



ADDIS ABABA UNIVERSITY

School of Commerce

Department of Marketing Management

Assessment of Service Quality and Customer Satisfaction in Public Service: Evidence from Ethiopian Revenue and Customs Authority

**Thesis Submitted to Department of Marketing Management in
Partial Fulfilment of the Requirement for the Masters of Arts
Degree in Marketing Management**

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**Assessment of Service Quality and Customer Satisfaction in
Public Service: Evidence from Ethiopian Revenue and Customs
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Declaration

I, Tilahun Bokan , declare that this project work entitled “Assessment of service quality and customer satisfaction empirical evidence from public service” is my own original work. I have carried out it independently with the guidance and suggestions of the research advisor Mesfin workineh (PhD). And the study has not been submitted for award of any Degree or Diploma Program in this or any other Institution.

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AAU

Signature _____

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Letter of Certification

This is to certify that Tilahun Bokan carried out his project on the topic entitled “Assessment of service quality and customer satisfaction in public service: evidence from Ethiopian revenue and customs authority”. This work is original in nature and is suitable for submission for the award of Master Art in Marketing Management.

Mesfin Workineh (PhD))

(The Research Advisor)

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LIST OF ACRONYMS AND ABBREVIATIONS

Assu	Assurance
E.C	Ethiopian calendar
Emp	Empathy
ERCA	Ethiopian revenue and customs authority
Rel	Reliability
Res	Responsiveness
SERVQAUL	service quality
SERVPERF	Service performance
Tan	Tangibility

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ABSTRACT

The purpose of this study was to assess how service quality affects customer satisfaction in the public sector empirical evidence from Ethiopian revenue and customs authority. The study used to identify the relationship between service quality dimensions and customer satisfaction besides the effect of service quality dimensions on customer satisfaction was analysed. To this end gap model of service quality with the application of SERVQUAL instrument. The five dimensions of SERVQUAL instrument named tangibility, reliability, responsiveness, assurance and empathy were used to measure tax payers' expectation and perception to calculate the gap score within the sector. A total of 384 questionnaire distributed to the tax payers' those selected in stratified random sampling from different branches of Addis Ababa Administration small and medium tax payers' office, from this 309 questionnaire were valid and analysed. The data analysis was conducted through statistical techniques such as descriptive statistics, bivariate correlations and multiple linear regressions using SPSS version 20. The result revealed that all five SERVQUAL dimension have negative gap score, in that Assurance dimension has the highest negative gap score whereas tangibility and empathy have lowest gap score, implying that tax payers' perceive less than their expectation, suggesting a low service quality that leads tax payers' dissatisfaction with the service provided by ERCA. Moreover all of the service quality dimension have strong relationship with tax payers' satisfaction, besides the result shown that reliability, responsiveness and assurance has significant effect on customer satisfaction.

Accordingly Ethiopian revenue and customs authority needs to give more emphasis and due attention to reliability, responsiveness and assurance dimensions of service quality to improve the level of customer satisfaction

Key words: Service quality, customer satisfaction, SERVQUAL dimension, public service, ERCA

CHAPTER ONE

INTRODUCTION

1.1 Back ground of the study

Service sector nowadays taking the larger share of GDP in most of the developed and many of developing countries of the world. The service industry plays an increasingly important role in the economy besides that the economic share of service currently accounts more than half the sum of all GNPs worldwide (Cronin & Tayler, 1992). Services are increasingly becoming a larger portion of many organizations' regionally, nationally, and globally and are considered as a tool for revenue streams. (Mosahab, R., Mahamad O., and Ramayah T., 2010)

“The service sector comprised of social services, trade, hotels and restaurants, finance, real estate, etc. accounts for about 45.9 percent of GDP in the year 2013/2014.”(An investment guide to Ethiopia 2015, Ethiopian investment commission).As referred to investment guide to Ethiopia 2015 service sector accounts major share of the nation's GDP.

According to Addis Ababa Bureau of finance and economic development an average growth of the nation is about 10 percent during the period 2005/06-2012/13. From this service sector accounts for 55percent of the overall GDP Growth (Demirew G., Tamirat B., Petros K., and Kaleb S. 2015).

Service quality commonly defines as the extent to which a service meets customers' needs or expectations (Lewis, B.R. and Mitchell, V.W. (1990); Dotchin, J.A. and Oakland, J.S. (1994a); Asubonteng, P., McCleary, K. and Swan, J. (1996); Wisniewski, M. and Donnelly, M. (1996). Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman, A., Zeithaml, V. and Berry, L.L. (1985); Lewis and Mitchell, 1990).

In today's global competitive environment, delivering quality service is considered as an essential strategy for success and survival (Parasuraman, A., et al., 1985).

Tangibility, reliability, responsiveness, assurance and empathy are used to measure the gap between customers' expected level and perceived level by performing the gap analysis (Parasuraman A. et al., 1985)

Customer satisfaction is a key factor in formation of customer's desires for future purchase (Mittal & Kamakura, 2001). In today's world it is not only customer satisfaction by providing service quality but society should be considered for the success of a business. Instead of treating people simply as consumers, marketers approach them as whole human beings with minds, hearts, and spirits. Increasingly, consumers are looking for solutions to their anxieties about making the globalized world a better place. (Kotler, P., Kartajaya .H. and Setiawan, I. 2010).

Service quality and customer satisfaction used by some writers interchangeably. But according to Zeithaml, V.A., Bitner, M.J. and Gremler D.D 2013 although they have certain things in common satisfaction is generally viewed as a broader concept, whereas service quality focuses specifically on dimensions of service. Based on this view perceived service quality is a component of customer satisfaction.

“Satisfaction is the consumer's fulfilment response. It is a judgment that a product or a service, feature, or the product or service itself, provides a pleasurable level of consumption related fulfilment.” (Zeithaml et al., 2013 pp80)

Several researches have been done on the relation between service quality and satisfaction: findings of some of these researches show that satisfaction results in service quality (Parasuraman et al., 1988). Also, the research conducted by Sureshchandar G.S, Rajendran C. & Anantharaman R.N, (2002) shows that, there is a two-way relation between satisfaction and service quality.

The public service sector in Ethiopia besides private sector contributes to strengthening a competitive economy. It constitutes of various sectors combined including education, health, transport, financial institutions, public administration and many others.

Ethiopia as a developing nation should generate sufficient amount of revenue from different types of taxes to cover its expenditure (ERCA 2008 EFY annual report). To cope up with the target that Ethiopian revenue and customs authority (ERCA) wants to achieve, should be focus on a customer oriented system that provides quality service to the tax payers and make them satisfied.

Unlike private sectors which are characterized by relatively non-bureaucratic system and fast decision making, public sector executives manoeuvre with a different frame of reference that outcomes are harder to measure. It is based on rules and regulations that decision engaged.

There is limited room to be arbitrary, there is also higher inspection by press and public (Teicher, J., Hughes, O. & Dow, N. (2002).

Tax revenue has grown over the past few years, with a significant proportion of the increase attributable to improved compliance at the state level. With continued support, the Ethiopian Revenues and Customs Authority (ERCA) can achieve its target of mobilizing 17 percent of gross domestic product by 2020. (International monetary fund TPA-TTF Dec.2015).

To attain the country's revenue requirement efficiently and effectively "*ERCA was established by the proclamation No .587/2008 on 14 July 2008, by the merger of the Ministry of Revenue, Ethiopian Customs Authority and the Federal Inland Revenue Authority for the purpose of enhancing the mobilization of government revenues, while providing effective tax and Customs administration and sustainability in revenue collection. The main objective of the establishment of ERCA was to streamline the public revenue generation function by bringing the relevant agencies under the umbrella of the central revenue collector body.*" ERCA statistical bulletin (Vol-1)2011.

The Addis Ababa City Tax Administration and ERCA have signed a memorandum of understanding in January 2011 to gain support from ERCA. The main objective of the agreement is to enhance the capacity of tax administration of the city to collect its revenue effectively and efficiently. Based on the agreement, the administration part of the city tax administration is temporarily merged to ERCA; the revenue collected is to the Addis Ababa city government administration (www.erca.gov.et)

According to Addis Ababa city administration tax office report (2008), Addis Ababa city administration tax office has a total of fourteen tax branch offices. Tax payers who have revenue above 1million birr in Addis Ababa 10 sub city revenue offices are divided into two medium tax payers' offices named Addis Ababa medium tax payers' office number one and Medium tax payers' office number two. Addis Ababa medium Tax payers' office number one covers sub city's Yeka, Arada, Kolfekeraniyo, AddisKetema and Gulele. Whereas the office number two covers Bole, Lideta, Kirkos, Nifassilklafto, and Akaki kality. Each sub city has its own tax office for the others whose yearly revenue is below 1million birr, besides merkato number 1 and merkato number 2 are additional revenue offices in Addis ketema sub city to facilitate the revenue collection. Addis Ababa administration tax office revenue collection is doing under Ethiopian revenue and costumes authority (ERCA).

1.2 Statement of the problem

Currently quality of service delivery particularly in public service sector is costing a heavy shadow on efficiency and effectiveness of various sectors. This is mainly demonstrated through lack of customer satisfaction. Various reasons are mentioned for this for example many of the offices are not well equipped with all the necessary facilities required to deliver quality service.

As cited in Reimer, A., Kuehn, R. (2004) Several authors refer to the physical facilities, i.e. the services cape, as a quality indicator (e.g. Ward et al., 1992; Baker et al., 1994; Baker, 1998; Aubert-GametandCova, 1999; Baker et al., 2002). The physical facilities of a service company is commonly described by service scape. (Reimer, A.,et al.2004)

Similarly available studies (Tewodros, 2015, Demirew G. et al.2015) and others shows that in many cases the knowledge and attitude of service provider in the service providing sector are not at the required level as a result of which customers may lack trust and assurance on the sector. Moreover the employees' willingness to support customers as required by customers is not at the expected level rather in some cases they mistreated their customers.

Though improvements have been observed in the last three years especially after the merger of Addis Ababa City Revenue Authority with the Ethiopian Revenue and Custom Authority, Revenue offices still have operated with inadequate facilities and equipment. (Demirew G.et al., March 2015),

Based on the observation and pilot study conducted on 15 tax payers' in quality of services provided by Addis Ababa administration tax payers' office some branches, the researcher realized that the service provided by the Addis Ababa administration tax payers' office falls short of satisfying its tax payers. This is mainly because of the underlying gaps in the office with regard to service quality. These include they may not be competent or do not have enough knowledge specifically for the work they are engaged in. Lack of willingness of the employees to help tax payers' besides some mistreating their customers.

There are also a compliance costs that are incurred by tax payer in the completion of tax activities such as traveling costs stationaries and others. In this case the location of medium tax payers' office affects some tax payers' since it is relatively far from their business station.

The lack of customer satisfaction may have its own negative impact on self-initiation, willingness and trust worthiness of tax payers' to pay their taxes. This could in turn affect the revenue of the country Ethiopia.

1.3 Research Questions

Is there any significance difference between expected and perceived service in Addis Ababa administration tax payers' office?

How is the service quality of ERCA with respect to reliability, responsiveness, assurance empathy and tangibility?

What is the overall level of satisfaction in Addis Ababa administration tax payers' office?

What is the relationship between service quality and customer satisfaction?

1.4 Hypothesis

H1 reliability has significant effect on customer satisfaction.

H2 responsiveness has significant positive effect on customer satisfaction.

H3 Assurance has significant positive influence on customer satisfaction.

H4 Empathy has significant positive impact on customer satisfaction.

H5 Tangibility has significant positive impact on customer satisfaction.

1.5 Research Objectives

1.5.1 General Objective

The general objective of the study is to assess service quality and customer satisfaction of public service in the case of ERCA, Addis Ababa administration tax payers' office.

1.5.2 Specific objectives

To identify whether there is any significance difference between expected and perceived service in Addis Ababa administration tax payers' office.

To describe the service quality of ERCA with respect to reliability, responsiveness, assurance, empathy, and tangibility.

To evaluate the overall customer satisfaction in the office understudy.

To investigate the relation between service quality and customer satisfaction in Addis Ababa Administration tax payers' office.

