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**ADDIS ABABA UNIVERSITY  
COLLEGE OF BUSINESS AND ECONOMICS**

**The Impact of TQM Practice on Customer Satisfaction  
in Addis Ababa Tax Administration Authority**

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**JUNE, 2021  
ADDIS ABABA ETHIOPIA**

**The Impact of TQM on Customer Satisfaction in Addis Ababa  
Tax Administration Authority**

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**THIS THESIS IS SUBMITTED TO THE SCHOOL OF COLLEGE OF  
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## **Addis Ababa University School of Graduate Studies**

### **Declaration**

This is to certify that this thesis is prepared by Mr. Alemayehu Lelissa entitled: Impact of TQM Practice on Customer Satisfaction in Addis Ababa Tax Administration Authority. The thesis is submitted in partial fulfillment for the requirements of the Degree of Master of Arts in Management complies with the regulations of the University and notes the accepted standards with respect to its originality and quality.

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Chair of the Department of Graduate Coordinator

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## **ABSTRACT**

*This study has investigated the impact of TQM practice on customer satisfaction in Addis Ababa tax administration authority. The study specifically focused on TQM dimension such as employee empowerment, training and education, system quality, customer orientation, and top management commitment impact on customer satisfaction. The study was employed quantitative approach and used descriptive and exploratory survey design. The total population of the study was 6278 staff employees and 1563 was target population who work frontline such tax assessment and collection officers, customer service officer, tax auditors, tax investigator and law officers. The study was employed stratified sampling techniques to select Addis Ababa tax revenue office and 308 participants out of 1563. Questionnaires were used to gather data from the employee's in Addis Ababa tax administration office. Descriptive and inferential statistical techniques were used for data analysis. In inferential statistics was employed by Pearson's correlation and regression analysis were used. SPSS software version 26 was used to calculate simple linear regressions to test the hypothesis. The findings show that training and education was found positive correlated and predicted 13.6% customer satisfaction. Employee empowerment practice was positive and significant predicted 21.4% customer satisfaction. System quality and customer orientation were strong and positive significant that predicted customer satisfaction 33.6% and 42.9% respectively. However, top management had positive but insignificant correlation with employee performance. From the results, system quality, customer-orientation practice had greater impact on customer satisfaction. Therefore, the results suggest that the organization should facilitating the practice of system quality, customer orientation, employee empowerment, and training and education in Addis Ababa tax revenue office to provide quality service for customers in order to satisfy and retained their customers.*

# **CHAPTER ONE**

## **INTRODUCTION**

This chapter is presented as the background of the study, statement of the problem, objectives of the study, research questions, and scope of the study, significance of the study, limitation of the study, organizational background, and organization of the study.

### **1.1 Background of the study**

Total Quality Management considers every interaction between the various elements of the organization for overall effectiveness and its outcome is greater than the sum of the individual outputs. The management subsystems also require integration, including strategy, with a customer focus, the tools of quality, and employee involvement (Omachonu and Ross, 1994 cited in Shafiq, 2011). Total Quality Management is often stated as an endless journey. It means continuous improvement of service for both internal and external customers. Besides, Total Quality Management is a process that actively involves every employee in satisfying customer needs by continuously improving all aspects of work activity through structured control, improvement and planning methods. It requires transformation of the roles of all employees empowering them to continuously improve their work processes (Amaniampong & Salakp, 2014).

In order for meeting the organizational objectives, every organization want to be the best and good company by focuses on the customer satisfaction and customers are play stakeholders in organizations because customer satisfaction has a positive effect on any organization's profitability. Customers are important stakeholders in organizations (Koirala and Shrestha, 2018). Therefore, structure of customer relationship is a backbone for all organizations especially in-service industries companies (Angelova & Zekiri, 2011). Nowadays, new companies mainly focus on the service quality, customer perception and customer loyalty are the main concerns of the nowadays service companies in order to improve organization's performance and translates into more profits (Ibid). Similarly, Alomain, Tunea & Zairi, (2013) described that customer satisfaction is the primary emphasis for successful organizations in the future.

Customer is the main and the latest version of ISO 9000 from eight quality management principles (Stevenson, 2007). Beside of this, Augs (2004) noted that good implementation of TQM could improve the organization customer satisfaction and it is one of the key elements of TQM to increase customer satisfaction. Sadik (2015) noted that TQM is one of the management-systems that based on every work in the organization should be devoted to meet the target of organizational goal through one of TQM tools result in customer satisfaction. In addition, Sadikoglu and Olcay (2014) asserted that continual improvement of organizational quality in the products and services lead to enhancing the customer satisfaction and firm performance and this is proved by wide firm management philosophy of TQM.

The main objective of TQM is: “The customer defines quality”, “The customer is always right”, “The customer always comes first”, “The customer is a king”, “Quality begins and ends with the customer” are some of the slogans in TQM philosophy that emphasis on customer satisfaction (Stevenson, 2007). In short, Stevenson (2007) supports the above fact by identifying the customer’s desire; design a product or service for customer wants; design processes that facilitates doing the job right, and keep track of it. Therefore, Rasheed (2016) stated that TQM is an approach that improves the flexibility and effectiveness of an organization for the benefit of customer satisfaction and that satisfaction that helps for sustainable development of the company.

Most empirical evidence shows the impact of TQM practice on customer satisfaction that has been done in developed countries such as: USA, EU, Japan and Australia (Berhardt et al., 1994; Eklof & Westlund, 1998; and Geyskens et al., 1999 cited in Chamhong & Wonglorsalchon, n.d) proved that customer satisfaction is crucial to the profitability of the organization. Those developed countries practice TQM program into systems and achieve customer satisfaction (Sadikoglu& Bulger, 2014). Generally, Evans, (2011) cited in Benjamin (2012) described that TQM requires a new way of thinking about the customer as well as new customers in order to make customers complementary fit with organizational service. Therefore, this can be reflected on increased organizational effectiveness and enhanced efficiency in operational systems (David, 2014). Finally, this study is done to understand and investigate whether the total quality management has an impact on customer satisfaction in Addis Ababa Tax Administration Office service.

## **1.2 Statement of the Problem**

Organizations have the desire to enhance consistently and of nonstop enhancement on guaranteeing the clients remain center and satisfy their customer in an ongoing manner (Mann & Kehoe, 2014 cited in David (2018)). The Mann & Kehoe indicates that some organizations went further to incorporate customer satisfaction principles in their visions. Thus, three principles include: moving the client benefit based on worldview by developing the administration openness via administration focuses and innovation stages, utilizing innovation to improve consistence benefit, and changing the staff state of mind to move from an emphasis on authorization towards building customer trust through persuasive assistance. Oksanen (2010) noted that organization manager should figure out the most important factors for the implementing new strategies concerning on customer and company linkage. Therefore, management is the key factor for CRM in the company. Beside of this, Porter's model (1985) asserted that the organization should be redesign its internal and external conditions to meet the customers' needs and requirements so as to help improving the effectiveness and efficiency of the organization.

At the present time, service quality has received much attention because of its obvious relationship with costs, financial performance, customer satisfaction, and customer loyalty. Since customer satisfaction is also based upon the level of service quality provided by many market leaders are found to be highly superior customer service orientated. For that reason, organizations in the same market sector are forced to assess the quality of the services that they provide in order to attract and retain their customers. Because satisfied customers are a key to long-term business success Zenithal et al., (1996).

Several organizations adopted customer satisfaction mechanism; which has quality service and carefully design framework (Ogbari, Mercy, & Borishade, 2015). Hill and Alexander (2000) and Jones and Sasser (1995) cited in Ogbari, et al., (2015) noted in their books that in increasing customer satisfaction directly affects companies' performance. Similarly, nowadays all companies are realizing the significance of delivering and managing service quality, which leads to customer satisfaction (Benjamin, 2012).

Service failure, which is poor quality service delivered to the customer, is the major challenge of many organizations. Because there is no perfect service system, employees' inability, and

systems breakdown (Al-Sabi, Ma'moun, & Masadeh, 2017) leads to low performance of the organization. When we come to our country, ERCA is one of the most influential public service sectors and generate necessary amount of revenue for the economic growth in line with private sectors (Tewodros, 2015). Due to this, Ethiopia revenue customer authority establishment proclamation No.587/2008 for collecting revenue from customs duties and domestic taxes by establishing modern revenue assessment and collection system provides quality service to the tax payers, make them satisfied and handling taxpayers complain based on set of laws of transparency and accountability. Alongside, Ethiopia's government has been undertaken substantial reform like Standard Integrated Government Tax Administration System (SIGTAS) to modernize the revenue administration system in order to deliver effective and efficient service to the taxpayers.

However, some scholars like Kiros (2013); and Demirew, Tamirat, Petros, and Kaleb (2015), studies indicated that Addis Ababa taxpayers are not satisfied due to the existing of tax system; the employees' poor work ethics and lack of enough knowledge for their work, and even some employees mistreats their customers and unwilling to help the tax payers. Similarly, in 2012 ERCA report indicated that the customers of ERCA continue to complain on quality service, poor staff behavior, poor handling the taxpayers, complain on tax matters, long bureaucratic in tax administration and inaccurate up to date tax payer information. In addition, a study conducted service delivery practice of ERCA by Kiros, (2013) finding shows that a number of taxpayers complain on the quality service was taken by negative corporate image, excessive bureaucracy and delays.

On the other hand, many scholars argued that customer satisfaction has a positive effect on organization's profitability (Benjamin, 2012). In addition, Zamil and Shammot (2011) stated that customer satisfaction is an indicator of national economic health. Which means, lack of customer satisfaction has its own negative impact on enthusiasm and trustworthiness of the taxpayers in order to pay their taxes. This could bring negative effect on ERCA. For instance, the empirical evidence indicated that tax to GDP ratio of Ethiopia (less than 4.2%) is almost the least from all Sub-Saharan African countries Average (20%) (Doko, 2015) but ERCA plans to grow and reach to 17% of tax to GDP ratio in 2014/15. Similarly, according to ERCA report on 2018 indicated that it did not reach its prime target.

Even though, the subject customer satisfaction has been studied commonly in Ethiopian context, in terms of organizational and individual factors. However, there are little or no studies, as far as the knowledge of the researcher is concerned, conducted on the impact of total quality management on customer satisfaction of public service. Therefore, this study has tried to fill this knowledge and research gap.

### **1.3 Objective of the study**

#### **1.3.1 General Objective**

The general objective of the study is to investigate the impact of total quality management on customer satisfaction of public service in the case of Addis Ababa Tax Administration Office.

#### **1.3.2 Specific objective**

The specific objective of this study is;

- i. Identify adapted TQM dimension perceived by the customer in Addis Ababa tax administration office;
- ii. Explore current status of Addis Ababa tax administration office service on customer satisfaction;
- iii. Investigate the impact of TQM dimension practice in Addis Ababa tax administration office for the benefit of customers and enhance their satisfaction.

### **1.4 Research question**

The following are the research questions:

- i. Which TQM dimensions are adopted in Addis Ababa tax administration authority?
- ii. What is the current status of Addis Ababa tax administration authority service on customer satisfaction?
- iii. To what extent does TQM dimension practice impact on firm for the benefit of customers and enhance their satisfaction?

## **1.5 Research Hypothesis**

**Hypothesis 1:** There is a positive significant relationship between top management commitment and customer satisfaction.

**Hypothesis 2:** There is a positive significant relationship between employee empowerment and customer satisfaction.

**Hypothesis 3:** There is a positive significant relationship between training and educating the employee in customer satisfaction

**Hypothesis 4:** There is a positive significant relationship between customer orientation and, Customer satisfaction

**Hypothesis 5:** There is a positive significant relationship between system quality and customer satisfaction

## **1.6 Significance of the Study**

The study will provide information to the public better understanding of the organization in terms of TQM implementation and impact on customer satisfaction. The study also gives crucial information to policy makers, ERCA and Addis Ababa Tax Administration Authority about how to facilitate TQM system in the organization. Majority of Ethiopia's annual budget is covered by tax collection and the tax collection is expected from the citizens/customers. Therefore, the study will establish in adopting and implementing of TQM systems in order to improve customer satisfaction wisely and intelligently that help to enhance the economic growth of the country.

This study provides critical information for management strategic decision in several critical areas of their operation and provides reliable and valid guide for implementation of TQM to improvement customer expectation, perception and loyalty building long-term mutually benefited relationship with customers and organization performance.

Furthermore, it is hoped that, the study finding might arouse further study on other aspects of TQM relationship to customer satisfaction in public sector. In addition, it serves as a reference for the interested scholars that carrying out future research in this area of study.

## **1.7 Scope of the Study**

The study was concerned with the impact of TQM on the customer satisfaction in Addis Ababa tax administration office. There are different dimensions of TQM that can affect customer satisfaction in some selective Addis Ababa Tax Administration Office branches. Among TQM dimensions, this study is delimited to top management commitment, training and education, quality system, employee empowerment and customer orientation are identified to improve the gaps, and monitoring and evaluation of service delivery and customers' satisfaction.

## **1.8 Limitation of the Study**

The major limitation of the study is in the limited availability of published and documented data on the topic of empirical research on the related topic; especially in our country. Second, this study is used as a subjective self-report measure of taxpayers' satisfaction as well as implementation of TQM because of lack of documented measure of Service Recovery performance in the industry.

## **1.9 Organization of the Study**

The researcher has organized the entire study into five chapters. Chapter one introduces the study including the background of the study, statement of the problem, research questions, objectives, significance of the study, and limitation of the study and scope. Chapter two discusses the Literature Review which is about the theories relevant to the study and provides literature previously done by other authors on total quality management practice on customer satisfaction. Chapter three contains the research design and methodology of the study. This chapter discusses the research design, sampling procedures, data collection methods and analyses that has been used in the research. Chapter four presents the finding of the study in relation to the research questions. Chapter five deals with discussion, and finally chapter six contains conclusions and recommendations of the study.

## CHAPTER TWO

### LITERATURE REVIEW

In this chapter, related literature on development and implementation of total quality management: concept of quality, definition of total quality management, theory, and critical success factor of TQM, customer satisfaction measurement, effect of TQM and customer satisfaction and lastly conceptual framework discussed.

#### 2.1 Concept of quality

The word quality comes from the Latin “*qua litas*”, which means “of what kind” on the other hand it is considered quality as ‘good’. Deming (1982) defines quality as “a predictable degree of uniformity and dependability at low cost and suited to market”. In general, quality of customers as per specified standards desire one, which satisfies customer needs and continuously keeps on performing its functions (Zakuan, Muniandy, Saman, Ariff, Sulaiman & Jalil, 2012)

Dahlgaard, Kristensen, & Kanji, (2002) stated that quality is important for any organization boarding on quality improvement journey. Thus, it enhances employees and management efforts on their company vision and their quality improvement goal. The definition of quality thoughts goes through a range of facts and perception of excellence. Palaneeswaran and Kumaraswamy, (2005) also defines as “the totality of characteristics of a product or service that bears on its ability to effectively and efficiently meeting the outlined requirements/specifications as well as satisfying the stakeholders’ needs.”

Juran cited in Imbeah (2012) describes that “*fitness for use by the customer*” and definition of Crosby (1980) defines quality as “*Conformance to the requirements or standards*” and Feigenbaum, (1991) cited in Imbeah (2012) defines quality as “*the total composite product and service characteristics of marketing, engineering, manufacture and maintenance through which the product and service in use will meet the expectation of the customer.*”

## **2.2 Definition of Total Quality Management (TQM)**

TQM is the most permanent management innovations in recent decades. TQM is defined by several authors as a systematic approach, furthermore, TQM is considered by many other authors as a management philosophy that strives for the involvement of organization's stakeholders to attain its set goals (Aletaiby, 2018).

