

**DEVELOPING A MODEL TO EVALUATE THE QUALITY OF
THE SERVICES RENDERED BY
THE SOUTH AFRICAN REVENUE SERVICE**

by

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ABSTRACT

DEVELOPING A MODEL TO EVALUATE THE QUALITY OF THE SERVICES RENDERED BY THE SOUTH AFRICAN REVENUE SERVICE

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Tax revenue forms the backbone of the South African economy. Although the tax gap in South Africa has shrunk in recent years, there is still a large tax gap in South Africa. Hence, there is an urgent need to enhance taxpayer compliance. The South African Revenue Service's (SARS's) image in the community is a key driver of voluntary taxpayer compliance. The quality of the services provided by SARS is therefore crucial, as service quality directly affects SARS's image in the community and thus voluntary tax compliance. The objective of the present research was therefore to establish the perceptions that tax practitioners hold with regard to the services rendered by SARS in order to develop a service quality model that can be used to measure SARS's service quality continuously. The development of a service quality model for the assessment of the services provided by SARS is justified, because it is an essential means to improving the services that SARS provides and therefore also voluntary compliance.

The present research defined services, quality, service quality and perceived service quality on the basis of a literature review. These definitions served as a theoretical

underpinning for the development of the proposed service quality model. The literature review suggested that a user-based approach to quality was the most relevant approach to this study and that it is important to build the “lens of the customer”.

In order to develop the specific “lens of the customer” needed to evaluate the services of SARS, an in-depth, qualitative approach was required to identify a comprehensive range of determinants that potentially drive service quality in the revenue service industry and setting. One such qualitative method is the critical incident technique, which was chosen as the method to be used for building the “lens of the customer” to measure tax practitioners’ evaluations of the quality of the services SARS provides. The critical incident technique relies on a set of procedures to collect comments on service experiences, to perform a content analysis and to classify the observations of service experiences.

The critical incident data were collected by means of open-ended questionnaires which tax practitioners registered with SARS were asked to complete, first in a focus group and then individually, using an e-mailed questionnaire. The main data collection instrument was administered by SARS to all tax practitioners registered with SARS country-wide. The data analysis of the responses provided by the tax practitioners involved three processes. The first was the identification of usable critical incidents, the second was the development of a classification scheme for the content analysis and the third was a content analysis of the critical incidents that had been identified.

After a content analysis process that involved the preparation of summaries of the frequencies of the responses in accordance with a relevant classification scheme, a process of natural language argument was used to convert the data analysis results and the relevant elements of the theory from the literature survey into two proposed models, one for the traditional services and one for the electronic services provided by SARS. These service quality models can be used as a basis for studies to establish the perceptions of tax practitioners with regard to the quality of SARS’s services. The conceptual models of service quality that were proposed should also enable SARS to identify quality problems and assist SARS in planning for the launch of a quality improvement programme, and thereby improving the efficiency and overall performance of SARS.



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CHAPTER 1

BACKGROUND AND INTRODUCTION

1.1 BACKGROUND

The new government that took office in South Africa in April 1994 faced a multitude of challenges. Usually, any government investment in tax reform and improvements in tax administration is given a low priority compared to more visible (tangible) and less controversial national programmes (Dhillon & Bouwer 2005:1), but the new South African government was deeply aware of the urgent need to modernise revenue administration in South Africa (Manik 2005:1; Manuel 2002:2). It realised that tax reform can stimulate business by reducing the burden of compliance and by eliminating distorting effects in the economy, thus producing an upward spiral of funding available for other national programmes (Dhillon & Bouwer 2005:1-2).

After years of isolation, South Africa was still “hamstrung” by revenue departments that performed poorly and by a burdensome and bureaucratic tax regime (Manik 2005:1). Under the previous (apartheid) government, there were five different tax administrations – one for South Africa, and one for each of the homeland "states" or so-called TBVC countries – the Transkei, Bophuthatswana, Venda and the Ciskei (Aaron & Slemrod 1999:2). From April 1994, the homelands were abolished, the country was divided into nine provinces and the tax system was earmarked for revision. Since then, most of the revenue-raising authority resides with the national government (Aaron & Slemrod 1999:2).

In the 1990s, internationally, revenue agencies generally began to focus on internal improvements and structural changes (Rettie 2005:1). The revenue administration in South Africa was no exception to these international trends. The new government needed to maximise the efficiency of the revenue-raising instruments at its disposal strategically in order to access funds to address substantial backlogs in the provision of social services and infrastructure to previously disadvantaged communities. Internally, it was apparent that a progressive organisation would require a different organisational culture – one that reflects greater professionalism, a service orientation, high levels of integrity and a passion for learning (Manik 2005:2). This approach contrasted with the existing culture of job entitlement with a civil service ethos (largely clerical clock-watchers who wielded a great deal of power over taxpayers and traders) (Manik 2005:2).

The initiation of a structural reform of the South African revenue authority was already recommended by the Margo Commission in 1986. This Commission (1986) was specifically appointed to enquire into and to make recommendations for the implementation of a cohesive tax structure at all levels of government in South Africa (South Africa 1984:2). The Margo Commission (1986:467) found that the revenue authority in South Africa laboured under severe disabilities and recommended that the autonomy of what was then called Inland Revenue should be reconsidered, so that the revenue authority would not have to be bound by State procedures (Margo Commission 1986:37). The dire straits in which the revenue authority found itself by 1994 led South Africa's first post-apartheid government to announce on 22 June 1994 that it had appointed another commission to study the South African tax system and to make recommendations for reform (Aaron & Slemrod 1999:3). The mandate of this commission was very broad, as it was to investigate virtually every aspect of the South African tax regime inherited from the previous government against the backdrop of the political, social and economic goals of the new government (Manuel 2002:3). The commission was officially called the Commission of Inquiry into Certain Aspects of the Tax Structure of South Africa, but it soon became known as the Katz Commission, named after its chairman, Michael Katz, a private corporate lawyer (Aaron & Slemrod 1999:3). The commission issued nine interim reports from November 1994 to February 1999, providing a solid foundation on which to build subsequent tax reform efforts (Aaron & Slemrod 1999:3).

Recommendations regarding a reform of the administrative mechanisms dominated the early work of the Katz Commission and they were an important consideration in all the reports (Manuel 2002:10). One of the recommendations of the Katz Commission (1994:263) was that attention should urgently be paid to enhancing the status and administrative autonomy of the then Commissioner for Inland Revenue. This recommendation supported what the Margo Commission had already suggested in 1986. Inspired by these recommendations, the South African Revenue Service (hereafter "SARS") was established in terms of the South African Revenue Service Act, No 34 of 1997 (hereafter the "SARS Act"). The Katz Commission did not only provide the impetus to enhance tax administration – in its third interim report, the Commission also placed on record its support for the decision taken by the government to restructure the Inland

Revenue and Excise administrations into what is now known as SARS (Katz Commission 1995:3). The transformation of a fragmented revenue administration was one of the most important reforms the government introduced after 1994 (South Africa 1997:i).

In terms of section 2 of the SARS Act, SARS was created as an organ of the State within the public administration, but as an institution outside the civil service. SARS was therefore established in 1997 as an institution outside the civil service and was given independent status in an attempt to enhance its administrative efficiency (Peters 1996:32). Although SARS is an institution outside the civil service, it operates under the executive authority of the Minister of Finance (SARS 2005a:102). This restructuring gave Pravin Gordhan, then the newly appointed Deputy Commissioner (now the Commissioner), the responsibility of transforming the organisation, and the freedom to innovate without the constraints normally imposed on government departments (Planting 2004:11). These changes also put SARS in a strong position to reach its key objectives of collecting all national taxes, duties and levies by attracting and retaining competent people, using modern information technology and adopting efficiency-enhancing organisational structures and incentive schemes (Manuel 2002:3). Since then, extensive organisational transformation has elevated SARS to a model of domestic public sector transformation and technology innovation, and has made it a preferred employer (Manik 2005:1). SARS appears to be one of the success stories of the post-apartheid government. Today SARS is considered a global benchmark for emerging countries. Part of this success was due to structural change (Planting 2004:11; Smith 2003:4).

SARS's enhanced performance has made it easier for the government to achieve some of its budgetary goals. This suggests that a mutually supportive relationship between the legislature and a government department on the one hand, and revenue-raising authorities on the other, can improve the State's extractive capacity (Smith 2003:5). Although prospects for success are said to depend on the degree to which political authorities allow institutions that perform public functions to operate without interference, the recent history of SARS suggests that active political support for the institution and a co-operative relationship between the revenue service and the relevant government department may be a precondition for success (Smith 2003:5-6,12).

The international focus of internal improvements and structural changes in organisations has shifted over time. Calls for businesses to pay attention to the quality of the service(s)

they deliver to their customers have increased in the last few decades (Schneider & White 2004:1). As the community's expectations regarding the service(s) received from private sector organisations have grown, there has been a corresponding increase in people's expectations regarding the service(s) provided by the public sector (Dhillon & Bouwer 2005:2). Since the start of the 21st century, revenue agencies worldwide have typically been the first public sector institutions to redefine the relationship between the government and the community (Stoke, Regan & Stauffer 2005:1). Revenue agencies began to concentrate on improving external aspects – their relationship with clients and the service they provide to clients (Rettie 2005:1). The relationship management strategy is based on the approaches of bringing taxpayers into the system, of investing time in the relationship to help taxpayers to understand how to be compliant, and of maintaining the relationship with taxpayers as customers in the long term (Dhillon & Bouwer 2005:7). Revenue agencies now think of taxpayers as customers, offer a choice of convenient channels that make it easy to comply, and use customer insight to drive tailored services and compliance activities (Rettie 2005:1; Stoke *et al.* 2005:5).

As the new democracy matured, the South African government adopted the “Batho Pele” principle (“Batho Pele” is the Sesotho term for “putting people first”). SARS pioneered this shift toward a service ethic by adopting an enterprise-wide citizen relationship management vision (Areff & Mabaso 2005). SARS has identified and determined the manner in which it plans to maximise its responsiveness – it has developed a capability model and transformational strategy that will propel it to higher levels of efficiency and service delivery (Areff & Mabaso 2005). One of the components of this strategy is customer management – the bastion of the reorganisation effort toward improving service delivery – by taking the service to the people and empowering the front end of SARS (Areff & Mabaso 2005).

Tax is increasingly becoming a priority in the political agenda. Over time, countries are encouraging a shift in the direction, not only of life-long relationship management, but also of building effective and accountable authority in the form of a social contract (Centre for the future state 2005:5,12; Katz Commission 1995:130). One of the reasons for encouraging such a social contract was already identified as early as the 18th century, when Adam Smith formulated four maxims with regard to taxes in general. One of his four maxims states that every tax ought to be contrived in such a way that it will take out of the

pockets of the people as little as possible, and keep out of their pockets as little as possible, over and above what it brings into the public treasury of state (Smith [1776] 2003:1044). Although these maxims were formulated in the 18th century, they are still highly relevant in modern tax law (Huxham & Haupt 2006:2).

According to Adam Smith ([1776] 2003:1045), a tax may either take out or keep out of the pockets of the people a great deal more than it brings into the public treasury in four different ways. One of these ways is that, in fulfilling of their tax obligations, taxpayers may be exposed to unnecessary trouble, vexation and oppression. Although vexation is not, strictly speaking, an expense, it is certainly equivalent to one. Often taxes are much more burdensome to the people paying the taxes than the taxes are beneficial to the government that imposes them. The compliance costs taxpayers incur are often not limited to direct cash outlays, but also include time costs: time is spent in carrying out tax-related obligations rather than in earning money. There are also psychological costs such as stress, anxiety or discomfort which result from tax liabilities or dealings with SARS (Katz Commission 1994:47; Woellner, Coleman, McKerchar, Walpole & Zetler 2005:270).

Many taxpayers today resort to using professional tax experts or tax practitioners to find some relief from their burdensome tax obligations. However, tax practitioners charge for their services. The more onerous it is for a tax practitioner to deal with a taxpayer's tax obligations, the higher the charge for the service; therefore the higher the direct costs involved in collecting the tax. Tax practitioners would generally, even at the cost of lost fee income, prefer a tax assessment system that works effectively (Mitchell 2001:81). The reason for this may be that they are unable to recover the full cost of SARS's inefficiency from the fees they charge their clients.

When an attempt is to be made to reduce the direct and psychological costs of the tax burden, the tax relationship can be seen as a core element in the social contract between the taxpayer as a customer on the one hand, and SARS on the other (Smith 2003:4). The Katz Commission (1995:181) recommended that, at an administrative level, the "social contract" between revenue authorities and taxpayers should take the form of a Statement of Taxpayer Rights to ensure fair treatment by the revenue service and compliance by the taxpayer. The content of such a Statement of Taxpayer Rights should include expeditious and timeous tax administration and the respectful, courteous and helpful treatment of

taxpayers (Katz Commission 1995:181). So far, there are no formal rules to govern the social fiscal contract.

In 1997, the Minister of Finance released a Charter of Taxpayers' Rights which restated the rights that taxpayers have under the Constitution. Unfortunately, that Charter does not in itself afford taxpayers a remedy where SARS has violated their rights. Nor does it provide for sanctions if either party does not fulfil certain obligations (Croome 2005/2006:29; Sapa 2002:1).

Until the start of the 21st century, there was no effective recourse for taxpayers who had administrative difficulties in their dealings with SARS (Smith 2003:16). Croome (2001:12) suggested that further reforms were needed, such as the establishment of a tax ombudsman, to restore some balance in the relationship between taxpayers and the revenue authorities. The first step towards the establishment of a tax ombudsman and another big step towards a more customer-focused approach was the launch of the SARS Service Monitoring Office (hereafter "SSMO") in October 2002. The purpose of the SSMO is to determine whether SARS lives up to its promise of efficient service delivery, as this office provides a channel for taxpayers to voice their complaints about areas in which they do not receive the service they deserve (Nathan 2003; SARS 2006c, 2006d). The office does not report to Parliament, but it functions independently from SARS operations. It reports directly to the Commissioner for SARS (Olivier 2006:23). This structure enables the Commissioner to obtain information regarding problem areas from an independent source and to take the necessary action to rectify problems (Olivier 2006:23).

Apart from the creation of the SSMO, the Siyakha ("we are building") transformation programme was launched in 2000 to reshape SARS fundamentally, into a 21st century organisation which will be able, *inter alia*, to address service inefficiencies and the lack of a service culture (National Budget Review 2002:69; SARS 2005a:85). A new dispute resolution process was also introduced. It represents a major new service for taxpayers (SARS 2006e).

Another contribution by SARS to alter South Africa's taxpaying culture and to enhance its service offering was the introduction of the "Filing season" campaign three years ago (Jooste 2005:12; Manik 2005:3). The campaign entails a high degree of interaction between the South African government and millions of its citizens, and thus has a

significant effect on perceptions of the quality of the service SARS delivers and of the government in general (SARS 2005a:6).

The introduction of e-filing in the Value-Added Tax (VAT), Pay-As-You-Earn (PAYE) and company tax domain has also proven to be a huge success (SARS 2005a:6). According to Trevor Manuel, the purpose of e-filing for individual taxpayers is to minimise frustration levels with regard to the completion and submission of individuals' tax returns (Visser 2006a). SARS has also taken large strides toward delivering a complete service to its stakeholders from its service branch offices (SARS 2005a:33). The National Call Centre, based on Siebel CRM software, was also established to offer new access channels (Areff & Mabaso 2005).

Although modernisation and improved technology do not guarantee improved service delivery, they can play a very important role. SARS is actively pursuing initiatives with regard to the modernisation of the Tax and Customs business. In December 2006, Accenture, a private company, was awarded a tender for undertaking this task (SARS 2006g). Automating a large number of internal processes, especially with regard to determinations and assessments, will make it possible to shift a significant number of employees from an inward back-office function to an outward customer-facing function focused solely on enhancing the customer's experience (Areff & Mabaso 2005).

The momentum which has already been gained in improving service delivery reached a new high on 9 May 2007, when Trevor Manuel, the Minister of Finance, announced a fully electronic channel for both individual and business taxpayers to file income tax returns (Manuel 2007). This new submission process is designed to be much less burdensome than the old process and provides taxpayers with faster turnaround times and greater certainty (Kieswetter 2006a; Manuel 2007). Moreover, SARS has indicated that this step is only the beginning of a three-year process of innovation in its endeavour to continue to provide improved service to taxpayers (Manuel 2007).

In addition to these improvement initiatives, the Charter of Taxpayers' Rights was followed by a draft service charter. The objective of the draft service charter is to enhance the culture of service at SARS. The draft spells out SARS's mission statement (Nathan 2003). When the draft charter was released, Commissioner Pravin Gordhan said that the service charter would help to create a relationship based on "mutual trust, and respect" between

the tax authority and the taxpayers (Ensor & Temkin 2002). Pravin Gordhan added that tax and customs administrations all over the world are increasingly paying attention to the services they provide to taxpayers. Most administrations consider their business to be a customer service and have undertaken modernisation and reform to promote a service culture (Ensor & Temkin 2002). SARS has specifically adopted the objective of dramatically improving its service levels (Gordon 2003:30).

Many taxpayers who have had dealings with the tax authorities in the past would probably be sceptical, and in the words of Croome (2006:1), they probably believe that there can be peace in the Middle East before they could imagine a world where SARS answers all telephone calls within 20 seconds. Nevertheless, during the last three years, SARS has begun to benchmark its service standards against international best practice (SARS 2005b:2). On 19 October 2005, the final SARS Service Charter, which sets out its service standard guidelines (including the objective of answering the telephone within 20 seconds), was released (Croome 2006:1). It sets standards publicly, in the spirit of “Batho Pele”, for the levels of service expected from SARS officials to taxpayers. SARS has indicated that the service standards would be phased in gradually from 2005 to 2007, within an 18 month period (SARS 2005b:2). Taxpayers could therefore expect the Charter to be fully implemented by the start of the 2008 tax year (Croome 2006:1). The Service Charter is intended to ensure that public expectations of service delivery are matched by achievable and measurable performance standards (SARS 2005a:26). SARS has committed itself to being taxpayer- and trader-centric, being proactive and accessible in its approach to improving levels of service and providing additional channels of customer interaction (Croome 2005:4; SARS 2005a:57). Notwithstanding the changes it has made, SARS still has to face the need to transform itself fully – into a customer-focused and innovative revenue administration. However, the Service Charter will hopefully be a useful tool with which to hold SARS accountable for the level of the services it delivers to taxpayers, even in the short term (SARS 2005b:2).

The service initiatives are part of the overall compliance model SARS has adopted. The compliance approach aims to incorporate into the business processes of the organisation a balance between service provision on the one hand and taxpayer education and the enforcement of tax laws on the other (SARS 2005a:6). The service leg requires SARS to reorient itself to break the bureaucratic mould and develop into an outward-looking, public-

centric service organisation that understands its external environment and facilitates interaction and compliance (SARS 2005a:6).

What will happen next? In future, taxpayers can expect to see the outwardly directed approach evolve even further. The findings of research into high-performance governments suggest that by 2010 leading revenue agencies will deliver greater public sector value than ever before, building more proactive, less intrusive relationships with the community (Manik 2005:4; Rettie 2005:1; Stoke *et al.* 2005:14). Change is an ongoing process and a new wave of transformation has been initiated (Manik 2005:4). The anticipated outcome for SARS is a much smarter, more visible and more responsive revenue service that is attuned to the realities of South African compliance and the country's economy (Manik 2005:4).

1.2 RATIONALE FOR THE STUDY

Pravin Gordhan has stated clearly that tax administrations all over the world are paying increasing attention to the services they provide to taxpayers (Ensor & Temkin 2002) and that SARS considers its business to be a customer service (Gordon 2003:32). Although SARS admits that there were certain service delivery deficiencies in the past (SARS 2005a:33), few would dispute that in recent years SARS's efficiency has improved significantly (Ensor 2004:2, Olivier 2006:23; SARS 2005a:5). According to independent media analysis reports, the tone of the media coverage of the nearly 6 000 pieces of editorial appearing in print and in the broadcast media during 2005 was also largely positive (SARS 2005a:34). Several press releases from the Commissioner's office have also led readers to believe that SARS is operating extremely efficiently (Mitchell 2001:81). Pravin Gordhan (SARS 2005a:5) believes that in the year 2005 significant advances were already being made toward fulfilling SARS's ambition to become a service-oriented revenue administration that understands the needs and behaviour of all taxpayers better than in the past, and that SARS has taken large strides towards delivering a complete service to its stakeholders from its service branch offices (SARS 2005a:33). By contrast, Webb (2006:30) claims that some SARS branch offices, the Johannesburg office in particular, are acting increasingly imperiously and pay little attention to the law or the taxpayer community, and that some SARS officials are highly capricious.

A very different picture from that presented by SARS itself is also presented by partners from accounting and legal firms who operate tax compliance divisions (Mitchell 2001:81, Croome 2006:1). Piet Nel (in Visser 2006b) claims that SARS unlawfully victimises taxpayers under the guise of improved service initiatives. Divaris (2006a:2) has expressed even more severe criticism of SARS, suggesting that SARS personnel are judging their efforts by internally satisfying standards that ignore the purpose and meaning of their actions. He is of the opinion that some of the SARS documents provided to serve taxpayers are poorly written, even illiterate and misdirected (Divaris 2006a:2). He has described the SARS website as a “labyrinth or Einsteinian – things keep popping in & out of existence” (Divaris 2006b:1). In a public statement, Dave King (2006:5) stated that he was “vilified, defamed and grievously and irreparably prejudiced” by SARS, and although there will always be statements like this from people under investigation from SARS, Ware and Divaris (2006:2) agree fully with Dave King, as they confirm that the statement he made “sounds like the SARS they came to know and love in recent years”. Suliman (2006) is also of the opinion that taxpaying customers are at the mercy of presumptuous, inexperienced, immature and robotised tax officials, whose mindset is only directed by the need to recover as much tax as possible without any consideration for the human needs of taxpayers. The current poor climate of compliance also indicates little confidence in the tax system and revenue administration (Manik 2005:2).

There are therefore currently conflicting views with regard to the services rendered by SARS. At present, there are no formal processes that allow either SARS or taxpayers to evaluate the merits of these views.

SARS (2006c) is of the opinion that the number of complaints received by the SSMO determines how effective and efficient the services that SARS renders to taxpayers (SARS 2006c) are – for example, during 2005, a total of 5 756 claims were received and were dealt with by the SSMO office.

Although the SSMO fulfils a very important function in assisting taxpayers to solve problems, the number of queries received by the SSMO should not form the basis for an evaluation of the services rendered by SARS. The first reason for this is that not all taxpayers would necessarily make use of the route provided by the SSMO, as there are several barriers that prevent them from doing so, for example, procedural barriers (there are a multitude of procedures they have to follow before they get to the SSMO) and a lack

of knowledge about the SSMO or fear of discrimination (Croome 2002:15; Gaster & Squires 2003:58). The second reason is that, while it would appear that the SSMO is performing an invaluable role, no feedback has been forthcoming on the nature of the complaints lodged, or on how such complaints are being handled (Croome 2006:2). Thirdly, Gaster and Squires (2003:58) argue that although a “voice” (in the form of a complaint) is virtually the only option for those dissatisfied with public services, complaints reflect only the tip of the iceberg. Some reasons why so many dissatisfied people fail to complain include their own perceived powerlessness (“it won’t make any difference if I do”), personal reasons (“I am not a complainer”; “I have other problems”) and low expectations (“all services are like this anyway”). Each individual seems to have a personal tolerance level – the actual nature of the “final straw” is probably irrelevant (Gaster & Squires 2003:58).

The SSMO facilitates the resolution of problems of a procedural nature that have not been resolved by SARS offices through the normal channels (Tustin, De Clercq & Venter 2006:30). Another reason why the number of complaints to the SSMO should not be the only yardstick for service quality is that the literature on service quality clearly distinguishes various service dimensions which constitute the total service quality construct (Babakus & Boller 1992:255; Grönroos 1984:37; Parasuraman, Zeithaml & Berry 1985:47; Philip & Hazlett 1997:270). As the SSMO focuses mainly on monitoring the procedural quality and not the technical, functional or image-related service quality, a much broader strategic evaluation of the service quality is required to enable a clear understanding of the total service quality performance of the service provided by SARS.

SARS has clearly stated that, apart from the evaluation done by the SSMO, when the Service Charter is introduced, the Charter will enable taxpayers to evaluate SARS on the levels of service SARS has rendered in terms of achievable and measurable performance standards (SARS 2005a:26). Croome (2006:2) is of the opinion that it is important that SARS reports regularly on the service levels that taxpayers experience and on the measures taken to address deficiencies in service levels. Croome (2006:2) also argues that the acid test of the efficacy of the Service Charter will be the levels of service taxpayers actually experience, measured against the prescribed levels (Croome 2006:2).

Some attempts have been made to gather opinions with regard to the perceptions that taxpayers hold of the services SARS provides. Three different reports by the Bureau of

Market Research (Department of Taxation 2005; De Clercq, Tustin & Venter 2006; Tustin *et al.* 2006) investigated the views of different sectors of small and medium enterprises in Gauteng with regard to tax management and administrative skills.

In all three reports only two questions were posed. They requested information with regard to the SARS service quality. The first question dealt with the working relationship of the establishment concerned with SARS. Although the majority of respondents (more than 60% in all three reports) indicated that they had received average to above-average service, this is not yet in line with the goal of the SARS Service Charter, which suggests that SARS strives to provide excellent service (Department of Taxation 2005:131). In the second question, six aspects of SARS's service were identified and all six service aspects included in the surveys received an above-average evaluation. The call centre service was rated lowest in all three reports (Department of Taxation 2005:152-153).

No indication was provided for why only six aspects were selected and what method was used to select the six aspects used to measure the services. Determining the perceptions of the sample population regarding the services which they received from SARS was listed as one of the objectives of all three studies, but the reports only included the service quality questions in the questionnaire, the responses to the questions, and an interpretation of the answers to these questions. The reports fail to explain the methodology used. First, the reasons for including the perceptions of the services provided by SARS are not given. Second, the theoretical construct on which the questions were based is not discussed. The reports state that the design of the questionnaire was based on input not only from the research team but also from the National Treasury and SARS. The level and extent of such involvement by the National Treasury and SARS are, however, not clear.

Another opinion poll is the "tracker survey", an ongoing survey of perceptions and attitudes regarding the South African government. In general it tracks shifts in perceptions, informs SARS taxpayer education campaigns and establishes the impact of these campaigns (SARS 2005a:35). A representative spread of South African citizens aged 18 years and older is polled daily throughout the year, and the results are collated each quarter (SARS 2005a:35). From the beginning of 2004, questions relating to SARS and taxation have been included in the tracker survey. SARS has used the tracker to establish benchmarks

on taxpayer consciousness, taxpayer literacy and compliance perceptions (SARS 2005a:35).

In 2006, the SARS Practitioners Unit, as part of developing a comprehensive practitioner-specific service strategy, began to engage quite extensively with practitioners by means of an electronic survey, a number of focus group discussions and a series of individual engagements (SARS Practitioners Unit 2006). This was done in order to understand the tax practitioners' specific perceptions of and needs with regard to SARS and the services SARS offers (SARS Practitioners Unit 2006). The main focus of the survey questionnaire was not the quality of the current offerings – instead, it took the form of a needs analysis. Of the 101 questions in the questionnaire, only 12 questions related either directly or indirectly to the services SARS provides. The rest related either to profiles or to requested service requirements, needs or utilisation. The questions in the survey that related directly to service offerings were open-ended questions requesting additional information with regard to specific service areas. In a few closed-ended questions, practitioners were requested to rate the service of the call centre and the branch offices. This questionnaire focused only on the “customer contact” or “front office” aspects of the service offerings of SARS. No evaluations of the perceptions of the “back office” or technical dimension of service quality were performed. Also, no questions were posed with regard to the public image of SARS or its infrastructure.

Another survey was designed primarily to determine the tax compliance burden for small and medium enterprises, but it did include a number of questions relating to the SARS service standards (Smulders 2006). The questions focused on many of the service quality items reflected in the SARS Service Charter, most of which are procedural. Again, opinions were not tested on the technical service levels, or on SARS's public image and on its infrastructure. The inclusion of the various questions also appeared to be random and there was no systematic process that could provide a rationale for the inclusion of specific questions or that could ensure the comprehensiveness of the questions asked. Although the SARS Service Charter was not yet fully operational when the survey was distributed, it was clear from the responses received that, apart from the time taken to assess a tax return, SARS performed far below the promised service standards set out in the Service Charter, which had to be complied with fully by October 2007.

Unfortunately, all the attempts to establish the perceptions of taxpayers with regard to the services rendered by SARS were fragmented and none have focused on the overall quality of services provided by SARS. Most were limited to a few isolated questions on taxpayers' perceptions with regard to encounters with SARS. Thus, there is currently no service quality model that could be used to generate structured information on the actual performance of SARS or the quality of the services it renders, as perceived by taxpayers.

In its annual report for 2005, SARS (2005a:26) admits that detailed and reliable tracking methodologies to determine service standards of SARS still require a lot of refinement. Two individual interviews with employees at the SARS head office in Pretoria, Mr Edward Kieswetter, the then General Manager: Operations (2006b) and Ms Tasneem Carrim, Head: Communications (2006), revealed that SARS is still only in the planning phase of developing a strategy to measure its actual service levels.

As early as the 19th century, Woodrow Wilson (1887:215) pointed out that public opinion of the quality of public administration is important. He acknowledged the problems of making public opinion efficient without allowing it to be meddlesome, but he did not give any indication of how he believed public opinion should be gathered. People's perceptions of the services provided by public agencies (including SARS) are also beginning to play a key role in the planning, monitoring and evaluation of those services (Palfrey, Phillips, Thomas & Edwards 1992:126). Therefore, a more customer-conscious strategy involves canvassing the views of an entity's potential and actual clientèle (which includes regular surveys of taxpayers) in an attempt to monitor taxpayer satisfaction and to tailor services to the perceived needs and priorities for improvement (Dhillon & Bouwer 2005:9; Gaster & Squires 2003: 91; Katz Commission 1994:266; Palfrey *et al.* 1992:126; Seth, Deshmukh & Vrat 2005:914).

Research has shown that a revenue agency's image in the community is a key driver of voluntary compliance (Croome 2005/2006:28; Stoke *et al.* 2005:10). Higher levels of revenue collection may therefore not only ensure that the State has the resources it requires to fulfil its function, but also indicate that the State has established a relationship with its citizens which may allow the State to govern effectively (Smith 2003:4). The view is also widely held that lifelong relationship management drives the design of customer interactions, so that agencies can proactively identify which customers are at risk of

becoming non-compliant and interact with them appropriately to maximise compliance (Stoke *et al.* 2005:7).

It is well known that in South Africa there is still a problem with regard to non-compliance with tax legislation and that there is still a very extensive tax gap. Oberholzer (2008:ii) recently found that non-compliance by taxpayers is one of the main causes of the significant gap between the amount of tax that is theoretically collectable from economically active persons and that which is actually collected in South Africa. Pravin Gordhan, however, believes that a significant shift has occurred with the emergence of a “citizenship culture”, translating into higher levels of tax compliance (Ensor 2004:1).

Voluntary compliance is also maximised with better customer service that makes it easier to comply (Dhillon & Bower 2005:2). It is also contended that levels of tax compliance are enhanced when taxpayers believe they are being treated fairly (Croome 2005/2006:29). The quality of the services provided by SARS is therefore crucial, as this directly influences the onerousness of complying with one’s tax obligations. In spite of the many successes it has attained in recent years, SARS itself admits that it still has a long way to go in its pursuit of excellence (SARS 2005a:39).

In the public sector, service quality is not linked to long-term profitability, but rather to concepts such as “value-for-money”, “equity”, “public accountability” and “Citizen Charter Standards”, as well as effectiveness in achieving desired outcomes (Foster & Newman 1998:1). The key objective of the present study flows logically from the principle of public accountability and “Citizen Charter Standards”, as suggested by Palfrey *et al.* (1992:23).

The performance standard expected of SARS should be high, given SARS’s significance in the economy (Dhillon & Bower 2005:9). It is therefore of the utmost importance that the perceptions of taxpayers with regard to the public image of SARS be determined, so that this information can be used to refine any service strategies developed to ensure that tax compliance in South Africa improves even further.

In order to develop service management and marketing models, it is important to understand what customers are really looking for and what they evaluate (Grönroos 1988:10). Unfortunately, all the attempts to date have been fragmented. They did not focus on the overall services of SARS. Most were limited to a few isolated questions on taxpayers’ perceptions with regard to encounters with SARS. There is therefore currently

no service quality model available that can be used to measure SARS's actual performance or the quality of the services SARS renders, as perceived by taxpayers.

What is needed is a model of service quality, in other words, a model that describes how the quality of the services SARS provides is perceived by customers (taxpayers) (Grönroos 1984:36; Palfrey *et al.* 1992:126; Philip & Hazlett 1997:264). When the service provider understands how the services will be evaluated by the users, it will also be possible to identify how to manage these evaluations and how to influence them in the desired direction (Grönroos 1988:10). Conceptual models in service quality enable management to identify quality problems and thus help in planning for the launch of a quality improvement programme, thereby improving efficiency and overall performance (Gaster & Squires 2003:57; Grönroos 1988:10; Seth, Deshmukh & Vrat 2005:914).

The design of a service quality model for the assessment of the services provided by SARS is justified, as it is an essential means to improve the services SARS renders and therefore also voluntary compliance. Such a model would ensure an objective assessment of service quality and would not elicit a biased view driven by SARS's own perceptions or those of disgruntled taxpayers who may have had a bad experience and have approached the SSMO.

1.3 RESEARCH OBJECTIVE

The objective of the present research is to develop a service quality model that can be used as a framework for a measuring instrument to establish the perceptions that tax practitioners hold with regard to the services SARS renders.

In developing the service quality model, the relevant service quality dimensions, determinants and attributes need to be identified.

1.4 DELIMITATION OF THE STUDY

The objective of the study is to develop a service quality model that can be used to establish the perceptions held by tax practitioners with regard to the services SARS renders. The scope of the study is explained in more detail below.

- SARS collects a wide range of taxes, but the service quality model developed in the present research focuses mainly on Income Tax, Pay-As-You-Earn (PAYE), the Skills

Development Levy (SDL) and Value-Added Tax (VAT). SARS's mandate also includes the Customs Department. However, because Customs and Excise taxes are not paid by a great portion of the taxpaying population, the perceptions of taxpayers with regard to the services rendered by SARS in connection with the administration of these taxes are excluded from the service quality model proposed in the present research. The requirement to register as a tax practitioner in terms of section 67A of the Income Tax Act, No 58 of 1962 (hereafter the "Income Tax Act"), specifically excludes, in section 67A(e), any person who provides advice solely in respect of the application of the Customs and Excise Act, No 91 of 1964. Such persons are therefore also excluded from the sample population.

- SARS has drafted its own service level agreement. Although the proposed service quality model includes measures to evaluate compliance with the agreement, the effectiveness, completeness, simplicity and so on of the service agreement are not evaluated.
- The service quality model proposed in the present research can be used to measure the quality of the services provided by SARS and not the effectiveness of the services or the organisation. It may well be that the service quality is high, but that the effectiveness is very low.
- The detailed legislation regulating compliance with the various taxes levied by SARS falls beyond the scope of the present research. Legislation on any specific tax is only referred to if it may affect the quality of the SARS service levels under review.
- The most effective structure in which SARS should operate is not investigated in the present research.
- The service quality model proposed in the present research does not address the level of the overall burden of taxation in the economy, but the question of the overall tax burden cannot be ignored. Firstly, taxpayers' perceptions of what is fair and just can change rapidly (Katz Commission 1995:9), and this can have a negative impact on tax morality and possibly also on the ways in which SARS as an institution (and therefore its service levels) is perceived.
- The service quality model proposed in the present research does not evaluate the services that any taxpayer actually receives as a quid pro quo for paying taxes.

- SARS can influence the burden on taxpayers in fulfilling their legal obligations in two different ways. Firstly, SARS can minimise the amount of time and the degree of difficulty involved for taxpayers to meet their obligations (for example, e-filing has been introduced to minimise the burden of filing of returns). This can be summarised as minimising the burden on the taxpayer. Secondly, SARS can maximise the quality of the assistance provided to taxpayers to help them to comply with their obligations, and effectively resolve questions and issues. This can be summarised as maximising SARS's responsiveness to stakeholders. Although it is true that the two issues may be linked, they are also quite distinct. The present research focuses mainly on maximising SARS's responsiveness to stakeholders. It only addresses to a lesser extent the technological innovations or other procedural aspects introduced by SARS in an attempt to minimise the burden on taxpayers.
- In the current literature relating to the evaluation of service quality, two different links emerge. The one is the link between service quality as a function of the business (SARS) and its customers or consumers, and the other is the link between front-line staff and supporting staff. Although Curuana and Pitt (1997) and Reynoso and Moores (1995, cited in Seth *et al.* 2005:946) continuously point out the positive correlation between delivery of services and business performance and the service quality delivered to the customer, only the service quality as perceived by a segment of the customers (tax practitioners) could be evaluated by the service quality model proposed in the present research. Any conclusions on the service quality as perceived by the customer may, however, indicate possible strong or weak points in the relationship between the front-line staff and support staff.
- Some models are designed to assist in the development or improvement of service quality. There are also models for the measurement (internal and external) of service quality. Various models provide insight into the determinants of service quality, but in the present research only the external measuring models are analysed. An external measurement model is therefore proposed. It should be noted that the outcome of using the service quality model proposed in the present research may indicate areas where SARS still needs to improve its service quality, and that possible service quality improvement models may be applicable in such cases.
- In evaluating models and developing a model, both methodological soundness and managerial usefulness are assessed. As the purpose of the present research is to

assist SARS in its endeavour to improve service quality, without sacrificing the validity or the reliability of the instrument, managerial usefulness outweighs the methodological shortcomings.

1.5 RESEARCH METHOD

The research methodology applied in constructing a model to meet the primary research objective of the study is explained in this section.

The present research is qualitative by nature and specifically adopts an interpretive orientation, which seeks to understand phenomena and to develop theory or build models or frameworks which can be tested empirically in later research (Cooper & Schindler 2001; Leedy & Ormrod 2005; Welman, Kruger & Mitchell 2005). For this reason, the research problem was not stated in the form of null hypotheses which the research would aim to reject using statistical techniques, but was framed as a broad research objective.

Although the research is mainly qualitative in its approach, it also has a positivist underpinning, as it is based on the broad premise that an ideal norm or standard exists against which the service delivery levels of SARS can be tested. The research does not merely seek to understand, but to develop a model based on an ideal standard or norm. The service quality model proposed is a service quality model that can be used as a framework for a measuring instrument to evaluate the quality of the services SARS renders, as perceived by tax practitioners.

The first step in the research was a detailed literature review carried out to establish the definition of the theoretical constructs to be used in the research. The outcome of the literature review served as a theoretical underpinning for the development of the proposed service quality model.

In addition to the literature review, for the development of the service quality model, the primary data was collected *inter alia* by means of a group interview. In addition to the group interview, the open-ended questionnaire option was chosen as the primary instrument for data collection in the present research.

The unit of analysis and population consisted of all tax practitioners registered with SARS in terms of section 67A of the Income Tax Act at the time the questionnaires were

distributed. No statistical sampling techniques were used, as the questionnaires were administered to the entire population of registered tax practitioners.

The group interview questionnaire was distributed to all 22 attendees at the group interview. Six completed questionnaires were returned, representing a response rate of 27.3%. The total population of approximately 17 000 tax practitioners returned 811 completed questionnaires, which represents a response rate of approximately 5%. Gremler (2004:73) found that the average number of responses in the 115 critical incident technique studies investigated was 341. The response rates in the present research can therefore be considered satisfactory.

The design of the open-ended questionnaire (measuring instrument) was based on the principles of the critical incident technique. The questionnaire was used to collect what is referred to as “critical incidents” that were analysed into a classification scheme using the content analysis method. The data analysis involved three processes. The first was the identification of usable critical incidents. The second was the development of a classification scheme for the content analysis. The third was a content analysis of the identified critical incidents.

After the preparation of the summaries of the frequencies of the responses in the relevant classification scheme, a process of natural language argument was used to convert the data analysis results and the relevant elements of the theory based on the literature survey into the proposed service quality model.

1.6 STRUCTURE OF THE THESIS

The main outcome of the present research takes the form of a thesis. A discussion of the structure of the thesis is provided below.

1.6.1 Chapter 1

The first chapter provides an introduction and background to the present research and also sets out the research objective. The rationale for the present research is discussed, the delimitation of the present research is explained and the research design and methodology are briefly summarised.

1.6.2 Chapter 2

The purpose of Chapter 2 is to identify and to define the theoretical constructs that are relevant to the purposes of the present research.

As the perceptions that tax practitioners hold with regard to the services of SARS can be evaluated through the measurement of either service quality or customer satisfaction, Chapter 2 commences by distinguishing between service quality and customer satisfaction, firstly, to ensure that the correct construct is measured to achieve the objectives of the study and, secondly, to understand exactly what is to be measured in the present research. To enhance understanding of the inherent characteristics and problems of the phenomena of services, quality and perceived service quality, and to ensure that any measuring instrument that is developed in the present research incorporates all the relevant aspects needed to measure the construct of interest comprehensively, the chapter then proceeds to define services, quality and perceived service quality by means of an analysis of the existing literature.

1.6.3 Chapter 3

A thorough understanding of the combined term, namely the service quality construct, is required in order to understand exactly what is being measured. Chapter 3 presents the results of a comprehensive literature review of the perspectives that relate to the research on the service quality construct that focuses on the principles identified in Chapter 2.

1.6.4 Chapter 4

Chapter 4 provides a detailed description of the research methodology used in the present research. This chapter commences with the research orientation, presents detailed information about the unit of analysis and population and describes the research method used in collecting, analysing and interpreting the primary data.

1.6.5 Chapter 5

Because the services offered by SARS consist of both traditional and electronic services (hereafter “e-services”), a distinction is made between the traditional service modes and the e-service modes. Chapter 5 presents the results of the data analysis for the traditional services.

1.6.6 Chapter 6

SARS provides e-services through its website and the e-filing option (the online filing and assessment service). Chapter 6 presents the results of the data analysis for the e-services.

1.6.7 Chapter 7

The final chapter, Chapter 7, starts with a summary of the theoretical constructs as identified and defined in the literature review. The chapter then provides a summary of the research method used to build the service quality model. The proposed service quality models (for both the traditional services and the e-services) are then presented. The validation of the proposed service quality models is also explained. The chapter provides a critical evaluation of the present research and concludes with suggestions for future research.

1.7 SUMMARY

This chapter has provided an introductory discussion of the scope of the present research. It set out the background, rationale and objective of the present research. The structure of the present research in achieving the stated objective was discussed. The next chapter defines the theoretical constructs relevant to the present research.

CHAPTER 2

IDENTIFYING AND DEFINING THE THEORETICAL CONSTRUCTS

2.1 INTRODUCTION

The objective of the present research is to develop a service quality model that can be used to establish the perceptions that tax practitioners hold with regard to the services SARS renders. As the perceptions can be evaluated through the measurement of either service quality or customer satisfaction, this chapter begins by distinguishing between service quality and customer satisfaction. This was done, firstly, to ensure that the service quality model is based on the correct measurement construct to achieve the objectives of the study and, secondly, to understand exactly what is to be measured by the model proposed in the present research. To enhance understanding of the inherent characteristics and problems of the phenomena of services, quality and perceived service quality, and to ensure that the model that is developed in the present research incorporates all the relevant aspects needed to measure the construct of interest comprehensively, the chapter then proceeds to define **services**, **quality** and **perceived service quality** by means of an analysis of the existing literature.

2.2 SERVICE QUALITY VERSUS SATISFACTION

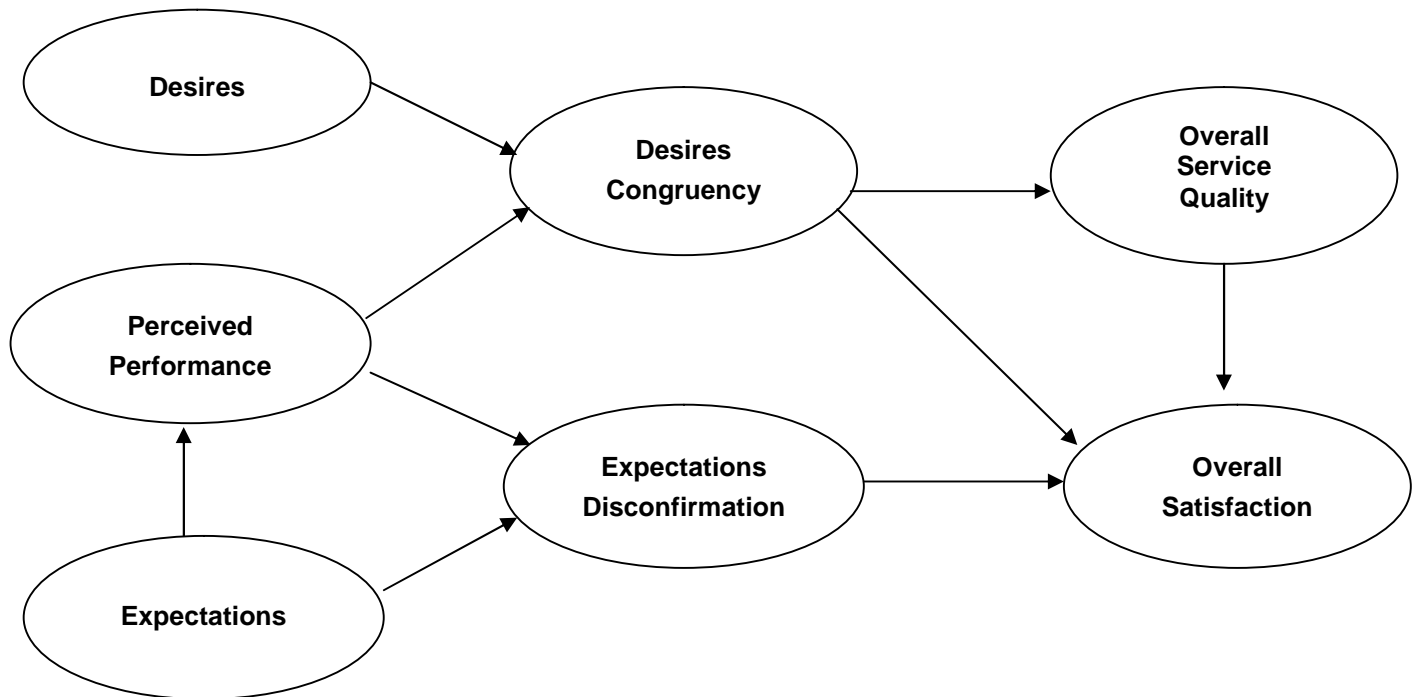
Some researchers, such as Johnson and Gustafsson (2000) and Marx (2005:10), avoid addressing the difference between service quality and satisfaction and use both terms interchangeably in practice and in theory. By contrast, other researchers, such as Berry, Parasuraman and Zeithaml (1988), Czepiel, Solomon, Surprenant and Gutman (1985), Dabholkar, Shepherd and Thorpe (2000:166), Olivier (1993), Parasuraman, Zeithaml and Berry (1986, 1994), Rust, Zahorik and Keiningham (1995), Schneider and White (2004) and Spreng and Mackoy (1996) argue that, while service quality and customer satisfaction are related, they are two distinct constructs. Service quality is a global judgement or attitude relating to the superiority or excellence of the service, whereas satisfaction is related to a specific transaction. This implies that satisfaction is less enduring and more situationally oriented (Bolton & Drew 1991:2; Lewis 1993:4; Parasuraman *et al.* 1986:5). Schneider and White (2004:51-53) suggest that service quality is a consumer's judgement about the service itself (in other words, it is descriptive and based on fact), whereas

satisfaction is more of a judgement of how the service affects the consumer emotionally (in other words, it is more evaluative and it is based on emotion).

Both service quality and customer satisfaction are usually measured by means of the gap approach, that is, the difference between perceptions and expectations (Rust *et al.* 1995:9). The difference between service quality and customer satisfaction arises mainly because of different definitions of expectations. In the service quality literature, expectations are regarded as the desires or “wants” of consumers, in other words, what customers feel a service provider should offer them, rather than what a service provider would offer (Parasuraman *et al.* 1986:6). By contrast, customer satisfaction is believed to result from a comparison between what did happen in a service experience on the one hand and what customers believed (predicted) would happen on the other (Bitner 1990:70; Gilbert, Churchill & Surprenant 1982:492; Parasuraman *et al.* 1986:6; Schneider & White 2004:53). Since a consumer's expectation in a satisfaction context represents a prediction, it is expressed by a mean expectation value, with a degree of uncertainty surrounding the mean, because the consumer is unsure about what to expect. By contrast, since a consumer's expectation in a service quality context represents what he or she desires, that expectation can be regarded as a distinct value with little or no uncertainty surrounding it (Parasuraman *et al.* 1986:6).

It was originally believed that the two constructs were related, in that incidents of satisfaction decay over time into an overall consumer attitude or judgement of perceptions of service quality (Bitner 1990:80; Parasuraman *et al.* 1986:5). Further research altered the original beliefs about customer satisfaction. It was found that it might be more correct to regard service quality as an antecedent of customer satisfaction (Dabholkar *et al.* 2000:166; Olivier 1993; Parasuraman *et al.* 1994; Spreng & Mackoy 1996). Spreng and Mackoy (1996:209) modified a model originally developed by Olivier (1993) because they found empirical evidence that illustrates that service quality is an antecedent of customer satisfaction (see Figure 2.1).

Figure 2.1: Spreng and Mackoy’s final model containing completely standardised parameters for perceived service quality and satisfaction



Source: Spreng and Mackoy (1996:209)

The above model illustrates that the Desires Congruency (a gap scale in the service quality measurement) has a significant effect on overall satisfaction, while the expectations disconfirmation (the difference between what is projected and the perceived performance in the customer satisfaction theory) does not affect overall service quality (Spreng & Mackoy 1996:209). This implies that customer satisfaction is a consequence of service quality. The effect of service quality on customer satisfaction was further refined by Dabholkar *et al.* (2000), who found that customer satisfaction strongly mediates the effect of service quality on behavioural intentions (see Figure 2.2).

Figure 2.2: Mediating model of customer satisfaction on behavioural intentions



Source: Dabholkar *et al.* (2000:141)

Dabholkar *et al.* (2000:166) also found that customer satisfaction is a much better predictor of behavioural intentions, whereas service quality is more closely related to specific factor evaluations about the service. Schneider and White (2004:53) agree that the service quality construct is best used to diagnose the way the organisation performs, while the customer satisfaction construct is best used to diagnose the way customers feel and their behavioural intentions. Behavioural intentions in the marketing literature relate predominantly to purchase intentions, particularly to customer loyalty and the intention to repurchase in relation to optimising sales, as well as the net profit of the organisation.

In the case of SARS, a taxpayer (and therefore also a tax practitioner) does not have the choice of a different service provider, or the choice to abandon the system, which implies that these behavioural intentions are not relevant to the present research. This recognition is in line with the opinion of Gaster and Squires (2003:43), who argue that public service quality “can never simply be about ‘satisfying’ or ‘pleasing’ the ‘customer’, since it has wider responsibilities laid on it by society”. The evaluation of the service quality construct is therefore the most suitable construct to measure the services rendered by SARS.

2.3 SERVICES

2.3.1 Meaning of “service”

A service is a complicated phenomenon (Grönroos 1988:10). The word has many meanings, ranging from a personal service to a service as a product. The scope of the meaning of the term can be even broader. Berry, Zeithaml and Parasuraman (1985:44) define services as “performances, not objects”. Gaster and Squires (2003:7) partly agree with this definition, as they define services as “experience goods”.

From the above definitions it is clear that a service differs from goods, but it is not completely clear what the nature of a service is. As the focus of the present research is a service rather than goods, it would be preferable to use a definition that identifies the essential characteristics of a service for the purposes of the present research. The characteristics of a service are identified as **intangibility** (Boshoff 1990; Eiglier & Langeard 1977; Grönroos 1978; Schneider & White 2004; Upah & Fulton 1985), **relative inseparability** (Eiglier & Langeard 1977; Gaster & Squires 2003; Grönroos 1978; Schneider & White 2004), **interdependence** (Czepiel *et al.* 1985; Eiglier & Langeard 1977;

Grönroos 1984; Haywood-Farmer 1988; Kelly, Donnelly & Skinner 1990; Speller & Ghobadian 1993a) and **heterogeneity** (Anthony & Govindarajan 2000; Eiglier & Langeard 1977; Gaster & Squires 2003; Haywood-Farmer 1988; Schneider & White 2004).

2.3.2 Characteristics of services

2.3.2.1 *Intangibility*

Possibly the most fundamental and most frequently mentioned of the various characteristics of a service is the defining characteristic of intangibility (Boshoff 1990:37; Eiglier & Langeard 1977: 36; Grönroos 1978:591; Schneider & White 2004:6; Upah & Fulton 1985:255). This characteristic implies that pure services cannot be seen, touched, held, tasted, smelled or stored – they have no physical manifestation (Schneider & White 2004:6; Speller & Ghobadian 1993a:2; Upah & Fulton 1985:255). At a conceptual level, this characteristic is difficult to analyse because one cannot grasp it, except in contrast to tangible goods. It is therefore an imperfect definition because it only tells us what services are not, not what they are (Eiglier & Langeard 1977:33). Upah and Fulton (1985:255) attempted to address this deficiency. They define service intangibility as involving such things as “physical effort, thought processes, demeanour, appearance, and the use (but not ownership) of goods or facilities”.

Services are not all intangible. Instead, they may be seen as being arrayed on a continuum of intangibility, with pure services (which have no tangible component) at the one extreme of the continuum, and pure goods (which have no intangible component) at the other extreme (Schneider & White 2004:7). However, most services fall between the two extremes of the intangibility continuum, because they have both tangible and intangible elements (Schneider & White 2004:7). Services rendered by SARS probably lie closer to pure services on the intangibility continuum.

Because of its intangibility, a precise evaluation of the quality of service output is difficult (Eiglier & Langeard 1977:44; Haywood-Farmer 1988:20). Not only is it difficult to measure service quality, but one cannot store a service, thus removing the possibility of a final quality check such as that commonly found in the manufacturing sector (Haywood-Farmer 1988:20). The possible consequences of service failure might also be more severe. When

there is no physical product that can be repaired or returned when service quality is poor, clients tend to use the media to voice their dissatisfaction (Eiglier & Langeard 1977:44).

Schneider and White (2004:6) clearly state that pure services are essentially processes that are experiences which yield psychological experiences more than they yield physical possessions. In measuring a service, it should therefore be taken into account that a psychological process is to be measured, and not physical goods. This is the reason why the perceptions of the users of the service are obtained. Moreover, caution should be exercised in analysing the results, as it should be borne in mind that, although the measurement might not be completely accurate, it may be the best indication of the service quality obtainable from the users of the service.

2.3.2.2 *Relative inseparability*

Pure services, which are composed entirely of a delivery experience, cannot be produced at one time and in one place and then be stored for later use somewhere else. A service can also not be “sent back” (Eiglier & Langeard 1977:37-39; Gaster & Squires 2003:97; Schneider & White 2004:7). There is therefore a relatively small time-gap between production and consumption, and services are often consumed as they are produced (Grönroos 1978:591; Schneider & White 2004:7; Speller & Ghobadian 1993a:2).

The inability to produce services long before they are consumed means that the same problem arises as with intangibility, because there is no way of producing a service, checking it for defects, and then delivering it to a customer (Eiglier & Langeard 1977:37-39; Grönroos 1978:591; Schneider & White 2004:7). The effectiveness of a service cannot be guaranteed in advance, merely “assured” on the basis of the proven expertise of the supplier at a previous “service encounter” (Gaster & Squires 2003:7).

SARS renders different types of service. The services of registering taxpayers, assessing their tax returns and processing any tax payment can technically be separated, as there could be internal processes to check for the incorrect capturing of the registration, return and payment. There could also be additional internal processes to ensure the correct assessment of the tax return. The tax practitioners can also assess the accuracy of the service of assessment. On the other hand, when, for example, a tax practitioner visits a SARS office with a tax query or telephones the call centre, the service could be regarded

as inseparable, as the response of the SARS employee cannot be checked for defects before any communication takes place between the two parties.

In view of the fact that each of the services of SARS can lie at a different point on the separability-inseparability continuum, in the evaluation of the services SARS offers, the different services should be measured separately. The relative inseparability of the specific service should be taken into account in the analysis of service quality results and in any recommendations that are proposed. So, for example, for the assessment of a tax return, more internal checking processes may be recommended in the case of low perceived service quality, but with regard to the call centre, additional training of staff or better internal communication between the back-line and front-line employees at SARS may be recommended.

2.3.2.3 *Interdependence*

One unique aspect of services is that the customer is not simply the user of the service, but also participates in the production and delivery of the service (Czepiel *et al.* 1985:3; Eiglier & Langeard 1977:36; Grönroos 1984:37; Haywood-Farmer 1988:20; Kelly *et al.* 1990:1; Speller & Ghobadian 1993a:2). This may be referred to as “interdependence”, which can be defined as “the effect interacting persons have on each other’s outcomes in a social relationship” (McCallum & Harrison 1985:35).

For many services, the customer is required to contribute information or effort before the service transaction can be consummated (Kelly *et al.* 1990:1). A service organisation does not function well unless the role of the customer (for example, the information or effort contributed) is adequately fulfilled (Eiglier & Langeard 1977:37; Kelly *et al.* 1990:1; McCallum & Harrison 1985:35). Hence, service productivity and quality depend not only on the performance of the service providers’ personnel, but also on the performance of the consumer (Philip & Hazlett 1997:262).

By analogy, the services rendered by SARS with regard to the registration of taxpayers depend in part on the quality and completeness of the relevant information on the form submitted by the tax practitioner. It should thus be acknowledged that the service quality of SARS as perceived by tax practitioners should be looked at within the context of an interdependent social interaction, and additional information from SARS itself regarding

internal service quality results might balance the perceptions expressed by the tax practitioners.

Service encounters may also vary greatly in terms of the degree and mutuality of interdependence that they entail. This is generally very high in the case of public administration, and it is never entirely absent (Eiglier & Langeard 1977:54; McCallum & Harrison 1985:35). At one extreme, highly bureaucratized public administration encounters, such as those involved in the issuance of a renewed driver's licence, place the consumer in a highly dependent position with little or no power over the outcomes of the provider, while the provider may exercise power over the consumer's rewards and costs (McCallum & Harrison 1985:36). It should therefore also be taken into account that SARS has a great deal of power in the interdependent social interactions under review and that the taxpayer (and thus indirectly the tax practitioner) is in a highly dependent position. So, for example, SARS could exercise its power to freeze the bank account of a particular taxpayer, even if the taxpayer, through his or her tax practitioner, has provided full cooperation and participation, but the other party to the social interaction (SARS) has not performed well with regard to capturing or processing certain information.

2.3.2.4 *Heterogeneity*

Another characteristic in the study of service activities is the fact that services are heterogeneous (Eiglier & Langeard 1977:33; Schneider & White 2004:8). On the one hand, because the majority of services are not automated and are only standardised up to a point, there may be great variations over time (Eiglier & Langeard 1977:42). On the other hand, the human element in the production and delivery of services may mean that no two service experiences are identical, as people's performance fluctuates continuously (Czepiel *et al.* 1985:3; Schneider & White 2004:8). Different customers might have different demands that need to be met, or different service personnel might go about meeting the same customer demands somewhat differently at different times (Schneider & White 2004:8). This relative heterogeneity can make it more difficult to measure services and to do quality control checks ahead of time to ensure that the services meet uniform standards (Schneider & White 2004:8). Because of the impossibility of measurement against exact uniform standards, even when each customer receives exactly the same quality of service, depending on his or her individual circumstances, each customer could evaluate these services differently (Haywood-Farmer 1988:20).

One of the results of the heterogeneity of services is that services cannot be standardised in a production process and are therefore very labour intensive (Anthony & Govindarajan 2000:621; Gaster & Squires 2003:7). A further result of the fact that all services cannot be performed in one “factory” and cannot be distributed to “warehouses” to be sold is that most service organisations operate many units in various locations (Anthony & Govindarajan 2000:621).

In order to ensure that the results of the study truly reflect the perceptions of tax practitioners (and indirectly the perceptions of the taxpayers), the response rate has to be large enough and there has to be high representation from the many locations where SARS’s services are performed. It is acknowledged that because services are labour intensive, quality improvement cannot be achieved by adjustments to production processes, and might take longer to be effective and might even cost more than would be the case for physical goods.

2.4 QUALITY

2.4.1 The meaning of “quality”

Although at first glance, it may seem simple to define quality, it is difficult to establish a single, universal definition for the term (Grönroos 1988:11; Lawton 1989:34; Schneider & White 2004:9). However, it is of limited value to contemplate measuring service quality without defining what service quality is. Efforts to define and measure quality originated in the goods sector of the private sector (Gaster & Squires 2003:6; Parasuraman *et al.* 1985:1). According to the Japanese philosophy that prevailed in the mid-1980s, quality is “zero defects – doing it right the first time” (Parasuraman *et al.* 1985:1). Lawton (1989:34) partly agrees with this philosophy in that, although he does not define quality, he argues that once problems have been eliminated, what is left is excellence or quality. Because of the unique characteristics of services, it is often difficult to adopt a “zero-defect” or “elimination of problems” approach, as services are intangible and defects or problems subjective. Several researchers from the early 1980s onwards (Garvin 1984; Grönroos 1988; Gummesson 1992; Juran 1988; Lawton 1989; Schneider & White 2004) have realised that there is a need to refine the definition of quality within the service environment. Various approaches to defining quality have emerged. These approaches, namely the philosophical, the technical, the user-based and value-based approaches are

investigated in more detail below to identify the most suitable approach for the present research.

2.4.1.1 *The philosophical approach*

According to the philosophical approach, also called the transcendent approach of philosophy, quality is both absolute and universally recognisable, a mark of uncompromising standards of high achievement (Garvin 1984:25). Proponents of this view claim that quality cannot be defined precisely; instead, it is a simple, unanalysable property that people learn to recognise only through experience (Garvin 1984:25). This approach borrows heavily from Plato's explanation of beauty. Like other terms that philosophers consider to be "logically primitive", beauty (and perhaps quality as well) can only be understood after one is exposed to a succession of objects that display that characteristic (Garvin 1984:25).

The drawback of transcendent or philosophical definitions is that they leave quality open to loose statements and dishonest manipulations (Gummesson 1992:183). Schneider and White (2004:10) are of the opinion that, because quality, as viewed from a philosophical perspective, is unknowable and immeasurable, this approach is useless from a research perspective.

2.4.1.2 *The technical approach*

A technical specification of a service is frequently considered to be the quality of the service or at least the most important feature of its perceived quality (Grönroos 1988:11). The technical approach views quality objectively. The approach could be divided further into the **product attribute approach** and the **manufacturing approach**.

The **product attribute approach** regards differences in quality as a reflection of differences in the quality of some ingredient or attribute possessed by a product or service (Garvin 1984:26). So, for example, high quality ice cream has a high butter fat content, just as fine rugs have a large number of knots per square inch (Garvin 1984:26). Because quality reflects the presence or absence of measurable product or service attributes, it can be assessed objectively, and it is based on more than preference (Garvin 1984:27).

There are various problems with this approach. Firstly, improved quality can only be obtained at higher cost. Secondly, quality is regarded as an inherent characteristic of the services (goods), rather than as something ascribed to them (Garvin 1984:27). Klaus (1985:21) is of the opinion that this approach is not suitable in a service encounter environment. Garvin (1984:28) regards the primary focus of this approach as internal. As several services rendered by SARS encompass service encounter interaction with tax practitioners, either by telephone or in face-to-face encounters, and as the study investigates the views of external (not internal) users of the service, a product attribute approach was not considered to be suitable for the current research.

Although international benchmarking might be a tool in defining the quality of SARS using the product attribute approach, SARS does not have competitors in the South African market. This makes the product attribute approach unsuitable, because a primary goal of measuring service performance using the product attribute approach is usually to work towards becoming equal or superior to competitors with regard to the quality of competing services (Juran 1988:4).

A slight variation of the previous approach is found in the **manufacturing approach**, which regards quality as a precise and measurable variable (Garvin 1984:25). This approach is also called objective quality and conformance quality. In this approach, services are regarded as special types of goods. Good quality is taken to mean that goods are compliant with standards and are free of deficiencies (Juran 1988:5; Klaus 1985:19).

The product-based and manufacturing-based quality notions may appear to be similar, but they are in fact quite distinct. Product-based definitions are linked to design (concept design), whereas manufacturing-based definitions are related to the delivered service (Gummesson 1992:184). This fairly objective approach to measuring quality still has a place in measuring the technical outcomes of service experiences (for example, the correctness of a tax assessment) (Schneider & White 2004:11). For services, time can also be used as an example. The SARS Service Charter (SARS 2006f) sets predetermined standards with regard to the periods allowed for the various services (concept design), which implies that the manufacturing approach would define quality as conformance with these standards. Part of the present research therefore uses the manufacturing approach to defining quality as the conformance of SARS with its own Service Charter.

The manufacturing approach cannot be the only approach used to measure the quality of the services SARS renders. For example, the product attribute of the answering of calls by the call centre is to answer 90% of all calls within 20 seconds. Whether this is good service quality or not cannot be judged, but the manufacturing approach of defining quality could result in a situation in which employees strive to achieve this standard. This may then mean that some employees may not deal with calls adequately, in an attempt to deal timeously with the next incoming call, or that they may even put tax practitioners on hold in order to answer the next call within the prescribed time.

In reality, customers often perceive quality as a much broader concept, and non-technical aspects may dominate the quality experience (Grönroos 1988:11). It is thus clear that a broader definition of quality is required to be able to measure the full quality phenomenon.

2.4.1.3 *The user-based approach*

The user-based approach starts from the premise that quality is “in the eyes of the beholder” (Garvin 1984:27). It is therefore subjective, hinging on the individual perceptions of customers. The goods or services that best satisfy their preferences are then those which they regard as having the highest quality (Garvin 1984:27; Gummesson 1992:184; Schneider & White 2004:10). The quality of a service is therefore judged to be high when customers say it is (fitness for use) and this does not always mean that the service conforms to technical criteria (Berry *et al.* 1988:35; Grönroos 1988:11; Juran 1988:5; Schneider & White 2004:10). This approach is the closest to the definition that is now universally accepted (Gummesson 1992:184). Because of the nature of service delivery, it is particularly appealing as an approach to defining quality in the realm of services (Schneider & White 2004:10).

In the marketing literature the user-based approach has led to the notion of “ideal points” – precise combinations of product attributes that provide the greatest satisfaction to a specified consumer (Garvin 1984:27). Each of these concepts, however, creates two problems. The first is practical, namely how to aggregate widely varying individual preferences so that they lead to meaningful definitions of quality at the market level (Garvin 1984:27). The second is more fundamental, namely how to distinguish those product attributes that connote quality from those that simply maximise consumer satisfaction (Garvin 1984:27). The aggregation problem is usually resolved by assuming

that high-quality products are those that best meet the needs of the majority of consumers (Garvin 1984:27). Unfortunately, this approach ignores the different weights that individuals normally attach to quality characteristics. This makes devising an unbiased statistical procedure for aggregating such widely varying preferences difficult (Garvin 1984:27). A more basic problem with the user-based approach is its equation of quality with maximum satisfaction (Garvin 1984:27). While the two are related, they are by no means identical (Garvin 1984:27). A product or service that maximises satisfaction is certainly preferable to one that meets fewer needs, but it is not necessarily also a better service (Garvin 1984:27).

It is widely recognised that quality is not an objective thing, but rather a concept construed by the service user (Berry *et al.* 1985:45; Philip & Stewart 1999:2). Despite all the shortcomings of this approach, Boothe (1990:65) summarises the importance of this approach in the following statement: “In the uncertain world of providing services, one thing is certain: the customer defines quality”.

2.4.1.4 *The value-based approach*

The value-based approach defines quality in terms of costs and prices (Garvin 1984:28). It is a question of the consumers’ own personal assessments of what they get in relation to the price they are able and willing to pay (Gummesson 1992:184). The difficulty in employing this approach lies in the blending of two related, but distinct concepts. Quality, which is a measure of excellence, is equated with value, which is a measure of worth (Garvin 1984:28). The taxes payable by taxpayers are, according to the principles of Adam Smith, linked to affordability, but they are not linked with value at all. Although taxpayers receive an indirect benefit from the taxes paid (for example, protection by the police), the tax system is progressive. This means that a taxpayer with a higher taxable income pays a higher percentage of taxation, but does not necessarily receive more value (for example, greater protection from the police). This approach to defining quality is therefore not suitable for the present research.

While it may be possible to gauge taxpayer satisfaction in general with the services taxpayers receive from the State in exchange for the taxes they pay, the present research seeks to assess the perceptions of tax practitioners. By implication, the nexus between taxes paid and social services provided is absent. The cost-benefit measure is more likely

to be whether the efficiency of the service provider (SARS) enables the practitioner to recover the cost of his or her time from the taxpayer client in full.

2.4.2 Concluding remarks on quality

Technical quality definitions focus on the supply side of the equation, are objective, and are primarily concerned with engineering and manufacturing practice. By contrast, user-based definitions of quality incorporate subjective elements, because they are rooted in consumer preferences. However, Garvin (1984:29) maintains that, irrespective of the preferred approach, the characteristics that connote quality must first be identified by means of market research of customers (a user-based approach to quality) and must then be translated into an identifiable product (service attributes – a product-based approach). Next, the manufacturing process must be organised to ensure that products are made precisely to these specifications (a manufacturing-based approach to quality) (Garvin 1984:29). Garvin's (1984) comments are valid. However, although the services of SARS are already operational, SARS has indicated that it is now on a journey to ensure service quality. The first logical step would thus be to implement a user-based approach, as proposed in the present research.

Schneider and White (2004:11) found that the user-based approach is superior to an objective checklist approach in evaluating the quality of intangible services. Technical approaches are more appropriate to measuring the quality of the “what” of services, while user-based approaches are more appropriate to the “how” of services (Schneider & White 2004:11).

In the present research, the predominant approach is a user-based one, but the principles of the manufacturing approach are also incorporated to ensure that the full spectrum of quality, as perceived by tax practitioners, is captured in the proposed service quality model.

2.5 PERCEIVED SERVICE QUALITY

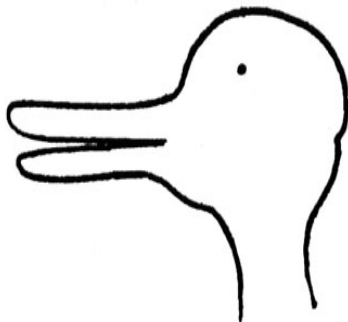
Actual quality is the real level of quality provided to the customer as seen by the organisation providing the service (Boothe 1990:65). Organisations that measure service quality quantitatively often have precise measures of these values, but it is a common

mistake for an organisation to assume that these values are the same as the perceived service quality (Boothe 1990:65).

What is to be measured by the service quality model proposed in the present research is the service quality as perceived by the tax practitioners. This may or may not differ from the actual objective quality as measured by the organisation itself. In order to enhance understanding of what is measured by the proposed service quality model, it is important to understand what “perception” entails.

Perception is defined by the *South African Concise Oxford Dictionary* as “the ability to see, hear, or become aware of something through the senses”. This definition focuses on the senses and the use thereof. The five senses (sight, hearing, touch, taste and smell) therefore all affect people’s perceptions. O’Brien (2004:1) expresses a similar view, as he defines perception as “the process by which we acquire information about the world around us using our five senses”. Lumsden and Lumsden (2000:93) acknowledge that perception is subjective. They argue that perception is “the way people ... pay attention to a stimulus and how they interpret that stimulus for themselves”. The subjectiveness of perceptions is strikingly demonstrated by the illustration in Figure 2.3.

Figure 2.3: The phenomenon of “seeing as”



Source: O’Brien (2004:7)

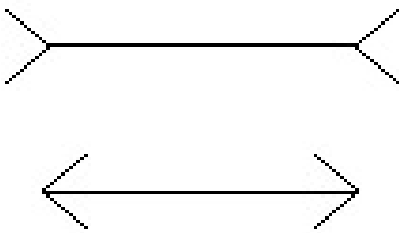
When they first look at the illustration in Figure 2.3, many people see a duck, but the character of the visual experience can be altered if the beliefs about the picture are changed to indicate a rabbit looking upward. The picture now looks different, even though it consists of precisely the same configuration of black marks on a white background. It is

thus clear that the same black marks on a white background can be perceived totally differently by different people.

There are three main reasons why perceptions are subjective. Firstly, people perceive selectively (their motives, needs, drives, wants and experiences may keep them from seeing things that are unacceptable or unknown to them). Secondly, people perceive what their background permits them to perceive (the background is usually influenced by their culture, language, gender, and previous experiences). Thirdly, people multiply their misperceptions regarding other people (thus no one can be sure how another person perceives other persons, objects or ideas) (Lumsden & Lumsden 2000:93).

The famous Muller-Lyer illusion (in O'Brien 2004:3) explains how prior experiences assist in forming our perceptual beliefs (see Figure 2.4).

Figure 2.4: The Muller-Lyer illusion



Source: O'Brien (2004:3)

The two horizontal lines above look as though the top line is longer than the bottom one, but if the person looking at the picture knows about the Muller-Lyer illusion, then the perceiver disregards what he or she sees and instead believes that the lines are the same length (which they are) (O'Brien 2004:3). Because of prior knowledge, the perceiver thus disregards what he or she "sees" in the perceptual experience.

It is clear that various factors (for example, motives, needs, drives, wants, experiences, culture, language and gender) influence how a person forms a perception. Perceptions are therefore experiential states of mind and not necessarily real (Haywood-Farmer 1988:19). Nevertheless, the perceived service quality approach still seems to form the foundation of much of the ongoing service quality research and theory development in services marketing (Grönroos 1988:11; Parasuraman *et al.* 1986:1; Schneider & White 2004:10).

Grönroos (1984:37) defines perceived service quality as “the result of the consumer's perception of the service itself”. This implies that, as Parasuraman *et al.* (1986:3) put it, perceived quality refers to “the consumer's judgement about a service's overall excellence or superiority. It differs from objective quality, it is a form of attitude, it is related but not equivalent to satisfaction, and it results from a comparison of expectations with perceptions of performance”. Haywood-Farmer (1988:19) also suggests that customers form their judgement of perceived service quality by comparing their perceptions of what they receive to their expectations of what they should receive. Expectations can thus be added to the subjective factors that may influence customers' formation of perceptions of service quality.

Boothe (1990:65) regards perceived quality as “the customer's feel for the quality of the service that has been provided”. Schneider and White (2004) argue that, in an extreme sense, the increased intangibility of service delivery means that people cannot physically touch services, but can only perceive them in their minds. Schneider and White (2004:10) therefore define service quality as “a judgment about a service's overall excellence or superiority”.

Perceived service quality is based on both a cognitive judgement (that is, an inference about the superiority of the product or service based on a rational assessment of characteristics or attributes) and affective judgement (that is, an emotional response of pleasure and arousal) (Jiang & Wang 2006).

Jiang and Wang (2006:211) found that affect (pleasure and arousal) is more likely to influence perceptions of service quality in hedonic (leisure) services and less in the utilitarian (functional) services. Jiang and Wang (2006:212) state that “utilitarian services ... provide consumers with certain functional utilities or solve practical problems such as car repairing or tax return filing”. Jiang and Wang (2006:212) also found that although pleasure is less likely to influence perceptions of service quality in utilitarian services, arousal has no effect on the perceived quality of such services. Homburg, Koschate and Hoyer (2006:27) found that as the number of experiences increases over time, the influence of cognitive factors also increases, whereas the influence of affective factors decreases.

From the above, it is clear that the proposed service quality model captures the perceived

quality of the services of SARS. Hence, such perceived service quality would tend (a) to be viewed subjectively by the tax practitioner; (b) to be predominantly a cognitive and, to a lesser extent, an affective judgement; (c) to be represented by the difference between perception of performance and expectations, and (d) to be related to, but not equivalent to satisfaction.

2.6 SUMMARY

Service quality and **customer satisfaction** are two distinct concepts. Therefore, as the development of a service quality model for the valuation of the services of SARS is the primary focus in the present research, it appears to be more appropriate to measure the service quality construct than to measure customer satisfaction.

Services and **quality** are elusive phenomena. They are therefore very difficult to define. Nevertheless, in this chapter an attempt was made to analyse and describe these phenomena. **Services** were analysed with reference to their characteristics and the possible influence of these characteristics on the measurement of service quality. The relevant characteristics are the intangibility, relative inseparability, interdependence and heterogeneity of services. All of these characteristics have a direct or indirect impact on the measurement of service quality. The measurement of services evaluates psychological experiences. Hence, the development of a service quality model for eliciting the perceptions of tax practitioners in measuring the service quality of SARS was confirmed to be appropriate for the present research. It was also established in this chapter that the service quality model should provide for the different services of SARS to be measured separately, as all the services are not located at the same point on the inseparability continuum. In analysing the results of the study, the need for triangulation was confirmed, given the characteristic of interdependence (so, for example, when a taxpayer through his or her tax practitioner does not fulfil his or her duties, this could have a very negative impact on the perceptions of the service quality of SARS). The characteristic of heterogeneity implies that the results obtained from using the proposed service quality model can only be reliable when there is a large enough response rate that is also representative of all the different locations where SARS renders its services.

Quality has been described in the light of the various approaches used by those who have studied this phenomenon. It was found that the user-based approach (defining quality from

the user's perspective) in combination with the manufacturing approach is the most suitable approach for the present research.

In line with the user-based approach to quality, **perceived** service quality was found to be influenced by various factors (for example, motives, needs, drives, wants, experiences, culture, language and gender). This implies that the service quality that is to be measured by the proposed service quality model is perceived subjectively by tax practitioners. It is also predominantly a cognitive and, to a lesser extent, an affective judgement. It is represented by the difference between perception of performance and expectations and is related (but not equivalent) to satisfaction.

Having described **services**, **quality** and **perceived service quality**, the construct of **service quality** itself also needs to be analysed in more detail, as this construct is not merely a combination of the **service** and **quality** phenomena. **Service quality** is analysed in the next chapter.

CHAPTER 3

THE SERVICE QUALITY CONSTRUCT

3.1 INTRODUCTION

In Chapter 2 it was established that services should be defined with regard to the inherent characteristics of the service. It was also determined that quality should be defined using predominantly a user-based approach.

The objective of the present research is to develop a service quality model that can be used as a framework in developing a measuring instrument to establish the perceptions that tax practitioners hold with regard to the services SARS provides. In order to achieve the objective of the present research, a thorough understanding of the combined term “service quality construct” is required in order to understand exactly what the proposed model should capture. The understanding of the service quality construct is also important for the present research to assist with the development of the proposed service quality model.

