivery and customer satisfaction of Jimma Zone Revenues Authority. Study used qualitative data's.

3.3 SamplingDesign

The population of this study is customers of Jimma Zone Revenues Authority. The study used Convenience sampling to select the sample from the available population. The researcher decided to employ convenience sampling method because of respondent

population convenient accessibility and proximity to the researcher and it is impossible to carry on a probability sampling because there is no point in time during which all customers are available due to different reasons and it is not possible to contact everyone who may be sampled. Accordingly, a total of 248 respondents are selected. From the distributed 248 questionnaires only 233 questionnaires were usable.

The population of this study was customers of Jimma Zone Revenues Authority.
The study was employ Convenience sampling because of their convenient accessibility and proximity to the researcher. The sample size was determined statistically from group of 2780 clients which come monthly in the organization for tax declaration purpose. Accordingly, assuming 95% confidence level with a 5% margin of error, the resulting sample size was 248.

Where

Z=degree of confidence 95% = 1.96

e = standard error 5%

n = number size

p = population proportion

q = 1 –P

$$n = \frac{Z_2.\ P.\ q.\ N}{(e)_2(N-1) + z_2.p.q}$$

3.4 Method of Data Collection and Sources

3.4.1Tools of Data Collection

In the study structured questionnaire was used to collect data. The questionnaire used in this study comprised of fourparts: Part1 contained questions about demographic characteristics of respondents. The second part designed to measure the customers 'expectation about governmental organization service delivery system. The third part of the questioner was about Jimma Zone Revenues Authority customers perceptions and the last part was about customers' satisfaction. The items in the questionnaire were

measured on a five-point scale ranging from "1=strongly disagree" to "5 =strongly agree". Service quality has been measured by using SERVQUAL items developed by Zeithaml, Berry, and Parasuraman by the five dimensions and these werere liabilities, responsiveness, tangibles, assurance and empathy.

"Customer satisfaction is measured by using a single scale item. The single scale item adapted from Jamal and Naser, 2002; Mittal and Kamakura, 2001and Cronin and Taylor, 1992" (As citedbySiddiqi;2010). The questionnaire is prepared in the English language and it will be translated into Amharic.

3.4.2Source of Data

The sources of data are both primary and secondary sources. Primary sources of data were gathered from respondents. Secondary sources of data were from different books, journals, websites and documents related with, service and customer satisfaction.

3.5 Description of Variables and Measurements

Dependent variable: customer satisfaction

Independent variable: five dimensions of service quality, that is

1. **Reliability**: is ability to perform the promised service dependably and accurately.
2. **Responsiveness**: willingness or readiness of employee or professionals to provide service.
3. **Assurance**: knowledge and competence of service providers and the ability to convey trust and confidence.
4. **Empathy**: Caring, individualized attention the firm provides to its customers.

Tangibles: Physical facilities, equipment's and appearance of personnel.

3.6 Data Analysis Method

The data collected from respondents through questionnaire have been analyzed by using descriptive statistics and Pearson's correlation. In analyzing the data the researcher used SPSS 20 soft ware packages. Accordingly, the results of the analysis were interpreted.

CHAPTERFOUR

4. RESULT AND DISCUSSION

4.1 Introduction

In this chapter the results from the questionnaires and secondary data are presented to establish the grounds on which the researcher's discussion and conclusions are based. The data considered in this chapter is obtained by using SERVQUAL model. Under this section, result of reliability test, the relationship between the five service quality dimensions and customer satisfaction, the service quality gap score of Jimma Zone Revenues Authority, and customer satisfaction rating were presented and analyzed respectively.

The questionnaire, demographic statistics, description of attributes and the responses to the questionnaire are attached in the appendices.

Table below indicates the frequency and percentage of questionnaires distributed for the customers of Jimma Zone Revenues Authority.

Table4.1: Number of Respondents in Jimma Zone Revenues Authority

Options	Frequency	Percentage
Response	233	94
Nonresponse	15	6
Total	100	100

Tables 4.2 show frequency of sex and age of respondents respectively. The respondent's consisted of 82% of male and 18% of female .34% of the respondents was between the ages of 30-39 and 33.2% were between the ages of 40-49.

Table 4.3 indicated that 76.61% of respondents were married and 23.38% were single. The question on the educational level of respondents showed that1.2% of the respondents hold a

Primary school, 30.2%hold a Secondary school, 32.6 hold a Higher School
Certificate,31.4% hold a First degree and 4.6%hold a Second degree and above.