TQM is the mutual cooperation of everyone in an organization in order to produce products and services to meet the needs of the customers (Dale, 1999 cited in Hansson, 2003). On the other hand, Oakland (1998) cited Hansson, (2003) describes TQM as an approach to progress competitiveness, efficiency and flexibility for the total organization. Similarly, Dahlgaard et al., (1999) cited Hansson, (2003) describes TQM as an increasing customers gratification via continuous improvement involving all employees in the organization.

Total Quality Management considers every interaction between the various elements of the organization for overall effectiveness and its outcome is greater than the sum of the individual outputs. The management subsystems also require integration, including strategy, with a customer focus, the tools of quality, and employee involvement (Omachonu and Ross, 1994 cited in Shafiq, 2011).

Total Quality Management is often stated as an endless journey. It means continuous improvement of service for both internal and external customers. Besides, Total Quality Management is a process that actively involves every employee in satisfying customer needs by continuously improving all aspects of work activity through structured control, improvement and planning methods. It requires transformation of the roles of all employees empowering them to continuously improve their work processes (Amaniampong & Salakp, 2014).

## **2.3 Customer Relationship Management Theory**

This study is guided by the Customer Relationship Management Theory (CRMT) drafted by Laatuhydistys (1995) cited in David (2018). The key element in Customer Relationship Management Theory is focusing on evaluating the customers' satisfaction in the organization and how the organization look to the client contacts and relations make forward the

productivity. In addition, it assesses how the organization could recognize the future desires for its clients, and hence forth holding them.

Regarding to CRMT, to improve the customer satisfaction, organizations should improve the customer quality focus practices via providing quality service and how they feel to be treated as accomplices (Pralhad & Ramaswamy, 2014 cited in David, 2018). In this way, it initiates with realizing what the customers require and after that coordinating those prerequisites conditions of the customer requirement with administrations.

Organizations have the desire to enhance consistently and of nonstop enhancement on guaranteeing the clients remain center and satisfy their customer in an ongoing manner (Mann & Kehoe, 2014 cited in David (2018). The Mann & Kehoe indicates that some organizations went further to incorporate customer satisfaction principles in their visions. Thus, three principles include: moving the client benefit based on worldview by developing the administration openness via administration focuses and innovation stages, utilizing innovation to improve consistence benefit, and changing the staff state of mind to move from an emphasis on authorization towards building customer trust through persuasive assistance.

Oksanen (2010) noted that organization manager should figure out the most important factors for the implementing new strategies concerning on customer and company linkage. Therefore, management is the key factor for CRM in the company. Beside of this, Porter's model (1985) asserted that the organization should be redesign its internal and external conditions to meet the customers' needs and requirements so as to help improving the effectiveness and efficiency of the organization.

The theory is also used as to explain customer satisfaction variable. According to Hansemark and Albinson (2004) define customer satisfaction as "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some needs, goals or desires."

## **2.4 Critical Success Factors of TQM**

Shafiq, (2011) stated that the key elements and practices of TQM fluctuate from author to author, common practices can still be identified such as top management commitment,

training and education, employee encouragement and quality systems, involvement of employees. Similarly, many authors such as Martinez-Costa, Choi and Martinez, (2009); Fotopoulos & Psomas, (2009); Lopez-Mielgo, Montes-Peon & Vazquez-Ordas (2009); Bou-Llusar et al., (2009); Zu, (2009); Li et al., 2008; Karuppusami & Gandhinathan, (2006) and Sila and Ebrahimpour, (2003) cited in Shafiq, (2011) agreed that these practices are the core elements of TQM.

TQM forms an integrated management philosophy and set of practices that focuses on management leadership and commitment. It includes: continuous improvement, employee participation, training and education; reducing rework; rewards and recognition and closer relationship with suppliers (Powell, 1995 cited in Apudo, 2016). In addition, Saraph, Benson and Schroeder (1989) cited in Apudo (2016) noted and highlighted on eight critical quality management systems practices namely: role of divisional top leadership and quality policy; process control and improvement; product and service design; quality data and reporting; supplier quality management; employee training; role of the quality department on employee relations.

Brah, Serene, and Rao (2000) noted in the study conducted in Singapore service sector on TQM and business performance constructed 11 critical factor of TQM implementation. These are: top management support, employee empowerment, process improvement, employee training, quality improvement rewards, supplier quality management, benchmarking, service design, and cleanliness and organization. In addition, Ueno (2008) described 7 predominant TQM implementation in order to improve service quality; such as recruitment and selection, training, teamwork, rewards, employee empowerment, two-way of communication and organizational culture.

The study selects the comment critical success factor of TQM as follows:

#### **2.4.1 Training and Education**

Today, many organizations have different challenges regarding work and workplace environment. Therefore, organization managers focus on human capital; thus the firms are investing more training for employees to upgrade their knowledge and capacity in order to achieve organizational goal (Huang, 2001 and Achi & Sleilati, 2016).

In the service sector, it is critical part of TQM implementation, especially in services. It explores the knowledge of employees about the core principles of TQM to achieve firm desired goals. In addition, training and education help to improve empowerment responsible for producing and delivering services (Sharma Gupta, & Rahul, 2014).

In any organization, human resource management has been recognized as giving trainings for the employees (Nassazi, 2013). Thus, training has a variety definitions based on the organization and Gordon (1992) cited in Nassazi (2013) defines training systematic way of individual behavior modification through learning activities and programs which helps to develop participants knowledge, skills, and abilities to carry out their work effectively. Moreover, training should be designed depend on the organization goal (Milkovic & Bordereau 2003 cited in Nassazi, 2013).

The main concept of training and education is to maintain high level that to use best talents and activities of an organization's complete workforce (Talib & Rahman, 2010). Training is the most important tools that increasing employees' capacity to do their job, to finding out and solving problems, use full potential of workers and continuously improving quality (Yusuf et al., 2007). Effective and efficient training programs in quality educate employees and managers for quality management implementation (Talib & Rahman, 2010).

According to most scholars include Suksom & Lumyong (2009); Thunman (2008); Sophonsiri (2008); and Tate (2010); cited in Chaichi (2012) there are five dimensions in training (training tangibles, training reliability, training responsiveness, training assurance and training empathy) that make better quality in services.

Training increases the technical skills of the workers to smooth their work in a particular job effectively (Hubbard, 2011 cited in Ani, 2017). Therefore, the final goal of any organization is to satisfy their consumers by their service. Due to this, most firms have created customer service training programs, which enable and improve employees' attitudes toward consumers (Ibid). Thus, Lee (2012) cited in Ani (2017) noted that training has been viewed as a vital driver of a consumer service that lead to predict the outcome of customer satisfaction. Besides, employee training makes enormous role to customer satisfaction, as high performing workforce, which is better qualified, can meet the demands of consumers (Putachote, 2013 cited in Ani, 2017).

Organizations should develop and support in recovering employee skills that ensure to employees feel satisfied and well-matched with their jobs (Pantouvakis, 2012 cited in Ani, 2017) and it has positive effect in organization ability to achieve consumer satisfaction (Meisinger, 2003 cited in Ani, 2017). In addition, training can assist the employee to identify the problems and to take responsibility to resolve service quality problem in the firm, which have positive effect on customer satisfaction (Ani, 2017).

#### **2.4.2 Top Management Commitment**

According to leadership theory, top management has the ability to establish practice a long-term vision of the organization driven by changing customer requirement.

Sharma et al., (2014) stated that top management has to lead from the front in TQM by taking individual responsibility for implementing, nurturing and refining all TQM activities. Top management commitment is crucial for an organization to successfully implement TQM as resources and management leadership as required (Goh, 2000). Then, managers should make sure people are properly trained, capable, and actively participate in achieving organizational goals for long-term success (Sharma et al., 2014).

Good management commitment could create quality policy alongside objective, mission and vision for the quality of the company's products and services and its commitment to customers (Goh, 2000). Indeed, the top management should support the TQM implementation by providing all basic and necessary resources, giving strategic direction and creating favorable environment due to these, employees become motivated and participate in quality management activities (Shegaw, 2019). Flynn et al (1995) and Anderson et al (1994) cited in Shegaw(2019) indicated the necessity of top management commitment to influence on the overall attitude and strategic direction of the organization.

Sharma et al., (2014) describe that employees of the firm must be committed for development and clearly support TQM as the same time commitment needed top management provided. As well as TQM is not responsible for a single employee or top management but both employees and managements are committed for TQM implementation in addition it become normal part of everyone's job and can bring fruitful results in the organization; contrary to incorporate of employees and managements breaking down and barriers to quality (Sharma et al., 2014). Similarly, everyone is responsible for producing quality goods and services, meeting customer

requirements, and achieving a company-wide TQM organization (Yusuf, Gunasekaran, and Dan, 2007).

### **2.4.3 Customer Orientation**

Deshpande, et al. (1993) cited in Gittell (2006) defines customer orientation is that puts the customers' interest and beliefs first in order to develop a long-term profitable organization. Customer orientation is creating consistently superior value of customers that target customer knowledge (Matsuo, 2006). Similarly, TQM customer element research conducted by Lascelles and Dale (1994) indicates that identifying of customer need is the main factor force for the practice of TQM to improve quality product or services of an organization. In addition, customer orientation helps to assess customers' needs in order to make appropriate decisions to provide services that meet customer needs in the context of employee job responsibilities (Lee, Kim, Son, and Lee, 2011).

Customer orientation must be identified, analyzed, understood and respond to customer needs (Yazdani, Abad, Nasiri, Hussain & Asdnzhad, 2011). For the competitiveness in global business, organization must focus on customers' needs and satisfaction of their expectations. Organizations customer service should include either internal or external customer to foster the mutual respect necessary to preserve morale and employee participation (Sharma, et al., 2014). Karani and Bichanga (2012) cited in Apudo (2016) studies noted that firm sustainable development basis on the ability to meet and exceed customer expectations and give priority in every decision made for maintaining intimate relationship with customers so as to accurately meet their need. Therefore, it is essential in every stage of firm process in order to minimize chances of defects or quality problems at full production.

### **2.4.4 Systems Quality**

Any organization can develop its own quality systems to ensure that principles, procedures and processes are appropriate and adequate for its business operation (Sharma, et al., 2014). Because quality of system could make the workers flexible and to ensure the improvement of procedures and practices in order to integration of tasks and work into a different stage by individual/group even if the process is complex (Goh, 2000).

The implementation of ISO 9001 quality management system has been facilitated and create economic advantages for the organization. Organization regulations and guidelines of the system help to the employees become familiar with collection of documents in the normal working environment (Nabavi, Azizi, & Faezipour. 2014). System quality play work has become scientific, and management has become more scientific, a system was defined and documented according to which things are performed (Ibid). However, due to inaccurate implementation system quality lead to bureaucracy.

#### **2.4.5 Employee Empowerment**

Employee empowerment is one of the five soft dimensions of TQM (Pramuka & Adawiyah, 2012). Employee empowerment provides strong employee motivation and giving responsibility for employees to improve and make changes (Stevenson, 2007; Lau & Tang, 2009). Thamizhmanii and Hasan (2010) defined employee empowerment as “providing decision making powers to a team or an individual. According to Ooi, Lin, Teh, and Chong (2012), stated that employees are empowered to use their creative ability and make their own decisions.

Randolph (1995) defines employee empowerment is one of the tools that transfer a power from employer to employees. Since the organization’s goal is customer satisfaction, the goal of employee empowerment is achieved organizations goals via employee creativity. Parker (1994) cited in Ongori (2009).

Fleming, Coffman, and Harter (2005) stated that many service organizations are set vital value on employee interacts with a customer. Employee interaction with every customer creates an opportunity to build the customers emotion and meet customer’s heart. Indeed, these interactions are a large and largely untapped resource. Alongside, Pantouvakis (2012) cited in Ani (2017) demonstrates that most scholars concluded that organization has to empower their employee and satisfy them in order to satisfied consumers. Thus, organizations have to communicate consumers’ requirements and needs to their employees.

Ongori and Shunda (2008) stated that employee empowerment is getting workers doing what needs to be done and it contains feelings of self-efficacy, individual responsibility, and autonomous decision making. The individual and members of the organization should be

empowered employee in order to be able to respond quickly to changes in the business environment (Robbins, 2001).

Ongori (2009) stated that empowerment makes employees believe that they are vital and significantly contribute to organizations success. Employee empowerment helps to develop organizational success and effectiveness. Employee empowerment enhances employees' ability and initiative towards achieving the organizational objectives (Ongori, 2009). Ongori & Shunda (2008) stated that employee empowerment increases employee well-being and organizational effectiveness. In addition, empowered employees will provide excellent customer service and thus improve organizations organizational effectiveness. In general, Dizgah, Chegini, Ferabbod, and Kordabadi(2011) noted that employee empowerment is one of the strategies used that promoting good relationship between customers and employee in an organization.

Robbins (2001) asserted that empowering employees help to employee making decision, this make develop the operating level. Aziz (2008) stated that employees who are not allowed to take decisions affecting their jobs in the organization. Similarly, workers are being giving the freedom to make decisions to solve work related problems, thus, this satisfies customers in organization service (Ketchum & Trist, 1992).

Both Recognition and reward are important to motivate and stimulate employee satisfaction that lead to give best service for customers. Positive reinforcement is letting employees know that they are valuable members of the organization and strive to win organization goal-related activities. But this does not always mean money. It should generate the employees' feeling of being appreciated, being approved, and having peer recognition. Reward can be given in many forms, times and places but must be meaningful and deserved (Yusuf et al., 2007). Similarly, Customer satisfaction is achieved by companies through happier and motivated staff as well as worker motivation concerning to their work can impact on customer's satisfaction (Gittell, 2006).

## **2.5 Customer Satisfaction Measurement**

Many scholars tried to define customer satisfaction and in general they have defined it as the relationship of two bodies or organization with their clients.

Oliver (1981) cited in Hansemark and Albinsson (2004) defined satisfaction as "a summary of psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience". Kotler (2000) cited in Angelova and Zekiri, (2011) defined satisfaction as pleasure or disappointment of subjective feelings are based on their earlier experience related to his/her expectations of service perceived.

According to Hansemark and Albinsson (2004) "satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some need, goal or desire". Salo (2017) defined satisfaction as:

*“satisfaction can be defined as a person’s needs, wants or hopes, that when satisfaction is achieved, is fulfilled. When brought into the world of business, one could think of satisfaction as for instance a service that fulfils the customer’s desires or a company’s satisfaction over the launch of a service that has met the expectations of both the company and the customers.”*

Organizations can enhance their performance through customers; profits and market value (Ang and Buttle, 2006). The economist studies indicated that 65% of customer satisfaction was top most priority organization in achieving high performance (Gupta and Zeithaml, 2006 cited in Sharma et al., 2014).

Trasorras, Weinstein, and Abratt (2009) asserted that customer satisfaction rates are determined by customer’s inner feelings and emotional attachment to the product and/or service showing the degree of loyalty, engagement and adherence.

Angelova and Zekiri (2011) measure customer satisfaction based on America satisfaction model in three ways such as: customer perception, customer expectations, and customer loyalty.

### **2.5.1 Customer Perception**

Perception is a form of individuals about their daily experience. In addition, a person’s perception depends on information passes before it has major impact on his/her responses to a given situation (Lovelock, Jochen & Wirtz, 2011).

Perception is an attitude about something and it varies from customers to customers; which means every customer has different beliefs towards certain services or products that determines critical play in customer satisfaction. Most of the time customer perception is an individual view, however customer perception is useful insights for organizations to develop their marketing and service strategies. (Reichheld, 1996 cited in Angelova and Zekiri, 2011).