1.6 Significance of the study

Nowadays as the service sector contributes the larger portion of the nation's GDP, specially the private sector in Ethiopia taking the driving seat in the country's economic growth. To sustain this dynamic growth the public service sector should support the private sector on facilitating the necessary circumstances. Thus this study could contribute to ERCA as a public service sector to raise awareness of executives and staffs the overall status of the service quality aspects as perceived by customers and analyse tax payers' satisfaction level so that they can take remedy on the dimensions that ERCA as authority couldn't fulfil. The findings of the study could give invaluable information for other public sectors, the effect of service quality on customer satisfaction. It could also be used as a starting material for further study.

1.7 Scope of the study

Ethiopian revenue and customs authority (ERCA) collecting government revenues in federal jurisdiction and Addis Ababa City Administration, from all business forms (sole proprietors, share Companies and PLCs).

The study will be undertaken only Addis Ababa Administration taxpayers' office branch of ERCA, It served only sole proprietors of Addis Ababa tax payers rather share companies and PLCs are serving only in federal revenue and customs authority.

Addis Ababa administration tax payers' office have three categories of tax payers those are category A (whose yearly revenue above 500,000 birr), category B (whose yearly revenue is between 100,000 to 500,000) and Category C (those having yearly income below 100,000) (ERCA Statistical bulletin (vol. 1), 2011). The service quality dimensions are tangibility, reliability, responsiveness, assurance and empathy whereas customer satisfaction dimension is perception of service quality because this study will assess the relationship between perceived service quality and customer satisfaction, in A.A administration tax payers' office. The methodology that the study will also use only quantitative method.

1.8 Limitation of the study

As the researcher will use quantitative research design it will have its own limitations on not covering the areas that in depth interview, focus group discussion and other qualitative methods that enables the researcher to collect more accurate data due to the researcher relies on views and behaviors of participants. Besides the answers are first hand and there is a room for

clarification that could make input for the study. Mobility of tax payers' could make sample selection a bit difficult if not impossible.

1.9 Definition of Terms

Tax: the money that you have to pay to the government so that it can pay for public service. (Oxford dictionary of English v1.9)

Service quality: An Assessment of how well a delivered service conforms to the clients expectations. (www.businseedictionary.com, 2016)

Customer satisfaction: the customer's evaluation of a product or a service in terms of whether the product or service has met the customers need and expectations. (Valarie A.Zeithamlet al.2013)

1.10 Organization of the Study

This study will be composed of five chapters. Chapter one includes the introduction and under introduction background of the study, statement of the problem, research questions, research objectives, significant of the study, scope of the study, limitation of the study definition of terms and organization of the study. The second chapter will emphasis the literature review that includes theoretical review and previous studies associated with the area. Chapter three will contain the methodology part under this description of study area, research approach and design, population and sample, data source and types, data collection procedures, ethical consideration and data analysis will be discussed. Chapter Four, deals with the presentation, interpretation and analysis of findings of the study in line with the research objectives and questions. Chapter Five will present conclusions, and recommendations that have been made from the presentation and interpretation of findings from chapter four.

CHAPTER TWO

Review of Related Literature

This chapter presents a theoretical review of related literature linked with the objective of the study which comprises of definition of service quality, public service, service quality, dimensions of service quality and measurements, customer satisfaction in addition it includes the relationship between service quality and customer satisfaction.

2.1 Service quality

Delivering quality service is considered an essential strategy for success and survival in today's competitive environment (Parasuraman, Zeitham and Berry, 1985).

“Service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis.” (Lewis and Booms) cited in (Parasuraman,A., et al., 1985 pp42)

Gronoors ,C. in 1984 defines service quality as *“The perceived quality of a given service will be the outcome of an evaluation process, where the consumer compares his expectations with the service he perceives he has received, i.e. he puts the perceived service against the expected service. The result of this process will be the perceived quality of the service”* (Gronroos, C 1984, p.37)

Parasuraman A.,et.al, (1985) examined the some writings those are the only previously discussed service quality and comprising other literatures and proposes, Service quality is difficult for the consumer to evaluate because of its feature of intangibility, heterogeneity and inseparability of products and consumption., Service quality perception is a comparison of consumer expectations and performance, Quality evaluations involve outcome of a service and the process of service delivery.

On presenting quality versus satisfaction Parasuraman A. et.al, in 1988 defined *“Perceived service quality is a global judgment, or attitude, relating to the superiority of the service, whereas satisfaction is related to specific transaction”*.

Parasuraman, A. et.al, 1988 mentioned The term “expectation” as used in the service delivery literature differs from the way it is used in the consumer satisfaction literature, that is viewed as predictions made by consumers about what is likely to happen during an forthcoming transaction, whereas in the former expectations are viewed as desires or wants of consumers that is what they feel a service provider should offer rather than would offer.

Service quality commonly defines as the extent to which a service meets customers' needs or expectations (Lewis, B.R. and Mitchell, V.W. (1990); Dotchin, J.A. and Oakland, J.S. (1994a); Asubonteng, P., McCleary, K. and Swan, J. (1996); Wisniewski, M. and Donnelly, M. (1996). Service quality can thus be defined as the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs Parasuraman, A., Zeithaml, V. and Berry, L.L. (1985); Lewis and Mitchell, 1990).

All the above definitions of service quality are based on the expectation perception service difference. However according to Cronin, J.J. and Taylor, S.A. (1992) conceptualization of service quality as a gap between expectation and performance is inadequate. According to them the concept of service quality should be customers' attitude towards the service, since the concept of satisfaction is the gap between expectation and performance.

2.2 Measurement of service quality

In empirical literature for measuring service quality there are several alternative service quality models and instruments developed. SERVQUAL, SERVPERF and GRONROOS dimensions are some of the models used to measure service quality.

2.2.1 SERVQUAL

Parasuraman et al. (1985) undertaken exploratory qualitative study to examine the concept of service quality with the executives and customers in four nationally recognized service firms, identifies key discrepancies or gaps regarding executive perceptions of service quality and the tasks associated with service delivery to consumers. These gaps can be a major problem in delivering consumers perception of high quality service (Parasuraman et al. 1985).

SERVICE QUALITY MODEL

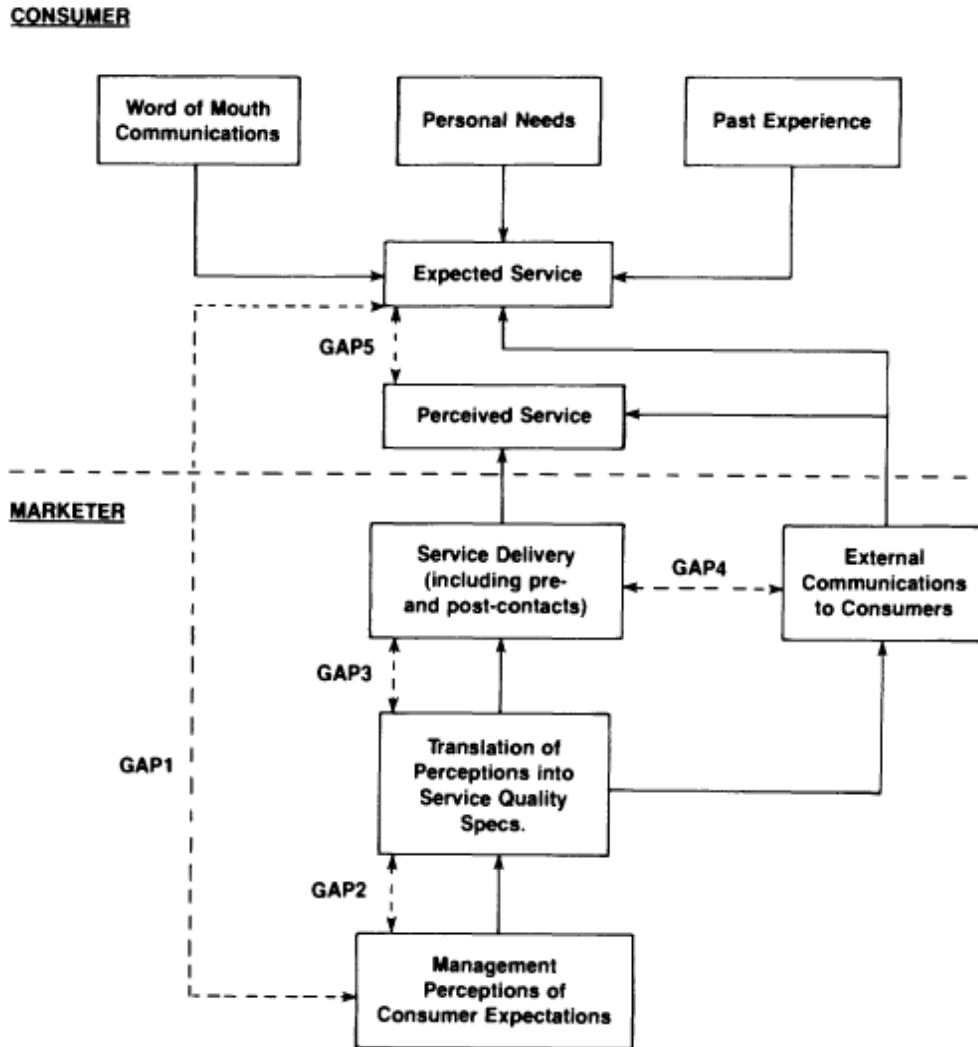


Figure 2.1 Service quality gaps model

Source: Parasuraman et al., (1985)

The above figure summarizes the key insights gained about the concept of service quality and factors affecting it. The lower portion shows the gaps of service provider's side (GAP1, GAP2, GAP3, and GAP4) and presents propositions implied by those gaps, and the upper portion related to the consumer side.

Service quality as perceived by a consumer depends on the gap between perceived and expected service quality which in turn, be influenced by on the nature of the gaps linked with the design, marketing, and delivery of services:

$$\text{GAP5} = f(\text{GAP1}, \text{GAP2}, \text{GAP3}, \text{GAP4})$$

Consumer expectation-management perception gap (GAP1)

It is the difference between the managements perception of the service quality with customer expectation. This could happen due to lack of effective marketing research about customers' expectation of a service provided including limited upward communication and too many layers of management.

To handle this situation the organization should make adequate marketing research and effective upward communication within the layers of management.

Management perception-service quality specification gap (GAP2)

Organizations service quality specification not in line with management perception of consumer expectation affects service quality in customer's point of view. This is the gap that executives could not able to deliver what customer expected the reason may be lack of trained personnel and wide fluctuations in demand, as a result of inadequate commitment to service quality, a perception of unfeasibility, inadequate task standardisation and an absence of goal setting. to reduce the gap the management should be committed to service quality by trying to be ready to grip the expected and unexpected circumstances.

Service quality specifications-service delivery gap (GAP3)

The difference between service quality specifications and actual service delivery will affect service quality from the consumer's point of view: Even when availability of best performed procedures may not be guaranty for high quality service performance that may be due to the inconsistency in employees' performance. This gap could be reduced by well trained personnel regarding the standardized delivery system of the organization besides using modern technology and appropriate supervisory control system.

Service delivery-external communications gap (GAP4):

The gap between actual service delivery and external communications about the service will affect service quality from a consumer's point of view.

The consumer expects high quality service due to the external communication, like media advertising about the service provided but if the actual service is less than expected the customer could be feel perceived less quality service. in addition consumers perception of service quality can be affected by absence of information about service delivery.

Expected service-perceived service gap (GAP5):

It is the gap between customers expected service quality and perceived service.

The quality of consumer perceived service is measured by the difference between perceived service and expected service that if the former exceeds or equal with the latter, the customer will satisfy, but on the other hand when the perceived service is less than expected this in turn resulted perception of poor service quality. In this case, customer expectations are influenced by the extent of personal needs, word of mouth recommendation and past service experiences. SERVQUAL is a multi-item scale developed to measure perceived service quality Q that is defined as $Q=P-E$ where P & E are ratings on the corresponding perception and expectation statements respectively originally develop from gap model.

Determinants of service quality

Parasuraman et al.(1985) proposed ten dimensions of service quality based on the difference between customers perceived performance and expected performance which are reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customers, and tangibles.

In 1988 parasuraman et al define service quality as ‘a global judgment, or attitude, relating to the superiority of the service’ and restructured the previous ten dimensions of service quality (Parasuraman et al.1985) in to five principal dimensions which are reliability, tangibility, responsiveness remained separate whereas the other seven combined into two comprehensive dimensions assurance and empathy. Based on parasuramn et.al. (1988) definition of service quality customer use to judge service quality based on a comparison between expected service and perceived service and they proposed the service quality model called ‘SERVQUAL’.