Table4.2:Number of Respondents in Sex and Age

	Sex		Age			
	Male	Female	18-29	30-39	40-49	Above 50
Frequency	203	45	63	84	82	19
Percent	82	18	25.2	34	33.2	7.6

Table4.3:Number of Respondents in Marital Status and Educational level

	Marital Status		Educational level				
	single	Married	Primary school	Second ary school	High school	First degre e	Second degree and above
Frequency	58	190	3	75	81	78	11
Percent	23.38	76.61	1.2	30.2	32.6	31.4	4.6

The respondent's consisted of 82% of male which implies the dominance of male
customers in the organization.Nearly 26% of respondents join higher level
education the rest 64% at high school and below which implies that respondents
have diversity in their academic backgrounds. As can be deduced from the table above
there is also diversity in marital states and age of respondents. This diversity's implies
that there may be different levels of customer expectation and perception of service
quality in the organization.

4.2Reliability Test

As suggested by Parasuramanet al (1988) the research instrument was analyzed using Cronbach'salph to test the reliability of the SERVQUAL scale and the internal consistencies of the five dimensions. The individual Alpha coefficients for the scales were presented on the following table. As described by Andy (2006) the values of Cronbach's alpha around 0.8isgood. The alpha values in this study are around 0.8 Thus, the SERVQUAL instrument is reasonably satisfactory to be used.

Table 4.4: Result to reliability Test

SERVQUAL Dimensions	Cronbach's Alpha for Expectation	Cronbach's Alpha for Perceived performance
Reliability	.797	.770
Responsiveness	.820	.761
Assurance	.796	.761
Empathy	.815	.776
Tangibles	.824	.768

4.3 HypothesesTest

For testing the research hypotheses Pearson Correlation Coefficient was used. Pearson's correlation coefficient is a statistical measure of the strength of a linear relationship between paired data. In a sample it is denoted by r and is by design constrained as $-1 \leq r \leq 1$ (Andy; 2006). A correlation coefficient has a value ranging from-1to1. When the values of coefficient equals to (+) 1, it indicates perfect positive correlation and when it is equals (–) 1, it indicates perfect negative correlation, meaning thereby that variations in independent variable explain 100% of the variations in the dependent variable. The value

of coefficient nearer to +1 or –1 indicates high degree of correlation between the two variables (C.R. Kothari; 2004).

Andy (2006) described the correlation coefficient is a commonly used measure of the size of an effect: Values of± **0.1** represent a small effect, **± 0.3** is a medium effect and **±0.5** is a large effect. Fikreetal (2009) explained "the sign of a correlation describes the type of relationship between the variables being correlated. Positive correlation coefficient indicates that there is appositive linear relations hip between the variables. A negative value indicates a negative linear relationship between variables.

Hypotheses#1

H1o: Reliability does not have positive relationship with customer satisfaction in Jimma Zone Revenues Authority.

H1a: Reliability has positive relationship with customer satisfaction in Jimma Zone Revenues Authority.

Table4.5: Pearson Correlation between Reliability and Customer Satisfaction

		Perceived Reliability
Customer Satisfaction	Pearson Correlation	.656
	Significant (1-tailed)	.000

Reliability involves consistency of performance and dependability of the service performance. In this research reliability attributes refers the ability of Jimma Zone Revenues Authority performs the service right the first time. It also means that the firm honors its promises. Specifically, it involves:

- Showing a sincere interest to solve customers' problem.
- keeping records correctly;

- Performing the service at the designated time.

From table4.5 above the Pearson correlation for reliability is .656 and the p-value is .000 which is less than the significant level.01.This positive correlation coefficient (.656) shows that there is a large positive correlation between reliability and customer satisfaction of Jimma Zone Revenues Authority. From the result we can conclude that when there is an increase in the reliability of the organization there is also an increase in customers' satisfaction. Therefore, the null hypothesis is rejected.

Hypotheses#2

H2o: Responsiveness does not have positive relations hip with customer satisfaction in Jimma Zone Revenues Authority.

H2a: Responsiveness has positive relationship with customer satisfaction in Jimma Zone Revenues Authority.

Table4.6: Pearson Correlation between Responsiveness and Customer Satisfaction

		Perceived Responsiveness
Customer Satisfaction	Pearson Correlation	.641
	Significant (1-tailed)	.000

Responsiveness refers the willingness or readiness of employee or professionals to provide service. In this research responsiveness includes the readiness and capacity of employees of Jimma Zone Revenues Authority in:

- Informing the exact time when the service will be delivered
- Giving rapid service

- Helping customers and answering customers' questions.