If a person service experienced is better than expected, the result will be positive and high levels of satisfaction (Lovelock et al., 2011). Therefore, organization should be understanding how consumers perceive the quality of the service offering and how these perceptions impact upon the consumer's final satisfaction. The organization have to understood the consumers' perception and identify customers' expectation to fill the gap exists consumers' perception (Kotler &keller, 2006).

### **2.5.2 Customer Expectations**

Expectation is important role for satisfaction formation. Ani (2017) noted that any consumer come to any organization with a preformed set of expectations. Expectation can be defined as the total perceived benefits before any particular service from the organization. Some of the main expectations that the customers perceived in the organization are speed of service, efficiency of service, helpful and friendly staff. Zeithaml, Parasuraman, and Berry (1990) stated that Customers' expectation is defined as customers' expectations from the results of prior experience and they wish to receive from the services. However, Singh and Khanduja (2010) proposed that customers expectation is formed in different uncontrollable factors include previous experience with other companies, customers psychological factor during previous service delivery, and other people's opinions and influence.

Organization service fulfills a customer's need and desire. What they expected satisfy their customers beyond that it develops the organization performance (Hansemark & Albinsson, 2004). According to Parasuraman et al., (1988) cited in Tilahun (2017) customers' expectations are primarily determined by the personal needs of the customer, the customer's past experience on service providers, internal and external communications between service provider and customers. Therefore, by meeting consumers' expectations the organization can develop loyal consumer (Ansari et al., 2014 cited in Ani, 2017). However, if the service is below the expectation, consumer would not be satisfied (Ali et al., 2015 cited in Ani, 2017).

Conversely, customers are satisfied when expectations are lower than the level of service delivery (Kalkidan, Nigist, & Haset, 2016).

## **2.6 TQM and Public Sector Service**

Public sector services are accountable and responsible to citizens (Munhurrun, Bhiwajee, and Naidoo, 2010). Public sector is difficult to give service that fulfill customers' needs, but Public sector are setting priorities, allocating resources and publicly justifying and accounting for what has been done. In the literature of Amanuel (2016) described U.K and European countries public sectors services try to satisfy their customers to drive the government transformation thus all citizens have good experience to use public service. Similarly, Canadian researcher's conclusion indicated that public sector service is strong builder of citizen trust and confidence in public institution (Ibid). Anderson and Zemke (1998) cited in Amanuel (2016) asserted that customer satisfaction just like physical asset and it generates more revenue for the government as well as it is the key element to a long term organizational success (Zeithaml et al., 1996 cited in Amanuel, 2016).

On the view of public sector and customer, Diniz (2004) noted that quality public sector is recognized and accepted to satisfy customers. Therefore, TQM is attracting growing attention in the public sector because citizens are challenged to get appropriate service from the organization (Tachiki, 2008).

Since 1990's most developed countries have been adapted and implemented TQM in public sector in order to enhance the delivery of public service quality to customers (Mwita, 2000 cited in Amanuel, 2016). Thus, many public and private sectors are applying TQM (West, Berman and Milakovich, 1993 and McGowan, 1995) because to meet public needs, reducing costs in public administration, raise the consumer's orientation, and performance of the services (West et al., 1993). Organizations implement TQM in order to maximize consumer satisfaction (Kotler & Keller, 2006) used for monitoring and evaluating of all activities in the organization in order to accomplish its goal (Matei and Andreescu, 2005).

The Public sector is aware that "quality is now recognized and accepted worldwide as the client's satisfaction at an adequate cost and an imperative for all public organizations (...) in view of the public's and consumers' growing awareness of their rights." (Diniz, 2004).

Among different public sector, tax revenue sectors are the major benefit from TQM to satisfy their customers in order to improve tax collection method. In tax administration, taxpayer gratification is the major significant for revenue for the government (Simon, Thamrongsak, and Brian, 2006). According to Glenn and Edwin (1993) described service oriented administrative strategies are organized in to three broad areas including taxpayer assistance, tax simplification, and the facilitation of tax collection and enforcement.

The main objective of Ethiopian Revenue and Customs Authority (ERCA) is ensuring to modernized government revenues in order to provide effective tax administration and sustainability in revenue collection through render fair, efficient and quality services. All public organization particularly tax revenue offices collect tax in accordance with Equitably enforce the tax and customs laws by preventing and customs laws set out in legislation. Then Addis Ababa tax revenue office doing similar function under ERCA rule and regulation of tax collection ([www.erca.gov.et](http://www.erca.gov.et)).

ERCA is one of the public sectors under government structure in Ethiopia to collect tax directly or indirectly from business organization and individual citizen. It has sub-branches all over the country and Addis Ababa tax administration is one of its sub sectors that collect tax in Addis Ababa city.

## **2.7 Impact of TQM on customer satisfaction**

Oakland (1986) cited in Yala et al., (2018) defined TQM in organization service, it meets the requirements of the customers and help to obtain the customers' perception of the service delivered and their expectation of the service to be provided to enhance the process by the company. According to the study of Yang (2006) noted that TQM within human resource management is significantly affected quality service for customer satisfaction. Therefore, Vora (2002) described that customer satisfaction improved operational and financial activities which will eventually lead to organization success.

Naumann (2010) pointed that organization are mainly focused on customer satisfaction and included in their strategic planning. In addition, Chung (1997) and Augus (2000) Cited in Ogbari et al., (2015) asserted that applying TQM could improve the organization customer satisfaction.

Davies (2003) TQM is a philosophy of management that major concern for satisfying customers and improving the organizational performance by focusing on the task process and people. Beside of this, TQM deals with both individual and group behaviors that can create customer satisfaction (Claver, Gasco, Llopis, and Gonzalez, 2001). Yala, Ododa, and Jame (2018) found that TQM practices have positive effects on customer satisfaction, employee satisfaction and other benefits like competitive advantage, improved image (Fotopoulos & Psomas, 2010 cited in Yala et al., 2018). In addition, top management commitment, and process management, and customer orientation are the most direct impact on operational efficiency and customer satisfaction (Binney, 1992 and Bergman & Klefsjo, 1994).

### **2.7.1 The impact of Training and Education on Customer Satisfaction**

Competition is enhanced by using every available tool and human resource wisely. A company to become a global competitor via customer satisfaction providing education and training to their employers in order to fill their gap on skills and knowledge on quality dimensions and management (Zakuan, et al., 2012).

Anastasiadou (2010) stated that employee training is one of the major important requirements to implement TQM successfully. Zakuan et al., (2012) noted that training is an important factor that increases employees' effectiveness. Educating and training for organizational employees at all levels can improve their knowledge on quality issues and providing them with organization's mission, vision and general desired direction.

Training for customer's service skills and behavior is vital for any company to reduce customer complain and facilitate employees' duties in the organization (Mouawad & Kleiner, 1996). Aroge (2012) noted that service organizations are depending on the ability of employees' attitudes and behaviors of that affect customers' perceptions of the service. Then, necessary trainings; on skills and ethics enables employees to deliver fast and reliable service experience to customers (Chebat et al 2000). According to Putachote (2013) cited in Anti (2017) stated that employee training highly contribute to satisfy customers by better work Performance. In addition, adequate training can help to the employee to identify and solve problems, which have positive impact on customer satisfaction (Tzafrir & Gur, 2007 cited in Anti, 2017).

Employees who do not have interpersonal skills fail to provide high level of service in dealing with customers' complaints (Boshoff & Allen, 2000). Customer service training has a direct impact on frontline employee service in order to handle customer satisfaction effectively (Babakus, Yavas, Karatepe and Avci, 2003).

Therefore, bringing employees into the decision-making process provides the opportunity for continuous process and product improvement. Besides, employee involvement in improving the quality that increases productivity which leads to customer satisfaction by their service. Further, the new ideas, innovations and creative thoughts of employees can make an organization success or failure (Farmer, Luthans, & Sommer, 2011).

### **2.7.2 The impact of Top Management commitment on Customer Satisfaction**

Bushaf and Allen (2000) believe that organizational senior and top management commitment are vital to service excellence by motivating and facilitating trainings to employees so that they can work effectively to satisfy customers which leads to achieving organizational goals.

Top management commitment to TQM goal, which is customer satisfaction by making good work condition in the organization, facilitates employee empowerment to create employee job satisfaction (Ugboro, Isaiah & Obeng, 2000). Management commitment is the key factor to customer satisfaction and achieving organizational goal (Ibid). The result of top management commitment to implement TQM in the organization has positive effect in organizational success through maintaining customer satisfaction (Hansson, Backlund, & Lycke, 2009). Similarly, Sureshchander, Chandrasekharan, and Anantharaman (2002) described that top management commitment on employee service and services quality lead to achieving customer satisfaction.

Management is not committed to service excellence that cannot deal with customers' requests and complaints successfully. However, management is fully committed to service excellence, employees satisfy the customers (Zemke 1991 cited in Karatepe & Karadas, 2012). Newman (2001) stated that there is a relationship between management commitment and employees' job satisfaction and service quality. Wreder et al., (2008) cited in Ahari, Mehrabi, Far, and Samangoei (2012) prove that management commitment to service quality has a positive effect on employee participation and satisfaction, as well as employees' satisfaction has

positive relationship to customer perception from service quality (Hartline et al, 1996 cited in Ahari et al., 2012).

### **2.7.3 The impact of Customer Orientation on Customer Satisfaction**

The effect of customer orientation on customer service process is influenced by different exposure such as employee relationships with the customers, coworkers, and superiors that involved in the service process (Brady & Cronin, 2001) added to that, the relationship depends and influenced by the level of service provider's commitment to customers. However, Whelan, Davies, Walsh, and Bourke (2010) stated that customer satisfaction influenced by employee satisfaction, which is derived from organization oriented towards them and supported by their employer's. Customer orientation has a positive effect on how the employee treats the customer. The positive impact of customer orientation and customer satisfaction is influenced by employee satisfaction which is derived organizations oriented towards them and supported by their employer's (Ibid). Customer-oriented organization provides greater customer satisfaction offered by a firm (Narver& Slater, 1990 cited in Donavana and Hocutt, 2001). According to Susskind, Kacmar, and Borchgrevink (2001) described that customer satisfaction is highly related to high levels of customer orientation in service organizations, and also bring positive association between them.

Kim (2014) study shows that the effect of customer orientation on customer relationship to management performance and satisfaction has positive significance. In addition, Siddiqui and Rahman (2007) cited Yala et al., (2018) show that customer orientation and top management support are the key factors that yielding benefits for customer satisfaction, enhance productivity, slashed time consumption among others.

### **2.7.4 The impact of employee empowerment on customer satisfaction**

Jonathan & Johnmark (2012) stated that employees empower impact on the customer perceived service quality, service delivery process, and the service quality and customer satisfaction. Alongside, organization includes employee empowerment in their strategies that promotes good relationship between the customer and employee (Dizgah, Chegini, Ferabbod, &Kordabadi, 2011). The major plan of employee empowerment helps to produce service for internal and external customer expectation (Ugboro& Obeng, 2000) and empowered

employees create higher satisfaction to the customer. Similarly, it improves service quality in order to meet higher level of customer satisfaction (Naeem & Saif, 2010).

Companies usually give their attention toward employee's motivation attitude by offering different packages and advantages (Goenner, 2008). Besides, employees' motivation has numerous benefits in any organization. In service industry, employee satisfaction has a positive impact on customer gratifications (Macey & Schneider, 2008) and customers' satisfaction influenced by employees' behavior, which means, employees' enthusiasm is an important factor for quality service and has tremendous effects on customer satisfaction. Motivated workers can produce better outcome in comparison with dissatisfied employees (Goenner, 2008; and Tsaur, Chang & Lin, 2004).

Brown, Mowen, Donavan, Licata Donavana and Hocutt (2001) described customer orientation as a personality identity to the nature of service providers that meet customer needs through workers' self-evaluation of overall performance in handling customers (Ibid) creating systems, using information about customers and customer feedback (Shainesh & Sharma, 2003).

Alzalabani and Mzembe (2012) noted that employee empowerment has a positive impact on improving profitability that leads to job satisfaction, and faster service delivery and exceptional service for customers. Worker motivation toward their work can impact on customer's satisfaction and service quality significantly (Gittell, 2006). Various researches have been conducted on the evaluation of employee's influence on performance of a company. Various researches finding like Goenner, (2008); Yusuf et al., (2007); and Aletaiby, Kulatunga, & Pathirage, (2017) shows that there is a positive connection among employees' motivation and customer satisfaction. For instance, Ongori (2009) report indicated that management empowered their employees doing in restaurant, by allowing them to make decisions doing their job in order to customer satisfaction then the result was wonderful which helps employees to makes quick decisions without going back to consult their bosses. Conversely, Sparks, Bradley and Callan (1997) noted that there is full, limited or no impact of employee empowerment on customers' satisfaction. And also, Sparks et al., results shows that communication is only enough for service provider to produce more customer satisfaction.

## 2.8 Empirical Literature Review

The study conducted on employee empowerment and customers' satisfaction in some selected hotels in Nigeria were reviewed by Jonathan and Johnmark's (2012) finding indicated that there was a positive and significant relationship between employee empowerment and customer satisfaction. Similarly, the data collected from front line employees in 42 firms such as restaurants, barbershop, gymnasium and, tourist hotel in Taiwan (Tsaur et al., 2004) result revealed that there was positive and significant association (86%) between employee empowerment and customer satisfaction.

Hocutt and Stone (1998) cited in Bello & Bello (2017) studied the effects of frontline employee empowerment on customer satisfaction results revealed that employees who were properly trained and independent to make decisions were leading to higher consumer satisfaction. In addition, Zeglal, Aljaber, and Alrawabdeh (2008) result indicated that the effect of employee empowerment on customer satisfaction created a positive relationship between them. In contrary, Bello and Bello (2017) studies on hotel industry about the relationship between employee's empowerment and customer satisfaction result revealed that there was positive relationship between the two variables but not significant.

Other empirical study conducted with frontline bank employees in South Africa by Boshoff and Allen (2000) shows that empowerment and rewards positively affected employees' service recovery performance. Similarly, private sector hotels in Turkish, YavasKaratepe, and Babakus (2010) and bank in Turkish YavasKaratepe, Avci, and Tekinkus (2003) reported similar findings, which showed employee empowerment created positive influence on frontline employees' service recovery performance.

The empirical investigation on relationship between customer orientation and customer satisfaction in 19 business by Olsen, Witell, and Gustafsson (2014) result indicated that there was direct effect of customer orientation on customer satisfaction. Similarly, customer orientation had positive effect on customer satisfaction, whereas the effect of customer orientation was measured via strategies implementation phase (Olsen, Witell, and Gustafsson, 2014).

The high level of top management commitment to their role in the service process (Susskind, Kacmar, and Borchgrevink, 2001) had positive effect offering service for their customers and

leading them satisfied. In addition, top management commitment, who supported and facilitated the employee had direct influence and significant positive influence on customer satisfaction (Yuanqiong He, Wenli Li, and Kin Keung Lai, 2011). However, managerial support and work facilitation had indirect effects on customer satisfaction by improving employee commitment, rather than having direct influence on customer satisfaction (Yuanqiong He, Wenli Li, & Kin Keung Lai, (2011). Top management, cross-functional, and within-team. An empirical test from the data 167 sales teams about top management relation to customer satisfaction (Sleep & Bharadwaj & Lam, 2014) result indicated that high levels of firm top management coordination led to higher levels of customer satisfaction. Lastly, from the sampling size of 184 employees in Islamic Republic of Iran's custom office that selected by simple random method (Tanabandeh & PourKiani, 2016) finding shows that different level of management commitment in service delivery to employees improve positive effect to better doing to customers.

