

## Determinants of Service Quality and Challenges for Customers using SERVQUAL Model: The Case of Nifas Silk Lafto Sub-City

Teketel Agafari Ansebo<sup>1</sup>, Dr. Dipak S Gaywala<sup>2</sup>

<sup>1</sup>PhD Scholar in Finance Management, Parul University, India  
[anseboteku11@gmail.com](mailto:anseboteku11@gmail.com) / [200600401005@paruluniversity.ac.in](mailto:200600401005@paruluniversity.ac.in)

Associate Professor

<sup>2</sup>Parul Institute of Management & Research, Faculty of Management Studies, Parul University, India

**How to cite this article:** Teketel Agafari Ansebo, Dipak S Gaywala (2024) Determinants of Service Quality and Challenges for Customers using SERVQUAL Model: The Case of Nifas Silk Lafto Sub-City. *Library Progress International*, 44(3), 26485-26491

### 1. ABSTRACT

*In a world of competitive business environments, one of the most critical areas firms must focus on being successful is customer handling. The better a firm's service delivery, the higher the chance of retaining customer loyalty while having new customers. However, such a scenario becomes complicated when the expected customer satisfaction is not met, because of poor quality of service delivery, at businesses where there is no alternative firm to switch to and get the desired service. Sub-city-level offices are an excellent example of such businesses. Nevertheless, it is a worst-kept secret that the service quality at these government offices is anything but acceptable. The aim of the study was to see the determinants of service delivery quality and to point out the challenges customers face when seeking service in the sub-city. Both qualitative and quantitative methods were employed to answer the level of quality-of-service delivery at Nifas Silk Lafto Sub-City (NSLSC) and how to overcome these challenges. A structured questionnaire was used to gather the relevant data from a sample of 200 respondents who were selected by using a simple random sampling technique. The questionnaire was developed based on the five dimensions SERVQUAL model. The data was then analyzed using descriptive statistical and multiple regression analysis, which was done using SPSS version 25. Thus, the correlation results indicate a moderate negative correlation between the dimensions of service quality and overall customer satisfaction. The results of the regression test showed that quality service has a negative impact on overall customer satisfaction. Furthermore, relatively higher correlation is between responsiveness and overall customer satisfaction, followed by tangibility. Based on the findings, the researcher suggested that NSLSC should have active complaint handling mechanisms, provide relevant skill training to its front-line employees, and create an unbiased rewarding mechanism for best-performing employees.*

**Keywords:** *Correlation, Customer Satisfaction, Factor Analysis, Service quality, SERVQUAL*

### Introduction

Any customer walking into a firm seeking a particular service expects to get what they came for. There are firms where customers experience a high service quality that makes them want to come back again (customer loyalty/retention), while other firms with poor service quality keep customers wanting and perhaps wishing they did not come in the first place (customer defection).

Even though high quality of service has a somewhat direct relationship with customer satisfaction, not all firms embrace this fundamental concept in full swing. In countries like Ethiopia, this is a day-to-day experience of customers getting disappointed whenever they seek service. Such bad experiences are even more pronounced at the lower administrative offices of the government, like sub-cities where residents go to get various services. For

example, some major services at Nifask Silk Lafto Sub-City are House/Land Acquisition, title deed issuance, and building permits.

It is customary for governments worldwide to provide the above essential services to their tax-paying citizens. However, in most cases, letting such services into the hands of private firms is feared that they will solely focus on profits. On the other hand, it begs the question: what is wrong for a firm if it satisfies customers and seeks profits simultaneously? As a resident of *NSLSC*, I have firsthand experience of the service rendered there, which I believe needs vast improvement to meet or exceed customer expectations. There is no bias involved here, as labeling them will not benefit me, but helping them improve their quality-of-service delivery will!

Moreover, tax-payer residents in the sub-city have no alternative to look to get essential services, like House/Land Acquisition, title deed issuance, and building permits. Hence, the expectations of customers/residents are not adjusted to this fact, and they would still expect to get what they came for.