Pearson Correlation of responsiveness in table 4.6 is .641 and p-value is.000, which is less than .01.This, implies that there is a large positive relationship between responsiveness and customer satisfaction in Jimma Zone Revenues Authority. This means if the organization increases the responsiveness dimension of the service quality they can also increases their customers' satisfaction. Hence the null hypothesis is rejected.

Hypotheses#3

H3o: Assurance does not have positive relationship with customer satisfaction in Jimma Zone Revenues Authority.

H3a: Assurance has positive relationship with customer satisfaction in Jimma Zone Revenues Authority.

Table4.7: Pearson Correlation between Assurance and Customer Satisfaction

		Perceived Assurance
Customer Satisfaction	Pearson Correlation	.649
	Significant (1-tailed)	.000

Assurance refers to the knowledge and competence of service providers and the ability to convey trust and confidence. For the purpose of this research assurance include the behavior of Jimma Zone Revenues Authority employees in

- Instilling confidence in the customers' mind,

- The ability of the organization' in ensuring safety in transaction with customers,
- Courteous of employees for the customers and the knowledge of employees to answer the customers' question.

From the above table we can see that the Pearson correlation of assurance is .649 and the p-value is .000, which is less than the significant level. This indicted that there is large positive relationship between assurance and customer satisfaction in Jimma Zone Revenues Authority. Thus the null hypothesis is rejected.

Hypotheses#4

H4o: Empathy does not have positive relationship with customer satisfaction in Jimma Zone Revenues Authority.

H4a: Empathy has positive relationship with customer satisfaction in Jimma Zone Revenues Authority.

Table4.8: Pearson Correlation between Empathy and Customer Satisfaction

		Perceived Empathy
Customer Satisfaction	Pearson Correlation	.600
	Significant (1-tailed)	.000

Empathy Caring and individualized attention the firm provides to its customers.

For the purpose of this research it refers the ability of Jimma Zone Revenues Authority:

- In giving individualized attention for customers,
- Having operating hours convenient to all their customers and
- .The existence of employees that can give individualized attention to the customers in the organization,

- The organization capability in having the customers' best interest at core and its ability in understanding of the customers' specific needs.

As per table 4.8, the Pearson correlation of empathy is .600 and the significant level is .01.The p-valueis.000 which is less than the significant level. From this we can understand that as empathy directly proportional. Meaning if the organization increase the responsiveness dimension of the service quality they can also increases their customers' satisfaction. As a result, null hypothesis is rejected.

Hypotheses#5

H5o: Tangibles does not have positive relationship with customer satisfaction Jimma Zone Revenues Authority.

H5a: Tangibles has positive relationship with customer satisfaction in Jimma Zone Revenues Authority.

Table4.9: Pearson Correlation between Tangibles and Customer Satisfaction

		Perceived Tangibles
Customer Satisfaction	Pearson Correlation	.533
	Significant (1-tailed)	.000

Tangibles include the physical evidence of the service. In this study it consists of:

- The nature of the organization equipment,
- The appearance of physical facilities and the nature of the materials associated with the service.

As indicated on table 4.9, the Pearson correlation of tangibles is .413 and the p-valueis.000 which is lessthan.01.From this we can understand that there is large positive

relationship between tangibles and customer satisfaction. Therefore, the null hypostasis is rejected.

4.4 Gap Analysis

Parasuramanetal.(1985)defined service quality as "a measure of how well the service level delivered matches customer expectations; delivering quality service means confirming to customer expectations on a consistent basis ".Kottler (2012)defined customer satisfaction as "it depends on the service or product's perceived performance relative to a buyer's expectations. From the above two definitions we can see that service quality is what customers' assess through their expectations and perceptions of a service experience.

In this research the researcher calculates the gap between perceived performance and customer's expectation by subtracting the means core of customers' expectation from the means core of perceived performance. The respondents' frequency and description of attributes is presented on appendix I and appendix II respectively.

4.5 Jimma Zone Revenues Authority Gap Analysis

Table4.10: Mean of Perceived Performance, Expectation and Gap Score of Reliability Dimension

Attributes	Perceived Performance Score	Expected Score	Gap Score
P Reliability 1-E Reliability 1	2.45	3.99	-1.54
P Reliability 2-E Reliability 2	2.60	4.09	-1.49
P Reliability 3-E Reliability 3	2.18	4.13	-1.95
P Reliability 4-E Reliability 4	2.13	3.79	-1.66

According to the above table 4.10, the difference of mean between P Reliability1-E Reliability1is-1.54.This shows that the means core of customers' expectation about Jimma Zone Revenues Authority ability to do something as promised in a certain time and their ability to do as promised is more than the mean of perceived performance score. From this we can recognize that the organization was not keeping the promise as expected by customers.