They grouped the items in ‘SERVQUAL’ into the following five distinct dimensions.

In this study the researcher tried to identify the effect of service quality dimensions on customer satisfaction, besides showed the relationship between perceived service quality and customer satisfaction.

Reliability: is defined as the ability to perform the promised service dependably and accurately. In broader sense reliability means that the service provider delivers on its promises that is promises about service provision and problem resolution. It is the most important determinant of perception of service quality (Parasuraman 1988). ERCA staffs service delivery should be in relation to the tax payers' expectation dependably and accurately so as to satisfy their customers.

Hence this study hypothesized that

H1 reliability has significant effect on customer satisfaction

Responsiveness: is willingness to help customers and provide prompt service. This dimension emphasizes the ERCA employees and management attentiveness and promptness in dealing with tax payers request, questions, complaints, and problems. Responsiveness also captures the notion of flexibility and ability to customize the service to customers need.

Therefore it is expected that

H2 responsiveness has significant positive effect on customer satisfaction.

Assurance: employees' knowledge and courtesy and their ability to inspire trust and confidence This dimension is particularly important for services that customers perceive as high risk or for service of which they feel uncertain about their ability to evaluate outcomes, that may be embodied in the person that links the customer to the company thus the tax payers are mostly sensitive on handling the tax by the ERCA auditors that they should be trusted by the tax payers.

So the study is hypothesized that

H3 Assurance has significant positive influence on customer satisfaction

Empathy: caring individualized attention given to customers. Parasuraman et al., (1988, 1991) define it as understanding the customers' personal needs, taking care of them individually and showing them all sorts of sympathy and affection, looking at them as close friends and distinguished clients. ERCA tax officials by giving personalized attention and make the tax payers feel unique, special, understood and important to the organization.

Thus it is expected that

H4 Empathy has significant positive impact on customer satisfaction.

Tangibles: Appearance of physical facilities, equipment, personnel and written materials.

Tangibles provide physical representations or image of the service that customers, particularly new customers, will use to evaluate quality. ERCA's physical facility such as modern looking equipment, network quality, consistent and reliable service make tax payers pleased. Hence the study hypothesized that

H5 Tangibility has significant positive impact on customer satisfaction.

In their researches, they emphasize that SERVQUAL is a lasting and reliable scale of service quality (Parasuraman et al., 1994).

As cited in (Kang, G. & James, J. (2004)) after the introduction of the SERVQUAL instrument (Parasuraman et al., 1985), many scholars have attempted to replicate and counter its structure and conceptualization (Carman, 1990; Cronin and Taylor, 1992; Teas, 1993). Much of the research to date has focused on measuring service quality using the SERVQUAL instrument. SERVQUAL has been criticized the point that the instrument mainly focuses on the service delivery process (Groenroos, 1990; Mangold and Babakus, 1991; Richard and Allaway, 1993). However, it is also true that there is no general agreement as to the nature or content of the service quality dimensions (Brady and Cronin, 2001) cited in (Kang, G. & James, J. (2004).

According to Sureshchender G.S. et al., 2002) after a careful examination of the 22 items scale (Developed by Parasuraman et al., 1988) that measures service quality along with five factors tangibility, reliability, responsiveness, assurance and empathy recognised that the items involve mostly the element of human participation in the service delivery in addition the tangible sides of service. Hence the SERVQUAL instrument seems to have ignored some other important factors of service quality, those are the service product or the core service, systematization/standardization of service delivery (the non-human element), and the social responsibility of the service organization.

By examining all characteristics of customer perceived service quality and considering the existing tools and those that are used in empirical service quality literature. Cited in Sureshchender G.S. et al., 2002), Sureshchandar et al., (2001) identified five factors of service quality as critical from the customers' point of view.

These factors are:

(1) Core service or service product;

- (2) Human element of service delivery;
- (3) Systematization of service delivery: non-human element;
- (4) Tangibles of service - services capes;
- (5) Social responsibility.

A research by Mangkolrat (2008) , cited in Mukhtar H., Saeed A., Ata G.(2013) summarized the benefits of SERVQUAL, which regardless of all the critics he suggests that the model is pretty supportive to measure quality of services of any organization. The benefits he stated are, the model brings out the consumer's views regarding the services met in terms of their expectations and perceptions. When formulating strategy it allows the management to consider the perception of the consumers as well as the management. Also, helps the management improving quality service by recognizing the gap areas and modify their strategy that enables them to meet customer's expectation. SERVQUAL Model enables the organization to identify the areas of excellence and weaknesses as well. It helps identifying the weak areas and suggests prioritizing them while decision making. If the SERVQUAL Model is applied periodically, it helps to track the trends of consumer's relative importance, expectation and perception. (Mukhtar H. et al. (2013).

This tool is applicable in an extensive spectrum of service domains such as financial institutions, libraries, hotels, medical centres and..., Many researchers have tried to use this tool in different service domains as it is or by modifying some of its components or by adding more components (Parasuraman et al.1994).

To summarize the critique on SERVQUAL model

SERVQUAL has been criticized the point that the instrument mainly focuses on the service delivery process (Groenroos, 1990; Mangold and Babakus, 1991; Richard and Allaway, 1993).

SERVQUAL instrument seems to have ignored some other important factors of service quality, those are the service product or the core service, systematization/standardization of service delivery (the non-human element), and the social responsibility of the service organization (Sureshchender G.S. et al., 2002).

The research of Cronin and Taylor (1992) suggested that although expectations can have unique effect on consumers' perception of service quality, the performance-minus expectations is an inappropriate basis for use in the measurement of service quality.

2.2.2 Servperf

Cronin, J.J. & Taylor, S.A. (1992) conducted on measuring service quality introduced an alternative to SERVQUAL that is performance based measure of service quality called SERVPERF. SERVPERF considers only perceived service that is performance only rather it doesn't measure the gap score which excludes customer expectation. SERVPERF is composed of the 22 perception items defined in SERVQUAL scale, and excludes any consideration of expectations.

The research of Cronin, J.J and Taylor, S.A. (1992) suggested that although expectations can have unique effect on consumers' perception of service quality, the performance minus expectation is inappropriate bases for use in the measurement of service quality. However, Parasuraman, A. et al, (1994) criticized the SERVPERF they revealed that though the practice of measuring only perception was widespread, such a practice did not necessarily mean performance based measure was superior to discontinues based measures.

2.2.3 Gronoors Model

Gronroos C (1982, 1990) mentioned in his model a service quality has three dimensions technical quality, functional quality and image.

Service quality is dependent on two variables expected service and perceived service Gronroos C. (1984, vol 18 no 4)

Since quality is multi-dimensional phenomenon key aspects of quality should be identified in order to reach the service quality (Mosahab R. et al. 2010). As cited by Mosahab R. et al. (2010) Gronroos C. (2000) refers to three dimensions of output technical quality (what is provided), service performance quality (how the service is provided), and organization's mental picture (corporate image or reputation). Also, Lehtinen and Lehtinen 1982 (cited in Parasuraman et al. 1985) have stated dimensions of physical quality, interactive quality, and organizational quality as three dimensions of service quality. More over quality related with the process and outcome of service delivery differentiated (Mosahab R. et al., 2010).

Technical quality refers to what service is delivered during the service provision. Functional quality is the process how the service is provided whereas image is the reputation of the firm or corporate .Gronroos C. (1984) in his technical and functional quality model states that to compete successfully

a firm need to have a comprehensive understanding regarding customers perceptions of the quality and the way the service quality is being delivered is influenced.

As cited in Gi-Du Kang et al. (2004) Marketing scholars have yet to identify attributes (or components) that define the technical quality dimension, although it is widely accepted that technical quality significantly affects customers' perceptions of service quality (Gronroos, 1982, 1990; Rust and Oliver, 1994).

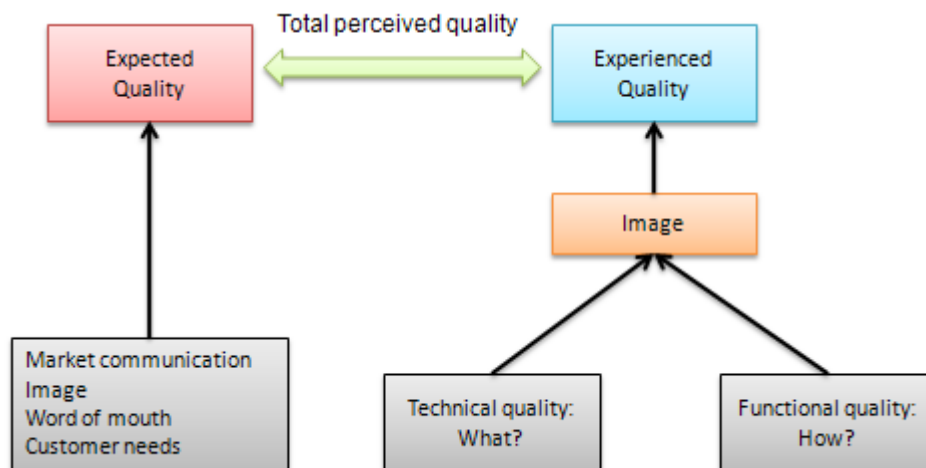


Figure 2.2 The service quality model

Source Christian Gronroos 1984

2.3 The Perceived Service Quality Model

Perceived service quality is the extent to which a firm successfully serves the purpose of customers Zeithaml, V.A., Parasuraman, A. and Berry, L.L. (1990). Customers determine the perceived or cognitive value of service based on their experience with the service delivered.

Furthermore, Edvardsson, B. 2005 stated that service quality perceptions are formed during the production, delivery and consumption process. Perceived service quality results from comparisons by customers of expectations with their perceptions of service delivered by the suppliers (Zeithaml et al., 1990).

2.3.1 Customer's Expectation

According to Parasuraman et al.,(1988) customers' expectations are determined primarily by the personal needs of the customer, the customer's past experience of service providers, word-of-mouth communications and external communications (from the service provider and others).

Customers' expectation is what the customers wish to receive from the services. Expectations are the results of prior experience with the company's products. Singh, R. & Khanduja, D. (2010) proposed that customers' expectation is formed by many uncontrollable factors which include previous experience with other companies, and their advertising, customers' psychological condition at the time of service delivery, customer background and values and the images of the purchased product. In addition, Zeithaml et al. (1990) stated that customer service expectation is built on complex considerations, including their own pre-purchase beliefs and other people's opinions. Similarly, Miller also stated that customers' expectation related to different levels of satisfaction. It may be based on previous product experiences, learning from advertisements and word-of-mouth communication.

2.3.2 Customer Perception

Perception is a way of forming impressions about oneself, other people and daily experience. It also serves as a screen or filter through which information passes before it has an effect on people. Even though it is subjective the quality or accuracy of a person's perceptions has a major impact on his or her responses to a given situation. Any difference between them is referred to as disconfirmation. If the service experienced is better than expected, then positive disconfirmation or high levels of satisfaction will result. If, however, the service performance falls short of what was expected, then negative disconfirmation or dissatisfaction will result (Lovelock C., Wirtz J. 2011).

Therefore, it is imperative to understand how consumers perceive the quality of the product offering, including the service element, and how these perceptions impact upon the consumer's ultimate purchase decision. Having understood the consumers' perception of quality the organization should be able to identify whether or not a gap exists between the customers' expectation and the manager in the development of appropriate managerial quality systems, which should maximize consumer satisfaction. The needs of survival and prosperity in the increasingly competitive marketplace are the main driving forces in the provision of superior quality services. According to Kotler and Keller (2006) successful companies add benefits to their offering that not only satisfy customers but surprise and delight them. Delighting customers is a matter of exceeding expectations.