Therefore, delivering quality service is not an option but an obligation. Moreover, customers expect to be given quality service because they know that their tax money is used to finance the public service sector (1). Therefore, meeting the basic needs of its citizen's expectations is vital for government officials.

It is common to see posters on retail shops that read: *NO RETURN POLICY FOR SOLD ITEMS or CREDIT AVAILABLE NOT TODAY BUT TOMORROW*. Such turnoffs show a lack of interest in catering to customers' needs in the Ethiopian business arena, which I believe requires a cultural change regarding the handling of customers.

Therefore, I cannot underestimate the importance of this research, and neither do I expect its findings and recommendations to be ignored.

It is also crucial for organizations to measure the factors contributing to customer satisfaction and service quality as a result of the SERVQUAL dimensions. Even though customers do not have alternate organizations to get the essential services provided at Sub cities, it does not mean that customers are subjected to poor services. Moreover, such inefficiencies of civil servants and the mishandling of customers go beyond customer dissatisfaction; it will have an enormous implication on the incumbent government's chance of winning the hearts and minds of its citizens. This could be a failure for a government that signed up to give essential services to its citizens with the highest quality possible.

### **1.1. General Objective**

This research paper aimed to look at service quality determinants and their effects on customer satisfaction in the case of *NSLSC*.

#### **1.1. Specific Objectives**

The specific objective of this study was to:

- Thoroughly examine customers' challenges when seeking service in *NSLSC*
- Identify the challenge of the customers from their perspective.
- Identify ways to overcome the challenges customers face while seeking service at *NSLSC*

A service is an act or performance where one party can offer the other what is essentially intangible. That may not result in the ownership of anything. The offer may or may not be tied to a physical product.

#### **1.1. Customer Service**

Customer service is the service provided to customers before, during, and after a purchase. The perception of success of such interactions depends on employees who can adjust themselves to the guest's personality (2). According to (3), customer service is also a process that consists of several steps to satisfy customer expectations.

From that perspective, customer service should be included as an overall approach to systematic improvement. One good customer service can change the customer's perception of the organization. However, there is no universally accepted definition for service quality. Many research studies on the quality of service of public sectors in Ethiopia indicated that the public (customers) are not satisfied with the service and poor integration and sequential approach (4).

#### **1.1. Characteristics of Services**

There are four characteristics of service: Intangibility, Inseparability, Variability, and Perishability (5).

**Intangibility:** A service is intangible and cannot be seen, tasted, felt, heard, or smelled before it is bought. For example, a person receiving a haircut cannot see the result before purchase.

**Inseparability:** Services are produced and consumed at the same time. For instance, as it is in car hire. The person

rendering the service becomes part of the service as to how it affects the quality of the service.

**Heterogeneity of Variability:** Services are highly variable as they depend on who provides them and when and where they are provided. For example, although branches of a particular bank may be selling and delivering the same service, the quality may not be uniform or homogenous from branch to branch.

**Perishability or Fluctuating Demand:** Services are highly perishable since they cannot be; for example, when cashiers are idle at the bank, hours cannot be used to expand service on a busy day when long queues are formed. There is no universally agreed definition of quality. Besides, the term 'quality' in manufacturing and service industries differs. Quality of service is essential for a firm that strives to win against the competition. Service quality entitles differentiated identity from competitors to customers. Explanation and measurement of quality are complex and challenging for researchers. However, it is important to mention that the substance and determinants of quality may be undefined; its importance to firms and consumers is unequivocal.

### **1.2 The Need for Service Quality**

Mentioned that service quality is driven by customers, employees, and a changing business environment. Customers, be the individuals, households or organizations, are increasingly aware of alternatives of the financial services on offer, provider organizations, and raising service standards. Consequently, expectations rise, and consumers become more critical of the quality of service received so that companies can be complacent

### **1.3 Customer Satisfaction**

Customer satisfaction is "an outcome of purchase and use resulting from buyers' comparison of the rewards and costs of purchase about anticipated consequences". Customer satisfaction has been defined as "the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfillment." Posited that customer satisfaction concerns the evaluation of products or services in meeting consumer expectations or needs (6)

### **1.4 Customers Expectation**

"The first step in exceeding customer expectations is to know those expectations." Roy Hollister Williams. Excellent customer service and high customer satisfaction begin with understanding customer expectations. However, first, it must be noted who your customers are and what they want.