As indicated in the above table, the discrepancy of mean between P Reliability 2and E Reliability 2 is -1.49.This indicates that, there is- 1.49 gap between mean of customers expectation about Jimma Zone Revenues Authority capacity of showing sincere interest to solve customers' problems which exceeds the mean of perceived performance. This shows that employees were not always willing to solve the problem of customers.

From the above table we can see that, the mean of P Reliability 3 and E Reliability 3 has a gap score of -1.95 which means there are -1.95 gaps between customer's expectation and perceived performance about the ability of Jimma Zone Revenues Authority to perform the service right the first time. From this one can conclude as the ability of the organization in performing the service well right the first time is less than the expectation of the customers.

Table above table also shows that, the difference between the mean score of customers 'expectation and perceived performance regarding Jimma Zone Revenues Authority's ability of having error-free records.The gap between expectation and perceived performance is -1.66 which implies that, the organization perceived performance insistence on error free records is less by-1.66 from customer's expectation.

Table4.11: Mean of Perceived Performance, Expectation and Gap Score of Responsiveness Dimension

Attributes	Perceived Performance Score	Expected Score	Gap Score
P Responsiveness 1-E Responsiveness 1	2.64	3.94	-1.30

P Responsiveness 2-E Responsiveness 2	2.27	4.14	-1.87
P Responsiveness 3- E Responsiveness 3	2.42	4.37	-1.95
P Responsiveness 4- E Responsiveness 4	2.43	4.08	-1.65

The above table depicts the information about the gap between all the attribute of responsiveness. In view of that, the mean of customers 'expectation about the employee' willingness to tell the time when they provide service for the customers, to provide quick service for their customers, willingness to help customers' and responding for customers' request is greater than perceived performance. This shows that:

- The customers are expecting more regarding the employees' willingness to inform the time when customers get service.
- Employees' of Jimma Zone Revenues Authority were not providing quick service to their customers.
- The employees of Jimma Zone Revenues Authority should do more to be willing full to help the customers and to respond for customers' questions.

Table4.12: Mean of Perceived Performance, Expectation and Gap Score on Service Assurance Dimension

Attributes	Perceived Performance Score	Expected Score	Gap Score
P Assurance 1- E Assurance 1	2.52	4.01	-1.49
P Assurance 2- E Assurance 2	2.39	3.93	-1.54
P Assurance 3-E Assurance 3	2.42	4.24	-1.83

Table6 showed the difference of the mean score between perceived performance and customers' expectation on employees ability in installing confidence in the customers gap score is -1.49, the politeness of employees has gap -1.54 and the knowledge of

employees to answer the customers questions has gap -1.04.The entire gap scores are all negative; which means, the mean score of perceived performance is less than the expectation which can approves that customers are expecting more on the assurance of the Jimma Zone Revenues Authority.

Table4.13: Mean of Perceived Performance, Expectation and Gap Score on Empathy Dimension

Attributes	Perceived Performance Score	Expected Score	Gap Score
P Empathy 1- E Empathy 1	2.38	3.75	-1.37
P Empathy 2- E Empathy 2	2.55	3.76	-1.20
P Empathy 3- E Empathy 3	2.38	4.03	-1.66
P Empathy 4- E Empathy 4	2.29	3.86	-1.56
P Empathy 5- E Empathy 5	2.47	3.88	-1.42

As illustrated in table4.12, the mean of customers' expectation is greater than the perceived performances core concerning:-

- Willingness of Jimma Zone Revenues Authority in giving individualized attention to customers result is -1.37 which implies the organization is not giving enough individualized attention for its customers.
- The gap result of empathy attributes Empathy 2-E Empathy 2 represents is -1.20 which shows the operating hours of Jimma Zone Revenues Authority is not convenient to customer.

In the above table, the gap result of the difference of mean of expectation regarding to Jimma Zone Revenues Authority employees' ability in giving personal attention and

perceived performance is -1.66. This implies the organization employees' are not giving sufficient personal attention to customers.