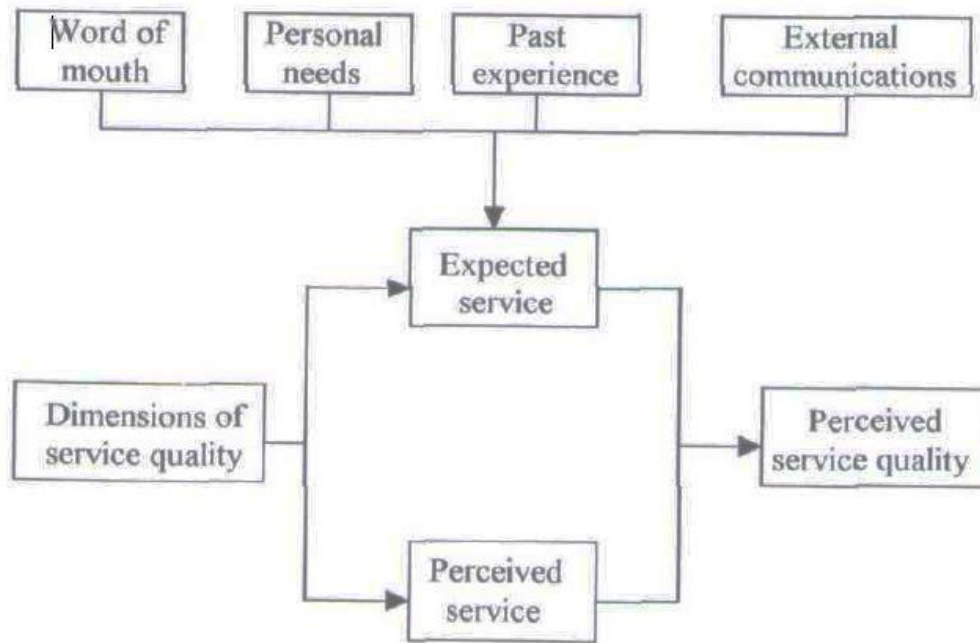


Figure 2.3 Expected vs perceived service

Source mik wisniewski & mike Donnelly (1996)

2.4 Customer satisfaction

Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectations (Kotler p. & keller K.L. 2012).

Oliver A. cited in .Zeithmalet A. et. Al.2013 defines

“Satisfaction is the consumer’s fulfilment response. It is a judgment that a product or a service feature or a product or a service itself, provides a pleasurable level of consumption related fulfilment.”

The above definition is interpreted in less technical terms by Zeithmal A. et al. (2013) that satisfaction is whether the product or service met customers’ expectation as the product or service is evaluated by customers.

Satisfaction may be associated with feelings of ambivalence if positive and negative experiences associated with a product or a service Zeithmal A. et al. ,(2013).Parasuraman et al.(1994) mentioned perceived service quality considered one of the of the determinants of customer satisfaction as there are other factors.

Zethmal A. et al. (2013) also stated customer satisfaction is influenced by specific product or service features, perceptions of product or service quality, and price. Moreover personal factors such as customers' mood or emotional state and situational elements like family member influence.

Fonseca, F., Pinto, S. and Brito, C. (2010) after reviewing various literatures stated, even though they have different meanings for satisfaction they all share common elements. When examined as a whole, three general components can be identified: (i) consumer satisfaction is a cognitive and emotional reaction; (ii) the reaction belongs to a particular focus, (iii) the reaction occurs in a particular period (after consumption, after choice based on experience and expressed before and after choice, after consumption, after extensive experience of using). They also tried to show that there is not a general consensus regarding the nature of this concept. If some authors argue that consumer satisfaction results from a specific transaction that occurs at a given time and by the benefits and value of the transaction, others see consumer satisfaction in terms of cumulative overall satisfaction, based on all contacts and experiences with a company and the client's experience until a certain moment.

2.5 The relationship between service quality and customer satisfaction

Service quality and customer satisfaction used interchangeably by practitioners and writers but researchers attempted to define on the bases of their meaning and measurement of the two concepts. Zeithmal A. et al. (2013).

According to Zeithmal A. et al. (2013) satisfaction and service quality also have certain things in common, satisfaction is generally viewed as a broader concept, whereas service quality focuses only on the dimensions of service. Satisfaction has been defined as the difference between expectation and performance, but there are differences between quality and satisfaction. For example, Parasuraman, A. et al. (1991) cited in Mosahab A. et al. (2010) say that satisfaction is a decision made after experience while quality is not the same. On the other hand, in satisfaction literature, expectations for goods is "would", while in service quality literature, expectations for goods is "should".

Satisfaction is an attitude like judgment following consumption experience, Most research confirms that conformation or disconfirmation or pre consumption expectations is the essential determinant of satisfaction (Lovelock, C., Sochen Wirtz, 2011) and they mentioned Satisfaction judgement is based on predicted service level & perceived performance comparison resulted

positive disconfirmation on better service than expected, negative disconfirmation if it is worse than expected or simple conformation if it is as expected.

2.6 Public service

Public sector services are responsible and accountable to citizens and communities as well as to its customers (Ramseook –Munhurrun P., Lukea-Bhiwajee, S.D., Naidoo, P. 2010). Service provision is more complex in the public sector as it is not only fulfill expressed needs, but also investigate unexpressed needs, setting priorities, allocating resources and publicly justifying and accounting for what has been done Gowan *et al.* (2001). Cited in (Ramseook – Munhurrun P. et al. 2010) Caron and Giauque (2006) pointed out that public sector employees are currently confronted with new professional challenges arising from the introduction of new principles and tools inspired by the shift to new public management.

Cited in McNary L.D. (2008) Nonetheless, the results of Quality Management in the public sector have been mixed (Boyne & Walker, 2002; Warner, 1993) in spite of the New Public Management paradigm. Some of the barriers specific to the public sector that plague quality initiatives include: The lack of competition and profit motive in the public sector provides little incentive to overcome the status quo (Dewhurst et al., 1999). Though Streib and Willoughby (2005) contend that scarce resources in the public sector can actually spur innovation depending on the organization, the chronic lack of resources faced by many agencies within a given government entity forces competition for funds, which diminishes the cooperative systems view of Quality Management (Deming, 1993; Dewhurst et al., 1999). Most political elected and appointed officials - who often control the work of non-elected employees - need quick, short-term results to stay in office. Indeed, that Quality Management in the work of elected officials diminishes the accountability of (Kelly, 1998). Another issue is the bureaucratic organizational structure of the government that prevents the integration of quality principles (i.e., top management support, customer focus, systems view, cross-functional employee teams, supplier relationships, continual improvement, etc.) necessary for success (Dewhurst et al., 1999; From quality, 1997).

Because service sector becomes very influential in Ethiopian economy and the private sector contributes larger share for the growth of the country, Public sector in Ethiopia should support this dynamic growth. However, the public sector of Ethiopia has over the years been faced with many frightening challenges to deliver quality services. Lack of good governance including excessive bureaucracy, political interference, corruption, unattractive working conditions and

poor work ethics are the challenges that lack in giving quality service to the public (Tewodros A.,2015).

2.7 Tax payer service quality

In any tax administration, quality of services and taxpayer satisfaction are significant indicators that tax authorities should use (Simon J, Thamrongsak S, Brian W, 2006).

The tax administration should provide impartial and professional courteous service and must keep private and confidential information regarding the individual taxpayers. It should also offer clear, understandable and current tax information and will make this information available to tax payer through various media and provide timely, accurate written information that one can rely on to questions and requests for tax information (Asian Development Bank 2001). Tax payer education, tax payer information and tax payer assistance are some of the services that should be provided by tax administration. According to (Glenn P. and Edwin N., 1993), various potential components of a service oriented administrative strategies are organized in to three broad areas, namely; tax simplification, tax payer assistance, and the facilitation of tax collection and enforcement.

2.8 ERCA tax administration

The Ethiopian Revenue and customs Authority (ERCA) has established for the purpose of enhancing mobilization of government revenues while providing effective tax administration and sustainability in revenue collection. major objectives are Establish modern tax assessment and collection system and render fair, efficient and quality services; Assess, collect and account for all revenues in accordance with tax and customs laws set out in legislation; Equitably enforce the tax and customs laws by preventing and controlling contraband as well as tax fraud and evasion; Collect timely and effectively all the federal tax revenue generated by economy, and; Provide the necessary support to the regional states with the objectives of harmonizing the federal and regional tax administration. (www.erca.gov.et)

2.9 Empirical literature review

Kumasey(2014) studied service quality and customer satisfaction: empirical evidence from the Ghanain public service. The paper examines the relationship between service quality customer expectation and customer perception with customer satisfaction within the public sector. And the finding revealed that service quality, customer perception and customer expectation all related significantly and positively with customer satisfaction. He also tried to relate his finding

with verified evidence (Dutta & Dutta, 2009, Zethmal and Bitner, 2003) and the implication of findings 1st given that there is an important relation between expected service and customer satisfaction so that the managers to ensure that the customers receive excellent services 2nd it is imperative that services was of the highest quality because it is only quality that can attract and retain customers to the organization.

Finally he concluded that it is important that organizations seek the need satisfaction link as a driver and determinant of customer satisfaction and not just service delivery.

Fonseca F.et al. (2010) studied service quality and customer satisfaction in public transports. In order to analyse the relationship between service quality and customer satisfaction, the concepts of service quality, consumer satisfaction and dissatisfaction are assessed .The results of the study put in evidence two key findings. The first is related to the level of service quality in its main dimensions. They concluded that reliability, security, speed, comfort and punctuality are quality dimensions of greater importance for the public transport services. Secondly, the study explores satisfaction and their determinants. Despite literature stipulates the existence of a distinction between the constructs of quality and satisfaction, this study found that the Transport Company, non-customers and customers clearly do not make such a distinction.

Benjamin A.J (2012) studied Service quality and customer satisfaction in public sector organizations: a case study of the commission on human rights and administrative justice (CHRAJ). the research paper assessed the relationship between service quality and customer satisfaction and how the dimensions of service quality impacts on customer satisfaction, that is mainly to identify how changes in service quality can be made to generate positive changes in the customer satisfaction in CHRAJ . Modified SERVQAUL instrument incorporated and his finding showed there is a positive relationship between service quality and customer satisfaction and that improvement in service quality can lead to the achievement of higher customer satisfaction while some are not. On his recommendation that the Commission should concentrate on those service quality attributes which the clients considered most important and should be improved to deliver high service quality.

2.10 Conceptual Framework

Based on theoretical and empirical literature review above, the relationship between service quality dimensions, the gap between expected service and perceived service, perceived service quality and customer satisfaction can be shown in figure below. The conceptual framework shown below revealed independent variables reliability, responsiveness, assurance, empathy and tangibility with dependent variable perceived service quality that is Gap 5 and besides shows the relationship between perceived service quality dimensions and customer satisfaction.

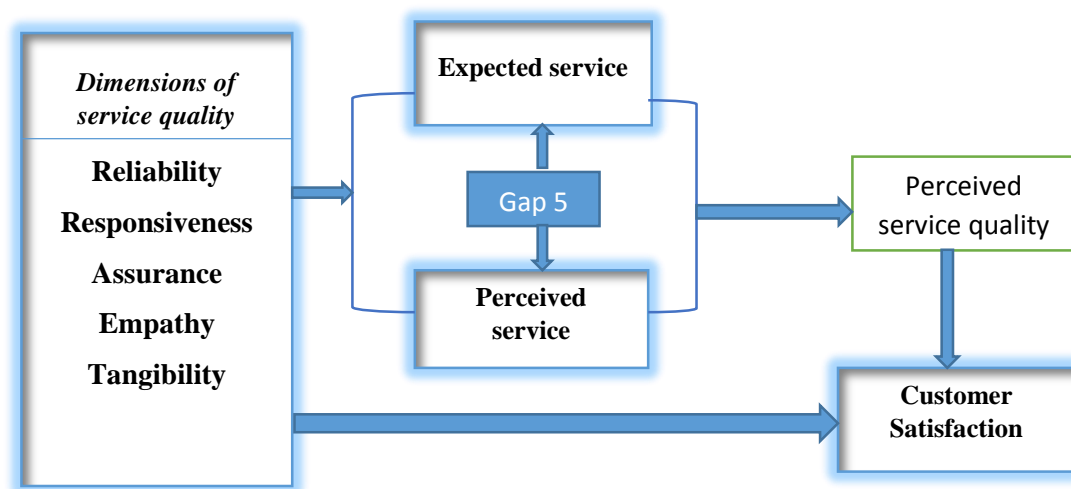


Figure 2.4 Conceptual framework

Source Milk Wisniewski & Donnelly (1996) with modification

2.11 Summary

All the above mentioned theoretical and empirical studies show the definition and determinants of service quality and relationship between of service quality and customer satisfaction. Hence support the reliability and effectiveness of SERVQUAL model in measuring service quality gaps in any organization. The service quality dimensions tangibility, reliability, responsiveness, assurance and empathy will be used as independent variables for perceived service quality by comparing expected service and perceived service gaps whereas even though there are other factors this study will use perceived quality as independent variable dimension for customer satisfaction. Therefore this study will use SERVQUAL model to assess service quality and customer satisfaction in (ERCA) Addis Ababa administration tax payers' office.