## **2. Methodology**

The study was conducted at NSLSC, Addis Ababa, the Capital of Ethiopia. The start of the study was June 2022, and the end of the research was August 2022.

### **2.1 Study Design**

Descriptive explanatory research design along with the analytical tools have been applied. A cross-sectional Study Design involving quantitative methods was employed for the study.

### **2.2 Study and Target Population**

A sample of customers from NSLSC was drawn randomly to be our study subjects. All the customers or visitors of the Administrative Offices at Nifask Silk Lafto Sub-City were also treated as our target population.

### **2.3 Sampling and Sampling Techniques**

Based on the nature of the population, assuming there is homogeneity among the customers, we applied a simple random sampling technique to address the determined number of customers to participate in the study. The reason for choosing this formula is that, as cited in (7), it is mainly used by other researchers to measure service quality, and it is a large population we did not know the variability in the proportion that adopted the practice.

Accordingly, using the simplest sample size determination formula:  $n = \left( \frac{z^2 \Pi(1-\Pi)}{d^2} \right) = 190$ , Where,  $d = 0.07$ ,  $z = 1.96$  assuming normality,  $\Pi = 0.5$  probability of success and  $1 - \Pi = 0.5$  and adding up a non-response rate of 5%. Hence, the total sample size was estimated to be  $n \approx 200$ .

### **2.4 Method of Data Collection**

For this cross-sectional study, the necessary data was collected from the primary data sources. Those primary data were collected from self-administered structured questionnaires. The questionnaire consists of well-formulated questions and fixed response alternatives directly related to the research objectives.

### **2.5 Method of Data Analysis**

Data Analysis tools for this study used descriptive and inferential statistics. Among descriptive statistics, Frequency and percentage, tables and charts were employed. The researcher used descriptive statistics, like Frequency, Percentage, Mean, Standard deviation, and cross-tabular presentation, to analyze the demographic profile of the respondents. Furthermore, inferential statistics (Correlation, regression, and *t*-test) were used to

analyze the data.

## RESULTS AND DISCUSSION

We analyzed and presented the following results from the primary data collected with the overall objective of answering our research questions on how customers perceive the service quality in *NSLSC* and whether they are satisfied with the service. In addition, both descriptive and inferential data analysis involving correlation analysis, regression, and factor analysis was also employed to find out the SERVQUAL model in the standard dimensions of service expectation and perception.

### 2.6 Discussion of Descriptive Analysis

By their age category, the highest frequency falls in the group 25-34 years. By their educational status, the majority were college graduates followed by degree. This considerable difference in the number of respondents by gender indicates there should be much work to make the environment attractive and safe for customers. Looking at the service-seeking customers' pattern, the majority seek the service every year, followed by those who seek it almost every two weeks. If we see the respondents by the type of service they are most dissatisfied with, the majority said "*transfer of title*," followed by "*title deed acquisition*" and the like. The primary reason for service-related dissatisfaction is "*The Service Process*," followed equally by "*Inefficient Service*" and "*Incomplete Employees*." According to a reply from the customers, the primary reason for service-related dissatisfaction is "*The Service Process*" followed equally by "*Inefficient Service*" and "*Incomplete Employees*" and "Other".

### 2.7 The overall Reliability Measures

The total reliability scale for this study instrument was calculated to be 0.929, an overall reliability factor approximately the same as that of (6) study which was 0.92.

### 2.8 Service Quality Gap Analysis

The gap model of service quality, developed by (6), has been extensively used in different marketing service researches. The gap model would enable management to identify reasons for poor performance in its organization and take appropriate measures to improve the same (8).

The gap occurs when there is a discrepancy between customers' expectations and perceptions. According to the study by Magesh (2010), the average service gap, which is measured by the difference between perceptions mean score and the expected mean score on service quality greater than "1" in absolute value, was considered to be a highly critical area for the improvement of the performance dimensions. Paired sample T-test was also employed to see the significance of such difference.