In a cross-sectional descriptive-survey design was employed to explore the effect of customer orientation on customer relations and service quality management in 80 Dana insurance which represents total Dana insurance in Tehran, Iran. The study finding shows that customer orientation has a significant and positive effect on Dana Insurance Company's customer service quality. Similarly, from 248 respondents that selected by convenience sample method in 41 pharmacy branches in Amman (Hawa, 2015) investigation shows that the effect of customer orientation on customer satisfaction was significant and positive between the two variables. Similarly, Ming and Chung (2013) investigation on the impact of customer Orientation on Customers Satisfaction, descriptive analysis which was linear regression revealed that there was positive and significant relationship between the two variables.

The study conducted in Australian and New Zealand manufacturers by Cooney, Terziowski and Samson (2012) finding explored that that employee training made more significant impact upon organizational performance and customer satisfaction. Similar, empirical evidence on case study conducted in Safaricom limited Call centre in Nairobi on effect of training and development on Employees' on customer satisfaction (Amadi, 2014) the study concluded that there was significant effect of training on how to handle customers for employees on customer satisfaction. Similarly, Lee (2012) study investigated on the relationship between training and customer service among 735 firms in South African shows

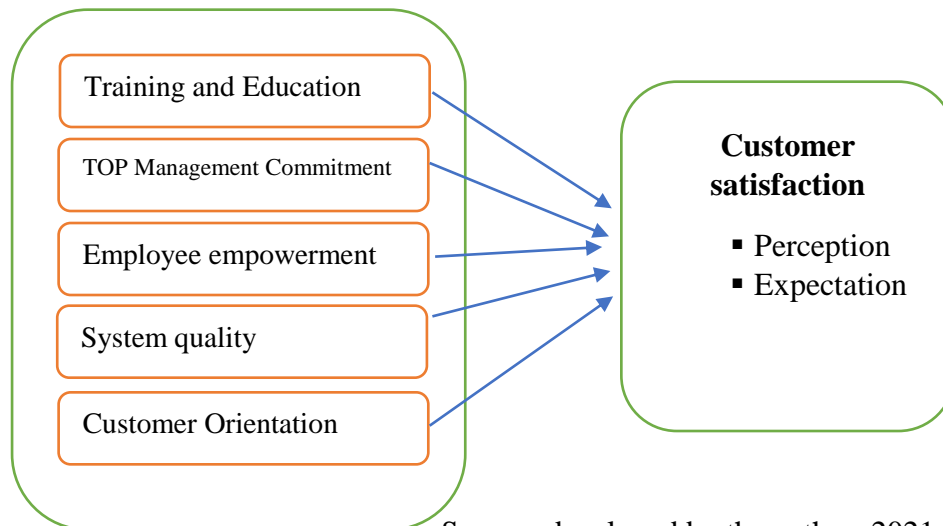
that there was strong association and the main predictor of training to provide good service for the customer and they become satisfied.

## 2.9 Conceptual Framework

Conceptual framework of the study on the impact of TQM systems on customer satisfaction derived from literature of the study. Then critical success factor of TQM includes: commitment of top management, customers' orientation, employee empowerment, training and education, and quality system. As well as customer satisfaction is considered and consisted customer expectation and customer perception. The following figure shows that conceptual framework of the study.

### Independent Variables

### Dependent Variable



Source: developed by the author, 2021

## **CHAPTER THREE**

### **METHODOLOGY**

Research methodology is very crucial that helps the researchers how to address the research problems and provides the overall structure for the procedures that researchers should follow. It is vital to get crucial data to achieve objectives of the study. Thus, in this study the methodology which was going to apply are: research design, population of the study, sampling techniques, instruments of data collection, data analysis pilot study, validity and reliability, and ethical consideration.

#### **3.1 Research Method**

The aim of this study is to examine the impact of total quality management practices on customer satisfaction in the case of Addis Ababa Tax Administration Office.

Descriptive and exploratory survey design was suitable for understanding TQM components that influence customer satisfaction in Addis Ababa Tax Administration Office by describing the characteristics of certain groups, estimating the proportion with certain characteristics and making predictions. Therefore, this design reduces bias and increase the reliability of evidence collected. According to Kothari (2004) stated that descriptive survey design is appropriate where the overall objective is to establish whether significant relationship among variables exist at some point in time.

The study investigates the relationship between critical factors of TQM (education and training, system quality, customer orientation, employee empowerment, and top management commitment) and Taxpayers' satisfaction (customer expectation, loyalty and perception) in Addis Ababa Tax Administration Office. While the direction and the strength of the variables would be measured to identify the intensity of the relationship. Therefore, the research is exploratory in nature. Then study measured the practice of TQM dimension and its variations to customer satisfaction. Quantitative method helps in analyzing the information statistically and determining the impact of TQM on customer satisfaction in Addis Ababa Tax Administration Office.

Quantitative method is used to analyze the effect of TQM on customer satisfaction in the study area. Quantitative research helps to analyze the relationship among variables based on numerical data by using statistical procedures.

### 3.2 Population of the Study

Addis Ababa Revenue Authority has 17 branch offices and head offices within 11 Sub-City of Addis Ababa and higher tax revenue offices, and 4 middle tax collecting offices. According to Addis Ababa Tax Administration Office, there are 6278 employees over all branches and head of Addis Ababa tax administration office.

**Table 1: Population of the study**

		Total population	Target population
1	Nifas silk	444	89
2	Lideta	353	93
3	Akaki Kaliti	384	87
4	Yeka	416	107
5	Kirkos	505	112
6	Arada	395	91
7	Adiss Ketema	391	94
8	Gulele	330	79
9	Bole	412	75
10	Kolfe Keraniyo	489	104
11	Head Office	278	93
12	Medium tax administration office	1638	436
13	Higher taxpayers	243	102
	<b>Total</b>	<b>6278</b>	<b>1563</b>

The study targets the population in Addis Ababa Tax Administration Office frontline employee (tax assessment and collection officers, customer service officers, tax auditors, tax investigators and law officers) who have frequent contact with customers in dealing with

customer satisfaction failure and recovery. However, the research excludes employees with one year and less working experience in the organization because they may not have enough information regarding to aspects in the questionnaire.

### 3.3 Sampling Size and Technique

The study selected 5 Addis Ababa sub city tax administrations from 11 Sub-city and 2 medium tax collecting offices from 4 offices and also include Addis Ababa head office tax collecting office. 5 Addis Ababa Sub-city tax administration and 2 medium size tax collecting offices of Addis Ababa City Administration were selected by simple random sampling. Therefore, Kirkos, Yeka, Lideta, Nifas Silk and Adiss Ketema were selected with 2 medium size and head tax collecting offices of Addis Ababa City Administration.

The sample size of the study was determined based on the Krejcie and Morgan (1970) formula recommended in order to determine the sample size of the participants in the study.

The formula as follow;

$$S = \frac{x^2 NP(1 - P)}{d^2(N - 1)} + x^2 P(1 - P)$$

S= require sample size

X<sup>2</sup>= the table value of the chi-square for 1 degree of freedom at the desire confidence level (3.841)

N= population size

P= the population proportion (assumed to be 0.5 since this would provide the maximum sample size)

d= the degree of accuracy expressed as proportion (.05)

$$S = \frac{x^2 NP(1 - P)}{d^2(N - 1)} + x^2 P(1 - P)$$

N= 1563

$$S = 3.841 \times 1563 \times 0.5 (1-0.5) \div 0.05^2 (1563-1) + 3.841 \times 0.5 (1-0.5)$$

- S= 1500.87 ÷ 3.90 + 0.96
- S= 1500.87 ÷ 4.87
- S= 308.18 = 308

**Table 2: Sample size of the study**

No	Selected Tax administration area in AA	No of Frontline workers	Frontline work position	Target participants	Selected participants	Total selected participants
1	Adiss Ketema	94	Tax assessment and collection officers	36	13	35
			Customer service officers	18	7	
			Tax auditors	25	9	
			Tax investigators	5	2	
			Law officers	10	4	
2	Lideta	102	Tax assessment and collection officers	40	16	39
			Customer service officers	21	8	
			Tax auditors	26	10	
			Tax investigators	6	2	
			Law officers	9	3	
3	Yeka	107	Tax assessment and collection officers	42	16	40
			Customer service officers	27	10	
			Tax auditors	22	8	
			Tax investigators	7	3	
			Law officers	9	3	
4	Kirkos	112	Tax assessment and collection officers	41	15	42
			Customer service officers	26	10	
			Tax auditors	24	9	
			Tax investigators	10	4	
			Law officers	11	4	
5	Nifas Silk	89	Tax assessment and collection officers	33	13	35
			Customer service officers	23	9	
			Tax auditors	18	7	
			Tax investigators	5	2	
			Law officers	10	4	
6	Head Office	93	Tax assessment and collection officers	33	12	35
			Customer service officers	21	8	
			Tax auditors	23	9	
			Tax investigators	9	3	
			Law officers	7	3	
7	Medium Tax Administration Office	218	Tax assessment and collection officers	78	29	82
			Customer service officers	58	22	
			Tax auditors	47	18	
			Tax investigators	14	5	
			Law officers	21	8	

Regarding to the sampling technique, probability-sampling technique specifically stratified random sampling techniques was employed. The rationale for using stratified sampling technique is that it can help the researcher to get more accurate representative sample (Vanderstoep & Johnston, 2009) and to make more accurate inferences about the population. The following procedure used in determining the number of employees to be included in the study.

The study was selected the respondents within equal chance from frontline and selected position. By using stratified sampling technique, strata were made based on worker frontline position which is customers directly connected to workers. Then, from each worker frontline position participants were selected by using simple random sampling. Stratified sampling was used to select participants in different sub groupings according to the sub city of the respondents. Every member of the population can be clearly classified into exactly one subgroup. This sampling was used so that among the probability sampling methods that subgroups would have different mean values for the variables studied.

### **3.4 Tools of Data Collection**

In this study, the data was gathered using questionnaire tools.

#### **Questionnaire**

Questionnaire is the main data collection instruments to conduct the study. In this particular study, questioners are utilized to assess TQM implementation and customer satisfaction in Addis Ababa Administration Taxpayer Office.

There were 2 questionnaires include customer satisfaction and critical factor of TQM. Customer satisfaction consists 3 questions, customer satisfaction measurement which is customer perception consists 5 questions; customer loyalty consists 6 questions, and customer expectation consists 6 questions. In addition, there were 6 critical factors that measure TQM success which includes employee empowerment (8 items); training and education (8 items); system quality (7 items); customer orientation (5 items); and top management commitment (7 items). All items were measured using a five-point Likert scale (1 = Strongly disagree/ Very dissatisfy / Much worse expected and 5 = Strongly agree /Very Satisfy /Better than expected).

The questionnaire used in the research 4 training and education items was adapted from Boshoff and Allen (2000) and the rest 4 items construct by researcher. Five items of employee

empowerment adapted from Hayes (1994) and 4 items of employee empowerment constructed by researcher. Besides, Top management commitment, customer orientation, and system quality question as well as customer satisfaction dimension items was constructed by the researcher based on relevant literature of the study. The questionnaire prepared for Addis Ababa Tax Administration employee and all items of questionnaires are translated to Amharic language.

### **3.5 Data Analysis**

This section describes how each study variable is measured and then explains the data analysis techniques was employed to achieve the objectives of the study.

In this study data, analysis method was employed to answer the research questions. The quantitative data was analyzed with the help of SPSS version 26. The major descriptive and inferential statistics techniques was used for the questionnaire, such as:

- ❖ Frequency distributions and percentage, mean and standard deviation for demographic sample of the respondents' and customer satisfaction and TQM dimension implementation information
- ❖ Linear regression for the factor affecting of TQM implementation and customer satisfaction in Addis Ababa Tax Administration Office
- ❖ Pearson correlation for relationship between TQM dimension and customer satisfaction dimension

### **3.6 Validity and Reliability**

Creswell, (2014) stated that validity is a quality of data gathering instrument that enables to measure what it is supposed to be measured. In addition, Creswell describes validity is about whether one can draw meaningful and useful inferences from the score on the instrument. To ensure the validity of the content, the instruments should be reviewed by the researcher's advisor and other experts. In addition to these, the study questionnaire found unsuitable for measuring the variables in the study will be either rejected or adjusted to ensure that the right data will be gathered for the study.

On the other hand, Reliability is the measure of the degree of questionnaire consistent result by coefficient Cronbach Alpha of 60% and above (Creswell, 2014). Thus, Cronbach Alpha

will be employed to test the reliability of the study instrument in pretest and main data gathering process.

### **3.7 Pre-testing**

The purpose of pretest is to find out unclear word, instruction of the instrument as well as its comprehensiveness to the respondent.

Pre-testing is conducted using 10 convenience sample in un selected Addis Ababa tax administration offices, which is to exclude from the final sample, after they finished doing so, a discussion will be held with respondents to point out clarifying ambiguous questions and eliminating redundant ones in order to ensure measuring study variability. Pilot study participants was asked question clarity and applicability and also asked to provide additional comments or concerns regarding the survey instrument. This is to check the applicability of the questions design for the major study to be conducted.

### **3.8 Ethical Consideration**

There are several procedures to be followed and measures to be taken; before, during and after the research is over. The following points discuss the procedures.

Ethical approval of the research was obtained from the ethical review of College of Business and Economics Studies of Addis Ababa University. The researcher got supporting letter from the Management Department of Addis Ababa University in order to get permission from Addis Ababa Tax Administration Branch Office managers to investigate the study.

After that, organization managers were informed about the purpose of the study that contribute necessary information for TQM and related to customer satisfaction.

After getting the permission from the Addis Ababa Tax Administration branch managers, the researcher was informed about the objective of the study, importance of the study and specific place for the participants. Finally, the researcher required to perform member check to ensure the validity of the finding. The researcher announces the participants that the information gained from them can be used only for research purposes and secured, and remained confidential.

## CHAPTER FOUR

### DATA INTERPRETATION

This chapter presents the results of the study with data analysis and interpretation. The part of data analysis and interpretation conducted on the information gathered from primary data sources through the distribution of printed questionnaire to Addis Ababa Tax Administration employees.

#### 4.1 Response Rate

308 questionnaires were distributed to 5 Addis Ababa sub-city tax administration offices, 2 medium size tax offices and Addis Ababa tax administration authority head office, then 297 questionnaires were returned but 11 questionnaires were not returned. However, among 297 the researcher was rejected 18 questionnaires because of incomplete. Therefore, the total response rate was 279 (90.58%) that is used to make analysis based on the response of participants.

#### 4.2 Participants Profile

**Table 4.2.1:** Participant Profile

	Characteristics	Freq.	%
<b>Gender</b>	Male	161	57.7
	Female	118	42.3
	Total	279	100.0
<b>Education</b>	Diploma	21	7.5
	Degree	159	57.7
	MA	99	35.5
	Total	279	100.0
<b>Work Experience</b>	2-5 year	81	29.0
	5-10 Year	98	35.1
	10-15 Year	79	28.3
	>15 Year	21	7.5
	Total	279	100.0
<b>Age</b>	20-30 year	111	39.8
	30-40 year	91	32.6
	40-50 year	69	24.7
	>50 year	8	2.9
	Total	279	100.0

From the above table of age profile of the participants, 39.8% of the participants are between 20 and 30 years old, which was the majority age group and 32.6% of participants are between the age of 30 to 40. Regarding on their work experience the majority 35.1% of participants have between 5–10-year experiences in Addis Ababa Tax Revenue Office, 29.0 % of participants have between 2–5-year experiences. In addition, most 57.7 % of participants were degree holder and secondly 35.5 % of participants have MA degree. There are 57.7% and 42.3% of participants were male and female respectively.