With regarding to Jimma Zone Revenues Authority employees understanding of the customers' best interest at heart, the gap result constitutes -1.56.This shows the mean score of expectation is greater than perceived performance. Therefore, the result shows, as there is problem with the employees of the organization in understanding the customers' interest at heart.

The difference of expected and perceived performance of the empathy attributes 5, that is Jimma Zone Revenues Authority employees understanding to the needs of customer gap score is -1.42. This indicates that the customer expectation is greater than the actual performance.

Table4.14: Mean of Perceived Performance, Expectation and Gap Score on Tangible of Jimma Zone Revenues Authority

Attributes	Perceived Performance Score	Expected Score	Gap Score
P Tangibles 1- E Tangibles 1	2.48	3.90	-1.42
P Tangibles 2- E Tangibles 2	2.38	3.92	-1.53
P Tangibles 3- E Tangibles 3	2.33	4.07	-1.74

From the table above, the gap score for P Tangibles 1-E Tangibles 1 is-1.42 which implies that the perceived performance about the nature of the Jimma Zone Revenues Authority equipment's is less than the expectation of customers. The customers expect more from the organization about its equipment.

The gap result of P Tangibility 2-E Tangibility 2 as can be seen from the above table 8 is -1.53 which indicated that the mean score of customers 'expectation is greater than

the perceived performance score, with regard to attractiveness physical facility of the organization. This means, the equipment's were not visually appealing for the customers.

P Tangibility 3-E Tangibility 3 describes the difference of the score of mean of customers 'expectation and perceived performance about the clearness and attractiveness of Jimma Zone Revenues Authority materials which is -1.74. As illustrated in the table above, the mean of expectation is more than the mean of perceived performance. This implies that materials' of the organization were not clear and understandable.

4.6 Overall Customer Satisfaction Rating

Table4.15: Frequency of Customer Satisfaction

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly dissatisfied	51	19.8	19.8	19.8
	Dissatisfied	132	51.2	51.2	70.9
	Somewhat satisfied	42	16.3	16.3	87.2
	Satisfied	21	8.1	8.1	95.3
	Highly satisfied	12	4.7	4.7	100.0
	Total	258	100.0	100.0	

Table 4.16: Descriptive Analysis of Customer Satisfaction

	N^O	Minimum	Maximum	Mean	Std. Deviation
Customer Satisfaction	258	1	5	2.27	1.018
Valid No (list wise)	258				

In order to get the overall score of customer service, respondents were asked to rate the level of their satisfaction on Likert's 5point Scale. The responses of the questionnaire shown on table4.15.The overall satisfaction of   the respondents indicates that only 4.7% were highly satisfied and 8.1 % were satisfied,16.3% were somewhat satisfied,51.2% were dissatisfied,19.8% was very dissatisfied. From the response one can observe that majority of the customer's (71%) are dissatisfied which indicates there is a lot of room for improving the level of satisfaction in the organization.

4.6 Discussion and Summary of Finding

The objective of the study was to assess the quality of service delivery and its effect on customer satisfaction of Jimma Zone Revenues Authority. The study wanted to identify the most important service quality dimensions for the organization and to show the gap between customers' perceived performances and expectation. The study uses the SERVQUAL instrument for measuring the service quality of Jimma Zone Revenues Authority.From the 248 questionnaire distributed to respondents 233 usable questionnaires were collected   and used for analysis of the study. After analyzing the information gathered from valid respondents through questionnaire the following findings are presented:-

Knowing what consumers expect is an essential process in delivering quality service at any level of an operation. Any differences between customer expectations and the organization's perception of customer expectations of quality are important to identify

and improve the of level service quality provided(Parasuraman*etal*.,1988).Muhammad Sabbir et al. (2012) also suggest public sectors to know how customers evaluate service quality and what they can do to measure and improve service quality.

Table4.17displays the gap scores for each service quality attribute of the customers at Jimma Zone Revenues Authority. Service provider gaps were calculated by subtracting customer expectations from employee perceptions on each of the individual service dimensions. (Parasuraman*etal*. 1991).Previous researchers have successfully used this method for calculating difference scores. The table 4.17 contains the mean ratings; corresponding standard deviations results that indicate the level of agreement among customers, for each attribute. The gap scores for each attribute were calculated by subtracting the expectation means from the perception means.

Table4.17: Gaps between Perceptions and Expectations of the respondents mean score.