The average customers' perception of the tangibility dimension tells us that customers of the *NSLSC* are dissatisfied because what they expected was almost two times higher than what they perceived. Almost all the items in the tangibility dimension were found to have lower average customer perception scores than expectations. From the above-presented data, it can be witnessed that there is a gap between customers' perception and their expectation of the tangibility dimension, which displays the customer's disagreement that *NSLSC* ensures service through its tangibility dimension. This result goes in contradiction with the result conducted by (9). This consistently tells us there is a serious gap in the mean expectation and perception of the tangibility score.

There is a statistically significant difference between the customer's average perception and expectation in *the tangibility dimension*, which is also seen for all the items in the descriptive statistics. This significant difference in the average gap score reveals a serious need for service quality improvement due to the tangibility dimension. The difference between the customer's average expectation and perception scores was statistically significant at 5%. Furthermore, the same was done for all four items of the dimension. The gap in the score is an alarming sign for the higher officials for sound intervention.

We can easily conclude that customers disapprove of the service quality of *NSLSC* concerning the responsiveness dimension. The result again goes in contradiction with the result conducted by (9). This consistently tells us there is a serious gap in the mean expectation and perception of the responsiveness dimension.

We can conclude that there is a significant gap between the mean score of perception and expectation on the "responsiveness" service quality dimension at *NSLSC*. This implies that there should be an immediate solution to increasing the responsiveness of the customers' perception.

So, it is concluded that there is a significant gap between the mean score of perception and expectation on the "assurance" service quality dimension at *NSLSC*.

There is a statistical significance at a 5% significance level between the average perception scores and expectation on the assurance dimension. So, we can conclude that there is a significant gap between the average perception

score and expectation on the "assurance" service quality dimension at *NSLSC*.

The majority of the respondents visited *NSLSC* for the issue of "transfer of title," followed by those for "title deed acquisition," then for "border litigation," and the like.

About the overall customer satisfaction on services of *NSLSC*, the majority of them said they were "very satisfied," followed by "somewhat unsatisfied," then followed by "somehow satisfied," etc... This clearly tells us that there should be proper attention towards improving the customer satisfaction working on the dimensions of quality service.

## 2.9 Factor Analysis

Factor analysis is mostly used for data reduction reasons and is performed by examining the pattern of correlations between the observed measures. According to (10), measures that are highly correlated, either positively or negatively, are likely influenced by the same factors, while those that are relatively uncorrelated are likely influenced by different factors.

The total data fit into the seven factors and are carried out using a variance. The total variance percentage accumulated in the seven factors is 69.254%, and factor 1 alone comprises 26.871% of the data telling us that most of the data fit into this factor, followed by the second factor, which has a variance of 25.108%. The remaining five factors comprise below 10% each, showing a relatively low fit of data in the factors.

According to study by (11) the magnitude of a linear relationship is if  $r = \pm 0.10$  are considered weak;  $r = \pm 0.30$  is considered moderate, and  $r = \pm 0.50$  are considered strong. Again, this range of scale was confirmed by (11) supposed and widely used by Weinberg and Abramowitz (2002). Dimensions such as tangibility, reliability, responsiveness, assurance, and empathy are *negatively and significantly* correlated with the overall customer satisfaction at ( $P < .01$ ).

## 2.10 Assumptions Checks for Multiple Linear Regression

Following the linear regression analysis, model assumption tests were done for *Multicollinearity*, *Linearity*, *Normality*, and *Homoscedasticity*. All the assumptions have been fulfilled, and the result and discussion can be found in the appendix.

Only 27.7% of the variability of overall customer satisfaction was explained by the SERVQUAL dimensions (Tangibility, Reliability, Responsiveness, Assurance, and Empathy). The remaining 72.3% was left unexplained and accounted for the stochastic term. So, in order to enhance the goodness of the fit, we need to see more explanatory variables like customer-related factors, employee-related factors, etc.

ANOVA result was used to evaluate the significance of the overall multiple linear regression model. Accordingly, the p-value=0.000 tells us that the model well fits the data. So, the overall multiple linear regression model was found to be significant.