Most of the prior research on service quality was conducted in the context and from the perspective of the marketing discipline. However, the present research is not performed in the context of marketing as such. Therefore a detailed analysis of the construct is required in order to develop (an) appropriate measuring tool(s). In line with a user-based approach to defining quality, this chapter presents the results of a comprehensive literature review of the perspectives that relate to the research on the service quality construct that focuses on the customer’s (external) evaluation of quality. The outcome of the literature review of the service quality construct forms the theoretical underpinning for the development of the proposed service quality model.

3.2 DEFINING SERVICE QUALITY

Scholars from across the academic spectrum have contributed to an understanding of service quality, but, despite two decades of study and much lively debate, conceptual work on service quality can best be described as divergent. There is still much debate and many of the concepts are still in flux (Brady & Cronin 2001:44; Schneider & White 2004:29). At the core of the debate are two competing perspectives, sometimes termed the

Scandinavian and the American schools. The Scandinavian school defines service quality using overall categorical terms, whereas the American school uses descriptive terms (Brady & Cronin 2001:44). Both schools of thought highlight important aspects of service quality, but neither fully captures the construct. Because the literature has not yet arrived at any real agreement on many of the issues concerned, it is important to review many different perspectives, both old and new, and from several different conceptual and empirical approaches (Schneider & White 2004:29).

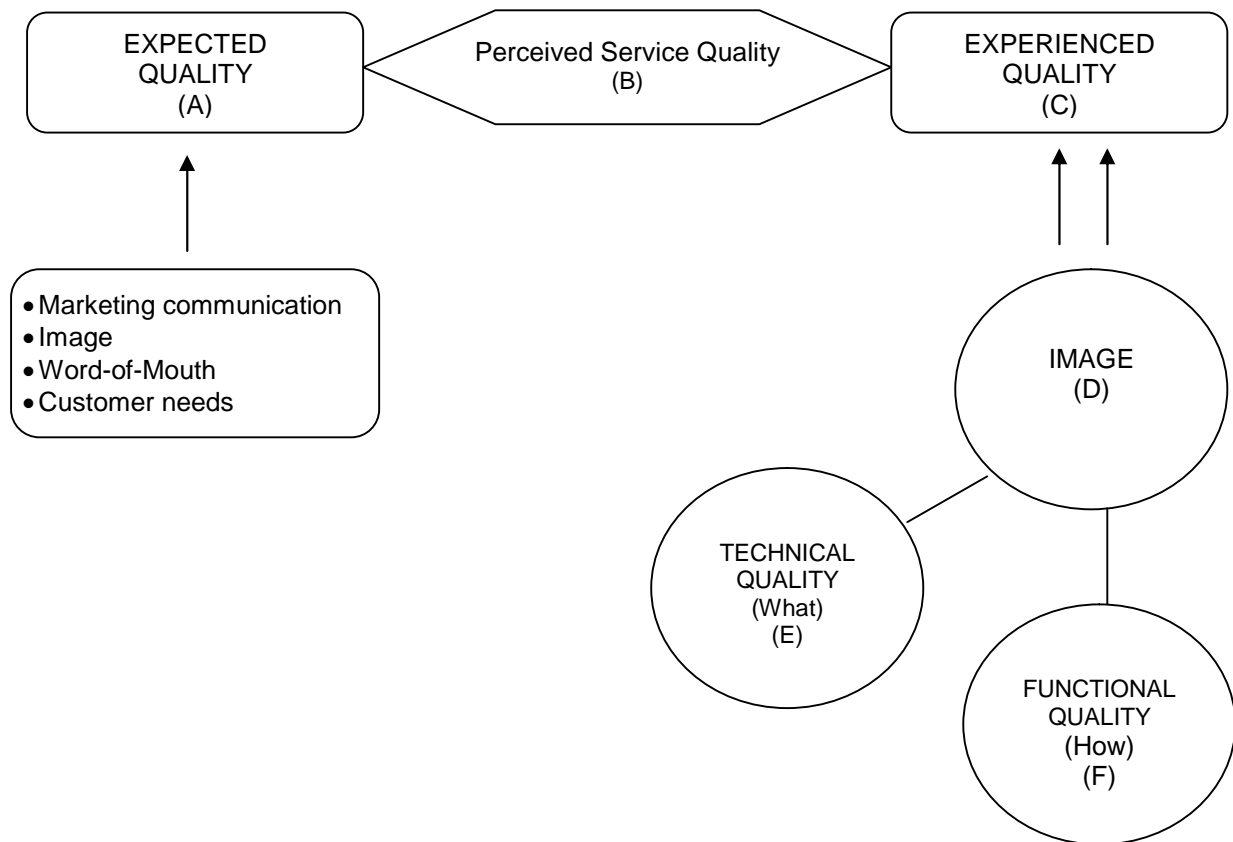
In line with definitions of quality using the user-based approach, some definitions of service quality focus on meeting customers' needs and requirements and on how well the service that is delivered matches the customers' expectations (Gaster & Squires 2003:5; Marx 2005:7; Venter & Dhurup 2005:30). Philip and Hazlett (1997:262) maintain that an all-embracing definition of service quality is notoriously difficult to produce. Grönroos (1984:36) argues that what is required is a conceptual model of service quality, in other words, a model which describes how the quality of services is perceived by customers. When the components of the service quality umbrella are known and understood, it is much easier to measure service quality. A conceptual model attempts to show the relationship that exists between salient variables. It represents a simplified description of reality (Philip & Hazlett 1997:264; Seth *et al.* 2005:914). Several authors have attempted to define service quality using conceptual models in describing the construct, including Becker and Wellins (1990), Berry *et al.* (1988), Brady and Cronin (2001), Cronin and Taylor (1992), Dabholkar *et al.* (2000), Gaster and Squires (2003), Grönroos (1984, 1988), Gummesson (1992), Haywood-Farmer (1988), Kang and James (2004), Klaus (1985), Parasuraman *et al.* (1985, 1986, 1988), Parasuraman, Berry and Zeithaml (1991a), Parasuraman, Zeithaml and Malhotra (2005), Rust and Olivier (1994), Philip and Hazlett (1997), Rust *et al.* (1995), Santos (2003), Speller and Ghobadian (1993b), Zeithaml, Parasuraman and Malhotra (2002) and Zhu, Wymer and Chen (2002). These models require a more in-depth analysis. In the present research, the models for services in general are considered first. As the present research evaluates the services of SARS, an entity in the public sector rather than in the private sector, the relevance of these general models for the public sector needs to be evaluated. Finally, given the rapid expansion of the use of e-services, specific models in the electronic service environment are also investigated.

3.3 SERVICES IN GENERAL

3.3.1 Grönroos's service quality model

Grönroos (1984, 1988) began to develop a service quality model by, first, attempting to define how service quality is perceived by consumers and, second, determining in what way service quality is influenced (Figure 3.1 illustrates this model).

Figure 3.1: The service quality model



Source: Grönroos (1988:12)

Grönroos (1984:37) found that it is reasonable to state that the perceived service quality (B) of a given service is the outcome of an evaluation process where the consumer compares his or her expectations (A) with the service he or she perceives that he or she has received (C). The quality of the service therefore depends on two variables: expected service and perceived service.

In determining how service quality can be influenced, Grönroos (1988:11) was the first to identify that the experienced quality of a service (C) has two dimensions: a technical or outcome dimension (E), and a functional or process-related dimension (F). An example of the technical dimension of the service production process relating to taxation might be the registration of a taxpayer after the relevant registration form has been submitted. The technical dimension is what customers are left with when the production process and buyer-seller interactions have been completed (Grönroos 1988:11). Frequently, but by no means always, this dimension can be measured fairly objectively by customers because of its nature (it is a technical solution to a problem) (Grönroos 1988:11). In the context of submitting a registration form for taxation, possible measures include the level of accuracy with which the data is captured and the timeousness of the process. However, as there are a number of interactions between providers and customers, the technical quality dimension does not account for the total quality which the customers perceive themselves to have received. They are also influenced by the way in which the technical quality, the end result of the process, is transferred to them. Customers are thus also influenced by “how” they receive the service and how they experience the simultaneous production and consumption process.

The accessibility of SARS employees to assist the taxpayer with information required to complete the tax registration form, their appearance and behaviour, how the service employees perform their tasks, what they say and how they do it, all influence the customer's view of the service. Other customers who simultaneously consume the same or similar services may also influence the way in which a given customer perceives a service. These interactions are called the functional performance and they are related to the "psychological" level of performance. In a service context, the functional performance would be related to the buyer-seller interactions, in other words, to the contacts the consumer has with various resources and activities of the service firm during the service production process when the technical outcome is created (Grönroos 1984:38). It is understandable that the functional quality dimension cannot be evaluated as objectively as the technical quality dimension and that very frequently it is perceived quite subjectively (Grönroos 1988:11).

A third dimension was identified by Grönroos (1984:39). He suggested that the consumers are also influenced by their view of the supplier, in other words, the corporate image (D). If,

for example, a consumer believes that he or she is eating at a good restaurant but the meal is not perfect, or the behaviour of the waiter is irritating, the consumer may still find the perceived service satisfactory (Grönroos 1984:40). The consumer's positive image of the restaurant encourages the consumer to find excuses for his or her negative experiences. Obviously, if the consumer is disappointed many times, that person's image of the restaurant will deteriorate (Grönroos 1984:40). Similarly, a negative image may easily increase perceived problems with service quality. As far as the service quality perception is concerned, the supplier's image can be regarded as a filter (Grönroos 1984:43, 1988:11).

Grönroos (1984:43) stresses that one should remember that the various quality dimensions are interrelated. An acceptable technical quality can be thought of as a prerequisite for a successful functional quality. Grönroos (1984:41) found that functional quality is more important to the perceived service quality than the technical quality, as long as the technical quality dimension is at a satisfactory level. In fact, functional quality is so important that a high level of functional quality (contact personnel performance) may compensate for temporary problems with the technical quality (Grönroos 1984:42). However, functional quality can only overcome small deficiencies in technical service quality, namely those which are within the normal latitude of acceptance of the client. Functional quality cannot compensate for a service that has never been performed – thus where there is no technical quality (Czepiel *et al.* 1985:13). Although functional quality could compensate for minor problems with the technical quality, Czepiel *et al.* (1985:13) argue that functional quality cannot be affected by the satisfaction with the technical service quality.

Apart from the dimensions that influence service quality (technical quality, functional quality and corporate image), Grönroos (1988:13) also summarised the service quality determinants in a list of six determinants on which good perceived service quality might be based. It is not clear what process he followed to identify these six determinants. He mentioned that his listing was based on the quality studies already performed, including those by Parasuraman, Zeithaml and Berry (1985, 1986, 1988), so it is not clear why these determinants do not agree fully with those suggested by the previous studies. It is important to note from the identification of the determinants that Grönroos (1988:13) takes these determinants and classifies them into his three-dimensional service quality model.

One of the six criteria, professionalism and skills, is outcomes-related and it is therefore a technical quality dimension (Grönroos 1988:13). Another criterion, reputation and credibility, is image-related, thus fulfilling a filtering function (Grönroos 1988:13). However, four of the criteria, behaviour and attitudes, accessibility and flexibility, reliability and trustworthiness and recovery, are clearly process-related and thus represent the functional quality dimension (Grönroos 1988:13). Although it is not identified as such, one determinant, recovery, could, however, also possibly relate to the technical quality dimension, as it will have an effect on the “what” of the service that is either changed or corrected.

It is important to note that the six determinants of perceived service quality pertain essentially only to the functional (how), rather than to the technical (what) dimensions (Schneider & White 2004:33). This may be so because clients are able to independently judge the quality and satisfaction of human interactions better than they can judge the quality of technical services (Czepiel *et al.* 1985:13). An alternative explanation is that in the past technical quality considerations were the paramount quality issue, but they are now virtually disregarded – most firms can produce more or less the same technical quality, because competitors can introduce a similar solution fairly quickly (Grönroos 1988:11). In the case of SARS, there are no competitors, and for this reason, the technical quality considerations might be all the more important to the customers (taxpayers), as customers have nowhere else to go.

In developing his service model, Grönroos included a wide range of service industries in his sample. He also included a range of institutions from the public sector (Grönroos 1984:41). It is also important to note that the results did not change when the data was broken down according to the background variables used, such as industry, size, position of the respondent and type of customer (Grönroos 1984:41). The results can thus be seen as valid for both the private and the public sector.

3.3.2 Parasuraman, Zeithaml and Berry’s model

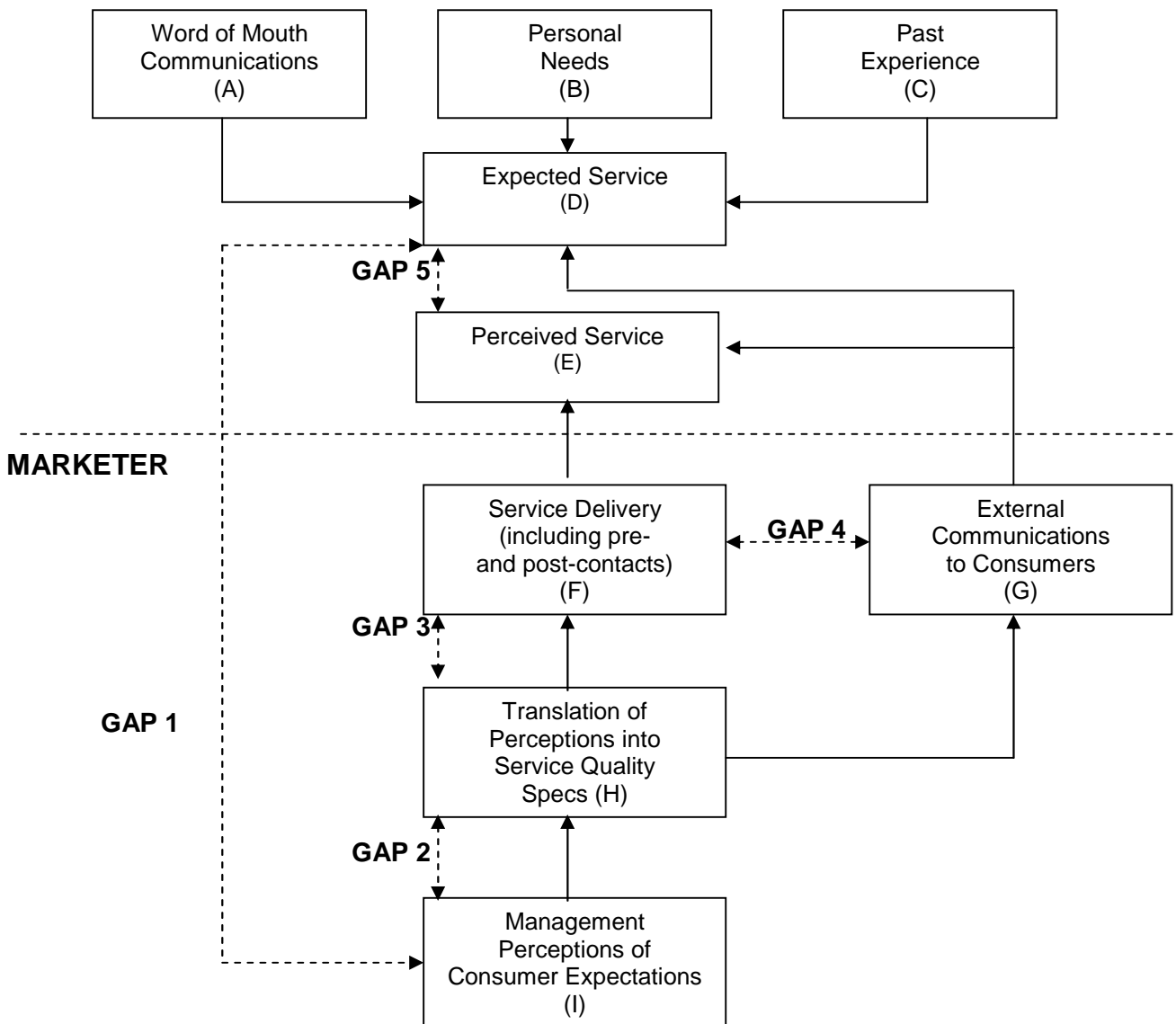
In the mid 1980s, Parasuraman, Zeithaml and Berry did groundbreaking work and made a substantial contribution to the theory of service quality with their SERVQUAL model (Gaster & Squires 2003:81; Parasuraman *et al.* 1985, 1986, 1988; Parasuraman *et al.* 1991a; Philip & Hazlett 1997:263). The conceptual base for the SERVQUAL scale was derived, firstly, from the work of a handful of researchers who had examined the meaning

of service quality up to that time and, secondly, from a comprehensive qualitative exploratory research study that defined service quality and illuminated the determinants which customers use to perceive and evaluate service quality.

The most fundamental insights obtained from the exploratory study by Parasuraman *et al.* (1985:44) were the identification of a set of gaps which are the major hurdles in attempting to deliver a service which consumers perceive as being of high quality. These are the gaps between what is expected and what is actually done, by both the consumer and the organisation, and **within** the organisation itself (Gaster & Squires 2003:81). These gaps are illustrated in Figure 3.2, and are explained below the figure.

Figure 3.2: Service quality model – identification of gaps

CONSUMER



Source: Parasuraman *et al.* (1985:44)

Gap 1: Consumer expectation – management perception gap

There are discrepancies between executive perceptions (I) and consumer expectations (D), that is, service firm executives may not always understand what features connote high quality to consumers, and this lack of understanding may affect the service quality perceptions of consumers (Parasuraman *et al.* 1985:44).

Gap 2: Management perceptions – service quality specification gap

Resource constraints, market conditions, and/or management indifference may result in a discrepancy between management perceptions of consumer expectations (I) and the actual specifications established for a service (H). This discrepancy may affect the service quality perceptions of consumers (Parasuraman *et al.* 1985:45).

Gap 3: Service quality specifications – service delivery gap

The gap between service quality specifications (H) and actual service delivery (F) will affect service quality from the consumer's point of view (Parasuraman *et al.* 1985:45). This gap exists even when there are guidelines for performing services well and treating consumers correctly, as a firm's employees exert a strong influence on the service quality perceived by consumers. Hence, employee performance cannot always be standardised.

Gap 4: Service delivery – external communications gap

Discrepancies between service delivery (F) and external communications (G) in the form of exaggerated promises and/or the absence of information about service delivery aspects affect consumer perceptions of service quality (Parasuraman *et al.* 1985:46).

Gap 5: Expected service – perceived service gap

The quality that a consumer perceives in a service is a function of the magnitude and direction of the gap between expected service (D) and perceived service (E) (Parasuraman *et al.* 1985:46). Organisations such as SARS that offer services that are sometimes highly interactive, that are labour-intensive and that are performed in multiple locations are especially vulnerable to this gap (Berry *et al.* 1988:38). Parasuraman *et al.* (1985:46) also argue that there is a relationship between Gap 5 and the first four gaps,

and that Gap 5 can be regarded as a function of the first four gaps. In the present study, the proposed service quality model is developed with the purpose of measuring Gap 5.

Apart from identifying the five gaps, Parasuraman *et al.* (1985:46-47) also recognised that, regardless of the type of service, consumers basically use similar criteria in evaluating service quality. These authors identified ten key categories which they called service quality determinants. Berry *et al.* (1985:45) believe that although the relative importance of the determinants would vary from one service industry to the next, the determinants of service quality in most (if not all) consumer service industries are included in the list (see Table 3.1).

Table 3.1: Determinants of service quality

Determinant	Examples of evaluative criteria
Tangibility	Appearance of physical facilities and personnel
Reliability	Performing services right the first time
Responsiveness	Willingness and ability to provide prompt service
Communication	Explaining service to customers in a language they can understand
Credibility	Trustworthiness of customer-contact personnel
Security	Confidentiality of transactions
Competent personnel	Knowledge and skill of customer-contact personnel
Courtesy	Friendliness of customer-contact personnel
Understanding/ Knowing customers	Making an effort to ascertain a customer's specific requirements
Access	Ease of contacting service

Source: Parasuraman *et al.* (1986:6-7)

Only two of the ten determinants – tangibility and credibility – are search properties (those determinants that can be known in advance), thereby keeping the number of search properties low. Most of the determinants of service quality identified in this exploratory study were experience properties: access, courtesy, reliability, responsiveness, understanding or knowing the customer and communication. Each of these determinants can only be known when the customer actually purchases or consumes the service (Hensel & Baumgarten 1988:26; Parasuraman *et al.* 1985:48). Two of the determinants that surfaced in the focus group interviews probably fall into the category of credence properties (properties which consumers cannot evaluate even after purchase and consumption). These include competence (the possession of the required skills and knowledge to perform the service) and security (freedom from danger, risk or doubt) (Parasuraman *et al.* 1985:48). Because few search properties exist with services and

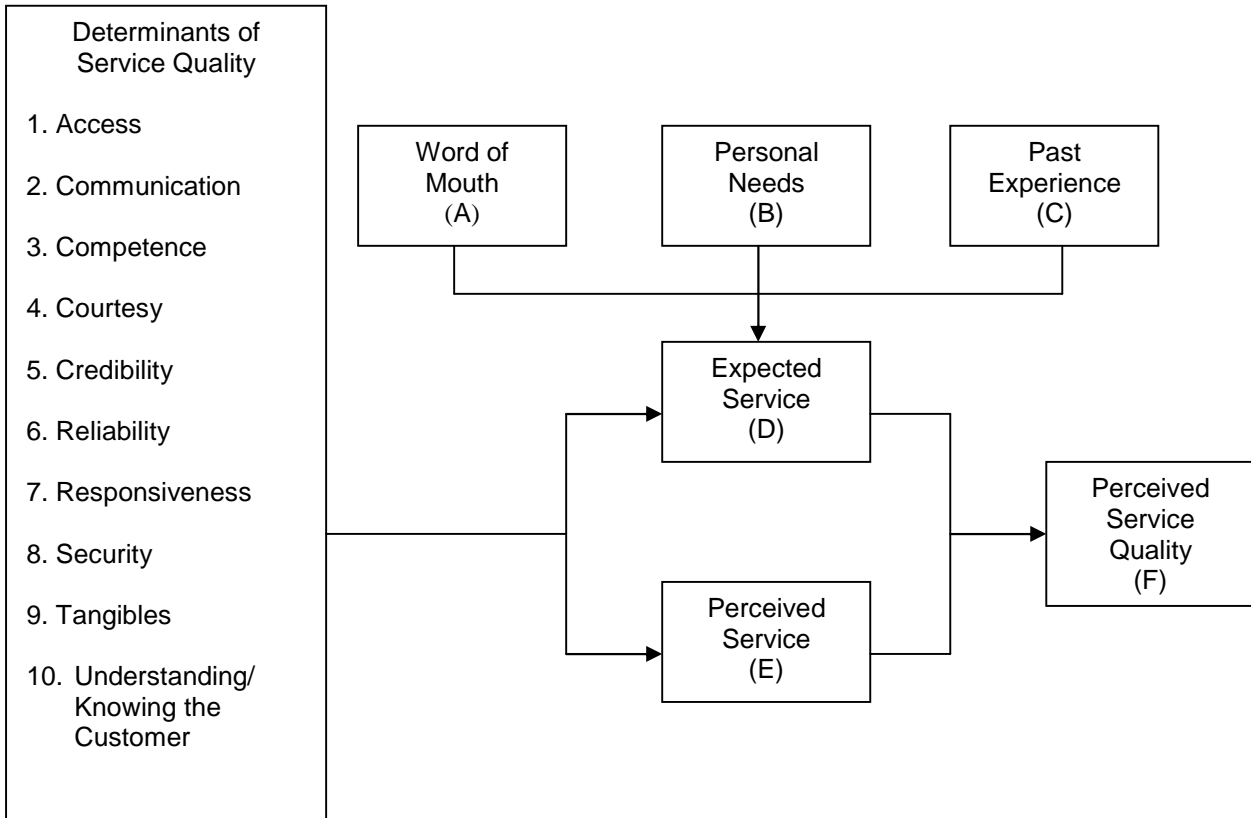
because credence properties are too difficult to evaluate, Parasuraman *et al.* (1985:48) suggest that consumers typically rely on experience properties when evaluating service quality.

Perceived service quality is also positioned along a continuum ranging from ideal quality to totally unacceptable quality, with some point along the continuum representing satisfactory quality (Parasuraman *et al.* 1985:48). The position of a consumer's perception of service quality on the continuum depends on the nature of the discrepancy between the expected service (ES) and the perceived service (PS):

- when $ES > PS$, perceived quality is less than satisfactory and tends toward totally unacceptable quality, with an increased discrepancy between ES and PS;
- when $ES = PS$, perceived quality is satisfactory;
- when $ES < PS$, perceived quality is more than satisfactory and tends toward ideal quality, with an increased discrepancy between ES and PS (Parasuraman *et al.* 1985:48).

Figure 3.3 indicates that the perceived service quality (F) is the result of the consumer's comparison between the expected service (D) and the perceived service (E).

Figure 3.3: Determinants of perceived service quality



Source: Parasuraman *et al.* (1985:47)

After initial tests had been performed and after further refinement of the scale, five of the original ten determinants (as listed in Figure 3.3) – tangibility, reliability, responsiveness, understanding or knowing customers and access – remained distinct (see Table 3.2).

Table 3.2: Refined determinants of service quality

Determinant	Examples of evaluative criteria
Tangibility	Physical facilities, equipment, and appearance of personnel.
Reliability	Ability to perform the promised service dependably and accurately.
Responsiveness	Willingness to help customers and provide prompt service.
Assurance	Knowledge and courtesy of employees and their ability to convey trust and confidence.
Empathy	Caring, individualized attention the firm provides its customers.

Source: Parasuraman *et al.* (1986:14-15)

The last two determinants (assurance and empathy) contain items representing seven original dimensions (communication, credibility, security, competence, courtesy, understanding or knowing customers, and access) that did not remain distinct after the two stages of scale purification and that collapsed into these two determinants (Parasuraman, *et al.* 1986:15). Therefore, while SERVQUAL has only five distinct dimensions, these dimensions capture facets of all ten dimensions of the conceptual service quality domain with which the scale development began (Parasuraman *et al.* 1986:15).

Berry *et al.* (1988:37) requested customers of various sectors to rate the importance of each of the refined five determinants on a scale of “1” (“not at all important”) to “10” (“extremely important”). They found that all were considered important. The scores for tangibility, however, ranged from a relatively low 7.14 to 8.56, while reliability, responsiveness, assurance, and empathy received average scores well above 9 for all the services studied. Reliability clearly emerged as the most important determinant, irrespective of which service was being studied (Berry *et al.* 1988:37). The customer's message to service providers is clear: “Be responsive, be reassuring, be empathetic, and most of all, be reliable – **do what you say you are going to do**” (Berry *et al.* 1988:37) (Berry *et al.*'s emphasis). There is another message: human performance plays a major role in customers' perceptions of service quality. Three of the five determinants, responsiveness, assurance, and empathy, result **directly** from human performance. Moreover, reliability often depends largely on human performance (Berry *et al.* 1988:37).

By 1984, Grönroos (1984) was in the process of developing a new model. However, although Grönroos did influence the study by Parasuraman and his co-researchers, they only consulted the work of Grönroos up to 1982 for their 1986 published study. The reason for this may have been that the 1984 work of Grönroos was not readily available at that time. The Parasuraman *et al.* (1986) study therefore did not attempt to react to Grönroos's model. Thus, although Parasuraman *et al.* (1986) identified the determinants of service quality, they did not reject the three service dimensions. Unfortunately, they also did not comment on the categorisation of the different determinants into the three dimensions. The use of service dimensions instead of determinants is precisely the difference between the work of Scandinavian researchers (of whom Grönroos is one) and that of the American researchers (to which the study by Parasuraman and his co-researcher belongs). Although Grönroos (1988:13) belongs to the Scandinavian school, he summarised service quality

determinants in a list of six determinants on which good perceived service quality is based. The first five of these criteria identified by Grönroos (1988:13) are

- professionalism and skills (they may fall under the assurance determinant in SERVQUAL);
- behaviour and attitudes (they may fall under SERVQUAL's empathy determinant);
- accessibility and flexibility (they probably also fall under the empathy determinant in SERVQUAL). Schneider and White (2004:34) are of the opinion that the empathy determinant in SERVQUAL does not focus on certain issues that are listed in the accessibility and flexibility determinant of Grönroos (1988). The accessibility and flexibility determinant can therefore be regarded as much broader than the empathy determinant in SERVQUAL;
- reliability and trustworthiness (this may fall under the reliability determinant in SERVQUAL); and
- recovery (this probably falls under the reliability determinant in SERVQUAL – although recovery is usually more narrowly defined than responsiveness, responsiveness can be seen as including recovery). Schneider and White (2004) are of the opinion that service recovery is an important process of the service delivery process and that it perhaps deserves to be studied as a separate dimension as suggested by Grönroos (1988).

The sixth determinant identified by Grönroos (1988) is reputation and credibility. This is the only criterion identified by Grönroos (1988) that was not specifically incorporated as a dimension in the SERVQUAL model. Grönroos (1988) expressly stated that this determinant is the only criterion that relates to the corporate image dimensions. He argued that this determinant acts as the filter through which the other quality dimensions are evaluated. It is possible that it does not stand up as a quality determinant on its own.

Lewis (1993:4) claims that Grönroos (1988) just added a sixth dimension. This could imply that Lewis (1993) does not agree that recovery should be incorporated in SERVQUAL's responsiveness determinant. It also suggests that Lewis (1993) regards reputation and credibility as part of one of the five SERVQUAL determinants (probably the assurance determinant). Lewis (1993), unfortunately, did not specify under what determinant he would place reputation and credibility. Schneider and White (2004:33) suggest that recovery could be seen as part of the responsiveness determinant in SERVQUAL, but they

see reputation and credibility as part of the assurance determinant in SERVQUAL. However, the fact that reputation and credibility is listed separately by Grönroos (1988) implies that the importance thereof as part of the image dimension may disappear if the reputation and credibility aspect is not measured separately.

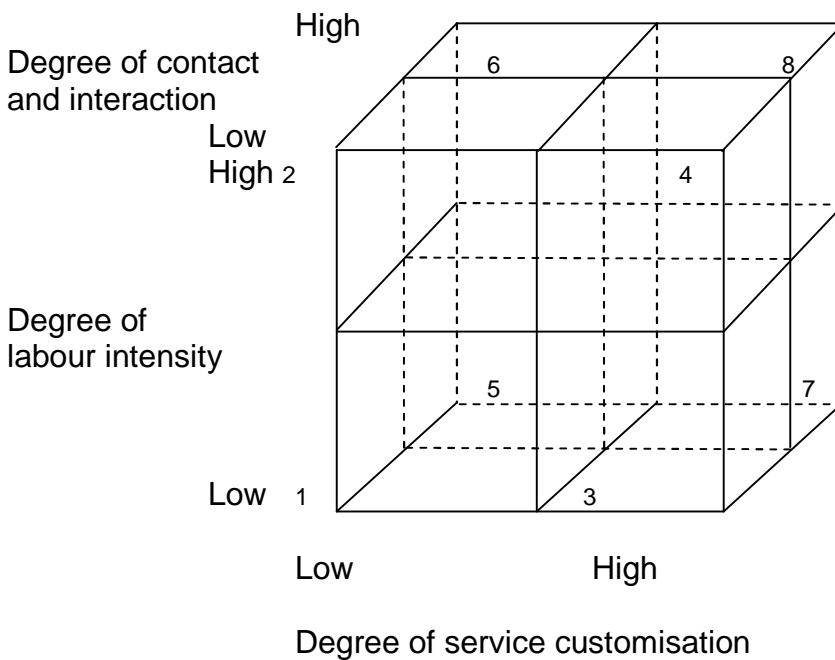
3.3.3 Haywood-Farmer's conceptual model of service quality

Haywood-Farmer (1988:21) did not comment on the different service dimensions, but suggested that services have three basic attributes, called the three Ps of service quality. These three Ps stand for

- **P**hysical facilities, processes and procedures;
- **P**eople's behaviour elements; and
- **P**rofessional judgement.

The choice of elements from each of these three groups of service quality factors is an important, strategic managerial decision. Managers must choose the combination very carefully to ensure an appropriate balance between the three Ps. What constitutes an appropriate mix is, in part, determined by the relative degrees of labour intensity, service process customisation, and contact and interaction between the customer and the service process (Haywood-Farmer 1988:28). Haywood-Farmer (1988:25) also suggests a three-dimensional classification scheme for services to assist managers in classifying each service correctly, to be able to get the correct mix of the three Ps (see Figure 3.4).

Figure 3.4: A three-dimensional classification scheme



Some examples of services in each octant:

1. Utilities, transportation of goods
2. Lecture teaching, postal services
3. Stock broking, courier services
4. Repair services, wholesaling, and retailing
5. Computerised teaching, public transit
6. Fast food, live entertainment
7. Charter services, hospitals
8. Design services, advisory services, healing services

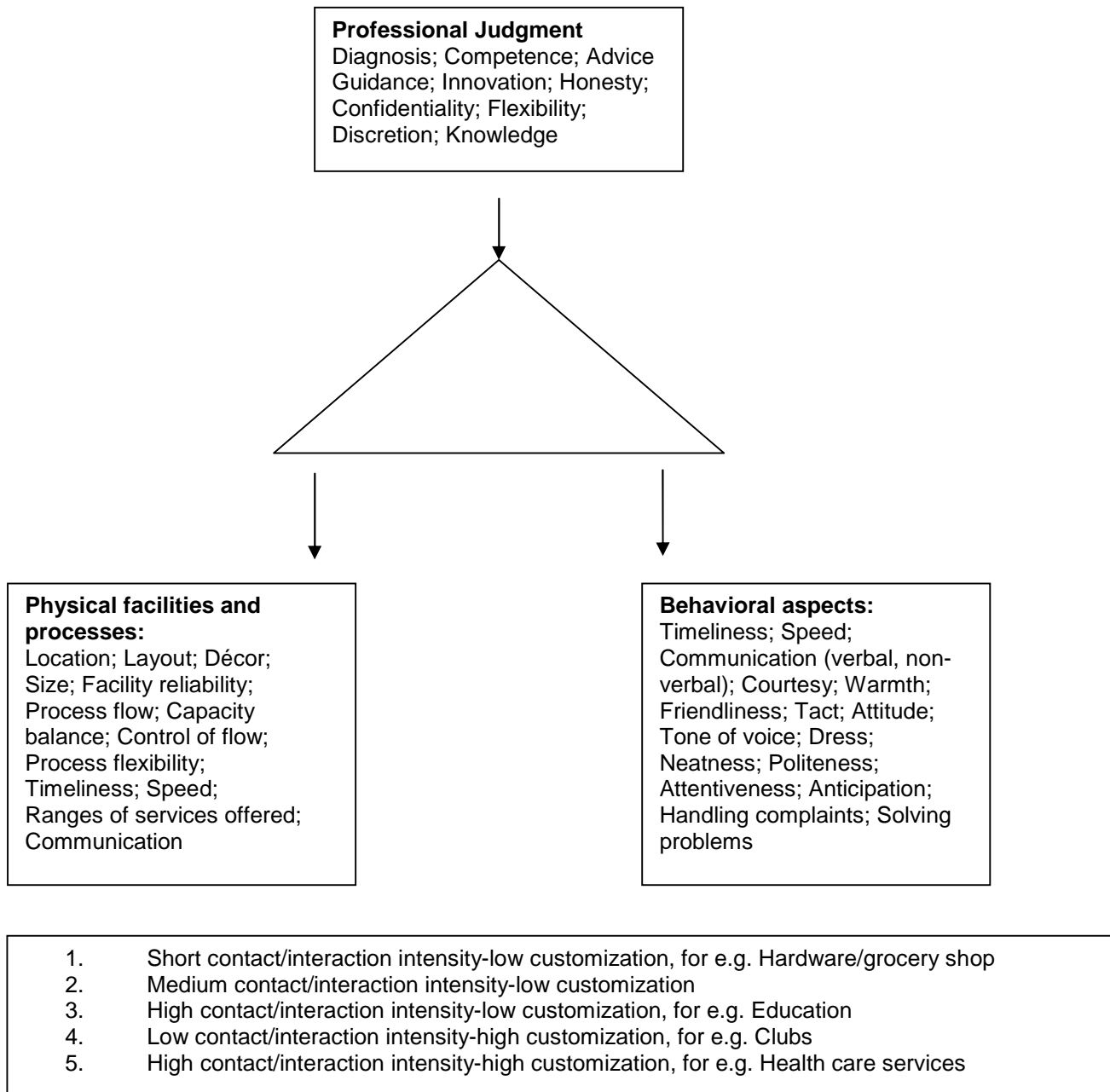
Source: Haywood-Farmer (1988:25)

In services low in labour intensity, the customers' impression of the physical facilities, processes and procedures is important (Haywood-Farmer 1988:26). If service contact increases, services increase in labour intensity. Hence, more attention must be paid to making sure that staff members behave appropriately. SARS, like banks, processes large volumes of routine-type forms and may need procedures which allow fast, efficient, error-free processing, as suggested by Haywood-Farmer (1988:28). On the other hand, the department that deals with objections and appeals may be more similar to a consulting firm, with high labour intensity. There should therefore be more of a focus on professional judgement.

Haywood-Farmer (1988:28) suggests that, because the three Ps are not scales ranging from low to high, and because of differences in the concepts, it is not possible to map the

model of service quality directly onto the triangular model of the three Ps. Seth *et al.* (2004:919) plotted some of the different types of services directly onto the Haywood-Farmer model. The results are set out in Figure 3.5.

Figure 3.5: Attribute service quality model



Source: Haywood-Farmer (1988) as adapted by Seth *et al.* (2005:919)

This model may be suitable for managers in designing the processes of the services offered, but it may also be relevant in determining the importance of the various determinants to be measured. In interpreting the three-dimensional service classification model (see Figure 3.4), it can also be concluded that SARS as a whole cannot be plotted on the model,

but that the different departments within SARS can be plotted differently, as the departments should have different degrees of service contact and interaction, different degrees of labour intensity and different degrees of customer customisation. When measuring the services, the results may indicate where the design of the service offering is lacking. This model implies that it may be important to rate the services rendered specifically with regard to individual departments within SARS to ensure that any results from the survey can be used in practice to improve the design of the processes of the service offerings. It can also be concluded that the relevance of the different determinants of the service quality construct may even differ between different departments within the same organisation.

These three service attributes cannot be directly compared with the three service dimensions of Grönroos (1984, 1988) or the five determinants of Parasuraman *et al.* (1985, 1986).

3.3.4 Becker and Wellins's service dimensions

Becker and Wellins (1990) focused on customer service. They developed 17 determinants (which they called dimensions), which they believed would relate to effective customer service. These determinants were used in a survey of more than 1 300 customers from a wide geographic area (including 50 states in the United States, Canada and Great Britain) (Becker & Wellins 1990:50). Customers rated all 17 dimensions between "important" and "very important," with means ranging from 3.56 to 4.10 in relation to a maximum measure of 5 (Becker & Wellins 1990:50). The results are set out in Table 3.3.

Table 3.3: Customer ratings of the relevant importance of the various determinants

Customer-service determinants, customer sample	
Dimensions	How important
Communication	4.05
Customer sensitivity	3.92
Decisiveness	3.84
Energy	3.87
Flexibility	3.71
Follow-up	4.09
Impact	3.80
Initiative	3.67
Integrity	3.87
Job knowledge	4.10
Judgement	3.82
Motivation to serve customers	3.97
Persuasiveness/sales ability	3.56
Planning	3.76
Resilience	3.84
Situation analysis	3.71
Work Standards	3.93
<i>Ratings are on a five-point scale ranging from 1 (not important, or never done well) to 5 (extremely important). All differences are significant (p<.001).</i>	

This study by Becker and Wellins (1990) does not really result in a new service quality model, but it helps to clarify the importance of various service determinants. Even given a possible limitation on the length of the questionnaire that will flow from the service quality model proposed in the present research, this could assist in choosing the best determinants relevant to the customers. This study focuses only on customer service (thus service encounters), not the full service offering, but, as it has been decided that a business process approach will be used for the present research in the design of the service quality model, this study may be very relevant to the customer service departments in SARS (for example, the call centres) and could assist in defining the relevant service determinants for these departments.

The study by Becker and Wellins (1990) can be regarded as a refinement of the determinants that had already been previously identified. Their study did not indicate whether the distinctness of the determinants was tested. Although the importance measures are relevant, this list of determinants may be too exhaustive. Without any proof that they are

really distinct determinants, the testing of all the determinants may result in a multiple measurement of the same aspect of the service offering. The determinants were also not defined by the customers themselves, but the customers only had to rate pre-identified service determinants. Therefore there may be other determinants that can be regarded as more important, but that were not provided as alternatives on the rating list.

3.3.5 Cronin and Taylor's model

Cronin and Taylor (1992) are of the opinion that perceived service quality is best conceptualised as an attitude of the client with regard to the current performance of the service offered by a specific service provider. They suggest that service quality is better predicted only by performance and not as the difference between performance and expectations. Cronin and Taylor (1992) do not disagree with the definitions of service quality that regard it as the difference between expectations and the perceptions of the performance of the customers, but they do differ from such definitions on how to measure perceptions of such services. They argue that performance scores alone may be as reliable as scores obtained by subtracting expectations from perceptions. In other words, the estimation of a firm's perceived performance may already lead a respondent through a mental process of comparing the perceptions to the expectations.

They agree with Parasuraman *et al.* (1985) that the service quality concept is adequately defined by different determinants. However, they argue that the determinants are unidimensional and can therefore not be fitted into a five-component structure.

3.3.6 Gummesson's dimensions

Gummesson (1992) divided service quality into three quality dimensions, one for service, one for tangibles, and one for software. The service dimension relates to what Grönroos (1984, 1988) refers to as the technical quality of the service. The term "tangibles" relates to any goods, physical environments and people (with regard to people, this notion only refers to their appearance and not to their activities, as this would be included with "services") (Gummesson 1992:186). This tangible dimension can be regarded as the same as the functional dimension described by Grönroos (1984, 1988). The term "software" relates to the programmes, procedures and any associated documentation pertaining to the operations of a data processing system. Software is thus an intellectual creation that is independent of the medium on which it is recorded (Gummesson 1992:192). In Grönroos's (1984, 1988) model, the software would probably be part of the technical quality dimension (insofar as software is

used to perform a function), or even part of the functional dimension (insofar as software is used as the interface).

Gummesson (1992:193) identifies software as a dimension on its own because he believes, firstly, that many service delivery systems depend on software (for example, when a taxpayer phones the call centre at SARS to enquire on the status of his or her account, the employee is completely dependent on both the hardware and the software to be able to service the taxpayer). Gummesson (1992:193) suggests that the taxpayer can also interface directly with either a contact person or a computer and therefore indirectly interfaces with the software (for example, using the e-filing system for SARS or visiting SARS's website to obtain a relevant tax form).

In the context of SARS, the service quality of submitting a tax return and receiving proof of submission depends on the interaction with the SARS employee in receiving proof of submission (service), the location and lay-out of the SARS office (tangibles), and the computer system used in recording the submission of the tax return (software).

Gummesson (1992:198) also analysed research up to 1992. Some of his sources (not cited in the bibliography to the present study unless directly consulted) included Baker (1987), Garvin (1988), Grönroos (1990), Norman (1988) and Zeithaml, Parasuraman and Berry (1990). From his literature review, he derived a comprehensive list of service quality determinants for each of his service quality dimensions (see Table 3.4).

Table 3.4: Tentative integration of general quality dimensions relating to the total offering and the services, tangibles and software

Dimensions of customer perceived quality of total offering

For Service Elements
 Reliability
 Responsiveness
 Assurance
 Empathy

For Tangible Elements

<i>Goods perspective:</i>	<i>Psychological perspective:</i>	<i>Environmental perspective:</i>
Reliability	Visibility	Ambient factors
Performance	Mapping	Functionality
Features	Affordance	Aesthetics
Conformance	Constraints	Service personnel
Service ability	Customer control	Other customers
Aesthetics	Knowledge needed	Other people
	Feedback	

For Software Elements
 Reliability
 Extendibility
 Integrity
 User-friendliness

Source: Gummesson (1992:198)

Although some determinants are valid for more than one dimension, for example, reliability, Gummesson (1992) suggests that it is important that each of the given determinants be defined and evaluated with regard to each of the three dimensions, as the definition of the determinant would differ for each dimension.

Although Grönroos (1988) also classified the six determinants he had identified under his three different quality dimensions, he did not acknowledge that a specific determinant could be relevant to more than one dimension. Gummesson (1992) was also the first to specifically identify software as a dimension on its own. It might be argued that this dimension is part of the technical dimension Grönroos (1984, 1988) had already identified, as there should be no difference between the situation where, for example, money is counted by a teller rather than by a machine. The outcome of both is the counting of the money. It should, however, be acknowledged that the counting of the money by the machine is not visible to the taxpayer. Therefore the outcome is more intangible. When software results in an error, the error is also multiplied to many users. These reasons may justify the importance of software as a dimension on its own.

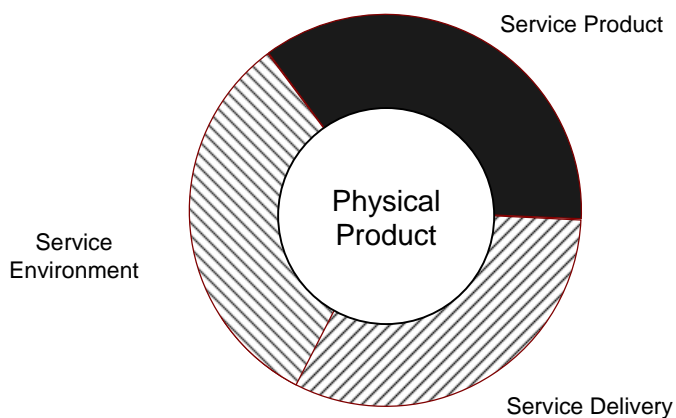
3.3.7 The three-component model of Rust and Olivier

Rust and Olivier (1994) proposed a three-component model (see Figure 3.6):

- the service product (the service as it is designed to be delivered – technical quality);
- the service delivery (the sequence of events and service provider role expectations);
and
- the service environment (physical ambience of the service setting).

The functional quality identified by Grönroos (1984, 1988) incorporates both tangibles (environment) and the service delivery, but Rust and Olivier (1994) identify tangibles as a separate dimension on its own. Parasuraman *et al.* (1985) identified tangibles as a determinant (not a dimension) on its own. Berry *et al.* (1988:37) found that although tangibles was considered to be important, the scores for tangibles ranged from a relatively low 7.14 to 8.56, while all the other determinants received average scores well above 9 for all the services studied. It is therefore not clear whether tangibles should be classified as a higher order dimension, or as a determinant.

Figure 3.6: The three-component model



Source: Rust and Olivier (1994:11)

3.3.8 The return-on-quality approach of Rust, Zahorik and Keiningham

The various service quality models presented thus far have all been organised from the customers' point of view. Rust *et al.* (1995:7) adhere to the idea of defining service quality by asking customers about the service they receive, but they argue that the dimensions of service quality to be measured should relate to the business processes of the organisation. The rationale for this is that they want to be able to use the survey data to facilitate change and that they want the change to be actionable. In order for this to happen, quality improvement efforts must be targeted at the process and sub-process level (Rust *et al.* 1995:7). Schneider and White (2004:38) also believe that the customer should be able to assess, for example, responsibility and ownership for business processes much more easily than responsibility for a determinant such as empathy. Rust *et al.* (1995) still recommend the use of customer focus groups in order to ensure that no major areas of concern are omitted from customer surveys, and to make sure that survey items are worded in the customers' terminology.

Apart from being organised according to business processes, the return-on-quality approach is characterised by four assumptions, namely that

- quality is an investment;
- quality efforts must be financially accountable;
- it is possible to spend too much on quality; and
- not all quality expenditures are equally valid.

This approach treats quality improvement efforts as investments and assumes that these efforts must be made financially accountable (Rust *et al.* 1995:16). The financial viability of a quality expense is measured by the return-on-quality approach by quantifying the market share implications, net present value of the resulting profit stream, and return-on-quality of a proposed quality expenditure (Rust *et al.* 1995:15). As one of the two main measurement foundations of the return-on-quality model is based on customer retention or repurchase behaviour, the use of the exact model is not suitable for measuring service quality at SARS, as neither customer retention nor repurchase behaviour are relevant to SARS. However, the principles of the model linking the service quality model with business processes may still be useful, as they may ensure more actionable results.

3.3.9 P-C-P service attributes model

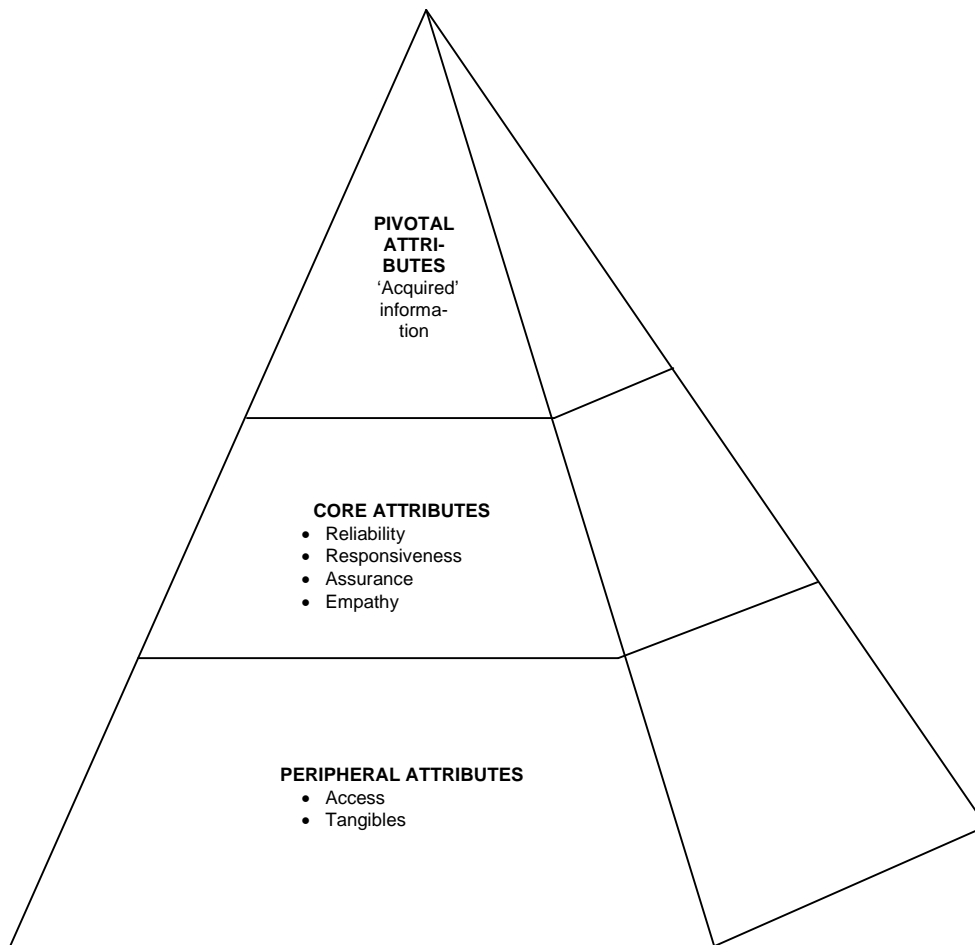
In order to measure the service quality in a particular organisation (as seen through the eyes of its customers), Philip and Hazlett (1997:273-274) proposed a hierarchical model in the form of a pyramid, based on three main classes of attributes that they called the P-C-P attributes, namely pivotal, core and peripheral attributes. These ranked levels can be loosely defined as the inputs, processes and outputs of a service organisation. This model is similar in some ways to the systems model of an organisation with regard to the division of the model into three hierarchical levels – pivotal (outputs), core and peripheral attributes (jointly representing inputs and processes).

The pivotal (output) attributes, located at the apex of the pyramid, are defined as the “end product” or “output” from the service encounter (Philip & Hazlett 1997:274). Core attributes, centred around the pivotal attributes, can best be described as the amalgamation of the people, processes and the service organisational structure through which consumers must interact and/or negotiate so that they can achieve or receive the pivotal attribute (Philip & Hazlett 1997:274). The third level of the model focuses on the peripheral attributes which can be defined as the “incidental extras” designed to make the whole experience for the consumer a complete delight (Philip & Hazlett 1997:274).

The SERVQUAL and P-C-P dimensions were outlined to the providers and users of a cancer information support service after initial interviews and using two different focus groups (Philip & Stewart 1999:4). When the researchers had listened to all the parties, it became very clear to them that the information and advice provided by the service (the output or pivotal attributes) were as important as (and perhaps more important than) the personal qualities (the SERVQUAL dimensions) of the staff involved in the delivery of the service (Philip & Stewart 1999:4). This confirmed the researchers' view that the P-C-P attributes model is more appropriate than SERVQUAL for evaluating the quality of a service (Philip & Stewart 1999:4).

Philip and Stewart (1999:279) plotted the SERVQUAL dimensions on the P-C-P model (see Figure 3.7).

Figure 3.7: P-C-P service attribute model of service quality



Source: Philip and Stewart (1997:279)

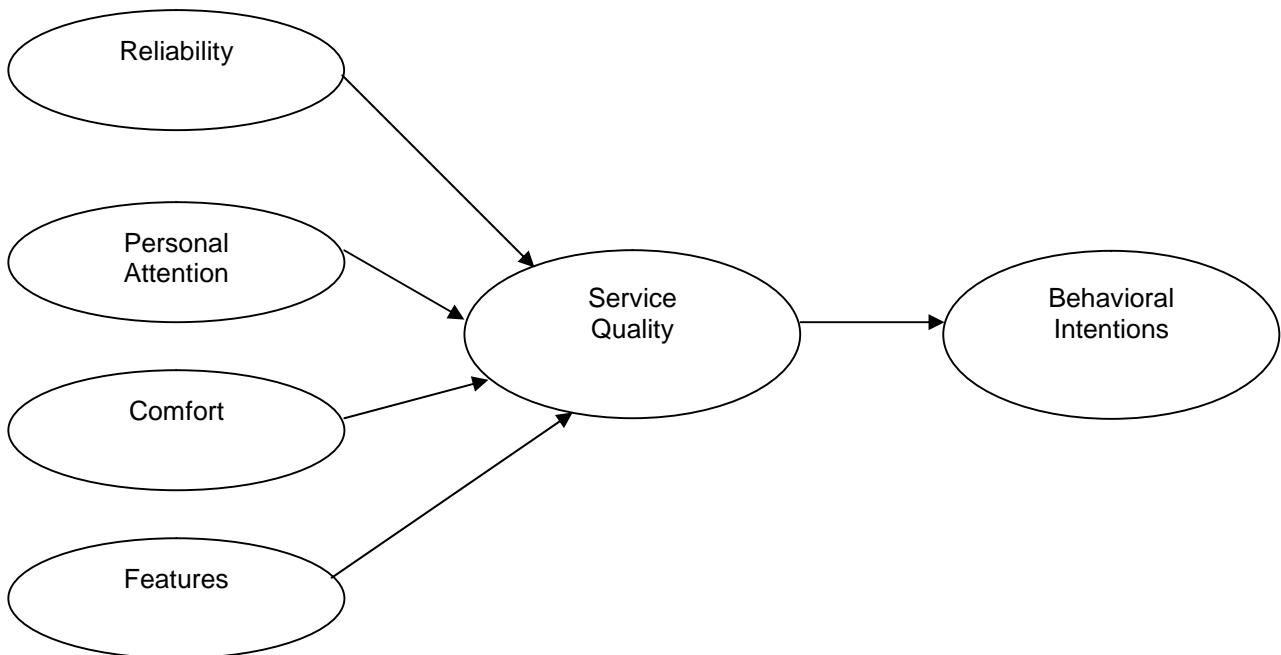
The P-C-P model is therefore clearly a combination of SERVQUAL, which represents the core and the peripheral grouping, plus the pivotal grouping, which is the technical quality of the services advocated by Grönroos (1984, 1988).

The basic premise of the P-C-P model holds, firstly, that there is a need to develop service-specific dimensions or determinants, as the determinants in SERVQUAL and other models do not address some of the more critical issues associated with the assessment of individual services adequately (Philip & Hazlett 1997:273). Secondly, although Philip and Hazlett (1997) acknowledge that perceived services are the difference between the expected service and the performed service, like Cronin and Taylor (1992), they argue that a combined (single) scale should be used to measure the “gap” between expectations and perceptions, rather than two separate scales (Philip & Hazlett 1997:273).

3.3.10 Dabholkar, Shepherd and Thorpe's antecedents model

None of the previous studies regard service quality as a separate construct, but regard it as the sum of the components required to obtain an estimate or average of service quality. Dabholkar *et al.* (2000:141) argue that service quality is better conceived as its antecedents rather than its components, and that consumers evaluate different components (factors) related to the service, but also form a separate overall evaluation of the service quality (which is not the sum or average of the components) (see Figure 3.8) (Dabholkar *et al.* 2000:166). The factors were, however, important predictors of total service quality and Dabholkar *et al.* (2000:166) are of the opinion that, for diagnostic purposes, the different components should still be measured and evaluated. One can therefore conclude from this model that, in addition to measuring the different determinants of service quality, a global measurement is also required and should be added to the measuring instrument.

Figure 3.8: Antecedents model of service quality



Source: Dabholkar *et al.* (2000:157)

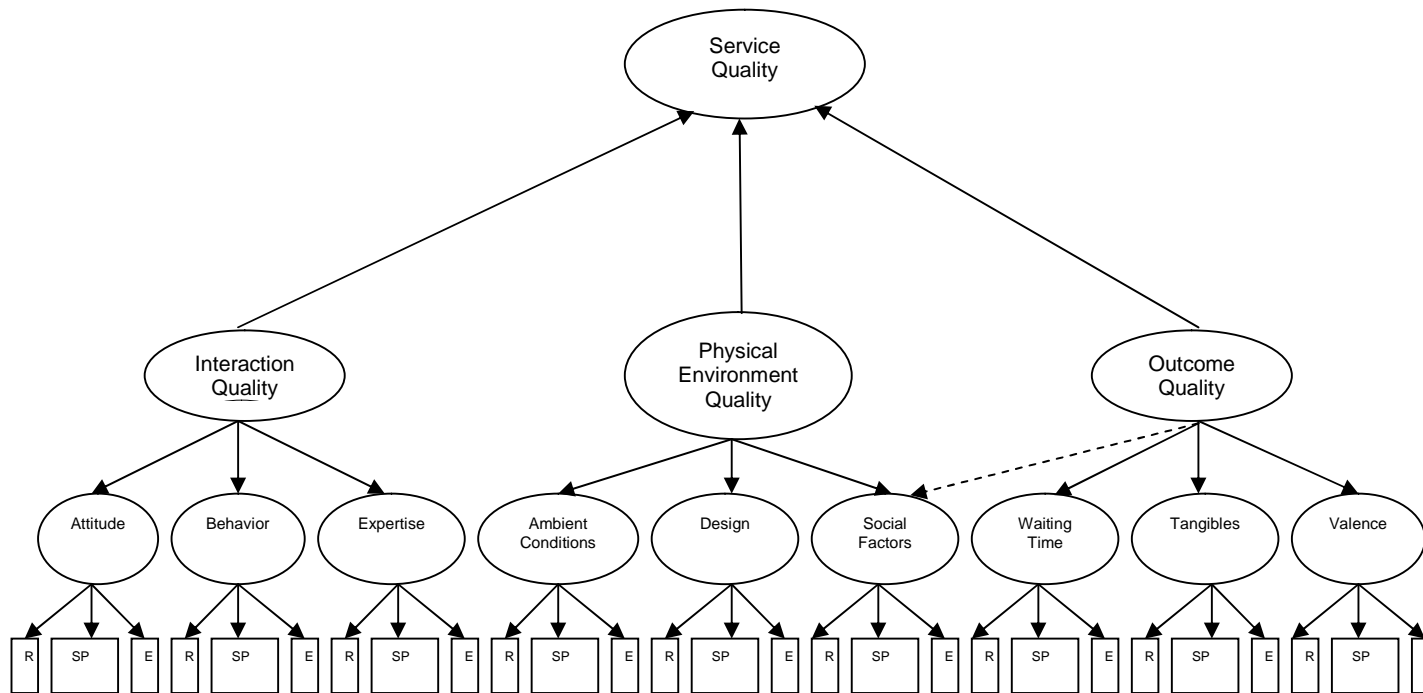
3.3.11 Brady and Cronin's hierarchical approach

Until the start of the new millennium, the service quality debate was polarised around two competing perspectives, the Scandinavian and the American schools. Brady and Cronin (2001:44) maintain that both perspectives highlight the important aspects of service quality, but that neither fully captures the construct. They therefore attempted to integrate the two schools of thought and to provide qualitative and empirical evidence that service quality is a multidimensional, hierarchical construct.

They made an attempt to provide the first empirical evidence that customers form service quality perceptions on the basis of their evaluations of three primary dimensions: outcome, interaction and environment (Brady & Cronin 2001:44). The first two are adapted from Grönroos's (1984,1988) model (from the Scandinavian school), in particular his notion that service quality is assessed according to customer evaluations of outcomes and interactions with service employees. Although for semantic reasons Brady and Cronin (2001) prefer not to call the first two dimensions "technical" and "functional quality", and prefer more descriptive terms such as "outcome" and "interaction", their first two constructs could represent the technical and functional quality dimensions of Grönroos (1984, 1988). Brady and Cronin (2001:44) also provided the first empirical evidence of Rust and Olivier's (1994) three-component model conceptualisation of service quality, in that they suggest that, although consumers did not rate the service environment as the most important, it should not be a mere determinant, but should be a dimension on its own.

Brady and Cronin (2001:37) argue that each of the primary dimensions of service quality, namely interaction, environment and outcome have three sub-dimensions. Furthermore, customers aggregate their evaluations of the sub-dimensions to form their perceptions of an organisation's performance based on each of the three primary dimensions. Those perceptions then lead to an overall service quality perception (Brady & Cronin 2001:37). In other words, customers form their service quality perceptions on the basis of an evaluation of performance at multiple levels and ultimately combine these evaluations to arrive at an overall service quality perception (Brady & Cronin 2001:37). Based on these findings, a hierarchical conceptualisation of service quality seems appropriate (Brady & Cronin 2001:44). See Figure 3.9 for their hierarchical service quality model.

Figure 3.9: The hierarchical approach



Note: R = a reliability item; SP = a responsiveness item; E = an empathy item.
The broken line indicates that the path was added as part of model respecification.

Source: Brady and Cronin (2001:37)

Lastly, the results of their study also indicate that three of the nine sub-dimensions as presented by the American School, namely the reliability, responsiveness and empathy of service providers, are important to the provision of superior service quality (Brady & Cronin 2001:44). However, Brady and Cronin (2001:44) argue that these items are modifiers of the sub-dimensions, as opposed to direct determinants. The implication is that they represent how each sub-dimension is evaluated (reliable or not, responsive or not, and so on), whereas the sub-dimensions answer the question as to what about the service should be reliable, responsive and empathetic.

3.3.12 Grönroos's model as adapted by Kang and James

Grönroos's (1984, 1988) conceptual model was empirically tested by Kang and James (2004), whose results confirmed the five-factor structure of the SERVQUAL instrument (Kang & James 2004:274). The high correlations between the five SERVQUAL factors suggested that the constructs are represented by a second-order latent variable, functional quality (Kang & James 2004:274). It is reasonable to consider, however, that there are other sub-dimensions of service delivery that should be assessed as part of a firm's functional quality (Kang & James 2004:275).

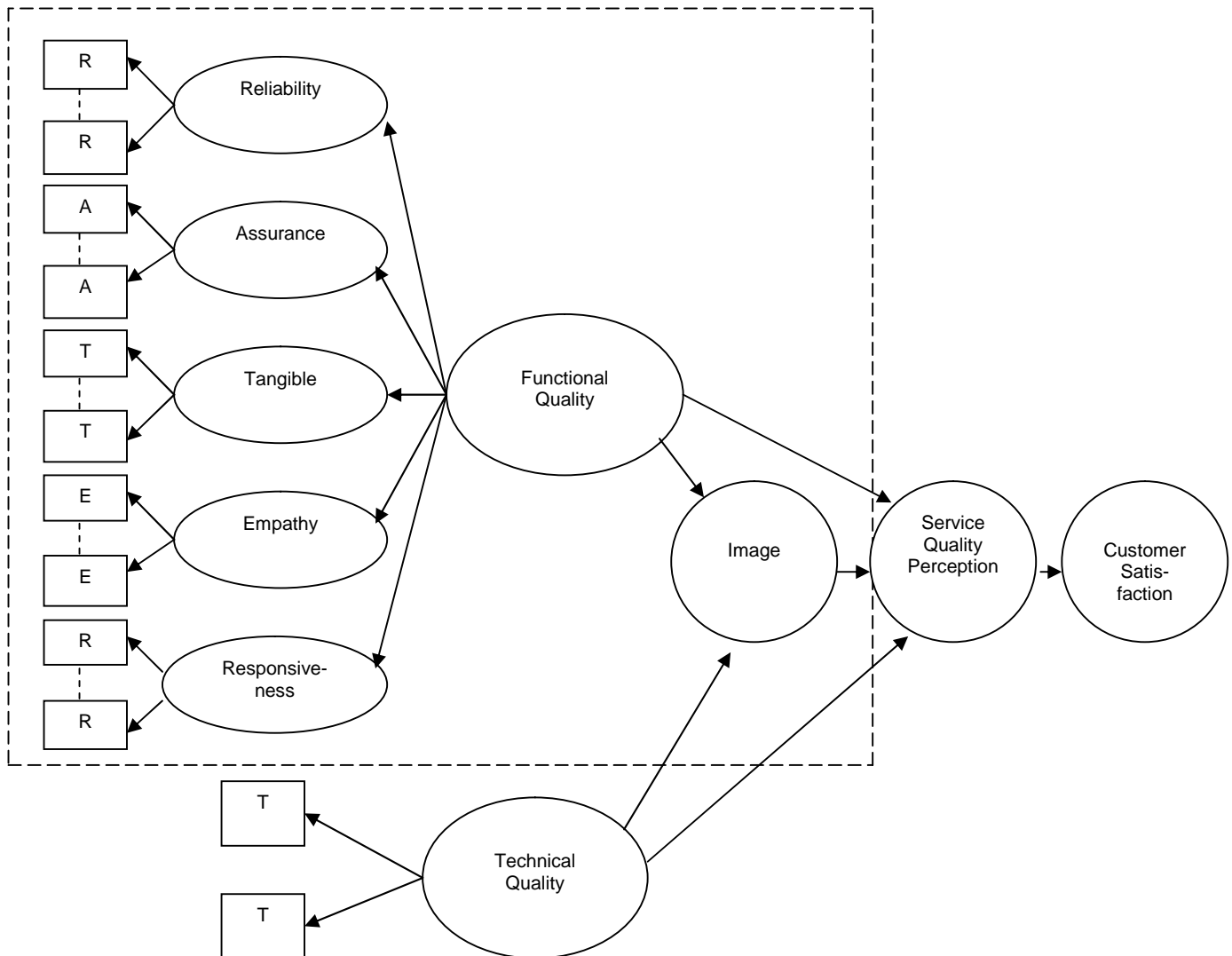
A second finding of their study is the confirmation of the multidimensional nature of service quality supporting the Scandinavian (European) perspective (Kang & James 2004:274). The results indicated that functional and technical quality influence perceptions of overall service quality (Kang & James 2004:274). The mediating role of a business's image in a consumer's perception of overall service quality is a third finding of the study performed by Kang and James (2004). Another finding of their study was the influence of functional quality on an individual's mental image of an organisation, which suggests that the interaction between a consumer and an organisation's representatives has an important effect on a consumer's mental image of the organisation, and the consumer's subsequent evaluation of service quality (Kang & James 2004:275). The final finding was that the effect of functional quality on a business's image was larger than the effect of technical quality (Kang & James 2004:274).

The results from their study suggest that technical quality, functional quality and a business's public image should be measured to capture fully an individual's overall

perception of service quality (Kang & James 2004:275). Traditionally, technical quality has been disregarded, since it was believed that customers would not be able to discern the technical quality of services, and therefore they would rely on other attributes associated with the process of service delivery and functional quality to rate service quality (Kang & James 2004:275). While functional quality may have a larger influence on perceptions of service quality for services such as health-care and law, it is important to recognise the differential influence of functional and technical quality, particularly for other service organisations that do not have such high credence properties (Kang & James 2004:275).

Kang and James (2004) therefore confirmed the hierarchical approach to service quality (the fact that the construct is multidimensional with sub-dimensions or determinants for each dimension). They adapted Grönroos's (1984, 1988) model (see Figure 3.10).

Figure 3.10: Adaptation of Grönroos's model by Kang and James



Source: Kang and James (2004:269)

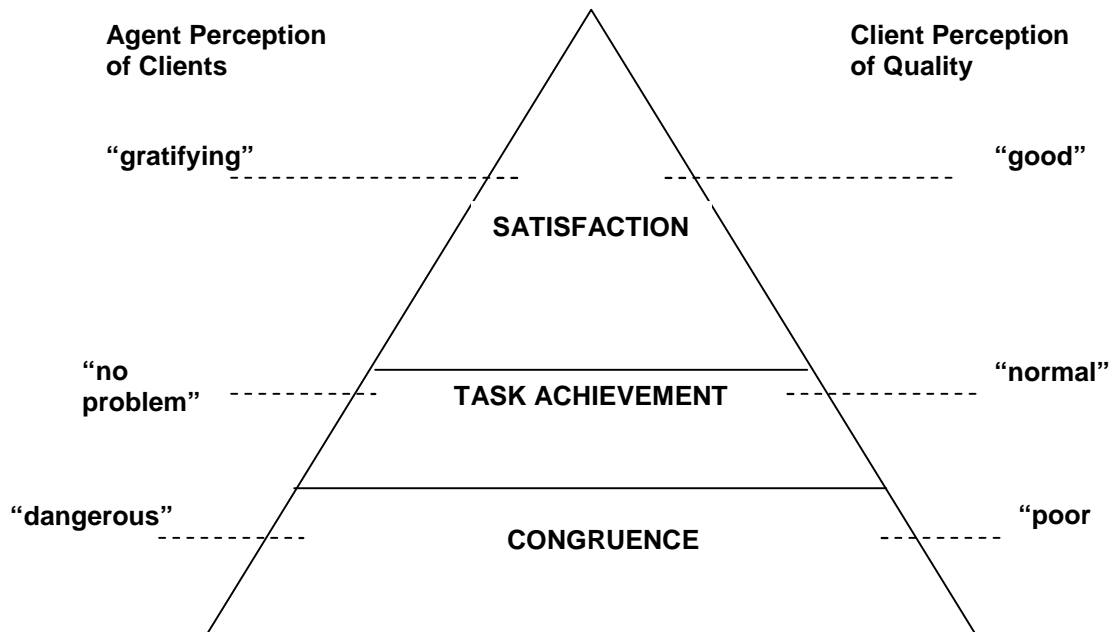
3.4 PUBLIC SECTOR SERVICES

The fundamental difference between service offerings in the private and public sector is that some services offered by the public sector are imposed by legislation. They are therefore mandatory and not discretionary (Gaster & Squires 2003:43; Speller & Ghobadian 1993b:2). Even so, Edvardsson and Enquist (2006:19) argue that customers have the same needs, expectations and requirements from both the public and the private sector. This implies that quality is assessed in more or less the same way. However, a few authors (Gaster & Squires 2003; Klaus 1985; Speller & Ghobadian 1993b) have attempted to define quality more specifically within the public domain.

3.4.1 Klaus's pyramid of quality

Klaus (1985:30), who focused on public service encounters, refers to perceptions in evaluating service quality. Although he does not define how these perceptions are formed, he argues that clients have certain needs. The fulfilment of those needs is rated against expectations. This therefore implies a comparison of the actual service encounter with consumers' expectations to form the perceptions (as is the case in the private sector). Klaus (1985) also agreed that service quality has different levels, arguing that these levels are interrelated in such a way that they can be depicted as a pyramid of quality (see Figure 3.11).

Figure 3.11: The pyramid of quality



Source: Klaus (1985:30)

An experience of good quality in a service encounter depends on the degree to which a client has positive experiences in respect of each of the consecutive levels (or conditions of good quality) in the pyramid (Klaus 1985:31). The pyramid diagram represents quality levels in an intentional analogy to Maslow's well-known hierarchy of human needs – so, for example, service quality can only be experienced with regard to task achievement once the lowest level of congruence has been satisfied (Klaus 1985:30). According to Klaus (1985:30), congruence is the first condition of good service quality. It refers to the initial social interaction between the service provider and the client, for example, whether the parties have greeted each other to their respective satisfaction.

Only after the first level of the pyramid is satisfied can one move to the second level, namely task achievement. Klaus (1985) calls this second level "task achievement", but it seems to be much the same as the technical quality dimension referred to by Grönroos (1984, 1988) – it represents the "what" of the service. After successful task achievement, full satisfaction (the final level on the pyramid) is only achieved if the psychological aspects of the service encounter are also satisfied. Again, this final level can be compared to the functional level of service quality of Grönroos (1984, 1988). Congruence possibly also forms part of the functional level of service quality, but only insofar as it relates to the initial social interaction between the service provider and the client.

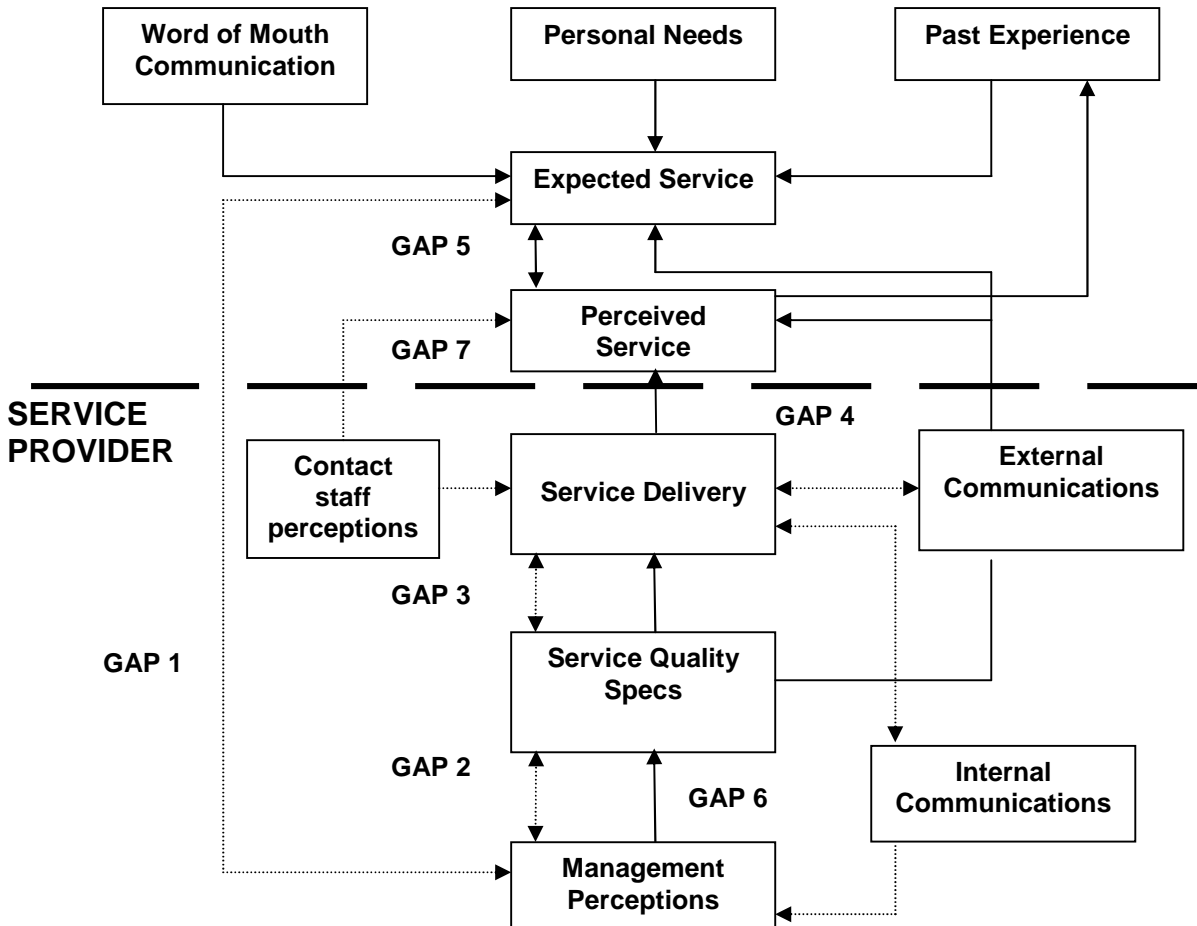
Grönroos (1984, 1988) found that the functional quality is more important than the technical quality, provided that the technical quality is of a satisfactory level. This may imply that the service quality in the technical dimension can also be regarded as being on a lower level than functional quality in a similar hierarchical approach. Grönroos (1984, 1988) derived his conclusions for services in general, whereas the research conducted by Klaus (1985) focused on face-to-face service encounters. Klaus (1985) did not specify whether the conclusions of his research could also relate to other service encounters or service settings where there is limited or no contact with the client. As the services of SARS do not consist only of face-to-face service encounters, the results of the Grönroos (1984, 1988) study may be more relevant to the present research. The similarities between the conclusions reached in the studies by Grönroos (1984, 1988) and Klaus (1985) confirm that public services are not completely different from other services. This implies that the general models might be equally valid in the public sector.

3.4.2 Speller and Ghobadian's public service quality model

Speller and Ghobadian (1993b) adjusted Parasuraman *et al.*'s (1985) service quality gaps model for the public sector (see Figure 3.12).

Figure 3.12: Service quality model in the public sector

CUSTOMER



Source: Speller and Ghobadian (1993b:30).

Speller and Ghobadian (1993b:30) identified two additional internal gaps (Gaps 6 and 7). They promote the notion that the staff who deliver the service in both the “front line” and the “back line” are very important to the process. Gap 6 relates to the internal communication gap (the failure to empower staff and train them properly in delivering services to customers). Gap 7 relates to the contact staff perceptions gap (the failure to listen to contact staff about what the customers think of the services that have been delivered). Gap 6 directly influences the actual service delivered, and thus indirectly influences the perceived service quality experienced by the client. Gap 7, on the other hand, directly influences the services delivered, as well as the perceived service quality experienced by the client. When Gap 5 (the service quality gap) is then measured by using the service quality model as proposed in the present research, the existence of the two

additional gaps should possibly also be acknowledged when any recommendations for improvements are made.

Speller and Ghobadian (1993b:34) argue that most of the service quality models developed in the marketing literature appear to be equally applicable to public sector service operations.