### 4.3 Reliability Test

The researcher used questionnaire to investigate the impact of the total quality management dimension. Then, the researcher assess the mod fit reliability and validity of the questionnaire in order to get confidence in comparing the sample with the help of SPSS V-26 the most frequently used Cronbach's alpha. The reliability of the items is presented below on table 1.

**Table 4.2.2:** Reliability analysis score

Types of questionnaire	Cronbach's Alpha	N of Items
Customer satisfaction	.90	16
Training and Education	.97	8
Customer oriented	.82	8
System quality	.88	7
Employee empowerment	.69	8
Top management commitment	.68	7

The reliability indicated that all question items were  $> .65$  and it is acceptable.

### 4.4 Descriptive statistics of customer satisfaction and TQM dimension implementation

The respondents were asked to rate the customer satisfaction by the service provider who work in Addis Ababa Tax Administration Office and implementation of TQM dimension such as employee empowerment, customer oriented education and training, system quality and top management commitment.

In this part the responses of the respondents for the variables indicated below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree. Apart from frequency and percentage, the descriptive statistics which are in the form of mean and standard deviation were presented . However, while making interpretation of the results of mean the scales were reassigned as follows to make the interpretation easy and clear.

With 5 point scales, the interval for breaking the range in measuring each variable is calculated by  $5-1/5= 0.8$ . It means items with scores that fall between the ranges of: 4.21 – 5.00 are considered as strongly agreed; 3.4 – 4.20 as agreed: 2.61 – 3.39 as Neutral; 1.81 – 2.6 as disagree and 1.00 – 1.8 strongly disagree. This formula is adapted from (Vichea, 2005).

#### 4.4.1 Participant response rate on customer satisfaction measurement on tax revenue office

**Table 4.4.1.1:** Rating of customer loyalty

No	Items		1	2	3	4	5	M	SD
1	Customers have positive things about the organization	Count	60	124	32	47	16	2.41	1.16
		%	21.5	44.4	11.5	16.8	5.7		
2	Costumers trust the organization to safeguard their information	Count	15	96	43	109	16	3.05	.87
		%	5.4	34.4	15.4	39.1	5.7		
3	Customers pay their tax early in the given schedule	Count	101	94	76	8		1.96	.90
		%	36.2	33.7	27.2	2.9			
4	Organization is handling customer compliance	Count	7	72	68	116	16	3.22	.98
		%	2.5	25.8	24.4	41.6	5.7		
5	When employees' promise to do something by a certain time, employees do it	Count	8	88	89	70	24	3.05	1.01
		%	2.9	31.5	31.9	25.1	8.6		
6	Customers trust effective implementation of organization rule and regulation	Count	14	125	37	55	48	2.99	1.24
		%	5.0	44.8	13.3	19.7	17.2		

Note. 1 = Very dissatisfy; 2= Dissatisfy; 3= Neutral; 4= Satisfy; and 5= Very Satisfy.

The above table result revealed customer loyalty in Addis Ababa Tax Administration Office and regarding on “Customers have positive things about the organization” shows that

majority 65.9% of participants were inclined to dissatisfy on the issue and the participants response agreement confirm mean value 2.4. However, 39.8%, 15.4%, and 44.8% of participants were response inclined to dissatisfy, neutral, and satisfy on costumers trust the organization is safeguarded their information respectively with mean value of 3.05. As we can see the participants' response shows that costumers trust the organization to secure their information.

Concerning on "Customers pay their tax early in the given schedule" shows that 69.9% of participants response were inclined to dissatisfy and response their agreement confirms with mean value of 1.96. Which means taxpayers was not loyal to pay their tax early because the mean value was below the threshold.

When employees handling customer compliance, taxpayers are loyal, it reflects on taxpayer satisfaction. Therefore, majority 42.3% of participants' response satisfy with mean value of 3.22 and significant. In addition, concerning on "When employees' promise to do something by a certain time, employees do it" shows that 34.4%, 31.9%, and 33.7% of participants response were inclined to dissatisfy, neutral, and satisfy on the issue respectively. The participants' agreement confirms with mean value of 3.05. The result revealed that when the employee does something what they are promised to the customer, customer trust the organization. Therefore, costumers have not been fully trusted tax revenue organization. Lastly, regarding on "Customers trust effective implementation of organization rule and regulation" show that 49.88% of participants response dissatisfy and 36.9% of participants response satisfy on the issue. The participant response agreement confirms with result mean value of 2.99.

**Table 4.4.1.2: Rating of customer expectation**

No	Items		1	2	3	4	5	M	SD
1	The organization employees are willing to help customers from customer point of view	Count	65	113	46	55		2.33	1.04
		%	23.3	40.5	16.5	19.7			
2	The organization employees have the knowledge to answer customer questions	Count	42	58	68	95	16	2.95	1.17
		%	15.1	20.8	24.4	34.1	5.7		
3	The organization employees properly handle customer problems that arise	Count	42	117	40	56	24	2.65	1.20
		%	15.1	41.9	14.3	20.1	8.3		
4	The organization employees understand customer specific needs	Count	43	72	84	64	16	2.78	1.13
		%	15.4	25.8	30.1	22.9	5.7		
5	The organization employees address customer complaints in a friendly manner	Count	29	74	74	86	16	2.95	1.10
		%	10.4	26.5	26.5	30.8	5.7		

Note. 1 = Much worse expected; 2= Worse than expected; 3= Neutral; 4= Equal to expected; and 5= Better than expected.

The second categories of customers' satisfaction, which is customer expectation result, illustrated on the above table as shown. Customers expect from tax revenue office want to get from their point of perspective. As so, the majority 63.8% of participants were worse than expected on customers. The customers do not expect the employee not to be willing to help customers point of views with mean value of 2.33. regarding on "The organization employees have the knowledge to answer customer questions" shows that participants response 20.8% worse than expected, 24.4% neutral, and 34.1% equal to expected on the issue with their response confirm agreement result with mean value of 2.95.

Majority 56.0% of participants disagreed on employee handling customers' problems properly; result mean value of 2.65. 41.0%, 30.1%, and 28.6% of participants response inclined to worse than expected, neutral, and equal to expected respectively on organization employees understand customer specific needs: result mean value of 2.78. In addition, participants were 30.8% equal to expected, 26.5% not sure and 26.5% worse than expected

respectively on organization employees address customer complaints in a friendly manner with mean value of 2.95.

**Table 4.4.1.3: Rating of customer perception**

No	Items		1	2	3	4	5	M	SD
1	Customers paid right amount of tax	Count	115	77	57	14	16	2.06	1.04
		%	41.2	27.6	20.4	5.0	5.7		
2	Customers get simple and less time-consuming procedure for performing their activities in organization than other public organization	Count	29	102	92	40	16	2.68	1.02
		%	10.4	36.6	33.0	14.3	5.7		
3	Customers get extra service from the organization than other public organization	Count	22	122	71	40	24	2.72	1.08
		%	7.9	43.7	25.4	14.3	8.6		
4	Consumers get quality service as they expected from the organization as promised	Count	52	96	76	55		2.48	1.01
		%	18.6	34.4	27.2	19.7			
5	The organization provides more free services than other public organization	Count	22	110	53	78	16	2.84	1.09
		%	7.9	39.4	19.0	28.0	5.7		

Note. 1 = Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5= Strongly Agree.

The other indicator of customer satisfaction was customer perception. Concerning on “Customers paid right amount of tax” shows that majority of 68.8% of participants response inclined to disagree on the above issues with the mean value 2.06. As we can see customers were not satisfied by service provider who work in Addis Ababa Tax Revenue Office. In addition, 47.0% of participants response inclined to disagree on “Customers get simple and less time-consuming procedure for performing their activities in the organization than other public organization”. And also, 20.0% of participants agreed on the above issues. Participants confirmed their agreement with the mean value of 2.68.

Regarding on “Customers get extra service from the organization than other public organization” shows that 51.6% of participants were inclined to disagree with the mean value of 2.72. Similarly, participants response was 18.6% strongly disagree, 34.4% disagree, and

19.7% agree on consumers get quality service as they expected and as organization employee promised to them. This means majority of participants response agreement confirm disagree with the mean value of 2.48. Concerning on “the organization provides more free services than other public organization” shows that 47.3%, 19.0%, and 33.7% of participants response disagree, not sure, and agree on the issue. Participants response inclined to disagree and their response agreement confirm with mean value of 2.84.

#### 4.4.2 Participant response rate on TQM dimension on tax revenue office

##### 4.4.2.1 Training and Education

**Table 4.4.2.1: Participant response rate on training and education**

No	Items		1	2	3	4	5	M	SD
1	I receive training on how to serve customers better	Count	113	107	21	22	16	2.00	1.14
		%	40.5	38.4	7.5	7.9	5.7		
2	I receive training on how to deal with complaining customers	Count	105	135	16	23		1.85	.862
		%	37.6	48.4	5.7	8.2			
3	I received extensive customer service training before I came into contact with customers	Count	113	127	8	31		1.85	.926
		%	40.5	45.5	2.9	11.1			
4	I receive training on dealing with customer problems	Count	91	129	44	7	8	1.97	.919
		%	32.6	46.2	15.8	2.5	2.9		
5	The training increased my motivation to leading customer satisfaction	Count	77	157	22	15	8	2.00	.912
		%	27.6	56.3	7.9	5.4	2.9		
6	The training increases my job satisfaction to leading customer satisfaction	Count	84	135	37	15	8	2.03	.954
		%	30.1	48.4	13.3	5.4	2.9		
7	I receive continued training to provide good service	Count	113	127	15	16	8	1.85	.963
		%	40.5	45.5	5.4	5.7	2.9		
8	I receive training that leads to improving customer service skills	Count	98	113	37	23	8	2.03	1.03
		%	35.1	40.5	13.3	8.2	2.9		

Note. 1 = Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5= Strongly Agree.

Employees received training to provide quality service for customers illustrated that almost all items of the above table result were below threshold mean value. Concerning, “I receive training on how to serve customers better” and “I receive training on how to deal with

complaining customers’’ shows that majority of 79.9% and 86.0% of participants response inclined to disagree with their response agreement confirm with mean value of 2.00 and 1.85 respectively.

Participant response were 81.0% and 78.8% inclined disagree on participant received training to provide good contact with customers and dealing with customer problems respectively with mean value of 1.85 and 1.97. As we see the above table result, employee receiving training to provide quality service for customers that lead to customer satisfaction was low mean value. It indicates that the trainings’ goals were not achieved and didn’t help to enhance customer gratification in Addis Ababa Tax Revenue Office.

#### 4.4.2.2 Employee Empowerment

**Table 4.4.2.2: Participant response rate on employee empowerment**

No	Items		1	2	3	4	5	M	SD
1	I am empowered to solve customer problems	Count	51	95	55	70	8	2.60	1.133
		%	18.3	34.1	19.7	25.1	2.0		
2	I am encouraged to handle customer problems by myself	Count		64	52	123	40	3.50	1.000
		%		22.9	18.6	44.1	14.3		
3	I have to get management’s approval before I handle customer problem	Count	15	126	45	61	32	2.89	1.156
		%	5.4	45.2	16.1	21.9	11.5		
4	I am allowed to do almost anything to solve customer problems	Count	36	81	67	71	24	2.88	1.181
		%	12.9	29.0	24.0	25.4	8.6		
5	I have control over how I solve customer problems	Count	74	97	53	55		2.32	1.071
		%	26.5	34.8	19.0	19.7			
6	If I improve the level of service I offer to customers, I will be rewarded	Count	119	91	54	15		1.87	.907
		%	42.7	32.6	19.4	5.4			
7	I am rewarded for satisfying complaining customers	Count	128	112	31	8		1.74	.873
		%	45.9	40.1	11.1	2.9			
8	I receive positive recognition when I excel in serving customers	Count	113	89	53	16	8	1.99	1.042
		%	40.5	31.9	19.0	5.7	2.9		

Note. 1 = Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5= Strongly Agree.

The above table shows that employee empowerment practice is the major factor of TQM success in the organization. Therefore, 52.4% of participants who work in Addis Ababa Tax Revenue Authority disagree that they empowered to solve customer problems with mean value of 2.60. With regarding to “I do have to get management’s approval before I handle customer problem” shows that 50.6% and 33.4% of participants response were inclined to disagree and agree respectively on the issue. Participant response agreement confirm with mean value of 2.89.

Participants were 12.9% strongly disagree, 29.0% disagree, 25.4% agree, and 8.6% strongly agree on they allowed to do anything to solve customers’ problem. Their response agreement confirms with mean value of 2.88. In addition, majority of 61.3% of participants were inclined to disagree on they control over how they solve customer problems; result mean value of 2.32.

Concerning on “If I improve the level of service, I offer to customers, I will be rewarded” shows that majority 75.3% of participants response were inclined to disagree and their agreement confirm with mean of 1.87. Similarly, 86.0% of participants disagree on employees have reward when they satisfy complaining customer; result mean value of 1.74. In addition, with regarding to “I receive positive recognition when I excel in serving customers” shows that participants were 40.5% strongly disagree and 31.9% disagree on the above issue with their agreement mean value of 1.99.

#### 4.4.2.3 System Quality

**Table 4.4.2.3: Participant response rate on system quality**

No	Items		1	2	3	4	5	M	SD
1	Corrective action such as the implementation of measures to address customer complaints undertaken	Count	51	87	55	86		2.63	1.10
		%	18.3	31.2	19.7	30.8			
2	Customer satisfaction as a benefit is understood as a management intervention and action	Count	50	96	85	40	8	2.50	1.03
		%	17.9	34.4	30.5	14.3	2.9		
3	Intervention such as investigation of customer complaints applied	Count	37	80	76	78	8	2.78	1.08
		%	13.3	28.7	27.2	28.0	2.9		
4	Meeting customer requirements is top priority for all employee	Count	37	103	60	63	16	2.71	1.12
		%	13.3	36.9	21.5	22.6	5.7		
5	Our customer concerns are always given a first priority	Count	22	79	37	117	24	3.15	1.15
		%	7.9	28.3	13.3	41.9	8.6		
6	Customer satisfaction among employees is high in our organization	Count	66	89	85	31	8	2.38	1.05
		%	23.7	31.9	30.5	11.1	2.9		
7	Customer requirements are incorporated when developing plans, policies and objectives	Count	63	75	54	55	32	2.71	1.32
		%	22.6	26.9	19.4	19.7	11.5		

Note. 1 = Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5= Strongly Agree

With regarding to “Corrective action such as the implementation of measures to address customer complaints undertaken” shows that 18.3% and 31.2% of participants strongly disagreed on this issue. In addition, 30.8% of participants agreed on the above issue. The participants confirm their agreement, on the issue with mean value of 2.63. 52.3% and 30.5%, and 17.1% of participants response inclined strongly disagree, not sure, and agree respectively on customers’ satisfaction, as a benefit to be taken as a management intervention and action. Participants’ response confirms their agreement mean value of 2.50.

Concerning on “Intervention such as investigation of customer complaints applied” shows that participants were 13.3% strongly disagree, 28.7% disagree, 27.2% not sure, and 28.0%

agree on the issue. However, majority of participant responded disagree and confirmed their agreement with mean value of 2.78.

Majority 51.1% of participants were inclined to disagree on meeting customer requirements is top priority for all employee and 28.3% of participant response inclined agree on the above issue. However, participant response confirms their agreement with mean value of 2.71. Similarly, with regard to “Customer satisfaction among employees is high in our organization” show that 55.6% of participants response were inclined to disagree and 14.0% of participants response were inclined to agree on the issue. However, participant response confirms their agreement with mean value of 2.38.