CHAPTER THREE

Research Methodology

3.1 Description of the study area

The study area is assessing service quality and customer satisfaction in Addis Ababa administration tax payers' office that is mainly focus on tax payers' perceive on quality service provided by the office that leads to their satisfaction.

3.2 Research approach and design

As mentioned in the introduction part the objective of the research is to assess the service quality and customer satisfaction in Addis Ababa administration Tax payers' office. The research design for this study is explanatory in nature. This is because the study attempts to explain the relationship between service quality dimensions, service quality and customer satisfaction and data has been obtained through quantitative means.

3.3 Population and sample

The researcher used for the study is Addis Ababa administration Taxpayers' office. According to data from Addis Ababa tax payers' office, it has 14 branches under 10 sub city administration bureaus. The total number of population of tax payers are 331,658.

Total population is divided into 3 categories Category A whose yearly revenue above 500,000 birr, category B whose yearly revenue is between 100,000 to 500,000 and Category C are those having yearly income below 100,000 and there are two offices called Addis Ababa medium tax payers office number 1 and number 2, which are used to give service for category A tax payers' whose yearly revenue are above 1,000,000 birr. The number of population in each category are listed in table below.

Table 3.1 Number of population in each category

Category	Population(N)
A	60239
B	45890
C	225529
Total	331658

Source: Addis Ababa city administration Tax payers' office quarterly report 2009E.C

Table 3.2 Total number of tax payers' in categories and in each sub cities

Sub city	Category			Total
	A	B	C	
Arada	3017	2675	9295	14987
A.ketema	2228	2990	10609	15827
Lideta	1574	3228	9241	14043
Kolfekeranyo	6620	3760	36991	47371
Akaki kality	2023	4500	14612	21135
Kirkos	4260	3674	17379	25313
Bole	6313	4141	36268	46722
Yeka	4857	6262	33995	45114
Nifas silk/lafto	6064	8386	33319	47769
Gulele	3892	2196	18730	24818
Markato no 1	3278	2847	3204	9329
Markato no 2	6540	1231	1886	9657
A.A medium no1	4316	0	0	4316
A.A medium no2	5257	0	0	5257
Total	60239	45890	225529	331658

Source: Addis Ababa city administration Tax payers' office quarterly report 2009

3.3.1 Sample size and Sampling technique

Addis Ababa administration tax payers' office total population is 331658, to acquire a representative sample for the population under this study the following equation is used.

$$n = \frac{z^2 \cdot p \cdot q \cdot N}{e^2 (N - 1) + z^2 \cdot p \cdot q}$$

Source: C.R.Kotari (2004)

Where,

N= size of population

n=size of Sample

e=acceptable error

p=standard deviation of population, p=0.5 where p is 1-q

For this case using 5% margin of error at 95% confidence level, Z at 95% confidence level is 1.96.

N=331658

$$n = \frac{1.96^2 (0.5) (0.5) (331658)}{0.05^2 (331658 - 1) + 1.96^2 (0.5) (0.5)} = 383.72$$

n=384

The number of sample size is 384 as calculated with the above formula.

The researcher divided the population of the Addis Ababa tax payers in to three strata based on yearly revenue category that is category A, B and C, and their population number is 60239, 45890 and 225529 respectively. For this research stratified sampling has been selected because of the tax payers are homogeneous within each stratum (category) whereas different between categories. The selection of tax payers' from each category has been made with following proportional allocation of stratified random sampling.

Addis Ababa city administration tax payers' total population are 331658, and sample size calculated with the above formula and resulted 384. And research also tried to comprise the variety of income revenue from relatively least to maximum. Based on the reasons mentioned above the researcher used stratified random sampling method to select the sample.

Table 3.3 Stratified random sampling

Category	Population(N)	Sample size(n)
A	60239	70
B	45890	53
C	225529	261
Total	331658	384

The total number of population in Addis Ababa city administration tax payers' office is 331,658 from this 60239 are category A,45890 are category B whereas 225529 are located in category C. Since it is unfeasible to obtain information from the entire population of interest, sub cities, Lideta Nifassilk/lafto, (markato no 1) and A.A medium tax payers' office no 2 are purposefully selected due to their convenience to the researcher, the research under study included all the necessary categories and their contribution to the revenue. A specific sample had been taken from each office. And some of tax payers' had not been included in the population like those which are registered less than a year and those who have tax holiday advantage.

Table 3.4 Selected sub cities and categories sample

Sub city	Category			Sample size (n)		
	A	B	C	A	B	C
Lideta	1574	3228	9241	7	12	53
Nifas silk/Lafto	6064	8386	33319	26	31	190
Merkato no 1	3278	2847	3204	14	10	18
Addis Ababa medium no 2	5257	0	0	23	0	0
Total	16173	14561	45764	70	53	261
				Total sample=384		

3.4 Data source and Types

The researcher used mainly primary data sources by self-administered questionnaire using modified dimensions of SERVQUAL that is developed by Parasuraman et al. (1988).

The prime purpose of this study is to assess tax payers' expectations and perceptions and recognizing gaps among their perceptions and expectations, moreover the study assessed the overall customer satisfaction in ERCA.

The study were used five point likert scale that helps to measure the variables and the respondents rated there level of agreements and disagreements to the given statement, that is “strongly disagree=1” “disagree=2”, “neutral=3”, “agree=4”, “strongly agree= 5”, points

Secondary data sources such as annual reports, strategy manual, published and unpublished resources books, articles journals and websites are used.

3.5 Data collection procedure

To facilitate approaching to the tax payers' for collecting data first of all the tax office administration's permission asked to create a conducive environment for conducting study. The questioners were distributed to the selected respondents that is based on the criteria mentioned on population and sample.

3.6 Data Analysis

Data collected were analyzed to encounter the objective of the research, and done to deal with the research questions. The data analysis were based on the data obtained from the questionnaire and observation .Before the statistical analysis, data collected from the primary survey were summarized, compiled, edited, and coded. The Pearson Correlation Analyses were employed among variables the quantitative data was analyzed with SPSS version 20 software.

In doing so, the research tested the relationship between service quality dimensions, perceived service quality and customer satisfaction. In order to analyse the data of this study the researcher used both descriptive and inferential statistics.

Descriptive statistics was used to summarize the data collected in tables and graphs. To present a descriptive statistics for this study, means, standard deviations, percentage values, were used.

Besides, inferential statistics was used to generalize and make predictions from the results of the data. The reason for this choice is because of the nature of the data which is categorical data. Simple linear regression analysis or bivariate correlation were be used to answer research questions.

3.7 Ethical consideration

To reach the respondents the researcher provided formal letter to the office so that the offices help for distributing questionnaire to tax payers'. The researcher informed the respondents and the office staff that the data collection is only for academic purpose .The researcher was not forced the participants to fill the questionnaire unwillingly and keep confidentiality of the information given by the respondents.

CHAPTER FOUR DATA ANALYSIS

Introduction

This chapter includes data analysis, presentation and interpretation of the study. Data collected from the primary survey has been summarized, compiled, edited, and coded. The Pearson Correlation Analyses employed among variables and the quantitative data analyzed with SPSS version 20 software.

4.1 Demographic characteristics

A total of 384 questioner has been distributed to the tax payers in different branches of ERCA. From this 325 are returned and 309 that is 80.5% are valid for the study.

Table 4.1 demographic characteristic of respondents

No	Respondents' background information		Frequency	percent
1	GENDER	MALE	211	68.3
		FEMALE	98	31.7
		TOTAL	309	100
2	Age	18-30	122	39.5
		31-45	143	46.3
		46-60	44	14.2
		Total	309	100
3	Education	1-8	4	1.3
		9-12	36	11.7
		Diploma	113	36.6
		1 st degree	143	46.3
		2 nd degree & above	13	4.2
		Total	309	100
4	Work position	Owner manager	158	51.1
		Employee manager	42	13.6
		Agent	44	14.2
		Accountant	65	21
		Total	309	100
5	Tax payers' category	A	61	19.7

	B	39	12.6
	C	209	67.6
	Total	309	100

Source own survey 2017

The descriptive analysis from table 4.1 above shows that 68.3% of the respondents are male while 31.7% are female respondents, regarding age of respondents 39.5% are between 18-30, 46.3% are between 31-45, and the remaining 14.2% are between 45-60. the educational background of respondents indicate that 87.1% of have diploma and above that is, they can provide the reliable answer that is asked on the questionnaire. The work position of the respondents are owner manager 51.1%, employee manager 13.6%, agent 14.2% and accountants are 21%. finally the tax payers category 19.7% are category A (whose yearly revenue is above 500,000birr, 12.6% category B having yearly revenue between 100,000 and 500,000birr whereas 67.6% are category C whose annual income is below 100,000birr.

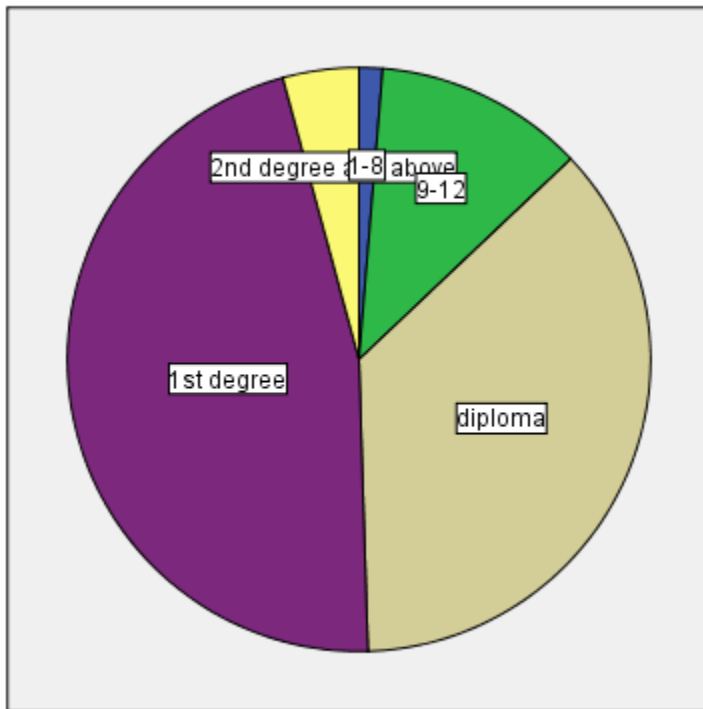


Figure 4.1 Education level of respondents

4.2 Reliability test

A reliability test is whether an instrument can be interpreted consistently across different situations. (Filed, 2005) and to be valid the instrument must first be reliable. Reliability test

was conducted on 30 samples (respondents) to check the internal consistency between the constructs and the variables used in the questionnaire.

Table 4.2 reliability test

Dimensions	No of attributes	Cornbach's Alpha	
		Expectation	Perception
Tangibility	5	0.714	0.756
Reliability	5	0.838	0.831
Responsiveness	4	0.811	0.807
Assurance	4	0.856	0.868
Empathy	4	0.792	0.714
EXp/Perc. total	22	0.887	0.941
Overall reliability	44	0.931	

Source own survey 2017

The result of reliability test shown from 0.714-0.941 that is internal consistency of all variables used in the questionnaire that were used to collect the data for their respective construct were found to be reliable, using a statistical tool called Cronbach's Alpha. Alpha was developed by Lee Cronbach in 1951 to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. All the items within the test interrelated due to measuring the same concept or construct that is internal consistency. Internal consistency should be determined before a test can be employed for research or examination purposes to ensure validity, (Mohsen Tavakol, Reg Dennick 2011).

4.3 Tax payers' expectation perception and gap score at ERCA

In order to identify the service quality gaps of Ethiopian revenue and costumes authority, the modified SERVQUAL scale was used which consists of a survey of 22 service quality attributes with five dimensions (Tangibility, Reliability, Responsiveness, Assurance and Empathy). The SERVQUAL gap score is calculated by deducting customers' expectation from what the customer actual perceived service and the average mean of each dimension was calculated by average perception of each dimension minus average score of expectation. The purpose of calculating gap analysis was to explore the difference between the level of expected importance and the actual performance service of ERCA Addis Ababa administration tax payers' office relating to the five service quality dimensions. It is also describes a gap for each dimension.