Though the significance of the predictor variables varies. This finding goes in contradiction with the results of the study (12) and this means that the officials at *NSLSC* has to work hard to improve the quality of service towards almost all the quality dimensions so that the customer satisfaction will be enhanced.

Finally, with regard to *giving feedback to NSLSC*, they said that even though the workers try to deliver the service we seek, they take too much, which is either because of the workload or lack of capacity. The time issue needs to be improved. Had the digitalization and networking been done and experts got training on the technologies, the issue with the time for the service and information would have been solved. Accordingly, the large queue would be minimized, service quality would be improved, and as a result, the customer's satisfaction would be guaranteed.

## 2.11 Result and Discussion

The smallest average score in the perception of tangibility dimension tells us that customers of the *NSLSC* are dissatisfied because what they expected was almost two times higher than what they actually perceived. Almost all the items in the tangibility dimension were found to have lower average customer perception scores than expectations. From the above-presented data, it can be witnessed that there is a gap between customers' perception and their expectation of the tangibility dimension, which displays the customer's disagreement that *NSLSC* ensures service through its tangibility dimension, and a lot needs to be done in this regard.

Thus, we can simply state that respondents do not approve of the service quality of *NSLSC* with regard to the reliability dimension since it does not qualify on all the items of the reliability determining parameters. All the four items in the responsiveness dimension had a very lower average perception score than their average expectation counterparts in the responsiveness dimension. The same thing works for the assurance and empathy dimensions. The findings were also supported by the studies by (12); (13) and (14).

Regarding the correlation analysis, tangibility, reliability, responsiveness, assurance, and empathy have been found to be negatively and significantly correlated with the overall customer satisfaction at ( $P < .01$ ). The finding stands in contradiction with the one conducted by (9); (12); (13); (15); (16) and (17).

Moreover, the regression analysis conducted reveals the customers' perceived service quality provided by the *NSLSC* and where the overall evaluations of customer satisfaction were determined. The relative importance of the significant predictors was determined by looking at the standardized coefficients. Thus, among the five dimensions, only tangibility was found to be significantly related to overall customer satisfaction. This indicates that reliability has the highest impact on customer satisfaction. Again, this result also stands against the study by (14); (18); (19) and (20).

### **Conclusions**

This study tried to assess the effect of service quality on customer satisfaction in the case of *NSLSC*. According to the study's major findings, only tangibility has been significantly affecting customer satisfaction among the five SERVQUAL dimensions. The majority of the study participants were males, and only a few female customers were observed, which was not deliberate. This might be due to the reason that the environment not being conducive for female customers to seek service as their male counterparts. In terms of age, the majority were of the average age. The average value score of the overall customer satisfaction was not far from neutral, almost at the average value, which doesn't show us there is some sort of neutrality in attitude. The respondents were indifferent to the response regarding their satisfaction with the service quality at *NSLSC*. Using the factorial analysis, the total variance percentage accumulated in the seven factors is 69.254%, and factor 1 alone comprises 26.871% of the data telling us that most of the data fit into this factor, followed by the second factor, which has a variance of 25.108%. The remaining five factors comprise below 10% each, and they show a relatively low fit of data in the factors.

From the paired t-tests on the difference of the mean scores between the expectation and perception, one can clearly see that the office was not providing services within a relatively short period of time, and staff have also exhibited a character of reluctant in nature and lack of willingness and enthusiasm in helping their customers with empathy. Though they respond to the customer's demand, they act as if they are too busy and make a lot of appointments for a single issue. So, we can conclude in this research that the tangibility dimension has contributed a lot to customer dissatisfaction at *NSLSC*.

NIFASK SILK LAFTO SUB-CITY did not have a workflow that would deliver requested activities in a shorter time. Though there were complaint handling procedures, it is not efficient. Its employees are also not providing customized services. This was due to a lack of skill and experience as well as a lack of integrity and empathy for others. So, the *NSLSC* should arrange short-term training, and a proper follow-up of the workflow is needed. There should also have an organizational culture that works towards newly joining staff. An induction training on customer handling and what it means to the organization needs to be done. It is also important to design a mechanism of unbiased rewarding and competition among employees. The number of employees in a certain task was not found to be proportional to the service-seeking customers and corresponding workload.