3.4.3 Gaster and Squires's democratic service quality model

Gaster and Squires (2003) differ from Speller and Ghobadian (1993b). They argue that public services are different from private services, and that adjustments are therefore needed to the quality models for the private sector for such models to be fully adapted to the public sector. Gaster and Squires (2003) support the adjusted gaps model of Speller and Ghobadian (1993b), but they are of the opinion that the quality framework should also be adjusted to ensure that the needs of the customers (in the case of the public service, citizens) are met. Although there is no consensus on a definition of public sector service quality, according to Gaster and Squires (2003:253), the "best fit" seems to be a combination of four dimensions of quality (what they refer to as the democratic model of service quality):

- the technical dimension (what?);
- the non-technical dimension (how?);
- the environmental dimension (where?); and
- the democratic dimension (who for and with?).

At a general level, this means that a good quality service needs to

- do what it is designed to do, which is meeting the requirements of those for whom it is designed;
- be provided in such a way that the relationship between those providing the service and those receiving it makes the experience of the core service better, or at least more acceptable;
- be provided in surroundings that are efficient and easy to understand (signposting, queuing, seating, and so on), and gives the message to the public and to front-line staff that they are valued; and
- involves consumers and citizens from beginning to end (Gaster & Squires 2003:253).

This model of service quality is similar to the three-component model developed by Rust and Olivier (1994) and empirically confirmed by Brady and Cronin (2001). Upon closer inspection, it may also relate to Grönroos's (1984, 1988) model, as the technical dimension is the "what" of the service. Gaster and Squires (2003) split the functional dimension into two separate dimensions, the "how" and the "where". It is not certain where the "corporate image" dimension of Grönroos would fit in, but it cannot be ignored. Perhaps the filtering function is still implied. The additional dimension (the involvement of the consumers and citizens) also does not really add much to the existing literature, as the quality approach accepted for the present research is a user-based approach, which implies that the opinion of the client is very important. This additional dimension confirms that the correct quality definition is applied for the present research, and that gathering the opinions of the tax practitioners is the correct place to start. This model therefore confirms the use of general models in the public sector.

3.5 ELECTRONIC SERVICE QUALITY

Service quality literature is dominated by researchers who have studied the delivery of traditional services (Parasuraman *et al.* 2005:214). With the rapid expansion of information technology, it has now also become necessary to distinguish between traditional services and e-services. Traditional services refer to all non-internet or non-electronic customer interactions and experiences with suppliers (Parasuraman *et al.* 2005:214). Zeithaml *et al.* (2002) define electronic service quality as "the extent to which a Web site facilitates efficient and effective ... delivery of ... services". Santos (2003:235) defines the concept of electronic service quality as "the consumers' overall evaluation and judgment of the excellence and quality of electronic service offerings in the virtual marketplace".

For the purposes of the present research, e-services are regarded as all services provided through the internet or through SARS's e-filing. E-mail is therefore currently still classified as part of the traditional services, because, with modern technology, a facsimile (hereafter "fax") is often also delivered in the recipient's e-mail inbox. Thus it is difficult to distinguish between these two service channels. Hence, e-mail is regarded as only one of the service channels of traditional services.

Santos (2003) specifies that service quality should increasingly be recognised as an important aspect of e-services. Yang, Jun and Peterson (2004) concur that service quality

for e-services has become recognised as an important factor in determining the success or failure of the electronic service environment. It has also been widely acknowledged that the electronic service environment may present its own unique challenges. Several authors, such as Parasuraman *et al.* (2005), Santos (2003), Zeithaml *et al.* (2002) and Zhu *et al.* (2002) have attempted to develop service quality models for e-services.

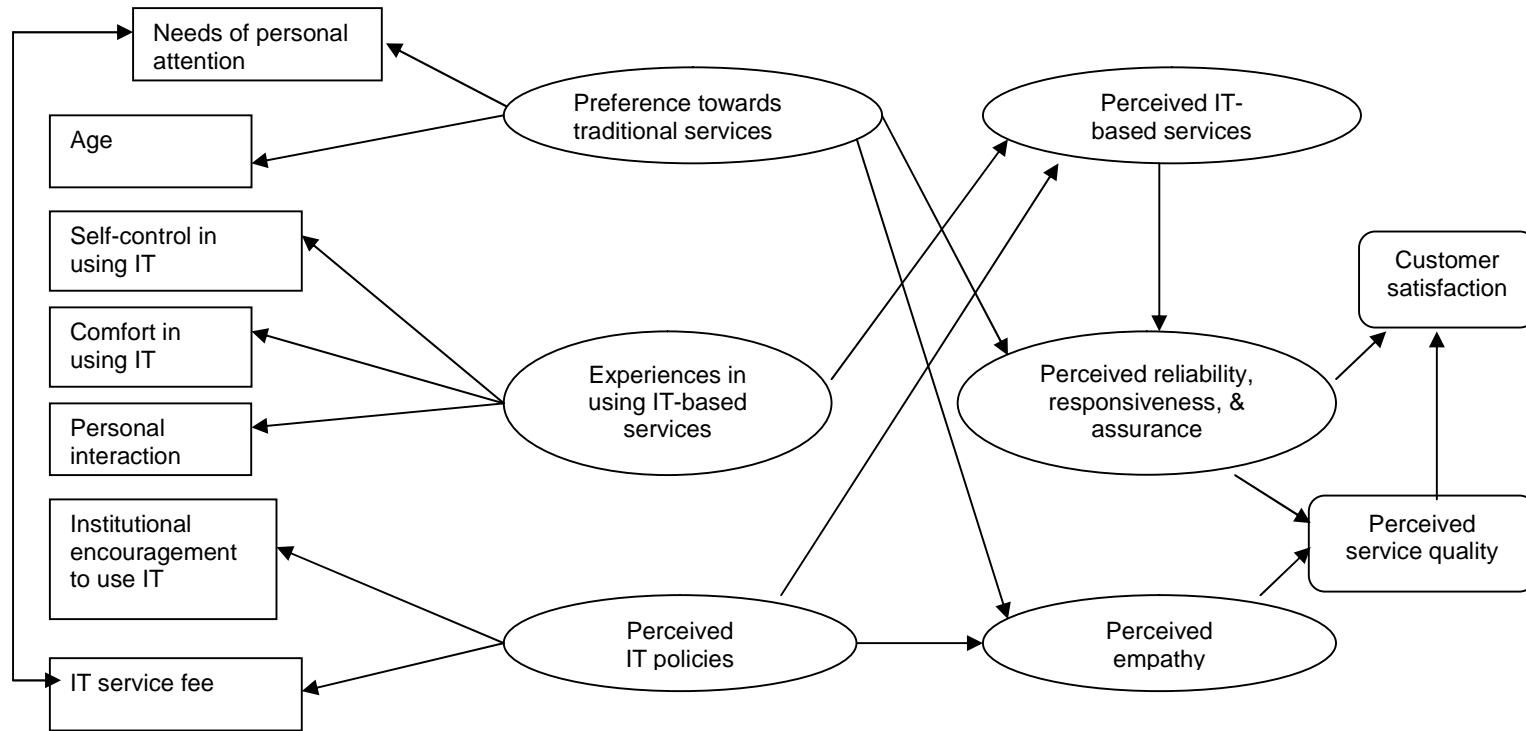
3.5.1 Zhu, Wymer and Chen's service quality model

Zhu *et al.* (2002:85) developed the model set out in Figure 3.13, which explains how electronic service quality affects service quality and customer satisfaction.

The empirical tests of the model suggest that perceived electronic service quality affects perceived overall service determinants, including reliability, responsiveness and assurance in SERVQUAL, and that it therefore indirectly affects perceived service quality and customer satisfaction. With regard to e-services, the tangible determinant in SERVQUAL does not have a significant influence on either service quality or customer satisfaction. The model further suggests that customer evaluations of e-services are affected by their experiences in using e-services and perceived electronic policies. For the purposes of the present research, electronic policies are regarded as the support and encouragement a customer receives, as well as the effect of the electronic service fee as perceived by the customer. Customers' preference for traditional services (including age and a need for personal attention) did not appear to have a direct effect on perceived electronic service quality. Results from the study by Zhu *et al.* (2002) identified the relevant criteria used in forming perceptions of electronic service quality as

- ease of use;
- the extent to which it saves time;
- convenience;
- the provision of accurate information;
- the ability to satisfy most of their needs; and
- privacy.

Figure 3.13: IT-based service quality model

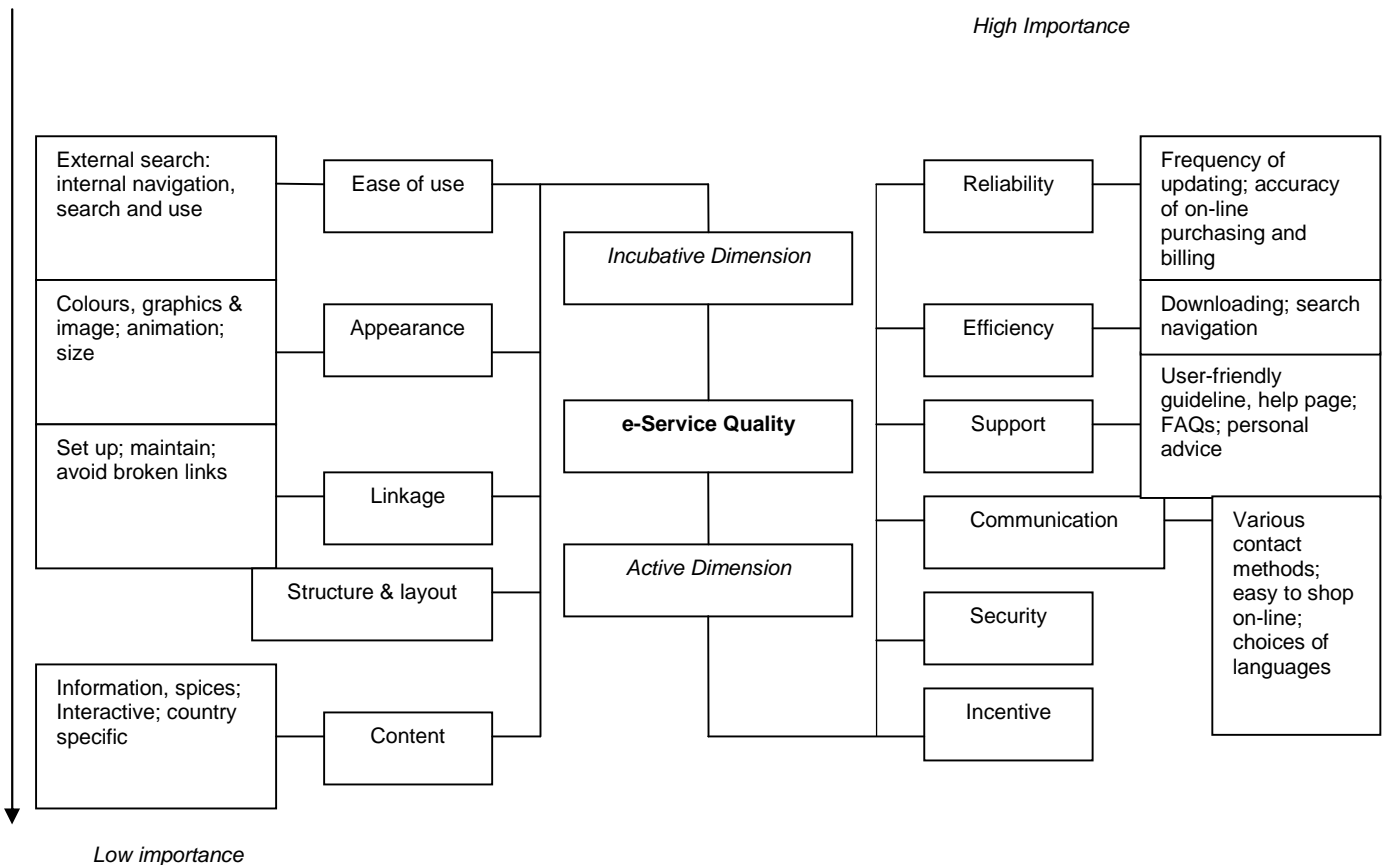


Source: Zhu *et al.* (2002:85)

3.5.2 Santos’s conceptual model of electronic service quality

Santos (2003) conducted a qualitative study on the basis of which she developed a conceptual model of electronic service quality (see Figure 3.14).

Figure 3.14: A conceptual model of electronic service quality



Source: Santos (2003:239)

Santos (2003) divided electronic service quality into an incubative and active dimension – before and after a website is launched – as a criterion for separating the dimensions. Santos (2003) found that both the active and incubative dimensions are equally important. The incubative and active dimension each consist of five or six related (and potentially) overlapping determinants, and the order of these determinants is listed according to their perceived importance. This model is in line with the traditional service quality concept of dimensions and determinants – a hierarchical approach as recommended by Brady and Cronin (2001) and confirmed by Kang and James (2004). The incubative dimension is

defined as “the proper design of a Web site, how technology is used to provide consumers with easy access, understanding and attractions of a website” (Santos 2003:238). The majority of the determinants could be developed before the website is launched, and they include

- ease of use;
- appearance (proper use of colour, graphics, images and animations);
- linkage;
- structure and layout; and
- content.

The active dimension is defined as “the good support, fast speed, and attentive maintenance that a Web site can provide to its customers” and it consists of

- reliability (accuracy and consistency, including frequent updating of the website and prompt reply to enquiries);
- efficiency (speed of downloading, search and navigation);
- support (technical help, user guidelines and personal advice);
- communications (language and medium);
- security (freedom from risk); and
- incentives (encouragement to use site) (Santos 2003:241).

Santos (2003:241) found that reliability is the most important determinant in the active dimension, and that achieving good electronic service quality in the active dimension is similar to achieving good customer service in the traditional services. This qualitative model has not, as yet, been empirically confirmed.

3.5.3 Electronic service determinants identified by Zeithaml, Parasuraman and Malhotra

Zeithaml *et al.* (2002:371) found that electronic service quality is not unidimensional, but multifaceted. It includes several relevant dimensions. They also divide e-services into core services and recovery services. The core services refer to the “normal” services, whereas the recovery services refer to non-routine or recovery service situations. It also appears that recovery service involves different dimensions from those in the core services, and that most of the traditional service issues are part of recovery service rather than of core service (Zeithaml *et al.* 2002:371). Technological readiness, a customer-specific construct,

was found to be related to perceptions of electronic service quality (Zeithaml *et al.* 2002:371).

Parasuraman *et al.* (2005) developed and tested a multiple-item scale (E-S-QUAL) for measuring core web-based electronic service quality. This scale consists of 22 items in four dimensions, which were labelled and defined as follows:

- **Efficiency** – the ease and speed of accessing and using the site;
- **Fulfilment** – the extent to which the site's promises about order delivery and item availability are fulfilled;
- **System availability** – the correct technical functioning of the site; and
- **Privacy** – the degree to which the site is safe and protects customer information.

A different scale, E-RecS-QUAL, was developed for electronic recovery services (Parasuraman *et al.* 2005:229). The E-RecS-QUAL scale consists of 11 items in three dimensions, namely

- **Responsiveness** – effective handling of problems and returns through the site;
- **Compensation** – the degree to which the site compensates customers for problems; and
- **Contact** – the availability of assistance through telephone or online representatives.

3.6 SUMMARY: SERVICE QUALITY

It is widely agreed that service quality depends on two variables: expected (desired) service and perceived service. Perceived service quality is the outcome of an evaluation process where the expected service is compared with the service received. Parasuraman *et al.* (1985) identified four “gaps” within the organisation, namely the consumer expectation and management perception gap, the management perception and service quality specification gap, the service quality specifications and service delivery gap and the service delivery and external communications gap. Speller and Ghobadian (1993b) identified two additional internal gaps that might be relevant to the public sector, that is, the internal communication gap (the lack of empowerment and training of staff in delivering the service) and the contact staff perceptions gap (the failure to listen to contact staff about what the customers think of the service that has been delivered). The perceived service quality gap is to be measured by the service quality model as proposed in the present research and it is a function of all the other internal quality gaps.

Service quality was defined mainly by means of service quality models. Two schools of thought emerged in the definition of service quality, namely the Scandinavian and American schools. In comparing service quality models, it was found that several of the models are equally suitable for different service settings, both in the private and public sectors.

The Scandinavian school defined service quality using categorical terms and divided the construct into different dimensions. Originally Grönroos (1984) identified three dimensions: the technical dimension (“what”), the functional dimension (“how”) and the corporate image.

Gummesson (1992) listed software as a separate dimension, but for Grönroos (1984) software forms part of the technical, or even the functional dimension, depending on whether the software assists in performing the service (the technical dimension), or whether the software assists in delivering the service (the functional dimension). The importance of the use of software should not be ignored in defining or measuring service quality, but the user of a service who evaluates the technical dimension may not always be familiar with the methods used in deriving the end product of a service, whether these methods are manual or whether they involve the use of software applied in performing such a service – the result of the service is all that is visible to the user. With regard to the functional dimension, the importance of software should be acknowledged in measuring this dimension, particularly when electronic service quality is measured.

Rust and Olivier (1994) split the functional dimension into the service delivery (the sequence of events) and the service environment (the physical ambience of the service setting or tangibles). Brady and Cronin (2001) found empirical evidence in support of Rust and Olivier’s (1994) service quality dimensions. Kang and James (2004) found empirical evidence for Grönroos’s (1984, 1988) service quality dimensions. Philip and Hazlett (1997) split the functional dimension into the core and peripheral attributes, where the peripheral attributes are the extras designed to make the whole experience a delight for the consumer.

Gaster and Squires (2003) defined service quality within the public sector, and added a democratic dimension to Rust and Olivier’s (1994) three-dimensional model.

The American school defined service quality using more descriptive terms and divided the construct into different determinants (Parasuraman *et al.* 1985, 1986, 1988; Parasuraman *et al.* 1991a). The determinants identified by Parasuraman *et al.* (1985, 1986, 1988, 1991a) are tangibility, reliability, responsiveness, assurance and empathy. Reliability emerged as the most important and tangibility as the least important of these determinants. Haywood-Farmer (1988) found that the relevance of the various determinants differs, depending on the degree of service contact, interaction and labour intensity. Physical facilities (tangibles) are far more important with services that are low in labour intensity and service contact. Where the labour intensity (thus the service contact) increases, it is more important for the staff to behave appropriately and tangibility thus becomes less important.

A more recent development is the hierarchical approach to service quality. This approach integrates the previous two schools of thought in that it acknowledges that these schools do not only define service quality differently, but that these two schools in fact define different levels of the service quality construct. Grönroos (1988) first classified six service determinants into his three-dimensional service quality model. Gummesson (1992) then listed service quality determinants for each of his service quality dimensions. He concluded that one determinant is valid for more than one dimension, but that the definition of a specific determinant might differ, depending on which dimension it is defined for. Brady and Cronin (2001) found both qualitative and empirical evidence that service quality is a multidimensional, hierarchical construct, as customers form their service quality perceptions on the basis of an evaluation of performance at multiple levels, and ultimately combine these evaluations to arrive at the overall service quality perception. Kang and James (2004) empirically tested Grönroos's (1984, 1988) service quality model and they agreed with Gummesson (1992) that all the SERVQUAL determinants are represented by a second-order latent (that is functional) quality. They therefore also acknowledge the hierarchical approach.

It was also found that the quality dimensions are interrelated. Grönroos (1984) argues that a bare minimum technical quality is always required, but that functional quality is the most important. He claimed that it could even compensate for temporary problems with the technical quality. According to Klaus (1985), congruence (initial social interaction) is the first condition of good service quality. Technical quality (which he refers to as task

achievement) is the second condition to be met for achieving service quality. The final level is the psychological aspects (functional quality, excluding initial social interaction).

The service quality model (SERVQUAL) of Parasuraman *et al.* (1985, 1986, 1988) and Parasuraman *et al.* (1991a) suggests that when they evaluate service quality consumers rely on experience properties – that is, all the determinants (excluding tangibles) that can be classified as part of the functional quality. The SERVQUAL model is based on the assumption that reliability (the most important determinant they identified) depends largely on human performance.

Philip and Stewart (1999) found that the technical quality (referred to as the pivotal attribute or output of the service) is as important (or even more important) than the functional quality of the service. Kang and James (2004) are of the opinion that the importance of functional quality varies depending on the type of service. It was also found that the SERVQUAL dimensions do not measure the technical quality of a service, but only its functional quality (Kang & James 2004; Philip & Stewart 1999). Philip and Stewart (1999) found that both the technical and the functional quality should be measured to be able to fully capture the service quality construct.

Services can also be divided into traditional services and e-services. The difference between traditional and e-services refers only to the method of service delivery and not to the service itself. This therefore clearly indicates that electronic service quality relates only to functional quality. Zhu *et al.* (2002) found that, for e-services, the tangibility determinant does not have a significant effect on overall service quality, and that customer evaluations of electronic service quality are affected by their experiences in using e-services and perceived electronic policies. Santos (2003) developed an electronic service quality model that was never empirically tested. The model may however be relevant in that it acknowledges that electronic service quality is influenced by determinants that differ from traditional service quality. Zeithaml *et al.* (2002) divided e-services into core services (normal services) and recovery services (non-routine services). They developed and tested two multiple item scales (E-S-QUAL for core services and E-RecS-QUAL for recovery services). They also found the determinants affecting these two types of services to be different.

3.7 CONCLUSION

For the purposes of the present research, it is acknowledged that service quality is a multidimensional, hierarchical construct, which means that customers form their service quality perceptions on the basis of an evaluation of performance at multiple levels. The first level is the evaluation of various determinants, the result of which can be combined into the evaluation of different service dimensions. Although the three-dimensional model developed by Rust and Olivier (1994) is the only model that is already defined from the perspective of the public sector, this model is merely a refinement of Grönroos's (1984, 1988) model. The main difference between these two models is that Rust and Olivier's (1994) model splits the functional dimension into the service environment (tangibles) and service interaction. As tangibility is regarded as the least important determinant, and as it is not important at all for electronic service quality, its distinctness as a separate dimension may only complicate the service quality model unnecessarily. In comparing service quality models, it was found that several of the models are equally suitable for different service settings, both in the private and public sectors. Hence, Grönroos's (1984, 1988) model was used in the present research as the basis for defining the dimensions used in developing the service quality model.

The role of the corporate image within the service quality model is not yet clear and should receive further attention. The additional dimension added by Gaster and Squires (2003), the democratic dimension, is already partly incorporated in the user-based definition of quality as accepted for the present research and would thus not form a separate dimension of service quality as such.

Rust *et al.* (1995) presented a return-on-quality model that focuses on the measurement of service quality processes with regard to different business processes. The conclusions based on Haywood-Farmer's (1988) service classification model also imply that it may be important for the service quality model proposed in the present research to rate the services rendered with regard to individual departments within SARS (which are different business processes) to ensure that any results from the survey would be actionable and can be used to improve the design of the processes.

The hierarchical approach was therefore followed in the present research for each separate department within SARS (each business process). Thus each service was

defined with regard to the relevant quality dimension. The relevant determinants for each of the dimensions is identified and defined for each separate department and service delivery modality within SARS.

Dabholkar *et al.* (2000) argue that consumers evaluate different components (determinants) of a service and that these different components should be measured for diagnostic purposes. However, they found that in addition to measuring the different components, an additional global judgement is also required and should be added to the measuring instrument. An additional global judgement was therefore also included in the model proposed in the present research.

Although there is no meaningful agreement as yet on the basic fundamentals of the service quality construct, understanding what is meant by service quality only partly solves the problem, as the service attributes, determinants and dimensions relevant to a service quality model for the tax agency environment, more specifically SARS, still needs to be established. In the next chapter the research methodology used in the present research to develop the proposed service quality model for SARS's services as perceived by tax practitioners is described.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

Oberholzer (2008:ii) recently found that non-compliance by taxpayers is one of the main causes for the significant gap between the amount of tax theoretically collectable from economically active persons and that actually collected in South Africa. The development of a service quality model for the assessment of the services provided by SARS is therefore justified, because it is an essential means to improving the services of SARS and therefore also to improving voluntary compliance.

The objective of the present research is to develop a service quality model that can be used to establish the perceptions of tax practitioners with regard to the service quality of SARS. In the previous chapters, the relevant theoretical constructs with regard to services, quality, service quality and perceptions of service quality have been identified, described and analysed. In order to achieve the objective of the present research, it is important to build on these theoretical constructs to develop a service quality model that can be used as a framework for a quantitative survey instrument to measure the service quality of SARS. In this chapter, the research design used in the present research to achieve this objective is described.

4.2 RESEARCH ORIENTATION

The research can be categorised as falling within the qualitative paradigm and, more specifically, an interpretive orientation, which is an approach that seeks to understand phenomena and to develop theory or build models or frameworks that can be tested empirically in later research (Cooper & Schindler 2001; Leedy & Ormrod 2005; Welman *et al.* 2005). For this reason, the research problem was not stated in the form of null hypotheses which the research could then attempt to reject using statistical techniques, but was instead framed as a broad research objective.

Although the research was mainly qualitative in its approach, it also had a positivist underpinning, as it was based on the broad premise that there is an ideal norm or standard against which the service delivery levels of SARS can be tested. The research did not

seek merely to understand the service quality construct, but also to develop a model based on an ideal standard or norm.

4.3 DEFINITIONS

In the process of developing a model based on an ideal standard or norm (in other words, the service quality model proposed in the present research), the research focused on a number of key concepts. The theoretical underpinnings of the definitions of **service quality, service quality, perceived service quality, service dimensions, service determinants and service aspects** have already been discussed in Chapters 2 and 3. The relevant definitions of the abovementioned concepts as adapted for the present research are summarised below.

Services were defined as differing from goods. They were analysed with reference to their characteristics, namely the intangibility, relative inseparability, interdependence and heterogeneity of services (Boshoff 1990; Eiglier & Langeard 1977; Grönroos 1978; Schneider & White 2004; Upah & Fulton 1985). For the purposes of the present research, all the actions taken by SARS in collecting taxes were therefore regarded as services.

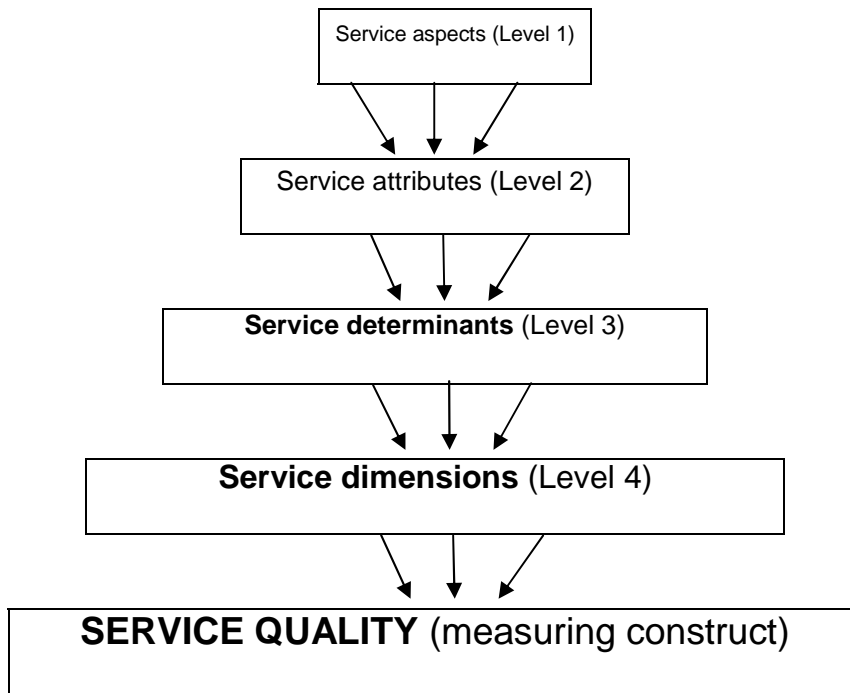
In the present research, a user-based approach to defining **quality** was predominantly used, but the principles of the manufacturing approach were also incorporated to ensure that the full spectrum of quality, as perceived by tax practitioners, was measured. In a user-based approach to defining quality, the definition of quality as formulated by the customer (in this case, the tax practitioner) is relevant. It is therefore subjective, hinging on the perceptions of individual tax practitioners – the services that best satisfy their preferences are those they regard as having the highest quality (Berry *et al.* 1985:45; Boothe 1990:65; Garvin 1984:27; Gummesson 1992:184; Philip & Stewart 1999:2; Schneider & White 2004:10). By contrast, **manufacturing quality** refers to a precise and measurable variable (Garvin 1984:25). In terms of a measurement of manufacturing quality, services are regarded as special types of goods. High quality then implies that goods are compliant with standards and free of deficiencies (Juran 1988:5; Klaus 1985:19).

For the purposes of the present research, it is acknowledged that the combined term **service quality** is a multidimensional, hierarchical construct. This means that customers

form their service quality perceptions on the basis of an evaluation of performance at multiple levels (Grönroos 1984, 1988; Gummesson 1992; Kang & James 2004; Parasuraman *et al.* 1985, 1986, 1988; Parasuraman *et al.* 1991a). Figure 4.1 illustrates the different levels in the multidimensional service quality construct. In the present research, the first level on which a customer forms his or her service quality perception is called **service aspects** (Level 1). This refers to the detailed service aspects that contribute to service factors (service attributes) for each specific service. The term **service attributes** (Level 2) refers to service factors relevant to service quality evaluations (Dabholkar *et al.* 2000:169). The **service determinants** (Level 3) represent a conceptual framework for summarising the service attributes tax practitioners use in assessing service quality (Parasuraman *et al.* 1991a:440). The **service dimensions** (Level 4) are similar in meaning to service quality components (Dabholkar 2000 *et al.* :169).

An example is helpful in assisting in an understanding of the multiple levels in the service quality construct. One service attribute (factor) that the participating tax practitioners identified as relevant to the service quality of SARS's traditional services is the communication service attribute (Level 2). In defining the communication service attribute, it was found that this service attribute could be divided into different sub-service attributes, which are referred to as service aspects (Level 1) in the present research. The understandability of contact personnel, the understandability of documentation and the communication skills of employees were, for example, identified as three different service aspects that are all antecedents to the service attribute of communication. In turn, the communication service attribute (Level 2) was found to be an antecedent of the empathy service determinant (Level 3) in the functional service quality dimension (Level 4). The different definitions for each service aspect, service attribute, service determinant and service dimension are presented in Chapters 5 and 6, together with the development of the proposed service quality model.

Figure 4.1: Multiple levels in service quality construct



The proposed service quality model is to be used in future as a framework for a quantitative survey instrument to measure the service quality of the services SARS renders as perceived by tax practitioners. The model would therefore not measure service quality as such, but would measure **perceived service quality**. For the purposes of the present research, the perceived service quality of the services SARS provides would tend, firstly, to be viewed subjectively by the tax practitioner; secondly, to be predominantly a cognitive and, to a lesser extent, an affective judgement; thirdly, to be represented by the difference between the perceived performance and expectations, and fourthly, to be related to, but not equivalent to, satisfaction (refer to Section 2.5).

With the rapid expansion of information technology, it has now also become necessary to distinguish between **traditional services** and **e-services**. **Traditional services** refer to all non-internet or non-electronic customer interactions and experiences with suppliers (Parasuraman *et al.* 2005:214). For the purposes of the present research, SARS's **e-services** are regarded as all services provided through the internet or through SARS's e-filing (refer to Section 3.5). E-mail was therefore still classified as a traditional service, because, with modern technology, faxes are often delivered in the e-mail inbox of the recipient. Hence, it was difficult to distinguish between these two service channels. Consequently, e-mail was regarded as only one of the service channels of traditional services.

4.4 THE UNIT OF ANALYSIS AND THE POPULATION

The unit of analysis and population consisted of all the tax practitioners registered with SARS in terms of section 67A of the Income Tax Act at the time when the questionnaires were distributed. From SARS's perspective, the term "tax practitioner" refers to and includes any person giving advice to any other person in respect of an Act administered by the Commissioner, or who, for reward, completes or assists with the completion of any document to be submitted to the Commissioner.

Tax practitioners were chosen as the target population because such practitioners play a crucial role in enhancing the efficiency of tax collection. It is they who communicate SARS's intentions to their clients (Friedman 2003:13). They fulfil an important mediating role and serve as a conduit for SARS by passing information to the most affluent taxpayers, which may inevitably influence decisions taken by these taxpayers, as Smith (2003:11) points out. Even if they try to think of ways of "beating the system", they remain essential cogs in its workings (Friedman 2003:13).

Between 60% and 80% of South African businesses use tax practitioners to help them to comply with the burdens of tax compliance (SBP 2005:49; UNISA 2005:114; Upstart Business Strategies CC 2004:36). During extensive consultations with the small business sector, it became clear that an even higher percentage of approximately 95% of small and medium enterprises have to outsource some of their compliance issues to tax practitioners (Arendse, Karlinsky, Killian & Payne 2006:17).

However, in South Africa, it is not only businesses that rely on the assistance of tax practitioners. Turner, Smith and Gurd (1998:99) argue that limited leisure time is available to individuals, so that when they have large enough disposable incomes, individuals are also prepared to pay tax practitioners to complete their returns, because it is faster and more convenient to do so than to try to learn about the requirements themselves. Furthermore, it is estimated that the tax practitioners represent approximately 4 million of the 6.3 million taxpayers in South Africa (SARS 2007:19; Snyckers 2006:4). SARS (2007:39) also indicated that it wants to form a strategic alliance with advisors and tax practitioners to ensure that they are provided with a differentiated service.

Previously, the views of the tax practitioners might have been biased, as SARS can be the subject of severe hostility from the tax practitioners (Friedman 2003:6). The employment of

tax specialists from the private sector by SARS, has, however, given the tax authority a better understanding of business culture, and a more effective basis for engaging with tax consultants working for taxpayers in the private sector (Centre for the future state 2005:16). During 2006, SARS launched a specialised tax practitioners' unit that specifically focuses on increased service delivery to practitioners. Various initiatives undertaken by SARS have also already favourably influenced the relationship between SARS and tax practitioners. SARS lists four different categories of taxpayers on its website, one of which is tax practitioners.

It is therefore submitted that tax practitioners not only represent the majority of taxpayers, but that the frequency of their interaction with SARS is probably much higher than that of an individual taxpayer. Therefore, they are probably the individuals best able to identify service excellence and deficiencies with regard to the services SARS delivers.

The entire population of registered tax practitioners was used for the present research, as the aim of the present research was not to use inferential statistics to predict outcomes. The total population of tax practitioners is approximately 17 000 (Snyckers 2006). Access to SARS's tax practitioners' database was granted by the then head of the tax practitioners' unit, Ms Telita Snyckers.

The client must experience the provision of the service in order to begin to form a mental representation of it (Eiglier & Langeard 1977: 42) and therefore only tax practitioners – who already engage with SARS – were included in the population.

4.5 THE DATA AND ITS COLLECTION

The first step in the research was a detailed literature review, which was carried out to establish the definitions of service, quality, service quality and perceived service quality to be used in the research. The outcome of the literature review served as a theoretical underpinning for the development of the proposed service quality model.

The literature review suggested that a user-based approach to quality was the most relevant to the present research – as Johnson and Gustafsson (2000:47) put it, it is important to build the “lens of the customer”. Doing so will assist SARS to fulfil its aim of using a measuring instrument that captures the tax practitioners' perceptions of the quality of the services rendered by SARS. The “lens of the customer” in other service contexts

(typologies of service determinants and models) that have been presented so far is intended to serve only as a framework for an instrument to measure service quality, as suggested by Schneider and White (2004:38). In other words, such typologies are designed to be modified and changed to fit the needs of specific contexts (Schneider & White 2004:38,40). In order to develop the specific “lens of the customer” for evaluating the services of SARS, an in-depth, qualitative approach was required to identify a comprehensive range of determinants that potentially drive service quality in the revenue service industry and setting, as suggested by Johnson and Gustafsson (2000:47). One such qualitative method is the critical incident technique (CIT).

4.5.1 What is the critical incident technique?

The critical incident technique was introduced and originally defined by Flanagan (1954:1) as

a set of procedures for collecting direct observations of human behaviour in such a way as to facilitate their potential usefulness in solving practical problems and developing broad psychological principles. The critical incident technique outlines procedures for collecting observed incidents having special significance and meeting systematically defined criteria.

Bitner, Booms and Tetreault (1990:73) argue that the critical incident technique is essentially a classification technique employing a content analysis of stories or “critical incidents” as data.

The critical incident technique relies on a set of procedures to collect comments on service experiences, to perform a content analysis and to classify the observations of service experiences. The specific descriptions of events are identified as critical incidents. Several authors have tried to define the critical incident technique – they are generally of the opinion that this method does not consist of a single rigid set of rules governing data collection. They appear to agree that the method should rather be thought of as a flexible set of principles which should be modified and adapted to meet the specific situation at hand (Flanagan 1954:9; Urquhart *et al.* 2003:63).

4.5.2 Applicability of the critical incident technique

Gremler (2004:67) claims that, generally speaking, the critical incident technique method

has been demonstrated to be a sound method since Flanagan first presented it in 1954. One of the advantages of the critical incident technique is that the context is developed entirely from the respondent's perspective and in his or her own words, and that the observations are not restricted to a limited set of variables or activities (Bitner *et al.* 1990:73; Gremler 2004:66-67; Odekerken-Schröder, Van Birgelen, Lemmink, De Ruyter & Wetzels 2000:110). An additional advantage is that critical incidents provide concrete areas for improvement from a customer's point of view (Odekerken-Schröder *et al.* 2000:110). Finally, it is contended that the critical incident technique is not particularly culturally-bound and that there is no prior determination of what will be important (Gremler 2004:67). The classification of critical incidents also allows for the identification of customer-defined service determinants, allowing more freedom in measuring service quality and preventing researchers' "blind spots" (Odekerken-Schröder *et al.* 2000:109). The critical incident technique is thus exactly what is required for building the "lens of the customer". Johnson and Gustafsson (2000:52) regard this technique as particularly well suited for this purpose.

The critical incident technique provides a valuable means for service researchers to study a phenomenon rigorously and to identify issues that have not previously been considered. It has been used successfully in a variety of service contexts in the last three decades: more than 140 critical incident technique studies have appeared in marketing research in the service context. More than 125 of these studies have been published since 1990 (Gremler 2004:65, 68, 69, 78). The most frequently researched issue using the critical incident technique is customer evaluations of service (31% of its use), including issues related to service quality (Gremler 2004:71). As is the case in the present research, the critical incident technique has primarily been used in a business-to-customer context (Gremler 2004:77).

The method itself appears to be a credible approach for service researchers to use, as virtually none of 168 studies investigated by Gremler (2004) have identified any substantial problems with the method itself. Odekerken-Schröder *et al.* (2000:109) found it useful to incorporate critical incidents in a relationship-oriented assessment of service quality. In the focus groups that Parasuraman *et al.* (1985) conducted for SERVQUAL, they also employed the critical incident technique to elicit examples of when customers were satisfied with a service and when they were not (Schneider & White 2004:54). The study

by Bitner *et al.* (1990:83) also supports the appropriateness of the critical incident technique for studying marketing questions and for assessing customer perceptions.

4.5.3 Conclusion on the use of the critical incident technique

The critical incident technique was chosen as the method to be used for building the “lens of the customer” for the evaluation of the tax practitioner’s (customer) evaluation of the service quality of SARS, because the evaluation of a tax practitioner’s perceptions of the service quality of SARS

- is a relationship-oriented assessment of service quality (Odekerken-Schröder *et al.* 2000);
- is done by the customers (tax practitioners) (Bitner *et al.* 1990; Odekerken-Schröder *et al.* 2000);
- is done in the business-to-customer context (Gremler 2004);
- seeks to provide the answer to a question in the service research environment (Gremler 2004); and
- is measured where the user-based approach of quality has been identified as the most suitable approach to apply (Johnson & Gustafsson 2000; Parasuraman *et al.* 1985).

4.5.4 Purpose of using the critical incident technique in the present research

Although an attribute-based measurement of service quality (the evaluation of identified service determinants) differs substantially from an incident-based assessment of service quality (the evaluation of specific service incidents) with regard to its methodology and perspective, there are some advantages to using both approaches in a complementary manner (Stauss & Weinlich 1997:34). Thus far, the call for an integration of these two methods has not been answered in any substantial manner, but generally researchers do not rely solely on the critical incident technique data as a single method in their attempts to understand the phenomenon of interest – the critical incident technique is usually used as a companion research method (Gremler 2004:76). Various researchers, such as Gremler (2004:67), Johnson and Gustafsson (2000) and Schneider and White (2004:54), recommend the critical incident technique as a way to generate qualitative data, which is a good starting point for developing quantitative models or measures of service quality. The critical incident technique method has also been used in the development of quantitative survey instruments by Martin (1996) and Miller, Craighead and Karwan (2000).

The studies that have examined service quality in service industries to date have generally been concerned with the dimensions of service quality and the identification of service quality determinants (Bitner *et al.* 1990:73; Urquhart *et al.* 2003:64). The purpose of using the critical incident technique in the present research was to assist in the development of a service quality framework to be used to develop a quantitative survey instrument to measure the quality of the service SARS provides. The critical incidents that were gathered were classified into categories of different service determinants (using content analysis), so that the important service determinants that are relevant and need to be incorporated into the service quality model could be identified. The critical incident technique was thus used in the present research both to confirm the service determinants identified in the literature review and to assist in the development of new service determinants.

4.6 SPECIFIC DATA COLLECTION METHOD

Data can be collected for the purposes of the critical incident technique from respondents at the time of observation or from observations made earlier and reported from memory, as suggested by Flanagan (1954:14). Because the services SARS provides involve more than only one-on-one interactions (for example, an assessment received in the mail) and because each respondent in the present research was required to list both positive and negative service experiences, the critical incidents that respondents were asked to report on were reported from memory. Gremler (2004:67) regards the need to report from memory as a possible disadvantage of the critical incident technique, as it relies on the chance that respondents will indeed remember incidents and it requires the “accurate and truthful reporting” of these incidents. Other researchers (Flanagan 1954:14; Johnson & Gustafsson 2000:56; Odekerken-Schröder *et al.* 2000:109) are not very concerned about this possible disadvantage, as they argue that it seems reasonable to assume that the incidents respondents recall can be relied on to provide adequate data, as critical incidents from customers’ memories are salient and relatively easy for customers to retrieve, as these incidents are at the top of their minds even in the long term. Flanagan (1954:14) also found that evidence regarding the accuracy of reporting is usually contained in the incidents themselves: if full and precise details are given, it can usually be assumed that this information is accurate, but vague reports suggest that the incident is not well remembered and that some of the data may be incorrect. In an attempt to avoid

generalisation, respondents in the present research were asked to be as specific as possible. (The words “Please be as specific as possible” were included in all the questions.)

Data reported from memory can be collected by means of personal interviews, group interviews or questionnaires (Flanagan 1954:15-18). The group interview technique has been well developed. It has the same advantages as an individual interview with regard to the amount of personal contact, explanation, and the availability of the interviewer to answer questions (Flanagan 1954:17). In this method, an interviewer presents introductory remarks to a group (very much as he or she would do in an individual interview). There is then an opportunity for questions and clarification (Flanagan 1954:17). Each person in the group is requested to write down incidents in response to specific questions contained in a specially prepared form (Flanagan 1954:17). Although such interviews were not the primary source of data in the present research, one group interview was conducted for the purposes of validating the final data collection instrument, as well as to assist in the development of the classification scheme used for the content analysis.

Apart from the interview method, critical incident data can also be collected by means of questionnaires (Gremler 2004:80; Flanagan 1954). Flanagan (1954:18) found that questionnaires tend to elicit results which are not essentially different from those obtained by means of the interview method. Except for the addition of introductory remarks, the forms used in collecting critical incidents by means of questionnaires are virtually the same as those used in group interviews. The questionnaire method was successfully used by Odekerken-Schröder *et al.* (2000) and Stauss and Weinlich (1997).

In addition to the group interview, the questionnaire option was chosen as the primary instrument for data collection for building the “lens of the customer” in the present research. The reason for choosing this method is that the results of the present research should be representative for SARS as a whole and not only for a specific region in which SARS operates, because SARS provides services throughout South Africa. By using a questionnaire, all the tax practitioners in the whole of South Africa could be reached easily, at the lowest possible cost. It was also anticipated that using a questionnaire would provide a greater number of responses, which would in turn result in a bigger pool of raw data.

To ensure that the tax practitioners who were included in the group interview did not also complete the questionnaire, in the introductory remarks made in the group interview, the respondents were told that a questionnaire was to be circulated and that part of it would duplicate what they would already have done in the group interview. They were requested not to answer those specific questions in the second questionnaire again. This is not an infallible method of ensuring that a particular tax practitioner would not complete the questionnaire twice, but completing a critical incident technique questionnaire is probably sufficiently time-consuming to deter most of the group interview participants from completing the form a second time. There is no guarantee, however, that practitioners have not submitted more than one questionnaire (this risk is discussed in greater detail in Section 4.8).

4.7 DESIGN OF THE DATA COLLECTION INSTRUMENT

Flanagan (1954:12) suggests that the first necessary specification for data collection is a delimitation of the situations that are to be observed. For the purposes of the present research, the respondents were asked to evaluate the **service quality of SARS as perceived by the tax practitioners in all interactions with SARS.**

Practitioners interact with SARS in respect of different types of taxes and by means of various service channels. With regard to the different types of taxes, observations on the service quality in connection with all taxes (excluding Customs and Excise) that are administered by SARS were requested.

Incidents relating to Customs and Excise duties were excluded from the data that was collected, because Customs and Excise duties are not paid by a significant proportion of the taxpaying population. A second reason for the exclusion is that most of the services rendered in administering the Customs and Excise duties are not part of the normal service channels. SARS itself acknowledges that Customs and Excise should be treated separately, as SARS circulated a customer satisfaction survey to all its Customs clients in January 2007, requesting information only on client satisfaction with regard to selected Customs services. Snyckers (2007a:pers. comm.), then head of the tax practitioners' unit at SARS, also agrees that Customs and Excise services are not part of the mainstream service channels offered by SARS.

The interactions through the SARS service channels include interactions with SARS at a local branch office or through a call centre, e-mail, e-filing, SARS's website, mail or fax. In order to ensure that respondents considered all the possible service channels, Questions 1 and 2 included a list of all the possible service channels. The respondents were not required to comment separately on each of the service channels. The positive responses on all the service channels were grouped into Question 1, while the negative responses on all the service channels were grouped into Question 2. In the web-based questionnaire, text messaging was added as a service channel.

It was considered appropriate to incorporate a business process approach in the service quality measurement instrument, as suggested by Rust *et al.* (1995). In order to evaluate the services SARS provides, it was decided to measure the different services separately, because services are regarded as intangible (Boshoff 1990:37; Eiglier & Langeard 1977:36; Grönroos 1978:591; Schneider & White 2004:6; Upah & Fulton 1985:255) and because each of SARS's services can lie at a different point on the separability-inseparability continuum. This choice was confirmed by referring to Haywood-Farmer's (1988) conceptual model of service quality, which suggests that it may be important to rate the services provided more specifically in terms of individual departments within SARS, to ensure that the results from the survey can be used in practice to improve the design of the processes of the service offerings. The evaluation of the service channels would possibly only have resulted in an evaluation of the functional quality (the "how") of the services of SARS.

In an attempt to prompt the respondents to evaluate the technical quality (the "what") of the service as well, or at least aspects of the technical quality of the service, the various tax processes that are dealt with by different departments in SARS were listed separately and were added as a second list of observations that respondents were asked for. These processes relate to tax registrations, the submission of tax returns, tax payments, tax refunds, account queries, updating details, assessments and dispute resolution issues (Questions 3 and 4 addressed the respondents' positive and negative experiences with regard to these aspects). For the web-based questionnaire, status queries (that is inquiries with regard to the status of any service aspect, for example, the status of a request for a change of address, or the status of a tax return that is in the tax assessment business process) were added to the list.

Gremler (2004:73) found that most critical incident technique studies include positive and negative critical incidents. In order to ensure that the full service offering was evaluated, the critical incident technique instrument used in the present research therefore included a specific request to report both positive and negative experiences. When a service quality model is used to measure service quality (ideally not only once but frequently, at regular intervals), if only negative critical incidents are asked for, such a model may only indicate the service quality problem areas current at the time when the model is developed – it would not reflect the full spectrum of important services offered by the service provider.

In the four questions used in the present research, the tax practitioners responding to the survey were requested to list the things they “appreciate” (Questions 1 and 3) and then the things they “dislike” (Questions 2 and 4) about their interactions with SARS. Johnson and Gustafsson (2000:158) found that the number of things respondents “dislike” usually exceeds the number of things respondents “appreciate”, so the tax practitioners were guided to first list the things they “appreciate” (Questions 1 and 3).

In the group interview, the respondents were also provided with a range for the number of responses that should be provided. Johnson and Gustafsson (2000:158) recommend a range of between five and ten responses for each category. Because there are different service channels likely to elicit different perceptions of service quality levels, it was thought that a range of five responses would perhaps limit the number of responses, as there are already approximately six different service channels. For the purposes of the present research, the respondents were encouraged to list as many experiences as possible, but a guideline range of ten experiences (for both the positive and the negative answers) was provided for the group interview respondents. For the web-based questionnaire, an open block without any range was provided, but respondents were still encouraged to list as many experiences as possible.

4.8 DATA COLLECTION PROCESS

The group interview was conducted at the University of Pretoria on Monday, 12 November 2007, at 16:00, with members of the Tax Committee of the Northern Region of the South African Institute of Chartered Accountants (SAICA). All the SAICA members in the Northern Region who practise as tax practitioners were invited to attend this meeting. It was decided to use this group for the group interview because it was the most convenient

option for both the researcher and the respondents, given that all the parties live and work in Pretoria, Gauteng.

The sample for a qualitative study does not need to be truly random, as no statistical validity is required, and most studies do not report using a probability sample (Gremler 2004:72; Johnson & Gustafsson 2000:52). A convenience sample of tax practitioners is thus acceptable for the purposes of a group interview.

In this case, a total of 22 members of SAICA actually attended the meeting. The researcher addressed the group with an introductory presentation. This presentation included all the information that is usually provided in a letter of consent, for example, the scope and purpose of the study, the importance of the study and the confidentiality of individual responses (see Annexure A for a copy of the letter of consent that was also given to the group interview members).

After the introduction, a hard copy of a questionnaire containing the four questions was handed out to all the attendees. This questionnaire was available in both Afrikaans and English and each attendee therefore received it in his or her language of choice. The translation of the questionnaire was done by the researcher. The utmost care was taken to ensure that both languages communicated the same message to the respondent (see Annexure B for a copy of the English questionnaire and Annexure C for a copy of the Afrikaans questionnaire).

Initially, the intention was that the attendees at the meeting were to complete the questionnaire at the meeting, but after discussing the matter, some of these tax practitioners felt that they would prefer to consult with their personnel before completing the questionnaire. There were two reasons for this: firstly, some practitioners did not have to deal directly with SARS officials themselves and they therefore felt they had to consult with the relevant personnel at their offices who deal with SARS on a day-to-day basis; secondly, although some of these tax practitioners did deal with SARS on a daily basis, they wanted the results to incorporate all the positive and negative experiences of their employees and therefore wanted to consult with them, to add, where possible, to their own responses. In order to assist them to complete the questionnaire electronically, the group interview questionnaire was distributed to all 22 attendees by e-mail on 16 November 2007. Six completed questionnaires were returned, which represents a

response rate of 27.3%. The data generated by this group were kept separate, as they could be classified as a questionnaire option with the benefit of a formal introduction, as well as initial contact with the researcher. (In further references to the responses to this questionnaire, this option is referred to as the “distributed questionnaire”).

The collection of the data by means of the distributed questionnaire was followed by a web-based questionnaire included as part of a larger survey administered by SARS. For the purposes of the present research, this questionnaire is referred to as the “web-based questionnaire”. The distributed questionnaire was also used to validate the content of the questions relating to critical incidents to be included in the final web-based questionnaire. The distributed questionnaire was found to be suitable for the purposes of the present research, but the respondents to the distributed questionnaire referred to a business process (status queries) that was not originally added as a business process. The status query business process was therefore added to the web-based questionnaire administered by SARS. The group interview respondents also referred to text messaging as a service channel at SARS. The text messaging service channel was therefore also added as a service channel for the web-based questionnaire administered by SARS. The four open-ended critical incident questions were included as part of a bigger questionnaire administered by SARS. The purpose of the SARS questionnaire was to gather information so that SARS could enhance its service offerings and the four-open ended questions formed part of it. Notice of the questionnaire, as well as the link to the website, was e-mailed to the full data base of tax practitioners registered with SARS. The questionnaire was open for completion from 21 November 2007, with a closing date of 26 November 2007.

The total population of approximately 17 000 tax practitioners returned 811 completed questionnaires, which represents a response rate of approximately 5%. This response rate may be considered satisfactory, given that the average response rate for questionnaires in marketing-related studies is often as low as 5% (McDaniel & Gates 1996 in Odekerken-Schröder *et al.* 2000:110). The response rate is also not a matter for concern, because the purpose of open-ended questions is to assist in an exploratory study. It should also be taken into account that a large, unknown number of questionnaires may not have reached

the relevant tax practitioners. Snyckers (2007b) suggested the following reasons:

- Because the questionnaire was mailed as a bulk e-mail, some e-mail system operators may have identified it as “spam” and it was therefore either not sent to the recipient or it was marked as “spam” on the mail delivered to the recipient, which may have resulted in immediate deletion by the recipient.
- Some e-mail boxes may have been full and the questionnaire was therefore not delivered.
- The e-mail addresses for some of the tax practitioners on the database may have been incorrect.
- Some tax practitioners did not provide an e-mail address when they registered. This may be either because they do not have an e-mail address, or because they did not want to make their e-mail address available.

Apart from the response rate (which may be considered satisfactory), the number of responses should also be considered, because, in 115 of the critical incident technique studies evaluated by Gremler (2004:73), the response rates were not reported, and it is therefore common for critical incident technique studies to report only on the number of responses and the number of critical incidents. Gremler (2004:73) found that the average number of responses in the 115 critical incident technique studies investigated was 341. In the present research, the 811 responses received may therefore be considered to be adequate.

4.9 DATA ANALYSIS

The data analysis involved three processes. The first was the identification of usable critical incidents (see Section 4.9.1), the second was the development of a classification scheme for the content analysis (see Section 4.9.2) and the third was a content analysis of the identified critical incidents (see Section 4.9.3).

4.9.1 Defining and identifying a critical incident

According to Hays (in Johnson & Gustafsson 2000:52), an expert in the critical incident approach,

[a] critical incident is a specific example of the service ... that describes either positive or negative performance. A positive example is a characteristic of the service ... that the customer would like to see every time he or she receives that service. A negative example is a characteristic of the service that would make the customer question the quality of the company.

Elements in comments by Bitner *et al.* (1990:73) and Flanagan (1954:12) can be added to the above definition. They believe that an incident can only be critical if it makes a “significant” contribution, either positively or negatively, to the general aim of the activity.

For the purposes of the present research, critical incidents are defined as positive and negative service experiences by tax practitioners of the services provided by SARS. To try to ensure that only experiences relating to “critical incidents” were gathered, the words “really appreciate” and “really dislike” were used in the wording of the questions put to the tax practitioners.

The respondents to both the group interview (distributed questionnaire) and the web-based questionnaires were asked to provide a list of the things that they appreciated and disliked about SARS services. The analysis procedure advocated by Flanagan (1954) indicates that the critical incident itself is the basic unit of analysis. Hence, for the purposes of the present research, the basic unit of analysis (the critical incident) is defined in such a manner as to include statements about SARS service delivery. These statements had to be as specific as possible. A critical incident therefore did not include any comment relating to

- the specific tax legislation applicable;
- the fairness of the tax system;
- the interpretation of a particular piece of legislation;
- services rendered by the SSMO;
- the value received as a *quid pro quo* for taxes paid;
- any comments on Revenue Stamps; or
- Customs and Excise duties.

Any statement that was too vague was also excluded from the list of comments on the critical incidents identified.

To ensure that the right type of data was used in the analysis, it was important that each response was measured against the general definition of a critical incident for the purposes of the present research. Only critical incidents as defined were then used in the data analysis. From the six completed distributed questionnaires, a total of 164 critical incidents were identified and analysed. From the 811 responses to the web-based questionnaire, 5 252 critical incidents were identified and analysed.

In evaluating the adequacy of the number of critical incidents, it should be remembered that services are heterogeneous. Because it is impossible to measure them against exact, uniform standards, even when each customer receives exactly the same quality of service, each customer could evaluate these services differently (Anthony & Govindarajan 2000:621; Czepiel *et al.* 1985:3; Gaster & Squires 2003:7; Haywood-Farmer 1988:20). In order to ensure that the results of the present research truly reflected the perceptions of tax practitioners (and indirectly the perceptions of the taxpayers they represent), the number of critical incidents had to be high enough. The question of whether the actual number of critical incidents was in fact high enough does not appear to have a simple answer, but, according to Flanagan (1954:18), for most purposes, the number of critical incidents could be considered to be adequate when the addition of 100 critical incidents to the sample adds only two or three additional determinants. Gremler (2004:73) reported that the average number of usable critical incidents across 115 critical incident technique studies was 443.

In the present research, many more critical incidents than the average number of 443 usable critical incidents were identified. It was found that fewer than three additional determinants were added with the addition of 100 critical incidents. In fact, this result was already achieved when more or less 50% of the critical incidents were analysed. It can therefore be concluded that the number of critical incidents identified was indeed high enough to draw a relevant conclusion.

4.9.2 Development of a classification scheme for the purposes of the data analysis

After the data has been collected and the relevant critical incidents have been identified, the next step in the critical incident technique is to analyse the data. The first step in the

data analysis in the present research was to develop a classification scheme for the purposes of the content analysis. The aim of a content analysis is to summarize and describe data in an efficient manner, so that it can be used effectively for many practical purposes (Flanagan 1954:19). The main categories of classification (the classification scheme) can either be deduced from theoretical models or established on the basis of inductive interpretation (Gremler 2004:66).

As a starting point, the previous studies that specifically focused on the quality of the services SARS provides (Department of Taxation 2005; De Clercq *et al.* 2006; SARS 2005a:35; SARS Practitioners Unit 2007; Smulders 2006; Tustin *et al.* 2006) were investigated. Most of these studies used closed-ended questions chosen by the researcher concerned or the researcher in conjunction with SARS and other bodies. These questions could therefore not be used to indicate what should be included in a model of evaluating service quality as viewed through the “lens of the customer”.

The next possible option was the theoretical models derived from the literature study. It was found that the service quality models (for example, SERVQUAL) tend to be fairly generic. This implies that it is important to identify the service quality determinants for each particular type of service or service industry, because standard instruments are unsuitable to measure the service quality in different industries (Babakus & Boller 1992:253,264; Badri, Abdulla & Al-Madani 2005:842; Barnes & Glynn 1993:51; Carman 1990; Haywood-Farmer 1988; Phillip & Hazlett 1997:272; Schneider & White 2004:33). The measurement of service quality should therefore be conducted using instruments which have been developed by identifying the determinants of service quality that are important to the customers of the company whose service quality is being measured (Barnes & Glynn 1993:51). The existing models could serve as a framework or basis to be modified and changed to fit the needs of specific contexts (Schneider & White 2004:38). In the present research, the existing service quality models were used as a basis to develop a classification scheme to assist in identifying the determinants that are important in evaluating the service quality of services provided by SARS.

As a starting point, the original ten service quality determinants from the study by Parasuraman *et al.* (1985) were used. All ten determinants taken from Parasuraman *et al.*'s (1985) study were then listed in a classification scheme. Next, this classification

scheme was expanded using the other service quality instruments investigated in the literature review.

Because Kang and James (2004) and Philip and Stewart (1999) found that the SERVQUAL dimensions do not measure the technical quality of a service, but only its functional quality, all the different business processes were also added to the classification scheme.

Santos (2003), Zeithaml *et al.* (2002) and Zhu *et al.* (2002) found that e-service quality is influenced by determinants that differ from traditional service quality, so the service channels through the website, as well as e-filing, were listed separately in the classification scheme. The determinants identified in the models analysed in the literature review were also summarised separately according to these service channels. For the purposes of the present research, e-services were regarded as all services provided via the internet or SARS's e-filing.

The literature study indicated that models of service quality are equally applicable to both the private and the public sectors, but to check whether this was really the case, specific aspects were included in the classification scheme that might only be relevant to SARS as part of the public sector. Market forces in the private sector should, for example, ensure that the accessibility of the service provider can be optimised. Although the accessibility determinant was excluded from Parasuraman *et al.*'s (1991a) study, it was included in the classification scheme in the current study, as it might be important for the public sector. The same may be true for communication – in the public sector there are no market forces to automatically provide the optimum situation. In the private sector, contact personnel are, for example, mainly appointed because of their communication skills, or they receive training in these skills if these skills are relevant to their job descriptions. SARS has had to reorganise, and many of the employees who previously only captured information have now been redeployed (moved to a different department) in SARS. This could imply that many people may have been moved into departments for which they do not necessarily possess the required skills. Communication was therefore also included in the classification scheme.

The first draft of the classification scheme distinguished between traditional services and e-services. Hence, all the different determinants already identified in existing models were included. Based on the experience of the researcher, additional determinants were added.

Flanagan (1954:20) argues that the classification scheme is usually developed or confirmed by starting with a relatively small sample of critical incidents and sorting them into clusters or “piles” related to the frame of reference that has been selected. Hayes (in Johnson & Gustafsson 2000:56) recommends a sample of between ten and twenty as a starting point. The number may increase, depending on the rest of the analysis.

In the present research, the 164 responses from the distributed questionnaire were analysed to refine the classification scheme. The classification scheme was adjusted to incorporate all of these responses. In applying the classification scheme to the bulk of the data (the critical incidents from the web-based questionnaire), the classification scheme was amended in a constant process which resulted either in the expansion of the definitions of current categories or in the addition of new categories.

Flanagan (1954:20) argues that the development of the classification scheme should be a continuous process, but does not highlight any risk with regard to the classification of incidents before changes to the classification model are made. Although the initial classification scheme in the present research was not materially adjusted throughout the process of the content analysis, two risks still remained: that the data analysed in the beginning were not measured against the same definitions and categories as the ones analysed at the end of the process and that because of a lack of richer definitions or additional specific categories, the category closest to the response was chosen by the data analysts (refer to Section 4.9.3 below for a discussion of the involvement of analysts).

One way to empirically test (or pre-test) a classification scheme is to use a holdout sample (Gremler 2004:82; Johnson & Gustafsson 2000:60). Such a practice entails setting aside a portion of the incidents and using only the other incidents to develop the categories (Gremler 2004:82; Johnson & Gustafsson 2000:60). In the current study, all the critical incidents were grouped into 35 different groups. Group 35 represented the critical incidents obtained from the group interview respondents. All the critical incidents from the web-based questionnaire were evenly distributed into Groups 1 to 34. Groups 33 and 34 were treated as a hold-out sample, but, because they added nothing new to the

classification scheme, it was concluded that the categories of the classification scheme were comprehensive.

4.9.3 Description of the content analysis process

After a classification scheme has been developed, content analysis of the data is done. Generally the goal of a content analysis is to develop a classification system to provide insights regarding the frequency and patterns of factors that affect the phenomenon of interest (Flanagan 1954:29; Gremler 2004:66). The aim is to increase the usefulness of the data, while sacrificing as little as possible of their comprehensiveness, specificity and validity (Flanagan 1954:19). It is usually not possible to obtain 100% objectivity in this coding procedure.

The first step in the coding procedure is to have independent judges sort the critical incidents into their underlying categories (Johnson & Gustafsson 2000:57). Generally, two to three judges (coders) are used to analyse and ultimately categorise the critical incidents (Gremler 2004:73). Usually the judges categorise incidents without prior knowledge of other judges' coding (Gremler 2004:73).

In the present research, a total of nine judges (the researcher and eight research assistants) performed the content analysis of the critical incidents. Six of the research assistants had recently completed their Honours degrees in Marketing Management. This degree includes a research project and a research methodology course (the content of the course was evaluated by the researcher and it was found to be sufficiently extensive to equip these assistants with the necessary background to be able to assist in analysing the critical incidents). One research assistant had recently completed an Honours degree in Human Resources Management. This course also includes a research methodology course, the content of which was also found to be extensive enough to equip this assistant with the necessary background to be able to assist in analysing the critical incidents. Another research assistant was busy with her academic traineeship toward becoming a chartered accountant. She had completed the first year of her course-based master's degree in Taxation and Part 1 of the qualifying examination for admission as a chartered accountant. Although this assistant had not as yet completed a course on research methodology, she assisted the researcher with some language editing on the first three chapters of the present research. Taxation was one of her major subjects from her second

year onwards. She was able to bring a theoretical background on the research topic to the research process. This academic candidate did not initially form part of the group of research assistants, but was only added later, as described below.

To ensure that sufficient training was provided to the analysts, they were all given the first three chapters of the present research to read. They were also provided with Chapter 3, “Building the lens of the customer”, in the book *Improving customer satisfaction, loyalty and profit – An integrated measurement and management system* by Johnson and Gustafsson (2000). After they had worked through these documents, the researcher met with them to clear up any questions or uncertainties. The researcher also explained the purpose of the study and the methods used to gather the data on the critical incidents. The research assistants each received a copy of the classification scheme (refer to Annexure D for the classification scheme for the traditional services and Annexure E for the classification scheme for the e-services). The researcher worked through all the definitions with them. Without using any of the responses actually received, *ad hoc* examples were provided and the analysts were each given an opportunity to classify the examples into the classification scheme.

After their training had been completed, the research assistants (excluding the academic trainee candidate) received the 164 responses from the distributed questionnaire (Group 35) and had to perform the content analysis of these responses independently. After they had completed their own work, the whole group of assistants compared their analyses. As a group they agreed on one final classification. The researcher then met with the group to compare her own content analysis with the analyses performed by the group. It was found that there was only a 52% agreement between the researcher and the group. This was considered to be too low. When the analyses were discussed, it was found that the research assistants did not fully understand either the tax principles or the technical terminology used. They also did not understand how SARS operates. The researcher explained to them how the service channels and business processes at SARS work. They then also familiarised themselves with the terminology used. Each assistant was provided with two chapters from different tax textbooks to assist them with additional background knowledge on taxation and SARS. It was also decided to add the academic trainee candidate to the group. Although she later assisted with the content analysis, her initial

function was only to answer questions on tax aspects not fully understood by the research assistants.

After the additional training, each research assistant had to reclassify the responses from the distributed questionnaire. Again the group compared their analyses. The final version was then compared with the researcher's results. A level of agreement of more than 90% was achieved in the second round of analysis, with the added advantage that the differences were no longer one-sided. In relation to the remaining 10% differences between the results of the group and the researcher, nearly half were resolved by accepting the analysis of the group, as their individual academic backgrounds brought different understandings to the various critical incidents. After their understandings were explained to the researcher, the researcher adopted the classification of the group. The remaining differences were mainly the result of an incomplete understanding of the context or technicalities. However, because that resulted in a difference of only 5%, the research assistants were deemed to be sufficiently equipped to classify the responses to the web-based questionnaires.

The responses to the web-based questionnaires were organised into 34 groups (with no criterion other than the order in which the responses were received). Each critical incident in each group was then independently classified by two different research assistants. As they proceeded, interaction with the researcher resulted in an expansion of current definitions and the addition of new categories to the classification scheme. Any changes to the classification scheme were always communicated to the whole group. After the independent analysts had completed their separate evaluations, they compared their analyses and provided a final analysis agreed upon by both. If they could not reach agreement, both their versions were provided for on the final list. Any critical incidents which they did not understand or where they were not completely sure of whether the classification was correct were also identified. Care was taken to ensure that each research assistant always had to work with a different person – a schedule was drawn up for this purpose. To ensure that they worked independently, the research assistants working on the same groups were not allowed to sit next to each other.

After the content analyses of all the groups had been completed, the classification scheme was deemed to be final. A third research assistant (different from the ones who had already worked on each specific group) was then allocated to each group and that

assistant then had to reclassify the whole group independently. The three research assistants that worked on the group then discussed the differences between the final list of Research Assistants One and Two and the results obtained by Research Assistant Three. The changes that were then effected were mostly because of the changes to the classification scheme or because of the additional experience all the candidates had gained by then.

To ensure that the researcher, who is in an authoritative position compared to the other analysts, did not dominate any changes to the classifications, the other three analysts first reached an agreement on all their differences. Only after their differences had been resolved did the three analysts and the researcher meet to resolve the remaining differences. All the items on which they still did not agree, or where they were uncertain, were dealt with first, and then agreement was reached for all the critical incidents between the four parties (the researcher and the three research assistants).

The researcher carried out spot checks on the analysis of the group results, depending on the amount of agreement between the researcher and the research assistants. A minimum of 80% of the critical incidents of each group were reviewed by the researcher. For some groups, all were reviewed. The changes made by the researcher (in agreement with the group) were, however, never more than 20% in total for any particular group. This implies an interjudge reliability of at least 80% for all the groups. Although it is acknowledged that the position and age of the researcher might have intimidated the research assistants, the position of the researcher had the added benefit that it also resulted in a situation in which the research assistants wanted to be regarded as “as successful” as possible. Because it was important for them to be “successful” in their classification, they tried to identify all aspects which they felt even remotely unsure about. This resulted in a situation where they would not agree with each other unless they were totally convinced. It also meant that they communicated their views strongly to the researcher in an attempt to convince the researcher of those views. They were frequently successful in convincing the researcher of their views (something they enjoyed greatly).

The critical incidents from the distributed questionnaire (which was originally used to develop the classification scheme) were identified as Group 35. After the content analyses of Groups 1 to 34 had been finalised, two research assistants were identified to reclassify Group 35. The researcher then reviewed all these results.

4.10 RELIABILITY OF THE DATA ANALYSIS

Gremler (2004:75) indicates that reliability is a key component in content analysis methods. A variety of interjudge reliability indices is available in evaluating the reliability of critical incident technique data analysis. Clearly the most common reliability index used is interjudge agreement (the total number of agreements divided by the total number of coding decisions) (Gremler 2004:74; Johnson & Gustafsson 2000:59; Perreault & Leigh 1989:137).

The utility of an estimate of interjudge reliability is not necessarily limited to an *ex post facto* evaluation of coded data (Perreault & Leigh 1989:137). Instead, researchers often need a diagnostic application (in pre-tests or on a subset of data early in the coding process) to determine whether the classification scheme, definitions, directions and training (that of the coders) can be improved (Perreault & Leigh 1989:137). Once an adequate level of reliability is achieved, attention can be given to the general implementation of the coding process (which may or may not involve multiple judges to code every observation) (Perreault & Leigh 1989:137).

According to Johnson and Gustafsson (2000:59) and Perreault and Leigh (1989), an agreement index of 80% is a reasonable cut-off level to determine whether content analyses are reliable. This percentage agreement has been shown to underestimate interjudge reliability when there are a large number of categories (Perreault & Leigh 1989).

Although no formal indices are available for the reliability of the interjudge classifications, it is reasonable to assume that the thoroughness of the process, as well as the individual agreement ratios in excess of 80% for all the groups, should indicate that the results of the content analysis were reliable. The initial training of the research assistants and the pre-tests on the subset of data (Group 35) that were done early in the coding process also contributed to the reliability of the results. It can also be assumed that the result of 80% is underestimated, as there were a very large number of categories in the classification scheme.

The raw data were organised per respondent. As the critical incidents were numbered per incident and not per respondent, the same points mentioned by the same person carry the same weight as the same point mentioned by more than one person. To try to eliminate any double inclusion, all research assistants were requested to ensure that the same

respondent did not have two or more critical incidents for the same category. Duplications of the same principle by respondents did, in fact, occur very often and this then meant that the duplicated principle was not counted as a critical incident. The researcher also ensured that all data classifications per respondent were reviewed, and not only for specific critical incidents marked. It was found in nearly all of the cases that the research assistant had ignored the duplicated items, and that these items had therefore not been counted more than once.

Although it is acknowledged that a tax practitioner might wish to emphasize a particular issue by mentioning it more than once, it was felt that double inclusion may not reflect the most accurate picture, as other respondents may feel even more strongly about a specific item, but may only have mentioned it once. It should also be noted that the questionnaires were completed electronically, which also allowed respondents to use the “cut” and “paste” options to repeat themselves without much effort. It was assumed that the researcher’s review of between 80% and 100% of the classifications of the critical incidents was sufficient to conclude that the risk of double inclusion of the same critical incident by the same respondent was eliminated as far as possible.

It is acknowledged that, although the participants in the group interview had been requested not to complete the open-ended questions of the questionnaire administered by SARS, there is no way of determining whether any duplication did in fact take place, but no repetition was detected by the researcher.

After a careful evaluation of the process followed for the content analysis, the results were considered to be reliable and the results could therefore be reported as they stand.

4.11 INTERPRETATION OF THE DATA

After the preparation of the summaries of the frequencies of the responses in terms of the relevant classification scheme, a process of **natural language argument** was used to convert the data analysis results and the relevant elements of the theory from the literature survey into the two parts (traditional and the e-service quality) of the proposed model as developed in Chapters 5 and 6 of the present research. Chapter 5 discusses the process for the development of the part of the proposed service quality model for the traditional services SARS renders. Chapter 6 discusses the process for the development of the part

of the proposed service quality model for the e-services SARS provides. Both the traditional and the e-service quality parts of the model are presented in the final chapter of the present research (Chapter 7).

Some general issues were also relevant to the interpretation of the data and these issues are set out below.

4.11.1 SARS Service Charter

In developing the model that is to be used to assess service quality, SARS's Service Charter (SARS 2005b:1), officially released to the public on 19 October 2005, was relevant to the extent that it provides SARS's perspective of the "lens of the customer". The Service Charter commits SARS to clearly defined deliverables that were to be implemented by 2007 (SARS 2005b:1). However, it was not very clear from the Service Charter exactly when in 2007 the Charter was to be fully operational. Croome (2005) and Kieswetter (2006b) were under the impression that the terms of the Charter only applied from the 2008 tax year (that is, from 1 March 2007). There was also no official announcement of a commencement date for the SARS Service Charter. Hence, it was assumed that the service standards set out in the SARS Service Charter were already applicable for the purposes of the service quality model to be developed to measure the quality of SARS's services. These service standards were therefore also incorporated into the results of the study when applicable.

It is important to note that currently the service standards indicated in the SARS Service Charter are applied, but it is not clear how these standards were established. Although a comparison with the standards may be helpful in evaluating whether SARS adheres to its promises, meeting these standards could not be used as an indicator of service quality in the present research, as the "customer" (in this case, the participating tax practitioners) was not consulted in the drafting of the service standards in the Charter. It was therefore still very important that the expectations of the tax practitioners should also be measured.

4.11.2 Importance of responses

It should be remembered that the analysis set out in the present research represents the results of a qualitative study and that the respondents were asked to comment on aspects that they either highly appreciated or really disliked with regard to SARS's services. All the

aspects mentioned by the respondents therefore formed a starting point that was relevant to the development of the service quality model, except where the researcher specified why they should be excluded.

Moreover, the frequencies of the same aspect as mentioned by more than one respondent were used to interpret the relative importance of that particular aspect in the context of the present research. If a particular aspect was mentioned by 100 or more different respondents, the aspect was regarded as more important than an aspect that was listed only once or twice. Apart from the fact that the relative importance of the various service determinants can assist SARS to focus its service strategies on the most relevant service aspects, the importance ratings can also assist in the refinement of a service quality model, especially if the length of the model becomes a problem. The benefits of having specific information versus the risk of not having any information at all meant that a balance had to be found, and in this regard, frequencies were relevant.

4.11.3 Service quality versus building the lens of the customer

Although the results of the content analyses (as presented in Chapters 5 and 6) also reflected the perceptions of the participating tax practitioners with regard to the quality of SARS's services, the purpose of the results of the content analysis was primarily to assist in identifying the determinants that are most important to the tax practitioners in order to draft the "lens of the customer". Chapters 5 and 6 therefore focus on presenting the results for this purpose and should not be interpreted as any reflection on the quality of the services SARS delivers.

4.11.4 Validation of the proposed service quality model

The validity of the proposed model was explored by comparing it to two existing service quality models. The traditional service quality part of the model proposed was compared with the SERVQUAL model, while the e-service quality part of the model proposed was compared with E-S-Qual. The outcome of the comparison is presented in the final chapter of the present research (Chapter 7).

4.12 CONCLUSION

This chapter discussed the research design and the process followed in analysing the

responses for the qualitative research performed. The critical incident technique was chosen as the qualitative method used to build the “lens of the customer” for the evaluation of the service quality of SARS by the practitioners. The purpose of using the critical incident technique in the present research was to present a service quality framework to assist in the development of a quantitative survey instrument to measure the service quality of SARS.

The chapter described the data collection method and process, the design of the data collection instrument, the definition of a critical incident for the purposes of the present research, the processes followed in developing the classification scheme and the content analysis process that followed. The reliability of the research process followed was also evaluated and it was considered that the data analysis method used was reliable and that the results could be reported as they stand. Finally, the chapter discussed the interpretation of the data. In the next chapter, the outcome of the data interpretation (to the extent that it relates to the traditional services) is presented.

CHAPTER 5

BUILDING THE LENS OF THE CUSTOMER: TRADITIONAL SERVICES

5.1 INTRODUCTION

The objective of the present research is to develop a service quality model that can be used as a framework for a measuring instrument to establish the perceptions that tax practitioners hold with regard to the services SARS renders. The previous chapter (Chapter 4) explained the research methodology that was followed in the present research to ensure that this objective is achieved. Chapter 4 also explained why the critical incident technique (CIT) is the most suitable method to build a “lens of the customer” in order to design a service quality model that can be used to develop a measuring instrument to assess the service quality of the services SARS provides. In this chapter the results of the research using the critical incident technique are presented in respect of the traditional services of SARS. This chapter shows how this technique was used to assist in identifying the comprehensive range of determinants that drive the quality of SARS’s traditional services, as perceived by the participating tax practitioners. This “lens of the customer”, based on the qualitative study, served as a blueprint for a service quality model and assisted in the identification of relevant service determinants, as well as the order in which they should be presented, as recommended by Johnson and Gustafsson (2000:70). The detailed conclusions with regard to each determinant and its components are set out in italics in text boxes throughout the chapter.

5.2 PROFILE OF THE RESPONDENTS

5.2.1 Geographical distribution

Section 2.3.2.4 established that, for the proposed service quality model to be reliable, the characteristic of heterogeneity implies that the service quality model should be representative for the total population of tax practitioners in South Africa. The geographical distribution of the respondents was therefore important.

There were two groups of respondents – those who completed the paper-based questionnaire (the distributed questionnaire) and those who completed the web-based questionnaire. Because the paper-based questionnaire was circulated only to a

convenience sample, all six respondents were located in Gauteng.