Table 4.3 tax payers' expectation perception and gap score

Dimension	Perception			Expectation			Gap	
	Mean	SD	Rank	Mean	SD	Rank	Mean	Rank
Tangibility	2.99	0.880	4	3.2	0.828	3	-0.21	4
Reliability	2.80	0.913	5	3.14	0.937	4	-0.34	2
Responsiveness	3.0	0.982	2	3.3	0.893	2	-0.3	3
Assurance	3.05	0.94	1	3.42	0.908	1	-0.37	1
Empathy	2.96	0.824	2	3.17	0.887	5	-0.21	5
Average Mean	2.96			3.25			-0.29	

Source own survey 2017

As shown in the above table 4.3 tax payers' of ERCA Addis Ababa administrative office perception range is 2.77 to 3.05 that is the highest mean perception score is assurance dimension (3.05) and ranked 1st followed by responsiveness(3.0),ranked 2nd whereas tangibility(2.99) 3rd ,reliability(2.8)4th , and the lowest is empathy dimension(2.77)ranked 5th tax payers expectation range is 3.1-3.42 seen that the highest expectation result is assurance(3.42) then responsiveness (3.3),tangibility(3.2),reliability(3.14) with lowest expectation is empathy(3.17)the rankings of expectation are Assurance 1st, responsiveness 2nd,tangibility,reliability and empathy,3rd 4th and 5th respectively.. The mean gap score range is from -0.37 to -0.21 that is all dimensions have negative gap score the highest gap mean score is in assurance dimension that is -0.37 followed by reliability which is -0.34 ,responsiveness(3.0), and tangibility and empathy both have gap score -0.21. The ranks on gap score are Assurance1st, reliability, responsiveness, tangibility and empathy, 2nd ,3rd,4th and 5th respectively.

Table 4.4 perception, expectation and mean gap of each dimension

code	Attributes	Perception		Expectation		Mean gap	Sig(2-tailed)
		Mean	SD	mean	SD		
	Tangibility						
T1	ERCA building and offices are neat inviting and comfortable to tax payers	3.04	1.123	3.23	1.103	-0.19	0.001
T2	ERCA has modern looking equipment	3.19	1.296	3.32	1.133	-0.13	
T3	Net work of the office not always interrupted and fast enough to give service	2.55	1.215	2.91	1.312	-0.36	
T4	ERCA has good and convenient service giving facilities (including parking area, office layout waiting room) to handle its customers	3.06	1.384	3.21	1.255	-0.15	
T5	ERCA's service equipment are not frequently broken down	3.12	1.148	3.34	1.247	-0.22	
	Average	2.98		3.20		-0.21	
	Reliability						

R1	ERCA provides service as the time it promised to do so	2.86	1.212	3.26	1.202	-0.4	0.000
R2	ERCA employees consistently perform their service correctly to all tax payers	2.81	1.145	3.28	1.163	-0.47	
R3	When you have problems ERCA staffs show genuine interest to solve the problem	2.62	1.175	3.09	1.306	-0.47	
R4	ERCA committed to provide error -free service	2.91	1.251	3.12	1.174	-0.21	
R5	ERCA staffs consistently respond within promised time frame for tax payers' complaint.	2.67	1.225	2.93	1.161	-0.26	
	Average	2.77		3.13		-0.36	
	Responsiveness						
RE1	ERCA provide prompt service to the tax payers'	2.86	1.247	3.06	1.169	-0.2	0.000
RE2	Employees are ready and Eager to support tax payers	2.97	1.208	3.39	1.065	-0.42	
RE3	Employees tell you exactly when the service is provided	3.28	1.293	3.47	1.164	-0.19	
RE4	Employees respond your request as fast as possible.	2.88	1.186	3.28	1.068	-0.4	

		3.0		3.3		-0.3	
	Assurance						
A1	ERCA employees are knowledgeable and skilful to solve the tax payers problem	3.06	1.184	3.55	1.050	-0.49	0.000
A2	ERCA staffs are polite and courtesy when providing service to tax payers.	2.96	1.152	3.26	1.136	-0.3	
A3	Employees of ERCA knows well the nations customs rules regulations and procedures	3.13	1.155	3.57	1.114	-0.44	
A4	Tax payers have confidence and feel safe on the service provided by the authority	3.06	1.230	3.32	1.050	-0.26	
	Average	3.05		3.4		-0.37	
	Empathy						
E1	ERCA employees can easily understand tax payers' interest and feeling	2.86	1.247	3.07	1.113	-0.21	
E2	Employees give individual attention to the tax payers	2.92	1.230	2.99	1.108	-0.07	

E3	ERCA employees and management treat their tax payers' with respect.	3.04	1.123	3.15	1.116	-0.11	0.000
E4	ERCA has convenient working hour to all tax payers'	3.04	1.124	3.49	1.177	-0.45	
	Average	2.97		3.18		-0.21	

Source Own survey (2017)

4.3.1 Tax payers' perception expectation and gap score in tangibility dimension

As depicted from table 4.4 above this dimension includes ERCA building and offices are neat inviting and comfortable to tax payers, modern looking equipment, network of the office not always interrupted and fast enough to give service, good and convenient service giving facilities and service equipment are not frequently broken down. The average mean of expectation of the respondents is 3.20 whereas perception mean is 2.98 that shows there is a negative mean gap score that is -0.21 . As can be seen individually network of the office not always interrupted and fast enough to give service has the highest gap (-0.36) followed by service giving equipments are not frequently broken down (-0.22), ERCA building and offices are neat inviting and comfortable to tax payers(-0.19), ERCA has good and convenient service giving facilities (including parking area, office layout waiting room) to handle its customers (-0.15) and the smallest gap in this dimension is ERCA has modern looking equipment (-0.13), Overall tax payers' expectation do not coincide with the actual perception.

4.3.2 Tax payers' perception expectation and gap score in reliability dimension

This dimension includes providing service as promised, consistent service to all tax payers', showing genuine interest to solve problem, committed to provide error free records, consistently respond within the promised time frame. The tax payers' response shows that the average mean of expectation is 3.13 whereas average mean perception 2.77 so the mean gap score is -0.36 when we see the attributes separately employees consistence performance and their genuine interest to solve the problem have the same high negative gap that is -0.47, ERCA provides the time it promised to do so (-0.4), ERCA staffs consistently respond within promised timeframe for tax payers' compliant(-0.21), on the other hand commitment to provide error free service has smallest gap that is -0.21.

4.3.3 Tax payers' perception expectation and gap score in responsiveness dimension

Providing prompt service, eager to support, providing information and fast response to the tax payers queries are the attributes of this dimension. Mean expectation range from 3.06-3.47 in this employees tell you exactly when the service is provided(3.47), employees are ready and eager to support tax payers(3.39),respond your request as fast as possible(3.28) and employees provide prompt service to the tax payers(3.06) .Mean perception range from 2.86-3.28, the items rated high are employees tell you exactly when the service is provided(3.28)employees are ready and eager to support tax payers(2.97),employees respond your request as fast as possible(2.88) and ERCA provide prompt service to the tax payers. And gap score from -0.19 to-0.42. The average mean gap score is -0.3. The highest mean gap score is the attribute that employees are ready and eager to support tax payers' (-0.42) followed by employees respond your request as fast as possible (-0.40) ERCA provide prompt service to the tax payers (-0.20) and the lowest mean gap score is employees tell you exactly when the service is provided (-0.19).As shown ERCA staffs not providing fast response and just giving usual work rather eager to support the tax payers' either they are too busy or they may have some sort of grievance on the authority.

4.3.4 Tax payers' perception expectation and gap score in Assurance dimension

As shown in the table 4.4 the attributes of this dimension are employees knowledgeable and skilful to solve the tax payers. Problem, Staffs are polite and courtesy, knowing the nations customs rules and regulations and tax payers' confidence and feel safe on the service provided by the authority. The mean expectation range from 3.26-3.57 and perception from 2.96-3.13 with the average gap score range from -0.26 to -0.49.the highest gap is ERCA employees are knowledgeable and skilful to solve tax payers problem (-0.49) this shows the tax payers expectation was very high as compared with their perception that lead them have doubt on employees performance. The second high gap score is employees knowledge of customs rules regulations and procedures (-0.44), ERCA staffs are polite and courtesy when providing service to tax payers (-0.3) and finally tax payers have confidence and feel safe on the service provided by the authority (-0.26).overall there is a negative gap score in the attributes of the assurance dimension. Tax payers may have some controversy with the decision regarding custom rules, regulations and procedures.

4.3.5 Tax payers' perception expectation and gap score in Empathy dimension

This attributes in this dimension are employees understanding tax payers' interest and feeling, giving individual attention, treating tax payers with respect and convenient working hour. The mean perception is 2.92 through 3.04 mean expectation is 2.99-3.49 while the mean gaps score is s rage from- 0.07 to-0.45.the highest gap score is ERCA has convenient working hour to all tax payers' (-0.45), ERCA employees can easily understand tax payers' interest and feeling (-0.21) and management treat their tax payers' with respect. (-0.11) followed by employees give individual attention to the tax payers (-0.07). Here one can see that the highest gap score shows the convenient place of tax payers' office for tax payers whose business station is very far may incur higher compliance costs.

4.4 Overall Tax payers' satisfaction level

In this study based on the objective and to answer one of the research question tax payers' satisfaction level is measured. The table below presents with descriptive analysis the frequency and percentage the agreement level of respondents on "Generally I am satisfied .with ERCA services".

Table 4.5 overall satisfaction at ERCA

	Frequency	Percent	Valid Percent	Cumulative Percent
strongly disagree	38	12.3	12.3	12.3
disagree	86	27.8	27.9	40.3
Valid neutral	116	37.5	37.7	77.9
agree	46	14.9	14.9	92.9
strongly agree	22	7.1	7.1	100.0
Total	308	99.7	100.0	
Missing System	1	.3		
Total	309	100.0		

Source own Survey 2017

As can be seen from above table, 38(12.3%) of the respondents are strongly disagree 86(27.8%) of the respondents are agree, 116(37.5%) of the respondents responded it is neutral means it is adequate, 46(14.9%) are agreed and the rest 22(7.1%) are strongly disagree.

Table 4.6 Descriptive Statistics

		Minimum	Maximum	Mean	Std. Deviation
Generally I am satisfied with ERCA services	308	1	5	2.77	1.076
Valid N (listwise)	308				

Source own survey 2017

Table 4.6 shows the overall customer satisfaction mean score is 2.77 this shows that tax payers' are not satisfied by ERCA service .

4.5 correlation results of perceived service quality dimensions and customer satisfaction

For this study Pearson's correlation analysis was used to measure the magnitude of the relationship between service quality dimensions and customer satisfaction. In addition correlation analysis was used to provide evidence of convergent validity. A correlation coefficient is a very useful means to summarize the relationship between two variables with a single number that falls between -1 and +1 Field (2005). A correlation analysis with Pearson's correlation coefficient (r) was conducted on all variables in this study to explore the relationships between variables. To interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed, mainly for their simplicity. His classification of the correlation coefficient(r) is as follows: 0.1to 0.30 is weak; 0.3 –0.50 is moderate; and > 0.5 is strong. Regarding the relationship between the variables, table 4.7clearlyshows that figures with the symbol (**) indicates that each of the variables are significantly correlated at a significant level of $p < 0.01$.

Table 4.7 Pearson correlation results

		satisfaction	Tan	rel	Resp	Assu	Emp
satisfaction	Pearson Correlation	1	.515**	.685**	.690**	.635**	.678**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	308	308	308	308	308	308
Tan	Pearson Correlation	.515**	1	.617**	.618**	.539**	.655**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	308	309	309	309	309	309
rel	Pearson Correlation	.685**	.617**	1	.842**	.658**	.767**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	308	309	309	309	309	309
Resp	Pearson Correlation	.690**	.618**	.842**	1	.731**	.819**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	308	309	309	309	309	309
Assu	Pearson Correlation	.635**	.539**	.658**	.731**	1	.873**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	308	309	309	309	309	309
Emp	Pearson Correlation	.678**	.655**	.767**	.819**	.873**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	308	309	309	309	309	309

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

Source SPSS data analysis output (2017)

Tan= tangibility, Rel= reliability, res = responsiveness, Assu=assurance, Emp=Empathy

The results shown that there is a significant($P < 0.01$) positive relationship between customer satisfaction and service quality dimensions, tangibility reliability, responsiveness and empathy however there is some variation with degree of relationship across the different items of service quality dimensions. That means As physical facilities like parking area office arrangement ,network speed and non-interruption, the ability to perform promised service dependably and accurately, willingness to help tax payers', employees' knowledge and courtesy and caring individualized attention given to tax payers' contributes most to satisfaction.