49.5% and 30.2% of participants’ response inclined to disagree and agree respectively on customer requirements incorporated when developing plans, policies and objectives: result mean value of 2.71. While, concerning on “our customer concerns are always given a first priority” shows that participant response was 41.9% agree, 8.6% strongly agree, 28.3% disagree; result mean value of 3.15.

#### 4.4.2.4 Customer Orientation

**Table 4.4.2.4: Participant response rate on Customer Orientation**

No	Items		1	2	3	4	5	M	SD
1	Creation of customer value increases customers satisfaction	Count	45	102	14	62	56	2.9	1.4
		%	16.1	36.6	5.0	22.2	20.1	4	2
2	Understanding customer needs increases customer satisfaction	Count	30	108	37	48	56	2.9	1.3
		%	10.8	39.7	13.3	17.2	20.1	7	4
3	Strong commitment to the customer increases customer satisfaction	Count	52	107	24	40	56	2.7	1.4
		%	18.6	38.4	8.6	14.3	20.1	9	3
4	Through customer orientation, management and employees align their individual and team objectives around satisfying and retaining customers	Count	31	102	50	48	48	2.9	1.2
		%	11.1	36.6	17.9	17.9		3	9
5	Through customer orientation employees focus on helping customers to meet their long-term needs and wants	Count	22	102	51	64	40	2.9	1.2
		%	7.9	36.6	18.3	22.9	14.3	9	2

Note. 1 = Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5= Strongly Agree

The above table result illustrated on concerning on “Creation of customer value increases customers satisfaction” shows that participant response was 16.1% strongly disagree, 36.6% disagree, 22.2% agree, and 20.1% strongly agree, while participant response agreement confirms with the mean value of 2.94.

Majority 40.5% and 37.3% of participants inclined to disagree and agree on understanding customer needs increases customer satisfaction respectively, while participant response agreement confirms mean value of 2.97. Similarly, 18.6%, 38.4%, 14.3%, and 20.1% of participants responded strongly disagree, disagree, agree, and strongly disagree on the issue of strong commitment to the customer increases customer satisfaction; result mean value 2.79. With regarding to “through customer orientation management and employees align their individual and team objectives around satisfying and retaining customers” shows that majority 47.7% and 17.9% of participants response were inclined disagree and agree respectively. Participants’ response confirms their agreement with mean value 2.93.

Concerning on “Through customer orientation employees focus on helping customers to meet their long-term needs and wants” shows that 44.5%, 8.3%, and 37.1% of participants response were inclined to disagree, not sure, and agree with mean value of 2.99.

#### 4.4.2.5 Top management commitment

**Table 4.4.2.5:** Participant response rate on top management commitment

No	Items		1	2	3	4	5	M	SD
1	Top management leads the improvement of the organization’s management system and performance	Count	49	111	81	38		2.39	.93
		%	17.6	39.8	29.0	13.6			
2	Top management inspires people and creates a culture of excellence that helps me to do my job	Count	68	136	75			2.03	.71
		%	24.4	48.7	26.9				
3	Top management shares information about the organization	Count	56	143	37	43		2.24	.94
		%	20.1	51.3	13.3	15.4			
4	My bosses encourage me to develop my skills, knowledge, and capabilities so I can advance in my career; I am rewarded and/or recognized for my work	Count	58	139	43	39		2.23	.93
		%	20.8	49.8	15.4	14.0			
5	My organization leaders encourage employee to take responsible to organizational work	Count	70	85	72	45	7	2.41	1.10
		%	25.1	30.5	25.8	16.1	2.5		
6	Top managements highly recognize the potential of employees	Count	116	95	61	7		1.85	.84
		%	41.6	34.1	21.9	2.5			
7	Decision making is highly centralized in the organization	Count	68	50	109	44	8	2.55	1.10
		%	24.4	17.9	39.1	15.8	2.9		

Note. 1 = Strongly Disagree; 2= Disagree; 3= Neutral; 4= Agree; and 5= Strongly Agree

With regarding to “Top management inspires people and creates a culture of excellence that helps me to do my job” shows that majority 73.1% of participants response were inclined to disagree on the issue with mean value of 2.03. Participant were responded 17.6% strongly disagree, 39,8% disagree, and 13.6% agree on top management leads the improvement of the organization’s management system and performance. Participant response confirms their agreement with mean value 2.39.

71.4% of participants response disagree on top management shares information about the organization; result mean value 2.24. Similarly, 71.6% of participant response inclined to disagree on their bosses encouragement to develop their skills, knowledge, and capabilities so they can advance in their career and/or recognized for their work; result mean value of 2.23.

Concerning on top management encouragement, the employee to take responsibility to organizational work, majority 55.6% of participants’ response inclined to disagree with mean value 2.41. Similarly, with regard to “Top managements highly recognize the potential of employees” shows that 75.7% of participants response inclined to disagree on the issue with their agreement conformation mean value of 1.85.

#### 4.5 Descriptive Statistics Analysis of Variables

**Table 4.5.1: Variables descriptive statistics**

Variables	Mean	Std. Deviation	N
Customer satisfaction	2.82	.69	279
Training and education	1.94	.87	
Employee empowerment	2.47	.58	
System quality	2.69	.85	
Customer oriented	2.88	.22	
Top management commitment	2.29	.48	

As the above table shows the mean value for TQM constructs and customer satisfaction were all less than 3.00. But training and education was ranked the last with a value of 1.94 (SD = .87). from TQM dimensions, the highest rank was customer oriented with value (M = 2.88, SD = .22).

**Table 4.5.2: Customer satisfaction in three categories**

Variables	Mean	Std. Deviation	N
Customer loyalty	2.9605	.75375	279
Customer expectation	2.7305	.85623	
Customer perception	2.7756	.80822	

Ranked second with a value of system quality (M =2.69, SD = .85). Employee empowerment and Top management commitment with mean values 2.47 and 2.29 respectively. The mean value for customer satisfaction was 2.82 (SD = .69).

As the above table indicates that the highest mean value tends to five was, there was good customer service providing. Therefore, customer loyalty was the first highest mean than other customer dimension (M = 2.9, SD = .75.) and the customer expectation and perception were mean value 2.73 and 2.78 respectively.

#### 4.6 Correlation matrix statistics

**Table 4.6.1** Correlation matrix (N= 279)

Variables		1	2	3	4	5	6
1 Customer Satisfaction	Pearson Corr.	1					
	Sig. (2-tailed)						
2 Training and Education	Pearson Corr.	.114	1				
	Sig. (2-tailed)	.058					
3 Employee Empowerment	Pearson Corr.	.633**	.397**	1			
	Sig. (2-tailed)	.000	.000				
4 System Quality	Pearson Corr.	.727**	.061	.499**	1		
	Sig. (2-tailed)	.000	.308	.000			
5 Customer oriented	Pearson Corr.	.723**	.210**	.446**	.664**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
6 Top management commitment	Pearson Corr.	.389**	.202**	.359**	.484**	.244**	1
	Sig. (2-tailed)	.000	.001	.000	.000	.000	

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

The correlate matrix indicates that there was strong positive correlation system quality practice and customer satisfaction  $\beta = .727^{**}$  ( $p = 0.00$ ) and secondly there was positive and

strong correlation between customer oriented and customer satisfaction  $\beta = .723^{**}$  ( $p = 0.00$ ). In addition, employee empowerment practice was positive correlated to customer satisfaction  $\beta = .633^{**}$  ( $p = 0.00$ ). While, there was weak and insignificant correlation between top management commitment practice and customer satisfaction. But training and education was not insignificant but positive correlation with customer satisfaction. For further information, it is suitable to announce correlations between implementation of TQM dimension and customer satisfaction measurement categories such as: customer loyalty, customer perception, and customer expectation variables of the current study together. They are listed here due to their probability usefulness for other researches. All of these correlations has amounts of  $r < 0.01$  for their p- value.

**Table 4.6.2: Correlation of customer satisfaction measurement categories and practice of TQM dimension variables (N =279)**

Variables			1	2	3	4	5	6	7	8
1	Customer loyalty	Pearson Corr. Sig. (2-tailed)	1							
2	Customer expectation	Pearson Corr. Sig. (2-tailed)	.703** .000	1						
3	Customer perception	Pearson Corr. Sig. (2-tailed)	.584** .000	.582** .000	1					
4	Training and Education	Pearson Corr. Sig. (2-tailed)	.107 .073	.020 .737	.174** .004	1				
5	Employee Empowerment	Pearson Corr. Sig. (2-tailed)	.513** .000	.610** .000	.514** .000	.397** .000	1			
6	System Quality	Pearson Corr. Sig. (2-tailed)	.654** .000	.740** .000	.490** .000	.061 .308	.499** .000	1		
7	Customer oriented	Pearson Corr. Sig. (2-tailed)	.702** .000	.775** .000	.397** .000	.210** .000	.446** .000	.664** .000	1	
8	Top management commitment	Pearson Corr. Sig. (2-tailed)	.515** .000	.277** .000	.232** .000	.202** .001	.359** .000	.484** .000	.244** .000	1

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

The above table 4.6.2 shows that positive and strong correlations has been found between customer oriented and customer expectation and loyalty at  $\beta = .775^{**}$ , and  $\beta = .702^{**}$  and  $p = 0.00$  respectively. System quality has strong positive correlations with customer loyalty and expectation at  $\beta = .654^{**}$  and  $.740^{**}$  and  $P = .00$  respectively. In addition, employee empowerment has good positive correlation with customer perception and expectation but weak and positive correlation with customer loyalty. While, there is good and significant

correlation between top management commitment and customer loyalty. Alongside, customer perception and expectation has weak and positive correlation with between top management commitments. Contrary, training and education has no significant correlation with customer satisfaction measurement categories but they have positive correlation.

#### 4.7. Diagnosis Testing in Multiple Regressions

Before moving on conducting a regression analysis, the basic assumption tests for the mode must be carried out. This is a compulsory precondition in explaining the relationships between dependent and explanatory variables. Four major assumptions namely, Linearity Test, Homoscedasticity Test, Auto Correlation (Durbin Watson Test), and Normality Test checked and proved to be met reasonably well. Each test is explained below:

##### 1. Linearity Test

The linearity of associations between the dependent and independent variables can be tested by looking at the P-P plot for the model. The closer the dots lie to the diagonal line, the closer to normal the residuals are distributed. As depicted in the below graph, the visual inspections of the p-p plot revealed that there exist linear relationship between the dependent and independent variables.

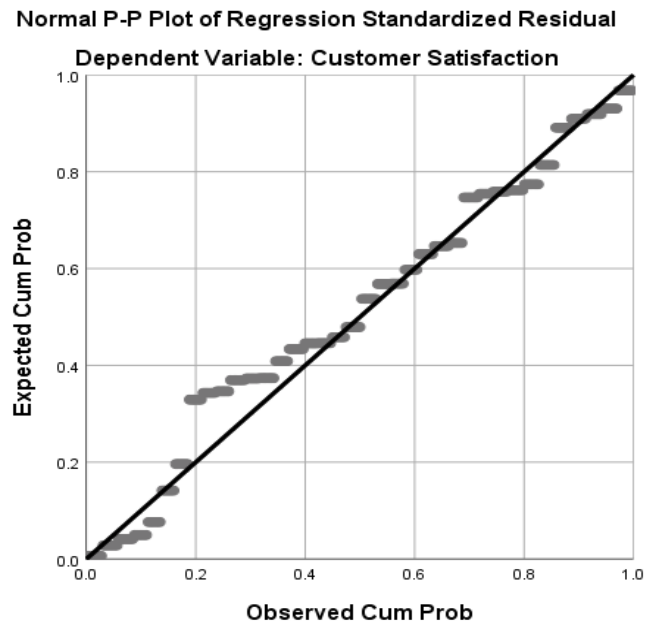
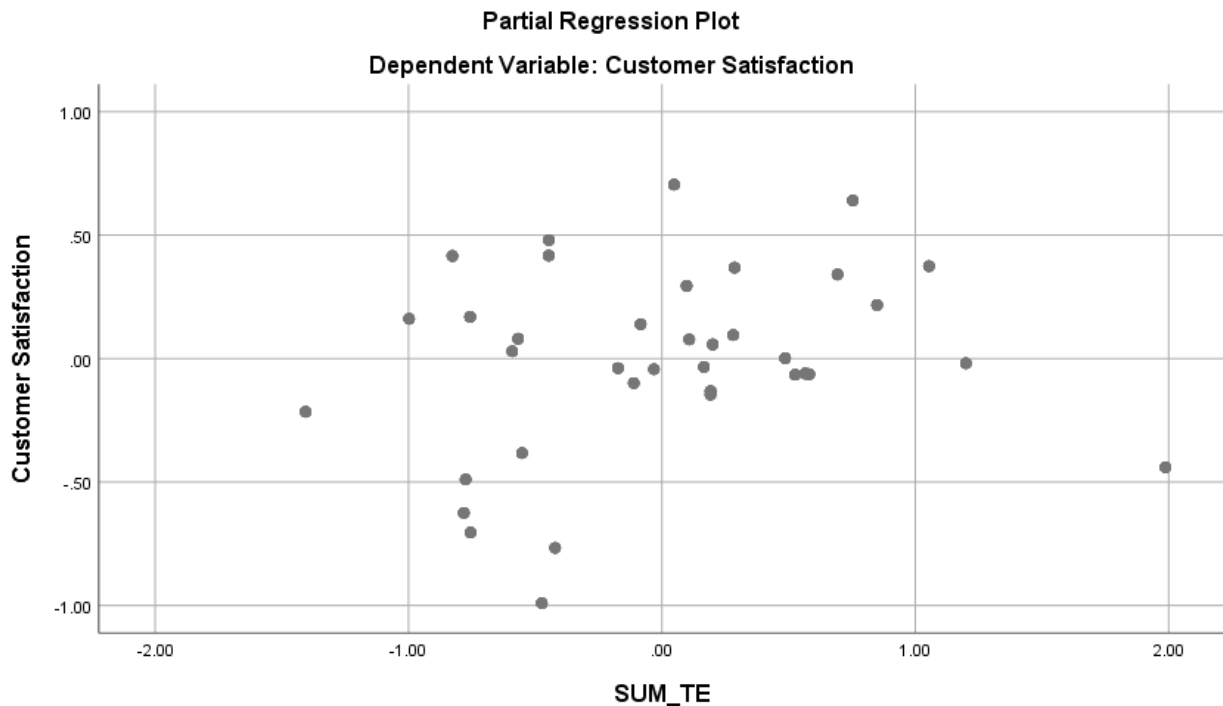


Figure 4.1: P-P Plot of Regression Standardized Residual

## 2. Homoscedasticity Test

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This implies it requires even distribution of residual terms or homogeneity of error terms throughout the data. Homoscedasticity can be checked by visual examination of a plot of the standardized residuals by the regression standardized predicted value (Osborne & Waters, 2002). If the error terms are distributed randomly with no certain pattern, the problem is not detrimental for analysis. The scatterplot in fig 4.2 shows that the standardized residuals in this research are distributed evenly which shows that no violation of homoscedasticity.



**Figure 4.2: Scatterplot of standardized residuals**

## 3. Auto Correlation (Durbin Watson Test)

Autocorrelation or independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently Stevens (2009). Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the Durbin-Watson value needs to be close to 2 (Field, 2006). Values below 1 and above 3 are

problematic and causes for concern. To check this assumption we need to look at the Model Summary box presented below.