By contrast, the responses to the web-based questionnaire were received from all nine provinces. The largest group of respondents (46%) who replied did so from Gauteng, while the Northern Cape contributed only 1% of the responses. This appears to be in line with the demographics of SARS's tax practitioners' register, which suggests that the largest number of members is concentrated in Gauteng (52.54%), while the Northern Cape has the lowest representation (only 1.98%). The number of responses from all the other provinces was very much in line with the demographic distribution of tax practitioners throughout South Africa. No information with regard to the number of tax practitioners in the Limpopo province is available, but the 2.2% response rate from this province was in line with the 2.8% response rate received from Mpumalanga. For the purposes of the present research, it is assumed that the geographical distribution of the responses (see Table 5.1) broadly reflects the total population of tax practitioners in South Africa.

Table 5.1: Geographical distribution of tax practitioners

Province	Tax practitioners as listed in the tax practitioners' register Percentage (%)	Responses in this study (n = 811) Percentage (%)
Gauteng	52.54	46.40
Western Cape	22.09	25.00
Durban	12.87	10.70
Eastern Cape	3.21	5.20
Mpumalanga	2.66	2.80
Free State	2.58	3.60
North West	2.07	3.00
Limpopo	*	2.20
Northern Cape	1.98	1.10

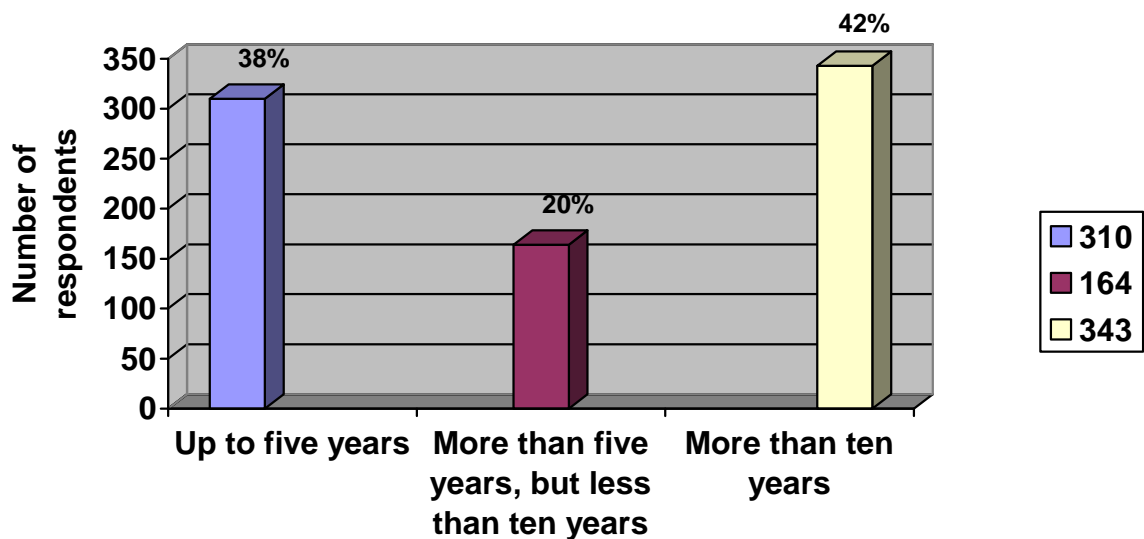
* No information was available on the total number of tax practitioners in Limpopo.

5.2.2 Experience as a tax practitioner

With regard to the experience levels of the tax practitioners, it was found that at least 62% of the respondents (507 respondents out of a total of n = 817) had more than five years of experience in assisting clients with taxation matters. Indeed, 42% of the respondents (343 respondents, n = 817) had more than ten years of experience in this task.

Of the 38% of respondents (310 respondents, n = 817) who had up to five years of experience as tax practitioners, a number answered that they had experience “since the inception of the tax practitioner legislation” – according to section 67A of the Income tax Act, that date was 30 June 2005. This suggests that some respondents understood this question to refer to the date on which they were formally registered as tax practitioners with SARS, and not to the date on which they actually commenced their tax practitioners’ activities, which was in fact the answer the question was meant to elicit. The percentage of 62% of respondents that had more than five years of experience may therefore be an underestimation. Thus, it would appear that the majority of the respondents are well established in their practices and it may therefore be assumed that their responses are of great value and add credibility to the results.

Figure 5.1: Number of years of experience as a tax practitioner



5.2.3 Interaction of tax practitioners with SARS

The frequency with which the responding tax practitioners interact with SARS also affects the credibility of their evaluation of SARS’s services. Of the respondents, 91.7% (744 respondents, n = 811) indicated that they interact with SARS at least 12 times a year. The responses show that 9.1% (74 respondents, n = 811) interacted with SARS at least once a week (52 times a year) and 65.8% (534 respondents, n = 811) interacted with SARS at least 104 times a year (more than once a week, indicating interaction twice a week as the lowest number of interactions). As this question in the web-based questionnaire was not very clear and could have been interpreted as including only direct

interactions with SARS, and not indirect interactions, for example, through the postal service channel, the percentages here might also be underestimated. It can be assumed that the interaction between the respondents and SARS is sufficiently frequent for them to be able to draw valuable conclusions with regard to the services SARS renders.

Table 5.2: Frequency of tax practitioners' interactions with SARS

Frequency	Number of respondents (n = 811)	Percentage (%)
More than once a week	534	65.9
Once every two to three weeks	91	11.2
Once a week	74	9.1
Once a month	45	5.5
Every couple of months	45	5.5
Twice a year	11	1.4
Once a year	11	1.4

5.3 INCIDENCE OF TOTAL POSITIVE AND NEGATIVE RESPONSES

The fact that SARS may currently experience problems in delivering specific service offerings may have had an impact on the results. Therefore the distribution between positive and negative responses was important in ensuring that specific current problem areas are not overemphasized in the proposed service quality model.

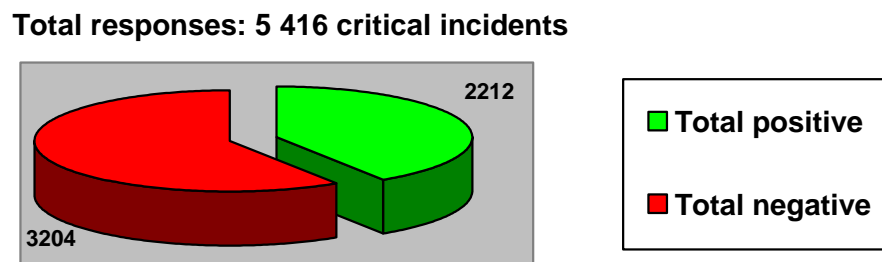
Odekerken-Schröder *et al.* (2000:110) are of the opinion that a positive critical incident may indicate that the desired level of service is exceeded. By contrast, a negative critical incident suggests that an acceptable level of service quality has not been reached. This implies that, when service quality is measured, the impact of negative critical incidents is likely to be more substantial than that of positive critical incidents. However, positive critical incidents should not be ignored and should also be well represented. They may be regarded as a measure of the minimum requirement that SARS has to meet, as suggested by Fisk and Young (1985, in Odekerken-Schröder *et al.* 2000:110).

Although the tax practitioners were guided in the questionnaires to first list the things they “appreciated” (thus positive responses), only 2 212 (40.84%, n = 5 416) of the total number

of critical incidents reported reflected positive responses. By contrast, 3 204 (59.16%, n = 5 416) related to negative responses. The fact that the number of negative incidents exceeded the number of positive incidents confirms what Johnson and Gustafsson (2000:158) found and this should not influence the usefulness of the results.

The incidence of the negative and positive responses may indicate that the full spectrum of critical incidents was identified, and not only incidents that were perceived to be service failures or current service problems. The results may therefore contribute to building a “lens of the customer” for the service quality model, with the positive responses forming the basis of a measure for the minimum requirement, and the negative critical incidents added to that to ensure that service quality as perceived by the responding tax practitioners is accurately measured.

Figure 5.2: Incidence of positive and negative critical incidents



5.4 TRADITIONAL VERSUS E-SERVICES

For the purposes of the present research, e-services were regarded as all services provided through the internet or SARS’s e-filing. Traditional services were regarded as all the non-e-services.

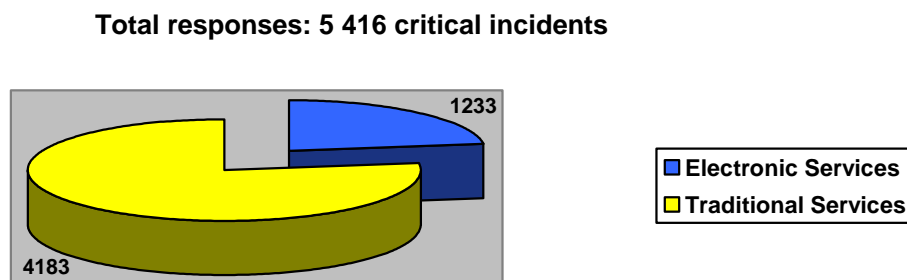
The research of Santos (2003), Zeithaml *et al.* (2002) and Zhu *et al.* (2002) suggests that the service determinants for the e-services differ from the determinants for the traditional services. Therefore, these two types of services were separated into their own classification schemes as far as possible. However, in interpreting the results of the content analysis, it was found that some service determinants relevant to the traditional services were also relevant to the e-services. These critical incidents were then included as part of the traditional services. It was therefore found that, in addition to the differences

in service determinants between these two modes of service delivery, there was also some overlap in the service determinants relevant to both the traditional services and the e-services. These critical incidents were then incorporated with the results of the traditional services. A clear example of an instance where the e-service also relies on a service determinant of the traditional service is the importance of the willingness of an employee to assist a tax practitioner by means of a call centre – this is relevant both for the normal call centre and for the call centre that assists with e-filing.

It was found that only the e-filing (and not the general website) had to be added as a service channel. For the purposes of the analysis of the traditional services, SARS’s e-filing was therefore added as another service channel. Only the service determinants that are unique to the electronic environment were listed under and analysed with the e-services. The services on the general website (excluding e-filing) are relevant only to the e-services.

It was found that 1 233 (22.8%, n = 5 416) of the critical incidents related to the e-services. The remaining 4 183 (77.2%, n = 5 416) related to the traditional services. Included in the traditional service were 51 critical incidents (1.22%, n = 4 183) that related to the addition of e-filing as just another service channel, where the service determinant in the traditional services was found to be relevant to both service modes.

Figure 5.3: Distribution of critical incidents between e-services and traditional services



Completely distinct service quality determinants were used in the classification scheme for the traditional and the e-services. The 22.8% of the critical incidents allocated to the service determinants for the e-services clearly confirmed that, generally, the determinants for the e-services differed from the determinants for the traditional services. This finding is

in line with the findings of Parasuraman *et al.* (2005), Santos (2003), Wolfinbarger and Gilly (2003), Zeithaml *et al.* (2002) and Zhu *et al.* (2002). The overlap of some service determinants, however, indicated that for some service determinants, the e-services should be added as a service channel to ensure measuring of that particular service determinant for the full spectrum of the services SARS renders.

Conclusion 5.1:

In building the “lens of the customer”, a distinction must be made between the traditional service modes and the e-service modes.

Conclusion 5.2:

To ensure that a particular traditional service determinant is measured for the full spectrum of services SARS renders, the e-services should be added as a service channel for identified service determinants within the traditional services.

The rest of this chapter focuses only on the results related to the traditional services. (The results for the e-services are presented in Chapter 6.) The traditional services represent all the services that are not rendered through the Internet, but also include some e-services, where e-filing is added as simply another service channel.

5.5 SERVICE CHANNELS AND BUSINESS PROCESSES WITHIN THE TRADITIONAL SERVICES

The services rendered by SARS that are relevant to the present research relate to the following business processes:

- tax registrations;
- tax returns (including the availability and submission of the returns);
- tax refunds;
- tax payments;
- applications for tax clearance;
- tax-related queries (including enquiries with regard to account balances or movement on taxpayer accounts, as well as other tax-related queries);
- updating tax-related information (for example, updating banking details or addresses);
- tax assessments (including the process from capturing the tax return up to issuing the final tax assessment);

- dispute resolution processes (including the alternative dispute resolution process (ADR)); and
- the tax amnesty process.

It must be noted that the tax amnesty process was a once-off process that is unlikely to be repeated in the future. Although critical incidents were allocated to it, it is recommended that it should be excluded from a service quality model for the future evaluation of the quality of SARS's services.

For the purposes of the present research, the term "service channels" refers to the contact points with SARS through which tax-related information is processed or the results of information already processed by the various business processes are channelled. The results of the above business processes of SARS are currently delivered through the following service channels:

- branch offices;
- call centres (the call centres include the general call centre, the designated call centre for tax practitioners and the e-filing call centre. Where a respondent indicated that he or she had contacted SARS by telephone, the responses were also included with the call centre responses, as, in most cases, it was not possible to identify whether the respondent referred to the general call centre or to telephonic contact with a specific branch office. When it was clear that the telephone contact was with a branch office, the response was allocated to the branch as the service channel. For the purposes of the present research, the term "call centre" therefore refers to most forms of telephonic contact with SARS);
- e-mail (including general e-mail, the designated e-mail for tax practitioners and e-filing e-mail);
- postal services;
- fax;
- the use (to a lesser extent) of bulk and individual text messages; and
- in some cases, e-filing (to the extent that a particular service determinant was relevant to both the traditional and the e-services).

Each of the above business processes could be conducted through one or more service channel(s). Table 5.3 summarises the service channels, confirmed by Nel (2008), through which the different business processes are usually conducted.

Table 5.3: Relevant service channel for each business process

Business process	Service channel
Tax registrations	<ul style="list-style-type: none"> • branches • postal services • fax
Tax returns	<ul style="list-style-type: none"> • branches • postal services • e-filing
Tax assessments	<ul style="list-style-type: none"> • postal services • fax • e-filing
Dispute resolution process	<ul style="list-style-type: none"> • branches • postal service • fax • e-filing
Tax refunds	<ul style="list-style-type: none"> • branches¹
Tax payments	<ul style="list-style-type: none"> • branches • postal services • electronic payments • e-filing
Tax clearance process	<ul style="list-style-type: none"> • branches • postal services • fax • e-filing²
Tax-related queries	<ul style="list-style-type: none"> • branches • call centres • e-mail • postal services • fax
Updating of tax-related information	<ul style="list-style-type: none"> • branches • call centres³ • e-mail • postal services • fax • e-filing

Notes:

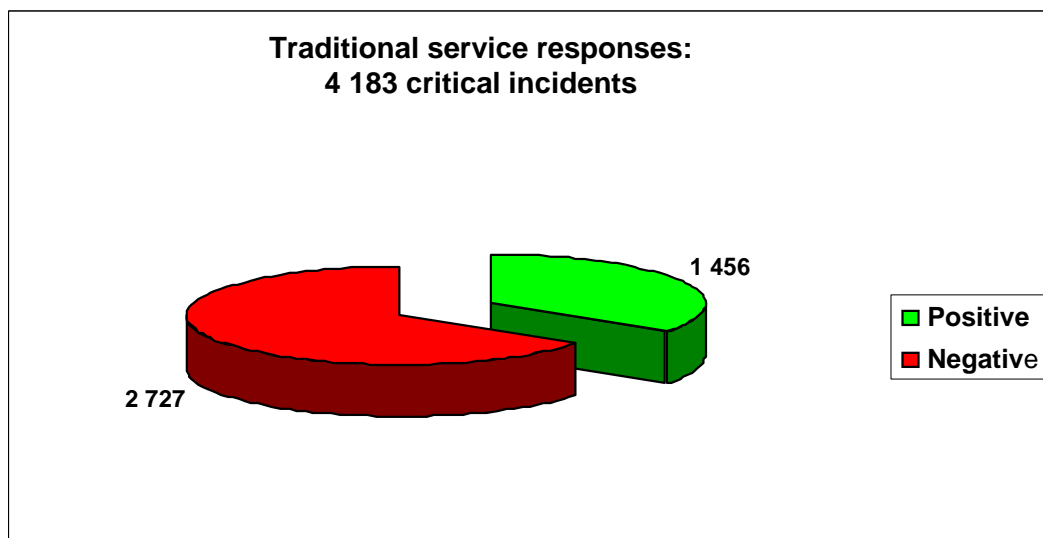
1. Limited, but it is still possible to collect cheques from some branches. Cheques are never posted to a tax practitioner (or taxpayer) and tax refunds are mostly paid directly into the bank account of the taxpayer concerned.
2. Currently, the tax clearance certificate is only available for e-filing if a certificate of good standing or a tax clearance certificate for a tender is required. The facility to apply for a tax clearance for foreign investment purposes is not yet an e-filing option.
3. Only some call centre consultants allow for the updating of information to be done telephonically. In other cases, a fax or e-mail with the request to change information is required by the call centre consultant.

The analysis of the qualitative data was based on the framework of different business processes with the relevant service channels, as set out in Table 5.3.

5.6 INCIDENCE OF POSITIVE AND NEGATIVE CRITICAL INCIDENTS FOR THE TRADITIONAL SERVICES

Of the total number of responses related to the traditional services, 1 456 (34.81%, n = 4 183) contained positive critical incidents. The remaining 2 727 (65.19%, n = 4 183) contained negative critical incidents. There were slightly more negative critical incidents relating to the traditional services than there were negative critical incidents relating to all the services. The distribution of the positive and negative critical incidents relating to the traditional services was still representative enough to be able to draw valid conclusions from them and to ensure that the full traditional service offering was evaluated.

Figure 5.4: Incidence of positive and negative critical incidents for the traditional services



5.7 SERVICE DETERMINANTS FOR THE TRADITIONAL SERVICES

The critical incidents relating to the traditional services were classified into five specific service determinants, namely responsiveness, empathy, assurance, reliability and tangibles. When a critical incident was not specific enough, it was classified under an additional “general” service determinant.

The number of incidents for the responsiveness, empathy and assurance determinants were very similar and much higher in number than the number of incidents for the tangibles determinant. The service determinant that received the most responses was the responsiveness determinant – 26.08% (1 091 critical incidents, n = 4 183) were allocated to it. In close second place was the empathy determinant, with 24.43% (1 022 critical incidents, n = 4 183) of the responses allocated to it. Assurance, with 971 critical incidents (23.22%, n = 4 183), appeared to be the third most important service determinant, although the results for the first three determinants were very similar, which suggests that all three are very important.

Reliability was placed fourth. It attracted 855 critical incidents (20.44%, n = 4 183), implying that it can also be regarded as a determinant that was well represented. The 221 critical incidents (5.28%, n = 4 183) that were classified under the general determinant were too general to be classified under any of the other determinants, but were still regarded as critical incidents, as they either indicated service aspects (for example, a particular business process) or a service channel that the responding tax practitioners regarded as important. The remaining determinant, tangibles, attracted less than 1% of the total number of responses. Tangibles attracted only 0.55% (23 critical incidents, n = 4 183). The distribution of the determinants already indicates the relative importance of the various determinants for the service quality model.

The critical incidents were classified using a classification scheme developed by the researcher (using, *inter alia*, existing service quality models that were adjusted). The final identified service determinants are exactly the same as the service determinants identified for the SERVQUAL service quality measuring instrument developed by Parasuraman *et al.* (1986, 1988) and Parasuraman *et al.* (1991a).

Table 5.4: Determinants for the traditional services

Determinant	Negative responses	Positive responses	Total	Percentage (%)
Responsiveness	625	466	1091	26.08
Empathy	726	296	1022	24.43
Assurance	619	352	971	23.22
Reliability	670	185	855	20.44
General	66	155	221	5.28
Tangibles	16	7	23	0.55

5.7.1 Relevance of identified service determinants for service quality model

Originally Berry *et al.* (1985:45) believed that the relative importance of the service determinants would vary from one service industry to the next, but Berry *et al.* (1988:37) later found that reliability emerged as the most important determinant of good quality service, irrespective of the type of service. Becker and Wellins (1990) focused only on customer services, but found that reliability (which they defined as “follow-up”) appeared to be very important (with an importance rating of 4.09 out of 5). In the customer service environment, reliability appears to come a very close second, in line with assurance (which they defined as “job knowledge”, and which had the highest importance rating). Brady and Cronin (2001:44) argue that reliability, responsiveness and empathy are all three important in providing a superior service. They confirmed some of the results of Berry *et al.*'s (1988) study, as they found that responsiveness was usually the second most important service determinant, with reliability still emerging as the most important. The assurance service determinant was, however (except in the banking environment), always found to be more important than empathy. Haywood-Farmer (1988) found that the relevance of the various determinants differs, depending on the degree of service contact, interaction and labour intensity.

In the present research, responsiveness was allocated the highest number of critical incidents, with empathy and assurance taking second and third place respectively. The fact that the reliability determinant in the present research attracted, firstly, the second lowest number of critical incidents, and, secondly, substantially lower responses than the highest three service determinants, could indicate that there may be a difference between the importance of determinants, either between different service sectors or between public and private institutions. Given that Berry *et al.* (1988:37) found reliability to be the most important determinant of quality, irrespective of the service type, the results of the present research may indicate that the service environment (whether it is in the public or private sector) may influence the relative importance of various service determinants. Further research should be conducted to confirm this finding.

The fact that the tangibles determinant attracted such a low number of responses should not necessarily lead to its exclusion from the service quality model. Becker and Wellins (1990) focused on only one part of the tangibles determinant (the appearance of the contact employees), but they found that, although the appearance of the contact

employees appeared to be important, this service determinant attracted relatively low importance ratings. Schneider and White (2004:36-38) found that while tangibles may often be rated as less important than other determinants in the SERVQUAL typology, it is by no means an insignificant component of service – it can affect the ways in which customers react to the service delivery process. Berry *et al.* (1988:37) and Becker and Wellins (1990) found that **all** the determinants were considered to be important. This implies that this includes the tangibles determinant, even though it was found to have the least importance, and though it attracted substantially lower ratings than the other service determinants in the present research.

Gummesson (1992) and Rust and Olivier (1994) emphasized the importance of tangibles. Both these studies included tangibles as a dimension and found it to be an even higher order construct than the service determinants. Brady and Cronin (2001:44) provided the first empirical evidence on Rust and Olivier's (1994) three-component model conceptualisation of service quality, in that they suggest that, even if consumers did not rate the service environment (tangibles) as the most important, it should not be a service determinant but a dimension on its own (hence the classification of tangibles as a higher order construct). Gaster and Squires's (2003) democratic service quality model also included the environment as a dimension on its own.

It is not clear whether tangibles should be classified as a higher order dimension or as a determinant, but for the purposes of the present research, the service quality model developed by Grönroos (1984, 1988) and empirically tested by Kang and James (2004) was followed. Grönroos's (1984, 1988) model includes tangibles only as a service determinant in the functional quality dimension. The low importance of the tangibles service determinant in the content analysis of the critical incidents also supports the conclusion, based on the literature review, that in the present research Grönroos's (1984, 1988) three-dimensional service quality model rather than Rust and Olivier's (1994) service quality model should underpin the development of the proposed service quality model.

The SARS Service Charter was also analysed. It was found that the Service Charter could be read as including 27 different service attributes. When these service attributes are divided into the five different service determinants, responsiveness and assurance each relate to nine of the service attributes. Four service attributes relate to both reliability and

empathy. Tangibles relates to only one service attribute. It was noted that the SARS Service Charter appears to attach the same degree of importance to the different service determinants identified in building the “lens of the customer”. In both “the lens of the customer” and the SARS Service Charter, responsiveness was associated with the highest number of service attributes, but tangibles was associated with the lowest number. All five service determinants were also found to be relevant to the SARS Service Charter. The SARS Service Charter also assisted in validating the finding that reliability is not the most important service determinant when the quality of SARS’s services is assessed.

Conclusion 5.3:

Responsiveness, assurance, empathy, reliability and tangibles are the service determinants that should be included in the service quality model.

Conclusion 5.4:

For the SARS service quality model, responsiveness, assurance and empathy are probably more important than reliability. Tangibles appears to be the least important of the five service determinants.

Conclusion 5.5:

The results of the present research confirm the original claims by Berry et al. (1985:45) and the finding by Haywood-Farmer (1988) that the relative importance of the individual service determinants would vary from one service industry to the next .

The details of the results for responsiveness (see Section 5.8), assurance (see Section 5.9), empathy (see Section 5.10), reliability (see Section 5.11), tangibles (see Section 5.12) and general (see Section 5.13) are analysed in Sections 5.8 to 5.13 below.

5.8 DETAILED ANALYSIS OF THE RESPONSIVENESS SERVICE DETERMINANT

Parasuraman *et al.* (1988:12) define the responsiveness determinant as the willingness of employees to provide a specific service. Becker and Wellins (1990:49) have identified several relevant service determinants. They call the one that is most closely related to responsiveness “energy” and they define it as remaining highly alert and attentive when dealing with customers. In analysing the results, it was found that respondents referred only to the willingness and attentiveness of the employees – no critical incidents referred to the energy of the employees or their alertness. This implies that although energy could

have an impact on the willingness of SARS's employees, it by no means ensures willingness.

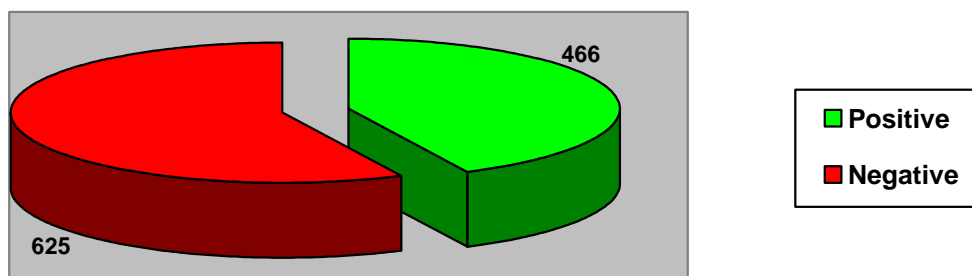
Although the speed of performing the service is not specifically included in the current definitions of responsiveness, Parasuraman *et al.* (1991a:447) also included questions with regard to the timeliness of the services under the responsiveness determinant in their SERVQUAL measuring instrument. The content analysis in the present research revealed that several respondents not only referred to the willingness of the SARS employees, but also frequently commented on how quickly a service was performed.

For the purposes of the present research, responsiveness therefore represents the willingness (including the attentiveness) of employees, as well as the actual timeliness or speed of services performed. Both these service attributes relate to the functional quality of the service ("how" the service is performed).

In respect of all the determinants, 1 091 (26.08%, n = 4 183) of the responses related to responsiveness. This is the determinant associated with the highest number of critical incidents. These critical incidents included 466 positive responses (42.71%, n = 1 091) and 625 negative responses (57.29%, n = 1 091).

Figure 5.5: Incidence of positive and negative critical incidents for the responsiveness service determinant

Responsiveness responses: 1 091 critical incidents

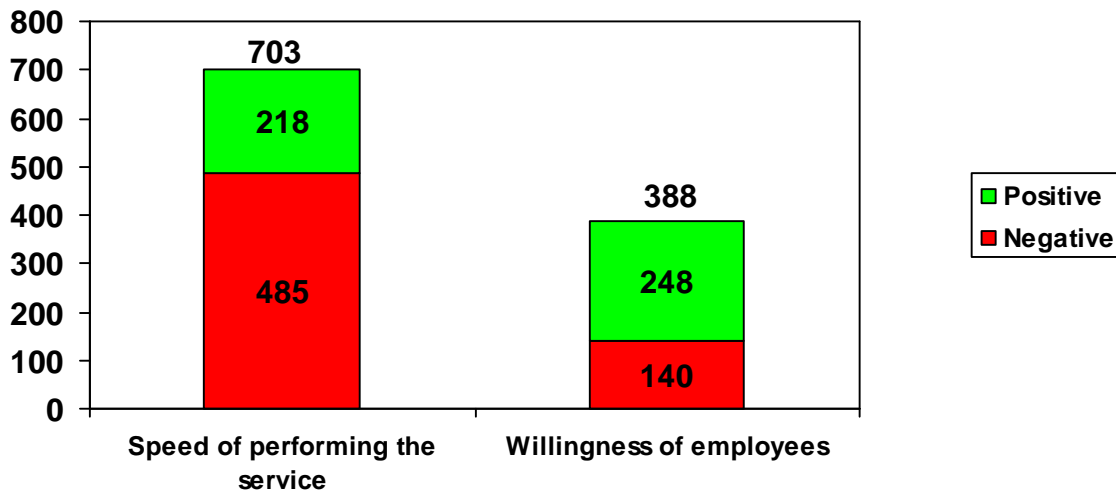


The critical incidents in the responsiveness determinant were allocated to the different service attributes in this determinant as follows:

- speed of performing the service, with 703 critical incidents (64.43%, n = 1 091), of which 218 were positive and 485 were negative; and

- willingness of employees, with 388 critical incidents (35.86%, n = 1 091), of which 248 were positive and 140 were negative.

Figure 5.6: Service attributes in the responsiveness service determinant



5.8.1 Speed of performing the service

The speed with which a service is performed refers to the perceptions of the responding tax practitioners of the turnaround time required for a particular service. It contributes to the functional quality of the service. The speed of the service should not include waiting time (waiting time is dealt with separately in Section 5.10.1, below), but it should include the time from when the tax practitioner is attended to (for example, at a branch) until the reason for his or her service requirement has been met or his or her problem has been resolved. For e-mails or faxes, the speed of the service is the time from when the e-mail or fax was sent by the tax practitioner up to the time when the request in for example the e-mail or fax has been dealt with adequately.

Responsiveness is the service determinant that was allocated the highest number of critical incidents. The service attribute relating to the speed of performing a service was allocated the highest number of critical incidents in the responsiveness service determinant (703 critical incidents, 64.43%, n = 1 091) and the second highest number of critical incidents for all the different service attributes (703 critical incidents, 16.80%, n = 4 183). It could thus be concluded that the speed of performing a service is regarded

as the second most important service attribute used by SARS clients in evaluating SARS's service quality.

The speed of performing services related predominantly to the business processes (as expected), but also to the service channels.

Except for the electronic payments facility, all the service channels (refer to Table 5.5) were relevant to the attribute of the speed of performing services. Services provided through e-mail were allocated the highest number of critical incidents – 52 (this included three responses that specifically referred to the designated e-mail for tax practitioners). Services delivered through the post as a service channel were allocated the second highest number of 18 critical incidents. Faxing as a service channel was allocated the third highest number – 13 critical incidents. The call centre services came very close to faxing, with 11 critical incidents (the designated call centre for tax practitioners was allocated four specific responses). The speed of services at branches was allocated only two critical incidents. Electronic payments were never mentioned in this service determinant, as SARS does not influence the speed of the performance of this service.

Responsiveness by text messaging was mentioned twice. One of these responses related to the fact that confirmation of a password was still awaited by text messaging. The second respondent only mentioned the fact that the communication from SARS by text messaging was very quick. The text messaging function is a one-way function (SARS can issue notifications by text messaging, but taxpayers and tax practitioners cannot communicate with SARS by means of text messaging). Text messaging is mostly relevant in respect of notifications relating to the e-filing system or *ad hoc* assistance messages sent by SARS. The findings suggest that the responsiveness of the text messaging function is very specific and that it is difficult to incorporate it into a general service quality model.

Table 5.5: Speed of performing the service per service channel

Service channel	Negative	Positive	Total
E-mail	27	25	52
General	12	21	33
Post	16	2	18
Fax	11	2	13
Call centre	3	8	11
Branch	1	1	2
Text messaging	1	1	2
Total	71	60	131

It was found that **all** the responses on almost all the service channels (except text messaging) related to responsiveness with regard to solving tax-related queries or business processes regarding the updating of information. It was therefore decided to combine the responses on the business processes relating to updating information and dealing with tax-related queries and also to combine these with the responses on the service channels. All the responses on the speed of performing the service, except for the two relating to the text messaging notifications (701 critical incidents), were therefore classified under the business processes. Included in the e-mail responses were six incidents that referred to the resolution of queries that related to e-filing.

The general business processes were allocated 130 critical incidents. The critical incident category relating to tax queries and updating information was allocated 245 critical incidents. The tax registration process category was allocated the second highest number of critical incidents (a total of 149). All the business processes were allocated critical incidents, with the tax amnesty process being allocated the second lowest number of only two critical incidents, and the deregistration process being allocated only one critical incident.

Table 5.6: Speed of performing the service per business process

Business process	Negative	Positive	Total
Queries and updating of information	156	89	245
Tax registration	126	23	149
General	70	60	130
Dispute resolution process	44	4	48
Tax assessment	31	14	45
Tax refund	25	16	41
Tax return	14	9	23
Tax clearance	11	0	11
Tax payment	4	2	6
Tax amnesty	2	0	2
Deregistration	1	0	1
Total	484	217	701

Respondents also referred to the business processes already implemented on e-filing. A total of 20 critical incidents related to the e-filing business processes. The participating tax practitioners could only comment on the current business processes available on e-filing (and SARS is consistently improving and expanding its services available on e-filing). It is therefore recommended, firstly, that all the available business processes available through the e-filing service channel should be included in a service quality model and, secondly, that the model should be adjusted continuously for new business processes as they become available on e-filing.

The different business processes are dealt with separately and in more detail in the sections below.

5.8.1.1 Resolving queries and updating details

The resolution of queries and updating of information business processes were allocated 245 critical incidents that related to the speed (responsiveness) with which a query was solved or information was updated. The queries can be lodged and the taxpayer information can be updated through the branches, through the call centres, e-mail, the postal services and fax. This service attribute was not relevant to the e-filing service channel.

The SARS Service Charter (SARS 2006f:4) stipulates that SARS will deal with a tax practitioner's enquiries as quickly as possible, but no specific time frame is specified.

However, SARS commits itself to responding within 21 working days to 80% of all correspondence (SARS 2006f:3). The response time of 21 working days probably excludes the time the postal company usually requires to deliver the documents.

Correspondence specifically includes written and electronic correspondence (SARS 2006f:3), but should not include formal visits to the branches, or queries and the updating of information dealt with through the call centre. E-mail, fax, post and hand-delivered letters to branches would probably all be classified as correspondence.

A detailed analysis of the responses suggests that the expectations of tax practitioners with regard to written correspondence are not the same as their expectations in respect of electronic correspondence. It is clear from the responses that tax practitioners expect SARS to respond much more quickly to an e-mail than they expect SARS to respond to posted or hand-delivered correspondence. A typical response was that “e-mailed items are only answered in a month's time”. In view of the fact that the service standard of 21 working days is actually met in this case, it appears that the tax practitioners perceive a need for SARS's reaction to an e-mail to be quicker than SARS's reactions through traditional correspondence channels, that they do not agree with the service standards set out in the SARS Service Charter, or that they are not aware that e-mail is also classified as correspondence (and therefore do not rank the speed of replies in e-mails according to the same criteria as those used for other channels, for example, the postal service).

The fact that expectations with regard to e-mail may differ from expectations with regard to the traditional service channels is confirmed by Grönning (2005:3), who found that interacting through e-mail makes it possible to use elements from the spoken register such as the expectation of rapid response. Grönning (2005:6) also found that the second most important advantage as ranked by e-mail users is the possibility of an immediate written response. In their research, Kalman and Rafaeli (2005:8) found that the purported asynchronicity of e-mail communication should be reassessed, as e-mails are also used in a synchronous manner. Usually, a significant percentage of replies are created very soon after receipt of the initiating message. Kalman and Rafaeli (2005:8) further found that the choice of medium is less a result of its level of synchronicity and more a function of variables such as availability, context, cost and security. They would therefore probably agree with SARS that e-mail correspondence could be pooled with any other correspondence. The fact that there are possibly different response expectations for the

different media, however, emphasises the necessity for including an evaluation for each service channel in the model, rather than for all correspondence in general.

It appears that there is no specific service standard (except for the promise that SARS will deal with matters as expeditiously as possible) for resolving queries or updating information using the call centre, or visiting branches (the non-correspondence channels).

Nine of the critical incidents that respondents mentioned in this group of responses related specifically to the speed of services performed by senior employees. It therefore appears that the tax practitioners distinguish specifically between services performed by senior employees and other employees. However, all nine of these critical incidents were positive, which may explain why senior employees appear to be preferred, namely because the speed with which other employees perform the service may be perceived not to be fast enough or not as fast as the speed with which senior employees perform the service. The need to refer to senior employees would possibly disappear if all the services were rendered at a speed that is acceptable to tax practitioners. A distinction between senior employees and other employees is therefore not necessarily advisable for the purposes of the service quality model.

Conclusion 5.6:

The service quality model should include a question that measures – only for the traditional services – the turnaround time (the number of working days) for resolving queries or updating required taxpayer information when corresponding with SARS by means of

- *fax;*
- *the post;*
- *e-mail (including tax practitioners' and e-filing e-mails); and/or*
- *correspondence that is hand-delivered at SARS branches.*

The service quality model should also include a question that measures the time (measured in minutes) that it takes to resolve a query or update information when a tax practitioner

- *visits a SARS branch; or*
- *telephones the call centre.*

5.8.1.2 *Tax registration process*

A possible reason why tax registrations were allocated a particularly high number of critical incidents (149 critical incidents) is that, in terms of the Income Tax Act, taxpayers have

certain obligations if they must register as taxpayers. Any delay in the tax registration process could be a hurdle in complying with these obligations, which could in turn result in penalties and in interest being levied.

When a tax practitioner (taxpayer) submits an application to register with SARS, SARS aims, in line with the SARS Service Charter (SARS 2006f:3), to process the registration accurately within ten working days. Although SARS does not distinguish between the time it takes for VAT registrations and the time it takes for other registrations (including, for example, income tax, PAYE, provisional tax registrations), among the 149 critical incidents that related to tax registration, there were 45 critical incidents that related specifically to the VAT registration process. It is therefore recommended that the measurement of the speed of the VAT registration process should be separated from the measurement of the speed of other tax registrations. As tax registrations are currently only available for the traditional services, no separate measurement for e-filing is required. The tax practitioners did not specifically distinguish between different speeds for the different traditional service channels, so only one measurement is required to measure the speed for all the traditional service channels.

Conclusion 5.7:

The service quality model should include a question that measures – only for the traditional services – the speed (number of working days) of

- *VAT registrations; and*
- *other tax registrations.*

5.8.1.3 Dispute resolution process and correction of errors

The dispute resolution process attracted 48 critical incidents. The dispute resolution process consists of two aspects. The first deals with situations where a tax practitioner disagrees with an assessment issued by SARS (therefore resulting in a situation in which that tax practitioner embarks on the dispute resolution process). The second deals with the process required to correct processing errors SARS has made.

(a) Dispute resolution process

Although the SARS Service Charter (SARS 2006f:4) stipulates that SARS will deal with a tax practitioner's objections as quickly as possible, no time frames are set for finalising the

dispute resolution process, as these time frames are legally imposed in terms of the Income Tax Act. When a tax practitioner disagrees with SARS on a tax assessment issued by SARS, the time frames allowed for the dispute resolution process are dealt with in sections 81 and 88A to 88H of the Income Tax Act, and the regulations issued in terms of section 107A of the Income Tax Act. After reasons for the assessment have been requested by the tax practitioner (within 30 working days of the date of assessment) and provided by SARS (another 60 working days after the request for reasons has been received), the tax practitioner has another 30 working days to object to an assessment. SARS should react to this objection within 90 working days (SARS 2005c:34). The dispute resolution process provides that, after the notice of the disallowance of an objection to a tax assessment has been sent, the tax practitioner can either use the alternative dispute resolution (ADR) process or should appeal directly to the Tax Board or the Tax Court or High Court. Although 90 working days has been set as the time frame for the finalisation of the ADR process, no such time frames are legally imposed when the appeal is made to either the Tax Board or the Tax Court or High Court.

The chairperson of the Tax Board is the Commissioner of SARS. The Tax Board is administered by a clerk of the Board who is a SARS officer (SARS 2005c:22). It is thus clear that the Tax Board is still under the control of the Commissioner of SARS. The responsiveness of the Tax Board may therefore be relevant to the service quality model used to measure SARS's service quality. However, the Tax Board was not specifically mentioned by any of the participating tax practitioners, so it was not included in the service quality model that is to be built from the "lens of the customer".

The Tax Court is presided over by a judge of the High Court. Therefore it is not completely under the control of SARS (SARS 2005c:23-24). The High Court and the Supreme Court of Appeal are completely independent of SARS. The responsiveness of these courts is therefore not relevant to the service quality model used to measure the quality of the services SARS delivers.

The fact that the participating tax practitioners mentioned that the speed of the dispute resolution process is relevant to them may therefore mean that

- they do not agree with the time frames set out in the Income Tax Act (the time frame in the Income Tax Act was not specifically mentioned by the respondents – they only referred to their perception that dispute resolution takes too long); or
- they are of the opinion that SARS does not adhere to the stipulated time frames (this was specifically mentioned by respondents).

SARS is only responsible for administering the Income Tax Act and not for the drafting of the Income Tax Act and was therefore not responsible for determining the time frames provided for in the dispute resolution process. Because the time frames are fixed, the suitability of the set time frames is not relevant to the service quality model. The extent to which SARS adheres to the set time frames is, however, relevant to the service quality model.

Rule 4.2 of the dispute resolution process (SARS 2005c:11) allows a tax practitioner (taxpayer) to lodge a complaint with the SSMO if SARS does not adhere to the set time frames for the dispute resolution process. In most cases of service failure, a tax practitioner (taxpayer) can report the service failure to the SSMO and rely on the SSMO to assist the complainant in solving the matter, but the other service aspects are not all as structured as the dispute resolution process. It is therefore more difficult for a tax practitioner to evaluate the reasonability, for example, of the responsiveness of SARS in reacting to other correspondence. Because a tax practitioner participating in the present research would probably also only be able to recall the total time that it took to resolve a dispute (rather than the exact length of time taken for the different steps (as listed) within the process) and because the remedy of reporting to the SSMO is available for a structured dispute resolution process, the relevance of the exact time frames of each process to the service quality model is limited. Hence, it is recommended that the responsiveness of the dispute resolution process should only be evaluated in general.

Conclusion 5.8:

It is recommended that the following question with regard to the speed of the services relating to the dispute resolution process be included in the service quality model: “In the case of a dispute on a tax assessment that does not arise because of a processing error by SARS, how long does it take from the date of the assessment up to the date that the letter of rejection or acceptance of the objection is received?”

(b) Correction of errors

The respondents specifically referred to the time required to correct errors by SARS in the data-capturing of returns. As most of the SARS tax returns are now either processed on e-filing or scanned, the relevance of this service attribute has decreased (it will decrease even more in future). The correction of errors as part of the responsiveness service determinant is not addressed in more detail here, because the burdensomeness of correcting mistakes made by SARS is addressed in the recovery service attribute under the reliability service determinant (see Section 5.11.1, below).

5.8.1.4 Tax assessment process

A total of 45 critical incidents related to the tax assessment process. The deliverables that relate to the speed at which SARS performs services, as listed in the SARS Service Charter (SARS 2006f:3), were grouped as follows:

- process and assess 80% of correctly completed and signed income tax returns within 90 working days during peak periods (July to February);
- process and assess 80% of correctly completed and signed income tax returns within 34 working days from the date of receipt in off-peak periods (March to June); and
- process VAT and PAYE returns within 20 working days of receipt.

The SARS Service Charter (SARS 2006f) reveals, firstly, that SARS distinguishes between the service standards for income tax returns as opposed to those for VAT and PAYE returns. VAT and PAYE returns are also partly dealt with through a self-assessment process and therefore the SARS Service Charter does indeed treat the processing of the VAT and PAYE returns differently from the processing and assessment of income tax returns. Given that two different processes are involved (partial self-assessment versus assessment by SARS) and that the respondents also distinguished between the different

types of taxes, the service quality model should measure the service quality of the speed of assessing and processing income tax returns separately from the speed of processing the PAYE and VAT returns.

Secondly, in order to measure the service levels with regard to income tax returns, SARS distinguishes between the speed of performing the services to meet the service standards envisaged during peak periods (that is from July to February) and the off-peak periods (that is from March to June). As the volumes that need to be processed during peak periods are much higher than the volumes that need to be processed during the off-peak periods, it is recommended that the service quality model with regard to income tax returns should also provide for separate measurements for the different periods. SARS makes no distinction between peak and off-peak periods for the processing of the VAT and PAYE returns. These returns are submitted at more regular intervals and therefore result in a service burden for SARS that is spread more evenly over the year.

Tax assessments could be received by the post or fax, but there is no special distinction between these two traditional service channels. However, the respondents distinguished between the tax assessments processed through the traditional channels and the tax assessments processed through the e-filing service channel. For the e-filing, the peak periods may differ, because the filing season for both 2007 and 2008 for individuals was mainly between September and January. As SARS has not yet adjusted its service standard, the different filing seasons may be only temporary, because of special circumstances. During 2007, the e-filing for individual tax returns was introduced, with the simplification of the tax return. This led to the later filing period. During 2008, the IRP 5 reconciliation process was adjusted, which also resulted in later filing periods. It is therefore recommended that the service quality model should provide for the periods as referred to in the SARS Service Charter, but care should be taken to ensure that these periods correspond with the actual periods for the year when the service quality survey is distributed.

Conclusion 5.9:

The service quality model should include questions that evaluate the speed with which tax returns are processed and the speed of the tax assessment process. Separate evaluations should be included for the VAT and PAYE returns, and the income tax returns. For each type of return, provision should be made for distinguishing between the speed of the traditional service channels and that of the e-filing service channel. For income tax returns, separate evaluations should be available for the peak periods (July to February) and the off-peak periods (March to June).

Recommended framework for questions:

The speed (number of working days) with which PAYE and VAT returns are processed

- *when e-filing is used; and*
- *when the returns are submitted manually.*

The speed (number of working days) with which income tax returns are processed and assessments issued during peak periods (July to February)

- *when e-filing is used; and*
- *when the returns are submitted manually.*

The speed (number of working days) with which income tax returns are processed and assessments issued during off-peak periods (March to June)

- *when e-filing is used; and*
- *when the returns are submitted manually.*

5.8.1.5 Tax refunds

The SARS Service Charter (SARS 2006f) stipulates that SARS aims to process

- VAT refunds within 21 working days of receipt; and
- income tax return refunds within 30 working days from the assessment date.

From the SARS Service Charter, it is therefore clear that tax refunds should be divided into VAT refunds and income tax refunds. In 41 responses, respondents commented on the speed of service related to tax refunds in general, and to the speed of service related, in particular, to VAT refunds on the one hand and to income tax refunds on the other.

Tax refunds are usually paid directly into a taxpayer's bank account, but in a limited number of cases, a cheque can be collected from a branch. The respondents did not distinguish between the different ways in which a refund could be collected and no distinction is therefore required in the service quality model in this regard.

Five respondents specifically referred to the speed of refunds when tax returns were submitted and assessments were processed by means of e-filing. However, it could not be established whether the speed was relevant to these respondents because the refund was related to an assessment produced through e-filing or whether the reason for the greater speed of the refund related to the fact that it is possible that processing of the tax assessments through e-filing was quicker and that this therefore meant that refunds were paid more quickly. Thus it is not certain whether the model should provide for both e-filing and non-e-filing as options. The fact that the outcome of the e-filing tax assessment is directly linked to the bank account of the taxpayer on the e-filing system may imply that e-filing should also be identified separately in the service quality model.

Conclusion 5.10:

The service quality model should include a question that evaluates separately the speed (in working days) of processing and paying refunds to clients with regard to

- *income tax refunds;*
 - *whether the tax return is submitted through e-filing; or*
 - *whether the tax return is not submitted through e-filing; and*
- *VAT refunds;*
 - *whether the tax return is submitted through e-filing; or*
 - *whether the tax return is not submitted through e-filing.*

5.8.1.6 *Tax returns*

The service attribute relating to the timeliness of the availability of the tax returns may relate to the empathy service determinant, but it appears to be more closely related to the responsiveness service determinant, because the responsiveness service determinant reflects on the speed of the processes at SARS that ensure that tax returns are available. If the timeliness of the availability of the tax returns had related only to a SARS policy to make the returns available on a certain date, it might have been more relevant to the empathy service determinant, but that is not the case.

The 23 critical incidents that related to the timeliness of returns specifically mentioned the timeliness of the availability of the tax returns (both through the traditional and through the e-filing service channels) in order to give tax practitioners enough time to comply with their obligations by completing and submitting the tax returns issued in time. Apart from the distinction between the traditional and e-filing service channels, the responding tax practitioners in the present research also referred separately to the timeliness of the

availability of the income tax returns for individuals versus the availability of the income tax returns for companies and trusts. No critical incident related to any tax return other than income tax returns.

Conclusion 5.11:

The service quality model should include questions that evaluate

- *the timeliness of the availability of the income tax returns for natural persons through both*
 - *the traditional service channels; and*
 - *the e-filing service channel; and*
- *the timeliness of the availability of the income tax returns for both companies and trusts through both*
 - *the traditional service channels; and*
 - *the e-filing service channel.*

5.8.1.7 *Tax clearance*

The speed of the tax clearance business process attracted 11 responses, all of which were negative. There was no distinction between tax clearances that were applied for and processed through the traditional service channels and those that could be applied for and processed through e-filing. The reason for this may be the fact that the e-filing system does not currently provide for all the different tax clearance certificate types people may require. At present, three different tax clearance certificate types can be issued. The first is a certificate of good standing. The second is a tax clearance certificate that can be used for tenders. The third is a tax clearance certificate as required for South Africans who want to make a foreign investment. The respondents only referred to tax clearance certificates – they did not distinguish between the different types. It is therefore recommended that the service quality model should also refer only to tax clearance certificates without any breakdown of the different types.

Conclusion 5.12:

The service quality model should include a question that evaluates the speed at which SARS (in working days) issues tax clearance certificates.

5.8.1.8 *Tax payments*

When a tax practitioner makes a payment to SARS, SARS aims to process the payment accurately within five working days of receipt (SARS 2006f:3). Six critical incidents

specifically related to the speed of processing payments. No distinction was made with regard to any specific service channel used to make payments, but it may be assumed that this would again not be relevant to the electronic payments or payments through e-filing, as the tax practitioners themselves determine when a payment is to be processed. There is also no distinction between the processing times for the different types of tax (as with tax refunds, respondents referred to payments in general).

Conclusion 5.13:

The service quality model should include a question that evaluates the speed at which SARS processed payments made to SARS.

5.8.1.9 Deregistration

Deregistration usually occurs when a taxpayer no longer has any legal tax obligations. The levying of interest and penalties is usually based on the amount of tax due. This implies that, in the case of deregistration, the levying of interest and penalties would probably not be relevant, because, in most of these cases, the amount of tax due would be zero. The taxpayers (and their tax practitioners) would therefore not be very concerned about how quickly deregistration documentation is processed. Although deregistration was allocated only one critical incident, there is no specific reason to exclude it from the service quality model. It is therefore recommended that it should be included. On the basis of the one critical incident that was reported, no distinction between the deregistration speed for the different types of tax or types of taxpayer could be recommended.

Conclusion 5.14:

The service quality model should include a question that evaluates the processing speed (number of working days) of deregistrations by SARS.

5.8.2 Willingness of employees

The willingness service attribute refers to the perceptions of the responding tax practitioners with regard to the willingness of the SARS employees to render a service. It also relates to the attentiveness of the employees (the personal contact perceived to have been received). In short, it relates to whether the tax practitioner feels that he or she is

simply a number or whether he or she feels that the services required are rendered on a personalised basis.

The willingness of employees (employees' attitude towards rendering the service) was allocated 388 critical incidents (9.28%, n = 4 183), of which 248 (63.92%, n = 388) were positive and 140 (36.08%, n = 388) were negative. The percentage of positive responses for this service attribute (63.92%) was very high in proportion to the total percentage of positive responses of 34.81% for the traditional services and 40.84% for the total services. This high positive response rate may indicate the objectivity of the respondents and also contributes to the reliability of the study.

Given that the willingness of employees to perform a service relates to the functional quality of the service, as expected, the responses only referred to the service channels where tax practitioners have direct contact with SARS employees. The willingness of employees to perform a service with regard to the different service channels in general (177 critical incidents), the willingness of employees at branches (111 critical incidents) and at call centres (98 critical incidents, of which one relates to the e-filing call centre and seven to the tax practitioners' call centre) were specifically referred to. Although contact through e-mail could be regarded as an indirect service channel, two critical incidents (one that relates to the e-filing e-mail) were also allocated to it. The willingness of employees to assist was thus also relevant to the e-filing e-mail and the e-filing call centre.

Table 5.7: Willingness of employees per service channel

Service channel	Negative	Positive	Total
General	56	121	177
Branch	40	71	111
Call centre	44	54	98
E-mail	0	2	2

Conclusion 5.15:

Under the responsiveness determinant, the service quality model should include a question addressing the degree of willingness of SARS employees to assist tax practitioners. This question should only be evaluated for the services rendered

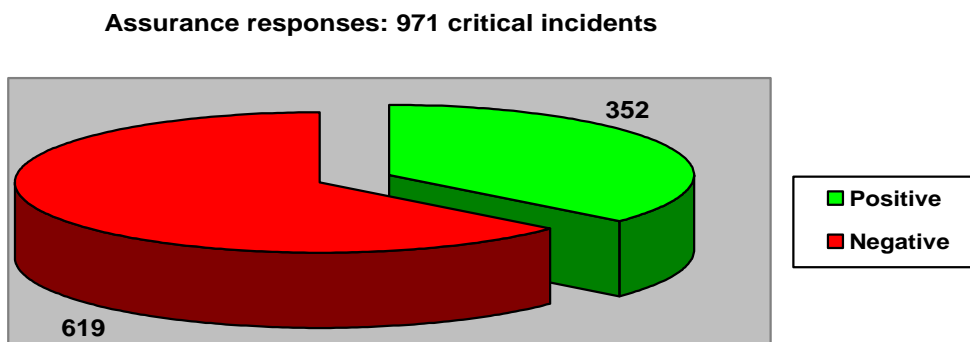
- *at the branches;*
- *through the call centre (normal, tax practitioners' and e-filing call centre); and*
- *e-mail (normal and e-filing e-mail).*

5.9 DETAILED ANALYSIS OF THE ASSURANCE SERVICE DETERMINANT

Parasuraman *et al.* (1986:14-15) define assurance as the “knowledge and courtesy of employees and their ability to convey trust and confidence”. Grönroos (1988:13) adds to this definition that assurance is obtained from operational systems and physical resources. The focus of the operational systems in the assurance service determinant is the ability of the systems to convey trust and to solve problems. For the purposes of the present research, the assurance service determinant includes the knowledge and courtesy of employees and the ability of the operational systems and physical resources to convey trust.

Assurance was regarded as a very important service determinant: 971 critical incidents (23.22%, $n = 4\ 183$) were allocated to it. Of the total number of critical incidents relating to assurance, 36.25% (352 critical incidents, $n = 971$) were positive and 63.75% (619, $n = 971$) were negative.

Figure 5.7: Incidence of positive and negative critical incidents for the assurance determinant



Apart from the negative and positive distinction, all the critical incidents in the assurance determinant could be classified into six different service attributes:

- knowledge of the employees (technical quality) (513 critical incidents, 52.83%, $n = 971$);
- politeness and friendliness of employees (functional quality) (216 critical incidents, 22.25%, $n = 971$);
- consistency in performing the services (functional quality) (129 critical incidents, 13.29%, $n = 971$);

- specific operational systems identified by the respondents – administration of business processes (functional quality) (99 critical incidents, 10.20%, n = 971);
- confidentiality (functional quality) (12 critical incidents, 1.23%, n = 971); and
- physical safety (functional quality) (two critical incidents, 0.21%, n = 971).

Table 5.8: Service attributes in the assurance determinant

Description	Positive critical incidents	Negative critical incidents	Total critical incidents
Knowledge of employees	143	370	513
Politeness and friendliness of employees	155	61	216
Consistency	6	123	129
Administration of business processes	45	54	99
Confidentiality	2	10	12
Physical safety	1	1	2

5.9.1 Knowledge of employees

Parasuraman *et al.* (1988:23) include the knowledge employees have and their ability to inspire trust and confidence in the assurance determinant. Grönroos (1988:13) focuses on the knowledge of the employees to enable problem-solving. Becker and Wellins (1990:49) define what they call “job knowledge” as the “thorough understanding of the organization's products and services as well as customer policies and procedures”. The SARS Service Charter (SARS 2006f:3) stipulates that SARS will endeavour to provide a clear, accurate and helpful response. It appears that SARS acknowledges the importance of this service attribute, as SARS has recently requested various entities to submit tenders to formally evaluate the technical knowledge and skills of their employees.

For the purposes of the present research, the knowledge of the employees includes technical and procedural (organisational) knowledge which enables employees to assist in problem-solving and to inspire trust and confidence.

This service attribute relates to the technical quality of the service (service outcome). Although Kang and James (2004), Philip and Stewart (1999) and Richard and Allaway (1993:61) found that the SERVQUAL dimensions do not measure the technical quality, this service attribute was also included in SERVQUAL. From this, one may conclude that SERVQUAL also partly attempts to measure the technical quality of the service.

The knowledge of the employees of SARS is the most important service attribute of the assurance determinant. No fewer than 513 critical incidents (12.26%, n = 4 183) were allocated to this attribute. In all, 143 (27.88%, n = 971) were positive and 370 (72.12%, n = 971) were negative. The distribution between negative and positive responses stands in sharp contrast to the distribution of responses on the service attribute called willingness of the employees. The service attribute called knowledge of employees was allocated 12.26% of the total responses, whereas the willingness of employees only represented 9.28% of the total responses for the traditional services. It can therefore be concluded that the service attribute of the knowledge of the employees is slightly more important to the respondents. It was interesting to find such a high percentage of negative responses with regard to the knowledge of the employees, as opposed to the acknowledgement by the responding tax practitioners of the willingness of the employees (a very high positive response rate of 63.91% was recorded). Although the willingness of the employees could not necessarily compensate wholly for any lack in knowledge, these results confirm that the willingness of the employees influences the service encounter and therefore the service quality, independently of the knowledge of the employees. It is probably logical to assume that the knowledge (or lack thereof) of an employee could affect the perception of the willingness of the employee, but this assumption would have the effect that the positive responses for the willingness of the employee may be underestimated rather than overestimated.

The respondents clearly distinguished between the knowledge of the contact employees (front-office) (445 critical incidents), the knowledge of the operating employees (back-office) (20 critical incidents) and the knowledge of senior employees (13 critical incidents). Each service attribute was further classified into the different service channels or business processes. When there was not sufficient detail to allocate a critical incident to a particular service channel or business process, the service attribute was allocated to a general service channel or general business process category.

5.9.1.1 Knowledge of contact employees

The technical knowledge of the contact employees relates mainly to the service channels. Service channels in general attracted responses detailing 175 (18.02%, n = 971) critical incidents. Of the specified service channels, the call centre was allocated the highest number of critical incidents, namely 199 (20.49%, n = 971). The respondents also

specifically mentioned the call centre for e-filing-related queries. A total of 21 critical incidents were related to it. The call centre for the tax practitioners was also identified as a separate service channel – 18 of the total number of critical incidents connected to the call centre related to it. The branch as a service channel was allocated the second highest number of critical incidents, namely 67 (6.9%, n = 971), with regard to the technical skills of the contact employees. In respect of communication with SARS through e-mail, only four (0.42%, n = 971) critical incidents related to the technical skills and knowledge of contact employees (in this case, the person answering the e-mail). Two of these critical incidents related to the e-mail designated for tax practitioners. The e-filing e-mail was also specifically mentioned. Although the communication through e-mail could also be classified with the post, fax and text messaging communication as indirect service channels (as these involve no direct contact with SARS employees), the technical skills and knowledge of the person answering the e-mail were nevertheless found to be relevant.

Table 5.9: Knowledge of contact employees per service channel

Service channel	Positive	Negative	Total
Call centre	43	156	199
General	53	122	175
Branch	30	37	67
E-mail	3	1	4

Conclusion 5.16:

The service quality model should include a question that tests whether the tax practitioners perceive the knowledge and skills of the employees who provide services to the tax practitioners to be adequate to provide sufficiently clear, accurate and helpful responses

- *at the branches;*
- *through the call centres (the normal, tax practitioners' and e-filing call centre); and/or*
- *through e-mail (normal and e-filing e-mail).*

Another 35 of the critical incidents (3.25%, n = 971) in the assurance determinant specifically related to the “not accepting responsibility” aspect. One critical incident was positive and 34 were negative. Several specific aspects the tax practitioners mentioned were initially classified under a “not accepting responsibility” service attribute. The first relates to the fact that when a service failure arises, nobody at SARS appears to take

responsibility for the problem or the solution to the problem. Secondly, when SARS officials offer advice on a particular action, they also appear not to take responsibility for their own advice. Thirdly, according to the tax practitioners, when specific advice or a solution to a problem is required, officials at SARS dodge their responsibility and refer them first to one department and then to another. The service aspects the respondents mentioned could be regarded as very closely linked to the knowledge of the contact employees – for example, both the second and third aspects of this service attribute relate directly to the knowledge and skills of the contact employees. If the SARS officials were confident that they had provided the correct advice, then they would probably not mind taking responsibility for their advice. Also, if a particular problem is posed by a tax practitioner, then the technical knowledge of the employee and his or her knowledge of the operational procedures would influence the ability of the employee to answer the query or direct the tax practitioner to someone who can answer it.

These responses were linked directly to the knowledge and skills of the contact employees. They also underline the importance of the service attribute called knowledge of the contact employees and were therefore added to this service attribute. These responses were also very closely related to one of the aspects specifically mentioned in the SARS Service Charter, namely that, where first-time resolution is not possible, a tax practitioner can expect to be advised of the next step(s) by the call centre agent (SARS 2006f:3).

Conclusion 5.17:

Under the assurance determinant, the service quality model should include a question on whether, if first-time resolution is not possible when the call centre is contacted, the tax practitioner is always advised of the next step(s) he or she should take.

5.9.1.2 Knowledge of operating (back office) employees

The critical incidents relating to the technical knowledge of the operating employees (back-office) related to business processes. Apart from the reference to business processes in general (seven critical incidents), the dispute resolution process (three critical incidents), tax assessment (three critical incidents), tax payments (two critical incidents), tax refunds (two critical incidents) and tax and VAT registration (three critical incidents) processes were specifically identified by the participating tax practitioners.

It is not clear, however, how a tax practitioner would assess the technical knowledge of a person processing a payment. Some processes, for example, tax payments, only require computer skills and the skill to work accurately, but no technical tax knowledge or knowledge of processes. If a payment is wrongly allocated, it may reflect on the control processes or computer systems within SARS, rather than necessarily directly on the technical knowledge of the person allocating the payment. The fact that both the responses that related to the tax payments were positive may also be deemed to contribute to the conclusion that the tax practitioners can only evaluate the outcome and, based on that, arrive at certain conclusions. Although the knowledge of the back-office employees might have been relevant to tax assessments in prior years, the tax assessment process has changed to a computerised system and the relevance of the knowledge of the back-office employees will therefore decrease in future. However, of the business processes that were specifically mentioned, only the current dispute resolution process really requires the knowledge of the back-office employees as a pre-requisite for successful service delivery. The result of that knowledge is then documented and could thus be evaluated by tax practitioners. It is acknowledged that the service outcome for the other business processes may, in some cases, not be correct, but the reason for this could not necessarily be identified by the participating tax practitioners. If a tax practitioner evaluated knowledge based on the fact that he or she was in contact with the person performing the specific function for a business process, this contact was most probably through one of the service channels that have already been evaluated (see Section 5.9.1.1, above).

Table 5.10: Knowledge of operating employees per business process

Business process	Positive	Negative	Total
General	1	6	7
Dispute resolution process	0	3	3
Tax assessment	0	3	3
Tax registration	1	2	3
Tax payment	2	0	2
Tax refund	1	1	2

Conclusion 5.18:

The service quality model should include a question that tests whether the tax practitioners perceive the knowledge and skills of the employees of SARS who deal with the dispute resolution aspects (provision of reasons for assessments and replies to objections) to be adequate to provide clear, accurate and helpful responses.

5.9.1.3 *Knowledge of senior employees*

A total of 13 responses, of which eight were positive (61.54%, n = 13) and five were negative (38.46%, n = 13) specifically referred to the knowledge of senior employees. The technical skills and knowledge of senior employees were separated from the technical knowledge of the operating (front office) employees, mainly because of the differences in knowledge levels experienced by the tax practitioners. Some respondents contrasted the knowledge of the contact employees with the knowledge of the senior employees – they mostly perceived the senior employees to be more competent and able to assist them. Because senior employees would usually be expected to be more competent than junior employees, it is not clear whether or not the knowledge of senior employees should also be added as a service attribute in its own right for the purposes of the service quality model that is to be developed. As with the speed of performing the service attribute (see Section 5.8.1), it can be assumed that the knowledge of the senior personnel is only relevant because there is a perception that the knowledge of the junior personnel is not up to standard. The conclusion is based on the high proportion of negative responses (72.12%) on the knowledge of lower level employees, compared to the 61.54% of positive responses on the knowledge of senior employees.

Table 5.11: Knowledge of senior employees per service channel

Service channel	Positive	Negative	Total
Branch	5	4	9
General	2	1	3
Call centre	1	0	1

5.9.2 Politeness and friendliness of employees

The courtesy of employees (politeness and friendliness) is clearly part of the assurance determinant. The service attribute of politeness and friendliness of employees includes what Grönroos (1988:13) refers to as the sense that “the customers feel that the contact

persons are concerned about them and genuinely interested in solving their problems in a friendly and spontaneous way". For the purposes of the present research, the phrase "interested in solving their problems" in Grönroos's (1988) definition is more closely related to the willingness of the employees to assist tax practitioners than the politeness and friendliness of the employees. An employee could be polite and friendly, but unwilling to assist. These two service attributes are therefore totally distinct. Several of the responding tax practitioners also referred to the professional treatment they either received or wished to receive from the employees of SARS. Hence, professionalism was added to the above definition. The SARS Service Charter also states that tax practitioners are entitled to courteous and professional service at all times (SARS 2006f).

The politeness and friendliness service attribute is therefore defined, for the purposes of the present research, as tax practitioners' perceptions that the contact employees at SARS are concerned about their problems and assist them professionally in a polite and friendly way. This service attribute contributes to the functional service quality of SARS.

The service attribute of the politeness and friendliness of the SARS contact employees was allocated the second highest number of critical incidents (216) in the assurance determinant (22.25%, $n = 971$), of which 155 (71.76%, $n = 216$) were positive responses and 61 (28.24%, $n = 216$) were negative responses. The tax practitioners therefore considered it important that the employees of SARS be polite and friendly when assisting them. The high proportion of the positive responses again confirms that the politeness of the employees is evaluated independently in the service encounter, as the knowledge of the employees attracted 72.12% negative responses.

The politeness and friendliness of employees service attribute only relates to the service channels of SARS, because this is where direct contact with tax practitioners takes place. Apart from the general service channels, which were allocated the most responses (121 critical incidents, 56.02%, $n = 216$), the politeness and friendliness of employees at the branches (62 critical incidents) and the call centres (33 critical incidents, with three critical incidents specifically mentioning the designated call centre for tax practitioners) was listed separately by the tax practitioners.

Table 5.12: Politeness and friendliness of employees per service channel

Service channel	Positive	Negative	Total
General	88	33	121
Branch	18	44	62
Call centre	23	10	33

Conclusion 5.19:

The service quality model should include a question to determine whether the tax practitioners perceive the contact employees at SARS to be concerned about their problems and willing to assist them professionally in a polite and friendly way at

- *the branches; and*
- *the call centres.*

5.9.3 Administration of the operational process

The service attribute in the assurance determinant that was allocated the third highest number of critical incidents was the service attribute called administration of operational processes, with 99 responses (10.2%, n = 971), of which 45 were positive (45.46%, n = 99) and 54 were negative (54.54%, n = 99).

Included in the definition of the assurance service determinant is the ability of operational processes to convey trust and confidence. This should be distinguished from the user-friendliness of business processes, as the latter relates to the empathy service determinant, encompassing care or empathy for tax practitioners (see Section 5.10.4, below). From the tax practitioner's perspective, the user-friendliness of documentation and processes in no way enhances trust in the business processes, as completed user-friendly documents could be submitted but might not be dealt with appropriately after submission. Without, for example, an acknowledgement of receipt (a specific operational process), a tax practitioner may still not trust the operational process.

The critical incidents that were allocated to the administration of the operational process service attribute can be divided into two different categories. The first category relates to the acknowledgement of receipt of any correspondence submitted to or query lodged with SARS. The second category includes suggestions (or expressions of appreciation) that a specific reference number should be (or was) allocated for correspondence and queries,

increasing the possibility of following up on the progress status of a specific reference number. This category also reflected the fact that the respondents required an indication of when a service has been successfully completed, so that they did not have to follow up continuously on the progress in the rendering of the service.

The administration of operational processes service attribute can therefore be defined as the assurance received from SARS in the form of

- an acknowledgement of receipt of any correspondence received or query lodged;
- a reference number to ensure that the correspondence can be followed up on as it progresses through the different divisions of SARS; and
- an indication from SARS that the process has been completed.

This service attribute contributes to the functional quality of the services of SARS.

5.9.3.1 *Acknowledgement of receipt*

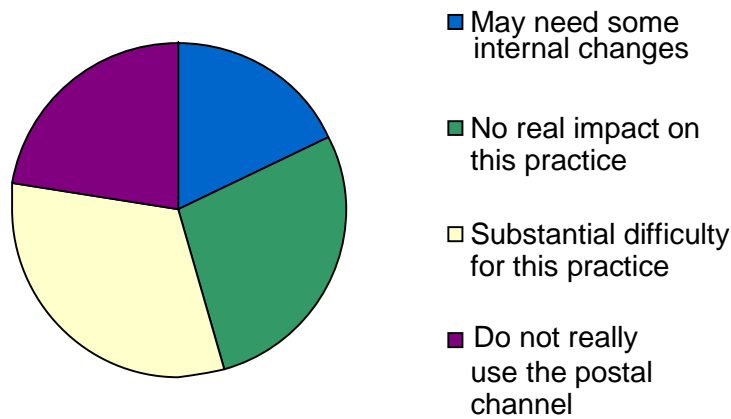
The acknowledgement of receipt service aspect in the administration of the operational processes service attribute refers to proof issued by SARS that it has received a particular document or that a particular query has been lodged with SARS. Respondents specifically mentioned that the stamping of documents at the SARS offices does not always constitute proper acknowledgement of receipt by SARS.

A total of 50 critical incidents related to acknowledgement of receipt as a service aspect. Ten of these critical incidents related to the loss of documentation submitted through the post for which no acknowledgement of receipt (or in this case proof of sending it through post) was obtained. As the services rendered by the South African Post Office are not under SARS's control, SARS could not be evaluated based only on this aspect, as different service channel alternatives are also provided. The South African Post Office provides the option of making use of registered mail, but, because this option poses an additional cost, tax practitioners seldom use this option.

In another question in the web-based questionnaire, the Tax Practitioners' unit at SARS enquired what the effect on a tax practitioner would be if the service channel through the post were not to be an option in future. The results (see Figure 5.8) show that 78.88% of the respondents (n = 811) currently still make use of postal services, with 31.7% indicating that the cessation of the postal service channel would create substantial difficulties for

them. It can therefore be assumed that this communication process will still be relevant to the immediate future. Problems taxpayers might experience with it could thus still be relevant to SARS’s service quality model. However, caution should be exercised when the results related to this service channel are interpreted, because, although the South African postal service is partly under the control of the government, it is not under the control of SARS. It is therefore essential that SARS ensures that it has an operational process that acknowledges receipt of any postal communication so that taxpayers can be assured that SARS has actually received the relevant documents.

Figure 5.8: Problems created by the elimination of postal communication



Acknowledgement of receipt as a service aspect is also relevant to e-filing – seven critical incidents specifically related to the acknowledgement of receipt of documentation or information through the e-filing service channel.

The acknowledgement of receipt as a service aspect was relevant mainly for the various service channels, as this is the contact point with SARS through which documents are submitted. This service aspect was relevant to the branches, call centres, e-mail, fax, post and e-filing. The reason why the text messaging option was not included here is that the current use of the text messaging system only provides for SARS to prompt taxpayers. Taxpayers cannot submit information or enquiries by text messaging.

Conclusion 5.20:

Under the assurance determinant, the service quality model should include a question with regard to the acknowledgement of receipt of documents through the branches, e-mail, fax, post and e-filing service channels and the acknowledgement of a query lodged at the call centre.

5.9.3.2 Progress status service aspect

Included in the progress status service aspect were the critical incidents where tax practitioners considered it important that they receive feedback on where in the process a particular request or submission is. Thus, apart from the initial acknowledgement of receipt, additional feed-back procedures would also be appreciated. The reference to this service aspect included a suggestion that the progress of a document also needs to be traceable by means of some reference number (or some other method) and that an indication from SARS is required (or appreciated) when the process is completed. Of the critical incidents, 49 related to progress status as a service aspect and, although this aspect was listed under the traditional services, it was found to be equally relevant to e-filing.

The SARS Service Charter itself partly acknowledges the importance of communication with tax practitioners (taxpayers) with regard to the status of a particular service aspect. The SARS Service Charter indicates that when a tax practitioner (taxpayer) corresponds with SARS and a resolution is not possible within a reasonable time, SARS will inform the tax practitioner (taxpayer) why it is not possible and when the tax practitioner can expect a full reply (SARS 2006f:3). The SARS Service Charter also promises that, where a refund is subject to review, a tax practitioner will be notified within 30 working days (SARS 2006f:3).

The respondents mentioned both the service channels and the business processes, but, although some business processes are carried out through a specific service channel, it is the progress of the specific business process that is relevant to them, irrespective of what service channel was used for the particular business process.

Some business processes themselves provide for communication when a particular process is completed – for example, after the submission of a tax return, a tax assessment is issued when the tax assessment business process is completed. With other business processes, this may not be the case.

Conclusion 5.21:

Under the assurance determinant, the service quality model should include a question to evaluate whether tax practitioners always know at what stage in the process a particular request or submission is.

It is clear that when a tax practitioner knows where in the process a particular request or submission is, he or she will also know when a specific service is completed by SARS. A service could be regarded as having an entry into a SARS process (“acknowledgment of receipt”), its processing at SARS (“progress status while in process”) and exit from the SARS process (“successful completion of service”). Therefore, it is recommended that all three aspects should be evaluated separately. Tax practitioners may always know when a service is completed, but they do not always know at what stage in a process a service was before the date of completion. This may affect the answer they would give for a service evaluation item based on Conclusion 5.21 and may make the interpretation of the survey results difficult and inconclusive.

Conclusion 5.22:

Under the assurance determinant, the service quality model should include a question to evaluate whether tax practitioners always know when a specific service that is to be performed by SARS has been completed.

5.9.4 Consistency

The literature also confirms that consistency should always be relevant to service quality measuring instruments, as it is an inherent characteristic of services that they are heterogeneous (Eiglier & Langeard 1977:33; Schneider & White 2004:8). As a result of the fact that services are heterogeneous, the majority of services are not automated and are only standardised up to a point. There may be great variations over time (Eiglier & Langeard 1977:42). The human element in the production and delivery of services also means that no two service experiences are identical, as people's performance fluctuates continuously (Czepiel *et al.* 1985:3; Schneider & White 2004:8). Service providers such as SARS should, however, be aware of this service characteristic and should try to minimise its effect.

The consistency service attribute is classified under the assurance determinant because it contributes to the certainty of tax practitioners about what is required of a particular

operational process or what is expected in a particular service encounter through a given service channel. If services are performed in a consistent manner, tax practitioners can be confident that if they act in a particular way, they will receive a particular response. This service attribute influenced mainly the functional quality of the services rendered by SARS. When services were not consistently performed correctly the first time, this may have reflected the technical quality of the services SARS renders, but these responses were classified under the reliability services determinant (see Section 5.11.1, below).

The consistency of SARS's service quality was allocated 129 responses (3.08%, $n = 4\ 183$), with six positive responses (4.65%, $n = 129$) and 123 negative responses (95.35%, $n = 129$). It is clear that the number of negative critical incidents was proportionally much higher than the number of positive critical incidents. When SARS prioritises its service strategy, this particular service attribute may be regarded as more important than another service attribute for which the same number of responses was received.

For the service channels, the same service was, for example, treated differently in different branches. There was also a perception that there was no consistency in the service quality at the same branch when two different individuals rendered the same service. In their responses, tax practitioners also included comments on their appreciation of the fact that one person had dealt with a particular service from the beginning to the end or on their need for this to happen.

The general service channels were allocated 46 critical incidents (35.66%, $n = 129$). Of the channels specifically identified by the tax practitioners, the call centre was allocated the most responses (42 critical incidents, 32.56%, $n = 129$). The call centre for the tax practitioners was again separately identified (six critical incidents). The branch service channel was allocated 18 critical incidents (13.95%, $n = 129$) and the e-mail was allocated two critical incidents (1.55%, $n = 129$). E-filing was not mentioned in the consistency service attribute, possibly because of the standardised electronic processes that apply in the electronic environment.

Table 5.13: Consistency per service channel

Service channel	Positive	Negative	Total
General	2	44	46
Call centre	2	40	42
Branch	1	17	18
E-mail	0	2	2

The tax practitioners also listed the business processes under the consistency service attribute. All the different business processes, except the dispute resolution process and tax related queries, were commented on. This is obvious, as the outcome of these two business processes cannot be consistent and would usually differ from taxpayer to taxpayer. The fact that no responses on this aspect were received can be regarded as an acknowledgement by the tax practitioners that these processes cannot be standardised. The consistency or lack thereof in the tax registration process (six critical incidents, 4.65%, n = 129) and the tax refund process (four critical incidents, 3.10%, n = 129) was allocated the highest number of critical incidents. One tax practitioner mentioned, for example, that his practice applies for a VAT registration at least five times every month and that in his experience the requirements regarding how the paperwork should be submitted are never the same.

Table 5.14: Consistency per business process

Business process	Positive	Negative	Total
Tax registration	0	6	6
Tax refund	0	4	4
General	1	3	4
Tax clearance	0	3	3
Tax assessment	0	2	2
Tax payment	0	1	1
Tax return	0	1	1

The responses for the service channels related mainly to inconsistent responses received from employees of SARS. They did not include responses on the inconsistency of the obligations that taxpayers must comply with. By contrast, the responses relating to the business processes also included inconsistency in the requirements for a particular business process, including inconsistency of taxpayer obligations. The SARS Service Charter does not address the issue of consistency and only attempts to solve the

assurance or certainty issue (that is to say, that taxpayers will know what is required of them). Nor does it specifically state that what is required from taxpayers will always be the same (SARS 2006f:3). It is assumed that SARS has the right to change its requirements for a specific business process and, provided that this is communicated properly to the tax practitioners, this should not pose any problems. The message that emerges from the responses is that there are some requirements that are legally imposed that are usually certain, but that the operational application of some of the business processes requires different practical applications. It should be noted that, although some responses referred to the inconsistent actions of employees and others referred to inconsistent business processes, legal requirements for business processes are enforced by employees and the perception of inconsistent business processes would thus actually also relate to inconsistent actions by employees.