4.6 Regression analysis

Regression analysis was performed to check the ability of each type score to predict ERCA's Tax payers' satisfaction. A regression analysis focuses on using the relationship for prediction (Ho, 2006). Linear regression analysis was used these five component using tax payers'

satisfaction as the dependent variable. The object of this analysis is to quantify the relationship between the dependent variable and the independent variables (components).

Table 4.8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739 ^a	.545	.538	.731

a. Predictors: (Constant), Empathy , Tangibility, reliability, assurance, Responsiveness

Source Own survey 2017

The model revealed R² value of 0.545.indicates that 54.5 % of the total variance occurred in overall satisfaction was explained by the mentioned by tangibility, reliability, responsiveness, assurance and empathy. It also shows that the values of Empathy, Tangibility, Responsiveness, Reliability and Assurance can perfectly predict the values of the dependent variable by 54.5%.

The adjusted R² of 0.538 shown that tangibility, reliability, responsiveness, assurance and empathy fit to the model by approximately 54%.

Table 4.9 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	193.741	5	38.748	72.490	.000 ^b
	Residual	161.428	302	.535		
	Total	355.169	307			

a. Dependent Variable: Generally I am satisfied with ERCA services

b. Predictors: (Constant), Empathy, Tangibility , Reliability, Assurance Responsiveness
Source Own survey

The ANOVA table shows the overall significance/acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value (.000), which is less than p<0.05, the model is significant.

Table 4.10 Coefficients of regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.017	.162		.103	.918
	Tangibility	.056	.065	.046	.870	.385
	reliability	.340	.089	.289	3.825	.000
	Responsiveness	.219	.092	.200	2.387	.018
	Assurance	.200	.086	.186	2.314	.021
	Empathy	.122	.124	.100	.989	.323

a. Dependent Variable: Generally I am satisfied with ERCA services
Source Own survey 2017

As shown in table 4.10 the result of regression analysis based on five independent variables (tangibility reliability, responsiveness, assurance and empathy) in contributing to the variance of the overall customer satisfaction (dependent variable) were explained by the standardized Beta coefficient. All five variables were not found to be significant predictors of tax payers' satisfaction, and the *t*-values indicated that three of components (reliability, responsiveness and assurance) are strong predictors of tax payers' satisfaction.

Reliability has the highest standardized coefficient $\beta = 0.289$, $p < 0.05$ and it has positive significant effect on customer satisfaction means the ability to perform the promised service dependably and accurately influences customer satisfaction.

Responsiveness the standardized coefficient $\beta = 0.200$, $P < 0.05$ has positive significant effect on customer satisfaction shows willingness to help customers and provide prompt service Assurance with the standardized coefficient $\beta = 0.186$, $P < 0.05$ has positive significant effect on customer satisfaction, that is ERCA employees knowledge and courtesy and their ability to inspire trust and confidence lead to customer satisfaction.

Influences customer satisfaction. Other dimensions, tangibility and empathy do not show significant effect on tax payers' satisfaction.

Table 4.11 coefficients collinearity statistics

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.017	.162		.103	.918		
Tangibility	.056	.065	.046	.870	.385	.531	1.882
reliability	.340	.089	.289	3.825	.000	.264	3.783
Responsiveness	.219	.092	.200	2.387	.018	.214	4.667
Assurance	.200	.086	.186	2.314	.021	.233	4.284
Empathy	.122	.124	.100	.989	.323	.147	6.807

a. Dependent Variable: Generally I am satisfied with ERCA services

A percentage increase in reliability will increase customer satisfaction by 34% provided that other variables being held constant. Also shown that a percentage increase in responsiveness increases satisfaction by 21.9% provided that other variables being held constant lastly

A percentage increase in assurance will increase satisfaction by 20% provided that other variables being held constant.

As the above table shows the tolerance level is above 0.2 except empathy and VIF is less than 10 thus, it can be concluded that the variables are highly correlated. Since the results of both variables meet the criteria. According to Menard (1995) tolerance should be more than 0.2 and Myers (1990) VIF should be less than 10.

Regression equation

Satisfaction = $c + \beta_1 \text{tan} + \beta_2 \text{rel} + \beta_3 \text{resp} + \beta_4 \text{assu} + \beta_5 \text{emp} + e$

$$\text{Satisfaction} = 0.017 + 0.056(\text{tan}) + 0.340(\text{rel}) + 0.219(\text{res}) + 0.200(\text{assu}) + 0.122(\text{emp})$$

4.7 Hypothesis Testing

H1o: Tangibility does not have a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

H1a: Tangibility has a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

As shown from above table the tangibility dimension has, p-value $p > 0.05$ thus, the study accepts the null hypothesis H1o tangibility has not significant impact on tax payers' satisfaction.

H1o: reliability does not have a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

H1a: reliability has a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

As shown from above table the reliability dimension, p-value is significant ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that reliability has a significant effect on tax payers' satisfaction.

H1o: does not have a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

H1a: responsiveness has a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

As shown from above table responsiveness dimension, p-value is significant ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that responsiveness has a significant effect on tax payers' satisfaction.

H1o: Assurance does not have a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

H1a: Assurance has a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

As shown from above table assurance dimension, p-value is significant ($p < 0.01$), and the beta value is positive. Therefore, the study accepts the alternate hypothesis that assurance has a significant effect on tax payers' satisfaction.

H1o: Empathy does not have a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

H1a: Empathy has a significant impact on customer satisfaction in Ethiopian Revenue and customs authority (ERCA).

As shown from above table the empathy dimension has, p-value $p > 0.05$ thus, the study accepts the null hypothesis H1o empathy has not significant impact on tax payers' satisfaction.

CHAPTER FIVE

Summary, conclusion and recommendation

5.1 summary of findings

The main objective of this study is to assess service quality and customer satisfaction of public service in the case of Ethiopian revenue and customs authority, Addis Ababa administration tax payers' office. And specific objectives include identifying whether there is any significance relationship between expected and perceived service in A.A administration tax payers' office, describing service quality of ERCA with respect to reliability, responsiveness, tangibility, assurance and empathy. Also investigating the effect of service quality dimensions in customer satisfaction in Addis Ababa administration tax payers' office and evaluating the level of tax payers' satisfaction in the office under study.

Regarding tax payers' expectation and perception difference, it is found that there is a negative gap calculated by the difference between perceived service and expected service.

tax payers' of ERCA Addis Ababa administrative office perception range is 2.77-3.05 that is the highest mean perception score is assurance dimension (3.05) whereas the lowest is empathy dimension(2.77) .tax payers expectation range is 3.1-3.42 seen that the highest expectation result is assurance(3.42) with lowest expectation is empathy(3.17). The mean gap score range is from -0.37 to -0.21 that is all dimensions have negative gap score the highest gap mean score is in assurance dimension that is -0.37 followed by reliability which is -0.34 ,responsiveness(-3.0), and tangibility and empathy both have gap score -0.21.

Regarding relationship between service quality dimensions with customer satisfaction it was measured using Pearson correlation and the correlation analysis showed that responsiveness is highly correlated with($r=0.690$), followed by reliability ($r=0.685$),Empathy($r=0.678$),assurance($r=0.635$) and the last correlated is tangibility that is $r=0.515$.

Regression result shown reliability has the highest on tax payers' satisfaction that is $\beta=0.289$, $P=0.000$ and responsiveness $\beta=0.200$, $P=0.018$ assurance $\beta=0.186$, $P=0.021$ whereas Empathy and tangibility have not significant effect on customers satisfaction there P value is 0.323 and 0.385 respectively.

5.2 Conclusion

Based on the analysis made and the major findings of the study the following conclusion is drawn.

From the result of the overall gap score of the dimensions, it was found that the tax payers' perception of the service is less than that they expected so we can conclude that service quality with respect to tangibility, reliability, responsiveness, assurance and empathy in Addis Ababa administration tax payers' office not satisfactory for the tax payers.

The overall mean of customer satisfaction result shown 2.77 that is below neutral thus, it is possible to conclude that tax payers' were not satisfied with the service given by Addis Ababa Administration tax payers' office.

Service quality dimensions and customer satisfaction relationship result was shown in Pearson correlation coefficient leads to conclusion that there is strong and significant correlation between all dimensions and customer satisfaction.

The conclusion to be drawn from the regression result is that Reliability, responsiveness and assurance have significant effect on customer satisfaction. Whereas empathy and tangibility have insignificant effect on customer satisfaction.

5.3 Recommendation

In a country like Ethiopia private investment is highly influential for growth and development, due to the available resources like land, raw materials, manpower (cheap labour) and highly available market attracts investors from different countries of the world including the capable citizens, these investors can participate in different sectors like service and manufacturing.. For a country to grow besides policies, rules and regulations of the government that may facilitate for the investors of local and foreign nationals, public service as a government body should support the private sector in facilitating, making ease the bureaucracy.

Ethiopian revenue and customs authority as public sector has accountability to collect different types of customs and taxes from various kinds of sources. Hence the researcher has tried to assess service quality and customer satisfaction in Ethiopian revenue and customs authority specially Addis Ababa administrative tax payers' office.

Based on the findings of the study, the researcher suggested the following points,

- Addis Ababa administration tax payers' office branches should be on a convenient location for the tax payers' proximity. Sufficient parking area for customers' vehicles, waiting room and neat, inviting offices should be arranged for the tax payers' in every branches.
- Since the tax collection system of the office is more of computerized and networked using internet, the office networking system should be improved to its level best so as to provide fast and efficient service to tax payers'.
- ERCA management should arrange different types of incentives to motivate its employees so that the employees to perform consistent service, genuine interest to solve problems, provide prompt service to the tax payers'.
- The office also should build the capacity of the employees through in-service training so as the employees being knowledgeable and knowing the nations rules, regulation and procedures to respond to tax payers' queries besides serve the tax payers politely and with courtesy and effectively.
- To understand the level of satisfaction of customers' Addis Ababa administration medium and small tax payers' office should make a continuous assessment and evaluation on its service quality.