Attributes	Perceived Performance Score	Expected Score	Gap Score
Reliability	2.34	4.00	-1.66
Responsiveness	2.43	4.08	-1.65
Assurance	2.44	4.06	-1.62
Empathy	2.41	3.86	-1.44
Tangibles	2.40	3.96	-1.56

A negative service quality gap indicates that customer expectations are higher than perceived performance and a positive service quality gaps result when customer perceptions exceed customer expectations. Anderson (1995) also measured the quality of service provided by a public university health clinic. Using 15 statements representing the five-dimensions of SERVQUAL (Parasuraman*etal*. 1988), he assessed the quality of service provided by the clinic at the University of Houst on Health Center. Patients were

found to be generally dissatisfied with the five dimensions of SERVQUAL. In this study the all dimensions of service providergapswerefoundtobenegative.

The largest gap was observed for the "reliability"(-1.66),followed by the 'responsiveness" dimension(-1.65)and the attributes under these dimensions were related to the performance of the employees of the organization in providing the service right the first time, solving customers' problems, maintaining error-free records, delivering prompt service, readily responding to customers' request and informing customers when services will be performed. These attributes were the major short falls and will require significant attention by the organization in terms of making improvement efforts. Desiccation of the five dimensions was presented as follows:

1. Reliability

In this study reliability aspect (acting according to promises, sincerity in problem solving, providing service at the promised time & insistence on error free records) has the most significant impact on customer satisfaction but the aspect has larger difference of expectation and perception. It shows that customers are highly dissatisfied by the service in this dimension. However, the importance of customer satisfaction is derived from the generally accepted philosophy that for a business to be successful and profitable, it must satisfy customers (BitnerandHubbert, 1994).

Responsiveness

Responsiveness aspects (informing when services will be performed, providing services promptly, willingness to help, never being too busy to respond to request for service) has also significant impact on customer satisfaction and gained the forth gap score (-1.65) of Jimma Zone Revenues Authority customers view. It shows that the organization has to pay attention to responsiveness items.

2. Assurance

Assurance has strong positive relationship with customer satisfaction and the gap score gained in this dimension was -1.62 which third score as showed in the above table. We can observe that the items mean difference was negative and thus we can in firth at customers perceive less than what they expected in assurance items.

3. Empathy

Empathy aspect (provides individual attention, has convenient operating hours, employees provide personal attention, has the best interest of the customer at heart, employees understand the needs of the customers) has significant impact on customer satisfaction. However empathy items mean difference was negative. So, the organization managers and employees have to improve their attention about delivering services to their customers.

4. Tangibles

Tangibles aspect (equipment, materials, and physical facility) has less impact on customer satisfaction than the other aspects.However, the expectation and perception mean difference of tangibles has negative score (-1.56) which implies there is dissatisfaction.

Summary of Finding

There is a large positive correlation between customer satisfaction and the five dimensions of service quality (i.e. reliability, responsiveness, assurance, empathy and tangibles) in the organization and customers'expectation for these dimensions was greater than perceived performance. Hence it implies there is critical problem.

Generally using the SERVQUAL instrument, this study was able to help the organization identify important areas for improvement in its service delivery. This study was therefore able to show how important it is for an organization, be it a public sector organization, to conduct a survey and consider the opinions of its customers in identifying areas for service quality improvements. It is therefore very important for the origination to know

how customers evaluate service quality and what they can do to measure and improve service quality.

CHAPTER FIVE

5. CONCLUSION AND RECOMMENDATION

5.1Conclusion

Ability of delivering service as promised has appositive impact on customer satisfaction. Hence, customers of Jimma Zone Revenues Authority desire reliability and loyalty from the organization. On the other hand, the organization is not delivering the service as promised, the employees are not showing sincere interest in solving customers' problem and the organization is not providing the service on the time they promised to do so as expected by customers. Willingness of employee's to help and answer for customer problems and question has positive effect on customer satisfaction. Thus customers' of Jimma Zone Revenues Authority prefer the organization which is willing and ready to give prompt service and to tell the exact time when they provide service. Also they expect help and answer for their problems and question from front line employees. However, the organization is not telling the exact time when the service will be performed and is not providing rapid service as expected by customer.

Understanding and capability of service providers and the ability to carry trust and confidence have positive effect on customer satisfaction. But employees in the organization have a problem in instilling confidence in customers and the employees of the organization are not courteous as expected by customers. In addition they lack knowledge to answer customers' question.

Providing individualized attention to their customer can also improve the level of customer's satisfaction. Never the less, the organization has a problem in giving individualized attention and they don't have employees who can give personalized

attention. Farther more the employees have a problem in understanding the specific need and the interest of the customers as customers' expectation.