Conclusion 5.23:

Under the assurance determinant, the service quality model should include a question to evaluate whether SARS's employees always deal consistently with the same service aspect.

5.9.5 Physical safety

For the purposes of the present research, the definition of assurance includes “the ability of the physical resources and operational processes to convey trust”. The physical safety service attribute can be regarded as the trust that is conveyed by the physical resources. It should therefore be part of the assurance determinant. The physical safety service attribute is also included in the assurance determinant in the questions in the SERVQUAL model. There it refers to the extent that a tax practitioner will “feel safe in ... dealings with” the service provider.

The physical safety service attribute contributes to the functional service quality of SARS. It only attracted two responses (0.05%, $n = 4\ 183$). One of the critical incidents was positive and the other was negative. Both related to personal security at branch offices: the positive response related to the new Garsfontein branch, while the negative response related to the Pretoria City branch. Given that the crime rate in South Africa is extremely high, the fact that these two critical incidents were mentioned by two separate respondents may indicate the relevance of this service attribute to the service quality model.

Conclusion 5.24:

Under the assurance determinant, the service quality model should include a question to determine whether tax practitioners feel physically safe during their interactions with SARS at the branches.

5.9.6 Confidentiality

The phrase “feel safe in its dealings” in the SERVQUAL model was divided into two separate service attributes in the present research. The first is the physical safety attribute (see Section 5.9.5, above). The second is the confidentiality service attribute.

Only 12 critical incidents, of which two (16.67%, $n = 12$) were positive and ten (83.33%, $n = 12$) were negative, were allocated to the service attribute that relates to the confidentiality or security of the personal information of a taxpayer. These were mostly negative critical incidents that related to the security checks by the call centre or e-filing consultants. It should be remembered that confidentiality would usually protect only the taxpayer. Although the taxpayer might appreciate security checks or measures to ensure confidentiality, the tax practitioner would possibly feel frustrated by these same measures. The SARS Service Charter (2006f:3) states that if a representative is dealing with a taxpayer’s tax affairs, it is vital that the taxpayer ensure that SARS is informed of this fact. If SARS is therefore duly informed, SARS should have in place a user-friendly verification procedure for tax practitioners.

Conclusion 5.25:

Under the assurance determinant, the service quality model should include a question to determine whether tax practitioners are satisfied with the verification procedures required before taxpayer information is provided to the tax practitioners.

Another aspect specifically mentioned in the SARS Service Charter (2006f:4) is that discussions with SARS can be conducted in a private environment, where preferred. This service attribute was not specifically mentioned by the tax practitioners and should therefore be considered under the specific promises made by SARS about service attributes that are part of the reliability service determinant (see Section 5.11.4, below).

5.10 DETAILED ANALYSIS OF THE EMPATHY SERVICE DETERMINANT

The service determinant for which the second highest number of critical incidents was reported was the empathy determinant. Parasuraman *et al.* (1988:23) define empathy as the “caring, individualized attention the firm provides [to] its customers”.

Schneider and White (2004:33) are of the opinion that the attitudes and behaviour service determinant of Grönroos (1988), which they partly define as the sense that “customers feel that the contact persons are concerned about them and are genuinely interested in solving their problems”, reflects the same notion of caring for the customer. Another determinant, identified by Grönroos (1988:13) as the accessibility and flexibility determinant, also includes aspects relevant to the empathy determinant in the present research. He defines this determinant as the sense that customers have “that the service provider, its location, operating hours, employees and operational systems are designed and operate so that it is easy to gain access to the service and so that they are prepared to adjust to the demands and wishes of the customer in a flexible way” (process-related criteria). SARS also focuses on accessibility, stating in its Service Charter that tax practitioners can expect SARS to be accessible through its call centre and walk-in centres (SARS 2006f).

Becker and Wellins (1990:49) define various service determinants, of which the definitions of customer sensitivity (recognising and showing concern for customers), decisiveness (being willing to make decisions and take action aimed at addressing customer needs), flexibility (changing service style) and judgement (adopting suitable approaches to address customers’ needs) appear to be relevant to the empathy service determinant.

When the different definitions relating to empathy are compared, not only with the empathy definition in SERVQUAL, but also with the questions included under the empathy section in SERVQUAL (refer to Table 5.15), then the definitions appear to be very similar, apart from two additional aspects that emerge from Grönroos’s (1988) definitions. These two aspects are the convenience of the location and the user-friendliness of operational systems. Both these aspects relate closely to the caring principle of the empathy determinant.

Table 5.15: Summarised definitions of the empathy determinant

Grönroos (1988)	Different aspects in SERVQUAL	Becker & Wellins (1990:49)
Concern about customer (attitude and behaviour definition)	Caring (Parasuraman <i>et al.</i> 1988:23)	Recognise and show concern for customer (customer sensitivity definition)
Flexibility and adaptability to individual needs (accessibility and flexibility definition) Solving of individual problems (attitude and behaviour definition)	Individualised attention (Parasuraman <i>et al.</i> 1988:23). Personalised attention, having the customers' best interests at heart and understanding specific needs (Parasuraman <i>et al.</i> 1991a:447) Four specific questions in SERVQUAL – Questions E18, E20, E21, E22	Willing to make decisions and take action aimed at addressing customer needs (decisiveness definition) Changing own service style based on the customers' needs (flexibility definition) Develop effective approaches to address customers' needs (judgement definition)
Convenient operating hours	Convenient operating hours (Parasuraman <i>et al.</i> 1991a:447) Question E19 in SERVQUAL	Not mentioned by Becker & Wellins (1990)
Convenient location	Convenience of location not mentioned in SERVQUAL	Convenience of location not mentioned by Becker & Wellins (1990)
User-friendliness of operational systems	User-friendliness of operational systems not mentioned in SERVQUAL	User-friendliness of operational systems not mentioned by Becker & Wellins (1990)

The definition of the empathy determinant for the present research is derived from the above definitions. It focuses on the caring and individualized attention SARS provides to the tax practitioners and includes tax practitioners' sense that SARS's

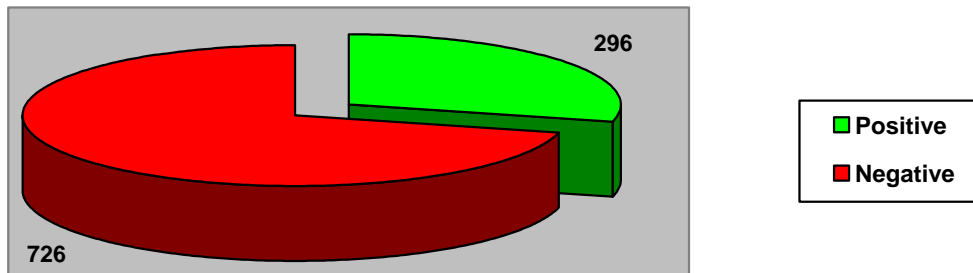
- location;
- operating hours; and
- employees and operational systems

are designed and operate so that it is easy to gain access to the service and that SARS is prepared to adjust to the demands and wishes of tax practitioners in a flexible way.

The empathy determinant attracted 1 022 responses (24.43%, n = 4 183), of which 296 (28.96%, n = 1 022) contained positive critical incidents and 726 (71.04%, n = 1 022) contained negative critical incidents.

Figure 5.9: Incidence of positive and negative critical incidents for the empathy determinant

Empathy responses: 1 022 critical incidents



The empathy determinant responses were allocated to the following service attributes:

- waiting time – 396 critical incidents (38.75%, n = 1 022);
- communication – 363 critical incidents (35.52%, n = 1 022);
- adaptability to taxpayers' needs – 96 critical incidents (9.39%, n = 1 022);
- user-friendliness – 87 critical incidents (8.51%, n = 1 022);
- assistance – 33 critical incidents (3.23%, n = 1 022);
- one-stop service – 32 critical incidents (3.13%, n = 1 022);
- convenience of location – ten critical incidents (0.98%, n = 1 022); and
- convenience of operating hours – five critical incidents (0.49%, n = 1 022).

Table 5.16: Service attributes for empathy service determinant

Service attribute	Negative	Positive	Total
Waiting time	311	85	396
Communication	233	130	363
Adaptability to taxpayers' needs	44	52	96
User-friendliness	77	10	87
Assistance	24	9	33
One-stop service	28	4	32
Convenience of location	6	4	10
Convenience of operating hours	3	2	5

5.10.1 Waiting time

The waiting time service attribute was originally classified under the access service determinant, which was one of the original ten service determinants identified by

Parasuraman *et al.* (1985:47). When Parasuraman *et al.* (1988) reduced the original ten determinants to only five determinants, the access determinant disappeared, but they did not specify into what determinant the access determinant was absorbed. However, Parasuraman *et al.* (1988:23) stated that the assurance and empathy determinants absorbed, *inter alia*, the original access determinant. As (reduced) waiting time clearly reflect caring for tax practitioners, it appears to be more logical to assume that the access determinant was absorbed by the empathy determinant rather than by the assurance determinant. Because caring for the customer is the main theme of the empathy service determinant, a service provider that cares for its customers respects their time constraints. While the speed of performing the service can be classified under the responsiveness service determinant (see Section 5.8.1, above), the waiting time before being attended to can be classified under the empathy service determinant. The waiting time service determinant relates to the functional quality of the services of SARS.

Apart from the inclusion of waiting time in the original ten service determinants noted by Parasuraman *et al.* (1985:47), waiting time was not specifically included in any other study. This suggests that the other studies possibly included waiting time in the responsiveness service determinant and did not split it into the speed of performing the service and the waiting time. The reason for this might be, for example, in the retail industry, that the total service is usually provided while the customer is present. However, this is not the case with SARS, where some services are performed when the tax practitioner is not present.

This waiting time service attribute refers to situations where the productive time of the tax practitioner is wasted while waiting for the service to be completed. It does not refer to situations where the tax practitioner waits for responses by SARS where the waiting time does not necessarily directly affect the tax practitioner's capacity to continue his or her work. Waiting in a queue at a branch limits the capacity to do other work, but waiting, for example, for a response through e-mail or a fax does not directly affect a tax practitioner's capacity to do other work. It is acknowledged that any waiting time will affect a tax practitioner's ability to be effective in performing his or her work, but only the actual unproductive time lost by a tax practitioner while waiting for service was allocated to this service attribute.

The waiting time service attribute is also addressed in the SARS Service Charter (SARS 2006f:3), where SARS commits itself publicly to

- answer 90% of calls by taxpayers within 20 seconds; and
- attend to 95% of visitors to a SARS branch office within 15 minutes of arrival (without an appointment).

The service attribute in the empathy service determinant of waiting time before being attended to attracted the most responses (396 responses, 38.75%, n = 1 022), of which 85 (21.46%, n = 396) contained positive critical incidents and 311 (78.54%, n = 396) contained negative critical incidents. The number of negative responses was much higher than the proportion of the average number of negative responses in the study as a whole.

In this service attribute, apart from the general service channel allocations (which attracted 94 responses for the reference to specific service channels), the branch office attracted the highest number of responses (153 critical incidents, 38.64%, n = 396), with the call centre in second place, with 149 critical incidents (37.63%, n = 396). The critical incidents related to the call centre included those related to the designated call centre for the tax practitioners (listed 22 times). The e-filing call centre was listed three times.

Table 5.17: Waiting time responses per service channel

Service channel	Negative	Positive	Total
Branch	134	19	153
Call centre	120	29	149
General	58	36	94

Conclusion 5.26:

Under the empathy determinant, the service quality model should include a question to determine the perceptions of tax practitioners with regard to waiting time before they are served at the

- *branches; and*
- *call centres (including the normal, tax practitioners' and e-filing call centres).*

Also included in the responses classified under the waiting time service attribute were 12 responses that specifically referred to appointments with SARS. Eight of these responses (three positive and five negative) referred to the need to make appointments with SARS or

expressed appreciation for the option of making appointments with SARS. Another five critical incidents (three positive and two negative) related to the punctuality of SARS officials when appointments were scheduled. The SARS Service Charter (2006f:3) states that SARS aims to be available at the scheduled time if a tax practitioner has made an appointment.

Conclusion 5.27:

Under the empathy determinant, the service quality model should include a question to determine whether SARS officials are available at the scheduled time when a tax practitioner has a scheduled appointment.

5.10.2 Communication

Becker and Wellins (1990:49) define communication as the ability to “clearly express [one]self (verbally or in written form) when communicating with customers”. Parasuraman *et al.* (1985:47) define communication as “keeping customers informed in a language they can understand and listening to them. It may mean that the company has to adjust its language for different consumers – increasing the level of sophistication with a well-educated customer and speaking simply and plainly with a novice”. For the purposes of the present research, the communication service attribute refers mainly to communication with tax practitioners in a language they can understand to keep them informed and to listen to their needs. The communication service attribute also includes a reference to particular communication processes within SARS. The communication service attribute attracted comments on 363 critical incidents, of which 130 (35.82%, n = 363) were positive and 233 (64.18%, n = 363) were negative. The communication service attribute contributes to the functional service quality of the services of SARS.

Initially, the communication service attribute was regarded as a separate service determinant in the classification scheme of the present research. Communication was identified as a separate service determinant in the original ten determinants of Parasuraman *et al.* (1985:47) and also in Becker and Wellins’s (1990) model. However, in their refinement of the SERVQUAL instrument, Parasuraman *et al.* (1991a) did not identify communication as a separate service determinant. Instead, they indicated that the new assurance and empathy determinants contain elements of the original communication service determinant. The results of Kang and James’s (2004:274) study confirmed the five-factor structure of the SERVQUAL instrument. It was therefore decided not to regard

communication as a separate service determinant for the purposes of the present research, but to include the results regarding communication in the relevant service determinant to which they are most closely related. The SERVQUAL model does not include any particular question that specifically relates to communication. However, SERVQUAL does include one general question that relates to the understanding of the taxpayers' needs and this question is classified as part of the empathy service determinant.

The critical incidents that were allocated to communication were also analysed and they indicated that communication could be classified as part of the empathy determinant, because it relates mainly to either communication with SARS (so that SARS can understand the specific needs of the tax practitioner concerned) or to the communication processes of SARS to ensure that the tax practitioner is informed when changes are made. The following service aspects were directly linked with communication and were therefore included in the empathy service determinant:

- communication process – 179 critical incidents (49.31%, n = 363);
- direct contact with operating employees – 128 critical incidents (35.26%, n = 363);
- communication skills of employees – 24 critical incidents (6.61%, n = 363);
- understandability of contact employees – 18 critical incidents (4.96%, n = 363);
- communication with wrong person – 12 critical incidents (3.31%, n = 363); and
- understandability of documentation – two critical incidents (0.55%, n = 363).

Table 5.18: Service aspects in the communication service attribute

Service aspect	Negative	Positive	Total
Communication process	94	85	179
Direct contact with operating employees	94	34	128
Communication skills of employees	15	9	24
Understandability of contact employees	16	2	18
Communication with wrong person	12	0	12
Understandability of documentation	2	0	2
Total	233	130	363

5.10.2.1 *Communication process*

The service aspect that attracted the highest number of critical incidents in the communication service attribute was “communication processes”. The communication process aspect of the communication service attribute focuses on the actual communication process. Of the responses in the communication service attribute, 179 (4.28%, n = 4 183) related to the communication process, of which 85 (47.49%, n = 179) were positive and 94 (52.51%, n = 179) were negative. These responses in the communication process could be divided into different aspects:

- the availability of different service channels – 67 critical incidents;
- designated service channels for tax practitioners – 40 critical incidents;
- interaction between SARS and tax practitioners – 68 critical incidents; and
- internal communication processes at SARS – four critical incidents.

(a) Availability of different service channels

Of the responses, 67 related to the willingness of SARS to use and to extend its various service channels (for example, the addition of the e-mail option, the addition of the service channel from SARS to the tax practitioner or taxpayer using the text messaging option and a greater willingness to send or receive faxes). This aspect of the communication process represents positive feedback with regard to the different communication media available. In order for SARS to be able to allocate its resources in such a way as to ensure that all these communication processes are effective, the service quality model might include a question that requests information on how frequently a particular tax practitioner uses the various service channels. The listed communication modes should include all the current service channels. The perceived effectiveness of each service channel should also be measured, as it may affect the use a tax practitioner makes of each channel. Although a practitioner may prefer a particular service channel, the perceived (in)effectiveness of that channel could result in the practitioner’s using that channel (or seeking alternative service channels that are more effective). It should be noted that reported frequencies of use do not necessarily reflect the importance of the service channel concerned.

Conclusion 5.28:

Under the empathy service determinant, the service quality model should include a question relating to the preference of the tax practitioner with regard to particular service channels. All the service channels should be listed and specific frequencies of use, as well as perceived effectiveness, should be measured.

(b) Designated service channels for tax practitioners

40 critical incidents related to the need for or appreciation of designated service channels for tax practitioners. This was relevant to the call centre, e-mail and the branches.

Conclusion 5.29:

Under the empathy service determinant, the service quality model should include a question to determine whether tax practitioners are provided with designated service channels (only for their use). This should be evaluated for the call centres (both the traditional and the e-filing call centres), e-mail and branches. The question might include the effectiveness of this strategy and whether the option should be available. (Although this service is already available, the fact that some respondents mentioned that it is required may indicate that the communication through the available channels is not as effective as it should be.)

(c) Interaction between SARS and tax practitioners

A total of 68 responses related to comments about a communication process that is not clear, or the perception is that it does not exist, does not work or is insufficient. Included in these responses were appreciation for and complaints about a lack of consultation when SARS makes changes with regard to any business process. These responses included 28 critical incidents that related to interactions that were required or appreciated between tax practitioners and SARS and SARS's willingness to assist tax practitioners through training or by attending meetings with them. The fact that tax practitioners perceived some communication processes not to be working or as not clear could be addressed by more interaction between the tax practitioners and SARS. All these responses can thus be regarded as relating to interaction between SARS and tax practitioners. These interactions flow in two directions, namely interaction by SARS with tax practitioners and interaction by tax practitioners with SARS, to ensure that the needs and problems of tax practitioners are understood and addressed.

Conclusion 5.30:

Under the empathy service determinant, the service quality model should include a question to determine whether communication or interaction with tax practitioners is sufficient to ensure that tax practitioners are always informed of any changes to the compliance procedures at SARS.

Conclusion 5.31:

Under the empathy service determinant, the service quality model should include a question to determine whether there are enough opportunities for tax practitioners to communicate any problems or needs to SARS.

(d) Internal communication processes at SARS

Four responses related to internal communication processes at SARS, for example, interaction and support between different departments or branches within SARS, or internal computer systems that are not linked to each other.

Conclusion 5.32:

Under the empathy service determinant, the service quality model should include a question to determine whether tax practitioners perceive SARS's internal communication processes to be effective.

5.10.2.2 Direct contact with operating employees

Another important aspect of the communication service attribute is the “direct contact with operating employees” (128 critical incidents, 3.06%, n = 4 183). Of these responses, 34 (26.56%, n = 128) were positive and 94 (73.44%, n = 128) were negative.

For the purposes of the present research, the term “operating employees” refers to employees who work in the business process divisions of SARS (the “back office”) and not the contact employees (the “front office”) staffing SARS’s service channels. The term was also used by tax practitioners to include the more senior employees of SARS. Tax queries, for example, are usually channelled through the call centre, with no direct contact with the person dealing with that particular tax matter. This service aspect highlighted the needs or appreciation of tax practitioners with regard to direct contact with the SARS employees actually working on a particular tax file.

Although the purpose is not to analyse SARS's service quality at this point, it should be noted that there should be some investigation of why tax practitioners express a need for direct contact with operating employees. The fact that, in their responses, a lot of practitioners substituted the reference to an operating employee with "any senior member of staff who is knowledgeable and who could assist" may indicate that there is a perception that SARS fails to meet their service needs through the current service channels and that this contributes to their expressing this particular need. The deduction that they were not assisted through the other service channels was confirmed by the proportionally high number of negative responses received with regard to the knowledge of contact employees (see Section 5.9.1.1, above). The overall message received from the responses relating to this service aspect is that tax practitioners would prefer to have contact with a knowledgeable person who is able to assist them. To ensure that this service expectation is measured, the service quality model should initially also include a question about what tax practitioners prefer with regard to the specific employee at SARS who is allocated to assist them in their tax matters. It is, however, expected that the need for this question will decrease as the perception of the knowledge levels of the contact employees improves. If this is not the case, an unfavourable response to this service aspect may indicate a procedural problem within SARS.

The responses related to all the different business processes, but no preference was expressed with regard to a preferred service channel. Two responses that were allocated to this service aspect specifically indicated a desire for communication processes where the identity of the person with whom communication takes place is not concealed. This suggests that some tax practitioners do not like simply to communicate with SARS as an entity, but prefer to contact a specific person at SARS. This suggests that, apart from the fact that direct contact is required, the identity of the person with whom the contact takes place is also relevant. This was only relevant to the e-mail and postal service channels, but it may be assumed that it would also be relevant to faxes received from or sent to SARS.

Conclusion 5.33:

Under the empathy service determinant, the service quality model should include a question with regard to the acceptability of the particular person through whom communication with SARS is channelled. This question could be accompanied by a closed-ended question with two alternatives. The one alternative is the option to speak to the specific tax consultant dealing with the tax file of the client. The second option is to speak to any person who is knowledgeable and can assist the tax practitioner.

Conclusion 5.34:

Under the empathy service determinant, the service quality model should include a question to determine whether the identity of employees working with specific tax matters is disclosed.

5.10.2.3 *Communication skills of employees*

This aspect of the communication service attribute relates to the communication skills of employees. A total of 24 critical incidents (0.57%, n = 4 183), of which nine were positive and 15 were negative, were allocated to this service aspect. This service attribute included references (four critical incidents) to the communication skills of both the contact employees and senior employees. Both the service channels and the business processes were relevant to this service aspect, implying that both verbal communication skills (service channels) and written communication skills (business processes) are relevant.

Conclusion 5.35:

Under the empathy service determinant, the service quality model should include a question to determine the efficiency of both the verbal and the written communication skills of SARS employees. It is not advised that this should be split into the different service channels. The question should address communication skills in general.

5.10.2.4 *Language ability of contact employees*

This service aspect relates to the ability of the contact employees with regard to the language of communication. This service attribute therefore does not relate to the communication skills of contact employees, but to whether the communication is provided in the language of choice of the tax practitioners. This service aspect attracted responses reflecting 18 critical incidents (0.43%, n = 4 183), of which two (11.11%, n = 18) were positive and 16 (88.89%, n = 18) were negative. The language ability of contact employees was only relevant to the service channels at SARS and not for the business processes. South Africa currently has 11 official languages (excluding sign language) and it is therefore obvious that SARS would find it impossible to provide all its services fully in all these languages, but tax practitioners did express the need for specific languages of choice.

Conclusion 5.36:

Under the empathy service determinant, the service quality model should include a question to determine whether the contact employees at SARS communicate in a language that is fully understandable to the tax practitioners. The section dealing with demographic information should also include a question relating to the language of preference (or so-called home language) of the tax practitioner.

5.10.2.5 *Communication with the wrong person*

This aspect of the communication service attribute relates to the fact that SARS sometimes communicates with the wrong person, in the tax practitioners' views. A total of 12 critical incidents (0.29%, n = 4 183), all of which were negative, were allocated to this service aspect. For example, SARS occasionally telephones a taxpayer directly to request information with regard to a VAT registration application that was actually dealt with by the tax practitioner. Tax practitioners would prefer SARS to contact them directly if SARS requires anything with regard to their taxpayer clients. Because the objective of this qualitative study is to "build the lens of the customer", this aspect is important, even if SARS may have various reasons for preferring to contact the taxpayer directly under certain circumstances.

Conclusion 5.37:

Under the empathy service determinant, the service quality model should include a question to determine whether the communication by SARS is always with the appropriate person.

5.10.2.6 *Understandability of documentation*

Two critical incidents (0.05%, n = 4 183), both which were negative, related to the fact that tax practitioners would like to have the documents they receive from SARS in the language of their choice. Section 5.10.2.4 above relates to the understandability of contact employees (verbal communication), while this service aspect relates to the understandability of documentation (written communication).

It appears that the language of choice is more important for synchronised communication (verbal communication) than for asynchronised communication (written communication). This is logical, as the meaning of the documents (asynchronised written communication) could be deduced with the use of a dictionary. This option is not available when a tax

practitioner speaks, for example, to a call centre consultant (synchronised verbal communication).

Conclusion 5.38:

Under the empathy service determinant, the service quality model should include a question to determine whether the written documentation or any tax form or return received from SARS is provided in a language fully understandable to the tax practitioners concerned.

5.10.3 Adaptability to taxpayers' needs

Two questions in the SERVQUAL model (Questions 21 and 22) that fall under the empathy service determinant relate to understanding the customers and to SARS's always having customers' best interests at heart while providing personal services. The adaptability to taxpayers' needs service attribute in the present research relates closely to these two questions. It assumes that, if it has the best interests of tax practitioners at heart, SARS will, as far as possible, try to adapt its services to the tax practitioners' needs. The SARS Service Charter (2006f:4) also specifically states that if a tax practitioner has special requirements, for example, as a result of a disability, SARS will endeavour to assist the practitioner as far as is reasonably possible. This service attribute contributes to SARS's functional quality.

The adaptability to taxpayers' needs service attribute attracted 96 responses (2.30%, $n = 4\ 183$), of which 52 (54.17%, $n = 96$) were positive and 44 (45.83%, $n = 96$) were negative. These critical incidents were again allocated to specific service aspects:

- continuous improvement of service offerings – 34 critical incidents;
- flexibility and compassion – 26 critical incidents;
- electronic payments – five critical incidents; and
- an alternative to a bank account – two critical incidents.

5.10.3.1 Continuous improvement of service offerings

The first category of critical incidents allocated to the adaptability to taxpayers' needs service attribute relates to aspects of services where tax practitioners perceived these services either to have improved or to require improvement. This category of response does not necessarily indicate that the service is performed at an acceptable level and

would not necessarily contribute to the development of specific questions for the service quality model, but it reveals that tax practitioners acknowledge that service quality improvement is a journey and that it is not achieved overnight. They are also of the opinion that SARS is progressing in the right direction and that tax practitioners note and appreciate service quality improvements. This service aspect could be assessed by evaluating whether the tax practitioners perceive SARS to be dynamic and continuously striving to improve its service offerings.

Conclusion 5.39:

Under the empathy service determinant, the service quality model should include a question to evaluate whether tax practitioners perceive SARS as dynamic and as continuously striving to improve its service offerings.

5.10.3.2 *Flexibility and compassion*

Apart from the general improvements, the specific aspect that was mentioned most frequently (26 critical incidents) related to the appreciation of or a need for flexibility and compassion. This service aspect relates to the ability to “think out of the box”, to have a real understanding of business and to make exceptions when the situation at hand merits them. One respondent, for example, referred to the fact that the e-mail service channel could only deal with files smaller than two megabytes. The need for a temporary tax registration number was also mentioned by another respondent, because, as the responses clearly indicated, the turnaround time for tax (especially VAT) registrations was perceived to be unacceptably long.

Conclusion 5.40:

Under the empathy service determinant, the service quality model should include a question to determine whether SARS employees adapt to the particular individual needs of tax practitioners.

5.10.3.3 *Electronic payments*

The tax practitioners commented that only four banks can be used for EFT payments (two critical incidents). They pointed out that bank transfers are limited to only R500 000 (two critical incidents) and that it is problematic that the provisional tax payments on the EFT system have different codes, making it more difficult to allocate the different payments to the same beneficiary account.

Conclusion 5.41:

Under the empathy service determinant, the service quality model should include a question that tests the effectiveness of the EFT banking payment system.

5.10.3.4 *Alternatives to a bank account*

It is perceived to be problematic that every taxpayer must have a bank account (two critical incidents).

Conclusion 5.42:

Under the empathy service determinant, the service quality model should include a question that tests the practicality of the requirement that all taxpayers should have a bank account.

5.10.4 User-friendliness of documentation and business processes

A further aspect that was important to the responding tax practitioners is the user-friendliness service attribute (87 critical incidents, 8.51%, n = 1 022). The reference to SARS's operational systems in the context of the empathy determinant is to the processes involved in obtaining access to the service. The user-friendliness service attribute specifically relates to this, as it refers to the user-friendliness or burdensomeness of the processes that give access to SARS's services. It could also follow from the caring principle, which implies that the operational processes to be followed to gain access to the services of SARS should be as user-friendly as possible. The user-friendliness service attribute also includes the burdensomeness of processes or documentation which is perceived either to be a hindrance in the tax compliance process or to assist tax practitioners in performing their functions. However, this service attribute does not include the language in which communication (verbal or written) takes place. Although it is submitted that the language that is used could have an impact on user-friendliness, as perceived by a tax practitioner, this service aspect is included under the communication service attribute, which also falls under the empathy determinant (see Section 5.10.2, above).

The user-friendliness service attribute relates only to the different business processes and not to the service channels. Apart from references to the user-friendliness or lack thereof of general processes (26 responses), the tax registration process was listed as the most important aspect in relation to this service attribute. No fewer than 45 critical incidents

related to tax registrations. This includes 11 critical incidents that specifically related to the VAT registration process. The user-friendliness of tax returns (five critical incidents), the burdensomeness of account queries (four critical incidents), the dispute resolution process (three critical incidents), the updating or changing of information (three critical incidents), as well as tax assessments (one critical incident), were also listed separately by the respondents.

Table 5.19: User-friendliness responses per business process

Business process	Negative	Positive	Total
Tax registration	39	6	45
General	26	0	26
Tax return	4	1	5
Queries	3	1	4
Dispute resolution process	3	0	3
Updating of information	2	1	3
Tax assessment	0	1	1
Total	77	10	87

Conclusion 5.43:

Under the empathy service determinant, the service quality model should include a question that tests the user-friendliness or burdensomeness of the following SARS business processes:

- *tax registrations;*
- *tax returns;*
- *account queries;*
- *dispute resolution process;*
- *updating of information process; and*
- *tax assessments.*

5.10.5 One-stop service

The service attribute that relates to a one-stop service or the range of services offered through a particular service channel attracted 32 responses (3.13%, n = 1 022). The branches were the only service channel specifically mentioned under this service attribute. Specifically included in the responses were nine critical incidents that indicated that SARS's new business model has meant that tax practitioners were not able to resolve problems on a particular taxpayer's (client's) account through any of the SARS offices and

that tax practitioners sometimes had to go to the branch where the client resides or to the branch where the client is registered to address these problems. This also directly affected the perception of a need for a one-stop service so that all the queries could be resolved without having to visit several branches or use different service channels.

Conclusion 5.44:

Under the empathy service determinant, the service quality model should include a question that evaluates SARS's ability to provide a one-stop service at branches for all the services SARS renders.

With regard to the business processes, nine responses specifically referred to the fact that the same information must be supplied to SARS for the registration for various types of tax. SARS may therefore receive duplicate information for a particular taxpayer.

Conclusion 5.45:

Under the empathy service determinant, the service quality model should include a question that evaluates the degree of duplication of the information required to be submitted to various SARS divisions.

5.10.6 Assistance

The assistance service attribute attracted responses containing 33 critical incidents (3.23%, n = 1 022) in the classification scheme. This service attribute refers to assistance, prompts or requests from SARS to ensure or enhance successful service delivery. An example of this is when SARS sends a text message to remind a taxpayer to take the odometer reading of his or her vehicle for the purposes of claiming a travel allowance (14 critical incidents). Apart from these general text message responses, tax practitioners also identified a need for or highly appreciated the fact that they were contacted (either by means of a text message or a phone call) when something is or was missing on a registration form, rather than having to deal with a situation in which the whole form is rejected (18 critical incidents). One e-filing respondent experienced a problem with the e-filing – SARS requested a copy of the taxpayer's identity document and tax registration number to assist in solving the problems – a text message was sent to the taxpayer requesting the information. In addition, there was also a reference to frequently asked questions and the responses to them provided on the SARS website (one critical incident).

Conclusion 5.46:

Under the empathy service determinant, the service quality model should include a question that evaluates the degree of assistance received from SARS in ensuring successful service delivery.

5.10.7 Convenience of locations

In its Service Charter, SARS (2006f) states that tax practitioners can expect SARS to be accessible through its branches. Ten critical incidents (0.98%, n = 1 022) related to the (in)convenience of the location of SARS branches. Six of these responses were negative and four were positive.

Conclusion 5.47:

Under the empathy service determinant, the service quality model should include a question that evaluates the convenience of the location of the various SARS branches.

5.10.8 Convenience of operating hours

The last service attribute of the empathy determinant is the convenience of the operating hours at which services are rendered. This service attribute attracted five responses, three of which were positive and two of which were negative. One of the negative critical incidents related to the inconvenience of the operating hours of the branches. The other referred to the fact that a text message is sometimes sent to a tax practitioner at an inconvenient hour (in the middle of the night).

Conclusion 5.48:

Under the empathy service determinant, the service quality model should include a question that evaluates the convenience of SARS's operating hours.

5.11 DETAILED ANALYSIS OF THE RELIABILITY SERVICE DETERMINANT

Reliability relates to the ability to perform the **promised** service **dependably** and **accurately** (Parasuraman *et al.* 1986:14-15, 1988:23). Parasuraman, Zeithaml and Berry (1991b) use the word “dependably” in their definition of reliability. The *South African Concise Oxford Dictionary* (2005:311) defines “dependably” in such a way as to include trustworthiness. Berry *et al.* (1988:37) have a more refined definition and focus more on the ability to deliver services **as promised**.

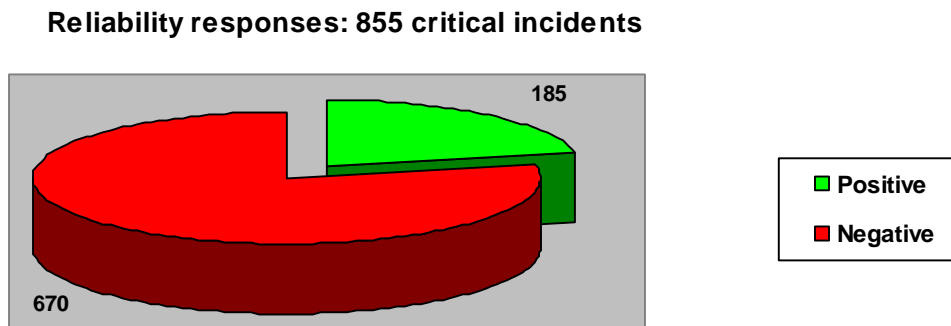
Grönroos (1988:13) defines what he refers to as reliability and trustworthiness as the fact that “the customers know that whatever takes place or has been agreed upon, they can rely on the service provider, its employees and **systems** to keep promises and perform with the best interest of the customers at heart (process-related criteria)” (own emphasis). Grönroos (1988) is more specific in his definition than Parasuraman and his co-researchers and also includes the reliability of the systems in ensuring successful service delivery.

For the purposes of the present research, the reliability determinant relates to the ability of SARS’s employees and systems

- to perform services accurately; and
- to keep promises (trustworthiness).

The reliability determinant attracted responses containing the fourth highest number of critical incidents, namely 855 (20.44%, $n = 4\ 183$), of which 185 (21.64%, $n = 855$) were positive and 670 (78.36%, $n = 855$) were negative. The proportion of the positive responses was therefore very low for the reliability service determinant. The fact that some of the service attributes allocated under the reliability service determinant are by definition negative contributed to the high number of negative responses, but as the responses themselves also gave rise to the formulation of the definitions, more positive responses in relation to this service determinant would possibly have resulted in more neutral definitions for some of the service attributes.

Figure 5.10: Incidence of positive and negative critical incidents for the reliability determinant



The responses for the four different service attributes in the reliability service determinant were as follows:

- accurate service delivery – 766 critical incidents (89.59%, n = 855);
- adherence to specific promises made by SARS – 45 critical incidents (5.26%, n = 855);
- adherence to promises in general – 24 critical incidents (2.81%, n = 855); and
- software and systems – 20 critical incidents (2.34%, n = 855).

Table 5.20: Service attributes in the reliability determinant

Service attribute	Negative	Positive	Total
Accurate service delivery	603	163	766
Adherence to specific promises made by SARS	35	10	45
Adherence to promises in general	22	2	24
Software and systems	15	5	20

5.11.1 Accurate service delivery

The service attribute in the reliability determinant that attracted the highest number of critical incidents was accurate service delivery, namely 766 (18.31%, n = 4 183), of which 163 were positive (21.28%, n = 766) and 603 were negative (78.72%, n = 766). This service attribute attracted the highest number of critical incidents, not only in the reliability service determinant, but for all the different service attributes in all the service determinants identified in the present research. It could therefore be deduced that accurate service delivery is the most important service aspect for tax practitioners when

the quality of the service SARS renders is evaluated. This service attribute was subdivided into four different service aspects:

- accurate first-time service delivery;
- service recovery;
- service failures; and
- loss of documentation.

5.11.1.1 Accurate first-time service delivery

This service aspect related to SARS's ability to perform a service correctly the first time or to solve a query with the first enquiry. It attracted 355 critical incidents, of which 163 were positive (45.92%, n = 355) and 192 negative (54.08%, n = 355).

The initial SARS Service Charter (SARS 2005a:26) indicated that SARS aimed to reduce processing error rates to below 5% of the total volume. It specified the number of reductions in revised assessments (assessments not issued correctly the first time) and quantified the first-time query resolution of the call centre. It appears that the current SARS Service Charter (SARS 2006f) differs from the initial Service Charter (SARS 2005a) and that the current Charter provides for first-time resolution only in principle and does not quantify any goals in this regard. The current SARS Service Charter (SARS 2006f:4) stipulates that SARS aims to get every aspect of a tax practitioner's interaction with SARS right the first time by making the best possible use of all of the information available to SARS. The SARS Service Charter (SARS 2006f:3) also indicates that SARS aims to process taxpayer registrations accurately within ten working days and to process the payments accurately within five working days of receipt. These fixed time periods imply that the service should be performed correctly the first time, because the promise of the service delivery time frame does not provide for additional time for correcting errors.

It is submitted that this service attribute relates only to functional quality, as it reflects a characteristic of the service delivery process (the fact that the service is performed correctly is the technical outcome, but the focus of this service attribute is the fact that the service should be performed correctly on the first attempt). Grönroos (1988:13) also concluded that the reliability determinant contributes to the functional quality of service delivery.

The accurate first-time service delivery service attribute is relevant to both the business processes (162 critical incidents, 44.38% n = 365) and the service channels (203 critical incidents, 55.62% n= 365).

All the business processes were relevant to this service attribute. The business processes in general attracted comments containing the most critical incidents (80 critical incidents). With the business processes, it was considered to be important that SARS performed the service correctly the first time. For example, with tax assessments, it was vital to the responding tax practitioners that the return was captured correctly and that the tax assessment was correctly issued the first time (28 critical incidents). Among the responses on the tax assessment business process, three positive responses referred to the effectiveness of the tax assessment process when the practitioners concerned used e-filing. Comments on accurate registrations of taxpayers (22 critical incidents) included three critical incidents that specifically referred to the VAT registration process. Four critical incidents related to tax payments. The effectiveness and efficiency of payments made through e-filing were also mentioned.

The two critical incidents that were classified under the tax return business process related to the fact that SARS sometimes issues tax returns wrongly and to the fact the submission of tax returns using e-filing is working very well.

All the business processes should therefore be evaluated for their effectiveness. Specific service channels were seldom singled out as relevant to the accurate first-time service delivery of the mentioned business processes, but e-filing was relevant to the tax return, tax assessment and tax payment business processes. It was also found that the effectiveness of the VAT registrations should be evaluated separately from other types of tax registration.

Table 5.21: Accurate first-time service delivery per business process

Business processes	Negative	Positive	Total
General	54	26	80
Tax assessment	22	6	28
Tax registration	14	8	22
Dispute resolution process	5	9	14
Tax payment	4	2	6
Tax refund	3	2	5
Tax clearance	5	0	5
Tax return	1	1	2
Total	108	54	162

Conclusion 5.49:

Under the reliability service determinant, the service quality model should include a question that evaluates SARS's ability to perform a service correctly the first time. This should be tested for all the different business processes. The tax assessment and tax return business processes should also be evaluated for both the traditional and e-service modes. The service quality model should thus include a question that evaluates the ability of SARS to deliver accurate first-time service solutions in

- *processing tax registrations –*
 - *specifically evaluating VAT registrations; and*
 - *evaluating other registrations (excluding VAT registrations);*
- *issuing tax returns –*
 - *when tax practitioners use traditional service modes; and*
 - *when tax practitioners use the e-service mode;*
- *processing and issuing tax assessments –*
 - *when tax practitioners use traditional service modes; and*
 - *when tax practitioners use the e-service mode;*
- *processing tax payments –*
 - *when tax practitioners use traditional service modes; and*
 - *when tax practitioners use the e-service mode;*
- *processing and paying tax refunds;*
- *processing and issuing tax clearance certificates; and*
- *processing objections and issuing answers to the objections.*

For the assessment of service channels, it was important that queries and similar matters communicated through the service channels were resolved during the first contact. Not being assisted during the first contact could mean, for example, either that the tax practitioner calling the call centre was transferred several times before a problem was resolved, or that the tax practitioner had to phone more than once before a problem was

resolved. The focus in commenting on the service channels in this context was therefore mainly related to communication by the tax practitioner with SARS.

Because some of the business processes – for example, the answering of taxpayer-related queries (32 critical incidents) – are only delivered through one of the relevant service channels (contact employees) and because the updating of taxpayer information (17 critical incidents) is also mainly performed by the contact employees, these functions were classified in the service channel category, even though these respondents did not refer to any particular service channel.

All the service channels, except the text messaging and electronic tax payment options, were considered relevant to this service attribute. Again the text messaging was only a one-way communication from SARS to the taxpayer. There was no indication that the text messaging messages did not convey the correct messages when they were received. Electronic payments were also not relevant, as they are under the control of the tax practitioner concerned and his or her bank.

Apart from the service channels in general (55 critical incidents), the branch as a service channel was mentioned most frequently (42 critical incidents), followed closely by the call centre, with 41 critical incidents. Of the responses that related to the call centre, 11 specifically referred to the designated call centre for the tax practitioners. The 11 responses relating to accurate service delivery through e-mail also included specific reference to the e-filing e-mail. None of the responses specifically referred to the call centre for the e-services, but ten critical incidents included in the service failure service attribute (see Section 5.11.1.3, below) referred to the e-filing call centre. Because Conclusion 5.52 (see Section 5.11.1.3, below) recommends that the testing of the accurate service delivery and service failure should be combined, it is recommended that the evaluation of the e-filing call centre should also be included in the accurate service delivery service attribute.

Table 5.22: Accurate first-time service delivery per service channel

Service channels	Negative	Positive	Total
General	26	29	55
Branch	13	29	42
Queries	15	17	32
Call centre	20	21	41
Updating information	15	2	17
E-mail	3	8	11
Fax	2	3	5
Total	94	109	203

Conclusion 5.50:

Under the reliability service determinant, the service quality model should include a question that evaluates SARS's ability to perform a service correctly the first time. This should be tested for the following service channels:

- *branches;*
- *call centres (including the designated tax practitioners' and e-filing call centres);*
- *e-mail facilities (including the e-filing e-mail); and*
- *fax or posted letters.*

5.11.1.2 *Service recovery*

Included in the responses allocated to the accurate service delivery attribute were ten critical incidents that related to the fact that SARS is perceived not to perform the service correctly the first time and that it is then difficult to get any errors corrected. All ten critical incidents were negative.

Grönroos (1988:13) identified "recovery" as a service determinant on its own. Schneider and White (2004) are also of the opinion that service recovery is an important aspect of the service delivery process and that it perhaps deserves to be studied as its own determinant, as was suggested by Grönroos (1988). Grönroos (1988:13) classifies service recovery as part of the functional quality.

For the purposes of the present research, the recovery aspect was not dealt with as a service determinant of its own. However, because ten critical incidents related to this

aspect, it is recommended that a separate question should be included in the service quality model that specifically deals with SARS's capabilities in service recovery situations.

Conclusion 5.51:

Under the reliability service determinant, the service quality model should include a question that evaluates SARS's ability to put in place an effective system to ensure successful service recovery when SARS makes any errors.

5.11.1.3 Service failures

Service failures refers to a service aspect in the accurate service delivery service attribute. It received a very high number of critical incidents, namely 295 (7.05%, n = 4 183). Service failures could be distinguished from another service aspect discussed earlier (accurate first-time service delivery), because in that service aspect, the service is eventually performed, although it may not always be performed accurately on the first attempt. Most of the other service attributes were worded objectively, but this service aspect provided only for negative critical incidents. Hence, when there was no service failure, this was either not mentioned in these responses, or the fact that the service was or was not performed correctly the first time was allocated to the previous service aspect.

In total, 74 critical incidents specifically related to the service failures of business processes and therefore confirmed Conclusion 5.49 (above) that the accurate service delivery of the business processes should be evaluated.

Apart from the responses that related to business processes, the service channels appeared to be highly relevant to this service aspect. With regard to specific service channels, the responding tax practitioners perceived the call centre (85 critical incidents, 28.81%, n = 295) to be a waste of time, as they either could not get through or were cut off or were not helped even when they did get through. Included in the responses were ten critical incidents that mentioned that it is a waste of time to use the e-filing call centre. The designated call centre for the tax practitioners was again listed separately. Seven of the critical incidents were allocated to it. Apart from the aspects specifically mentioned for the call centre, another 106 critical incidents related to other service channels. An additional 30 critical incidents related to the fact that the respondents perceived SARS to be understaffed – this applied mainly to the branches. These responses therefore confirmed

Conclusion 5.50 (above), that accurate service delivery by specific service channels is important in the service quality model.

The results for this service aspect can therefore be combined with the “accurate first-time service delivery” service aspect. They may contribute to the importance of the accurate service delivery service determinant. The outcome of this service aspect – the fact that there was a perception that no service delivery took place – could be adjusted with additional attempts, as service delivery should eventually take place, even if it is years after the initial attempt. It can therefore be argued that the matter of “accurate first-time service delivery” and the service failures lie on a service delivery continuum, with these two service aspects constituting the two opposite ends on the continuum (service failures at the one end if no service was delivered and accurate first-time service delivery at the other end of the continuum when the service was rendered accurately the first time).

Conclusion 5.52:

The question that evaluates accurate first-time service delivery should provide for different scales in the measuring instrument. One end of the scale should reflect accurate first-time service delivery and the other end of the scale should reflect total service failure. This should be included for all the different business processes and service channels relevant to the accurate first-time service delivery service attribute, but should also include the e-filing call centre service channel.

It should again be noted that the service evaluations at this stage are not meant to reflect the service quality of SARS, but are only an attempt to identify important service determinants and service attributes to develop a service quality model. The responses on service failure are perceptions expressed by tax practitioners – it should be assumed that all the procedural requirements were met by the practitioners themselves in order for them to arrive at this conclusion. When the actual evaluation of the service quality is performed, care should be taken to ensure that the assumption that all the requirements were in fact met by the tax practitioners is true. Additional independent information in this regard should be obtained from SARS.

5.11.1.4 Loss of documents

Another service aspect that is listed separately on the classification schedule, but that is linked to the reliability service determinant, is the loss of documentation submitted with or without an acknowledgement of receipt of such documentation by SARS. The loss of

documentation directly affects SARS's ability to deliver a particular service accurately and was therefore classified under the accurate service delivery service attribute. The loss of documents service aspect was allocated 106 critical incidents (2.53%, n = 4 183), all of which were negative. Although the definition of this service aspect contributed to the fact that all the critical incidents that were classified under this service aspect were negative, none of the other responses mentioned that SARS did not lose documentation submitted to it. It may therefore be argued that tax practitioners operate on the expectation that documents should not be lost by SARS. The loss of documents service aspect contributes to the functional quality of the service in that it complicates the process to be followed by the tax practitioner to ensure successful service delivery.

The loss of documents service aspect was relevant to documents submitted through all the service channels, but the various business processes were also mentioned. Because documents can get lost either while they are in the service channel (for example, at the branch), or while processing is in progress (for example, during the VAT registration business process), a tax practitioner is usually not able to pinpoint where the documents were lost. It is therefore recommended that the loss of documentation should only be evaluated in general.

Although one negative response related specifically to e-filing, it can be argued that this critical incident may refer to a situation where there were problems with the submission of documents through e-filing, as an electronic filing system is regarded as one of the advantages of e-filing. It is therefore not clear how documents that are correctly submitted could be lost. Therefore, it is recommended that e-filing should not be included in the general question relating to the loss of documentation.

Conclusion 5.53:

Under the reliability service determinant, the service quality model should include a question to evaluate whether documents are lost by SARS after they have been submitted.

5.11.2 Adherence to specific promises made by SARS

The next service attribute in the reliability determinant is the extent to which SARS adheres to its own time requirements (dates) as promised. Currently, promises can either be legally imposed, as with the time limits set to respond in the alternative dispute

resolution process (ADR) or can be promises made by SARS itself. The SARS Service Charter lists the time frames and service standards SARS has specifically undertaken to adhere to. This service attribute illustrates how important such adherence to promised time frames is to tax practitioners.

Only 45 critical incidents (1.08%, $n = 4\ 183$), of which ten (22.22%, $n = 45$) were positive and 35 (77.78%, $n = 45$) were negative, were allocated to this service attribute. This could indicate that although the promised or legally imposed dates are relevant, they are not regarded as very important by tax practitioners.

Considering that responsiveness (see Section 5.8, above) is the service determinant that attracted the second highest number of critical incidents, the fact that adherence to specific promises made by SARS was allocated only 45 critical incidents might be a very important aspect in developing the service quality model. This issue may underline the fact that it cannot be assumed that the specific promises made by SARS are optimal for tax practitioners. It might thus happen that SARS delivers a service only after the promised date, but within a time frame that is acceptable to tax practitioners or that it delivers a service within a time frame as promised, but that this time frame may still be too long for tax practitioners.

The longer the Service Charter is in existence, the more the time frames in the Charter itself will probably shape the timeframes expected by tax practitioners. Therefore this issue may become more relevant in future. For this reason it should continue to be included in the service quality model.

The SARS Service Charter lists general and specific promises that SARS should adhere to by the date indicated. Adherence to some of these promises is already included in the service quality model developed in the present research, but some may not yet be included. Table 5.23 summarises all the specific and general promises in the SARS Service Charter and also indicates whether adherence to these promises is already included in the proposed service quality model. To ensure that SARS's adherence to its own promises is measured fully, the service quality model should include questions to evaluate adherence to all the promises made by SARS.

Table 5.23: Detailed list of aspects of the SARS Service Charter

SARS Service Charter	Determinant	Service attribute (how is it dealt with in the service quality model)
However you contact us, we will endeavour to:		
- provide a clear, accurate and helpful response	Assurance Responsiveness	Technical knowledge of personnel Willingness of employees
- make clear what action you need to take next and by what date	Empathy (but not listed by respondents)	General promises made by SARS
- be courteous and professional at all times	Assurance	Politeness and friendliness of personnel
Our standards of service comprise the following:		
If you telephone us we aim to:		
- answer 90% of calls within 20 seconds	Empathy	Waiting time
- provide first-time resolution	Reliability	Accurate service delivery
- where first-time resolution is not possible, you can expect to be advised of the next steps by the call centre agent	Assurance	Knowledge and skills of employees
If you visit our walk-in centre we aim to:		
- attend to 95% of personal callers within 15 minutes of arrival (without an appointment); or	Empathy	Waiting time
- be available at the scheduled time if you have made an appointment	Empathy	Waiting time
If you write to us we aim to:		
- respond to 80% of all correspondence (physical and electronic) received within 21 working days of receipt	Responsiveness	Speed of performing the service
- where a resolution is not possible within a reasonable time, to inform you why it is not possible and when you can expect a full reply	Assurance	Progress status
When you submit your returns we aim to:		
- process and assess 80% of correctly completed and signed income tax returns within 90 working days from date of receipt during peak periods (July to February) and within 34 working days of receipt in off-peak periods (March to June)	Responsiveness	Speed of performing the service
- process VAT and PAYE returns within 20 working days of receipt	Responsiveness	Speed of performing the service
- process 90% of all electronically submitted export and import returns within 4 hours of receipt and within 24 hours of receipt of manual submissions	Responsiveness	Speed of performing the service



Note:		
If a representative is dealing with your tax affairs, it is vital that you ensure that we are informed thereof. This is to protect you and to ensure that we do not compromise your privacy and confidentiality.	Assurance	Confidentiality
If a refund is due and owing to you, we aim to:		
- process VAT refunds within 21 working days of receipt	Responsiveness	Speed of performing the service
- process income tax refunds within 30 working days from the assessment date	Responsiveness	Speed of performing the service
- where a refund is subject to review, you will be notified within 30 working days	Assurance	Progress report
When you register or make any payment, we aim to:		
- process your registration accurately within 10 working days	Responsiveness Reliability	Speed of performing the service Accurate service delivery
- process the payment accurately within 5 working days of receipt	Responsiveness Reliability	Speed of performing the service Accurate service delivery
In addition we aim to:		
- get every aspect of your interaction with SARS right the first time by making the best use of all of the information that is available to us	Reliability	Accurate service delivery
- deal with your enquiries and objections as expediently as possible	Responsiveness	Speed of performing the service
2.3 Privacy and confidentiality		
In handling your affairs we will:		
- deal with them on a strictly confidential basis, within the law	Assurance	Confidentiality, but found not to be relevant
- respect your privacy	Assurance	Confidentiality, but found not to be relevant
- arrange to conduct discussions in a private environment, where this is preferred	Assurance (but this was never mentioned by respondents)	Confidentiality
2.4 Any special requirements		
If you have special requirements, such as a disability for example, we will endeavour to assist as far as is reasonably possible.	Empathy	Adaptability

From Table 5.23, it is clear that most aspects listed in the SARS Service Charter are already addressed in sections of the service quality model.

Some sections are, however, not elsewhere dealt with in the model. Specific questions addressing these issues should be included in the service quality model. The following sections are not dealt with in the service quality model:

- irrespective of the way in which SARS is contacted, SARS aims to make it clear what action a tax practitioner needs to take next and by what date; and
- under the privacy and confidentiality section in the SARS Service Charter, the aim is to arrange for tax practitioners to conduct discussions in a private environment, where this is preferred (the phrase “when it is preferred” may indicate that the privacy must be requested – it should thus be assumed that the tax practitioner is aware of the possibility).

The above items should also be evaluated in separate questions.

Conclusion 5.54:

Under the assurance service determinant, the service quality model should provide for a question to determine whether tax practitioners are always informed of the required actions and due dates in order for them to fulfil their tax obligations.

Conclusion 5.55:

Under the assurance service determinant, and more specifically under the confidentiality service attribute, the service quality model should include a question to evaluate the availability of a private environment for a tax practitioner’s interactions with SARS, when such an environment is preferred and requested.

5.11.3 Adherence to promises in general

The service attribute of adherence to promises in general differs from the previous service attribute, as it does not refer to time frames, but more to the general code of conduct of SARS. It also includes the actions required because of individual promises made by SARS employees. This service attribute attracted responses containing 24 critical incidents (0.57%, n = 4 183), of which two were positive (8.33%, n = 24) and 22 were negative (91.67%, n = 24). The positive responses for this service attribute were proportionally very low, compared with the results of the study as a whole.

The first part of this service attribute relates to promises as stipulated in SARS's general code of conduct. The source of these promises is, firstly, the code of conduct as published on SARS's website (www.sars.gov.za). For the present research, the promises that SARS makes in its published mission, vision and value statements represent such promises in general (SARS 2006a, 2006b). So, for example, as a value statement on its website, SARS states that it is committed "to providing excellent service to the public". This statement is repeated in SARS's strategic goals. Another aspect that is specifically included in SARS's value statement is that its "relationships, business processes and conduct are based on mutual trust and respect" – one respondent mentioned that the way SARS officials treat tax practitioners at branches does not correspond with the SARS Service Charter. Some of SARS's values were published in the SARS Service Charter, which therefore serves as a source the public could use to benchmark the general promises. The advertisements that SARS places in the media also convey a particular message to tax practitioners. The recorded message of "honesty, commitment, partnership" that practitioners hear while they are on hold when they telephoned a SARS call centre was also mentioned by some tax practitioners.

Originally, in the classification scheme, inequity was identified as a determinant on its own, but after closer analysis, the responses relating to inequity were classified under the reliability determinant's promises in the general service attribute. A total of nine responses were classified under inequity, four of which related to the perception that there is inequity between the payment and refund business processes at SARS. The other five responses related to inequity in the treatment of different taxpayers. The reason for incorporating these responses with the promises in general is that the values of SARS as published on the website state that SARS's "relationships, business processes and conduct are based on ... equity and fairness ...".

Conclusion 5.56:

Under the reliability determinant, the service quality model should include a question to determine whether tax practitioners perceive SARS to be abiding by its own code of conduct. The first part of the question should be a closed-ended question with the different levels of agreement as answer options. To assist SARS to identify problem areas, it may be useful to include an open-ended question eliciting a reason why a tax practitioner answered in the negative. An alternative would be to list the values referred to and to ask to what degree SARS adheres to them. In the latter case, a qualitative question can be avoided, but the questionnaire would be longer.

The second part of this service attribute relates to promises made by SARS employees. Becker and Wellins (1990:49) define what they refer to as “follow up” as delivering “in a timely and responsive manner on promises and commitments made to customers”. Several tax practitioners referred to the fact that they had been promised that someone would come back to them or perform a specific action, but that this had never happened. Apart from the general responses, this was specifically mentioned for the call centre attendants (six critical incidents) and the employees at the branches (two critical incidents).

Conclusion 5.57:

Under the reliability determinant, the service quality model should include a question to determine whether the employees of SARS at both the call centres and the branches always do something if they have promised to do so.

No items referring to the code of conduct are specifically included in the SERVQUAL scale. This item in the proposed model can be regarded as closely related to what Grönroos (1988:13) refers to as the reputation and credibility service determinant, which is image-related. Grönroos (1988:13) is of the opinion that the reputation and credibility service determinant fulfils a filtering function. To evaluate adherence to the code of conduct can be regarded as partly evaluating the reputation and credibility of SARS. This is the only item in the proposed service quality model that relates to the image dimension of the service quality.

5.11.4 Software

The term “software” relates to the programmes, procedures and any associated documentation pertaining to the operations of a data processing system (Gummesson 1992:192). Gummesson (1992:193) identifies software as a dimension on its own. For the purposes of the present research, consideration was given to specifically including a separate service determinant for software. However, the results of the content analysis indicated that the software aspects of the service could not always be separated from the outcome or other characteristics of the service. Respondents only mentioned that the tax assessments were not accurate, for example. They did not refer to the reasons for this. It therefore appears that, although software might be important for an evaluation of the service quality of an institution, the evaluation by the customers reflected that they

were more concerned with the outcomes of the service than with the processes (manual or electronic) that SARS followed to deliver those outcomes. The software dimension described by Gummesson (1992) may also be very closely related to what is now referred to as “e-services”, which are dealt with in more detail in Chapter 6.

The software service determinant was allocated 20 critical incidents (0.48%, $n = 4\ 183$), of which five (25%, $n = 20$) were positive and 15 (75%, $n = 20$) were negative.

The responses for the software service attribute related mainly to the business processes at SARS. Examples of two of the responses are:

- “Belastingaanslae het van jaar na jaar stelsel foute. Dit is weliswaar elke jaar ‘n ander fout, maar daar is elke jaar stelsel foute.” [“Year after year, tax assessments contain system errors. Admittedly, every year the errors are different ones, but there are system errors every year.”]
- “Due to SARS’ problems with their system we suffer the consequences of time delays etc.”

The responses were only allocated to the software service attribute if a respondent specifically mentioned the software or systems of SARS. The responses for the software service attribute could actually also be allocated to other service attributes. This may indicate that tax practitioners (clients) cannot really evaluate software in itself. This confirms that software should not be a dimension on its own. The critical incident with regard to the tax assessments that have system errors would, for example, result in inaccurate service delivery in respect of tax assessments, which could be classified under the service attribute of accurate service delivery. The time delays would probably be reflected in the turnaround time (responsiveness) of certain processes.

Although tax practitioners could provide a possible reason for their perception why the service outcome is influenced in a certain way, they can actually only evaluate the service outcome. SARS could then use these evaluations to identify and address any possible software shortcomings or errors.

Conclusion 5.58:

The service quality model for the traditional services should not include any evaluation of the software or systems SARS uses.

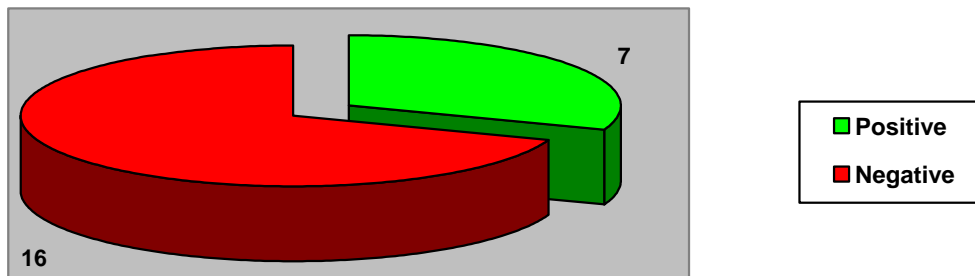
5.12 DETAILED ANALYSIS OF THE TANGIBLES SERVICE DETERMINANT

“Tangibles” is defined by Parasuraman *et al.* (1986:6-7) as the “appearance of physical facilities and employees”. Only 23 critical incidents (0.55%, n = 4 183), of which seven were positive and 16 were negative, were classified as relating to the tangibles determinant.

The tangibles determinant attracted the lowest number of comments containing relevant critical incidents – a considerably lower number than the other determinants. The fact that tangibles as a determinant was allocated the lowest number of critical incidents is in line with the findings of Berry *et al.* (1988:37), who researched the importance of particular service determinants across various service settings. Both service attributes in the tangibles determinant contribute to the functional quality of a service encounter.

Figure 5.11: Incidence of positive and negative critical incidents for the tangibles determinant

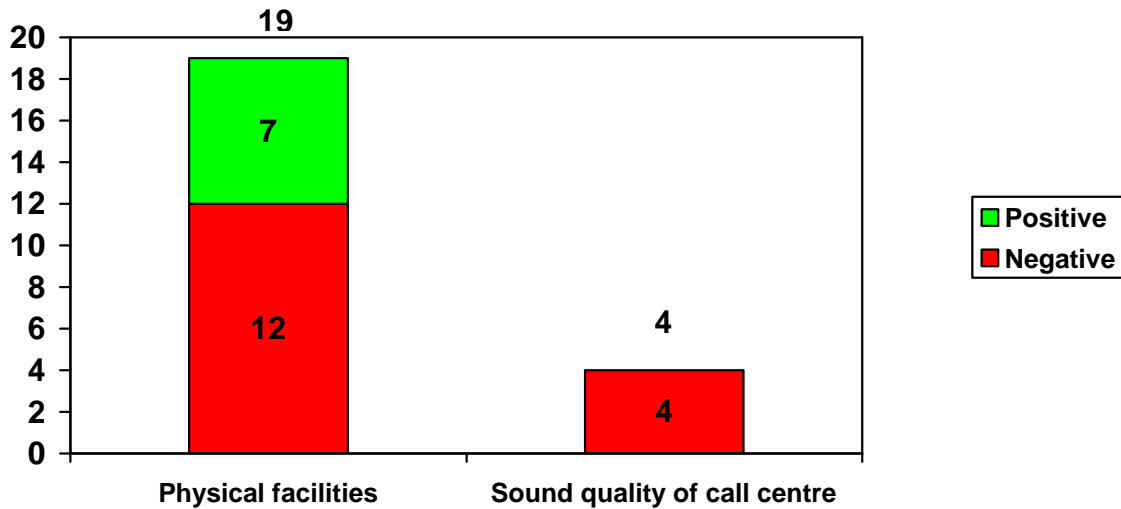
Tangibles responses: 23 critical incidents



The tangibles determinant was subdivided into two different service attributes:

- physical facilities – 19 critical incidents (82.61%, n = 23); and
- the sound quality of the call centre – four critical incidents (17.39%, n = 23).

Figure 5.12: Service attributes in the tangibles service determinant



5.12.1 Physical facilities

All 19 responses (0.45%, $n = 4\ 183$) allocated to the physical facilities related to the comfort, size, visual appeal and parking facilities of SARS branch offices. Two critical incidents also specifically related to the fact that there are drive-through facilities at some branches. One critical incident related to the level of comfort at the branches when one has to wait in a queue. Seven responses (36.84%, $n = 19$) were positive and 12 responses (63.16%, $n = 19$) were negative.

Conclusion 5.59:

Under the tangibles determinant, the service quality model should include a question to evaluate the comfort, size and visual appeal of the physical facilities at SARS branches.

5.12.2 Sound quality of the call centre

The sound quality of the call centre can also be classified as a service attribute in the tangibles determinant. Four critical incidents (0.1%, $n = 4\ 183$) related to the sound quality of the call centre. All four responses were negative. Two specifically related to the call centre for the tax practitioners. Although the e-filing call centre was not specifically mentioned by the respondents, there is no reason not to include all the different call centres of SARS when the sound quality of the call centres is evaluated.

Conclusion 5.60:

Under the tangibles determinant, the service quality model should include a question to evaluate the sound quality of the various call centres.

5.13 DETAILED ANALYSIS OF THE GENERAL SERVICE DETERMINANT

No specific service attribute was identified for the critical incidents that were classified under the general service determinant – they were classified as a general statement about the service quality of either a specific service channel or a specific business process.

An example of one of the critical incidents in the general service attribute is “the call centre is very good”. The respondent did not indicate what about the call centre he or she regarded as very good. The interpretation could, for example, be that

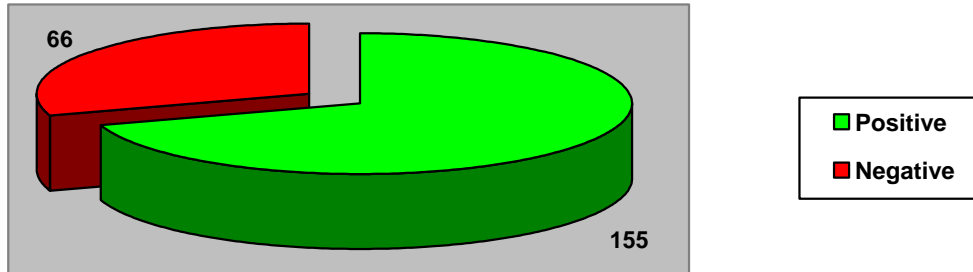
- the service is fast (responsiveness);
- the call centre operator satisfied the individual needs of the tax practitioner (empathy);
- the service was delivered dependably and accurately (reliability);
- the call centre operator was polite and friendly (assurance determinant); or
- the sound quality of the call centre was very good (tangibles).

The only message that can be extracted from the above critical incident is that the call centre is working well for that particular tax practitioner, but it is not clear what the specific preferences for that specific tax practitioner are. As this critical incident was not specific enough to identify the correct service determinant for the classification, it was classified under general.

A total of 221 critical incidents (5.28%, n = 4 183) were classified under a general service determinant. Of the critical incidents, 155 (70.14%, n = 221) were positive and 66 (29.86%, n = 221) were negative.

Figure 5.13: Incidence of positive and negative critical incidents for the general traditional services

General responses: 221 critical incidents



It is interesting to note that more positive responses were classified under the general service determinant than negative responses. This category also differed considerably in terms of the ratio of positive and negative responses for the overall traditional services, which was approximately 40% positive and 60% negative. This finding may indicate that the respondents commented more generally when they were happy with the quality of services, but that they were more specific in their comments when they experienced service quality problems.

Table 5.24: General responses per service channel

Service channel	Negative	Positive	Total
Call centre	11	32	43
Branch	12	25	37
Call centre (tax practitioners)	0	28	28
General	6	9	15
E-mail	0	8	8
E-mail (tax practitioners)	0	3	3
Fax	3	3	6
Post	1	3	4
Text messaging	1	0	1

Table 5.25: General responses per business process

Business processes	Negative	Positive	Total
General	21	10	31
Dispute resolution process	2	7	9
Tax return	1	6	7
Tax registration	2	5	7
Updating of information	2	4	6
Queries	2	4	6
Tax assessment	2	1	3
Tax payment	0	3	3
Tax refund	0	3	3
VAT registration	0	1	1

At this point, it is recommended that either global service attributes or detailed business processes and service channels should be measured in the proposed service quality model. The general determinant confirms the relevance of measuring the separate service channels and business processes. It even substantiates the measuring of the various alternatives within a specific service channel, for example, the specific call centre for tax practitioners. The various service determinants only received a few critical incidents for this specific service channel, but the fact that 28 respondents considered the call centre for tax practitioners to be very good (all 28 responses were positive) highlighted the importance of this service channel and supported the argument that this service channel should be evaluated separately from the normal call centre. The general service determinant therefore contributes by ensuring that all the relevant service channels or business processes that were regarded as working or not working are included in the service quality model under another service quality determinant.

Apart from measuring the detailed service determinants, Dabholkar *et al.* (2000) found that in addition to measuring the different components of a service, an additional global judgement is also required and should be added to the measuring instrument. The fact that the 46 critical incidents that were too general to be classified under a specific service determinant referred to either the general service channels (15 critical incidents) or the general business processes (31 critical incidents) supports the conclusion by Dabholkar *et al.* (2000) that a global evaluation of services should also be incorporated into a service quality model. The fact that the respondents' general comments were divided into the service channels and the business processes was mainly a consequence of the data instrument – it was divided into different questions that dealt with these two aspects separately (Questions 1 and 2 dealt with service channels and Questions 3 and 4 dealt

with the business processes) – and does not necessarily indicate that the global service quality evaluation should measure these two aspects separately.

An additional global assessment is therefore also recommended for the service quality model.

Conclusion 5.61:

Apart from the detailed aspects recommended for inclusion in the service quality model, an additional global judgement should also be incorporated.

5.14 SUMMARY

In this chapter, the results of the data gathered by means of a questionnaire and analysed using the critical incident technique were set out. A comprehensive range of service determinants and service attributes relevant to the service quality model were identified in relation to the traditional services, excluding the bulk of the e-services.

The traditional services represent only some of SARS's service offerings. The total service SARS offers also includes e-services. To be able to develop a service quality model that will evaluate all the services SARS offers to tax practitioners, the next chapter presents the results for the e-services.

CHAPTER 6

BUILDING THE LENS OF THE CUSTOMER: E-SERVICES

6.1 INTRODUCTION

In the previous chapter, Chapter 5, the results of the qualitative study using the critical incident technique were presented. The first conclusion derived from the results presented in Chapter 5 (see Section 5.4) is that the service determinants and service attributes that relate to e-services differ from those relating to the traditional services. This fact has an impact on the way the “lens of the customer” should be built. Because the services offered by SARS consist of both traditional and e-services, a distinction must be made between the traditional service modes and the e-service modes. Chapter 5 presented the results mainly for the **traditional services** (the e-services were added in some cases, but only as a service channel within the traditional services). Chapter 6 therefore focuses on the **e-services**.

SARS provides e-services through its website and the e-filing option (the online filing and assessment service). The e-services, especially the services provided through e-filing, offer many benefits to the state, ranging from faster tax collection (increased efficiency) to a reduction in human error and cost savings. The public sector e-services have, however, not necessarily been developed to suit the various needs and desires of ordinary citizens, as Connolly and Bannister (2008:313) and Lind, Forsgren, Salomonson and Albinsson (2007:13) pointed out in relation to the organisations they studied. The haste with which some of SARS’s e-services were introduced and later expanded also did not allow time for a consultative process involving SARS, the taxpayers and tax practitioners. The primary purpose of SARS’s e-services is also not, as is the case with most private sector services, to attract more customers. However, it must be acknowledged that greater efficiency in SARS’s e-services will contribute to improved taxpayer compliance. It is therefore highly relevant to the present research.

The objective of the present research is to develop a service quality model that can be used to evaluate the services SARS provides. Hence, the quality of both the traditional services and the e-services is relevant. In this chapter, the results of the critical incident technique related to the e-services are presented. These results for the e-services will contribute to the development of a “lens of the customer” built on the results of the

qualitative study. This “lens of the customer” will then assist in the identification of the relevant service dimensions, determinants and attributes. It will also serve as a blueprint for developing an e-service quality model.

6.2 DATA ANALYSIS: BACKGROUND

6.2.1 General

The results of the research for the traditional services offered by SARS were presented in Chapter 5. The traditional services represent the total service offerings of SARS – the e-services were added as one of the service channels. The service quality determinants and attributes identified in Chapter 5 do not, however, include service aspects that are relevant only to e-services. This chapter therefore identifies the specific service determinants and service attributes that are relevant only to e-services. To ensure that the proposed model can be used in isolation to measure the service quality of the full spectrum of e-services and not only the unique aspects of the service channel, all critical incidents relating to the e-services were included in the analysis (including the e-service critical incidents already included in the traditional service quality model proposed in Chapter 5).

In Section 5.4 it was indicated that a total of 1 233 critical incidents applied to the e-services. In that section, it was also indicated that 51 critical incidents that related to the e-services were included with the traditional services. These 51 critical incidents related to service attributes and service aspects that could be regarded as the same, irrespective of whether traditional or e-services are used as the mode of communication. The 51 critical incidents that were included in the results presented in Chapter 5 are again included in the results presented in Chapter 6, because they are relevant to the e-services as well, resulting in a total of 1 284 critical incidents (1 233 plus 51) related to the e-services, for which the results are presented in this chapter. In the final chapter of this research (see Section 7.7), the aspects that should be excluded from the proposed model (if SARS wishes to evaluate not only the e-services, but all its service offerings simultaneously) are identified.

6.2.2 E-services offered by SARS

The communication channel for the e-services is the Internet, either through the general SARS website (<http://sars.gov.za>) or through the e-filing option (<http://sarsefiling.co.za>).

In its welcome page on the general website, SARS (2008a) describes the website as a place where different types of taxpayer can

- easily access tax-relevant information;
- read about SARS;
- download different publications and forms; and
- access more information on the different types of tax.

SARS (2008b:s.p.) describes e-filing as follows:

[A] secure electronic tax return and submission service offered by SARS that removes the risks and hassles of manual tax returns. Not only can you submit your returns via the Internet, but you can also make secure tax payments online. The service offers web-based capture of individual returns as well as facilities for the submission of multiple returns through back-end interfaces. There is also a facility to apply for tax directives, which can be obtained within 24 hours.

For the sake of brevity, SARS's general website is also referred to as "the website". Because e-filing is also available as a website on its own, it is referred to as "e-filing". E-filing includes not only the e-filing website, but also the business processes supporting the e-filing website.

One of the differences between the general website and e-filing is that the general website is predominantly used for information searches, whereas e-filing is more interactive. It may be argued that the differences between these two websites may require separate e-service quality models. However, Christobal, Flavian and Guinaliu (2007:7) found that the proposed e-service quality models currently available (that includes E-S-Qual) do not reveal marked differences when they distinguish between buyers (more interactive users of e-services, in this case, e-filing users) and information searchers (that is, in this case, website users). Their findings therefore suggest that the same measuring scale can be used for both SARS's general website and its e-filing website. It must, however, be

acknowledged that some service determinants or attributes may be relevant only to a particular website. In the present research, an e-service quality model is proposed that clearly distinguishes between service determinants and service attributes relevant only to a particular website.

6.3 BUSINESS PROCESSES WITHIN THE E-SERVICES

No specific business processes can be performed through the website – it is used predominantly for gathering and downloading information and tax forms. However, the following business processes are currently relevant to e-filing:

- tax returns (both making them available and their submission);
- a correction of errors facility;¹
- tax assessments;
- tax payments;
- a dispute resolution process;
- a tax clearance process;² and
- updating of tax-related information.

The respondents mentioned specific service attributes of the e-services, but they did not always specify what business process(es) their comments related to. The analysis of the critical incidents relating to the e-services focused on the layout and workings of the general and e-filing websites and related services. For this purpose, a specific reference to particular business processes (even when the respondents mentioned such a process) was not always regarded as relevant. For example, when a respondent commented that it takes too long to open a tax return using e-filing, this response would be classified as relating to the speed of loading pages within e-filing, which is usually relevant to all pages loaded through e-filing. Therefore, this response would be classified with the other responses that commented only on the speed of loading pages in general. When a particular aspect (for example, tax returns) was repeatedly mentioned for a specific service determinant or attribute within the e-services, however, cognizance was taken of

¹ The correction of errors facility was not available at the time when the research was conducted, but it has since been added.

² Currently the tax clearance certificate is only available for e-filing if a certificate of good standing or a tax clearance certificate for a tender is required. The facility to apply for a tax clearance for foreign investment purposes is not yet an option through e-filing.

this. Where possible, more detail was then included in the proposed e-service quality model.

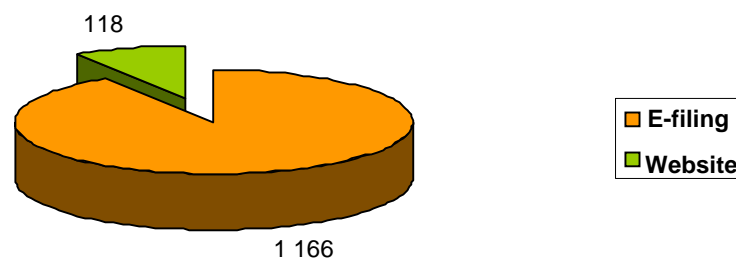
Of the total number of 1 284 critical incidents, only 357 (27.80%, n = 1 284) included a reference to a specific business process. The business process approach (an approach that focuses on the different individual departments within SARS) was chosen for the purposes of the present research. Despite the low number of critical incidents that included a specific reference to particular business process(es) within the e-services, the e-services could in themselves be regarded as a business process (as a separate department within SARS) that should be evaluated on its own.

6.4 RESPONSES FOR THE E-SERVICES

Of the total number of critical incidents (1 284) that related to the e-services, 1 166 (90.81%, n = 1 284) related to e-filing and 118 (9.19%, n = 1 284) related to the website. E-filing can therefore be regarded as far more important to the respondents than the general SARS website. Nevertheless, the 118 responses that related to the general website indicate that, although the general website is less important than e-filing to these respondents, the participants still regard the general website as important.