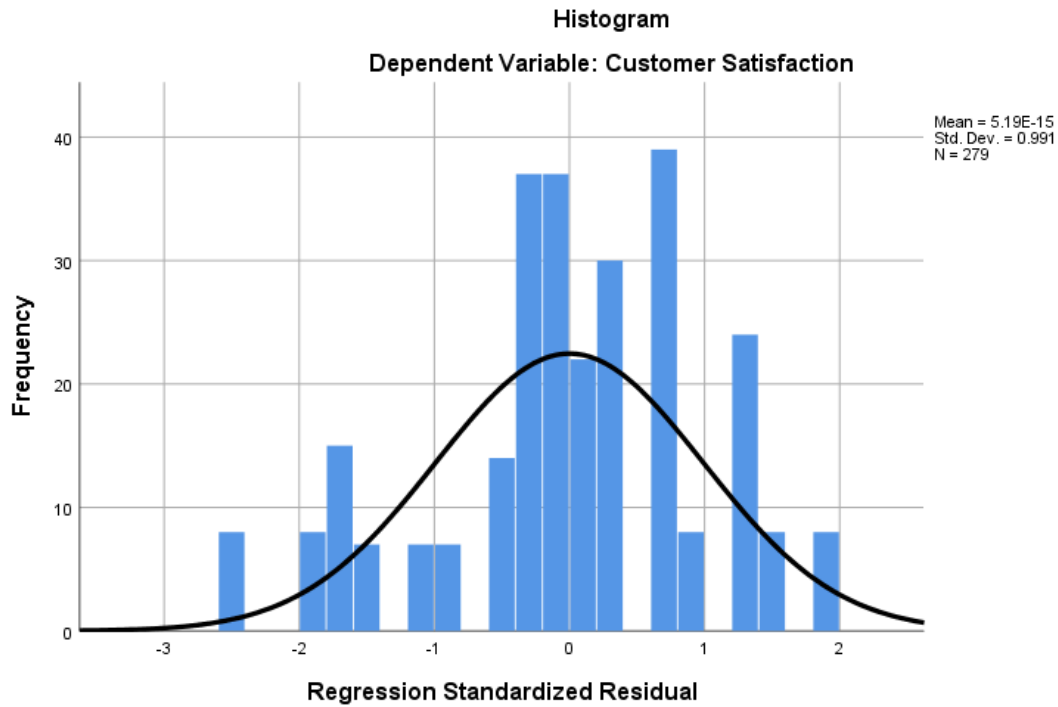
Durbin Watson Statistics	
Std. Error of the Estimate	Durbin-Watson
.37779	1.725
a. Predictors: (Constant), Top management, Training and education, Customer oriented Employee empowerment, system quality	
b. Dependent Variable: Customer Satisfaction	

The above reveals that errors are responding independently and autocorrelation is not a concern with Durbin-Watson value of 1.725. Therefore, it is possible to say the autocorrelation test has been met.

#### **4. Normality Test**

Multiple regressions require the independent variables to be normally distributed. This means that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Keith, 2006).

Frequency distribution comes in many different shapes and sizes. Therefore, it is quite important, to have some general description for common types of distributions. In an ideal world our data would be distributed symmetrically around the center of all scores. As such, if we draw a vertical line through the center of the distribution then it should look the same on both sides. This is known as a normal distribution and is characterized by bell-shaped curve. This shape basically implies that the majority of scores lie around the center of the distribution (Field, 2006). The normal distribution graph was shown on fig 4.3 below and revealed that the assumption of normality of has been met.



**Figure 4.3: Normality Histogram**

### 4.8 Tests of Hypotheses

Hypothesis test was employed by linear regression which was the test TQM dimensions can predict customer satisfaction and help to determine to what extent predict the variable.

**Table 4.7.1: Test hypothesis**

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.844 <sup>a</sup>	.712	.707	.37779	.712	134.904	5	273	.000

a. Predictors: (Constant), Top management, Training and education, Customer oriented Employee empowerment, system quality

The model summary table shows that R Square is found to be .712 (71.2%). Therefore, the result indicating that TQM dimension variables (Education and training, employee empowerment, system quality, customer oriented, top management commitment) the five-predictor combined 71.2% of the variance in the dependent variable of customer satisfaction at the significant level of  $p = .00$  was also F-statistic  $(5, 273) = 134.90$  then, the hypothesis

was accepted. Generally, the study found a significant relationship between TQM dimension and customer satisfaction.

A simple linear regression test of TQM dimensions practice implementation and one predictor variable (customer satisfaction). Findings of the regression analysis showed that education and training, employee empowerment, system quality, customer oriented have a significant impact on customer satisfaction. But not top management commitment impact on customer satisfaction.

Next, the adjustment of the relative standardized beta weight ( $\beta$ ) values of the three predictor variables on the dependent variable is reported in table below.

**Table 4.7.2: Coefficients for the Predictor Variables**

	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95.0% Confidence Interval for B	
	B	Std. Error				Lower Bound	Upper Bound
(Constant)	.483	.127		3.811	.000	.234	.733
Training and education	.108	.033	.136	3.332	.001	.044	.172
Employee empowerment	.254	.055	.214	4.657	.000	.147	.361
System quality	.274	.041	.336	6.718	.000	.194	.355
Customer oriented	.244	.027	.429	9.010	.000	.190	.297
Top management commitment	.024	.056	.017	.433	.665	-.086	.135

a. Dependent Variable: Customer satisfaction

The above table result indicates that customer-oriented factor was the highest (43%) predictor to customer satisfaction at the significant level of  $P = .00$ . System quality and employee empowerment variables were predicted customer satisfaction significant and positive 33.6% and 21.4% respectively at the .05 level of the variable. However, education and training was the lowest predictor (13.6%) of customer satisfaction as positive and significant. Contrary, top management factor was not predicted customer satisfaction.

## CHAPTER FIVE

### DISCUSSION

This chapter of the study findings presented in the previous chapter by analyzing them in the light of earlier literature review in chapter two. Based on the findings the study answers the research hypothesis. This study attempted to the impact of TQM dimension on customer satisfaction in Addis Ababa Tax Revenue Office. Besides, the study explores the current TQM dimension practice in the study area and identify customer satisfaction level in the study area.

#### 5.1 Discussion of hypothesis

Table 5.1.1 Hypothesis test

Hypothesis	B value	Sign	Result
<b>H1:</b> There is positive significant relationship between top management commitment and customer satisfaction.	.017	.67	Positive, significant Rejected
<b>H2:</b> There is positive significant relationship between employee empowerment and customer satisfaction.	.214	.00	Positive, significant accepted
<b>H3:</b> There is positive significant relationship between training and education and customer satisfaction	.136	.00	Positive, significant accepted
<b>H4:</b> There is positive significant relationship between customer orientations and customer satisfaction	.429	.00	Positive, significant accepted
<b>H5:</b> There is positive significant relationship between system quality and customer satisfaction	.336	.00	Positive, significant accepted

According to the analyses of the current accomplished research and the main questions of the study that has been discussed and explicated in below section. The Concerning on TQM dimension practice, the study result shows that customer oriented was the major adapted in the study area. Secondly, system quality was the good practice next to customer oriented in Addis Ababa Tax Revenue Office. However, training and education was the lowest practiced

in the study area. Generally, the mean value of TQM dimension practice was below the threshold, which means TQM dimensions practiced below expected in the study area.

The study finding shows customer satisfaction was below threshold due to poor practice of TQM variables in the study area. Therefore, according to Vora (2002) described that low level of customer satisfaction can't improve operational and financial activities that lead to organization success. TQM has direct and positive impact on customer satisfaction. There are some studies consistence finding to this study like Yang (2006) noted that TQM practice are significantly affected quality service for customer satisfaction. In addition, Yala, Ododa, and Jame (2018) found that TQM practices have positive effects on customer satisfaction, employee satisfaction and other benefits like competitive advantage, improved image (Fotopoulos & Psomas, 2010 cited in Yala et al., 2018). In addition, top management commitment, process management, and customer orientation has the most direct impact on operational efficiency and customer satisfaction (Binney, 1992 and Bergman & Klefsjo, 1994).

Other empirical study conducted with frontline bank employees in South Africa by Boshoff and Allen (2000) shows that empowerment and rewards positively affected employees' service recovery performance. Similarly, private sector hotels in Turkish, YavasKaratepe, and Babakus (2010) and bank in Turkish YavasKaratepe, Avci, and Tekinkus (2003) reported similar findings which was: employee empowerment has positive influence on frontline employees' service recovery performance.

The study finds that the impact of employee empowerment was positive and significant on customer satisfaction. Employee empowerment has 21.4% effect on customer satisfaction. Which means customer satisfaction is affected by lower practice of employee empowerment by the organization. Managements did not give approval for employee to handle customers problem, due to this they did not do anything to solve customers' problem as well as employee didn't receive any reward and positive recognition when they solve customers' complain by their own willing. Therefore, such types of employee empowerment were the major barrier for customer satisfaction.

The study drew similar findings with study conducted on hotel in Nigeria by Jonathan and Johnmark (2012) in restaurants, barbershops, gymnasiums and tourist hotels in Taiwan

Tsaur(2004) and Zeglat, Aljaber, and Alrawabdeh (2008). Their findings indicated that there was positive and significant relationship between employee empowerment and customer satisfaction. Similarly, the study in private sector hotels in Turkish, Yavas Karatepe, and Babakus (2010) and bank in Turkish Yavas Karatepe, Avci, and Tekinkus (2003) findings supported the current study findings on employee empowerment and makes positive influence on frontline employees' service recovery performance. Contrary, The study's findings is not supported by Bello and Bello (2017). The study's findings on hotel industry about the relationship between employee's empowerment and customer satisfaction result revealed that there is a positive relationship between the two variables but not significant.

The study's findings revealed that customer oriented has 42.9% impact on customer satisfaction in the study area. Its relation was positive and strong to customer satisfaction. The study's findings supported by Olsen, Witell, and Gustafsson (2014). The study conducted in 19 business' result indicated customer orientation has positive effect on customer satisfaction. Similarly, the study's findings was similar with the study finding in 41 pharmacy branches and Dana Insurance companies in Amman (Hawa, 2015). The result shows that customer orientation has a significant and positive effect on customer satisfaction. Similarly, Ming and Chung (2013) investigation on the impact of customer orientation on customer's satisfaction, descriptive analysis which was linear regression reveled that there was positive and significant relationship between the two variables.

Concerning on system quality, the study's findings was positive and has significant effect which was 33.6% on customer satisfaction. Especially, system quality takes on corrective action on customer complaints, investigation of customer complaints, and customer requirements are incorporated when developing plans, policies and objectives was the major impact on customers' dissatisfaction in the organization.

Training and education for employee in the study area, the study result indicated that there was positive and significant effect on customer satisfaction, which was the lowest (13.6%) that compared to other TQM dimension in the study. The study has consistent findings with the study conducted in Australia and New Zealand manufacturers by Cooney et al., (2012). The result shows that training and education for organizational employee has an impact on organizational performance and customer satisfaction. Similar, empirical evidence was

brought on the case study conducted in Safari.com limited call center in Nairobi on the effect of training and development on employees on customer satisfaction (Amadi, 2014). Similarly, study findings supported by Lee (2012) study investigated on the relationship between training and customer service among 735 firms in South African shows that there was strong association and the main predictor of training to provide good service for customer and they become satisfied.

Lastly, the impact of top management commitment on customer satisfaction in the study findings shows that top management commitment has positive effect on customer satisfaction but not significant effect. The study findings was not supported and contradict with other studies. For instance, Susskind et al., (2001) and Yuanqiong et al., (2011) findings shows that top management commitment to their role in the service process had positive effect offering service for their customers and leading them satisfied. And also, the study was not supported by Tanabandeh and PourKiani (2016) findings shows that different levels of management commitment in service delivery to employees when improved has positive effect to better doing to customers. The main difference of the study findings was organizational top management leadership may have the impact to lead their commitment to customer satisfaction and it may differ due to the nature of the organization function.

## **CHAPTER SIX**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1 Conclusions**

The objective of this study was to investigate the impact of total quality management on customer satisfaction of public service in the case of Addis Ababa Tax Administration Office. Accordingly, training and education for organization employee has a positive and significant impact on customer satisfaction in Addis Ababa Tax Revenue. Therefore, training and education based on customer satisfaction for employees who work in Addis Ababa Tax Revenue Office enhance their skill and understanding how to handle their customers and enable them to carry out their customer service quality.

Additionally, customer orientation has a strong and positive significant influence on customer satisfaction in Addis Ababa Tax Revenue. Customer orientation is essential for achieving customer satisfaction by focus on customers' needs could contribute towards a high level of customer satisfaction. However, top management commitment to service providing for customer was positive effect on customer satisfaction but not significant effect in the study organization.

Employee empowerment has a positive and significant effect on customer satisfaction. It is an important function to maximize efficiency and achieve organizational goals through delivering quality services that develop customers' satisfaction; in the study area. Particularly, managements give approval for employee to handle customer's problem by themselves and reward has the major effect on customer satisfaction in the study area. Therefore, there is a strong association between employee empowerment and customer satisfaction. In addition, system quality was the major factor that affects customer satisfaction has positive and significant effect on organizational customer satisfaction.

In the present study conducted in Addis Ababa Tax Revenue Office, the result shows TQM dimension such as: training and development, customer orientation, employee empowerment, system quality implementation was poor and had negative impact on customer satisfaction. Besides, it helps to enhance organizational performance. In general, the study concluded that those TQM accept TOP management commitment had an impact in how to handle customer satisfaction and company employees.

## 6.2 Recommendations

From the study conclusion, the following recommendations are forwarded towards effectively implementing TQM in order to improve customer satisfaction:

- ❖ Addis Ababa Tax Administration Authority should include TQM service trainings in their policy; concerned with greater attention that directly or indirectly affects customer satisfaction. And also it should give trainings about TQM service for the employee particularly for the frontline employee.in order to build capacity of its employees on total quality management to use qualified and experienced staffs to follow up use of work procedures to ensure the service of the authority to specification and standard requirements.
- ❖ Addis Ababa Tax Administration Authority should prioritize skill and knowledge training on customer handling for frontline workers and measure the effectiveness of the training through frequent pre and post assessments of the level and needs of employees through continuous assessments and evaluations. Therefore, this helps preparing employees towards managing firm customers. This shall enable employee to identify customers' expectation and perception and have a good understanding of what their customers want and establish good lines of communication.
- ❖ Addis Ababa Tax Administration Authority and branch office managers should examine the intensity of TQM when exercised using the inputs of employees and other stakeholders in order to respond to the public toward their customer handling as being unsatisfactory. Additionally, they should collect customers' feedback about management process and the system in order to improve quality service for customers based on their requirements and needs.
- ❖ Various aspects of TQM practice of Addis Ababa Tax Administration Authority should be effectively managed, because each factor in TQM practices improves different aspects of authority's performance. The synergy among the TQM factors bring about outstanding or decisive improvements in the authorities general performances. Therefore the authority should improve employee involvement and skill as well as organizational structure to allocate sufficient resources to implement TQM successfully.

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## **Appendix 1: Questionnaire (English)**

**Addis Ababa University**

**College of Business and Economics**

**Questionnaire to be filled by Addis Ababa Tax Revenue Authority**

**Employee**

**Dear**

The questionnaire is designed to collect data for the research entitled on “*Impact of TQM practice on customer satisfaction in Addis Ababa Tax Revenue Authority*” as a partial fulfillment of MA Degree in Management. The study is intended to investigate the impact of TQM dimension practice such as: employee empowerment, training and education system quality, top management commitment, and customer orientation on customer satisfaction in Addis Ababa Tax Revenue Authority. The questionnaires need your exact feeling of answers, which makes my study sound and complete. Whatever you answer is considered right; so, feel free and give your true feelings on each item. Your response will remain confidential and not transferred to other bodies. Hence, I kindly request you to fill this questionnaire honestly and genuinely. You are not required to write your name at any place in the questionnaire.

Thank you very much for your kind cooperation!!!