The organization' facilities and equipment's have a positive effect on customer satisfaction. But, the organization didn't have modern, visually appealing equipment as expected by customers.

Generally all of the dimensions in a service quality (i.e. reliability, responsiveness, assurance, empathy and tangibles) and customer satisfaction should be followed and implemented effectively in the organization in order to increase customer satisfaction.

4.2 Recommendation

In order to improve the identified problems of the organization in the study, the following recommendations were forwarded.

- The Management of Jimma Zone Revenues Authority should look its standards of work set or increase the front line employees' to do something by a certain time it promise.
- The organization has to give attention for customers' needs and wants in service delivering. Hence, the employees of organization should pay due attention to their customers' needs and wants, by appearing being polite and co- operative to solve customers' problem and there should be continuous follow up from the management.
- The Management of the Jimma Zone Revenues Authority should give attentions to all of the dimensions in a service quality. To enhance customer satisfaction thus improve quality of services to the clients.
- The employees of the organization should give prompt service and willing to tell the accurate time when they provide the service for customers.

- Good working environment such as enough working place and well organized office arrangement facilitates the service delivery of the employees for the customers and contribute for customer satisfaction. Hence, the organization should create a good working condition.

- Modern-looking equipment's and visually appealing physical facilities has value in facilitating service delivery system that in turn increases the satisfaction of customers. So, the organization office grooming and equipping need to be modern and comfortable.

- Moreover, to serve the customers in a good manner, giving timely training and development for employee's can plays a great role. Therefore, the organization should give training to its employees to empower the min serving the customers well and to make sure there is error-free record.

- In general, delivering a quality service for customers have a remarkable effect on customers' satisfaction that in turn determines collection of tax generated by the economy. So, it's needed that the organization should attempt to maintain consistent service quality at or above customers' expectation by assessing all the service quality dimensions frequently.

5.3 Future Research Direction

This study looked at the perceptions and expectation of customers only, thereby excluding the views of management and front line employees. It's essential to measure management and front line employee's perceptions of organizational service quality practices so that they can also understand customer expectations. Such information will then assist management in identifying ways of improving service quality gaps and of prioritizing which gaps to focus on and support decisions to resources.

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AppendicesI:

A. Description of Expectation Attributes

Reliability	
EReliability1	When excellent governmental organizations promise to do something by a certain time, they will do so.
EReliability2	When customers have a problem, excellent governmental organizations will show a sincere interest in solving it.
EReliability3	Excellent governmental organizations will provide their services at the time they promise to do so.
EReliability4	Excellent governmental organizations will insist on error-free records.
Responsiveness	
EResponsiveness 1	Employees of excellent governmental organizations will tell customers exactly when services will be performed.
EResponsiveness 2	Employees of excellent governmental organizations will give rapid service to customers.
EResponsiveness 3	Employees of excellent governmental organizations will always be willing to help customers.
EResponsiveness 4	Employees of excellent governmental organizations will never be too busy to respond to customer requests.
Assurance	
EAssurance1	The behavior of employees of excellent governmental organizations will instill confidence in customers.
EAssurance2	Employees of excellent governmental organizations will be consistently courteous with customers.

EAssurance3	Employees of excellent governmental organizations will have the knowledge to answer customer questions.

Empathy	
EEmpathy1	Excellent governmental organizations will give customers individual attention.
EEmpathy2	Excellent governmental organizations will have operating hours convenient to all their customers.
EEmpathy3	Excellent governmental organizations will have employees who give customers personal attention.
EEmpathy4	Excellent governmental organizations will have the customers' best interests at core.
Eempathy5	The employees of excellent governmental organizations will understand the needs of their customers
Tangibles	
ETangibles 1	Excellent governmental organizations will have modern-looking equipment.
ETangibles 2	The physical facilities at excellent governmental organizations will be visually appealing.
ETangibles 3	Materials associated with the service(such as brochures or Statements) will be clear and visually appealing in excellent governmental organizations.