Figure 6.1: Distribution of critical incidents for the e-services

Electronic services responses: 1 284 critical incidents

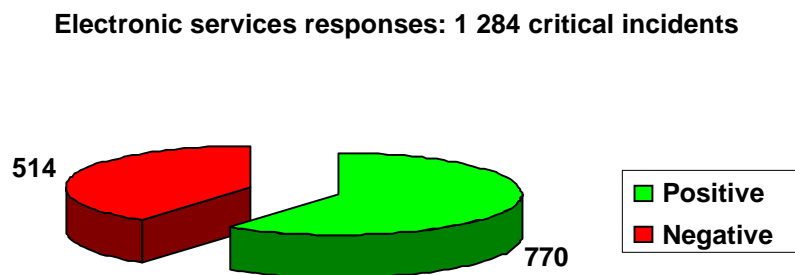


6.5 INCIDENCE OF POSITIVE AND NEGATIVE CRITICAL INCIDENTS FOR THE E-SERVICES

For the e-services, the number of positive responses, namely 770 critical incidents (59.97%, n = 1 284), exceeded the number of negative responses, namely 514 critical

incidents (40.03%, n = 1 284). The results for the e-services was the inverse of the findings in respect of the total responses, where approximately 60% of the critical incidents (3 204 critical incidents, n = 5 416) were negative and approximately 40% of the critical incidents (2 212 critical incidents, n = 5 416) were positive. It is clear that SARS's expansion of its provision of e-services is not only important (as indicated by the number of critical incidents allocated to this communication channel), but is experienced mainly in a positive manner by the tax practitioners. The incidence of negative and positive responses suggests that the full spectrum of critical incidents was identified for the e-services.

Figure 6.2: Incidence of positive and negative critical incidents for the e-services



Johnson and Gustafsson (2000:158) found that the number of negative responses obtained in using the critical incident technique usually exceeds the number of positive responses. The use of the word “usually” by Johnson and Gustafsson (2000:158) may imply that they either foresaw or believed that there might be exceptions to their findings. The fact that the number of positive responses for the e-services exceeded the number of negative responses for the e-services in the present research is therefore an exception in the application of the critical incident technique. This is true for the responses that related to both the general website (60.17% positive, n = 118) and e-filing (59.95% positive, n = 1 166).

The fact that e-filing was a relatively new addition to the services offered by SARS at the time when the present research was undertaken (e-filing was introduced in June 2003) and that this option was extensively expanded during 2007 to include many more options than previously may be a reason for the finding that the number of positive responses exceeded the number of negative responses for the e-filing. The fact that the number of

positive responses exceeded the number of negative responses, not only for e-filing, but also for the general website (which has already been operational for more than ten years), reduces the likelihood that the novelty and expansion of the service channel had a material impact on the representativeness of the responses.

Odekerken-Schröder *et al.* (2000:110) found that positive responses usually relate to some measure of minimum requirement a service has to offer. Therefore, the fact that the e-services received such a high percentage of positive responses may indicate that the minimum requirement expected by the responding tax practitioners with regard to the e-services rendered by SARS was exceeded.

SARS is an institution in the public administration. This may affect the service expectations of tax practitioners. Most South African tax practitioners would encounter other public services *inter alia* when they attempt to obtain a driver's license, identity book or passport, or if they need to make use of police services or the postal service. All of these public services are known for long queues (Brown 2008), long waiting times (Phillips 2008) and ineffective service delivery (Claassen 2008). These services cannot be accessed from the comfort of a citizen's home, but are provided in often overcrowded public service buildings. With its e-services, SARS is providing options that are not very common in the public administration in South Africa.

The fact that SARS is a public institution which uses e-services (which are not even offered by all private institutions) may therefore have contributed to the phenomenon that the number of positive responses exceeded the number of negative responses. From this finding, it may be possible to deduce that the number of positive responses may exceed the number of negative responses in critical incident studies when a service provider exceeds the minimum service delivery standard requirement expected by its customers.

Conclusion 6.1

The number of positive responses may exceed the number of negative responses if a service provider renders services that exceed the minimum standard requirement expected by the customers.

6.6 SERVICE DETERMINANTS FOR THE E-SERVICES

Various studies have been conducted on e-service quality. Some studies, such as those by Madu and Madu (2002) and Santos (2003), have identified specific service determinants for e-service quality in general. By contrast, other studies, such as those by Buckley (2003) and Lind *et al.* (2007), have identified and proposed an alternative model to evaluate e-services in the public sector. Thus far, none of the theoretical frameworks in these studies have been empirically validated.

Some researchers, such as Lee and Lin (2005), Vos (2003) and Zhu *et al.* (2002), have adjusted existing models, specifically SERVQUAL, which was developed by Parasuraman *et al.* (1986, 1988) and Parasuraman *et al.* (1991a) to evaluate e-service quality in the traditional service environment.

Only a few researchers, namely Christobal *et al.* (2007), Parasuraman *et al.* (2005), Wolfinbarger and Gilly (2003), Yang *et al.* (2004) and Zhang and Prybutok (2005), proposed specific e-service quality models and also developed and tested their proposed scales for measuring e-service quality. Parasuraman *et al.* (2005) have expressed a need for caution regarding the consistency and appropriateness of service determinants used in the scale presented by Wolfinbarger and Gilly (2003).

Of the most recent e-service quality studies, the studies by Buckley (2003), Connolly and Bannister (2008), Yang *et al.* (2004) and Zhu *et al.* (2002) were conducted in service industries. The studies by Buckley (2003) and Connolly and Bannister (2008) were of particular interest to the present research, as they were conducted in the service industry of the public sector. The study by Connolly and Bannister (2008), in particular, was performed in a tax agency environment. Connolly and Bannister (2008) adjusted the multi-item scale for assessing e-service quality developed by Parasuraman *et al.* (2005) slightly.

Parasuraman *et al.*'s (2005) scale is divided into four different dimensions: normal services (E-S-Qual), recovery services (E-RecS-QUAL), perceived value and loyalty intentions. Parasuraman *et al.* (2005) identified four service determinants that are relevant to the E-S-Qual dimension of their scale, namely Efficiency, System Availability, Fulfilment and Privacy. A further three service determinants were identified in the E-RecS-Qual dimension, namely Responsiveness, Compensation and Contact. The perceived value dimension includes four statements. The loyalty intention dimension consists of five

statements. In the literature (and for the purposes of the present research) references to E-S-Qual imply all four the abovementioned dimensions of the scale.

Connolly and Bannister (2008) adjusted the E-S-Qual scale slightly to evaluate the e-service quality of the Irish tax collection agency. To date, however, they have not provided any proof of the actual reliability and validity of the E-S-Qual scale in the tax collection agency environment. Connolly and Bannister (2008) based their choice of a measuring instrument on a literature review they had conducted. They adjusted the E-S-Qual instrument with input from the revenue agency itself. Apart from the fact that E-S-Qual is deemed to evaluate services from the customers' perspective, no research has hitherto been conducted to verify whether this measuring scale fully encapsulates the "lens of the customer" in a tax collection agency environment.

The E-S-Qual measuring scale for e-service quality has also been successfully used by other researchers (Kim, Kim & Lennon 2006; Nomdoe & Pather 2007; Zhao & Peng 2007). Nomdoe and Pather (2007:99) found that the E-S-Qual scale has been extensively cited and has been tested and adopted in various contexts. Mekovec, Bubas and Vrcek (2007:17) agree that the E-S-Qual measure has served as a basis for various adaptations and extensions into other models that have been used to create several other e-service quality and related measures. Kim *et al.* (2006:55,69) found E-S-Qual to be one of the most comprehensive models for e-service quality, because it appears to provide representative information.

Boshoff (2007) carried out a psychometric assessment of the E-S-Qual scale. He found that E-S-Qual is a valid and reliable instrument. It appears to be the most effective scale developed to measure the quality of e-services thus far. However, Boshoff (2007:110) found that the E-S-Qual's four-dimensional configuration is not necessarily valid for all service settings.

In the present research, the various service determinants and service attributes identified in all of the above studies were combined to serve as the basis for the data classification scheme. In the evaluation of the results, a low response rate and the absence of any responses regarding various service determinants and service attributes resulted in a simplification of the data classification scheme. Consequently, the final data classification scheme has very much the same structure as the E-S-Qual scale. Some additional service

attributes were identified for some service determinants, but other service attributes included in E-S-Qual were found not to be relevant to the present research.

For the e-services of SARS, seven different service determinants were identified (see also Table 6.1):

- fulfilment, with 402 critical incidents (31.31%, n = 1 284);
- convenience, with 272 critical incidents (21.18%, n = 1 284);
- general, with 206 critical incidents (16.04%, n = 1 284);
- efficiency, with 160 critical incidents (12.46%, n = 1 284);
- assistance, with 133 critical incidents (10.36%, n = 1 284);
- system availability, with 99 critical incidents (7.71%, n = 1 284); and
- security, with 12 critical incidents (0.94%, n = 1 284).

Table 6.1: Determinants for the e-services

Determinant	Negative responses	Positive responses	Total Responses	Percentage % n = 1 284
Fulfilment	174	228	402	31.31
Convenience	45	227	272	21.18
General	26	180	206	16.04
Efficiency	61	99	160	12.46
Assistance	105	28	133	10.36
System availability	99	0	99	7.71
Security	4	8	12	0.94

6.6.1 Relevance of identified service determinants for the e-service quality model

Several authors (Christobal *et al.* 2007; Lee & Lin 2005; Parasuraman *et al.* 2005; Wolfinbarger & Gilly 2003:196; Yang *et al.* 2004:158) have researched the importance of the various service determinants in predicting overall e-service quality, but the results are highly contradictory. The reason for the conflicting results can be attributed mainly to the fact that e-service quality research is new and to the inconsistency of definitions for the various service determinants.

Wolfenbarger and Gilly (2003:196), for example, found that judgements concerning the quality of e-services are most strongly related to website design and fulfilment factors. By contrast, Lee and Lin (2005:171) concluded that website design had only a minor effect on overall service quality, but they argued that its importance should not be underestimated. Christobal *et al.* (2007:1) are also of the opinion that website design is to be seen as the key factor for the e-services provided. Lee and Lin (2005:171) agree that the fulfilment (reliability) service determinant is a significant predictor of overall service quality. Parasuraman *et al.* (2005:230) found that efficiency and fulfilment are the most critical service determinants of e-service quality and that they are of equal importance. Yang *et al.* (2004:1158) agree that ease of use (part of Parasuraman *et al.*'s 2005 definition of efficiency) and accurate service delivery (part of Parasuraman *et al.*'s 2005 definition of fulfilment) are both very important. The authors all had different definitions for their identified service determinants, but Parasuraman *et al.* (2005:228) claim that Wolfenbarger and Gilly's (2003) website design and fulfilment determinants display some conceptual and content overlap with Parasuraman *et al.*'s (2005) own efficiency and fulfilment service determinants. Parasuraman *et al.* (2005:228) therefore argue that the relative importance of these service determinants (efficiency, website design and fulfilment) is similar. It could thus safely be concluded that, depending of the definitions used, efficiency, website design and fulfilment may be regarded as the most important service determinants in e-service quality. Given that website design as defined by Wolfenbarger and Gilly (2003) is absorbed in the efficiency and fulfilment definitions of E-S-Qual, efficiency and fulfilment can be regarded as the two most important service determinants. System availability was also found to be an important contributor to customer perceptions of service quality, but it is not as important as efficiency and fulfilment (Parasuraman *et al.* 2005:230).

The number of critical incidents allocated to each determinant in the present study already indicates the importance of the various determinants for the e-service quality model. In the present study, the fulfilment service determinant (see Section 6.9) was found to be the most important service determinant, with 31.31% (402 critical incidents) of the total number of critical incidents ($n = 1\ 284$) allocated to it. The convenience service determinant (see Section 6.15) received the second highest number of critical incidents of 272 critical incidents (21.18%, $n = 1\ 284$). The efficiency service determinant (see Section 6.10) was ranked third, with 12.46% of the responses (160 critical incidents, $n = 1\ 284$) allocated to it.

The fact that the fulfilment service determinant was regarded as the most important by the respondents in the present research, with the efficiency service determinant in third place (therefore also regarded as very important), is clearly in line with the findings of Lee and Lin (2005:171), Parasuraman *et al.* (2005), Wolfenbarger and Gilly (2003:196) and Yang *et al.* (2004).

The relevance of the convenience service determinant for measuring service quality was not specifically addressed in the literature. Yang *et al.* (2004:1158) performed a content analysis of critical incidents in the online banking environment. They identified 17 dimensions as relevant in evaluating service quality. Convenience was one of these. In the measuring scale that Yang *et al.* (2004:1159) developed, convenience was, however, not included in the survey instrument. The reasons they gave for excluding selected service determinants (including convenience) were based on the frequencies of the citations and theoretical constructs. Security is another dimension that Yang *et al.* (2004) identified and included in the final survey instrument. As the frequency of the citations relevant to convenience (60 critical incidents) was twice the frequency allocated to security (30 critical incidents), it must be assumed that theoretical constructs underpinned the exclusion of convenience in favour of the service determinant “security”, with its lower frequency. A possible theoretical construct may be the fact that Berry, Seiders and Grewal (2002) identify convenience as a measuring construct by itself, where the perceptions of service convenience directly affect perceptions of a firm’s service quality. Zhang and Prybutok (2005) also measured convenience separately and did not include convenience in their service quality measurement. However, Zhang and Prybutok (2005:463) confirmed that convenience is positively associated with website service quality. Torkzadeh and Dhillon (2002) and Kim, Lee, Han and Lee (2002) specifically developed service convenience measures. Other researchers, such as Childers, Carr, Peck and Carson (2001) and Szymanski and Hise (2000), also used convenience in measuring other service-related constructs, such as attitudes and satisfaction.

Parasuraman *et al.* (2005) concluded that convenience is not a service determinant relevant to measuring e-service quality in the normal service quality dimension of the E-S-Qual multi-item scale they developed. However, aspects relating to convenience are part of the perceived value dimension that also constitutes part of Parasuraman *et al.*’s (2005:231) E-S-Qual multi-item scale. Connolly and Bannister (2008:315) also included

the perceived value dimension in their assessment of the Irish tax collection agency's online services.

It is recommended that convenience should be included in the e-service quality model because convenience

- directly affects perceptions of a firm's service quality (Berry *et al.* 2002);
- was also found to be relevant in other studies (Connolly & Bannister 2008; Parasuraman *et al.* 2005; Yang *et al.* 2004);
- is positively associated with website service quality (Zhang & Prybutok 2005); and
- is included in the most widely used e-service quality model (E-S-Qual), as well as in the only service quality study of e-services in a tax agency environment published thus far (Connolly & Bannister 2008).

Since convenience was either not included in other studies at all, or was included under a separate dimension of perceived value in certain studies, it is recommended that the convenience-related responses should be separated from the other responses and included under a perceived value dimension of the service quality questionnaire.

Conclusion 6.2:

The e-service quality model should include a separate dimension for the perceived value-related items.

Assistance (see Section 6.17) is the only other service determinant that attracted more than 10% of the responses (10.36%, 133 critical incidents, $n = 1\ 284$). A respondent usually first has to encounter problems with using a website to require assistance. Parasuraman *et al.* (2005:220) found that approximately one-third to one-half of respondents did not encounter problems and therefore did not require the services offered in a recovery situation. A low number of respondents who actually require assistance results in a situation in which one third to half of the respondents do not respond to questions in questionnaires on service quality relating to service recovery (assistance).

Given that most of the e-filing services offered by SARS are relatively new, it could be assumed that more than the usual half or one third of the responding tax practitioners would require assistance in using e-services, but it also had to be assumed that not all tax

practitioners have as yet made use of e-assistance services. The importance of the assistance determinant as reflected in the number of critical incidents allocated to it should also be evaluated against this background. The results would therefore tend to underestimate the importance of this service determinant, but possibly not to the extent proposed by Parasuraman *et al.* (2005).

In the present research, assistance compares very well with the service aspects that Parasuraman *et al.* (2005:220) classified under what they called the “E-RecS-Qual” dimension, which is relevant only in recovery situations. Parasuraman *et al.* (2005:220) also found that it is advisable to use different dimensions in measuring the service quality of e-services – one dimension for normal operations, another for recovery situations, one for perceived value and another for loyalty intentions. Assistance is therefore not really a service determinant, but rather a higher order service dimension in evaluating e-services.

Conclusion 6.3

Assistance is a separate service dimension in the e-service quality model.

The assistance dimension of the proposed e-service quality model will encompass the service aspects that need to be evaluated in recovery situations. A filter could be used in the e-service quality model to ensure that only those respondents who have encountered problems or required assistance answer the aspects that relate to the assistance service dimension. This could be achieved by a single question filter and only respondents who indicate that they have encountered problems, required or made use of assistance while using e-services are then asked the questions relating to the assistance service dimension. As the questionnaires administered by SARS are web-based questionnaires, it should be very easy to build in a filter question as recommended. It is also recommended that the items in the e-service quality model that deal with the assistance dimension should be presented at the end of the survey instrument just before the global evaluations.

Conclusion 6.4:

The e-service quality model should incorporate a filter to ensure that the questions relating to the assistance service dimension are answered only by those respondents who have actually used these services.

The system availability service determinant (see Section 6.11) attracted the second lowest number of critical incidents of 7.71% (99 critical incidents, $n = 1\ 284$). The security service determinant (see Section 6.12) was awarded the lowest number of critical incidents – only 0.94% (12 critical incidents, $n = 1\ 284$). The relatively low importance attached to the system availability determinant is in line with the findings of Parasuraman *et al.* (2005:230), who found system availability to be an important contributor to customer perceptions of service quality, but not as important as efficiency and fulfilment.

The low number of responses that related to security aspects implies that its inclusion as a service determinant on its own may need to be rethought. Several researchers (Buckley 2003; Parasuraman *et al.* 2005; Vos 2003; Wolfinbarger & Gilly 2003; Yang *et al.* 2004; Zhang & Prybutok 2005) have commented on the importance of the security service determinant, but they tended either to use the words “security” and “privacy” interchangeably, or to used the term “risk”, which includes both privacy and security. Vos (2003:97) and Zhang and Prybutok (2005:472) argue that security is important. Buckley (2003:460) found that the low overall usage of e-services in public administrations was related to fears about the security of online transactions. Yang *et al.* (2004:1166) found that most online customers are concerned about websites that do not provide clear and prominent statements about security matters.

Although privacy was found to be the least important of the four service determinants identified by Parasuraman *et al.* (2005) in E-S-Qual, they found that it still had a significant influence on customers’ global evaluations of service quality of e-services. Parasuraman *et al.* (2005) conducted their research among frequent users of websites. Wolfinbarger and Gilly (2003:196) found that the role of security is not significant in predicting quality, except among the most frequent users of the website. Wolfinbarger and Gilly (2003:196) also found that the Internet users that are most concerned about privacy issues tend to be the ones least likely to engage in Internet surveys. Hence, the results of Internet surveys might understate the importance of privacy issues in predicting quality for e-service users. Yang *et al.* (2004:1158) concluded that, although the security service determinant received a very low number of responses, security is one of the most frequently cited e-service quality service determinants.

It must be acknowledged that security may have received such a low number of responses in the present survey because tax practitioners only face an indirect risk in using e-filing.

The direct risk of using e-filing is carried by the taxpayer. Nevertheless, it is proposed that the security service determinant should still represent a service determinant on its own for the purposes of the present research, because

- the security service determinant may have a significant influence on customers' global evaluations of service quality of e-services (Parasuraman *et al.* 2005);
- the critical incidents were reported mainly through the website, which may have contributed to an underestimation of the importance of the security determinant, as suggested by Wolfinbarger and Gilly (2003); and
- users of the e-services of SARS could be assumed to be frequent e-service users.

6.6.2 Proposed structure of the e-service quality model

It has now been established (see Conclusions 6.2 and 6.3) that the e-service quality model should have separate dimensions for the perceived value and assistance aspects. It is therefore proposed that all the service aspects that are not part of the perceived value or assistance dimensions should be included as part of a normal operations dimension of the e-service quality model. That dimension can be referred to as TAX-eSQ. The perceived value aspects are then part of a second dimension. The assistance aspects would be part of the third dimension, which can be referred to as ASSIST TAX-eSQ.

The following service determinants will form part of the normal operations dimension (TAX -eSQ) of the e-service quality model:

- fulfilment;
- efficiency;
- system availability; and
- security.

The convenience service determinant will form part of the perceived value dimension of the e-service quality model.

The assistance aspects were originally classified under one dimension relating to assistance, but a closer investigation of the critical incidents allocated to this dimension resulted in the identification of several service determinants within the assistance

dimension. The following service determinants will form part of the assistance dimension (ASSIST TAX-eSQ) of the e-service quality model:

- responsiveness;
- empathy;
- assurance; and
- reliability.

Conclusion 6.5:

The e-service quality model should incorporate the following three different service dimensions:

- *a normal operations dimension;*
- *a perceived value dimension; and*
- *an assistance dimension.*

6.7 RESPONSES PER DIMENSION FOR THE E-SERVICE QUALITY MODEL

In order to determine the relative importance of each separate dimension within the e-service quality model, it is necessary to present the frequencies of the responses per dimension:

- the normal operations dimension, with 879 critical incidents (68.46%, n = 1 284);
- the perceived value dimension, with 272 critical incidents (21.18%, n = 1 284); and
- the assistance dimension, with 133 critical incidents (10.36%, n = 1 284).

Table 6.2: Responses per dimension of the e-service quality model

Dimension	Negative responses	Positive responses	Total Responses	Percentage (%) n = 1 284
Normal operations dimension	364	515	879	68.46%
Perceived value dimension	45	227	272	21.18%
Assistance dimension	105	28	133	10.36%

It appears that the general e-services represented by the normal operations dimension were perceived to be the most important dimension, with 68.46% of the responses allocated to it. This was to be expected, as the bulk of the responses would relate to the

more routine type of service. The perceived value dimension, with 21.18% of the responses, was perceived to be the second most important. The assistance dimension, with 10.36% of the responses, was also regarded as important, but not nearly as important as the normal operations dimension and only about half as important as the perceived value dimension.

The incidence of positive and negative responses on the normal operations dimension is in line with the incidence of positive and negative responses for all the e-services. However, it is clear that the responding tax practitioners answered predominantly positively with regard to the perceived value aspects and predominantly negatively with regard to the assistance aspects of the e-services SARS renders.

The detailed results for the various dimensions are presented below:

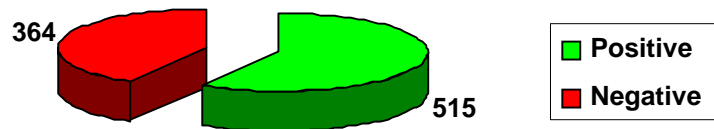
- the normal operations dimension (see Section 6.8);
- the perceived value dimension (see Section 6.14); and
- the assistance dimension (see Section 6.17).

6.8 NORMAL OPERATIONS DIMENSION: GENERAL ASPECTS RELATING TO TAX-ESQ

The normal operations dimension of the e-service quality model incorporates all the services that will not form part of the assistance services or perceived value aspects of SARS's services in the proposed model. The normal operations dimension is regarded as the most important dimension of the e-service quality model, with 879 critical incidents (68.46%, n = 1 284). Of these, 515 (58.59%, n = 879) were positive and 364 (41.41%, n = 879) were negative.

Figure 6.3: Incidence of positive and negative critical incidents for the normal operations dimension

Normal operations dimension responses:
879 critical incidents



For the normal operations dimension, five different service determinants were identified:

- the fulfilment determinant, with 402 critical incidents (45.73%, n = 879);
- the general determinant, with 206 critical incidents (23.44%, n = 879);
- the efficiency determinant, with 160 critical incidents (18.20%, n = 879);
- the system availability determinant, with 99 critical incidents (11.26%, n = 879); and
- the security determinant, with 12 critical incidents (1.37%, n = 879).

Table 6.3: Determinants for the normal operations dimension

Determinant	Negative responses	Positive responses	Total Responses	Percentage (%) n = 879
Fulfilment	174	228	402	45.73%
General	26	180	206	23.44%
Efficiency	61	99	160	18.20%
System availability	99	0	99	11.26%
Security	4	8	12	1.37%

6.9 NORMAL OPERATIONS DIMENSION: DETAILED ANALYSIS OF THE FULFILMENT SERVICE DETERMINANT

Parasuraman *et al.* (2005:220) define fulfilment as “the extent to which the site’s promises about order delivery and item availability are fulfilled”. In other words, fulfilment refers to the extent to which the entity actually and accurately performs consistently according to

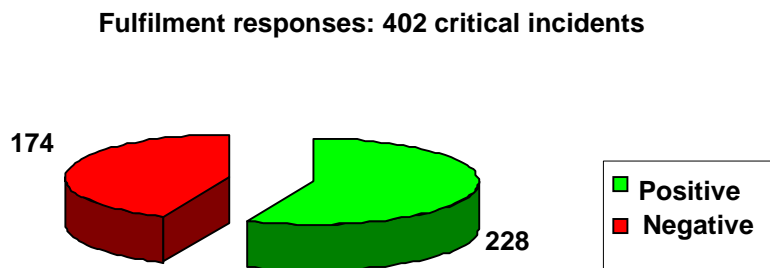
promises made on the site.

For the purposes of the present research, fulfilment relates to

- the outcome of the service (the extent to which the services are performed as promised, including speed and accuracy);
- reliability and trust of service provider (the extent to which promises are fulfilled); and
- item availability (the completeness of the content of the websites, as well as the scope of the services offered).

In respect of all the determinants for the e-services, 402 (31.31%, n = 1 284) of the critical incidents related to the fulfilment service determinants. This is the determinant associated with the highest number of critical incidents. These critical incidents included 228 positive responses (56.72%, n = 402) and 174 negative responses (43.28%, n = 402).

Figure 6.4: Incidence of positive and negative critical incidents for the fulfilment service determinant



The fulfilment service determinant was subdivided into three different service attributes:

- the scope of the e-services offered, with 188 critical incidents (46.77%, n = 402);
- the speed of service performance, with 148 critical incidents (36.82%, n = 402); and
- accurate service delivery, with 66 critical incidents, (16.42%, n = 402).

Table 6.4: Service attributes in the fulfilment service determinant

Description	Positive critical incidents	Negative critical incidents	Total number of critical incidents
Scope of the e-services offered	83	105	188
Speed of service performance	89	59	148
Accurate service delivery	56	10	66

6.9.1 Scope of the e-services offered

The scope of the e-services service attribute includes the scope of services offered through e-filing (see Section 6.9.1.1) and the completeness of the information offered on the website (see Section 6.9.1.2). It was allocated the highest number of critical incidents in the fulfilment service determinant (188 critical incidents, 46.77%, n = 402). This service attribute was also allocated the highest number of critical incidents for all the different service attributes (188 critical incidents, 14.64%, n = 1 284).

6.9.1.1 Scope of services offered through e-filing

The scope of services offered through e-filing service aspect was allocated the highest number of critical incidents in the fulfilment service determinant (157 critical incidents, 39.05%, n = 402). This service aspect was also allocated the highest number of critical incidents for all the different service aspects (157 critical incidents, 12.23%, n = 1 284). As expected, all the responses in this service aspect related to e-filing. No specific reference was made to the website.

During November 2007, when the critical incidents were reported by the respondents, much attention was focused on e-filing, particularly the additional services offered through this channel and perceived system problems. The respondents therefore expressed much appreciation of the fact that this service channel had been expanded (58 positive critical incidents, 36.94%, n = 157). Conversely, however, the then current problems with the system drew attention to additional services that could enhance the process even further (99 negative critical incidents, 63.06%, n = 157). The negative responses (63.06%) may have exceeded the positive responses (36.94%) for this service attribute because of the “teething” problems that the very welcome expansions of e-filing encountered.

The number of responses for this service attribute should thus be evaluated based on the

circumstances prevailing at the time when the critical incidents were reported. Although this service attribute attracted the highest number of critical incidents of all the different service attributes, it should not necessarily be regarded as the most important service attribute used by SARS clients in evaluating the quality of SARS's e-services. It can only be safely concluded that this service attribute can be regarded as very important to tax practitioners.

The scope of the services offered could be subdivided into different detailed service aspects mentioned by the tax practitioners. A total of 74 of the responses referred to the appreciation of (or need for) e-filing that had been (or should be) expanded to include different business processes. Of these responses, only 16 indicated that the respondents required expansion in general. By contrast, six responses commented positively on the expansion of e-filing to include more functions, although they did not specify the particular business process concerned. Of the business processes that were specifically mentioned, the inclusion in the scope of services of the submission of tax returns was mentioned 31 times, tax payments eight times, tax assessments six times, the tax clearance process three times and tax refunds three times.

The following list includes other detailed requirements cited by the tax practitioners.

- Of the responses, 39 indicated that tax practitioners would like to register taxpayers through e-filing, for both income tax and VAT. Included in these responses were two that specifically mentioned that centralised e-filing registrations would reduce the duplication of processes to register and submit information to the various departments or for taxes for which a taxpayer has to register.
- Of the responses, 20 related to the fact that tax practitioners would like to update their client profiles through e-filing themselves and update the taxpayer's information through e-filing themselves, for example, the taxpayer's address and banking information – the option of updating taxpayer profiles and some of the taxpayer information was introduced in the middle of 2008 (SARS Practitioners Unit 2008b:8).
- Of the responses, ten related to a desire to have the ability to access, view, update or print a specific taxpayer's account via e-filing.
- Another four responses related to the fact that the application for the alternative dispute resolution process should also be added to e-filing.
- Three responses specifically related to the ability to do tax calculations through e-filing.

- Three responses referred to the fact that tax practitioners would like to do their IRP 5 reconciliations through e-filing. Again SARS has already been pro-active in its service offerings – the electronic IRP 5 reconciliation process was introduced in the middle of 2008 (SARS Practitioners Unit 2008b:9).
- Two respondents specifically requested the option of using the manual system as an alternative even when a taxpayer has been registered on e-filing and then to indicate on e-filing that the return has been submitted manually (as was always possible for VAT). The SARS Practitioners Unit (2008b:8) indicates that SARS is already investigating the possibility of expanding e-filing to provide for this option.
- Two respondents specifically wanted to be able to save information on e-filing while they are busy completing a tax return. SARS is constantly expanding on the current service offerings. Since the middle of 2008, the “save” facility has been added to the e-filing, allowing tax practitioners to save a partially completed return and submit it later (SARS Practitioners Unit 2008b:7).

It was therefore determined that several tax practitioners would like to see more business processes accessible through e-filing. The expansion of the e-filing facility may indeed have triggered the possibility and expectation of further expansion. Because SARS could internally determine the level of use of the current business processes on e-filing and because SARS is continuously improving and expanding the processes available on e-filing, it is recommended that the e-service quality model should include a question to determine what additional functionalities the tax practitioners regard as important. The format of the question could be a list of all the functions not currently available on e-filing – the tax practitioner could be requested to list items that he or she would also like to have on e-filing. The inclusion of an additional open-ended question to identify additional service aspects required by the tax practitioners may be considered.

Conclusion 6.6:

The e-service quality model should include a question to determine the need for the expansion of the scope of the services SARS offers through e-filing.

6.9.1.2 *Completeness of the website*

The fulfilment service determinant contributes to the service outcome, so the completeness service aspect is also classified under the fulfilment service determinant. The completeness of the content on the website will affect the success of the service outcome: that is, whether or not the tax practitioners could get what they were looking for on the website.

The completeness service aspect was allocated 31 critical incidents (2.41%, $n = 1\ 284$), of which an overwhelming 25 critical incidents (80.65%, $n = 31$) were positive and only six critical incidents (19.35%, $n = 31$) were negative.

This service aspect relates to the completeness of the content of the website. The focus is therefore not on the ability to find things because of the efficiency of the layout or structure, but on the ability to find most things, even if it takes a long time or is difficult to find. It is, however, acknowledged that the positive responses would definitely communicate a positive response towards the completeness of the website, but that the negative responses could also reflect a lack of efficiency of the site. Overall, the total number of responses indicates the importance of this service aspect and its inclusion in the e-service quality model. The format of the question could be a closed-ended question that reads as follows: "All information and forms required are always available on the SARS website." This closed-ended question could be accompanied by an open-ended question to determine what is not available on the website. The answers to the open-ended question would either indicate a real need for additional information or would indicate a problem with the efficiency of the search function, structure and layout of the site.

Conclusion 6.7:

The e-service quality model should include a question to evaluate the completeness of the content of the website.

6.9.2 Speed of service performance

The speed of service performance includes the turnaround time of the services offered through e-filing (see Section 6.9.2.1) and the timeliness of the updates of the information on the website and on e-filing (see Section 6.9.2.2). This item was allocated the second

highest number of critical incidents in the fulfilment service determinant (148 critical incidents, 36.82%, n = 402). This service attribute was also allocated the second highest number of critical incidents among all the different service attributes (148 critical incidents, 11.53%, n = 1 284).

6.9.2.1 *Turnaround time*

E-S-Qual in Parasuraman *et al.* (2005:231 – FUL3) includes a statement to determine whether or not a business “quickly delivers what I (a person) ordered”. Another statement, namely “this site makes items available for delivery within a suitable time frame”, is also included in E-S-Qual (Parasuraman *et al.* 2005:231 – FUL2). It therefore implies that fulfilment includes the speed of the completion of the required process – in this case, the delivery of the items ordered. For the purposes of the present research, the turnaround time refers to the speed of the different business processes of e-filing. If the return is, for example, completed through e-filing, the turnaround time refers to the time from the submission of the tax return until the date of the issue of the assessment.

The turnaround time of the services as defined for the fulfilment service determinant should be distinguished from the speed of using the e-services that are part of the service determinant of efficiency (see Section 6.10.3). In the service determinant of efficiency, the speed refers to the speed from the perspective of the user of the site. For the fulfilment service determinant, the speed refers to the speed of the service provider and not the productive time of the user invested while using the site.

As the expansion of the use of e-filing only commenced in August 2007 and the critical incidents were reported in November 2007, the service attribute of turnaround time (in the context of e-services) may not have been fully experienced by the tax practitioners. This may have contributed to the fact that a low number of responses were related to it. This conclusion is confirmed by a response from one tax practitioner who commented: “E-filing does promise to be ‘better’ as far as response and assessments returned – it is too early to respond on that yet – we have hardly had any assessments back from e-filing returns that we sent in August even.”

Although the service aspect of turnaround time attracted the second highest number of responses (113 critical incidents, 28.11%, n = 402) in the fulfilment service determinant

and the third highest number of responses (8.8%, n = 1 284) for all the e-services, the fact that the turnaround time (responsiveness, see Section 5.8.1) was regarded as the most important service attribute for the traditional services (together with the reasons already mentioned above) could indicate that the results relating to this service attribute may have been underestimated and that its importance may be even higher than indicated here.

Of the 113 critical incidents, an overwhelming 84 (74.34%, n = 113) were positive. Only 29 (25.66%, n = 113) were negative. All the responses related only to e-filing. No critical incidents related to the website. Apart from the 75 critical incidents that referred to the turnaround time in general for e-services, 27 critical incidents referred specifically to the transaction speed for the tax assessment. Nine referred to turnaround time for tax refunds. Two critical incidents referred to the dispute resolution process. It is therefore recommended, first, that the e-service quality model should include a question to evaluate the turnaround time for all the abovementioned business processes. Second, it is recommended that the model should be adjusted continuously for new business processes as they become available on e-filing.

As both the legal requirements and the service delivery promises for the business process have already been discussed in Chapter 5, this discussion is not repeated here. The following business processes have already been included in the evaluation of the traditional services, but they were also relevant to e-filing:

- tax assessments (see Section 5.8.1.4 and Conclusion 5.9) – discussed in more detail in this chapter under Conclusion 6.8;
- tax refunds (see Section 5.8.1.5 and Conclusion 5.10) – see Conclusion 6.9; and
- the dispute resolution process (see Section 5.8.1.3 and Conclusion 5.8) – see Conclusion 6.10.

Conclusion 6.8:

The e-service quality model should include a question that evaluates the speed of the tax assessment process.

Separate evaluations should be included for the

- *VAT and PAYE returns; and*
- *income tax returns.*

For income tax returns, separate evaluations should be available for the

- *peak periods (July to February); and*
- *off-peak periods (March to June).*

Conclusion 6.9:

The e-service quality model should include a question that evaluates separately the speed (in working days) of processing and of paying refunds to clients relating to

- *income tax refunds; and*
- *VAT refunds.*

Conclusion 6.10:

It is recommended that the following question relating to the speed of the services for the dispute resolution process be included in the e-service quality model: "In the case of a dispute on a tax assessment that does not arise because of a processing error by SARS, it should be determined how long it takes from the date of the assessment up the date that the letter of rejection or acceptance of the objection is received."

6.9.2.2 *Timeliness of updates*

For the purposes of the present research, the timeliness of updates of the services refers to how frequently the e-services are updated to ensure that only the most up-to-date information is available at any given time.

This service aspect was allocated 35 critical incidents (2.73%, n = 1 284), of which only five (14.29%, n = 35) were positive and 30 (85.71%, n = 35) were negative. Included in these critical incidents, there were 28 critical incidents that related to the updating of e-filing and seven incidents that related to the timeliness of updates on the website.

Among the processes that were specifically mentioned as relating to e-filing updates, 21 critical incidents were related to the speed with which taxpayers were removed from or added to a tax practitioner's profile on e-filing. The timeliness with which SARS can update

the profiles of tax practitioners has already been addressed by SARS since the web-based questionnaire that collected the critical incidents for the purposes of the present research was circulated (SARS Practitioners Unit 2008a). The matter has been addressed by making it possible for tax practitioners to update their own profiles (self-service), with little or no involvement by SARS. It is therefore recommended that this service aspect should not be included in the e-service quality model.

Four critical incidents relating to the updates on e-filing referred specifically to the timeliness of making returns available to be completed. They were related to income tax returns for individuals, companies and trusts (see Section 5.1.8.6 and Conclusion 5.11).

Conclusion 6.11:

The e-service quality model should include a question that evaluates the timeliness of the availability of income tax returns through the e-filing service channel

- *for natural persons;*
- *companies; and*
- *trusts.*

Of the seven critical incidents that related to the timeliness of updates on the website, only one (14.29%, n = 7) was positive. Six (85.71%, n = 7) were negative. It is recommended that the e-service quality model should include a question to determine whether there is a perception that the website always provides the most up-to-date information.

Conclusion 6.12:

The e-service quality model should include a question that evaluates whether the website always provides up-to-date information.

6.9.3 Accurate service delivery

E-S-Qual, as set out by Parasuraman *et al.* (2005:231 – FUL4), includes a statement to determine whether an entity “sends out the items ordered”. This reflects on the accuracy of the services and the fact that the service is delivered. In the present research, for the accurate service delivery service attribute, 66 critical incidents (5.14%, n = 1 284) were received, of which an overwhelming 56 (84.85%, n = 66) were positive and ten (15.15%, n = 66) were negative. All the critical incidents were relevant only to e-filing and not to the general website, as the website involved no actual active service delivery from SARS.

The positive incidents relating to accurate service delivery predominantly compared these incidents to experiences with the traditional services in the past. A perceived reason for the increase in accurate first-time service delivery is the fact that the number of capturing errors has been reduced.

E-filing has been available since 2003. The types of service available up to 2007 included self-assessment tax systems (VAT and PAYE), as well as tax payments. These services required very little involvement from SARS. The expansion of e-filing to include more interactive services only commenced during 2007 (again, most business processes were not fully completed at the time when the critical incidents were reported during November 2007, which may have contributed to an underestimation of the importance of the service attribute of accurate service delivery).

The service attribute of accurate service delivery was mainly commented on in general, but was specifically mentioned with regard to making the correct tax returns available, the tax assessment and tax payment business processes (see Section 5.11.1.1 – Conclusion 5.49).

Conclusion 6.13:

The e-service quality model should include a question that evaluates SARS's ability to deliver accurate first-time service solutions in

- *issuing tax returns;*
- *processing and issuing tax assessments; and*
- *processing tax payments.*

6.9.4 Other

Three statements in E-S-Qual (Parasuraman *et al.* 2005:231), namely the ability of the service provider to “have in stock the items the company claims to have” (FUL 5), to be “truthful about its offerings” (FUL 6) and to “make accurate promises about delivery of products” (FUL 7), relate to the ability of the customer to rely on the promises of the service provided and to trust the service provider to perform the services as promised.

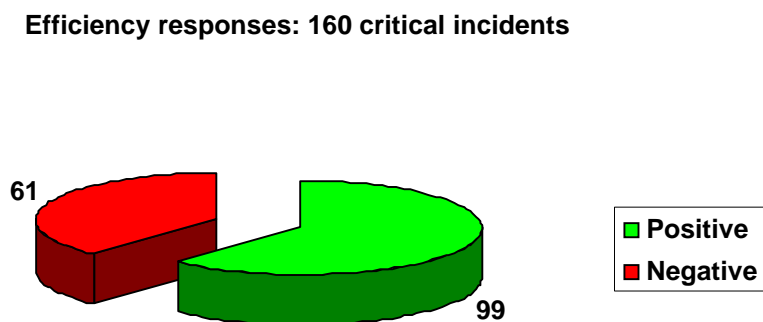
As nothing in the SARS Service Charter relates specifically to e-services and to promises in general, the relevant critical incidents are likely to have been allocated to the traditional services, as the tax practitioners would not have commented in detail for e-filing, but for

SARS as a whole. No specific items should therefore be included in the e-service quality model to evaluate the reliability of promises made by SARS relating to e-services.

6.10 NORMAL OPERATIONS DIMENSION: DETAILED ANALYSIS OF THE EFFICIENCY SERVICE DETERMINANT

Parasuraman *et al.* (2005:220) define efficiency as “the ease and speed of accessing and using the site”. This includes the simplicity of the structure and layout of the website. In the e-service section, the efficiency determinant was allocated the third highest number of critical incidents. A total of 160 critical incidents (12.46%, $n = 1\ 284$) were allocated to this service determinant, of which 99 (61.88%, $n = 160$) were positive and 61 (38.12%, $n = 160$) were negative.

Figure 6.5: Incidence of positive and negative critical incidents for the efficiency service determinant



The efficiency service determinant was subdivided into four different service attributes:

- ease of use, with 87 critical incidents (54.38%, $n = 160$);
- organisation, with 45 critical incidents (28.13%, $n = 160$);
- speed of accessing the site and pages, with 15 critical incidents (9.37%, $n = 160$); and
- ease of finding information, with 13 critical incidents (8.12%, $n = 160$).

Table 6.5: Service attributes in the efficiency service determinant

Description	Positive critical incidents	Negative critical incidents	Total number of critical incidents
Ease of use	79	8	87
Organisation	16	29	45
Speed of accessing the site and pages	2	13	15
Ease of finding information	2	11	13

6.10.1 Ease of use

Ease of use appears to be relevant because Internet-based transactions are complex and intimidating to many customers (Parasuraman *et al.* 2005:217). E-S-Qual also includes a specific question to determine whether the site is simple to use (EFF6 in Parasuraman *et al.* 2005:230). In the present research, statements such as “very easy to use” were included in the ease of use service attribute. The ease of use (as opposed to burdensomeness) should be distinguished from the user-friendliness of the website. Although these two items are related and both contribute to the overall simplicity of using the website, the user-friendliness of the website is more closely related to the organisation of the website (see Section 6.10.2, below).

A total of 87 critical incidents (6.78%, n = 1 284) were allocated to the ease of use service attribute, of which 79 (90.80%, n = 87) were positive and eight (9.20%, n = 87) were negative.

The ease of use service attribute was mainly relevant to e-filing (81 critical incidents), but six respondents also referred to the website.

Conclusion 6.14:

The e-service quality model should include a question that evaluates the ease of using the

- *website; and*
- *e-filing.*

6.10.2 Organisation

Madu and Madu (2002:253) argue that the users of e-services do not have the patience and the time to deal with poorly designed websites. E-S-Qual also includes two statements

that relate to the organisation of e-services. The first statement relates to whether or not the **information** on the website is well organised (EFF4 in Parasuraman *et al.* 2005:230). The second statement relates to whether or not the **site** is well organised (EFF8 in Parasuraman *et al.* 2005:230).

In the present research, no critical incident specifically referred to the organisation of the information on the site. Instead, the critical incidents focused on the structure and user-friendliness of the site. In the present research, the organisation of the information was either not relevant to the respondents, or the responses of the tax practitioners that referred to the website included some reference to the information, as well as to the design of the site. To ensure completeness for the purposes of the present research, the organisation service attribute refers to the design and user-friendliness of the structure and layout of the website and the organisation of information on the website. It is therefore recommended that the two statements in E-S-Qual be combined in the e-service quality model proposed in the present research. The organisation service attribute in the present research includes the user-friendliness of the structure and information on the website.

The organisation of the information service attribute attracted comments containing 45 critical incidents (3.5%, n = 1 284), of which 16 (35.56%, n = 45) were positive and 29 (64.44%, n = 45) were negative. This service attribute is relevant to both the website (19 critical incidents) and e-filing (26 critical incidents).

Conclusion 6.15:

The e-service quality model should include a question to evaluate the user-friendliness of the structure and the layout and the organisation of the information on the

- *website; and*
- *e-filing.*

6.10.3 Speed of accessing the site and pages

E-S-Qual includes four different statements that probe the perceptions of tax practitioners with regard to how quickly the site can be accessed. The first is the statement that the site “loads its pages fast” (EFF5 in Parasuraman *et al.* 2005:230). The second is that “the site enables me to get onto it quickly” (EFF7 in Parasuraman *et al.* 2005:230). The third is that “the site launches and runs right away” (SYS2 in Parasuraman *et al.* 2005:231). The fourth is that “the site is always available for business” (SYS1 in Parasuraman *et al.* 2005:231).

The first two statements are included under the efficiency service determinant of E-S-Qual, whereas the last two are included in E-S-Qual as part of the system availability service attribute. For the purposes of the present research, both aspects of system availability and the speed with which the site can be accessed were combined into the speed of accessing the site service attribute.

The reason for the combination of the above E-S-Qual service attributes into this one service attribute is that there were not necessarily always messages to indicate when e-filing was available. At only one stage – on 31 January 2008 – after the critical incidents had already been gathered, was a message available on the e-filing site, indicating that there was a system overload and that the site was unavailable. Another factor that contributed to the combination of the different aspects into one service attribute was that the respondents indicated that, at some stages, e-filing was very slow because of system overloads and they therefore had to try to get into the system numerous times. For example, one tax practitioner might try three times and then stop – he or she would perceive the system to be unavailable. Another person might try four times and would eventually get in – he or she would comment on the burdensomeness (taking up too much time) of getting access to the system.

The number of attempts they needed to get into the system is not the only aspect that the respondents commented on. The respondents also referred to the time aspect – for example, that it takes too long to get into the system. One tax practitioner might have attempted once to get into the system, waited for ten minutes without success and then cancelled the request, rebooted the computer and so on. Another tax practitioner, by contrast, might also have attempted once to get into the system, waited for 25 minutes while his or her computer was attempting to log on to the system, but eventually got access to the system. The first tax practitioner would perceive the system as unavailable, whereas the second tax practitioner would perceive it to have taken too long to get access to the system.

It must be acknowledged that the speed at which one can use the Internet is influenced by the number of Internet browsers using the Internet at the time, the Internet service provider, as well as whether, for example, a dial-up or broadband connection is used, but it can be assumed that the users would compare the speed of what is provided on the SARS website with other sites visited by the same users under the same operational conditions.

It should also be considered that the data for the present research was gathered during November 2007. At the start of 2008, South Africa suffered major electricity shortages which resulted in enforced power-sharing. The fact that e-filing and the website are accessed mainly through communication devices that depend on electricity may increase the relevance of this service attribute in future. Although it is acknowledged SARS has no control over non-accessibility because of power failures, it would definitely indirectly affect the importance of this service attribute, as well as the efficiency with which the e-services can be used as a service channel.

A total of 15 critical incidents (1.17%, $n = 1\ 284$) related to the speed with which the site and its pages could be launched. Two (13.33%, $n = 15$) were positive and 13 (86.67%, $n = 15$) were negative. This service attribute is relevant to both the website (two critical incidents) and e-filing (13 critical incidents).

The system availability service attribute could become more relevant in future e-service quality models of SARS if tax practitioners become accustomed to messages on the Internet or on e-mail which indicate to them when the system is not available. Even in the absence of such messages, it is recommended that the e-service quality model include both the service attributes “system availability” and “speed of accessing the site”. The reason for this is the current inability of the tax practitioners to distinguish between these two service attributes.

SARS (SARS Practitioners Unit 2008b:4) has indicated that it would engage in a first round of testing text messages to inform practitioners about system downtimes in the middle of August 2008. However, until the planned downtime system notification system is fully operational, the results of both the attributes should continue to be combined when the results of the data are analysed.

Conclusion 6.16:

The e-service quality model should include a question to determine the efficiency of the speed of the website and e-filing in loading pages.

Conclusion 6.17:

The e-service quality model should include a question to evaluate the system availability of the website and e-filing.

6.10.4 Ease of finding information

Yang *et al.* (2004:1166) argue that Internet-based services should be concise and easy to understand and to navigate. It should be easy to locate information or content. E-S-Qual includes two statements that relate to the ease of finding information service attribute. The first refers to the ease of finding what is required on a site (EFF1 in Parasuraman *et al.* 2005:230). The second statement refers to the ease of navigating a site (EFF2 in Parasuraman *et al.* 2005:230). It appears that the second statement refers to the ease of getting to where a person wants to be on a site when the person knows where the information is. In the present research, statements such as “[the] search facility is good” and “difficult to find information” were included in this service attribute. For the purposes of the present research, the ease of finding information service attribute therefore refers to the ease of finding information whether the tax practitioner knows where to find the information or not.

The ease of finding information service attribute attracted 13 critical incidents (1.01%, $n = 1\ 284$), of which two (15.38%, $n = 13$) were positive and 11 (84.62%, $n = 13$) were negative. This service attribute was relevant to both the website (11 critical incidents) and e-filing (two critical incidents).

Apart from the general responses, tax practitioners specifically mentioned the difficulty of finding the tax assessments on e-filing (one critical incident) and the fact that the taxpayers are not in any kind of order on e-filing (for example, alphabetical). The difficulty of finding the tax assessment was also mentioned by several tax practitioners during a meeting between SARS and tax practitioners in Pretoria. SARS has subsequently addressed this issue, so that the tax assessment is now much more visible on the website.

Conclusion 6.18:

The e-service quality model should include a question to evaluate the ease of finding information on the

- *website; and*
- *e-filing.*

6.11 NORMAL OPERATIONS DIMENSION: DETAILED ANALYSIS OF THE SYSTEM AVAILABILITY DETERMINANT

Parasuraman *et al.* (2005:220) define system availability as “the correct technical functioning of the site”. The system availability service determinant attracted the second lowest number of critical incidents for e-services. A total of 99 critical incidents (7.71%, $n = 1\ 284$) were allocated to this service determinant. All 99 were negative.

The system availability service determinant consisted of two different service attributes:

- pre-testing, with 52 critical incidents (52.53%, $n = 1\ 284$); and
- crash and freeze problems, with 47 critical incidents (47.47%, $n = 1\ 284$).

Table 6.6: Service attributes in the system availability service determinant

Description	Positive critical incidents	Negative critical incidents	Total number of critical incidents
Pre-testing	-	52	52
Crash and freeze problems	-	47	47

6.11.1 Pre-testing

System testing is defined as “testing conducted on a complete, integrated system to evaluate the system’s compliance with its specified requirements” (IEEE 1990). Several critical incidents specifically referred to pre-testing of the e-filing system, as well as the planning of user volumes. It was therefore decided to have pre-testing as a service attribute on its own.

Pre-testing, for the purposes of the present research, is defined as proper testing of the e-filing system before running the system live to evaluate the system’s compliance, as well as prior planning and market research on estimated user volumes to ensure that the

system is able to accommodate all the anticipated users. Pre-testing attracted critical incidents relating to the fact that the tax return on e-filing requires information for specific fields which respondents perceived as not relevant to all taxpayers – for example, bank account information is a required field, but many taxpayers do not have bank accounts. The fax number on the return is another example.

It is acknowledged that pre-testing may have contributed to greater ease of use, greater ease of finding information and possibly the speed of accessing the site and its pages (and therefore it may have had an impact on the efficiency of the site). It may also have had an impact on various other aspects (for example, pre-testing might have reduced the number of times the site freezes). Pre-testing could therefore have contributed directly to the technical functioning of the site. As the system availability service determinant is defined as the correct technical functioning of the site, pre-testing should be regarded as a service attribute within this service determinant.

The message from the tax practitioners was that they felt that SARS simply went live without adequate pre-testing and is simply trying to solve problems as the process evolves. In the private sector, pre-testing would usually be of great importance, as clients could be lost if a system is not working properly. In the tax agency environment, clients (the taxpayers) are not voluntary. Hence, perceptions about the pre-testing service quality should be elicited to assess the total service quality of the e-services, and should be regarded as a service attribute.

Pre-testing is not specifically mentioned in the E-S-Qual model – nor has it been mentioned to date in any other e-service quality model. However, while Santos (2003) does not specifically refer to pre-testing, her proposed e-service quality model divided e-service quality into two dimensions, namely, an incubative and active dimension – before and after a website is launched – as a criterion for separating the dimensions. She defines the incubative dimension as “the proper design of a Web site, how technology is used to provide consumers with easy access, understanding and attractions of a Web site” (Santos 2003:238). Santos (2003) therefore acknowledged that aspects that are addressed before the website is launched may also be relevant in evaluating e-service quality. Pre-testing would definitely contribute to the quality of the incubative dimension. It would therefore be theoretically sound to include it in an e-service quality model.

The pre-testing service attribute attracted 52 critical incidents (4.05%, $n = 1\ 284$). As expected, it was only relevant to the e-filing.

Conclusion 6.19:

The e-service quality model should include a question that evaluates the tax practitioners' perception(s) relating to (un)successful pre-testing of e-filing or any additional processes introduced on e-filing before it was launched.

6.11.2 Crash and freeze problems service attribute

A system crash is defined as the breakdown of the operating system, resulting in the system's halting, often very abruptly, and throwing its users off (Anon 2008). The crashing service attribute is also included in E-S-Qual, with one statement, namely that "this site does not crash" (SYS3 in Parasuraman *et al.* 2005:231).

The *South African Concise Oxford Dictionary* (2005:459) defines a freeze as "a computer screen that becomes suddenly locked". E-S-Qual includes a statement that indicates that "pages at this site do not freeze after I enter my order information" (SYS4 in Parasuraman *et al.* 2005:231).

The effect of both a website that crashes and a website that freezes is that the tax practitioner logs out (involuntarily with a system crash or voluntarily from frustration when a page freezes) and has to start all over again to get access to the site. For this reason, it is advised that the results of both the crashing and the freezing service attributes be combined into only one question. It might have diagnostic value for SARS if there are two separate questions, but in terms of a "lens of the customer", both aspects result in the same frustration and are likely to carry the same weight and importance.

The following comment on a critical incident illustrates how closely related the freezing and the crashing of the website were perceived to be by a responding tax practitioner: "[The] system clogs up and just hangs and eventually aborts".

The crashing and freezing of a site service attribute directly affects the system availability. For the purposes of the present research, this attribute includes unreliability of the e-filing. Responses relating to the reliability of the site were mainly given in the context of the fact that a tax practitioner could not rely on e-filing to work properly, as the tax practitioners

noted that the system crashed or froze while they were using it.

The crash and freeze problems service attribute attracted 47 negative critical incidents (3.66%, n = 1 284) and related only to e-filing. This service attribute was not relevant to the general website.

Conclusion 6.20:

The e-service quality model should include a question to determine whether e-filing crashes or freezes while it is being used.

6.12 NORMAL OPERATIONS DIMENSION: DETAILED ANALYSIS OF THE SECURITY SERVICE DETERMINANT

Madu and Madu (2002:252) maintain that the quality of a website is intertwined with the site's ability to safeguard and protect information that is provided to it. Parasuraman *et al.* (2005:220) argue that the security determinant usually includes the degree to which the site is safe and protects the taxpayer's (tax practitioner's) information. The security determinant would usually also include the site's ability to protect tax practitioners from risk in general (Santos 2003:238).

E-S-Qual includes three statements that specifically relate to the security service determinant. The first relates to the fact that the service provider "protects information about my (the client's) shopping behaviour" (PRI1 in Parasuraman *et al.* 2005:231). In the tax agency context, the first statement would probably relate to confidentiality about amounts owed and returns not submitted – thus protection of the information about the taxpayer's fulfilment of his or her tax obligations. For the purposes of the present research, this statement relates to the fulfilment of the tax practitioner's obligations. Such information includes details such as how many of a tax practitioner's clients' tax returns are always submitted on time, and so on.

No responses relating to this specific aspect were relevant to the e-services. As the information on taxpayers that is submitted through the traditional services is also mainly captured on an electronic system at SARS, it could be assumed that the users of SARS's e-services would not be likely to experience any unique security concerns with regard to the protection of taxpayers' information. It is possible that the e-services may even have

reduced the security risk to people with electronic access. The traditional services also carry a risk that unauthorised individuals could access the hard copy of the information that has been submitted.

The second statement refers to the fact that “personal information is not shared with other sites” (PRI2 in Parasuraman *et al.* 2005:231). In the tax agency environment, this would refer to safeguarding the taxpayer and the tax practitioners’ database. No responses were relevant to this aspect of the E-S-Qual model.

The third statement reads that the “site protects information about my credit card” (PRI3 in Parasuraman *et al.* 2005:231). In the tax agency context, this would probably refer to safeguarding banking information, as tax is not paid by credit card. Although the respondents were tax practitioners, they did refer to the safeguarding of the banking details of their clients. This matter may be relevant because the tax practitioners’ clients trust practitioners with their banking information, and any unauthorized use of the information by SARS could implicate the tax practitioner.

Some responses allocated under the security service determinant include statements that refer to concerns about the personal liability of tax practitioners when they use e-filing.

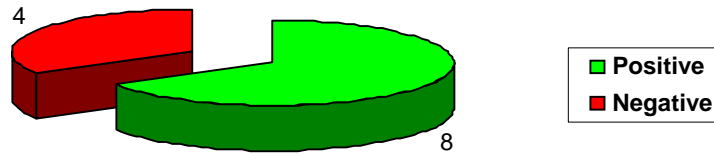
For the purposes of the present research, security is defined as the protection of

- personal information relating to the taxpayer and the tax practitioner; and
- the tax practitioner from personal liability.

The security determinant attracted 12 critical incidents (0.93%, $n = 1\ 284$), of which eight (66.67%, $n = 12$) were positive and four (33.33%, $n = 12$) were negative.

Figure 6.6: Incidence of positive and negative critical incidents for the security service determinant

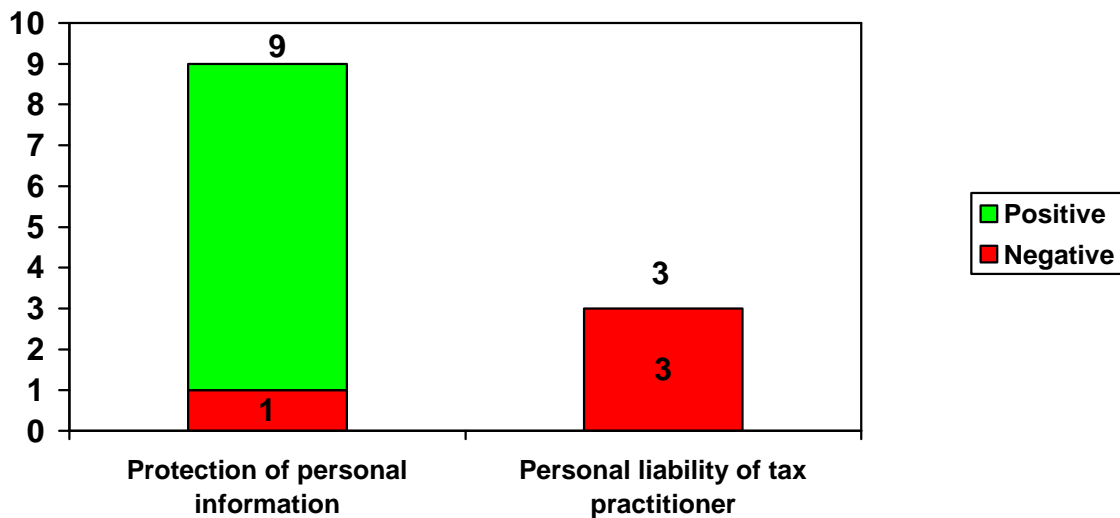
Security responses: 12 critical incidents



The security service determinant was subdivided into two service attributes:

- protection of personal information, with nine critical incidents (75%, n = 12); and
- protection against personal liability of the tax practitioner, with three critical incidents (25%, n = 12).

Figure 6.7: Service attributes within the security service determinant



6.12.1 Protection of personal information

Nine of the responses (0.70%, n = 1 284) related to the safety aspect of using e-filing. It appears to be relevant, as the e-filing electronic information is not restricted only to SARS's in-house system but is also available on the Internet. It therefore carries the general risk attached to Internet usage. The responses were also not only limited to the protection of clients' banking details, but included most personal information. Eight

(88.89%, n = 9) of the responses were positive. Only one (11.11%, n = 9) was negative. The negative critical incident was related to concern about Internet security in general.

Conclusion 6.21:

The e-service quality model should include a question to determine whether e-filing is perceived to protect the personal information of the taxpayer and tax practitioner.

6.12.2 Personal liability of tax practitioner

Three of the responses (0.23%, n = 1 284) related to the personal liability of the tax practitioner when using e-filing. All three of these responses were negative – this indicates that tax practitioners are concerned about their personal liability when using e-filing. When tax returns were submitted manually (through the traditional service channels), the taxpayers were usually obliged to sign their tax return. Only in very limited cases could the tax practitioner sign on behalf of the taxpayer client. With e-filing, the visible involvement (signature) of the taxpayer is removed. Hence, tax practitioners are concerned that they carry a greater personal liability. The extent to which the tax practitioner is exposed to this risk in its dealings with SARS is something that should be discussed between SARS and the tax practitioners. Although the tax practitioners perceive their personal liability to be a matter that influences the e-service quality of SARS, this aspect does not *per se* relate to the service quality of the services provided by SARS. The personal liability of the tax practitioner is more a business risk or procedural consequence and not a consequence of service quality. Although this aspect could still be included in the e-service quality model as part of the “lens of the tax practitioner”, no specific question relating to this should be included in the service quality measuring instrument.

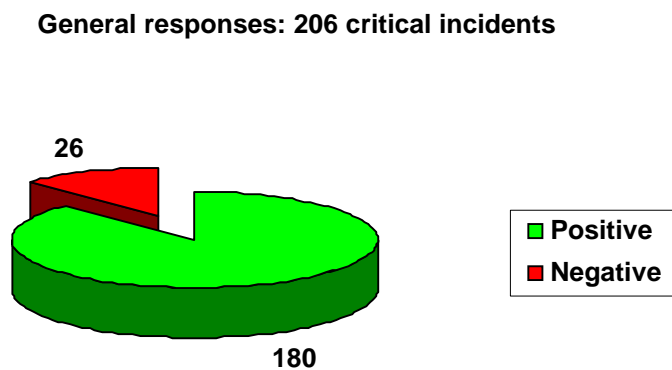
6.13 NORMAL OPERATIONS DIMENSION: DETAILED ANALYSIS OF THE GENERAL SERVICE DETERMINANT

No specific service attribute was identified for the critical incidents that were classified under the general service determinant. They were classified as a general statement about the service quality of either the website or e-filing.

A total of 206 critical incidents (16.04%, n = 1 284) were allocated to the general service attribute, of which 180 (87.38%, n = 206) were positive and 26 (12.62%, n = 206) were

negative. Most of the critical incidents allocated to the general service attribute (184 critical incidents) related to e-filing – only 22 related to the website. These critical incidents clearly related to the efficiency of the e-filing and of the website, but there was not enough information to allocate them to a specific service attribute.

Figure 6.8: Incidence of positive and negative critical incidents for the general service determinant



It is interesting to note that, as with the traditional services (see Section 5.13), there were proportionally more positive responses than negative responses under the general service determinant. This finding supports the argument that the respondents commented more generally when they were happy with the quality of services, but were more specific in their comments when they experienced service quality problems. The results underline the importance of measuring not only detailed service aspects but also including an additional global assessment of service quality in the e-service quality model. It is recommended that this global assessment should be measured not for the e-services overall, but for each of the two e-service channels (e-filing and the website). The respondents could, for example, be requested to use a scale to evaluate the overall service quality of using

- e-filing; and
- the website.

Conclusion 6.22:

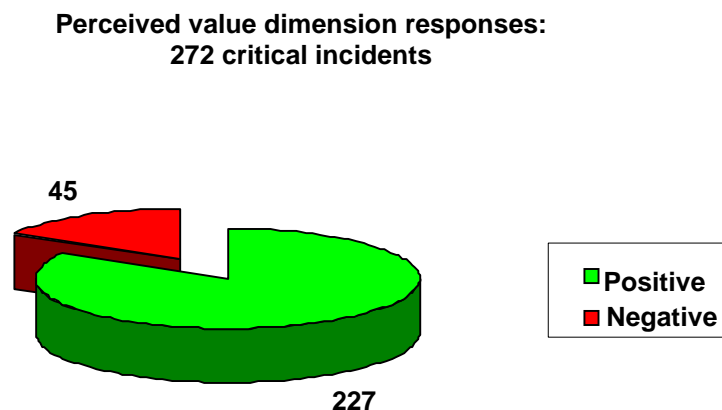
Apart from the detailed aspects recommended for inclusion in the e-service quality model, an additional global judgement should also be incorporated to evaluate the service quality of

- *e-filing; and*
- *the website*

6.14 PERCEIVED VALUE DIMENSION: GENERAL ASPECTS RELATING TO PERCEIVED VALUE

In Section 2.4.1.4, the value-based approach for quality was discussed and it was concluded that the cost-benefit value measure is likely to be whether the efficiency of the service provider (that is SARS) would enable the practitioner to recover the cost of his or her time from the taxpayer client in full. Zeithaml (1988:14) defines customer value as a trade-off between benefits and cost (salient give-and-take components). The convenience of using e-services is directly related to the benefits of the e-services, and therefore to the perceived value of the services. Incentives to use e-services could also relate either to the benefits of using the service or to the (lower) cost of using the service. For the purposes of the present research, the perceived value dimension is defined as the convenience and incentive benefits of using e-filing. A total of 272 critical incidents (21.18%, n = 2 184) were allocated to the perceived value dimension, of which 227 (83.46%, n = 272) were positive and 45 (16.54%, n = 272) were negative.

Figure 6.9: Incidence of positive and negative critical incidents for the perceived value dimension



For the purposes of the present research, the perceived value dimension consists of two service determinants:

- convenience, with 267 critical incidents (98.16%, n = 272); and
- incentive, with five critical incidents (1.84%, n = 272).

Table 6.7: Service determinants within the perceived value service dimension

Description	Positive critical incidents	Negative critical incidents	Total number of critical incidents
Convenience	224	43	267
Incentive	3	2	5

6.15 PERCEIVED VALUE DIMENSION: DETAILED ANALYSIS OF THE CONVENIENCE SERVICE DETERMINANT

Service convenience is defined by Berry *et al.* (2002:12) as consumers' time and effort perceptions related to buying or using a service. Berry *et al.* (2002:13) propose that service convenience has two dimensions, namely time and effort. They argue that it is more important to consumers in some situations than in others. Yang *et al.* (2004:1158) do not specifically define convenience, but they identified the following service attributes as relevant to the convenience determinant within the tax agency environment:

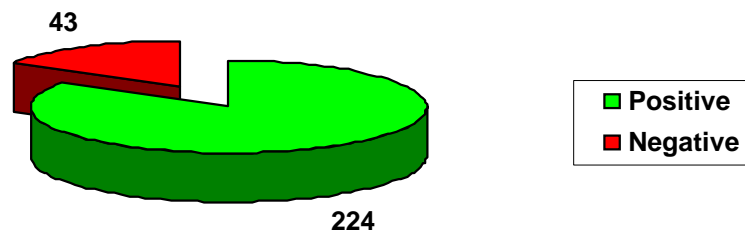
- the service saves time;
- the service is available when the client wants to use it;
- the client can access the service wherever the client wants to use it; and
- the client can avoid service personnel.

In the present research, the critical incidents relating to the convenience service determinant included statements such as "e-filing is convenient as it is not necessary to wait in long queues at SARS", "e-filing is convenient especially for clients staying far away", "it is available 24/7", "one can submit returns while on holiday", "it saves a lot of administration effort", "it saves us photocopying documents" and "it is convenient to have an electronic filing system".

According to the South African Concise Oxford Dictionary (2005:251), convenience could mean “freedom from effort or difficulty”. For the purposes of the present research, convenience therefore refers to the overall freedom from effort or difficulty of using e-filing. The convenience service determinant attracted 267 critical incidents (20.79%, n = 1 284), of which 224 (83.90%, n = 267) were positive and 43 (16.10%, n = 267) were negative. Of these responses, 251 related to the e-filing and 16 related to the general SARS website.

Figure 6.10: Incidence of positive and negative critical incidents for the convenience service determinant

Convenience responses: 267 critical incidents



The convenience service determinant was divided into the following service attributes:

- time-saving, with 139 critical incidents (52.06%, n = 267);
- e-filing system, with 38 critical incidents (14.23%, n = 267);
- reduction of effort, with 29 critical incidents (10.86%, n = 267);
- when I want it, with 23 critical incidents (8.61%, n = 267);
- general, with 21 critical incidents (7.87%, n = 267);
- expenses, with 11 critical incidents (4.12%, n = 267); and
- where I want it, with six critical incidents (2.25%, n = 267);

Table 6.8: Service attributes in the convenience service determinant

Description	Positive critical incidents	Negative critical incidents	Total number of critical incidents
Time-saving	110	29	139
Electronic filing system	32	6	38
Reduction of effort	26	3	29
When I want it	20	3	23
General	21	0	21
Expenses	9	2	11
Where I want it	6	0	6

6.15.1 Time-saving

The time-saving service attribute usually focuses on the transaction speed of e-filing. E-S-Qual includes a statement on the ability of the website to complete a transaction quickly (EFF3 in Parasuraman *et al.* 2005:230). As the incorporation of individual taxpayers (the majority of taxpayers) on e-filing only commenced in 2007, it could be assumed that the tax practitioners would rather focus on the time-saving aspects (which were classified as part of the convenience service determinant) and would not really be able to judge the actual transaction speed of e-filing. In order for a tax practitioner to judge whether a transaction is completed quickly, he or she has to have some measure or benchmark by which to judge the speed. Such a benchmark might be the time usually invested in the same transaction using the traditional service channel. A transaction might thus only be perceived to have been completed quickly if the time for a specific transaction was faster through the e-filing service channel than it would be through the traditional service channel.

The answers that related to the speed or time attribute did indeed reflect the above suggestion, as the respondents focused mainly on time-saving aspects. When they did refer to speed, it was mainly in comparison with the traditional channels. In the SARS context, remarks such as “e-filing is more productive”, “e-filing is quicker” and “e-filing saves a lot of time” were classified under this service attribute. This service attribute therefore focused on the productive time of the tax practitioner required to complete a particular transaction. It includes the time it takes to download forms, as this aspect only replaces the traditional receiving of the form through the post and filing it.

Using the submission of a tax return process as an example, the traditional process is compared to the electronic process in Table 6.8 to assist in understanding what the time-saving service attribute entails (this table assumes that e-filing is already in use and would therefore not include the initial registration process).

Table 6.9: Comparison of different communication media for the submission of a tax return

Submission of tax return business process	Traditional system	E-filing
Receiving the tax return	<ul style="list-style-type: none"> - Collect post - Open post - File tax return in correct file 	<ul style="list-style-type: none"> - Automatically received on e-filing system with no involvement by the tax practitioner
Completing the tax return	<ul style="list-style-type: none"> - Find correct client file - Complete tax return - Attach relevant original documentation - Make a copy of the tax return and documentation - File the copy of tax return and supporting documentation 	<ul style="list-style-type: none"> - Find correct client file - Log into e-filing - Find client's tax return - Download the return on hard drive - Complete the tax return electronically - File all the original supporting documentation
Submitting the tax return	<ul style="list-style-type: none"> - Hand deliver to SARS or post to SARS 	<ul style="list-style-type: none"> - Submit electronically by pressing the submit button

From Table 6.9 it is clear that the tax return business process would usually entail three different sub-processes (receiving the tax return, completing the tax return and submitting the tax return). The tax practitioners commented either only on the time-saving of the total process or on details of the three different sub-processes.

The burdensomeness of the various processes described in Table 6.9 above also has a direct impact on the speed of a specific process and therefore on the time saved or additional time required when using a particular service channel, but the burdensomeness aspects are included in the ease of use service attribute (see Section 6.10.1 above), which was classified under the efficiency service determinant.

The time-saving convenience aspects would be directly affected by the actual transaction time of a business process, as well as the effective working of the e-filing system. System availability should not influence transaction speed, but this is only true if the tax practitioner knows about system availability in advance. If the tax practitioner is prompted about the

unavailability only when he or she is trying to log on to the system, it would affect the time-saving service attribute, as it reduces the convenience of using e-filing. However, these responses were not included in this service attribute, as this aspect is more closely related to the speed of accessing the site (see Section 6.10.3 above).

A total of 139 critical incidents (10.83%, $n = 1\ 284$) were allocated to the time-saving service attribute, of which 110 (79.14%, $n = 139$) were positive and only 29 (20.86%, $n = 139$) were negative. The negative responses either referred to wasting time on e-filing services or to the initial process of registering (which takes a lot of time) or to wasting time because the e-filing system was perceived not to be fully operative.

Because the bulk of the e-filing services were still new when the critical incidents were gathered, and because e-filing did have some “teething” problems when it was expanded during 2007, it can be assumed that the low negative response rate would be even lower in future.

Ten of the responses specifically referred to time-saving aspects related to the website. This service attribute is therefore applicable to both e-filing and the website.

6.15.2 Electronic filing system

The respondents found it convenient to have an electronic filing system. Statements such as “records are kept”, “we have access to previous returns”, “there is less paper work”, “there is less photocopying” and “it reduces the risk of forms going missing” were classified under this service attribute. Although the reference to the reduced risk of forms going missing may not relate directly to convenience, it does indicate that e-filing reduces the inconvenience of having to resubmit more than once when forms actually do go missing and will thus indirectly contribute to the convenience of using e-filing.

One critical incident referred to the fact that tax returns that are submitted through e-filing are lost by SARS. Although this response is included in the results, it is not clear how this incident occurred. It is possible that the respondent in fact experienced problems with the submission process and that the submission was perhaps unsuccessful, rather than that information was lost on the electronic system.

A total of 38 critical incidents (2.96%, $n = 1\ 284$) were allocated to the electronic filing system service attribute, of which 32 (84.21%, $n = 38$) were positive and six (15.79%,

n = 38) were negative. The electronic filing service attribute was only relevant to the e-filing.

6.15.3 Reduction of effort

Convenience refers to the overall freedom from effort and difficulty of using e-filing. It therefore includes any reduction in effort. According to the *South African Concise Oxford Dictionary* (2005:379), effort can be defined as strenuous physical or mental exertion. Some respondents referred to the fact that it is convenient not to have direct contact with employees at SARS. For them it is an effort (mental exertion) to deal with the contact employees and it is convenient to avoid such contact, even if it requires additional time from the practitioners. Statements such as “I do not have to stand in long queues to complete a transaction” and “I do not have to drive to the branch” relates to a reduction of perceived strenuous physical activities and were also included in this service attribute. The reduction of effort service attribute, for the purposes of the present research, therefore consists of aspects (both physical and mental) that a tax practitioner did not like when using the traditional services and that e-filing provides an opportunity to avoid.

A total of 29 critical incidents (2.26%, n = 1 284) were allocated to the reduction of effort service attribute, of which 26 (89.66%, n = 29) were positive and three (10.34%, n = 29) were negative. The e-filing service attribute was also relevant to the website.

Of the responses, 20 specifically referred to the convenience of not having to visit a branch when e-filing services are used instead of the traditional route. Included in these responses was one response which mentioned that it was no longer necessary to appoint a messenger to go to the SARS branch office. Four respondents mentioned that by not visiting the branch, they could avoid long queues. Nine respondents referred to contact with SARS employees. Of these nine, seven experienced it as convenient not to have any contact with the employees, whereas two found it problematic not to have direct contact with the employees any longer.

6.15.4 When I want it

The “when I want it” service attribute refers to the convenience of the “operating hours” of e-filing and the website. The system availability service attribute (see Section 6.11 above) will have a direct effect on the when I want it service attribute – a reduction in system

availability will possibly reduce the convenience of the “operating hours”, particularly as SARS does not currently have a proper notification system in place relating to system availability.

A total of 23 critical incidents (1.79%, $n = 1\ 284$) were allocated to the when I want it service attribute, of which 20 (86.96%, $n = 23$) were positive and three (13.04%, $n = 23$) were negative. The when I want it service attribute was also relevant to the website.

6.15.5 Expenses

Although the cost implications of using e-services are not specifically addressed in the current e-service quality models, the saving of time actually contributes to a lowering of opportunity cost, as a tax practitioner can use any time he or she saves for some other purpose. Similarly, the actual expenses saved (or additional expenses incurred) would also contribute to the (in)convenience of using e-services. Statements such as “e-filing saves on the costs of photocopying”, “e-filing saves postage costs”, “e-filing is cheap” and “the bank charges on e-filing payments are very expensive” were allocated to this service attribute.

A total of 11 critical incidents (0.86%, $n = 1\ 284$) were allocated to the expenses service attribute, of which nine (81.82%, $n = 11$) were positive and two (18.18%, $n = 11$) were negative. The expenses service attribute was relevant only to e-filing.

6.15.6 Where I want it

The “where I want it” service attribute refers to the convenience of having the luxury of performing transactions at different locations. Statements such as “I can go on holiday in December and still submit returns to SARS”, “I can complete functions while still with the client” and “it is easy to access from all over the world” were allocated to this service attribute.

Six critical incidents (0.47%, $n = 1\ 284$) were allocated to the where I want it service attribute, all of which were positive. This service attribute was relevant only to e-filing.

6.15.7 General

The general service attribute under the convenience service determinant refers to statements such as “e-filing is convenient” or “e-filing is more convenient”.

A total of 21 critical incidents (1.64%, n = 1 284) were allocated to the general service attribute, all of which were positive.

6.15.8 Conclusion on convenience aspects

The convenience service determinant attracted 267 critical incidents (20.79%, n = 1 284). The high frequency of these responses indicates that tax practitioners regard convenience as very important.

Zeithaml (1988:13) found that convenience has divergent meanings for different individuals. The results of the present research confirm that convenience is a very personal thing – what one person would find convenient would be a matter of indifference to another person, for example, the aspects classified under the reduction of effort service attribute. When this was specifically included and tax practitioners were requested to evaluate such an aspect, some respondents felt neutral about the matter, as they do not mind contact with employees of SARS. Others preferred contact. Yet others indicated that they would prefer to avoid contact.