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Appendix

አዲስ አበባ የኒቨርሲቲ ንግድ ስራ ትምህርት ቤት

በኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የአገልግሎት ጥራት እና የደንበኞች እርካታ መጠይቅ

በአዲስ አበባ የኒቨርሲቲ የንግድ ስራ ትምህርት ቤት በማረኬቲንግ ማኔጅመንት የድህረ ምረቃ ተማሪ ስሆን በአሁኑ ሰዐት የመመረቂያ ፅሁፌን በመሰራት ላይ እገኛለሁ። የጥናቴ ዋና ርዕስ ጉዳይ በኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የአዲስ አበባ አስተዳደር መካከለኛና አነስተኛ ግብር ከፋዮች ጽህፈት ቤት ለግብር ከፋዩ የሚሰጠው አገልግሎት ጥራት እና አጠቃላይ የደንበኞች እርካታ ምን እንደሚመስል ለማወቅ ነው።

መጠይቆቹ የተዘጋጁት በኢትዮጵያ ገቢዎችና ጉምሩክ ባለስልጣን የአዲስ አበባ አስተዳደር መካከለኛና አነስተኛ ግብር ከፋዮች ጽ/ቤት የሚሰጠው አገልግሎት ጥራት ላይ ያለዎትን ቅድመ ግምት እና ድህረ ግምት እንዲሰጡ ታስቦ ነው።

ከመጠይቁ የማገኘው ውጤት ለትምህር አላማ ብቻ የምጠቀምበት ሲሆን ሚስጥርነታቸው ተጠበቀ ነው።

ማንኛውም አይነት ጥያቄ ካለዎት በ0911608641 ይደውሉ።

ለምታደርጉልኝ ትብብር በቅድሚያ አመሰግናለሁ።

ጥላሁን ቦካን

ኢ. ሜይል :-tilbok256@gmail.com

ክፍልአንድ

ማሳሰቢያ:- ለሚከተሉት ጥያቄዎች በምርጫዎ(✓) ምልክት በማድረግ ይመልሱልኝ

1. ጾታ	ወንድ	<input type="checkbox"/>	ሴት	<input type="checkbox"/>
2. እድሜ	18 -30ዓመት	<input type="checkbox"/>	30-45ዓመት	<input type="checkbox"/>
	45-60ዓመት	<input type="checkbox"/>	ከ60ዓመት በላይ	<input type="checkbox"/>

የትምህርት ደረጃ

ከ1-8	<input type="checkbox"/>	ከ9-12	<input type="checkbox"/>
ዲፕሎማ	<input type="checkbox"/>	የመጀመሪያ ዲግሪ	<input type="checkbox"/>
ሁለተኛ ዲግሪ እና ከዛ በላይ	<input type="checkbox"/>	ሌላ	<input type="checkbox"/>
የታክስ ከፋዩ የስራ ድርሻ			
ባለቤትና ስራ አስኪያጅ	<input type="checkbox"/>	ጉዳይ አስፈጻሚ	<input type="checkbox"/>
ተቀጣሪ ስራ አስኪያጅ	<input type="checkbox"/>	ሂሳብ ሰራተኛ	<input type="checkbox"/>
የታክስ ከፋይ ደረጃ ደረጃ ሀ	<input type="checkbox"/>	ደረጃ ለ	<input type="checkbox"/>
		ደረጃ ሐ	<input type="checkbox"/>

ክፍል ሁለት: የአገልግሎት ጥራት በኢትዮጵያ ጉምሩክ እና ገቢዎች ባለስልጣን የአዲስ አበባ አስተዳደር መካከለኛና አነስተኛ ግብር ከፋዮች ጽህፈት ቤት ለግብር ከፋዩ ስለሚሰጠው አገልግሎት ጥራት ያለዎትን ቅድመ ግምትና በተጨማሪም ያገኙት አገልግሎት ምን እንደሚመስል ልምዶችን በመጠቀም አስተያየትዎን የሚገልፀው ትክክለኛ መመዘኛ ቁጥርን በማክበብ ምላሽ ይሰጡ። እያንዳንዱ መግለጫ እንደሚከተለው ደረጃ ተሰጥቶታል።

ቅድመ ግምት 1-በጣም ዝቅተኛ 2- ዝቅተኛ 3-መካከለኛ 4-ከፍተኛ 5-በጣም ከፍተኛ

አሁን ያለዎት ግንዛቤ 1-በጣም አልሰማምም 2-አልሰማምም 3-መካከለኛ 4- እስማማለሁ 5-በጣም እስማማለሁ

ቁጥር	የአገልግሎት ጥራት አይነቶችና መስፈርቶች	ስለ ገቢዎች ቢሮ የአገልግሎት ሁኔታ ያለዎት ቅድመ ግምት ምን ነበር (Expectation)					ስለ ገቢዎች ቢሮ የአገልግሎት ሁኔታ አሁን ግንዛቤ (አመለካከት) ምንድነው (perception)				
		1	2	3	4	5	1	2	3	4	5
T1	የመሰሪያ ቤቱ ህንፃዎች ቢሮዎች ንፁህ ለአይን ሳቢ ማራኪ እና ደንበኞችን ለማስተናገድ ምቹ ናቸው	1	2	3	4	5	1	2	3	4	5
T2	የኢገብ ዘመናዊ መሳሪያዎች እንደ ኮምፕዩተር፣ ኢንተርኔት መገናኛ በበቂ ሁኔታ አሉት	1	2	3	4	5	1	2	3	4	5
T3	የመሰሪያ ቤቱ የኔትዎርኪንግ ስርአት በአብዛኛው የማይቆራረጥ ነው	1	2	3	4	5	1	2	3	4	5
T4	መሰሪያ ቤቱ ደንበኞችን ለማስተናገድ ምቹ ሁኔታዎች /እንደመኪና ማቆሚያ እና ግለጽ የቢሮ አቀማመጥ አሉት	1	2	3	4	5	1	2	3	4	5
T5	ኢገብ የሚጠቀምባቸው መሳሪያዎች በተደጋጋሚ ብልሽት አያጋጥማቸውም	1	2	3	4	5	1	2	3	4	5
R1	የኢገብ ሰራተኞች ስራቸውን ቃል በገቡት መሰርት ይፈጽማሉ	1	2	3	4	5	1	2	3	4	5
R2	የኢገብ ሰራተኞች ለሁሉም ግብር ከፋዮች ተመሳሳይና አስተማማኝ አገልግሎት ይሰጣሉ	1	2	3	4	5	1	2	3	4	5
R3	ግብር ከፈዩ ችግር ካጋጠመው ሰራተኞቹ ችግሩን ለመፍታት ቀና ፍላጎት ያሳያሉ	1	2	3	4	5	1	2	3	4	5
R4	መሰሪያ ቤቱ ከስህተት የጸዳ አገልግሎት ለመስጠት ይተጋል	1	2	3	4	5	1	2	3	4	5
R5	የመሰሪያ ቤቱ ሰራተኞች ስራን መጀመሪያ በተያዘለት የጊዜ ገደብ ያለምልልስ ይሰራሉ	1	2	3	4	5	1	2	3	4	5

RE1	የኢ.ገ.ባ ፈጣን አገልግሎት ለግብር ከፋይ ይሰጣል	1	2	3	4	5	1	2	3	4	5
RE2	የመስያቤቱ ሰራተኞች ግብር ከፋይን ለመርዳት ዝግጁና ፈቃደኛ ናቸው	1	2	3	4	5	1	2	3	4	5
RE3	ሰራተኞቹ ለግብር ከፋይ አገልግሎቱ መቼ እንደሚሰጥ መረጃ ይሰጣሉ	1	2	3	4	5	1	2	3	4	5
RE4	የመስሪያ ቤቱ ሰራተኞች የእርሶዎን ጥያቄ በፍጥንት ይመልሳሉ	1	2	3	4	5	1	2	3	4	5
A1	የኢ.ገ.ባ ሰራተኞች የግብር ከፋይን ችግር ለመፍታት እውቀቱና ክህሎቱ አላቸው	1	2	3	4	5	1	2	3	4	5
A2	የመስሪያ ቤቱ ሰራተኞች ለግብር ከፋይ በትህትና መልካም አገልግሎት ይሰጣሉ	1	2	3	4	5	1	2	3	4	5
A3	የመስሪያ ቤቱ ሰራተኞች የሀገሪቱን የገቢ ህጎች፣ ደንቦች እና የአሰራር ሂደቶች የሚረዱ ናቸው	1	2	3	4	5	1	2	3	4	5
A4	ግብር ከፋዮች የሚሰጣቸው አገልግሎት በትክክል እየተደረገላቸው እንደሆነ መተማመን ያሳድርባቸዋል	1	2	3	4	5	1	2	3	4	5
E1	የኢ.ገ.ባ ሰራተኞች የግብር ከፋይን ስሜት ፍላጎት እና ጥያቄዎች ይረዳሉ	1	2	3	4	5	1	2	3	4	5
E2	የመስሪያ ቤቱ ሰራተኞች ለግብር ከፋይ በግል ደረጃ ትኩረት /እንክብካቤ/ ይሰጣሉ	1	2	3	4	5	1	2	3	4	5
E3	የመስሪያ ቤቱ ሰራተኞች እና ሀላፊዎች ግብር ከፋይን ክልብ ተቀብለው ያስተናግዳሉ	1	2	3	4	5	1	2	3	4	5
E4	ኢ.ገ.ባ ለደንበኛው ምቹ የሆነ የሰራ ሰዓት አለው	1	2	3	4	5	1	2	3	4	5
S1	በአጠቃላይ ኢ.ገ.ባ በሚሰጣቸው አገልግሎቶች ረክቻለሁ						1	2	3	4	5

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE

Dear respondent,

I am post graduate student of the Addis Ababa University School of Commerce .I am working research paper for the partial fulfilment of MA degree. My research title is service quality and customer satisfaction in Ethiopian revenue and customs authority (ERCA), Addis Ababa medium and small tax payers’ office. The questionnaire is prepared to identify your view on service quality expectation and perception provided by ERCA. The data will be used only for academic purpose and your response is not forwarded to other 3rd party and it is kept confidential, please answer each questionnaire with no fear of consequence. No need of writing your name.

Thank you in advance for your active participation and your cooperation.

Tilahun Bokan

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Part One – Personal Information

(Please put a tick (√) mark to indicate your choice)

- | | | | | |
|--------------|-------|--------------------------|----------|--------------------------|
| 1. Gender | Male | <input type="checkbox"/> | Female | <input type="checkbox"/> |
| 2. Age Group | 18-30 | <input type="checkbox"/> | 30-45 | <input type="checkbox"/> |
| | 45-60 | <input type="checkbox"/> | Above 60 | <input type="checkbox"/> |

Educational Background

- | | | | |
|---------|--------------------------|----------------------------------|--------------------------|
| Primary | <input type="checkbox"/> | first degree | <input type="checkbox"/> |
| | | 2 nd degree and above | <input type="checkbox"/> |

High school

Diploma

Work position

Owner manager Agent

Employed general manager Finance dept. staff

Part two: - Service quality: this part deals with your expectation and perception on service provided by ERCA, Addis Ababa medium and small tax payers' office, please circle the number that indicate your level of expectation and perception.

Expectation: 1.Very low 2. Low 3. Neutral 4.high 5.very high

Perception: 1-strongly disagree 2-disagree 3-nutral 4-Agree 5-strogly agree

	SERVQUAL DIMENTIONS	LEVEL OF EXPECTATION					LEVEL OF PERCEPTION				
		1	2	3	4	5	1	2	3	4	5
T1	ERCA building and offices are neat inviting and comfortable to tax payers	1	2	3	4	5	1	2	3	4	5
T2	ERCA has modern looking equipment	1	2	3	4	5	1	2	3	4	5
T3	Net work of the office not always interrupted and fast enough to give service	1	2	3	4	5	1	2	3	4	5
T4	ERCA has good and convenient service giving facilities (including parking area, office layout waiting room) to handle its customers	1	2	3	4	5	1	2	3	4	5
T5	ERCA's service equipment are not frequently broken down	1	2	3	4	5	1	2	3	4	5
R1	ERCA provides service as the time it promised to do so	1	2	3	4	5	1	2	3	4	5
R2	ERCA employees consistently perform their service correctly to all tax payers	1	2	3	4	5	1	2	3	4	5
R3	When you have problems ERCA staffs show genuine interest to solve the problem	1	2	3	4	5	1	2	3	4	5
R4	ERCA committed to provide error -free service	1	2	3	4	5	1	2	3	4	5
R5	ERCA staffs consistently respond within promised time frame for tax payers' complaint.	1	2	3	4	5	1	2	3	4	5
RE1	ERCA provide prompt service to the tax payers	1	2	3	4	5	1	2	3	4	5

RE2	Employees are ready and Eager to support tax payers	1	2	3	4	5	1	2	3	4	5
RE3	Employees tell you exactly when the service is provided	1	2	3	4	5	1	2	3	4	5
RE4	Employees respond your request as fast as possible.	1	2	3	4	5	1	2	3	4	5
A1	ERCA employees are knowledgeable and skilful to solve the tax payers problem	1	2	3	4	5	1	2	3	4	5
A2	ERCA staffs are polite and courtesy when providing service to tax payers.	1	2	3	4	5	1	2	3	4	5
A3	Employees of ERCA knows well the nations customs rules regulations and procedures	1	2	3	4	5	1	2	3	4	5
A4	Tax payers have confidence and feel safe on the service provided by the authority	1	2	3	4	5	1	2	3	4	5
E1	ERCA employees can easily understand tax payers' interest and feeling	1	2	3	4	5	1	2	3	4	5
E2	Employees give individual attention to the tax payers	1	2	3	4	5	1	2	3	4	5
E3	ERCA employees and management treat their tax payers' with respect.	1	2	3	4	5	1	2	3	4	5
E4	ERCA has convenient working hour to all tax payers'	1	2	3	4	5	1	2	3	4	5
S1	Generally I am satisfied with ERCA services						1	2	3	4	5