### **3. References**

1. Abdullah F. Measuring service quality in higher education: HEdPERF versus SERVPERF. 2006;24(1):31–47.
2. Buchanan L. A Customer Service Seven tips on how to completely transform your company's customer service. IncAfrica. 2011;
3. Kim EY, Jackson V. The Effect of E-SERVQUAL on e-Loyalty for Apparel Online Shopping. J Glob Acad Mark Sci. 2009;19(4):57–65.
4. Taye A. Digest of Ethiopia's National Policies, Strategies, and Programs. 2008.
5. Kotler P, Keller Kevin L. Framework for Marketing Management. 6th ed. 2016.
6. Parasuraman A, Berry LL, Zeithaml VA. Perceived service quality as a customer-based performance measure: An empirical examination of organizational barriers using an extended service quality model. Hum Resour Manage. 1991;30(3):335–64.
7. Zeleke Y. THE EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN ADDIS ABABA: EXPERIENCE FROM SELECTED 3 AND 4 STAR HOTELS. ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE; 2017.
8. Blešić I, Pivac T, Stamenković I, Besermenji S. Motives of visits to ethno music festivals with regard to

- gender and age structure of visitors. *Event Manag.* 2013;17(2):145–54.
9. Zewditu K. DETERMINANTS OF SERVICE QUALITY AND THEIR IMPACT ON CUSTOMER SATISFACTION: THE CASE OF COMMERCIAL BANK OF ETHIOPIA. Vol. 135, *Advanced Drug Delivery Reviews*. ST. MARY’S UNIVERSITY SCHOOL OF GRADUATE STUDIES; 2017.
  10. Pett M, Lackey N, Sullivan J. An Overview of Factor Analysis. *Mak Sense Factor Anal.* 2011;2–12.
  11. Cohen J. *Statistical Power Analysis for the Behavioural Sciences*. 2nd ed. 1988.
  12. Zewditu Kebede. Customer Satisfaction and Public Service Delivery: The Case of Dire Dawa Administration. *J Cult Soc Dev.* 2020;1–14.
  13. Negussie S. SERVICE QUALITY & CUSTOMER SATISFACTION : THE CASE OF FOUR STAR HOTELS IN ADDIS ABABA , By: Selam Negussie SERVICE QUALITY & CUSTOMER SATISFACTION : THE CASE OF FOUR STAR HOTELS IN ADDIS ABABA ., ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE; 2014.
  14. Moolla MI. Service quality measurement: A critical review of the SERVQUAL model. *SBL Reserch Rev.* 1997;1(8):64–74.
  15. BELIHU BF. Post Project Success Evaluation : in the Case of Addis Ababa City Administration Real Property Registration System By. ADDIS ABABA UNIVERSITY GRADUATE PROGRAM; 2017.
  16. Hunde T. THE INFLUENCE OF SERVICE QUALITY ON CUSTOMER SATISFACTION AT FRUIT AND VEGETABLES TRADE BUSINESS UNIT [ET-Fruit]. ST. MARY’S UNIVERSITY SCHOOL OF GRADUATE STUDIES; 2021.
  17. Tedla H. The Influence of Service Quality on Customer Satisfaction: The Case of Addis Ababa City government Land Holding Registration and Information agency: Yeka sub city branch office By: Addis Ababa University School of Graduate Studies; 2019.
  18. Halstead D. The Use of Comparison Standards in Customer Satisfaction Research and Management: A Review and Proposed Typology. *J Mark Theory Pract.* 1999;7(3):13–26.
  19. ZELEKE FK. Customers expectations and perceptions of service quality the case of commercial bank of ethiopia addis ababa branch. ST. MARY’S UNIVERSITY; 2021.
  20. Shifare H. Service Delivery and Customer Satisfaction in the Public Service Sector : An Service Delivery and Customer Satisfaction in the Public Service Sector : An Ethiopian Experience. 2019;(November).