The convenience-related aspects are part of the Perceived Value scale in Parasuraman *et al's*. (2005:231) E-S-Qual multi-item scale for measuring service quality. E-S-Qual includes one question relating to convenience, in which respondents are requested to rate a website on a scale from 1 (poor) to 10 (excellent) on the overall convenience of using the website. Connolly and Bannister (2008:315) also included the Perceived Value scale in their assessment of the Irish tax collection agency's online services. There is no reason to believe that they did not include it in much the same way as it is included in E-S-Qual. The overall measurement of convenience is therefore also recommended for the present research.

Conclusion 6.23:

The e-service quality model should include a question relating to convenience in which respondents are requested to use a scale to rate the overall convenience of using

- *the e-filing; and*
- *the website.*

6.16 PERCEIVED VALUE DIMENSION: DETAILED ANALYSIS OF THE INCENTIVE SERVICE DETERMINANT

Compensation as a service determinant in the electronic environment is defined by Parasurman *et al.* (2005:220) as the degree to which the website compensates customers for problems. In the present research, an e-service quality model is being developed for SARS, which is an entity in the public administration of South Africa. It is not the practice of SARS to “compensate” taxpayers, as it neither sells a commodity that could either be provided more cheaply, nor provides a service at a price.

Santos (2003:242) refers to an incentive as the encouragement given by a web provider to consumers to use the e-service. For the purposes of the present research, the incentive determinant relates to the encouragement SARS provides as a motivation to use the e-services, namely by indirectly assisting tax practitioners to overcome technological readiness barriers. The encouragement could, for example, include the cash flow advantage provided for VAT payments, as a later required payment date applies when a tax practitioner uses e-filing, as opposed to the deadline when he or she uses the traditional services. Another aspect that relates to the incentive service determinant is the fact that longer extensions are granted for the submission of tax returns if they are submitted through e-filing.

The incentive determinant attracted five critical incidents (0.39%, $n = 1\ 284$), of which three (60%, $n = 5$) were positive and two (40%, $n = 5$) were negative. All the critical incidents related to the e-filing. As incentives provided by SARS contribute directly to the value a tax practitioner perceives when using the e-services, a question determining the value of the e-service encouragement incentives should also be included in the e-service quality model.

Conclusion 6.24:

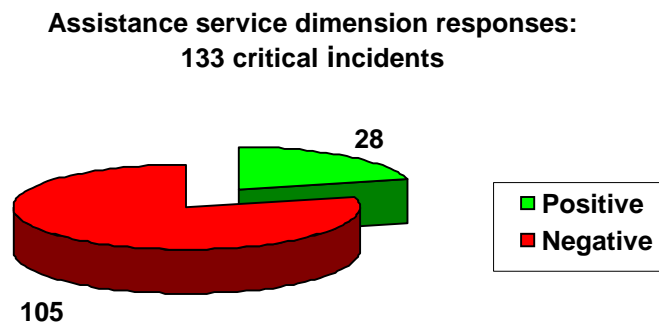
The e-service quality model should include a question relating to incentives in which respondents are requested to rate e-filing on a scale on the overall value of the e-services encouragement incentives offered for using the service.

6.17 ASSISTANCE DIMENSION: GENERAL ASPECTS RELATING TO ASSISTANCE

Santos (2003:238) defines assistance as including technical help, user guidelines and personal advice. Parasuraman *et al.* 2005:220 define what they refer to as “contact” to be the “availability of assistance through telephone or online representatives”. For the purposes of the present research, assistance refers to the availability and efficiency of assistance with e-services through the telephone, online representatives and electronic aids.

Assistance attracted the fourth highest number of responses of 133 critical incidents (10.36%, $n = 1\ 284$), of which 28 (21.05%, $n = 133$) were positive and 105 (78.95%, $n = 133$) were negative. This dimension was relevant only to e-filing.

Figure 6.11: Incidence of positive and negative critical incidents for the assistance service dimension



The assistance dimension could be defined with regard to the following three service aspects:

- personal assistance, with 77 critical incidents (57.89%, $n = 133$);
- e-mail assistance, with 30 critical incidents (22.56%, $n = 133$); and
- the user guide, with 26 critical incidents (19.55%, $n = 133$).

Table 6.10: Service aspects in the assistance service dimension

Description	Positive critical incidents	Negative critical incidents	Total number of critical incidents
Personal assistance	17	60	77
E-mail assistance	6	24	30
User guide	5	21	26

6.17.1 Personal assistance

For the purposes of the present research, personal assistance refers to assistance provided over the telephone and any other direct contact with SARS employees who assist tax practitioners in overcoming problems in using the e-services, for example, any training and workshops presented.

The personal assistance service aspects attracted the highest number of responses in the assistance dimension, with 77 critical incidents (6%, $n = 1\ 284$), of which 17 (22.08%, $n = 77$) were positive and 60 (77.92%, $n = 77$) were negative. This service aspect was only relevant to e-filing.

E-S-RecS-QUAL in Parasuraman *et al.* (2005:231 – CON1 and CON3) includes two statements in the contact service determinant that attempt to establish whether the “site provides a telephone number to reach the company” and the site “offers the ability to speak to a live person if there is a problem”. These statements only determine whether the user is informed about the ability to contact the service provider, either over the telephone, or in another direct manner. In the present research, the descriptions of critical incidents relating to personal assistance were very detailed – 21 specifically referred to the knowledge of the staff who assisted them. Of the responses, 16 related to the waiting time before assistance was provided. Ten critical incidents specifically mentioned that it is a waste of time to use the call centre, but six respondents referred positively to the willingness of the call centre attendants to assist them with their problem.

6.17.2 E-mail assistance

E-S-RecS-QUAL in Parasuraman *et al.* (2005:231 – CON2) includes a statement in the contact service determinant to establish whether the “site has a customer service representative available online”. The e-mail assistance service aspect refers to the

availability of a SARS employee to assist with questions or problems through e-mail. This service attribute received 30 responses, all of which were related to e-filing. This service attribute therefore does not appear to be relevant to the website. Of the responses, 22 specifically referred to the accurate service delivery of the e-filing e-mail service or to service failures of e-filing e-mail assistance. Six critical incidents related to the turnaround times of e-filing e-mails. Although nearly 80% of the incidents allocated to the assistance dimension were negative, three (60%, $n = 5$) of the incidents that referred to the e-filing turnaround time of e-mails were positive. Two critical incidents related specifically to the knowledge of the employees answering e-mails relating to e-filing.

6.17.3 User guide

The user guide service aspects include the help functions provided by the e-service and user guides to train tax practitioners in using new service initiatives, or other online assistance when problems are encountered. Pop-up messages to ensure completeness, validation and so on, are also included in this service attribute. SARS (SARS Practitioners Unit 2008b:7) plans to make interactive training DVDs available which will also form part of this service aspect.

The user guide service aspect related mainly to the e-filing (23 critical incidents), with three critical incidents that referred to the website. The responses relating to the user guide service aspect referred to the success or failure of the user guide in assisting users when they encountered problems.

6.17.4 Service determinants for the assistance dimension

It appears that the responses for the assistance dimension of the e-service quality model intersected with several other service determinants. The following service determinants could be identified:

- reliability, with 56 critical incidents (42.11%, $n = 133$);
- assurance, with 49 critical incidents (36.84%, $n = 133$);
- empathy, with 16 critical incidents (12.03%, $n = 133$); and
- responsiveness, with 12 critical incidents (9.02%, $n = 133$).

Table 6.11: Service determinants within the assistance service dimension

Description	Positive critical incidents	Negative critical incidents	Total number of critical incidents
Reliability	11	45	56
Assurance	15	34	49
Empathy	2	14	16
Responsiveness	6	6	12

6.18 ASSISTANCE DIMENSION: DETAILED ANALYSIS OF THE RELIABILITY SERVICE DETERMINANT

For the purposes of the present research, the reliability determinant includes the ability of SARS employees and systems to perform services accurately (see Section 5.11). Accurate service delivery is therefore a service attribute within the reliability service determinant (see Section 5.11.1 and Conclusions 5.50 and 5.52).

A total of 22 responses specifically referred to the accurate service delivery of the e-filing e-mail service or to service failures in e-filing e-mail assistance. As many as 34 critical incidents specifically mentioned that it is a waste of time to make use of the e-filing call centre. Of the responses, 11 (19.64%, n = 56) were positive and 45 (80.36%, n = 56) were negative.

Conclusion 6.25:

The e-service quality model should include a question that evaluates SARS's ability to perform a service correctly the first time. This should be tested for the following service channels:

- *the e-filing e-mail facilities; and*
- *the e-filing call centre.*

The question should provide for different scales in the measuring instrument. One end of the scale should reflect accurate first-time service delivery and the other end of the scale should reflect total service failure.

6.19 ASSISTANCE DIMENSION: DETAILED ANALYSIS OF THE ASSURANCE SERVICE DETERMINANT

Assurance is defined for the purposes of the present research (see Section 5.9) as including the knowledge and skills of employees (see Section 5.9.1 and Conclusion 5.16).

Yang *et al.* (2004:158) found the knowledge and skills of employees (what the latter researchers referred to as competence) to be one of the most important service attributes.

In addition to the knowledge and skills of employees, the definition of assurance for the traditional services also includes the ability of the operational systems and physical resources to inspire trust. In the context of the e-services, some of the respondents commented on the trust they had or did not have in the content of the e-service user-guides provided by SARS.

For the purposes of the e-service quality model, assurance is therefore more narrowly defined as the knowledge and courtesy of employees and the ability of the content of the e-service user-guide to inspire trust.

Of the total responses allocated to the knowledge and skills of the employees service attribute (49 critical incidents), 15 responses (30.61%, $n = 49$) were positive and 34 responses (69.39%, $n = 49$) were negative.

The critical incidents allocated to the knowledge and skills service attribute included comments relating to the

- knowledge and skills of the employees providing personal assistance (23 critical incidents); and
- content of the user-guide of e-filing (26 critical incidents).

6.19.1 Knowledge and skills of the employees

The critical incidents for the personal assistance service attribute attracted 23 critical incidents, which referred to the knowledge of the staff who assisted the respondents and specifically related to the employees answering e-mails on e-filing and the employees providing assistance through the call centre.

Conclusion 6.26:

The e-service quality model should include a question that tests whether the tax practitioners perceive the knowledge and skills of the employees who provide services to the tax practitioners

- *through the e-filing call centre; and*
- *through an e-filing e-mail*

adequate to provide sufficiently clear, accurate and helpful responses.

6.19.2 Content of the user-guide

The 26 critical incidents relating to the user-guide service aspect referred to the success or failure of the user-guide to assist practitioners when they encountered problems. Just as the knowledge of the SARS employees contributes to the assurance service determinant for the traditional services (see Section 5.9.1), the content of the user guide affects the ability of the user-guide to successfully solve problems encountered by the tax practitioners and therefore contributes to the assurance service determinant for the e-services.

Conclusion 6.27:

The e-service quality model should include a question that evaluates whether the tax practitioners perceive the content of the user-guide and help function as providing sufficiently clear, accurate and helpful assistance.

6.20 ASSISTANCE DIMENSION: DETAILED ANALYSIS OF THE EMPATHY SERVICE DETERMINANT

Empathy has already been defined in Section 5.10. It focuses on the caring and individualized attention SARS provides to tax practitioners. It includes tax practitioners' sense that SARS operates in such a manner that it is easy to gain access to the service. Only responses relating to the waiting times for the call centre for the e-services were received that could be allocated under the empathy service determinant. For the purposes of the e-service quality model, empathy is thus more narrowly defined as the tax practitioners' sense that SARS's call centre is designed and operates so that it is easy to gain access to the service.

The service attribute of waiting time was included under the empathy service determinant (see Section 5.10.1 and Conclusion 5.26). A total of 16 responses, of which two (12.50%, $n = 16$) were positive and 14 (87.50%, $n = 16$) were negative, related to the waiting time before assistance was provided by the e-filing call centre.

Conclusion 6.28:

The e-service quality model should include a question to determine the perceptions of tax practitioners with regard to waiting time before they are served at the e-filing call centre.

6.21 ASSISTANCE DIMENSION: DETAILED ANALYSIS OF THE RESPONSIVENESS SERVICE DETERMINANT

E-RecS-Qual includes a question under the responsiveness service determinant that evaluates whether “the site tells me what to do if my transaction is not processed”. For the purposes of the present research, responsiveness was defined (also see Section 5.8) as the willingness (including the attentiveness) of employees, as well as the actual timeliness or speed of the services performed. A total of 12 critical incidents related to the responsiveness of the assistance provided for the e-services.

The critical incidents in the responsiveness determinant were allocated to the different service attributes in this determinant as follows:

- speed of performing the service, with six critical incidents (50%, $n = 12$); and
- willingness of employees, with six critical incidents (50%, $n = 12$).

6.21.1 Speed of performing the service

The speed of performing the service was also identified as a service attribute in the traditional services (see Section 5.8.1.1 and Conclusion 5.6). Six critical incidents related to the turnaround times of e-filing e-mails. Although nearly 80% of the responses in the assistance dimension were negative, three (50%, $n = 6$) of the responses that referred to the e-filing turnaround time for e-mails were positive.

Conclusion 6.29:

The e-service quality model should include a question that measures the turnaround time (the number of working days) for receiving assistance when corresponding with SARS through the e-filing e-mail.

6.21.2 Willingness of employees

The willingness of employees to perform a service is a service attribute that was also identified for the traditional services (see Section 5.8.1.2 and Conclusion 5.15). Six respondents commenting on personal assistance referred to the willingness of the call centre attendants to assist them with their problem. Three of the comments were positive (50%, n = 6) and three were negative (50%, n = 6).

Conclusion 6.30:

The e-service quality model should include a question addressing the degree of willingness of SARS employees to assist the tax practitioners through the e-filing call centre.

6.22 CONCLUSION

In this chapter, the results of the data gathered by means of a questionnaire and analysed using the critical incident technique were set out for the e-services rendered by SARS. The results indicated that the e-service quality model should be divided into three different dimensions, namely the general, perceived value and assistance dimensions. All the service aspects that were not part of the perceived value or assistance aspects were included in the normal operations (general) dimension of the proposed e-service quality model. This dimension is referred to as TAX-eSQ. The perceived value aspects constitute the perceived value dimension. The assistance aspects are included in the assistance dimension and are referred to as ASSIST TAX-eSQ.

A comprehensive range of service determinants and service attributes relevant to the e-service quality model were identified. Fulfilment, efficiency, system availability and security service determinants were identified for the TAX-eSQ dimension (normal operations dimension) of the proposed e-service quality model. The convenience and incentive service determinants will form part of the perceived value dimension of the e-service

quality model. The assistance aspects were originally classified in one dimension relating to assistance, but closer investigation of the critical incidents in this dimension resulted in the identification of various service determinants within the assistance dimension. The service determinants of responsiveness, empathy, assurance and reliability have been identified for the ASSIST TAX-eSQ dimension (assistance dimension) of the e-service quality model.

The next chapter in the thesis is the final chapter. It summarises the findings of the research. The proposed e-service quality model is also presented. The chapter concludes by indicating possible future research necessary to exploit the proposed e-service quality model to the full.

CHAPTER 7

SUMMARY AND CONCLUSIONS

7.1 INTRODUCTION

Research has shown that a revenue agency's image in the community is a key driver of voluntary compliance (Croome 2005/2006:28; Stoke *et al.* 2005:10). Voluntary compliance is also maximised with better customer service, which makes it easier to comply with tax obligations (Dhillon & Bouwer 2005:2). Croome (2005/2006:29) also contends that levels of tax compliance are enhanced when taxpayers believe they are being treated fairly. The quality of the services provided by SARS is therefore crucial, as service quality directly influences tax compliance.

In order to establish the perceptions of tax practitioners with regard to the quality of SARS's service, a model of service quality is required – in other words, a model of how the quality of services is perceived by tax practitioners. When the service provider understands how the services are to be evaluated by the users, it becomes possible to identify how to manage these evaluations and how to influence them in a desired direction (Gaster & Squires 2003:57; Grönroos 1988:10; Palfrey *et al.* 1992:126; Philip & Hazlett 1997:264; Seth *et al.* 2005:914).

Unfortunately, thus far, all the attempts at creating a suitable service quality model have been fragmented and have failed to focus on the overall services of SARS. Most were limited to a few isolated questions on taxpayers' perceptions with regard to encounters with SARS. To date no service quality model that could be used to measure the actual performance of SARS or the quality of the services it renders, as perceived by tax practitioners, has been available.

The objective of the present research was therefore to establish the perceptions that tax practitioners hold with regard to the services SARS renders in order to develop a service quality model that SARS could use. The development of a service quality model for the assessment of the services SARS provides is justified, as it is an essential means to improving the services SARS renders and therefore also to increasing voluntary compliance.

The service quality model presented in the present research is based on the results of a qualitative study using the critical incident technique. The critical incident technique was chosen as the method to be used for building the “lens of the customer” for the evaluation of the tax practitioner’s (customer) evaluation of the quality of the services SARS renders.

In this final chapter, the conclusions of the present research with regard to achieving the stated objective are presented. The chapter commences with summaries of the theoretical constructs relevant to the present research (Section 7.2) and the research methodology applied to ensure that the objective of the present research is reached (Section 7.3). After these summaries, the proposed service quality model including both the traditional (Section 7.4) and the e-services (Section 7.6) are presented. Both parts of the model proposed present theoretical frameworks as “blueprints” for building the “lens of the customer”. To ensure that both theoretical frameworks will actually achieve the objective of this study, that is, to provide a proposed service quality model for evaluating the service quality of SARS as perceived by tax practitioners, it is important to determine the validity and reliability of the proposed theoretical frameworks. In Sections 7.5 and 7.7, the validity of the proposed model is reflected upon. It was necessary to distinguish between the part of the service quality model proposed for the traditional services and the part of the model proposed for the e-services – the results of this comparison are presented in Section 7.8. After the presentation, validation and comparison of both parts of the model, the research implications of the present research are presented in Section 7.9. Finally, the limitations and shortcomings of the present research are investigated (Section 7.10) and any future actions required or areas for future research are set out (Section 7.11).

7.2 IDENTIFYING AND DEFINING THE THEORETICAL CONSTRUCTS

The first step in the research was a detailed literature review, which was carried out to establish the definitions relevant to the present research. The research indicated that **service quality** and **customer satisfaction** are two distinct concepts. Because the development of a service quality model for the evaluation of the quality of the services SARS renders was the primary focus in the present research, it appeared to be more appropriate to establish the service quality construct than to measure actual customer satisfaction. It was also established that services and quality are elusive phenomena. They are therefore very difficult to define. Nevertheless, an attempt was made to analyse and describe these phenomena.

Services were analysed with reference to their characteristics and the possible influence of these characteristics on the measurement of service quality. The relevant characteristics are the intangibility, relative inseparability, interdependence and heterogeneity of services. All of these characteristics, directly or indirectly, have an impact on the model for the measurement of service quality. The service quality model for the measurement of services assesses psychological experiences. Hence, the development of a model to elicit the perceptions of tax practitioners to measure the quality of the services SARS renders was confirmed to be appropriate for the present research.

It was also established that the service quality model should provide for the separate measurement of the different services of SARS, as all the services are not located at the same point on the inseparability continuum.

The characteristic of heterogeneity implies that the results obtained from using the service quality model can only be reliable when there is a response rate large enough to be representative of all the different locations to which SARS renders its services.

Quality has been described in the light of the various approaches used by those who have studied this phenomenon. It was found that the user-based approach (defining quality from the user's perspective) in combination with the manufacturing approach is the most suitable approach for the present research.

For the purposes of the present research, it is acknowledged that the combined term **service quality** is a multidimensional, hierarchical construct, which means that customers form their service quality perceptions on the basis of an evaluation of performance at multiple levels.

In line with the user-based approach to quality, **perceived service quality** was found to be influenced by various factors (for example, motives, needs, drives, wants, experiences, culture, language and gender). This implies that the service quality which is to be established by the proposed service quality model is perceived subjectively by tax practitioners, that it is predominantly a cognitive and, to a lesser extent, an affective judgement, that it is represented by the difference between perceptions of performance and expectations, and that it is related to, but not equivalent to, satisfaction.

7.3 RESEARCH METHODOLOGY

The outcome of the literature review served as a theoretical underpinning for the development of the proposed service quality model. The literature review suggested that a user-based approach to quality was the most relevant approach to this study – as Johnson and Gustafsson (2000:47) put it, it is important to build the “lens of the customer”.

In order to develop the specific “lens of the customer” needed to evaluate the services SARS renders, an in-depth, qualitative approach was required to identify a comprehensive range of determinants that potentially drive service quality in the revenue service industry and setting, as suggested by Johnson and Gustafsson (2000:47). One such qualitative method is the critical incident technique (CIT). The critical incident technique relies on a set of procedures to collect comments on service experiences, to perform a content analysis and to classify the observations of service experiences. The critical incident technique was chosen as the method to be used for building the “lens of the customer” for the evaluation of the tax practitioner’s (customer) evaluation of the service quality of SARS, because the evaluation of a tax practitioner’s perceptions of the service quality of SARS

- is a relationship-oriented assessment of service quality (Odekerken-Schröder *et al.* 2000);
- is carried out by the customers (tax practitioners) (Bitner *et al.* 1990; Odekerken-Schröder *et al.* 2000);
- is carried out in the business-to-customer context (Gremler 2004);
- seeks to provide the answer to a question in the service research environment (Gremler 2004); and
- is measured where the user-based approach of quality has been identified as the most suitable approach to apply (Johnson and Gustafsson 2000; Parasuraman *et al.* 1985).

The purpose of using the critical incident technique in the present research was to assist in the development of a service quality framework which could be used to develop a quantitative survey instrument to measure the quality of SARS’s services. The critical incidents that were collected were classified into categories of different service determinants (using content analysis), so that the important service determinants that are relevant to and need to be incorporated into the service quality model could be identified.

The critical incident technique was thus used in this study both to confirm service determinants identified in the literature review and to assist in the development of new service determinants.

The critical incident data were collected by means of open-ended questionnaires (the distributed and web-based questionnaires) which tax practitioners registered with SARS in terms of section 67A of the Income Tax Act were asked to complete. For the sake of convenience and to gain access to the data base of tax practitioners registered with SARS, the web-based questions formed part of a larger data collection instrument administered by SARS. For the purposes of the present research, the respondents were asked to evaluate the *service quality of SARS as perceived by the tax practitioners in all interactions with SARS*. Questions 1 and 2 included a list of all the possible service channels. The positive responses on all the service channels were grouped into Question 1, while the negative responses on all the service channels were grouped into Question 2. Questions 3 and 4 addressed the respondents' positive and negative experiences with regard to various business processes.

The analysis of the responses provided by the tax practitioners involved three processes. The first was the identification of usable critical incidents. The second was the development of a classification scheme for the content analysis. The third was a content analysis of the critical incidents that had been identified.

The analysis procedure advocated by Flanagan (1954) indicates that the critical incident itself is the basic unit of analysis. Hence, for the purposes of the present research, the basic unit of analysis (the critical incident) was defined in such a manner as to include statements about SARS's service delivery.

After the data had been collected and the relevant critical incidents had been identified, the next step was to analyse the data. The first step in the data analysis in the present research was to develop a classification scheme for the purposes of the content analysis. In the present research, the existing service quality models were used as a basis to develop a classification scheme to assist in identifying the determinants that are important in evaluating the service quality of services provided by SARS. As a starting point, the original ten service quality determinants from the study by Parasuraman *et al.* (1985) were listed in a classification scheme. This classification scheme was then expanded, using the

other service quality instruments investigated in the literature review. Because Kang and James (2004) and Philip and Stewart (1999) found that the SERVQUAL dimensions do not measure the technical quality of a service, but only its functional quality, all the different business processes were also added to the classification scheme. Santos (2003), Zeithaml *et al.* (2002) and Zhu *et al.* (2002) found that e-service quality is influenced by determinants that differ from traditional service quality. Consequently, the SARS service channels through the website, as well as e-filing, were listed separately in the classification scheme. Although the literature study indicated that models of service quality are equally applicable to both the private and the public sectors, to check whether this was really the case, specific aspects were included in the classification scheme that may be relevant only to SARS as part of the public sector. Based on the experience of the researcher, additional determinants were added to the classification scheme.

The classification scheme developed in the present research was refined and confirmed, as suggested by Flanagan (1954:20), using a relatively small sample of critical incidents. In applying the classification scheme to the bulk of the data (the critical incidents from the web-based questionnaire), the classification scheme was amended in a constant process which resulted either in the expansion of the definitions of current categories or in the addition of new categories. At the end of the content analysis process, the classification scheme was empirically tested using a holdout sample, as suggested by Gremler (2004:82) and Johnson and Gustafsson (2000:60). Because the content analysis of the holdout sample added nothing new to the classification scheme, it was concluded that the categories in the classification scheme were comprehensive.

The analysis of the critical incidents into the classification scheme was performed by the researcher and nine research assistants. The research assistants were thoroughly trained, and each critical incident was independently classified by at least three, but mostly four different persons. Although no formal indices are available for the reliability of the interjudge classifications, it is reasonable to assume that the thoroughness of the process, as well as the interjudge agreement of more than 80% for all the groups, should indicate that the results of the content analysis were reliable. The initial training of the research assistants and the pre-tests on the subset of data (Group 35) that were done early in the coding process also contributed to the reliability of the results. After a careful evaluation of

the process followed for the content analysis, the results were considered to be reliable and the results could therefore be reported as they stand.

After the preparation of the summaries of the frequencies of the responses in accordance with the relevant classification scheme, the data analysis results and the relevant elements from the theoretical model derived from the literature survey were used to design the two parts of the model proposed in the present research, as presented in Sections 7.4 and 7.6.

7.4 TRADITIONAL SERVICE QUALITY MODEL

The first conclusion in the present research derived from the results of the study (Conclusion 5.1) states that in building the “lens of the customer”, a distinction must be made between the traditional service modes and the e-service modes. Conclusion 5.2 states that, in order to ensure that a particular traditional service determinant is measured for the full spectrum of services that SARS renders, e-services should be added as a service channel for the identified service determinants in the traditional services.

In this section, the proposed service quality model as it relates to the traditional services (including the addition of the e-services as a service channel) is presented. The service quality part of the model, with all its components, is presented first (see Section 7.4.1). The recommendations on the content of the questions needed to evaluate the different components of the proposed model in respect of service quality are then listed in Section 7.4.2. Finally, the managerial implications of the proposed model for service quality are addressed in Section 7.4.3.

7.4.1 Proposed service quality model

For the purposes of the present research, it is acknowledged that service quality is a multidimensional, hierarchical construct, which means that customers form their service quality perceptions on the basis of an evaluation of performance at multiple levels. The first level is the evaluation of various service attributes within different identified service determinants, the result of which can be combined in the evaluation of different service dimensions.

Grönroos (1984) identified three service dimensions: the technical dimension (“what”), the functional dimension (“how”) and the corporate image. Later, Kang and James (2004)

found empirical evidence for Grönroos's (1984, 1988) service quality dimensions. Hence, Grönroos's (1984, 1988) model was used in the present research as the basis for defining the dimensions used to develop the proposed traditional service quality model. The frequencies of the results of the qualitative study allocated to each of the three dimensions are summarised in Table 7.1.

Table 7.1: Service quality dimensions relevant to the present research

Service quality dimension	Positive responses	Negative responses	Total number of critical incidents	Percentage (%) (n = 4 183)
Functional dimension	1 277	2 335	3 612	86.35%
Technical dimension	143	370	513	12.26%
Image dimension	36	22	58	1.39%

All three service quality dimensions identified by Grönroos (1984, 1988) were found to be relevant to the present research. The functional quality dimension was found to be the most important dimension in the proposed SARS service quality model: 86.35% of the critical incidents related to it. The technical dimension attracted far fewer responses – only 12.26% of the responses were allocated to this dimension. The image dimension was found to be the least important of the three service quality dimensions, with only 1.39% of the critical incidents allocated to it.

The results of the present research therefore support Grönroos's (1984:41) findings, which suggested that functional quality is more important to the perceived service quality than technical quality. Schneider and White (2004:33) argued that the identified service determinants of perceived service quality essentially pertain only to the functional (how), rather than to the technical (what) dimensions. Czepiel *et al.* (1985:13) claimed that the reason why functional quality is more important than the technical quality is that clients are better able to judge the quality and satisfaction of human interactions than they can judge the quality of technical services.

Johnson and Gustafsson (2000:64) suggest that reputation (image) should be regarded as an outcome rather than a driver of service quality, because reputation acts as a type of overall evaluation, making it problematic as a driver of service quality. They also regard reputation as a psychological anchor that affects perceptions of service quality and

suggest that it is difficult to compress the measurement into a single step. It is possible that this difficulty in measuring SARS's image contributed to the low number of service aspects classified under this service quality dimension.

Apart from Grönroos's (1984, 1988) three service quality dimensions, five service determinants (namely responsiveness, assurance, empathy, reliability and tangibles) were found to be relevant to the proposed SARS service quality model (Conclusion 5.2). These service determinants were defined for the purposes of the present research (summaries of these definitions are provided in Table 7.2). It was found that of these five determinants, responsiveness, assurance and empathy are probably more important than reliability. Of the five service determinants, the tangibles service determinant appeared to be the least important determinant for the SARS service quality model (Conclusion 5.3). The results of the present research also confirm the original argument by Berry *et al.* (1985:45) and the findings of Haywood-Farmer (1988) that the relative importance of the service determinants would vary from one service industry to the next (Conclusion 5.4). It was further found that the service quality model for the traditional services should not include any evaluation as a separate service determinant of the software or systems used by SARS (Conclusion 5.58).

Table 7.2: Definitions of various service determinants identified in the present research

Service determinant	Definition for the present research
Responsiveness	The willingness (including the attentiveness) of employees, as well as the actual timeliness or speed of services performed.
Assurance	The knowledge and courtesy of employees and the ability of the operational systems and physical resources to inspire trust.
Empathy	The caring and individualized attention SARS provides to the tax practitioners, including tax practitioners' sense that SARS's <ul style="list-style-type: none"> • location; • operating hours; and • employees and operational systems are designed and operate so that it is easy to gain access to the service and that SARS is prepared to adapt to the demands and wishes of tax practitioners in a flexible way.
Reliability	The ability of SARS's employees and systems <ul style="list-style-type: none"> • to perform services accurately; and • to keep promises (trustworthiness).
Tangibles	The appearance of physical facilities and employees of SARS.

For each of the relevant service determinants, various service attributes and service aspects were identified that contributed to the service quality of the particular service determinant. The service determinants and detailed service attributes and service aspects as defined for the purposes of the present research were classified into Grönroos's (1984, 1988) three-dimensional service quality model, as set out in Table 7.3.

Table 7.3 below summarises the results of the critical incident analysis for each of the identified service attributes, service determinants and service dimensions. However, it is also important to understand the relative importance of each component of the service quality model. Table 7.4 therefore presents the results of the present research for each of the components in the service quality model.

Table 7.3 Service quality model for the traditional services

TECHNICAL DIMENSION (service outcome)

Service determinant	Service attribute
Assurance	<ul style="list-style-type: none"> • Knowledge of employees

FUNCTIONAL DIMENSION (service process)

Service determinant	Service attribute
Responsiveness	<ul style="list-style-type: none"> • Speed of performing the service • Willingness of employees
Assurance	<ul style="list-style-type: none"> • Politeness and friendliness of employees • Consistency • Administration of the operational process • Confidentiality • Physical safety
Empathy	<ul style="list-style-type: none"> • Waiting times • Communication <ul style="list-style-type: none"> ○ Communication process ○ Direct contact with operating employees ○ Communication skills of employees ○ Understandability of contact employees ○ Communication with wrong person ○ Understandability of documentation • Adaptability • User-friendliness • Assistance • One-stop service • Convenience of locations • Convenience of operating hours
Reliability	<ul style="list-style-type: none"> • Accurate service delivery <ul style="list-style-type: none"> ○ Accurate first-time service delivery ○ Service recovery ○ Service failure ○ Loss of documents • Adherence to specific promises SARS made • Software
Tangibles	<ul style="list-style-type: none"> • Physical facilities • Sound quality of call centre

IMAGE DIMENSION (filtering function)

Empathy	<ul style="list-style-type: none"> • Adaptability <ul style="list-style-type: none"> ○ Continuous improvement of service offerings
Reliability	<ul style="list-style-type: none"> • Adherence to promises in general <ul style="list-style-type: none"> ○ Adherence to general code of conduct

Table 7.4: Responses from study per service dimension, service determinant, service attribute and service aspect

Service attribute	Positive (n = total for attribute)	Negative (n = total for attribute)	Total	Percentage (%) (n = 4 183)
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TECHNICAL DIMENSION (service outcome)

Assurance service determinant

Knowledge of employees	143 27.88%	370 72.12%	513 12.26%	12.26%
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FUNCTIONAL DIMENSION (service process)

Responsiveness service determinant

Speed of performing the service	218 31%	485 69%	703 16.80%	16.80%
Willingness of employees	248 63.92%	140 36.08%	388 9.28%	9.28%

Assurance service determinant

Politeness and friendliness of employees	155 71.76%	61 28.24%	216 5.16%	5.16%
Consistency	6 4.65%	123 95.35%	129 3.08%	3.08%
Administration of the operational processes	45 45.46%	54 54.54%	99 2.37%	2.37%
Confidentiality	2 16.67%	10 83.33%	12 0.29%	0.29%
Physical safety	1 50%	1 50%	2 0.05%	0.05%

Empathy service determinant

Waiting time	85 21.46%	311 78.54%	396 9.46%	9.47%
Communication: Total	130 35.82%	233 64.18%	363 8.68%	8.68%
• <i>Communication process</i>	85 47.49%	94 52.51%	179 4.28%	4.28%
• <i>Direct contact with operating employees</i>	34 26.56%	94 73.44%	128 3.06%	3.06%
• <i>Communication skills of employees</i>	9 37.50%	15 62.50%	24 0.57%	0.57%
• <i>Understandability of contact employees</i>	2 11.11%	16 88.89%	18 0.43%	0.43%
• <i>Communication with wrong person</i>	0 0%	12 100%	12 0.29%	0.29%
• <i>Understandability of documentation</i>	0 0%	2 100%	2 0.05%	0.05%



Adaptability	18 29.03%	44 70.97%	62 1.48%	1.48%
User-friendliness	10 11.49%	77 88.51%	87 2.08%	2.08%
Assistance	9 27.27%	24 72.73%	33 0.79%	0.79%
One-stop service	4 12.50%	28 87.50%	32 0.77%	0.77%
Convenience of locations	4 40%	6 60%	10 0.24%	0.24%
Convenience of operating hours	2 40%	3 60%	5 0.12%	0.12%

Reliability service determinant

Accurate service delivery: Total	163 21.28%	603 78.72%	766 18.31%	18.31%
• <i>Accurate first-time service delivery</i>	163 45.92%	192 54.08%	355 8.73%	8.49%
• <i>Service recovery</i>	0 0%	10 100%	10 0.24%	0.24%
• <i>Service failure</i>	0 0%	295 100%	295 7.05%	7.05%
• <i>Loss of documents</i>	0 0%	106 100%	106 2.53%	2.53%
Adherence to specific promises made by SARS	10 22.22%	35 77.78%	45 1.08%	1.08%
Software	5 25%	15 75%	20 0.47%	0.48%

Tangibles service determinant

Physical facilities	7 36.84%	12 63.16%	19 0.45%	0.45%
Sound quality of the call centre	0 0%	4 100%	4 0.10%	0.10%

General responses

General	155 70.14%	66 29.86%	221 5.28%	5.28%
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IMAGE DIMENSION (filtering function)

Empathy service determinant

Continuous improvement of service offerings	34 100%	0 0%	34 0.81%	0.81%
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Reliability service determinant

Adherence to general code of conduct	2 8.33%	22 91.67%	24 0.58%	0.57%
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It was found that only one service attribute, namely the knowledge of the employees classified under the assurance service determinant, could really be regarded as evaluating the technical quality of the services. Only 12.26% of the responses for the traditional services were allocated to the knowledge of employees service attribute.

Two service aspects were found to be relevant to the image dimension. The first was continuous improvement of service offerings, classified with the adaptability service attribute under the empathy service determinant (0.81% of responses). The second was adherence to a general code of conduct, classified with adherence to promises in the general service attribute, under the reliability service determinant (0.58% of responses).

All the other responses (86.35%) were allocated to the functional quality dimension of the proposed service quality model.

Although the proposed service quality model includes service aspects from all three dimensions, the main focus is therefore on the functional quality. All five the identified service determinants are represented in the functional quality dimension, which has many more identified service attributes than either of the other two dimensions. The technical quality is only partly represented by one service determinant (assurance) and fully represented by the knowledge of employees service attribute in the assurance service determinant. The image dimension is partly represented by the empathy and the reliability service determinants. No specific service attribute could be allocated to the image dimension, but two service aspects among the service attributes (which were mainly classified under the functional quality dimensions) were allocated to the image dimension. The results of the study supports the conclusions of Gummesson (1992) that a specific service determinant could be valid for more than one service dimension (refer to Section 3.3.6).

7.4.2 Questions to be included to evaluate the service quality of SARS

The present research does not generally prescribe the specific wording in the measuring instrument to be used to evaluate the service quality of SARS, but the content of the questions to be included in such a model is proposed in Table 7.5 below. The detailed content is presented per service determinant. The determinants are in turn presented in the order of perceived importance, based on response frequencies. In addition to the detailed aspects recommended for inclusion in the service quality model, an additional global judgement should also be measured separately (see Conclusion 5.61).

Table 7.5: Proposed content of the measuring instrument for the traditional service quality of SARS

Conclusion number	Proposed content of measuring instrument
<i>Responsiveness service determinant</i>	
5.6	<p>A question that measures – only for the traditional services – the speed (the number of working days) of the turnaround time for resolving queries or updating required taxpayer information when practitioners correspond with SARS by means of</p> <ul style="list-style-type: none"> • a fax; • the postal services; • e-mail (including tax practitioners' and e-filing e-mails); and/or • correspondence that is hand-delivered at SARS branches. <p>The service quality model should also include a question that measures the time (in minutes) that it takes to resolve a query or update information if the tax practitioner</p> <ul style="list-style-type: none"> • visits a SARS branch; or • telephones the call centre.
5.7	<p>A question that measures – only for the traditional services – the speed (number of working days) of</p> <ul style="list-style-type: none"> • VAT registrations; and • other tax registrations.
5.8	<p>It is recommended that the following question on the speed of the services relating to the dispute resolution process be included in the service quality model: “In the case of a dispute on a tax assessment that does not arise because of a processing error by SARS, how long does it take from the date of the assessment to the date that the letter of rejection or acceptance of the objection is received?”</p>
5.9	<p>Questions that evaluate the speed with which tax returns are processed and the speed of the tax assessment process. Separate evaluations should be included for the VAT and PAYE returns, and the income tax returns. For each type of return, provision should be made to distinguish between the speed of the traditional service channels and that of the e-filing service channel. For income tax returns, separate evaluations should be available for the peak periods (July to February) and the off-peak periods (March to June).</p> <p>Recommended framework for questions:</p> <p>The speed (number of working days) with which PAYE and VAT returns are processed</p> <ul style="list-style-type: none"> • when e-filing is used; and • when the returns are submitted manually. <p>The speed (number of working days) with which income tax returns are processed and assessments issued during peak periods (July to February)</p> <ul style="list-style-type: none"> • when e-filing is used; and • when the returns are submitted manually. <p>The speed (number of working days) with which income tax returns are processed and assessments issued during off-peak periods (March to June)</p> <ul style="list-style-type: none"> • when e-filing is used; and • when the returns are submitted manually.

5.10	<p>A question that evaluates separately the speed (in working days) of processing and paying refunds to clients with regard to</p> <ul style="list-style-type: none"> • income tax refunds; <ul style="list-style-type: none"> ○ when the tax return is submitted through e-filing; or ○ when the tax return is not submitted through e-filing; and • VAT refunds; <ul style="list-style-type: none"> ○ when the tax return is submitted through e-filing; or ○ when the tax return is not submitted through e-filing.
5.11	<p>Questions that evaluate</p> <ul style="list-style-type: none"> • the timeliness of the availability of the income tax returns for natural persons through both <ul style="list-style-type: none"> ○ the traditional service channels; and ○ the e-filing service channel; and • the timeliness of the availability of the income tax returns for companies and trusts through both <ul style="list-style-type: none"> ○ the traditional service channels; and ○ the e-filing service channel.
5.12	A question that evaluates the speed (in working days) in issuing tax clearance certificates.
5.13	A question that evaluates the speed at which payments made to SARS are processed.
5.14	A question that evaluates the processing speed (number of working days) of deregistrations by SARS.
5.15	<p>A question addressing the degree of willingness of SARS employees to assist tax practitioners. This question should only be evaluated for the services rendered</p> <ul style="list-style-type: none"> • at the branches; • through the call centre (normal, tax practitioners' and e-filing call centre); and • e-mail (normal and e-filing e-mail).

Assurance service determinant

5.16	<p>A question that tests whether the tax practitioners perceive the employees who provide services to the tax practitioners to have the necessary knowledge and skills to provide sufficiently clear, accurate and helpful responses</p> <ul style="list-style-type: none"> • at the branches; • through the call centres (the normal, the tax practitioners' and the e-filing call centre); and/or • through e-mail (normal and e-filing e-mail).
5.17	A question on whether, if first-time resolution is not possible when the call centre is contacted, the tax practitioner is always advised of the next step(s) he or she should take.
5.18	A question that tests whether tax practitioners perceive the knowledge and skills of the employees of SARS who deal with the dispute resolution aspects (provision of reasons for assessments and replies to objections) to be adequate to provide clear, accurate and helpful responses.
5.19	<p>A question to determine whether tax practitioners perceive the contact employees at SARS to be concerned about the tax practitioners' problems and willing to assist them professionally in a polite and friendly way at</p> <ul style="list-style-type: none"> • the branches; and • the call centres.
5.20	A question with regard to the acknowledgement of the receipt of documents through the branches, e-mail, fax, post and e-filing service channels and the acknowledgement of a query lodged at the call centre.

5.21	A question to evaluate whether tax practitioners always know at what stage in the process a particular request or submission is.
5.22	A question to evaluate whether tax practitioners always know when a specific service that is to be performed by SARS has been completed.
5.23	A question to evaluate whether SARS's employees always deal consistently with the same service aspect.
5.24	A question to determine whether tax practitioners feel physically safe during their interactions with SARS at the branches.
5.25	A question to determine whether tax practitioners are satisfied with the verification procedures required before taxpayer information is provided to the tax practitioners.
5.54	A question to determine whether tax practitioners are always informed of the required actions and due dates in order for them to fulfil their tax obligations.
5.55	A question to evaluate the availability of a private environment for a tax practitioner's interactions with SARS, when such an environment is preferred and requested.

Empathy service determinant

5.26	A question to determine the perceptions of tax practitioners with regard to waiting time before they are served at the <ul style="list-style-type: none"> • branches; and • call centres (including the normal, the tax practitioners' and the e-filing call centres).
5.27	A question to determine whether SARS officials are available at the scheduled time when a tax practitioner has a scheduled appointment.
5.28	A question relating to the preference of the tax practitioner with regard to particular service channels. All the service channels should be listed; and specific frequencies of use as well as perceived effectiveness should be measured.
5.29	A question to determine whether tax practitioners are provided with designated service channels (only for their use). This should be evaluated for the call centres (both the traditional and the e-filing call centres), e-mail and branches. The question might include the effectiveness of this strategy, and whether the option should be available.
5.30	A question to determine whether communication or interaction with tax practitioners is sufficient to ensure that tax practitioners are always informed of any changes to the compliance procedures at SARS.
5.31	A question to determine whether there are enough opportunities for tax practitioners to communicate any problems or needs to SARS.
5.32	A question to determine whether tax practitioners perceive SARS's internal communication processes to be effective.
5.33	A question with regard to the acceptability of the particular person through whom communication with SARS is channelled. This question could be accompanied by a closed-ended question with two alternatives. The one alternative is the option to speak to the specific tax consultant dealing with the tax file of the client. The second option is to speak to any person who is knowledgeable and can assist the tax practitioner.
5.34	A question to determine whether the identity of employees working with specific tax matters is disclosed.
5.35	A question to determine the efficiency of both the verbal and the written communication skills of SARS employees. It is not advised that this should be split into the different service channels, but it is suggested that the question should address communication skills in general.

5.36	A question to determine whether the contact employees at SARS communicate in a language that is fully understandable to the tax practitioners. The section dealing with demographic information should also include a question relating to the language of preference (or home language) of the tax practitioner.
5.37	A question to determine whether the communication from SARS is always with the appropriate person.
5.38	A question to determine whether the written documentation or any tax form or return received from SARS is provided in a language fully understandable to the tax practitioner concerned.
5.39	A question to evaluate whether tax practitioners perceive SARS as dynamic and as continuously striving to improve its service offerings.
5.40	A question to determine whether SARS employees adapt to the particular individual needs of tax practitioners.
5.41	A question that tests the effectiveness of the EFT banking payment system.
5.42	A question that tests the practicality of the requirement that all taxpayers should have a bank account.
5.43	A question that tests the user-friendliness or burdensomeness of the following SARS business processes: <ul style="list-style-type: none"> • tax registrations, • tax returns, • account queries, • dispute resolution process, • updating of information process, and • tax assessments.
5.44	A question that evaluates SARS's ability to provide a one-stop service at branches for all the services SARS renders.
5.45	A question that evaluates the degree of duplication of information required to be submitted to various SARS divisions.
5.46	A question that evaluates the degree of assistance received from SARS in ensuring successful service delivery.
5.47	A question that evaluates the convenience of the location of the various SARS branches.
5.48	A question that evaluates the convenience of SARS's operating hours.

Reliability service determinant

5.49	<p>A question that evaluates SARS's ability to perform a service correctly the first time. This should be tested for all the different business processes. The tax assessment and tax return business processes should also be evaluated for both the traditional and e-service modes. The service quality model should thus include a question that evaluates the ability of SARS to deliver accurate first-time service solutions in</p> <ul style="list-style-type: none"> • processing tax registrations – <ul style="list-style-type: none"> ○ specifically evaluating VAT registrations; and ○ evaluating other registrations (excluding VAT registrations); • issuing tax returns – <ul style="list-style-type: none"> ○ when tax practitioners use traditional service modes; and ○ when tax practitioners use the e-service mode; • processing and issuing tax assessments – <ul style="list-style-type: none"> ○ when tax practitioners use traditional service modes; and ○ when tax practitioners use the e-service mode; • processing tax payments – <ul style="list-style-type: none"> ○ when tax practitioners use traditional service modes; and ○ when tax practitioners use the e-service mode; • processing and paying tax refunds; • processing and issuing tax clearance certificates; and • processing objections and issuing answers to the objections.
5.50 and 5.52	<p>A question that evaluates SARS's ability to perform a service correctly the first time. This should be tested for the following service channels:</p> <ul style="list-style-type: none"> • branches; • call centres (including the designated tax practitioners' and the e-filing call centres); • e-mail facilities (including the e-filing e-mail); and • faxes or posted letters. <p>The question should provide for different scales in the measuring instrument. One end of the scale should reflect accurate first-time service delivery and the other end of the scale should reflect total service failure.</p>
5.51	<p>A question that evaluates SARS's ability to put in place an effective system to ensure successful service recovery when SARS makes errors.</p>
5.53	<p>A question to evaluate whether SARS loses documents after they have been submitted.</p>
5.56	<p>A question to determine whether tax practitioners perceive SARS as abiding by its own code of conduct. The first part of the question should be a closed-ended question with the different levels of agreement as response options. To assist SARS to identify problem areas, it may be useful to include an open-ended question eliciting the reason why a tax practitioner answered in the negative. An alternative could be to list the values mentioned and to ask to what degree SARS adheres to them. In the latter case, a qualitative question can be avoided, but the questionnaire would be longer.</p>
5.57	<p>A question to determine whether the employees of SARS at both the call centres and the branches always do something if they have promised to do it.</p>

Tangibles service determinant

5.59	<p>A question to evaluate the comfort, size and visual appeal of the physical facilities at SARS branches.</p>
5.60	<p>A question to evaluate the sound quality of the various call centres.</p>

Because not all tax practitioners use all the traditional service channels for a specific business process, it is further recommended that all the questions should provide an

option for the tax practitioner to respond that he or she does not use a particular service channel.

7.4.3 Managerial implications of the present research with regard to the traditional services

Although the present research did not attempt to evaluate the actual service quality of SARS, the frequencies of the responses relating to the various service attributes (refer to Section 7.4.3.1 below) may assist SARS in determining what service aspects are the most important to tax practitioners. It is not only the frequencies of the service attributes identified in the research that may be relevant to SARS, but SARS may also be interested in the results of the present research presented per service channel (see Section 7.4.3.3) and business process (see Section 7.4.3.2).

7.4.3.1 Relative importance of the various service attributes

The frequencies of the responses relating to the various service attributes could assist SARS in directing its service strategies to the identified items to enhance the quality of the services it provides to tax practitioners. The importance of the service attributes identified is listed in detail in Table 7.6 below.

Table 7.6: Frequencies of critical incidents per service attribute for the traditional services

Service determinant	Service attribute	Positive (n = total for attribute)	Negative (n = total for attribute)	Total	Percentage (%) (n = 4 183)
Reliability	Accurate service delivery	163 (21.28%)	603 (78.72%)	766	18.31%
Responsiveness	Speed of performing the service	218 (31%)	485 (69%)	703	16.80%
Assurance	Knowledge of employees	143 (27.88%)	370 (72.12%)	513	12.26%
Empathy	Waiting time	85 (21.46%)	311 (78.54%)	396	9.46%
Responsiveness	Willingness of employees	248 (63.92%)	140 (36.08%)	388	9.28%
Empathy	Communication	130 (35.82%)	233 (64.18%)	363	8.68%
General	General	155 (70.14%)	66 (29.86%)	221	5.28%
Assurance	Politeness and friendliness of employees	155 (71.76%)	61 (28.24%)	216	5.16%
Assurance	Consistency	6 (4.65%)	123 (95.35%)	129	3.08%
Assurance	Administration of the operational process	45 (45.46%)	54 (54.54%)	99	2.37%
Empathy	Adaptability	52 (54.17%)	44 (45.83%)	96	2.30%
Empathy	User-friendliness	10 (11.49%)	77 (88.51%)	87	2.08%
Reliability	Adherence to specific promises made by SARS	10 (22.22%)	35 (77.78%)	45	1.08%
Empathy	Assistance	9 (27.27%)	24 (72.73%)	33	0.79%
Empathy	One-stop service	4 (12.5%)	28 (87.5%)	32	0.77%
Reliability	Adherence to promises in general	2 (8.33%)	22 (91.67%)	24	0.58%
Reliability	Software	5 (25%)	15 (75%)	20	0.47%
Tangibles	Physical facilities	7 (36.84%)	12 (63.16%)	19	0.45%
Assurance	Confidentiality	2 (16.67%)	10 (83.33%)	12	0.29%
Empathy	Convenience of locations	4 (40%)	6 (60%)	10	0.24%
Empathy	Convenience of operating hours	2 (40%)	3 (60%)	5	0.12%
Tangibles	Sound quality of call centre	0 (0%)	4 (100%)	4	0.1%
Assurance	Physical safety	1 (50%)	1 (50%)	2	0.05%

Although it was found that responsiveness, assurance and empathy are probably more important than reliability, it is a service attribute from the reliability service determinant that was found to be the most important: the accurate service delivery service attribute in the reliability service determinant attracted the highest number of responses, namely 18.31% (766 critical incidents, $n = 4\ 183$) of which 78.72% were negative (603 critical incidents, $n = 766$) and 21.28% were positive (163 critical incidents, $n = 766$). This service attribute not only attracted the highest total number of responses containing relevant critical incidents, but also attracted the highest number of negative responses of all the service attributes. The number of negative responses for this service attribute was also much higher than the average number of negative responses for all the traditional services, at approximately 60%.

The service attribute that attracted the second highest number of total responses (and again the second highest number of negative critical incidents) was the speed of performing the service. This service attribute was classified as part of the responsiveness service determinant. A total of 16.80% of the responses were allocated to it (703 critical incidents, $n = 4\ 183$), of which 31% (218 critical incidents, $n = 703$) were positive and 69% (485 critical incidents, $n = 703$) were negative. Again the proportion of the negative responses (69% versus 60%) was proportionally higher than the average for the present research.

The third most important service attribute (and the only other service attribute that attracted more than 10% of the responses) was the knowledge of employees service attribute, classified under the assurance service determinant. This service attribute attracted 12.26% of the total responses (513 critical incidents, $n = 4\ 183$), of which a very high proportion of 72.12% (370 critical incidents, $n = 513$) were negative and only 27.88% (143 critical incidents, $n = 513$) were positive.

The identification of the three service attributes that attracted the highest number of responses (that is accurate service delivery, speed of performing the service and knowledge of employees service attribute) should thus assist SARS in focusing its service strategies. The fact that the proportion of negative responses was so high for all three of the “most important” service attributes may indicate that SARS should focus its service improvement strategies on these aspects sooner rather than later.

Four service attributes (excluding the general allocations) attracted fewer than 10% of the responses, but more than 5%, namely:

- waiting time, which attracted 9.46% of the responses (396 critical incidents, n = 4 183), of which 21.46% were positive and 78.54% were negative;
- willingness of employees, which attracted 9.28% of the responses (388 critical incidents, n = 4 183), of which 63.92% were positive and 36.08% were negative;
- communication, which attracted 8.68% of the responses (363 critical incidents, n = 4 183), of which 35.82% were positive and 64.18% were negative; and
- politeness and friendliness of employees, which attracted 5.16% of the responses (216 critical incidents, n = 4 183), of which 71.76% were positive and 28.24% were negative.

The waiting time service attribute, which was part of the empathy service determinant, attracted a proportionally higher number of negative responses (78.24% versus 60%), but the willingness of employees and the politeness and friendliness of employees attracted a proportionally higher number of positive responses. The four most important service attributes thus all attracted a proportionally high number of negative responses. It is interesting that these four service attributes each contributed to four different service determinants – (in order of importance) reliability, responsiveness, assurance and then empathy. Tangibles still appears to be the least important for the proposed SARS service quality model. SARS should therefore focus its service improvement strategies on four of the five service determinants, for the short term at least, and only then focus on tangibles. Apart from the service attributes already listed, no other service attribute attracted more than 100 negative or positive responses.

7.4.3.2 *Results per business process*

The proposed service quality model and the ranking of the different service attributes are very important, but as the business process approach was identified as suitable for the present research, it is also necessary to analyse the responses per business process. Table 7.7 provides a summary of the critical incidents per business process.

Table 7.7: Responses for traditional services per business process

Business process	Negative responses (n = total for business process)	Positive responses (n = total for business process)	Total responses	Percentage (%) (n = 4 183)
General business processes	252 (70.79%)	104 (29.21%)	356	8.51
Tax registrations	240 (83.33%)	48 (16.67%)	288	6.89
Queries	129 (70.88%)	53 (29.12%)	182	4.35
Dispute resolution process	81 (76.42%)	25 (23.58%)	106	2.53
Tax assessment	68 (73.91%)	24 (26.09%)	92	2.20
Tax refunds	47 (67.14%)	23 (32.86%)	70	1.67
Returns	45 (67.16%)	22 (32.84%)	67	1.60
Updating of details	53 (81.54%)	12 (18.46%)	65	1.55
Tax payments	19 (59.38%)	13 (40.62%)	32	0.77
Tax clearance	26 (100%)	0 (0%)	26	0.62
Tax amnesty process	3 (100%)	0 (0%)	3	0.07
Deregistrations	3 (100%)	0 (0%)	3	0.07
Electronic tax payments	2 (100%)	0 (0%)	2	0.05

Apart from the critical incidents that related to business processes in general, the only business process that attracted more than 5% of the total number of critical incidents was the tax registration business process, with 288 critical incidents (6.88%, n = 4 183) that related to it. Of these critical incidents, 16.67% were positive and 83.33% were negative. The speed of performing the tax registrations was the service attribute that received the highest number of responses for this business process, namely 149 critical incidents (51.74%, n = 288). The second most important service attribute for the tax registration business process was the accuracy of performing the service, which attracted 49 critical incidents (17.01%, n = 288). The third most important service attribute and the only other service attribute that attracted more than 10% of the responses was the user-friendliness of the tax registration business process, with 45 critical incidents (15.63%, n = 288) allocated to it.

As registration is a taxpayer's first step towards becoming tax compliant, it is crucial for this process to be streamlined, efficient and, above all, simple and quick. Many taxpayers would be willing to pay their taxes, but experience the process of registration as complex, time-consuming and cumbersome (Citizen Surveys, 2008). Smulders and Stiglingh (2008:10) regard the tax registration process as one of the priority areas on which SARS should focus in the process of broadening the tax base to ensure that taxpayers who are willing to pay their taxes can in fact do so. Smulders and Stiglingh (2008:10) also suggested that registration for tax (all taxes) should be straightforward and quick. Forms should be simple, short and easy to read. Immediate processing of information and receipt of a registration number should be the performance standard.

Since the data for the present research was gathered, SARS (2008c) has already introduced a simplified and quicker registration process for the registration for VAT. The new system of VAT registrations even provides for the option of the immediate receipt of a VAT registration number. Of the 288 responses that related to tax registrations in the present research, 80 specifically related to the VAT registration process. The remaining 208 responses related to the other tax registrations, including income tax or the PAYE tax registrations. No similar measures for the other tax registrations have been introduced to date to either simplify the registration process or to enhance the speed of delivering the service.

Apart from the tax registrations already analysed above, no other business process attracted more than 5% of the total number of responses.

7.4.3.3 Results per service channel

The services rendered by the various business processes at SARS are delivered through various service channels. The results of the present research per service channel may also assist SARS to prioritise service strategies. They are presented in Table 7.8 below.

Table 7.8: Responses for traditional services per service channel

Service channel	Negative responses (n = total for service channel)	Positive responses (n = total for service channel)	Total responses	Percentage (%) (n = 4 183)
Call centre	580 (67.29%)	282 (32.71%)	862	20.61
General service channels	450 (53.83%)	386 (46.17%)	836	19.99
Branch	402 (59.64%)	272 (40.36%)	674	16.11
E-mail	100 (53.48%)	87 (46.52%)	187	4.47
Fax	50 (76.92%)	15 (23.08%)	65	1.55
Postal	46 (82.14%)	10 (17.86%)	56	1.34
Text messaging	7 (36.84%)	12 (63.16%)	19	0.45

The call centre is the service channel that attracted the highest number of responses: 862 critical incidents (20.61%, n = 4 183), of which 32.71% were positive and 67.29% were negative. The call centre is thus currently regarded as the most important service channel SARS uses. The knowledge of employees was regarded as the most important service attribute for the call centre service channel, with 211 critical incidents (24.48%, n = 862). The waiting time before being provided with the required service was regarded as the second most important service attribute for the call centre, with 149 critical incidents (17.29%, n = 862). The accuracy of service performance service attribute attracted 127 critical incidents (14.73%, n = 862). If it is assumed that the knowledge of the employees directly affects the accuracy of the service SARS delivers through the call centre, then the responses on accurate service delivery could be added to the knowledge of employee service attribute and would then place even more emphasis on the knowledge of the employees operating the call centre. The willingness of the employees to provide the required service to tax practitioners at the call centre is the only other service attribute that attracted more than 10% of the responses that related to the call centre, with 98 critical incidents (11.37%, n = 862).

The second most important service channel was the branches, with 674 critical incidents (16.11%, n = 4 183) allocated to it, of which 40.36% were positive and 59.64% were negative. Of the total responses that related to the branch as a service channel, waiting time before being attended to was regarded as the most important service attribute, with

153 critical incidents (22.7%, n = 674). The willingness of the employees to assist the tax practitioners was regarded as the second most important service attribute for the branch service channel, with 111 critical incidents (16.47%, n = 674) allocated to it. The knowledge of the employees was again regarded as important, but not as important as the waiting time and willingness of employees service attributes. The knowledge of the employees assisting tax practitioners at branches attracted 79 critical incidents (11.72%, n = 674). It was the only other service attribute that received more than 10% of the total responses that related to the branch service channel.

All the other service channels (that is the e-mail, fax, post and text messaging) attracted a very low number of responses (less than 5%). Although the e-mail service channel was regarded as the third most important service channel, it attracted only 187 critical incidents (4.47%, n = 4 183). It is also clear from the responses that the two service channels that were relied on most heavily in the past, namely fax and the postal service channel, have decreased in importance, with only 65 critical incidents (1.55%, n = 4 183) allocated to the fax service channel. The postal service channel attracted 56 critical incidents (1.33%, n = 4 183). Both the fax and the postal service channels attracted a high number of negative responses, namely 76.92% for the fax and 82.14% for the postal service channel.

As the text messaging service channel is only available for communication from SARS to the tax practitioners and not the other way around, it is understandable that it would not be regarded as very important by the responding tax practitioners.

Although the accurate service delivery was regarded as the most important service attribute with regard to the service quality of SARS, the accurate service delivery related mainly to the business processes. For the service channels, the knowledge of the employees was clearly regarded overall as the most important service attribute, followed closely by waiting time and the willingness of employees service attributes in second and third place.

7.5 TRADITIONAL SERVICES: VALIDATING THE PROPOSED SERVICE QUALITY MODEL

7.5.1 Introduction

The outcome of the present research (a “lens of the customer” that has been built by identifying service determinants and service attributes relevant to tax practitioners’ evaluation of tax agency e-services) is unique. Thus far, no similar research model exists that was specifically developed for tax agencies. There was therefore no source of comparison to provide any kind of benchmark or to assist in evaluating the reliability and validity of the proposed service quality model.

The final service determinants identified in the present research have much in common with the service determinants identified for the SERVQUAL service quality measuring instrument developed by Parasuraman *et al.* (1986, 1988) and Parasuraman *et al.* (1991a). Therefore, an investigation of SERVQUAL as a generic service quality model could provide additional evidence of the need for or validity of categorising service quality factors into the different dimensions (the originators of SERVQUAL referred to this as the “dimensionality”) of the five-factor service determinants in the service quality model proposed in the present research, as well as the reliability of the proposed instrument.

7.5.2 Analysis of SERVQUAL as an instrument

Before a detailed comparison between SERVQUAL and the proposed model can be made, the applicability of the SERVQUAL scale as the benchmark must be evaluated. Once it has been established that SERVQUAL serves as a benchmark, the reliability and validity of the SERVQUAL instrument can be investigated, as this will have a direct impact on the possible reliability and validity of the proposed service quality model.

A number of researchers have already commented on SERVQUAL. The primary aspect of debate has been the dimensionality of the instrument. Some authors, such as Richard and Allaway (1993:61) and Vos (2003:102) found that SERVQUAL was widely accepted as a robust categorisation of the determinants of service. Other authors, for example, Donnelly and Shiu (1999:498), have questioned the distinctness of SERVQUAL’s five-factor structure. Cronin and Taylor (1992:7) and Dabholkar *et al.* (2000:141) have even

suggested that service quality is a unidimensional construct. Parasuraman *et al.* (1994:113) defended their instrument, maintaining that every argument presented by Cronin and Taylor (1992) on the dimensionality of SERVQUAL is questionable. The general consensus among researchers such as Brady and Cronin (2001), Grönroos (1984, 1988), Gummesson (1992), Kang and James (2004), Philip and Hazlett (1997), Rust and Olivier (1994) and Rust *et al.* (1995), however, is that service quality is, in fact, multidimensional.

The originators of the instrument, Parasuraman *et al.* (1988), conducted a factor analysis to determine the dimensionality of SERVQUAL. Orwig, Pearson and Cochran (1997:8) suggested that, rather than relying solely on factor analysis (which is used to evaluate the dimensionality of SERVQUAL), customers could classify the SERVQUAL items into the determinants according to the content of each item. The proportion of customers "correctly" classifying the items into the five determinants could reflect the degree to which the dimensions are distinct. Parasuraman *et al.* (1991a) recommend that the use of such a technique while pre-testing each application of SERVQUAL would be prudent. Parasuraman *et al.* (1988) and Parasuraman *et al.* (1991a) found that the reliabilities and factor structures indicate that SERVQUAL's five service determinants have sound and stable psychometric properties. Parasuraman *et al.* (1991a:440) also found that, at a general level, the five-dimensional structure of SERVQUAL serves as a meaningful conceptual framework for summarising the criteria customers use when assessing service quality.

The purpose of measuring the service quality of SARS (based on the proposed service quality model) is to have an impact on the services rendered by SARS to ensure optimum service quality. There is consensus that SERVQUAL measures service quality from the customer's perspective (in this way also focusing on being the "lens of the customer"). A number of researchers, such as Donnelly, Wisniewski, Dalrymple and Curry (1995:20), Philip and Hazlett (1997:264) and Schneider and White (2004:48) claim that, from a practical point of view, the various dimensions in SERVQUAL have diagnostic value. Interpreting the results of a SERVQUAL survey would therefore allow management to gain a better understanding of how its services could be improved in the customers' view (Badri *et al.* 2005:843). Because the present research is influenced by the SERVQUAL model, that suggests that those performing the important task of identifying service shortfalls and

improving services would benefit from a survey based on the proposed service quality model. This would, in all likelihood, allow managerial judgement to be exercised, based on real information and knowledge rather than on mere surmise.

The diagnostic value of SERVQUAL is not valid for the private sector only. Foster and Newman (1998), Wisniewski and Donnelly (1996:5) and Wisniewski (2001a:996) are of the opinion that the use of the SERVQUAL instrument has considerable potential for managers and other decision-makers in a public sector organisation who seek rigorous service quality measures.

Apart from concerns about the dimensionality of SERVQUAL, some researchers, such as Kang and James (2004), Philip and Hazlett (1997), Philip and Stewart (1999) and Richard and Allaway (1993), maintain that, as it stands, the five dimensions of service quality embodied in SERVQUAL may not constitute a totally adequate instrument with which to assess the perceived quality of all services (thereby raising the question of the content validity of SERVQUAL). These researchers suggest that SERVQUAL may be inadequate in some respects, because they found that the SERVQUAL dimensions do not measure the technical quality of services, the “service outcome”. However, while they do express the view that SERVQUAL does not fully measure service quality, Philip and Hazlett (1997) nevertheless acknowledge SERVQUAL’s significance and agree that “SERVQUAL’s impact in the service quality domain is undeniable”. Similarly, while Cronin and Taylor (1992:4) question the dimensionality of SERVQUAL, they conclude that the SERVQUAL scale appears to define the domain of service quality adequately. The results of the present study (see Section 5.9.1) also confirm that SERVQUAL evaluates aspects of both functional and technical quality. It should be borne in mind that, while in most cases a service would give rise to only one service output, various service processes all contribute to that output. It would thus make sense that, in both SERVQUAL and the model proposed in the present research, the service process aspect of a service would receive more emphasis than the service output.

The originators of SERVQUAL, Parasuraman, Zeithaml and Berry, also addressed the validity of the scale (Parasuraman *et al.* 1988; Parasuraman *et al.* 1991a). They first assessed the construct validity of the scale by assessing the content validity qualitatively (does the scale appear to measure what it is supposed to measure?) and found, firstly, that the thoroughness with which the construct of the scale has been explicated and,

secondly, the extent to which the scale items represent the construct's domain, confirmed SERVQUAL's content validity. Bakabus and Boller (1991) confirmed the content (face) validity of SERVQUAL. Parasuraman *et al.* (1988) and Parasuraman *et al.* (1991a) then empirically confirmed SERVQUAL's convergent validity. Parasuraman *et al.* (1991b:432) found that the high reliability and consistent factor structure of SERVQUAL across five independent samples also support the scale's trait validity.

Another aspect of SERVQUAL that has been criticised is the dimensionality as a function of the type of service industry, in other words, the relationship between expectations and the importance of the various service determinants in different service industries (Carman 1990; Cronin & Taylor 1992). The revised SERVQUAL model (Parasuraman *et al.* 1991a) addressed this issue with the addition of the five importance measurement scales at the end of the instrument.

SERVQUAL scales have been extensively cited, tested and successfully adopted in various contexts (Connolly & Bannister 2008:314; Nomdoe & Pather 2007:99; Schneider & White 2004:60). Various researchers, such as Babakus and Boller (1991), Badri *et al.* (2005:843), Carman (1990) and Richard and Allaway (1993:61) have assessed and confirmed the scale's reliability and validity. The originators of SERVQUAL, Parasuraman *et al.* (1988) and Parasuraman *et al.* (1991a), personally performed tests on the SERVQUAL scale and confirmed its reliability, validity and factor structure across various independent samples (1988 – four independent samples; 1991 – five independent samples).

Although there is not complete consensus among researchers, there are strong arguments that underpin the reliability and validity of the SERVQUAL instrument as a generic service quality evaluation instrument. It should, however, be determined whether SERVQUAL is applicable in both the private and the public sectors.

Orwig *et al.* (1997:1) concluded that SERVQUAL (as it stands, without adaptations) is not necessarily suitable for measuring service quality in the public sector. However, Orwig *et al.* (1997:8) qualified this conclusion by acknowledging that further research would be necessary to determine whether the failure of SERVQUAL in the specific environment in which they conducted their research (the Air National Guard) applied only to the Air National Guard or whether it was symptomatic of the public sector as a whole. Perhaps the

instrument's failure could be explained by the possibility that the military organisation and culture itself created perceptions of service quality that differed significantly from those of civilian respondents (Orwig *et al.* 1997:8). Other researchers, such as Curry and Stirling (2002), Foster and Newman (1998) and Wisniewski (2001a, 2001b) successfully applied SERVQUAL and adaptations of SERVQUAL in the public sector. Curry and Stirling (2002) and Wisniewski (2001a, 2001b) confirmed the potential usefulness and relevance of SERVQUAL in the public sector context to determine consumer priorities and measure service performance.

The global applicability of SERVQUAL has been questioned. Donnelly and Shiu (1999:498) are of the opinion that, although the SERVQUAL approach has been rigorously developed and tested for the North American sector services, the application of their approach to different service contexts (particularly the British public sector) must be anchored by similarly rigorously tested and validated models. They maintain, moreover, that it is vital to develop the survey instrument from the perspective of both the deliverer and the recipient. Notwithstanding, the user-based approach of quality was found to be predominantly suitable for this study, and the results reached by Donnelly and Shiu (1999) should be considered in this context.

Curry and Stirling (2002:197) tested the hypothesis of the applicability of the SERVQUAL model to the public sector. In their research, they used the model to assess the quality of three different types of physiotherapy service provision in Dundee, Scotland. Wisniewski (2001a, 2001b) successfully applied SERVQUAL to test the service quality of the Scotland Accounts Commission. As the studies of both Wisniewski (2001a, 2001b) and Curry and Stirling (2002) were successfully conducted outside the Northern American sector, in a context probably more typical of the British environment generally, that is, the Scottish public sector, it should address the concerns of Donnelly and Shiu (1999) that SERVQUAL may be applicable only to the Northern American sector.

It appears that there is strong evidence that SERVQUAL is a reliable instrument, but it is also necessary to determine what the effect of modifications to the model may be. The originators of SERVQUAL, Parasuraman *et al.* (1986, 1988) and Parasuraman *et al.* (1991a), aimed to develop a generic service quality model, but it has been acknowledged that SERVQUAL does not appear to be universally applicable to all situations without modification (Schneider & White 2004:33). Even Parasuraman *et al.* (1988), and

Parasuraman *et al.* (1991a) agree that appropriate adaptation of the instrument may be desirable when only a single service provider (as is the case in the present research) is to be investigated.

7.5.3 Comparison of the proposed model with SERVQUAL

There is strong evidence that SERVQUAL is a reliable generic instrument with a high degree of validity that could be applied globally in both the private and the public sectors. It has also been demonstrated that it is desirable to modify the instrument when only a single service provider is to be investigated. The proposed service quality model is now compared in principle with the SERVQUAL model. As the present research follows the business process approach advocated by Rust *et al.* (1995), the proposed items in the service quality model are focused on business processes or service channels. They are consequently not as generic as those included in SERVQUAL. To facilitate a useful comparison between the service aspects in the present research and those in SERVQUAL, the detailed items in the SERVQUAL instrument are compared with the service attributes of the model proposed in the present research. Table 7.9 provides a detailed comparison of the SERVQUAL instrument with the proposed model for measuring SARS's service quality. The results of the comparison are explained below.

Firstly, it must be noted that both SERVQUAL and the present research propose five service determinants in evaluating service quality. Although the names and general meaning of the service determinants are the same, the definitions of the determinants for the present research differ from those used by SERVQUAL in some cases. They are, for the most part, broader (refer to Table 7.9). Parasuraman *et al.* (1991a) recommend that reference to the service determinants should be excluded from the survey instrument. The present research also recommends this approach when the model is converted into a survey instrument.

The order in which the items in the service quality models are presented also differs. In the present research, the items are listed per service determinant, arranged in descending order from the service determinant that received the most responses to the one that received the fewest. The service attributes within each service determinant were similarly presented in descending order depending on the frequency of the responses. No specific

order is used in SERVQUAL. Differences in the order in which items are presented in the separate models should not unduly influence the validity or reliability of the instruments.

The remaining comparisons between the two models are analysed in the following sections:

- SERVQUAL items not included in the proposed model (see Section 7.5.3.1);
- SERVQUAL items combined in the proposed model (see Section 7.5.3.2);
- modifications of SERVQUAL items (see Section 7.5.3.3);
- items in both scales that agree in principle (see Section 7.5.3.4); and
- additional service aspects not mentioned in SERVQUAL (see Section 7.5.3.5).

7.5.3.1 *SERVQUAL items not included in the proposed model*

Certain items in the SERVQUAL model were not included in the proposed service quality model. According to Parasuraman *et al.* (1991a), such a change could affect the integrity of the scale. Apart from items listed in the tangibles section in SERVQUAL, all the other items listed in the other service determinants (reliability, responsiveness, assurance and empathy) encompassed service aspects that agreed, for the most part, with the SERVQUAL model.

The tangibles determinant in SERVQUAL contains only two items that are not addressed in the service quality model proposed in the present research, namely P3: “XYZ’s employees are neat appearing” (*sic*) and P4: “Materials associated with the service ... are visually appealing at XYZ”. The exclusion of these items was based on the responses from the participating tax practitioners, as no responses specifically, or even by implication, referred to these items. Although the SERVQUAL model as a whole was found to be relevant to the public sector, a few individual items in the instrument were not. This could be explained by the fact that SARS is in the public sector, not the private sector, suggesting that these particular items are not relevant to tax practitioners. On the other hand, it is possible that the current level of these two service aspects was found to be acceptable, so that they were not even considered by the respondents.

The limited relevance of tangibles in the present research (see Section 5.5.1) also indicates that this aspect is not very important to tax practitioners, who are more

concerned with the outcome of the services provided than with the appeal of the equipment, employees or materials. It is recommended that these two items be excluded from the current proposed model. For the sake of the continued integrity of the proposed model, the two items should, however, be re-evaluated with every actual evaluation of the service quality.

Only two items out of the 22 items in SERVQUAL have not been addressed at all in the proposed service quality model, namely P3: “XYZ’s employees are neat appearing” (*sic*) and P4: “Materials associated with the service ... are visually appealing at XYZ”. As stated, both these items relate to the tangibles service determinant.

It is proposed in the present research that the frequencies of the responses should be used (see Section 5.2.2) as a measure to determine importance. While it is acknowledged that the importance of each service determinant is bound to differ, according to individual tax practitioners, the proposed service quality model does not provide for any additional importance ratings. To account for the idea that different service determinants might vary in importance to different people, Parasuraman *et al.* (1991a) recommended assigning importance weights to each of the service quality determinants in the analyses. The measure of importance used by these authors entails asking respondents to divide 100 points among their five determinants, assigning more points to the determinants they consider to be more important. Cronin and Taylor (1992) and Teas (1993) applied the importance weighting proposal of Parasuraman *et al.* (1991a) and asked respondents to rate the importance of the different SERVQUAL items. Neither of these studies found any advantage in weighting item scores according to importance ratings to improve the ability of the scale to predict a rating of overall service quality. Parasuraman *et al.* (1994:115) criticised the findings of Cronin and Taylor (1992). Schneider and White (2004:50) argued that including item importance ratings may increase the procedural burdens of administering service quality surveys without adding any significant results. It therefore appears to be appropriate that the proposed service quality model does not include any separate measurement of importance.

7.5.3.2 *SERVQUAL items combined in the proposed model*

A number of other items in the service quality model proposed in the present research did not exclude SERVQUAL items, but instead combined two SERVQUAL items into single or multiple items.

No items were combined in the tangibles determinant. The first combination of items related to the reliability determinants in SERVQUAL's Items P5 and P8. P5 evaluates the statement "When XYZ promises to do something by a certain time, it does so", while P8 evaluates the statement "XYZ provides its services at the time it promises to do so". The present research combines SERVQUAL's Items P5 and P8, but the measurement of some aspects is proposed in all the service determinants in which specific promises relating to the service attribute are classified. The reason for including more than one statement that evaluates adherence to this service aspect is that SARS promises individual service delivery time frames for each of the services it offers. Because the business approach has been used in the development of the proposed model, the results should identify the areas in which SARS has to improve. A general evaluation will not give that result.

The reliability service determinant in SERVQUAL's Item P9 ("XYZ insists on [an] error-free record"), has also not been addressed separately in the present research. Responses relating to SERVQUAL's Item P9 have been incorporated into the accurate service delivery service attribute as error free records that will contribute to accurate service delivery. The accurate service delivery service attribute has been subdivided into various service aspects that will also contribute to the evaluation of the "error free records" principle.

The responsiveness service determinant in SERVQUAL's Item P13 ("Employees of XYZ are never too busy to respond to your requests") has not been addressed separately in the present research, as it was never specifically mentioned by respondents. It can therefore be assumed that the availability of SARS employees directly affects tax practitioners' perceptions when it comes to the SARS employees' willingness to assist.

In the empathy service determinant, the present research combines SERVQUAL's Items P20 ("XYZ has employees who give you personal attention") and P22 ("Employees of XYZ understand your specific needs"). Both these aspects have been addressed under the

adaptability service attribute, which is in turn subdivided into different relevant service aspects.

No combination of items was relevant to the assurance service determinant. It should be noted that the combination of the other items in the SERVQUAL model does not exclude any service aspect to be evaluated.

7.5.3.3 *Modifications of SERVQUAL items*

The originators of SERVQUAL, Parasuraman *et al.* (1991a), maintain that minor modifications to the wording of items to adapt them to a specific setting are appropriate and should not affect the integrity of the scale. The wording of some items in the proposed model has been adapted or there are other minor modifications adjusting the items specifically to the SARS context. Assuming that items would require modification for suitability in the tax agency environment, wording changes that only adapt the items to the SARS context have not been included in this discussion. Only the changes that alter the focus of a specific service item so that the items are not identical in both models are analysed here.