B. Description of Perceived Service Quality Attributes

Reliability	
P Reliability1	When Jimma Zone Revenues Authority promises to do something by a certain time, it does so.
P Reliability2	When you have a problem, Jimma Zone Revenues Authority shows a sincere interest in solving it.
P Reliability3	Jimma Zone Revenues Authority provides its services at the time it promises to do so.
P Reliability4	Jimma Zone Revenues Authority insists on error-free records.
Responsiveness	
PResponsiveness 1	Employees of Jimma Zone Revenues Authority tell you exactly when the service will be performed.
PResponsiveness 2	Employees of Jimma Zone Revenues Authority give you quick service.
PResponsiveness 3	Employees of Jimma Zone Revenues Authority are always willing to help you.
PResponsiveness 4	Employees of Jimma Zone Revenues Authority are never too busy to respond to your requests.
Assurance	
P Assurance1	The behavior of Jimma Zone Revenues Authority employees instills confidence in you.

P Assurance2	Employees of Jimma Zone Revenues Authority are consistently courteous with you.
P Assurance3	Employees of Jimma Zone Revenues Authority have the knowledge to answer your questions.

Empathy	
P Empathy1	Jimma Zone Revenues Authority gives you individual attention.
P Empathy2	Jimma Zone Revenues Authority has operating hours convenient to you.
P Empathy3	Jimma Zone Revenues Authority has employees who give you personal attention.
P Empathy4	Jimma Zone Revenues Authority has your best interests at heart.
P empathy5	Employees of Jimma Zone Revenues Authority understand your needs.
Tangibles	
P Tangibles 1	Jimma Zone Revenues Authority has modern-looking equipment.
P Tangibles 2	Jimma Zone Revenues Authority physical facilities are visually appealing.
P Tangibles 3	Materials associated with the service (such as brochures or statements) are clear and visually appealing at Jimma Zone Revenues Authority.

C. **Description of customer satisfaction   attributes**

The following statement relates to you're feeling about jimma zone revenues authority please respond by circling the number which best reflects your own perceptions.

My feeling towards jimma zone revenues authority services can best be described as

1. Highly dissatisfied

2. Dissatisfied

3. Somewhat satisfied

4. Satisfied

5. Highly satisfied

Appendix II

<table>
<tr><td colspan="8" align="center">Correlations</td></tr>
<tr>
<td></td><td></td>
<td>Customer Satisfaction</td>
<td>Perceived Reliability</td>
<td>Perceived Responsiveness</td>
<td>Perceived Assurance</td>
<td>Perceived Empathy</td>
<td>Perceived Tangibles</td>
</tr>
<tr>
<td rowspan="3">Customer Satisfaction</td>
<td>Pearson Correlation</td>
<td>1</td><td>.656**</td><td>.641**</td><td>.649**</td><td>.600**</td><td>.533**</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td><td>.000</td><td>.000</td><td>.000</td><td>.000</td><td>.000</td>
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<td>N</td>
<td>233</td><td>233</td><td>233</td><td>233</td><td>233</td><td>233</td>
</tr>
<tr>
<td rowspan="3">Perceived Reliability</td>
<td>Pearson Correlation</td>
<td>.656**</td><td>1</td><td>.808**</td><td>.762**</td><td>.708**</td><td>.608**</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>.000</td><td></td><td>.000</td><td>.000</td><td>.000</td><td>.000</td>
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<td>N</td>
<td>233</td><td>233</td><td>233</td><td>233</td><td>233</td><td>233</td>
</tr>
<tr>
<td rowspan="3">Perceived Responsiveness</td>
<td>Pearson Correlation</td>
<td>.641**</td><td>.808**</td><td>1</td><td>.829**</td><td>.787**</td><td>.571**</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
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<td>N</td>
<td>233</td><td>233</td><td>233</td><td>233</td><td>233</td><td>233</td>
</tr>
<tr>
<td rowspan="3">Perceived Assurance</td>
<td>Pearson Correlation</td>
<td>.649**</td><td>.762**</td><td>.829**</td><td>1</td><td>.815**</td><td>.613**</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>.000</td><td>.000</td><td>.000</td><td></td><td>.000</td><td>.000</td>
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</tr>
<tr>
<td rowspan="3">Perceived Empathy</td>
<td>Pearson Correlation</td>
<td>.600**</td><td>.708**</td><td>.787**</td><td>.815**</td><td>1</td><td>.563**</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td>.000</td><td>.000</td><td>.000</td><td>.000</td><td></td><td>.000</td>
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<td>N</td>
<td>233</td><td>233</td><td>233</td><td>233</td><td>233</td><td>233</td>
</tr>
<tr>
<td rowspan="3">Perceived Tangibles</td>
<td>Pearson Correlation</td>
<td>.533**</td><td>.608**</td><td>.571**</td><td>.613**</td><td>.563**</td><td>1</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
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**. Correlation is significant at the 0.01 level (1-tailed).