## PART-I: Personal Information

**Instruction:** Please indicate your answer by making a "✓" mark or writing where it is necessary in space provided.

1. Gender                      Male                       Female
2. Education status      Diploma       Degree       MA/MBA       PHD
3. Experience in year    2-5                       5-10                       10-15 >15
4. Age in year                      20-30                       30-40                       40-50                       >50

## PART- II: Customer satisfaction Measurement

**Instruction I:** the statements below related to customer loyalty in Addis Ababa Tax revenue Authority then put a Tick (✓) in space provided that measure customers loyalty on Addis Ababa Tax Revenue Authority.

No	Items of customer loyalty	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Customers have positive things about the organization					
2	Costumers trust the organization is safeguarded their information					
3	Customers pay their tax early in the given schedule					
4	Organization is handling customer compliance					
5	When employees" promise to do something by a certain time, employees do it					
6	Customers trust effective implementation of organization rule and regulation					

**Instruction II:** the statements below relate to customer perception on Addis Ababa Tax Revenue Authority then put a Tick (√) in space provided that measure customers perception in Addis Ababa Tax revenue authority.

No	<b>Employ empowerment</b>	Very dissatisfy / Much worse expected	dissatisfy	Neutral	Satisfy	Very Satisfy
1	The organization employees are willing to help customers from customer point of view					
2	The organization employees have the knowledge to answer customer questions					
3	The organization employees properly handle customer problems that arise					
4	The organization employees understand customer specific needs					
5	The organization employees address customer complaints in a friendly manner.					

**Instruction III:** the statements below relate to customer expectation in Addis Ababa Tax revenue Authority then put a Tick (√) in space provided that measure customers expectation in Addis Ababa Tax Revenue Authority.

N o.	<b>Items of customer expectation</b>	Much worse expected	Worse than expected	Neutral	Equal to expected	Better than expected
1	Customers paid right amount of tax					
2	Customers get simple and less timeconsuming procedure for performing their activities in organization than other public organization					
3	Customers get extra service from the organization than other public organization					
4	Consumers get quality service as they expected from the organization as promised					
5	The organization deliver fairly and equal service for all customers					
6	The organization provides more free services than other public organization					

## PART II: TQM dimension Questionnaires

**Instruction:** Putting a Tick (√) in space provided that measure the impact of TQM dimension practice such as Training and education, customer orientation, employee empowerment, system quality, customer orientation, and Top management commitment on customer satisfaction in Addis Ababa Tax Revenue Authority.

No	Items of <b>Training and education</b>	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	I receive training on how to serve customers better					
2	I receive training on how to deal with complaining customers					
3	I received extensive customer service training before I came into contact with customers					
4	I receive training on dealing with customer problems					
5	The training increased my motivation to leading customer satisfaction					
6	The training increases my job satisfaction to leading customer satisfaction					
7	I receive continued training to provide good service					
8	I receive training that leads to improved customer service skills					
	<b>Employee empowerment</b>					
1	I am empowered to solve customer problems					
2	I am encouraged to handle customer problems by myself					
3	I do not have to get management's approval before I handle customer problem					
4	I am allowed to do almost anything to solve customer problems					

5	I have control over how I solve customer problems					
6	If I improve the level of service, I offer customers, I will be rewarded					
7	I am rewarded for satisfying complaining customers					
8	I receive positive recognition when I excel in serving customers					
	<b>System quality</b>					
1	Corrective action such as the implementation of measures to address customer complaints undertaken					
2	Customer satisfaction as a benefit is understood as a management intervention and action					
3	Intervention such as investigation of customer complaints applied					
4	Meeting customer requirements is top priority for all employee					
5	Our customer concerns are always given a first priority					
6	Customer satisfaction among employees is high in our organization					
7	Customer requirements are incorporated when developing plans, policies and objectives					
	<b>Customer orientation</b>					
1	Creation of customer value increases customers satisfaction					
2	Understanding customer needs increases customer satisfaction					
3	Strong commitment to the customer increases customer satisfaction					

4	Through customer orientation management and employees align their individual and team objectives around satisfying and retaining customers					
5	Through customer orientation employees focus on helping customers to meet their long-term needs and wants					
	<b>Top management commitment</b>					
1	Top management leads the improvement of the organization's management system and performance					
2	Top management inspires people and creates a culture of excellence that helps me do my job					
3	Top management shares information about the organization					
4	My bosses encourage me to develop my skills, knowledge, and capabilities so I can advance in my career I am rewarded and/or recognized for my work					
5	My organization leaders are encourage employee to take responsible to organizational work					
6	Top managements highly recognize the potential of employees					
7	Decision making is highly centralized in the organization					

## Appendix II: Questionnaire Amharic

### ክፍል-1: ግላዊ መረጃ

ትዕዛዝ 1: - ከዚህ በታች በተዘረዘሩ ጥያቄዎች የራስህን/ሽን ግላዊ ማንነት በሚያመለክቱ የአማራጭ ሳጥኑ ውስጥ የራይት”√” ምልክቱን አስቀምጥ/ጪ።

1. ፆታ:      ወንድ       ሴት
2. የትምህርት ደረጃ: ዲፕሎም       ድግሪ       ማስተርስ       ፒኤችዲ
3. የስራ ልምድ (በአመት):      >5       5-10       10-15       >15
4. እድሜ:      20-30       30-40       40-50       >50

### ክፍል-2: የደንበኞች እርካታ

ትዕዛዝ 1: ከዚህ በታች የተዘረዘሩ ጥያቄዎች ደንበኞች ስህተት ድርጅታችሁ ያላቸውን አሜኔታ/እምነት የሚሆኑ ጥያቄዎች ናቸው። ስህተት ደንበኞች ድርጅቱን ምን ያህል እንደሚያምኑት በማስታወስ ትክክላቸው መልስ የምትለትን በተሰጡት አማራጮች ውስጥ

“” ምልክት አስቀምጡ።

ተ.ቁ	የደንበኞች ታማኝነት	በጣም		መወሰን		
		አልሰማማም	አልሰማማም	አልችልም	አሰማማለሁ	አሰማማለሁ
1	ስህተት ድርጅቱ መልካም እይታ አላቸው					
2	መረጃቸው እንደሚጠብቅላቸው ያምናሉ					
3	በተሰጠው የጊዜ ገደብ ውስጥ ግብር ይከፍላሉ					
4	ድርጅቱ የደንበኞችን ቅሬታ ይፈታላቸዋል					
5	በተገባላቸው ቃል መሰረት የድርጅቱ ሰራተኞች ተገቢውን ግልጋሎት ይሰጧቸዋል					
6	የድርጅቱ ህግና ደንቦች በተገቢው ሁኔታ እንደሚተገበሩ ያምናሉ					

ትዕዛዝ 2: ከዚህ በታች የተዘረዘሩ ጥያቄዎች ደንበኞች ስህተት ድርጅታችሁ ያላቸውን ስሜትና አረዳድ የሚሆኑ ጥያቄዎች ናቸው። ስህተት ደንበኞች ስህተት ድርጅታችሁ ምን እንደሚያስቡ በማስታወስ ትክክላቸው መልስ የምትሰጡትን በተሰጡ አማራጮች ውስጥ “□” ምልክት አስቀምጡ።

ተ.ቁ	ከደንበኞች የሚጠበቀው	በጣም ከሚጠበቀው በታች	ከሚጠበቀው በታች	መውሰን ይከብደኛል	እንደሚጠበቀው	ከሚጠበቀው በላይ
1	ደንበኞች ተገቢውን ግብር ይከፍላሉ					
2	ደንበኞች በቀላሉ እና በጥቂት ሰዓት ከሌሎች ድርጅት በተሻሻለ አገልግሎት ያገኛሉ					
3	ደንበኞች ከሌሎች ድርጅቶች በተሻሻለ ተጨማሪ አገልግሎት ያገኛሉ					
4	ድርጅቱ በቃለ መሰረት እና የሚጠበቅበትን ህድንበኞች አገልግሎት ይሰጣል					
5	ድርጅቱ ሆሀለም ደንበኞች ፍትህዊ እና እኩል በሆነ መልኩ አገልግሎት ይሰጣል					

ትዕዛዝ 3: ከዚህ በታች የተዘረዘሩ ጥያቄዎች ደንበኞች ከድርጅታችሁ ምን እንደሚጠበቁ የሚሆኑ ጥያቄዎች ናቸው። ስህተት ደንበኞች ከድርጅታችሁ ምን እንደጠበቁ እና የጠበቁትን ምን ያህል እንዳገኙ በማስታወስ ትክክላቸው መልስ የምትሰጡትን በተሰጡ አማራጮች ውስጥ “□” ምልክት አስቀምጡ።

ተ.ቁ		በጣም አልሰማም	አልሰማም	መውሰን አልችልም	አሰማለሁ	በጣም አሰማለሁ
1	ስራተኞች ከደንበኞች ፍላጎት አኳያ ደንበኞችን ለመረዳት ፍላጎት አላቸው					
2	ስራተኞች የደንበኞችን ጥያቄ የመመሪያ በቂ እውቀት አላቸው					
3	ስራተኞች ከደንበኞች የሚነሱ ቅሬታዎችን በተገቢው ሁኔታ ይፈታሉ					
4	ስራተኞች የደንበኞችን ልዩ ፍላጎት ይረዳሉ					
5	ስራተኞች የደንበኞችን ቅሬታ በመግባባት ይፈታሉ					

**ክፍል-3: የአስተዳደር ጥራትን**

ትዕዛዝ 1: ከዚህ በታች የተዘረዘሩ ጥያቄዎች የድርጅቱን ጠቅላላ የአስተዳደር ጥራትን የሚሆኑ ጥያቄዎች ናቸው። ስብደቱ ከዚህ በታች የተዘረዘሩ እያንዳንዱን ጥያቄ በማንበብ ትክክላቸውን መልስ የምትሰጡትን በተሰጡ አማራጮች ውስጥ ‘’ ምልክት አስቀምጡ።

ተ.ቁ	ትምህርትና ስልጠና	በጣም አልሰማም	አልሰማም	መውሰን አልችልም	እሰማለሁ	በጣም እሰማለሁ
1	ደንበኞችን እንዴት ማገልገል እንዳይቻል ስልጠና ወስጃለሁ					
2	የደንበኞች ቅሬታን እንዴት መፍታት እንዳይቻል ስልጠና ወስጃለሁ					
3	ደንበኞችን እንዴት ማገልገል እንዳይቻል በቂ ስልጠና አግኝቻለሁ					
4	የደንበኞችን ችግሮች እንዴት መፍታት እንዳይቻል ስልጠና ወስጃለሁ					
5	የወሰድኳቸው ስልጠናዎች ፍላጎቴን በመጨመር የደንበኞች በስራዬ እንዲደሰቱ ረድቶኛል					
6	የወሰድኳቸው ስልጠናዎች በስራዬ ደስተኛ እንድሆን በማድረግ ደንበኞችን በስራዬ እንዲደሰቱ ጠቅሞኛል					
7	ተደጋጋሚ ስልጠናዎችን በመውሰድ ጥሩ አገልግሎት እንድሰጥ አስችሎኛል					
8	የወሰድኳቸው ስልጠናዎች ጥሩ አገልግሎት የመስጠት ክህሎቴን አዳብሮልኛል					

ተ.ቁ	ሰራተኛን ማበረታታት	በጣም አልሰማም	አልሰማም	መውሰን አልችልም	አሰማለሁ	በጣም አሰማለሁ
1	የደንበኞችን ችግር እንድፈታ እገዛ ይደረግልኛል					
2	በራሴ ፍላጎትና ተነሳሽነት የደንበኞችን ችግር እፈታለሁ					
3	ከኃላፊዬ ፍቃድ ሳላገኝ የደንበኞችን ችግር እፈታለሁ					
4	ማንኛውንም የደንበኞችን ችግር ሳይፈታው ሙሉ ፍቃድና ተቀባይነት አለኝ					
5	ኃላፊዬ የደንበኞችን ችግር እንዴት እንደምፈታ እና እንዴት እየፈታሁ እንደሆነ ክትትል ያደርጋል					
6	የደንበኞችን አገልገሎትን አሰጣጥ ካሻሻልኩ ሽልማት አገኛለሁ					
7	የደንበኞችን ቅሬታ በመፍታት ካሰደሰትኩ እሹላለሁ					
8	ደንበኞችን ካሰደሰትኩ መልካም እውቅና ይሰጠኛል					

ተ.ቁ	የአሰራር ጥራት	በጣም አልሰማም	አልሰማም	መውሰን አልችልም	አሰማለሁ	በጣም አሰማለሁ
1	የደንበኞችን ቅሬታ አፈታት በሙሉ ማስተካከያ እርምጃ ይወሰዳል					
2	አስተዳደሩ የደንበኞችን እርካታ ጥቅሙን በመረዳት ይደግፋል እንዲሁም ይከታተላል					
3	የደንበኞች ቅሬታ እንዲፈታ ድጋፍና ክትትል ይደረጋል					
4	ሁሉም ሰራተኞች ቅድሚያ የሚሰጡት ትኩረት የደንበኞችን ፍላጎት ማሟላት ነው					
5	የመጀመሪያ እና ቀዳሚ ትኩረት ላይ የደንበኞቻችን እንሰጣለን					
6	ደንበኞች በድርጅታችን ሰራተኞች ከፍተኛ እርካታ ያገኛሉ					
7	የደንበኞችን ፍላጎት ሳይሟሟላት በእቅድ፤ በደንብ እና በአላማ የተደገፈ ነው					

ተ.ቁ	ደንበኛን በማስቀደም	በጣም አልሰማም	አልሰማም	መውሰን አልችልም	እሰማለሁ	በጣም እሰማለሁ
1	ለደንበኞች ዋጋ መስጠት የደንበኞችን እርካታ ይጨምራል					
2	የደንበኞችን ፍላጎት መረዳት የደንበኞችን እርካታ ይጨምራል					
3	ሆደንበኞች ትኩረት መስጠት የደንበኞችን እርካታ ይጨምራል					
4	የደንበኞች ፍላጎትና እምነት ቅድሚያ መስጠት የደንበኞችን እርካታ እና አያያዝ ያሳድጋል					
5	እያንዳንዱ ሰራተኛን ለደንበኛ መመደብ የደንበኞችን እርካታ እና አያያዝ ያሳድጋል					
6	ሰራተኞች ሆደንበኞች ፍላጎትና እምነት ቅድሚያ መስጠት የደንበኞችን ፍላጎት እንዲያሟሉ ይረዳል።					

ተ.ቁ	የኃላፊዎች ቁርጠኝነት	በጣም አልሰማም	አልሰማም	መውሰን አልችልም	እሰማለሁ	በጣም እሰማለሁ
1	የድርጅቱ ኃላፊዎች የድርጅቱን አስተዳደር ሂደት እና ስኬት ያሳድጋሉ					
2	ስራዬን በትክክል እንድሰራ የድርጅቱ ኃላፊዎች ምቹ ሁኔታን በመፍጠር ያበረታቱኛል					
3	የድርጅቱ ኃላፊዎች ስህተት ድርጅቱ መረጃዎችን ያካፍላሉ					
4	ኃላፊዬ ከህሎቴን፣ እውቀቴን እና ችሎታዬን በማበረታታት ስራዬን እንዳሻሽል አድርጎኛል					
5	ኃላፊዬ በድርጅቱ ውስጥ የተሰጠኝን የስራ ኃላፊነት እንድወጣ ያበረታታኛል					
6	ኃላፊዎች ሆሰራተኞች አቅምና ችሎታ እውቅና ይሰጣሉ					
7	ውሳኔዎች በተወሰኑ የድርጅቱ ኃላፊዎች ይወሰናሉ					