In the tangibles determinant, respondents in the present research specifically commented on the visual appeal of equipment used by SARS. SERVQUAL's Item P1 determines whether the evaluated entity has equipment that looks up-to-date or "modern". This aspect was not relevant to the responding tax practitioners in the present research. This may be because, for the most part, they only have access to the "front office" or the contact employees. Even though the front office employees usually have computers, tax practitioners could not really evaluate the appeal of the equipment used by SARS. In fact, the appeal was never mentioned, but the effectiveness of the sound quality in the call centre attracted comments.

In the reliability service determinant, the present research does not specifically address SERVQUAL's Item P6, which currently reads: "When you have a problem, XYZ shows a sincere interest in solving it". However, problems would probably occur only when first-time service delivery was not successful. The service recovery service aspect specifically addresses this issue.

In SERVQUAL's responsiveness service determinant, Item P10 reads as follows: "Employees of XYZ tell you exactly when services will be performed". Although this item has been included in the present research, it focuses not only on the time aspect but also on adherence to promised actions. In the present research, the evaluation of this service aspect is classified under reliability rather than responsiveness.

Two items in SERVQUAL's assurance determinant required modification in the proposed service quality model. First, the assurance determinant in SERVQUAL's Item P14 states: "The behaviour of employees of XYZ instills confidence in customers". The wording has been modified. The present research focuses on whether the operational **processes** are able to inspire trust and confidence, whereas SERVQUAL's Item P14 focuses on whether the **employees' behaviour** inspires trust and confidence. An item dealing with consistency has been added in the present research. It could be argued that consistent actions by employees would contribute to instilling confidence in tax practitioners, which is in partial agreement with SERVQUAL's Item P14. Secondly, the present research split SERVQUAL's Item P15 ("You feel safe in your transactions with XYZ") into two different items, physical safety and confidentiality. The evaluation of both the items together in the present research would, in all probability, evaluate the same construct as SERVQUAL's Item P15.

In the empathy service determinant, the service attributes in the present study of waiting time, communication, user-friendliness, one-stop service, assistance and convenience of location all contribute to the evaluation of whether the service provider has the best interests of the tax practitioner at heart. Combined, they would evaluate the same construct as SERVQUAL's Item P21.

7.5.3.4 *Items in both scales that agree in principle*

Seven of the SERVQUAL items (P2, P7, P11, P16, P17, P18 and P19) compare very closely with items in the proposed service quality model, without material modifications.

7.5.3.5 *Additional service aspects not mentioned in SERVQUAL*

The additional aspects included in the service quality model of the present research that were not specifically addressed in SERVQUAL can be classified as relating to either structural dimensional aspects or detailed service aspects.

(a) Structural dimensional aspects

The present research included service dimensions as an additional higher order classification of the service quality model. The detailed service attributes of the various service determinants were then classified in these dimensions. The dimensions are the technical dimension, the functional dimension and the image dimension. The higher order dimensionality classification contributes to the analysis and understanding of the service quality construct, but did not compromise the diagnostic value achieved from analysing service quality per determinant, as is done in SERVQUAL.

(b) Detailed service aspects

No concerns have been raised by researchers on the addition of items to a service quality scale. The following additional items have been included in the proposed service quality model, but they were not relevant to the SERVQUAL model.

Firstly, the adherence to specific promises service attribute comprises Conclusion 5.54, which is not addressed in the SERVQUAL model. It reads as follows:

Conclusion 5.54:

Under the assurance service determinant, the service quality model should provide for a question to determine whether tax practitioners are always informed of the required actions and due dates in order for them to fulfil their tax obligations.

As service providers in general do not usually impose legal obligations on a customer, it is understandable that this service aspect would not be relevant to a generic service quality model. As SARS legally imposes actions and due date requirements on tax practitioners, the certainty relating to these actions and due dates was relevant to the tax agency environment.

Secondly, the adherence to promises in general service attributes under the reliability service determinant (see Section 5.11.5) includes Conclusion 5.56, which reads as follows:

Conclusion 5.56:

Under the reliability determinant, the service quality model should include a question to determine whether tax practitioners perceive SARS to be abiding by its own code of conduct. The first part of the question should be a closed-ended question with the different levels of agreement as answer options. To assist SARS to identify problem areas, it may be useful to include an open-ended question eliciting a reason why a tax practitioner answered in the negative. An alternative would be to list the values referred to and to ask to what degree SARS adheres to them. In the latter case, a qualitative question can be avoided, but the questionnaire would be longer.

The adaptability service determinant under the empathy service determinant (see Section 5.10.3) includes Conclusion 5.39, which reads as follows:

Conclusion 5.39:

Under the empathy service determinant, the service quality model should include a question to evaluate whether tax practitioners perceive SARS as dynamic and as continuously striving to improve its service offerings.

No items referring to the code of conduct or the dynamism of the service provider are specifically included in the SERVQUAL scale. These items in the proposed model could be regarded as closely relating to what Grönroos (1988:13) refers to as the reputation and credibility service dimension, which is image-related. Grönroos (1988:13) is of the opinion that the reputation and credibility service dimension fulfils a filtering function. An evaluation of SARS's adherence to its code of conduct and the dynamism of SARS could be regarded as evaluating, in a sense, its reputation and credibility. These are the only items in the proposed service quality model that relate to the image dimension of service quality.

7.5.2 Conclusion: reliability and validity of the proposed model for the traditional services

Only two items listed in the SERVQUAL scale (P3 and P4) have been excluded completely from the proposed service quality model. Seven items in SERVQUAL (P2, P7, P11, P16, P17, P18 and P19) agree in principle with service attributes in the proposed model. A further six items in SERVQUAL are found in the proposed service quality model, but with modifications (P1, P6, P10, P14, P15 and P21). Another six items in SERVQUAL have been combined into only three different service attributes (P5 and P8, P12 and P13, P20 and P22) in the proposed model. One item was absorbed into another service quality attribute in the proposed model (P9 was incorporated with P7).

The result is that approximately 16 of the 22 (72.73%, $n = 22$) items listed in SERVQUAL have been evaluated in much the same way in the proposed service quality model (seven items that agree in principle, six items with modifications and six items combined into three items). The underlying principles of four items (18.18%, $n = 22$) in SERVQUAL (six items combined into three items, plus one item incorporated into another item) have also been evaluated, but not necessarily as separate items in the proposed service quality model. Only two items (9.09%, $n = 22$), namely P3 and P4, have been completely excluded from the proposed service quality model. It can therefore be concluded that the proposed model agrees in all material respects with the generic SERVQUAL model, which would support the content validity of the proposed service quality model.

Table 7.9: Comparison of proposed traditional service quality model with SERVQUAL

SERVQUAL	PRESENT RESEARCH	COMPARISON OF PRESENT RESEARCH WITH SERVQUAL	RESULT OF COMPARISON
Tangibles	Tangibles (Section 5.12)	Tangibles service determinant in both models.	Agrees in principle
P1. XYZ has modern-looking equipment.	Sound quality of the call centre (Section 5.12.2 – Conclusion 5.60)	The present research focuses on the effectiveness of equipment and not appearance, giving rise to a rewording of SERVQUAL’s Item P1.	Modification
P2. XYZ’s physical facilities are visually appealing.	Physical facilities (Section 5.12.1 – Conclusion 5.59)	The present research agrees with SERVQUAL’s Item P2.	Agrees in principle
P3. XYZ’s employees are neat-appearing (<i>sic</i>).	<i>Not applicable</i>	SERVQUAL’s Item P3 is not addressed in the present research.	Items deleted
P4. Materials associated with the service (such as pamphlets or statements) are visually appealing at XYZ.	<i>Not applicable</i>	SERVQUAL’s Item P4 is not addressed in the present research.	Items deleted
Reliability	Reliability (Section 5.11)	Reliability service determinant in both models	Agrees in principle
P5. When XYZ promises to do something by a certain time, it does so.	Adherence to specific promises made by SARS (Section 5.11.4)	The present research combines SERVQUAL’s Items P5 and P8, but the measurement of detailed aspects is proposed throughout all the different service determinants in which the service attribute to which specific promises relate is classified.	Combination
P6. When you have a problem, XYZ shows a sincere interest in solving it.	Service recovery (Section 5.9.1.1 – Conclusion 5.17 and Section 5.11.1.2 – Conclusion 5.51)	The present research does not specifically address SERVQUAL’s Item P6, but problems would probably only occur when there is no accurate first-time service delivery, and the service recovery service aspect specifically addresses this issue.	Modification
P7. XYZ performs the service right the first time.	Accurate service delivery (Section 5.11.1 – Conclusions 5.49, 5.50, 5.52 and 5.53)	The present research agrees with SERVQUAL’s Item P7. The present research includes service recoveries, service failures and loss of documents service aspects. SERVQUAL does not include them.	Agrees in principle

P8. XYZ provides its services at the time it promises to do so.	Adherence to specific promises made by SARS (Section 5.11.4)	The present research combines SERVQUAL's Items P5 and P8, but the measurement of detailed aspects is proposed throughout all the different service determinants where the service attribute to which specific promises relate is classified.	Combination
P9. XYZ insists on error-free records.	<i>Not specifically separately addressed</i>	For the present research, the responses that relate to SERVQUAL's Item P9 are incorporated into the accurate service delivery service attribute, as error-free records would contribute to accurate service delivery.	Combination
Responsiveness	Responsiveness (Section 5.8)	Responsiveness service determinant in both models.	Agrees in principle
P10. Employees of XYZ tell you exactly when services will be performed.	Adherence to promises in general (Section 5.11.5 – Conclusion 5.57), under the reliability service determinant and not classified under the responsiveness service determinant	The present research agrees with SERVQUAL's Item P10, in that it focuses on the adherence to promises of employees. The present research focuses not only on the time aspect but also on adherence to promises.	Modification
P11. Employees of XYZ give you prompt service.	Speed of performing the service (Section 5.8.1 – Conclusions 5.6 – 5.14)	The present research agrees with SERVQUAL's Item P11, but focuses in detail on all the different business processes and relevant service channels.	Agrees in principle
P12. Employees of XYZ are always willing to help you.	Willingness of employees (Section 5.8.2 – Conclusion 5.15)	The present research combines SERVQUAL's Items P12 and P13 into one service attribute.	Combination
P13. Employees of XYZ are never too busy to respond to your requests.	<i>Not specifically separately addressed</i>	The present research combines SERVQUAL's Items P12 and P13 into one service attribute (willingness of employees), as it is assumed that the availability of employees directly affects the tax practitioners' perceptions of the employees' willingness to assist the practitioners.	Combination

Assurance	Assurance (Section 5.9)	Assurance service determinant in both models	Agrees in principle
P14. The behaviour of employees of XYZ instills confidence in customers.	Administration of the operational process (Section 5.9.3 – Conclusions 5.20, 5.21 and 5.22) Consistency (Section 5.9.4 – Conclusions 5.23 and 5.24)	The present research focuses on the ability of the operational processes to inspire trust and confidence, whereas SERVQUAL's Item P14 focuses on whether the behaviour of the employees inspires trust and confidence. An item dealing with consistency has been added in the present research. It could be assumed that consistency of employees' actions would instil confidence in tax practitioners. This partly agrees with SERVQUAL's Item P14.	Agrees in principle Modification Addition
P15. You feel safe in your transactions with XYZ.	Physical safety (Section 5.9.5 – Conclusion 5.24) Confidentiality (Section 5.9.6 – Conclusion 5.25 and Section 5.11.4 – Conclusion 5.55)	The present research splits SERVQUAL's Item P15 into two different items (physical safety and confidentiality). The evaluation of both the items in the present research, in combination, probably evaluates the same as SERVQUAL's Item P15.	Modification
P16. Employees of XYZ are consistently courteous to you.	Politeness and friendliness of employees (Section 5.9.2 – Conclusion 5.19)	The present research agrees with SERVQUAL's Item P16.	Agrees in principle
P17. Employees of XYZ have the knowledge to answer your questions.	Knowledge of employees (Section 5.9.1 – Conclusion 5.16).	The present research agrees with SERVQUAL's Item P17. An additional item (Conclusion 5.18) has also been included in the present research, assuming that not only should the knowledge of the contact employees be evaluated but specifically the knowledge of the employees responsible for one of the business processes (the dispute resolution process) should be examined.	Agrees in principle

Empathy	Empathy (Section 5.10)	Empathy service determinant in both models.	Agrees in principle
P18. XYZ gives you individual attention.	Adaptability (Section 5.10.3 – Conclusions 5.41 and 5.42)	The present research agrees with SERVQUAL’s Item P18, but deals with more detailed individual requests from tax practitioners.	Agrees in principle
P19. XYZ has operating hours convenient to all its customers.	Convenience of operating hours (Section 5.10.8 – Conclusion 5.48)	The present research agrees with SERVQUAL’s Item P19.	Agrees in principle
P20. XYZ has employees who give you personal attention.	Adaptability (Section 5.10.3 – Conclusion 5.40)	The present research combines SERVQUAL’s Items P20 and P22.	Combination
P21. XYZ has your best interests at heart.	Waiting time (Section 5.10.1 – Conclusions 5.26 and 5.27) Communication (Section 5.10.2 – Conclusions 5.28 – 5.38) User-friendliness of documentation and business processes (Section 5.10.4 – Conclusion 5.43) One-stop service (Section 5.10.5 – Conclusions 5.44 and 5.45) Assistance (Section 5.10.6 – Conclusion 5.46) Convenience of location (Section 5.10.7 – Conclusion 5.47)	The waiting time, communication, user-friendliness, one-stop service, assistance and convenience of location service attributes in the present study all contribute to the evaluation of whether the service provider has the best interests of the tax practitioner at heart and combined would thus evaluate the same as SERVQUAL’s Item P21.	Modification
P22. Employees of XYZ understand your specific needs.	Adaptability (Section 5.10.3 – Conclusion 5.40)	The present research combines SERVQUAL’s Items P20 and P22.	Combination

7.6 E-SERVICE QUALITY MODEL

In addition to the traditional services it provides, SARS also provides e-services through its website and the e-filing option. As the objective of the present research was to develop a service quality model that can be used to evaluate all the services SARS offers, the quality of both the traditional services and the e-services is relevant. In this section, the service quality model for the e-services is presented.

7.6.1 Proposed e-service quality model

As with the traditional services, it is acknowledged that e-service quality is a multidimensional, hierarchical construct, which means that customers form their service quality perceptions on the basis of an evaluation of performance at multiple levels. The first level is the evaluation of various service attributes in different identified service determinants, the results of which can be combined into the evaluation of different service dimensions.

7.6.1.1 *Dimensions in the e-service quality model*

Parasuraman *et al.* (2005:220) found that it is advisable to use different dimensions in measuring the service quality of e-services – one dimension for normal operations, another for recovery situations, one for perceived value and another for loyalty intentions. In the present research, three of these four service dimensions were found to be relevant to the measuring of SARS's e-service quality, namely the normal operations dimension (Conclusion 6.5), the assistance dimension (Conclusion 6.3) and the perceived value dimension (Conclusion 6.2). The normal operations dimension of the e-service quality model incorporates all the services that do not form part of the assistance services or perceived value aspects of services SARS renders, but that still relate to the service quality of SARS's e-services. The perceived value dimension is defined as the convenience and incentive benefits of using e-filing. Assistance refers to the availability and efficiency of the assistance with e-services through the telephone, online representatives and electronic aids.

Although the service quality dimensions for the traditional services were interrelated, according to Grönroos (1984:43), no researcher has to date expressed a particular view

with regard to the interrelatedness or importance of the dimensions relevant to the e-services. In evaluating the different service dimensions for the e-services, it appears that the distinction between the normal operations dimension and the assistance service dimension is that these two dimensions measure different types of services. By contrast, the perceived value dimension measures different aspects of normal services, as well as of the assistance services. A summary of the results of the present research per dimension is provided in Table 7.10 below.

Table 7.10: Service quality dimensions for the e-services

Dimension	Negative responses	Positive responses	Total	Percentage (%) n = 1 284
Normal operations dimension	364	515	879	68.46%
Perceived value dimension	45	227	272	21.18%
Assistance dimension	105	28	133	10.36%

As anticipated, the bulk of the responses related to the more routine types of service, with 68.46% of the responses allocated to the normal operations dimension. It therefore appears that the normal operations of the e-services represented by the normal operations dimension were perceived to be the most important dimension. The perceived value dimension, with 21.18% of the responses, was perceived to be the second most important. The assistance dimension, with 10.36% of the responses, was also regarded as important, but not nearly as important as the normal operations dimension and only about half as important as the perceived value dimension.

The importance of the assistance dimension should be evaluated against the background of the study by Parasuraman *et al.* (2005:220), who found that a respondent first has to encounter problems with using a website to require assistance. They also found that approximately one third to half of their respondents did not encounter problems and therefore did not require the services offered in a recovery situation. The results of the present research therefore tended to underestimate the importance of the assistance dimension.

Apart from the total responses per dimension, the responses per dimension were also subdivided into positive and negative responses. The incidence of the positive and negative responses regarding the normal operations dimension is in line with the incidence

of the positive and negative responses for all the e-services. However, it is clear that the responding tax practitioners replied predominantly positively with regard to the perceived value aspects and predominantly negatively with regard to the assistance aspects of the e-services SARS provides.

Unlike the dimensions identified for the traditional services, which should all be evaluated by each respondent who completes a survey evaluating the traditional service quality, the e-service quality model should incorporate a filter to ensure that the questions relating to the assistance service dimension are answered only by those respondents who have actually used these services (Conclusion 6.4).

7.6.1.2 *Service determinants for e-services*

For each of the three identified service quality dimensions, the relevant service determinants have been identified and also defined for the purposes of the present research. In the normal operations services dimension, four different service determinants were identified, namely fulfilment, efficiency, system availability and security. Table 7.11 presents a summary of the definitions of these service determinants within the normal operations service dimension of the e-services.

Table 7.11: Definitions of service determinants identified for the normal operations dimension of the e-services

Service determinant	Definition for the present research
Fulfilment	Fulfilment relates to <ul style="list-style-type: none"> • the outcome of the service (the extent to which the services are performed as promised, including speed and accuracy); • reliability and trust of service provider (the extent to which promises are fulfilled); and • item availability (the completeness of the content of the websites, as well as the scope of the services offered).
Efficiency	The ease and speed of accessing and using the site, which also includes the simplicity of the structure and layout of the website.
System availability	The correct technical functioning of the site.
Security	The protection of personal information relating to the taxpayer and the tax practitioner.

The second most important service dimension, namely the perceived value dimension, consisted of only two service determinants: the convenience and incentive service

determinants. The definitions of these service determinants for the e-services provided by SARS are set out in Table 7.12.

Table 7.12: Definitions of service determinants identified for the perceived value dimension of the e-services

Service determinant	Definition for the present research
Convenience	The overall freedom from effort or difficulty of using e-filing.
Incentive	The encouragement SARS provides as a motivation to use the e-services, namely by indirectly assisting tax practitioners to overcome technological readiness barriers.

Four of the five service determinants that were relevant to the traditional services were also relevant to the assistance dimension of the e-services. These four service determinants were reliability, assurance, empathy and responsiveness. The definitions of these four relevant service determinants for the e-services were conceptually the same as for the traditional services, but were sometimes more narrowly defined for the e-services. The definitions as applicable for e-services are presented in Table 7.13.

Table 7.13: Definitions of service determinants identified for the assistance dimension of the e-services

Service determinant	Definition for the present research
Reliability	The ability of SARS employees and systems to perform services accurately.
Assurance	The knowledge and courtesy of employees and the ability of the content of the e-service user-guide to convey trust.
Empathy	The tax practitioners' sense that SARS's call centres are designed and operate so that it is easy to gain access to the service.
Responsiveness	The willingness (including the attentiveness) of employees, as well as the actual timeliness or speed of services performed.

7.6.1.3 *Proposed service quality model for the e-services*

Based on the knowledge of the various service dimensions and the service determinants arrived at through the present research, the service quality model for the e-services is presented in Table 7.14.

Table 7.14: Service quality model for the e-services

NORMAL OPERATIONS SERVICE QUALITY DIMENSION

Service determinant	Service attribute
Fulfilment	<ul style="list-style-type: none"> • Scope of services offered <ul style="list-style-type: none"> ○ Scope of services offered through e-filing ○ Completeness of the website • Speed of service performance <ul style="list-style-type: none"> ○ Turnaround time ○ Timeliness of updates • Accurate service delivery
Efficiency	<ul style="list-style-type: none"> • Ease of use • Organisation • Speed of launching the site and pages • Ease of finding information
System availability	<ul style="list-style-type: none"> • Pre-testing • Crash and freeze problems
Security	<ul style="list-style-type: none"> • Protection of personal information • Protection of personal liability of tax practitioner

PERCEIVED VALUE DIMENSION

Service determinant	Service attribute
Convenience	<ul style="list-style-type: none"> • Time saving • Electronic filing system • Reduction of effort • When I want it • Cost saving • Where I want it
Incentive	<ul style="list-style-type: none"> • Incentive

ASSISTANCE DIMENSION

Service determinant	Service attribute
Reliability	<ul style="list-style-type: none"> • Accurate service delivery
Assurance	<ul style="list-style-type: none"> • Knowledge and skills of employees
Empathy	<ul style="list-style-type: none"> • Waiting time
Responsiveness	<ul style="list-style-type: none"> • Speed of performing the service • Willingness of employees

The service quality model presented above is explained further, together with the responses per service determinant and service attribute. Table 7.15 below presents the detailed responses per item included in the service quality model.

Table 7.15: Responses for the e-services per service dimension, service determinant, service attribute and service aspect

	Positive	Negative	Total	Percentage (%) n = 1 284
NORMAL SERVICE OPERATIONS SERVICE QUALITY DIMENSION	515 58.59%	364 41.41%	879	68.46%
<i>Fulfilment</i>	228 56.72%	174 43.28%	402	31.31%
Scope of services offered	83 44.15%	105 55.85%	188	14.64%
• <i>Scope of services offered through e-filing</i>	58 36.94%	99 63.06%	157	12.23%
• <i>Completeness of the website</i>	25 80.65%	6 19.35%	31	2.41%
Speed of service performance	89 60.14%	59 39.86%	148	11.53%
• <i>Turnaround time</i>	84 74.34%	29 25.66%	113	8.80%
• <i>Timeliness of updates</i>	5 14.29%	30 85.71%	35	2.73%
Accurate service delivery	56 84.85%	10 15.15%	66	5.14%
<i>Efficiency</i>	99 61.88%	61 38.13%	160	12.46%
Ease of use	79 90.80%	8 9.20%	87	6.78%
Organisation	16 35.56%	29 64.44%	45	3.50%
Speed of launching the site and pages	2 13.33%	13 86.67%	15	1.17%
Ease of finding information	2 15.38%	11 84.62%	13	1.01%
<i>System availability</i>	0 0.00%	99 100.00%	99	7.71%
Pre-testing	0 0.00%	52 100.00%	52	4.05%
Crash and freeze problems	0 0.00%	47 100.00%	47	3.66%
<i>Security</i>	8 66.67%	4 33.33%	12	0.93%
Protection of personal information	8 88.89%	1 11.11%	9	0.70%



Protection of tax practitioner from personal liability	3 100%	0 0%	3	0.23%
General	180 87.38%	26 12.62%	206	16.04%
PERCEIVED VALUE DIMENSION	227 83.46%	45 16.54%	272	21.18%
Convenience	224 83.90%	43 16.10%	267	20.79%
Time saving	110 79.14%	29 20.86%	139	10.83%
Electronic filing system	32 84.21%	6 15.79%	38	2.96%
Reduction of effort	26 89.66%	3 10.34%	29	2.26%
When I want it	20 86.96%	3 13.04%	23	1.79%
General	21 100%	0 0%	21	1.64%
Cost saving	9 81.82%	2 18.18%	11	0.86%
Where I want it	6 100%	0 0%	6	0.47%
Incentive	3 60.00%	2 40.00%	5	0.39%
ASSISTANCE DIMENSION	28 21.05%	105 78.95%	133	10.36%
Reliability Accurate service delivery	11 19.64%	45 80.36%	56	4.36%
Assurance Knowledge and skills of employees	15 30.61%	34 69.39%	49	3.82%
Empathy Waiting time	2 12.50%	14 87.50%	16	1.25%
Responsiveness Speed of performing the service	3 50.00%	3 50.00%	6	0.47%
Willingness of employees	3 50.00%	3 50.00%	6	0.47%

7.6.1.4 Importance of various service determinants

The number of critical incidents allocated to each service determinant in the present study already indicates the importance of the various determinants for the e-service quality model. Table 7.16 below summarises the results of the present research per service determinant identified for the e-services.

Table 7.16: Responses per service determinant for the e-services

Determinant	Negative responses	Positive responses	Total	Percentage % (n = 1 284)
Fulfilment	174	228	402	31.31
Convenience	45	227	272	21.18
General	26	180	206	16.04
Efficiency	61	99	160	12.46
System availability	99	0	99	7.71
Reliability	45	11	56	4.36
Assurance	34	15	49	3.82
Empathy	14	2	16	1.26
Responsiveness	6	6	12	0.93
Security	4	8	12	0.93

For the purposes of the present study, the fulfilment service determinant was found to be the most important service determinant, with 31.31% (402 critical incidents) of the total number of critical incidents (n = 1 284) allocated to it. The convenience service determinant attracted the second highest number of critical incidents of 272 critical incidents (21.18%, n = 1 284). The efficiency service determinant was ranked third, with 12.46% of the responses (160 critical incidents, n = 1 284) allocated to it.

The fact that the fulfilment service determinant was regarded as the most important by the respondents in the present research – with the efficiency service determinant in third place (therefore also regarded as very important) – is clearly in line with the findings of Lee and Lin (2005:171), Parasuraman *et al.* (2005), Wolfinbarger and Gilly (2003:196) and Yang *et al.* (2004).

The importance of the convenience service determinant for measuring service quality was not specifically addressed in the literature. It is, however, recommended that convenience

should be included as a service determinant in the e-service quality model, because convenience

- directly affects perceptions of a firm's service quality (Berry *et al.* 2002);
- was also found to be relevant in other studies (Connolly & Bannister 2008; Parasuraman *et al.* 2005; Yang *et al.* 2004);
- is positively associated with website service quality (Zhang & Prybutok 2005); and
- is included in the most widely used e-service quality model (E-S-Qual), as well as in the only other service quality study of e-services in a tax agency environment to date (Connolly & Bannister 2008).

The system availability service determinant attracted less than 10% but more than 5% of the responses, namely 7.71% of the critical incidents (99 critical incidents, n = 1 284).

The four service determinants that form part of the assistance service dimension all attracted less than 5% of the total responses. The reliability service determinant attracted 4.36% of the responses, the assurance service determinant 3.82%, the empathy service determinant 1.26% and the responsiveness service determinant 0.93% of the total number of responses.

Although the security service determinant forms part of the normal operations service dimension, it was awarded the lowest number of critical incidents – only 0.93% (12 critical incidents, n = 1 284). It must be acknowledged that security may have attracted such a low number of responses in the present survey because tax practitioners only face an indirect risk in using e-filing. The direct risk of using e-filing is carried by the taxpayer. Nevertheless, it is proposed that the security service determinant should still represent a service determinant on its own for the purposes of the present research, because

- the security service determinant may have a significant influence on customers' global evaluations of the service quality of e-services (Parasuraman *et al.* 2005);
- the critical incidents were reported mainly through the website, which may have contributed to an underestimation of the importance of the security determinant, as suggested by Wolfinbarger and Gilly (2003); and
- users of the e-services of SARS could be assumed to be frequent e-service users.

7.6.2 Questions to be included to evaluate the e-service quality of SARS

Christobal *et al.* (2007:7) suggest that the same measuring scale can be used for both the general website and the e-filing website, as in the case of SARS. In the present research, the website and e-filing simply represent different service channels in the proposed e-service quality model. The present research generally does not prescribe the specific wording to be included in evaluating the e-service quality of SARS, but the content of the questions to be included in such a model is proposed in Table 7.17 below. The detailed content is presented per service dimension and service determinant, and is presented in the order of perceived importance, based on frequencies. Apart from the detailed aspects recommended for inclusion in the service quality model, an additional global judgement should also be measured separately. It is recommended that this global assessment should be measured not for the e-services overall, but for each of the two e-service channels (e-filing and the website) (Conclusion 6.22).

Table 7.17: Proposed content of measuring instrument of e-service quality of SARS

Conclusion number	Proposed content of measuring instrument
NORMAL OPERATIONS SERVICE DIMENSION	
Fulfilment service determinant	
6.6	A question to determine the need for the expansion of the scope of the services offered through e-filing.
6.7	A question to evaluate the completeness of the content of the website.
6.8	A question that evaluates the speed of the tax assessment process. Separate evaluations should be included for <ul style="list-style-type: none"> • the VAT and PAYE returns; and • the income tax returns. For income tax returns, separate evaluations should be available for <ul style="list-style-type: none"> • the peak periods (July to February); and • the off-peak periods (March to June).
6.9	A question that evaluates separately the speed (in working days) of processing and paying refunds to clients relating to <ul style="list-style-type: none"> • income tax refunds; and • VAT refunds.
6.10	It is recommended that the following question relating to the speed of the services for the dispute resolution process be included: "In the case of a dispute on a tax assessment that does not arise because of a processing error by SARS, it should be determined how long it takes from the date of the assessment up to the date that the letter of rejection or acceptance of the objection is received."
6.11	A question that evaluates the timeliness of the availability of the income tax returns through the e-filing service channel <ul style="list-style-type: none"> • for natural persons; • companies; and • trusts.

6.12	A question that evaluates whether the website always provides up-to-date information.
6.13	A question that evaluates the ability of SARS to deliver accurate first-time service solutions in <ul style="list-style-type: none"> • issuing tax returns; • processing and issuing tax assessments; and • processing tax payments.

Efficiency service determinant

6.14	A question that evaluates the ease of using <ul style="list-style-type: none"> • the website; and • e-filing.
6.15	A question to evaluate the user-friendliness of the structure and the layout and the organisation of the information on <ul style="list-style-type: none"> • the website; and • e-filing.
6.16	A question to determine the efficiency of the speed of the website and e-filing in loading pages.
6.17	A question to evaluate the system availability of the website and e-filing.
6.18	A question to evaluate the ease of finding information on <ul style="list-style-type: none"> • the website; and • e-filing.

System availability service determinant

6.19	A question that evaluates the tax practitioners' perception(s) relating to (un)successful pre-testing of e-filing or any additional processes introduced on e-filing before it was launched.
6.20	A question to determine whether the e-filing facility crashes or freezes while it is being used.

Security service determinant

6.21	A question to determine whether e-filing is perceived to protect the personal information of the taxpayer and the tax practitioner.
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PERCEIVED VALUE DIMENSION

Convenience service determinant

6.23	A question relating to convenience in which respondents are requested to use a scale to rate the overall convenience of using <ul style="list-style-type: none"> • the website; and • e-filing.
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Incentive service determinant

6.24	A question relating to incentives in which respondents are requested to rate e-filing on a scale on the overall value of the e-services encouragement incentives offered for using the service.
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ASSISTANCE SERVICE DIMENSION

Reliability service determinant

6.25	A question that evaluates SARS's ability to perform a service correctly the first time. This should be tested for the following service channels: <ul style="list-style-type: none"> • the e-filing e-mail facilities; and • the e-filing call centre. The question should provide for different scales in the measuring instrument. One end of the scale should reflect accurate first-time service delivery and the other end of the scale should reflect total service failure.
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Assurance service determinant

6.26	A question that tests whether the tax practitioners perceive the knowledge and skills of the employees who provide services to the tax practitioners <ul style="list-style-type: none"> • through the e-filing call centre; and • through an e-filing e-mail to provide sufficiently clear, accurate and helpful responses.
6.27	A question that evaluates whether the tax practitioners perceive the content of the user guide and help function as providing sufficiently clear, accurate and helpful assistance.

Empathy service determinant

6.28	A question to determine the perceptions of tax practitioners with regard to waiting time before they are served at the e-filing call centre.
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Responsiveness service determinant

6.29	A question that measures the speed (the number of working days) of the turnaround time for receiving assistance when corresponding with SARS through the e-filing e-mail.
6.30	A question addressing the degree of willingness of SARS employees to assist the tax practitioners through the e-filing call centre.

The order of the questions in the questionnaire that will be used to conduct a survey to determine the perceptions of the tax practitioners with regard to the service quality of SARS should not necessarily correspond to the order indicated in Table 7.16. It is also not necessary to provide for a distinction between the various service dimensions and service determinants with the service quality measuring instrument. The distinction between the service quality dimensions and service quality determinants only becomes relevant when the results of the survey are analysed.

7.6.3 Managerial implications of present research with regard to the e-services

For the e-services, the number of positive responses (59.97%, n = 1 284), exceeded the number of negative responses (40.03%, n = 1 284). The results for the e-services were the inverse of the findings in respect of the total responses, where approximately 60% of the critical incidents were negative and approximately 40% of the critical incidents were positive. It is clear that SARS's expansion of its provision of e-services is not only important (as indicated by the number of critical incidents allocated to this service channel), but is experienced mainly in a positive manner by the tax practitioners. The fact that the e-services received such a high percentage of positive responses may indicate that the minimum requirement expected by the responding tax practitioners with regard to the e-services rendered by SARS was exceeded.

7.6.3.1 Importance of service attributes

The frequencies of the different service attributes could assist SARS to direct its service strategies to the relevant service aspects if it would like to enhance the quality of the e-services it provides to tax practitioners. The details of the importance of the identified service attributes for the present research are listed in Table 7.18 below.

Table 7.18: Importance of service attributes for e-services

Service determinant	Service attribute	Positive (n = total for attribute)	Negative (n = total for attribute)	Total	Percentage (%) n = 1 284
General		180 87.38%	26 12.62%	206	16.03%
Fulfilment	Scope of services offered	83 44.15%	105 55.85%	188	14.64%
Fulfilment	Speed of service performance	89 60.14%	59 39.86%	148	11.53%
Convenience	Time saving	110 79.14%	29 20.86%	139	10.83%
Efficiency	Ease of use	79 90.80%	8 9.20%	87	6.78%
Fulfilment	Accurate service delivery	56 84.85%	10 15.15%	66	5.14%
Reliability	Accurate service delivery	11 19.64%	45 80.36%	56	4.36%
System availability	Pre-testing	0 0.00%	52 100.00%	52	4.05%
Assurance	Knowledge and skills of employees	15 30.61%	34 69.39%	49	3.82%
System availability	Crash and freeze problems	0 0.00%	47 100.00%	47	3.66%
Efficiency	Organisation	16 35.56%	29 64.44%	45	3.50%
Convenience	Electronic filing system	32 84.21%	6 15.79%	38	2.96%
Convenience	Reduction of effort	26 89.66%	3 10.34%	29	2.26%
Convenience	When I want it	20 86.96%	3 13.04%	23	1.79%

Convenience	General	21 100.00%	0 0.00%	21	1.63%
Empathy	Waiting time	2 12.50%	14 87.50%	16	1.25%
Efficiency	Speed of launching the site and pages	2 13.33%	13 86.67%	15	1.17%
Efficiency	Ease of finding information	2 15.38%	11 84.62%	13	1.01%
Convenience	Cost saving	9 81.82%	2 18.18%	11	0.86%
Security	Protection of personal information	8 88.89%	1 11.11%	9	0.70%
Convenience	Where I want it	6 100.00%	0 0.00%	6	0.47%
Responsiveness	Speed of performing the service	3 50.00%	3 50.00%	6	0.47%
Responsiveness	Willingness of employees	3 50.00%	3 50.00%	6	0.47%
Incentive	Incentive	3 60%	2 40%	5	0.39%
Security	Protection of tax practitioners from personal liability	3 100.00%	0 0.00%	3	0.23%

In addition to the general responses, it was found that the scope of the service attribute of the e-services offered in the fulfilment service determinant is the most important service attribute when the e-service quality of SARS is evaluated. This service attribute attracted 14.64% of the responses (188 critical incidents, n = 1 284). The scope of the e-service attribute also included those service aspects that related to the completeness of the website. As the number of negative responses (55.85%) slightly exceeds the number of positive responses (44.15%), it appears that the tax practitioners would like to see future expansions to the current e-service offerings. The elimination of current e-service offerings may also affect e-service quality very negatively.

The second most important service attribute appeared to be the speed of the service performance service attribute, which also falls within the fulfilment service determinant, with 148 critical incidents (11.53%, n = 1 284) relating to it. It appears that most tax

practitioners are satisfied with the speed of the services performed through the e-services, as 60.14% of the responses were positive.

The time saving service aspect allocated under the convenience service determinant was found to be the third most important service quality service attribute, with 139 critical incidents (10.83%, $n = 1\ 284$) allocated to it. Again, most of the respondents commented positively with regard to the time saving aspects of the e-services, in that 79.14% of the responses were positive.

The accurate service delivery service attribute attracted 122 critical incidents (9.5%, $n = 1\ 284$) and could be regarded as the fourth most important service attribute for evaluating the e-service quality of the services provided by SARS. The accurate service delivery service attribute was relevant to two different service quality dimensions, namely the normal operations dimension and the assistance dimension. Of the responses, 66 (5.14%, $n = 1\ 284$) related to the fulfilment service determinant in the normal operations service dimension. An overwhelming 84.85% of the accurate service delivery responses in this service dimension were positive. A total of 56 critical incidents (4.36%, $n = 1\ 284$) referring to the accurate service delivery aspects related to the reliability service determinant in the assistance service dimension. The latter accurate service delivery responses represented 42% of the total responses for the assistance service dimension. Unlike the responses allocated to the fulfilment service determinant, the accurate service delivery responses in the assistance service dimensions were predominantly negative: 80.36% (45 critical incidents, $n = 56$) of the critical incidents were negative and only 19.64% (11 critical incidents, $n = 56$) of the critical incidents were positive.

The ease of use of the e-services in the efficiency service determinant was the only other service attribute that attracted more than 5% of the responses, with 87 critical incidents (6.78%, $n = 1\ 284$). An overwhelming 90.80% of the ease of use responses were positive.

Although the knowledge and skills of the employees attracted less than 5% of the responses, with 49 critical incidents (3.82%, $n = 1\ 284$) relating to it, this service attribute was also classified as falling in the assistance service dimension and represented 37% of the total responses in this service dimension. Given the fact that not all the respondents would have required the assistance services, this service attribute may also be regarded as very important for evaluating the e-service quality of SARS and more specifically the

assistance dimension of the e-service quality of SARS. The fact that more respondents responded negatively (69.39%) than positively (30.61%) may also indicate that this service attribute should possibly be regarded as one of the service priorities that SARS needs to consider.

7.6.3.2 *Results per service channel*

Of the total number of critical incidents that related to the e-services, 1 166 (90.81%, n = 1 284) related to e-filing and 118 (9.19%, n = 1 284) related to the website. E-filing could therefore be regarded as far more important to the respondents than the general SARS website. Nevertheless, the 118 responses that related to the general website indicated that, although the general website was less important to these respondents than e-filing, the participants still regarded the general website as important.

7.7 E-SERVICES: VALIDATING THE PROPOSED E-SERVICE QUALITY MODEL

7.7.1 Introduction

Of the existing e-service quality studies, the studies by Buckley (2003), Connolly and Bannister (2008), Yang *et al.* (2004) and Zhu *et al.* (2002) were conducted in service industries. Of these, the studies by Buckley (2003) and Connolly and Bannister (2008) were conducted in the service industry in the public sector. The study by Connolly and Bannister (2008) was specifically performed in a tax agency environment – the Irish tax collection agency. Connolly and Bannister (2008) adjusted the scale developed by Parasuraman *et al.* (2005) slightly for the purposes of their study. Parasuraman *et al.*'s (2005) multi-item scale was designed to assess e-service quality, but there was no research demonstrating the reliability and validity of the E-S-Qual scale in the tax collection agency environment. Connolly and Bannister (2008) based their choice of measuring instrument on the literature review they had conducted.

The E-S-Qual measuring scale for e-service quality has also been successfully used by other researchers, such as Kim *et al.* (2006), Nomdoe and Pather (2007) and Zhao and Peng (2007). Nomdoe and Pather (2007:99) found that the E-S-Qual scale has been extensively cited and has been tested and adopted in various contexts. Mekovec *et al.* (2007:17) agree that the E-S-Qual measure has served as a basis for various adaptations

and extensions that have created several other e-service quality and related measures. Kim *et al.* (2006:55,69) found that E-S-Qual was one of the most comprehensive models on e-service quality and that it provided more representative information than other models. Boshoff (2007) did a psychometric assessment of the E-S-Qual scale and found that E-S-Qual is a valid and reliable instrument. He concluded that it was the most effective scale to measure the quality of e-services.

The E-S-Qual scale can thus be regarded as an e-service quality measuring instrument with a high degree of validity that is applicable globally in both the private and the public sectors. The E-S-Qual scale has, amongst other things, also been used in developing the definitions of the classification scheme employed in the present research. A comparison of the proposed e-service quality model with the E-S-Qual scale may therefore contribute to the reliability of the e-service quality model proposed in the present research.

The E-S-Qual model and the e-service quality model proposed in the present research both incorporate different levels of conceptualisation. They are both divided into service dimensions, service determinants and service attributes. A detailed comparison between the two scales is discussed in this section for each conceptualisation level. Table 7.19 provides a summary of the comparison of the E-S-Qual instrument with the proposed e-service quality model for SARS's service quality measure.

7.7.2 Comparison of the service quality dimensions

Firstly, E-S-Qual is divided into four different dimensions, namely the normal services, recovery services, perceived value and loyalty intentions. In the present research, only three of these dimensions were found to be relevant to the e-service quality model, namely the normal service dimension, the assistance (recovery) service dimension and the perceived value service dimension.

Although the designations of two of the proposed dimensions differ slightly from those of the equivalent E-S-Qual dimensions, the scope in both cases is, in fact, the same. In the model proposed in the present research, the normal dimension in E-S-Qual is referred to as the normal operations dimension. The reason for renaming the dimension was to eliminate any confusion arising from the fact that the assistance dimension also includes service aspects that relate to normal services. In the present research, what was called the

recovery dimension in E-S-Qual is referred to as the assistance dimension. For the purposes of the present research, the word “assistance” was found to be more descriptive, as this dimension not only includes service recovery aspects, but also any assistance required to ensure successful use of the e-services. The recovery dimension in E-S-Qual also includes a contact service determinant to evaluate the assistance aspects available when a normal e-transaction is executed – the scope of the definition in both E-S-Qual and the proposed model are the same.

In principle, both E-S-Qual and the model proposed in the present research agree with regard to the definitions for three of the four of the original E-S-Qual dimensions. However, the loyalty dimension identified in E-S-Qual was not found to be relevant to the proposed model. In the only other published study that investigates the e-service quality of a tax agency, that by Connolly and Bannister (2008:313), the researchers included the loyalty intention dimension in their survey instrument. However, the critical incidents gathered in the present research did not specifically address any of the items mentioned under the loyalty dimension.

Customer loyalty *per se* is usually not relevant in the tax agency environment, as there is usually only one tax agency in each country and the tax practitioner can therefore not choose between different service providers. Nevertheless, in the context of e-services, the questions in E-S-Qual that are classified under the loyalty intention dimension relate to the loyalty toward the particular website and not necessarily the loyalty to the service provider *per se*. It could, moreover, be argued that a specific consumer prefers to use a particular type of service online and the choice for that consumer is therefore the different websites he or she chooses, rather than a choice between online and traditional services. In the context of the present research, the choice for the tax practitioner is between e-services and traditional services for the same service provider, namely SARS. The loyalty to the website is evaluated in E-S-Qual, but the fact that SARS is the only service provider could affect the applicability of this service dimension for the present research.

Parasuraman *et al.* (2005:214) also found that customer assessments of e-service quality are strongly linked to perceived value and behavioural (loyalty) intentions. Measuring the perceived value and loyalty does not, therefore, in itself contribute to the measurement of the service quality of an entity, but the results of these measurements could be used to validate the reliability of the results of the e-service quality measurement.

To conclude, at a dimensional level, three of the four dimensions that were identified as relevant to E-S-Qual were also, in principle, relevant to the present research. The loyalty dimension relevant to the E-S-Qual model was found not to be relevant to the present model. The exclusion of loyalty from the e-service quality model should not affect the reliability of the service quality measurement, but would at most reduce the evidence supporting the reliability of the model, because

- loyalty was not specifically addressed by the responding tax practitioners;
- its relevance was reduced by the availability of only one service provider; and
- its measurement did not contribute to service quality, but was only linked to it.

The fact that only three of the four dimensions were found to be relevant in the tax agency environment supports the results of Boshoff (2007:110), who found that the E-S-Qual's four-dimensional configuration is not necessarily valid for all service settings. Parasuraman *et al.* (2005:229) were also of the opinion that the loyalty intention items in their E-S-Qual scale could be deleted or modified for service settings without necessarily jeopardizing the integrity of the e-service quality scale.

7.7.3 Comparison of the service determinants

E-S-Qual consists of seven service determinants – four different service determinants in the normal service dimension and three different service determinants in the recovery service dimension.

In the normal service dimension, the four service determinants of efficiency, system availability, fulfilment and privacy have already been identified. Apart from the privacy service determinant, the other three service determinants in the normal dimension of E-S-Qual are, in principle, similar to those identified in the present research.

In the present research, what E-S-Qual refers to as the privacy service determinant is referred to as the security service determinant. The more descriptive name of “security determinant” was chosen for the model proposed in the present research to distinguish the determinant from privacy aspects that were found to be relevant. The risk of fraudulent use of bank information represented a financial risk and it was also identified as a service attribute in this service determinant. Another service aspect unique to the tax agency environment and included under the security service determinant was the service attribute

of the protection of the tax practitioner against personal liability. It is therefore possible to conclude that the security service determinant as defined in the present research is wider in scope than the privacy determinant in E-S-Qual.

The security service determinant in the present research is a wider concept, but, in principle, the present research bears out the relevance of the remaining three service determinants in the normal dimension of E-S-Qual.

The service recovery dimension in E-S-Qual is divided into three different service determinants, namely the responsiveness, compensation and contact service determinants. The corresponding assistance service dimension in the present research was divided into four different service determinants, namely the responsiveness, reliability, assurance and empathy determinants. The definitions of the identified service determinants in the present research agree in the main with the definitions of the equivalent service determinants identified for the traditional services (see Chapter 5).

The compensation service determinant in E-S-Qual relates to the compensation received by the service provider for any inconvenience experienced. As the E-S-Qual scale focused on websites that sold physical products, the compensation service determinant in that model relates to compensation for the inconvenience of having to return damaged goods. SARS on the other hand, firstly, only renders services and, secondly, does not compensate tax practitioners (taxpayers) for incorrect service deliveries. The e-filing facility provides for a “correction or errors” function after a tax return has been assessed, but this facility is to be used when the tax practitioner makes a mistake when the original return is submitted. The “correction of errors” function can be regarded as very similar to a function used when a customer buys the wrong physical goods and then returns them to obtain the correct physical goods. As the inconvenience in this situation is caused by the consumer, no compensation would be relevant. The compensation service determinant was therefore not found to be relevant to the present research.

The contact service determinant in E-S-Qual relates to the availability of different service channels when assistance is required. The service attributes in this service determinant only focus on the availability of such facilities and no evaluation of the effectiveness of these facilities is included. Parasuraman *et al.* (2005:229) are of the opinion that the contact dimension of E-S-Qual is germane to pure service sites as well. In the present

research, the view is held that the availability of different service channels when assistance is required could be relevant when more than one website's e-service quality is measured. When only one service provider's e-service quality is measured (in the present research, the e-service quality of SARS), the different service channels available when assistance is required would be known to SARS. The contact service determinant is therefore not relevant to the present research.

In the E-S-Qual model, the responsiveness service determinant is defined widely and, as a result, it encompasses all the service aspects of all the identified service determinants in the assistance dimension of the present research. This may indicate that the four identified service determinants in the assistance dimension as identified for the present research (the responsiveness, reliability, assurance and empathy determinants) are not service determinants as such in the e-service environment, but that collectively they may represent the responsiveness service determinant. The fact that three of these four service determinants, as identified in the present research, each consist of only a single service attribute contributes to the conclusion that they collectively constitute a higher order construct. As none of the other service determinants in the recovery dimension of E-S-Qual were found to be relevant to the present research, the model proposed in the present research required adjustment, in that all the service aspects in the assistance dimension should be combined into only one service determinant, namely responsiveness. To ensure that the diagnostic value of the e-service quality model is not impaired, the responsiveness service determinant in the assistance dimension of the e-service quality model should have sub-service determinants of reliability, assurance, empathy and responsiveness. Because the responsiveness service determinant is then the only service determinant left in the assistance dimension, with its identified sub-determinants, the content of the model does not require any adjustment. The assistance dimension in fact represents the responsiveness service determinant.

In the normal service dimension, all the identified service determinants (efficiency, system availability, fulfilment and security) were also relevant to the present research. Only the responsiveness service determinant in the assistance dimension was found to be relevant to the present research. In E-S-Qual, the perceived value service dimension that was found to be relevant to both the E-S-Qual model and the e-service quality model proposed in the present research is divided only into different service attributes or service aspects. In

E-S-Qual no service determinants were identified for this service dimension. In the present research, the service determinants of convenience and incentive were found to be relevant to the perceived value service dimension.

The following service determinants or dimensions were found to be relevant to the present research. The service attributes within these service determinants therefore required further analysis:

- the service determinant of efficiency;
- the service determinant of system availability;
- the service determinant of fulfilment;
- the service determinant of privacy;
- the service determinant of responsiveness, with the sub-determinants of reliability, assurance, empathy and responsiveness; and
- the perceived value dimension, which is divided into different service aspects.

The service attributes identified for each service determinant are compared below using the following headings:

- E-S-Qual items not included in the proposed model (see Section 7.7.4 below);
- E-S-Qual items combined in the proposed model (see Section 7.7.5 below);
- modifications of E-S-Qual items (see Section 7.7.6 below);
- items in both scales that agree in principle (see Section 7.7.7 below); and
- additional service aspects not mentioned in E-S-Qual (see Section 7.7.8 below).

7.7.4 E-S-Qual items not included in the proposed model

Because one service dimension (the loyalty service dimension) and two service determinants (the compensation and contact service determinants) identified in E-S-Qual were found not to be relevant in the present research, the service attributes in this service dimension and service determinants were also not included in the e-service quality model of the present research.

Some of the items in the service determinants that were relevant to both e-service quality models were excluded from the e-service quality model proposed in the present research. To evaluate the effect of such exclusions, Parasuraman *et al.* (2005:229) suggested three different categories of importance of the E-S-Qual service attributes in the identified service determinants in the E-S-Qual model in the context of pure service settings:

- service determinants for which all the service attributes should be applicable (see Section 7.7.4.1);
- service determinants for which several of the service attributes should be applicable (see Section 7.7.4.2); and
- service determinants that could be deleted or modified (see Section 7.7.4.3).

7.7.4.1 *Service determinants for which all the service attributes should be applicable*

Parasuraman *et al.* (2005:229) argue that all items under the efficiency, system availability and security determinants of E-S-Qual are germane to pure service website quality evaluations. As the exclusion of the items referred to could potentially affect the integrity of a scale, appropriate reasons for any exclusion are required. Such reasons are therefore provided below.

As suggested by Parasuraman *et al.* (2005:229), all the service attributes in the efficiency and system availability service determinants were found to be relevant to the e-service quality model proposed in the present research.

Two of the three service attributes identified in E-S-Qual as relevant to the security determinant were found not to be relevant to the e-service quality model proposed in the present research. The first is a service attribute that evaluates whether the service provider “protects information about my Web-shopping behavior” (PR11 in Parasuraman *et al.* 2005:231). In the tax agency context, this statement would probably relate to the protection of information about amounts owed or returns not submitted, thus the protection of information regarding the taxpayer, notably his or her compliance with tax obligations. For the purposes of the present research, this statement would relate to the fulfilment of the tax practitioners’ obligations (how many of a given tax practitioner’s clients’ tax returns are always submitted on time and so on.). Although the privacy of the **taxpayer** may be very relevant to an e-service service quality evaluation model, the e-service quality model

used in the present research evaluated the services of SARS as perceived by the **tax practitioners**. No responses related specifically to this particular aspect. The fact that the present research focuses on the evaluation of the e-service quality as perceived by a different user-group (the tax practitioner, as agent, and not the customer) and the absence of any responses in this regard clearly indicate the low relevance of this service aspect to the present research.

The second service attribute in the security service determinant that was found not to be relevant to the present research evaluated whether the service provider “does not share my personal information with other sites” (PRI2 in Parasuraman *et al.* 2005:231). The relationship between a taxpayer (including a tax practitioner) and a tax agency is inherently a much more confidential relationship than the relationship between a customer and a retail store. None of the responding tax practitioners addressed this aspect of concern. The fact that the tax practitioners’ register has been in existence for just over two years, and the fact that the database has not, to date, been shared, may have contributed to the fact that no responses in this regard were received. As SARS is not necessarily concerned with commercial gains, the risk that SARS would share its tax practitioners’ database for commercial benefit is minimal. It could thus be concluded that the risk that the tax practitioners’ database will be shared is lower in a tax agency environment than in a commercial enterprise.

Only two of the 15 service attributes in the efficiency, system availability and security service determinants – which, according to Parasuraman *et al.* (2005) should also be relevant in service settings – were found not to be relevant to the e-service quality model proposed to evaluate SARS’s services.

7.7.4.2 *Service determinants for which several of the service attributes should be applicable*

Parasuraman *et al.* (2005:229) are of the view that several of the items under the three determinants of responsiveness, fulfilment and compensation should also be applicable to pure service sites. The results of the comparison for each of these service determinants are discussed separately below.

(a) Responsiveness service determinant

Three of the five service attributes in the responsiveness service determinant of E-S-Qual were also relevant to the present research. Two of the five service attributes in the responsiveness service attribute of E-S-Qual were found not to be relevant to the e-service quality model proposed in the present research. The first is a service attribute that determines whether the website “provides me with convenient options for returning items” (RES1 in Parasuraman *et al.* 2005:231). This item in the tax agency environment could be interpreted as the convenience of the various options available to solve any e-service problem. Although in the present research convenience was found to be very important to the perceived value dimension of the e-service quality model, the responding tax practitioners did not specifically refer to convenience with regard to the problem-solving aspects relating to the assistance dimension. For the traditional service quality model, the convenience of adding the e-mail facility to enhance problem-solving was found to be relevant (see Section 5.10.2.1 – Availability of different service channels). Apart from the user-guide assistance facility on e-filing, both the call centre and e-mail service channels are also available to the traditional services. Hence, the tax practitioners may also have expected these service channels to be available for the e-services and this may therefore have contributed to the fact that none of the responding tax practitioners commented on the convenience of the assistance options.

The second service attribute that was found not to be relevant in the present research determines whether the website “offers a meaningful guarantee” (RES3 in Parasuraman *et al.* 2005:231). SARS is rendering services to assist taxpayers (tax practitioners) to comply with their tax obligations. SARS neither renders a specific service for a consideration nor sells a product. The guarantees that are usually associated with the sale of physical goods or the rendering of specified services are therefore not relevant to the present research.

(b) Fulfilment service determinant

Only three of the seven service attributes identified in the E-S-Qual model’s fulfilment service determinant were found to be relevant to the present research. The four statements in E-S-Qual (Parasuraman *et al.* 2005:231) that were found not to be relevant in the present research, namely the ability of the service provider to “...deliver orders when promised” (FUL1), “have in stock the items the company claims to have” (FUL5), to be

“truthful about its offerings” (FUL6) and to “make accurate promises about delivery of products” (FUL7), relate to the ability of the customer to rely on the promises of the service provider and to trust the service provider to perform the services as promised.

Nothing in the SARS Service Charter relates specifically to e-services and no items should therefore be included in the e-service quality model to evaluate the reliability of promises made by SARS relating to e-services. A reference to the ability of SARS to keep its promises was included in the evaluation of the traditional services. Responding tax practitioners did not specifically refer to SARS’s adherence to promises in respect of e-services. It is submitted that perhaps, if the critical incidents were only to be collected for e-services, the respondents would possibly include critical incidents relating to the adherence to promises. In the traditional service quality model, two separate service attributes relate to SARS’s adherence to its promises, namely

- the adherence to specific promises service attribute (Section 5.11.4), which attracted only 45 critical incidents (1.08%, n = 4 183); and
- the adherence to promises in general service attribute (Section 5.11.5), which attracted only 24 critical incidents (0.58%, n = 4 183).

The low frequencies of all the responses that related to the adherence of SARS to promises, as presented in the traditional service quality model, may support the decision to exclude the evaluation of this service aspect for a specific service channel (in this case, the e-services).

(c) Conclusion

Parasuraman *et al.* (2005:229) did not specify the items in the fulfilment, responsiveness and compensation service determinants that should be relevant and only referred to the fact they regarded **several** to be applicable. The compensation service determinant as a whole was found not to be relevant to the present research. Several of the service attributes in the responsiveness service determinant (three out of five) and the fulfilment service determinant (three out of seven) were found to be relevant to the present research. The reason for excluding the compensation service determinant is not necessarily the difference between the evaluation of products versus the evaluation of e-service quality, but rather that it reflects a difference between the e-service quality evaluations for specific

types of services in the public sector. It may indicate a difference in the service quality evaluations where a service provider is only there to assist with compliance with a legal obligation (for example, by issuing identity books or drivers' licenses and by providing assistance to comply with the legally prescribed tax obligation, as in the case of SARS) or where the public sector provides, for example, legal assistance to individuals who cannot afford their own legal representation. Service delivery quality that relates to compliance with a legal obligation only involves time and effort sacrifices or risks on the side of the client (taxpayer). Where other services are provided, the client sacrifices more than just time and effort. Compensation would therefore be more relevant in the case of service quality deficiencies.

7.7.4.3 *Service determinants that could be deleted or modified*

Parasuraman *et al.* (2005:229) found that all the items that were part of the perceived value and perceived loyalty dimension can be deleted or modified for service settings without necessarily jeopardising the integrity of the e-service quality scale. The loyalty dimension as a whole was found to be not relevant to the present scale (see Section 7.7.2 above). Several of the items classified under the perceived value dimension in E-S-Qual were found not to be relevant to the present research.

Under the perceived value dimension, E-S-Qual includes Item 1, which evaluates the "prices of the products and services available at this site (how economical the site is)". SARS does not sell a product and does not render a service at a price. This service aspect was therefore not relevant to the present research.

Under the perceived value dimension, E-S-Qual includes a second statement (Item 3) that evaluates the "extent to which the site gives you a feeling of being in control". As the relationship between SARS and the tax practitioner is compulsory and most of the required actions are legally prescribed, the tax practitioner cannot experience the same level of control in the relationship. The control in the service relationship was also never mentioned by any of the responding tax practitioners. For the present research, this aspect was not found to be relevant.

Under the perceived value dimension, E-S-Qual includes a third statement (Item 4) that evaluates the "overall value you get from this site for your money and effort". From the

wording of this statement, it is clear that the focus is on the overall evaluation of the value the customer receives in return for money and effort. In the tax agency environment, whether a taxpayer has a taxable income of R200 000 or a taxable income of R200 million, he or she is obliged to submit a tax return and make tax payments. Provided that no provisional tax (which is currently not yet available on e-filing at SARS) is payable by the taxpayer and if it is assumed that each taxpayer using the services of the tax practitioner earns a salary from only one employer, the effort by the tax practitioner would be the same for each taxpayer (irrespective of the taxable income) with regard to the rendering of the tax return as well as the payment of the taxes due. There could not be any direct link between the value and the money expended in a tax agency environment of making use of e-services. As the present research evaluated the services from the perspective of tax practitioners (and not taxpayers) any link between money expended and value was negligible. The only value for the responding tax practitioners could lie in the convenience of using the site, an aspect that is already separately measured. As none of the other perceived value items were found to be relevant to the present research, the separate overall value measurement would only result in a duplication of the convenience measurement.

7.7.5 E-S-Qual items combined in the proposed model

A number of other items in the e-service quality model proposed in the present research did not fully exclude E-S-Qual items, but instead combined two E-S-Qual service attributes into single or multiple service attributes.

7.7.5.1 Combined items in the efficiency service determinant

In the efficiency service determinant, E-S-Qual includes two statements that relate to the organisation of e-services. The first statement relates to whether the information on the website is or is not well organised (EFF4 in Parasuraman *et al.* 2005:230). The second statement refers to the fact that the site is or is not well organised (EFF8 in Parasuraman *et al.* 2005:230). In the present study, the responding tax practitioners did not distinguish between the organisation of the website and the organisation of the information on the website. In the proposed e-service quality model, both these two items are therefore combined into a single service attribute.

In the efficiency service determinant, E-S-Qual uses three different statements that could relate to the perceptions of tax practitioners with regard to the speed of the site. The first indicates that the site “enables me to complete a transaction quickly” (EFF3 in Parasuraman *et al.* 2005:230), the second that the site “loads its pages fast” (EFF5 in Parasuraman *et al.* 2005:230) and the third that “the site enables me to get onto it quickly” (EFF7 in Parasuraman *et al.* 2005:230). The responding tax practitioners did not distinguish between the speed of launching the site and the speed of the loading of pages on a site. They also made no distinction between the speed of the website itself and the speed of completing a transaction. All three these aspects have been combined into a single item in the e-service quality model of the present research.

The efficiency service determinant of E-S-Qual also included two statements that relate to the ease of finding information service attribute measured in the present research. The first refers to the ease of finding what is required on a site (EFF1 in Parasuraman *et al.* 2005:230) and the second refers to the ease of getting anywhere on a site (EFF2 in Parasuraman *et al.* 2005:230). It appears that the second statement refers to the ease of getting to where a person wants to be on a site when the person knows where the information is. From the responses in the present research, it was never clear whether the ease or difficulty of finding information related to the structure or complexity of the navigation functions of the site. The ease of finding information service attribute for the purposes of the present research refers to the ease of finding information whether or not the tax practitioner knows where to find the information. The two statements of E-S-Qual (EFF1 and EFF2) were therefore combined into a single evaluation item in the proposed model.

7.7.5.2 *Combined items in the system availability service determinant*

The system availability service determinant in the E-S-Qual model includes two questions relating to the availability of the website. The first is “the site launches and runs right away” (SYS2 in Parasuraman *et al.* 2005:231) and the second is “the site is always available for business (SYS1 in Parasuraman *et al.* 2005:231). For the purposes of the present research, both these aspects were combined into the availability of the site service aspects. The reason for the combination of the mentioned E-S-Qual service attributes into this one service attribute was that currently no system availability notification system is operational in SARS, so tax practitioners would not be able to distinguish between a

situation in which the site fails to launch and run immediately (at the first attempt) because of a system error, as opposed to one where it fails to do so because the website is not available.

The system availability service determinant also includes a statement that evaluates whether the “site does not crash” (SYS3 in Parasuraman *et al.* 2005:231) and another statement that evaluates whether “[p]ages at this site do not freeze after I enter my order information”. In the present research, responding tax practitioners did not distinguish between these two service aspects, as they perceived the consequences of both scenarios to be similar: they are aborted from the site (if the pages crash, this is automatic, but if the pages freeze, the frustration of the tax practitioner usually results in voluntary abortion of the process). The items relating to the crash and the freeze of the website were therefore combined into a single evaluation item in the model proposed in the present research.

7.7.5.3 *Combined items in the fulfilment service determinant*

The fulfilment service determinant includes two statements that evaluate the speed of the service, namely “This site makes items available for delivery within a suitable time frame” (FUL2 in Parasuraman *et al.* 2005:231) and “It quickly delivers what I order” (FUL3 in Parasuraman *et al.* 2005:231). Although both statements refer to the speed of the performance of the service, the first evaluates the speed from the perspective of the consumers’ expectations regarding a suitable delivery timeframe. The second evaluates the speed of the delivery itself. As the use of e-filing in the present research only began a short while before the collection of the critical incidents, the expectations of the tax practitioners with regard to the speed of the services could only be benchmarked against the speed of the services as performed through the traditional services. The separate measurement of their expectations in this regard is therefore not advisable at this stage. The model proposed in the present research therefore evaluates only the turnaround time (speed) of the services per relevant business process and separately per service channel. The measurement of the performance-only items is in line with the findings of Cronin and Taylor (1992), who argue that perceived performance may already lead a respondent through a mental process of comparing the perceptions to the expectations. The single measurement of the speed of the service delivery therefore implies a combination of the two statements (FUL2 and FUL3) in E-S-Qual.

7.7.6 Modifications of E-S-QUAL items

The authors who developed and adapted the SERVQUAL model, Parasuraman *et al.* (1991a) maintain that minor modifications to the wording of items to adapt them to a specific setting are appropriate and should not affect the integrity of the scale. It was assumed that this conclusion would also be true for the generic E-S-Qual e-service quality model developed by the same authors.

The order in which the items in E-S-Qual and the proposed service quality model are presented differs. In the model proposed in the present research, the items are listed per e-service quality dimension, arranged in descending order from the dimension that received the most responses to the one that received the fewest. The relevant service determinants and service attributes were similarly presented in descending order, depending on the frequency of the responses. No specific order is used in E-S-QUAL. Differences in the order in which items are presented in the separate models should not unduly influence the validity or reliability of the instruments.

The wording of some items in the proposed model has been adapted or there are other minor modifications adjusting the items specifically to the SARS context. Assuming that items would require modification for suitability in the tax agency environment, normal wording changes have not been included in this discussion. Only the changes that alter the focus of a specific service item so that it is not identical in both models are analysed below.

Under the E-RecS-QUAL dimension in the responsiveness service determinant, E-S-Qual includes an item that determines whether the website “handles product returns well” (RES2 in Parasuraman *et al.* 2005:231). This statement focuses on the way in which the product return is handled. In the tax agency environment, no physical product is sold, but this item could relate closely to the success of the assistance services when problems are encountered with the services. In the model proposed in the present research, the service quality attributes that measure the service quality of a successful assistance service were expanded to represent not only one item in the service quality model, but the following

three different service attributes:

- accurate service delivery (Section 6.18 – Conclusion 6.25);
- knowledge and skills of employees (Section 6.19.1 – Conclusion 6.26); and
- willingness of employees (Section 6.21.2 – Conclusion 6.30).

The evaluation of all three the above items in combination will possibly evaluate at least what is envisaged by RES2 in E-S-Qual.

The speed of the services is addressed in RES5 in Parasuraman *et al.* (2005:231). This item evaluates whether the “site takes care of problems promptly”. In the model proposed in the present research, this service attribute was divided into two different service attributes that separate the turnaround time from the time that the tax practitioner’s productive capacity is consumed. The evaluation of both the items mentioned in the present research will, in combination, possibly evaluate the same aspect as RES5 in E-S-Qual.

7.7.7 Items in both scales that agree in principle

Only six of the E-S-Qual items (EFF6, FUL4, PR13, RES2, RES4 and Item 2 of the perceived value dimension) compare very closely with items in the proposed e-service quality model, without significant modifications.

7.7.8 Additional service aspects not mentioned in E-S-QUAL

The e-service quality model proposed in the present research includes additional items that are not part of E-S-Qual. The original authors of SERVQUAL (Parasuraman *et al.* 1991a) argue that the integrity of the SERVQUAL scale could be influenced when items are deleted from the scale. These authors did not express the same concern about the addition of items. The conclusions these authors made in relation to the SERVQUAL scale may also be relevant to the E-S-Qual scale. The addition of the items identified below should therefore not necessarily influence the integrity of the proposed scale.

7.7.8.1 *Additional aspects in the system availability service determinant*

The pre-testing service attribute (see Section 6.11.1) under the system availability service determinant led to a conclusion that reads as follows:

Conclusion 6.19:

The e-service quality model should include a question that evaluates the tax practitioners' perception(s) relating (un)successful pre-testing of e-filing or any additional processes introduced on e-filing before it was launched.

The message that emerged from the tax practitioners' responses was that they believed that SARS went live without adequate pre-testing and that SARS is simply trying to solve problems as the process evolves. In the private sector, pre-testing would usually be of great importance, as clients could be lost if a system is not working properly. In the tax agency environment, clients (the taxpayers) do not use the service voluntarily and could also not choose to change to another service provider.

Pre-testing is not specifically mentioned in the E-S-Qual model. Nor has it been mentioned in any other e-service quality model to date. However, while Santos (2003) does not specifically refer to pre-testing, she proposed that an e-service quality model should divide e-service quality into two dimensions, namely an incubative and active dimension (before and after a website is launched) as a criterion for separating the dimensions. She defines the incubative dimension as "the proper design of a Web site, how technology is used to provide consumers with easy access, understanding and attractions of a Web site" (Santos 2003:238). Santos (2003) therefore acknowledged that aspects that are addressed before the website is launched could also be relevant in evaluating e-service quality. Pre-testing would definitely contribute to the quality of the incubative dimension. It is therefore theoretically sound to include it in an e-service quality model.

7.7.8.2 *Additional aspects in the fulfilment service determinant*

The scope of e-services offered service attribute (see Section 6.9.1) under the fulfilment

service determinant includes Conclusions 6.6 and 6.7, which read as follows:

Conclusion 6.6:

The e-service quality model should include a question to determine the need for the expansion of the scope of the services SARS offers through e-filing.

and

Conclusion 6.7:

The e-service quality model should include a question to evaluate the completeness of the content of the website.

Both the above conclusions relate to the scope of the e-services offered. Conclusion 6.6 relates to the scope of the services offered on e-filing and Conclusion 6.7 relates to the completeness of the website. Parasuraman *et al.* (2005) specifically developed E-S-Qual for websites that sold physical products. If a customer is therefore interested in buying physical products, he or she uses a website that provides for this option and thereafter evaluates the website. In the present research, the e-service quality model is, firstly, developed for services and not for goods. Secondly, it is aimed at the evaluation of a total service offering of a service provider (SARS) and not only the evaluation of a specific known service that is already operational. Thirdly, the evaluation of the total service offering of SARS includes the separate evaluation of various service channels, of which the e-service channel is only one. The fact that the service offerings for the different service channels differ makes the evaluation of the scope of the services offered per service channel very relevant.

7.7.8.3 General additional aspects

Conclusion 6.22 (see Section 6.13) includes the following that ensures the global

evaluation of the e-service quality:

Conclusion 6.22:

Apart from the detailed aspects recommended for inclusion in the e-service quality model, an additional global judgement should also be incorporated to evaluate the service quality of

- *e-filing; and*
- *the website.*

The fact that responding tax practitioners commented proportionally more positively when they commented on the service quality in general may indicate that a better service quality evaluation could be obtained if it also includes a global evaluation. This is in line with the conclusions of Dabholkar *et al.* (2000:141), who argue that consumers evaluate different components (factors) related to the service, but also form a separate overall evaluation of the service quality (which is not the sum or average of the components). For the global evaluation, it is possible that the respondents included specific service aspects that were not critical, but were also relevant to them in their service encounter with the service provider.

7.7.8.4 Additional aspects in the perceived value service dimension

The incentive service aspects (see Section 6.16) under the perceived value dimension include Conclusion 6.24, which reads as follows:

Conclusion 6.24:

The e-service quality model should include a question relating to incentives in which respondents are requested to rate e-filing on a scale on the overall value of the e-services encouragement incentives offered for using the service.

The incentive service aspect is not addressed by Parasuraman *et al.* (2005) in E-S-Qual, but was mentioned by the responding tax practitioners in the present research and also by Santos (2003).

Connolly and Bannister (2008) and Lind *et al.* (2007) found that e-filing offers many benefits to the state, ranging from faster collection (increased efficiency) to human error

reduction and cost savings. SARS would therefore like to encourage as many tax practitioners as possible to make use of e-filing. Because SARS prefers the e-service service channel to the traditional service channel for certain services, the incentives offered to encourage the use of the e-services are highly relevant to the present research. By contrast, most retail stores would prefer customers to use the traditional service channel (visit the store themselves), as this may increase the possibility that the customers might purchase items that they did not initially plan to purchase.

7.7.9 Conclusion: reliability and validity of the proposed model for the e-services

E-S-Qual includes four service dimensions, of which only three were found to be relevant to the present research. The possibility that only three of the four E-S-Qual service dimensions may be relevant in the tax agency environment supports the findings of Boshoff (2007:110), who concluded that the E-S-Qual's four-dimensional configuration is not necessarily valid for all service settings. Parasuraman *et al.* (2005:229) were also of the opinion that the loyalty intention items in their E-S-Qual scale could be deleted or modified for service settings without necessarily jeopardizing the integrity of the e-service quality scale.

In the normal service dimension of E-S-Qual, all the identified service determinants (efficiency, system availability, fulfilment and security) were also relevant to the present research. Only the responsiveness service determinant in the assistance (service recovery) dimension of E-S-Qual was found to be relevant to the present research. In the present research, the service determinants of convenience and incentives were found to be relevant to the perceived value service dimension.

The contact service determinant was found not to be relevant, although Parasuraman *et al.* (2005:229) suggested that it should be relevant to service settings. It is proposed that it may only be relevant in service settings when more than one service provider is available for a specific service.

The compensation service determinant in the E-S-Qual scale relates to compensation for the inconvenience of having to return damaged goods. SARS, firstly, only renders services, and, secondly, does not compensate tax practitioners (taxpayers) for incorrect

service delivery. The compensation service determinant was therefore not found to be relevant to the present research.

Parasuraman *et al.* (2005:229) acknowledge that all phases of their research focused on websites that sold physical products (in contrast to pure service sites, such as those offering financial or information services). They suggest that their scale may not be fully applicable to service settings. However, they suggest that all items under the efficiency, system availability, privacy and the contact determinants of E-S-Qual are germane to pure service sites as well. Only two of the 15 service attributes in the efficiency, system availability and security service determinants – which, according to Parasuraman *et al.* (2005) should also be relevant in service settings – were found not to be relevant to the proposed e-service quality model to be used to evaluate the services of SARS. Of the service attributes in the service determinants that were found to be relevant to the present research, 86.67% (13 out of 15) were also included in the proposed e-service quality model. As the compensation service determinant was not identified as relevant to the present research, all three the service attributes in this service determinant were excluded from the proposed e-service quality model.

Parasuraman *et al.* (2005:229) did not specify the items in the fulfilment, responsiveness and compensation service determinants that should be relevant. They only referred to the fact that they regard several items as applicable. The compensation service determinant as a whole was not found to be relevant to the present research. Several of the service attributes in the responsiveness (three out of five) and the fulfilment service determinants (three out of seven) were found to be relevant to the present research.

Parasuraman *et al.* (2005:229) indicated that all the items that were part of the perceived value and perceived loyalty dimension could be deleted or modified for service settings without necessarily jeopardizing the integrity of the e-service quality scale. The loyalty dimension as a whole was not found to be relevant to the present model. Three of the four items classified under the perceived value dimension in E-S-Qual were not found to be relevant to the present research.

A number of other items in the e-service quality model proposed in the present research did not fully exclude E-S-Qual items, but instead combined two E-S-Qual service attributes into single or multiple service attributes. Other items in E-S-Qual have been modified to

customize them for the SARS service setting. These modifications resulted in the splitting of specific items in E-S-Qual into more than one service attribute.

Apart from specific aspects that were excluded from E-S-Qual (the reasons for these decisions have already been provided in this section), it can be concluded that the proposed e-service quality model agrees in principle (although not necessarily in all material respects) with the generic E-S-Qual model. The congruence between E-S-Qual and the proposed e-service quality model should support the content validity of the proposed service quality model.

Table 7.19: Comparison of E-S-Qual with e-service quality model proposed in present research

E-S-QUAL MEASURING INSTRUMENT	PRESENT RESEARCH	COMPARISON	RESULTS OF COMPARISON
Normal dimension	Normal operations dimension (Section 6.8)	Different designations are used for dimensions with the same scope.	Agrees in principle
<i>Efficiency service determinant</i>	<i>Efficiency service determinant (Section 6.10)</i>	Efficiency service determinant in both models.	Agrees in principle
EFF1 This site makes it easy to find what I need.	Ease of finding information (Section 6.10.4 – Conclusion 6.18)	The present research combines E-S-Qual's Items EFF1 and EFF2.	Combination
EFF2 It makes it easy to get anywhere on the site.	Ease of finding information (Section 6.10.4 – Conclusion 6.18)	The present research combines E-S-Qual's Items EFF1 and EFF2.	Combination
EFF3 It enables me to complete a transaction quickly.	Speed of launching the site and pages (Section 6.10.3 – Conclusion 6.16)	The present research combines E-S-Qual's Items EFF3, EFF5 and EFF7.	Combination
EFF4 Information at this site is well organized.	Organisation (Section 6.10.2 – Conclusion 6.15)	The present research combines E-S-Qual's Items EFF4 and EFF8.	Combination
EFF5 It loads its pages fast.	Speed of launching the site and pages (Section 6.10.3 – Conclusion 6.16)	The present research combines E-S-Qual's Items EFF3, EFF5 and EFF7.	Combination
EFF6 This site is simple to use.	Ease of use (Section 6.10.1 - Conclusion 6.14)	The present research agrees with E-S-Qual's Item EFF6.	Agrees in principle
EFF7 This site enables me to get on to it quickly.	Speed of launching the site and pages (Section 6.10.3 – Conclusion 6.16)	The present research combines E-S-Qual's Items EFF3, EFF5 and EFF7.	Combination
EFF8 This site is well organized.	Organisation (Section 6.10.2 – Conclusion 6.15)	The present research combines E-S-Qual's Items EFF4 and EFF8.	Combination
<i>System Availability service determinant</i>	<i>System Availability service determinant (Section 6.11)</i>	System Availability service determinant in both models.	Agrees in principle
SYS1 This site is always available for business.	Speed of launching the site and pages (Section 6.10.3 – Conclusion 6.17)	The present research combines E-S-Qual's Items SYS1 and SYS2.	Combination
SYS2 This site launches and runs right away.	Speed of launching the site and pages (Section 6.10.3 – Conclusion 6.17)	The present research combines E-S-Qual's Items SYS1 and SYS2.	Combination
SYS3 This site does not crash.	Crash and freeze problems (Section 6.11.2 – Conclusion 6.20)	The present research combines E-S-Qual's Items SYS3 and SYS4.	Combination

SYS4 Pages at this site do not freeze after I enter my order information.	Crash and freeze problems(Section 6.11.2 – Conclusion 6.20)	The present research combines E-S-Qual's Items SYS3 and SYS4.	Combination
	Pre-testing (Section 6.11.1 – Conclusion 6.19)	Not part of E-S-Qual.	Additional
<i>Fulfilment service determinant</i>	<i>Fulfilment service determinant</i> (Section 6.9)	<i>Fulfilment service determinant</i> in both models	Agrees in principle
FUL1 It delivers orders when promised.	<i>Not applicable</i>	The fulfilment of promises was not specifically addressed in the model proposed in the present research.	Deletion of service attribute
FUL2 This site makes items available for delivery within a suitable time frame.	Speed of service performance (Section 6.9.2 – Conclusions 6.8-6.12)	The present research combines E-S-Qual's Items FUL2 and FUL3.	Combination
FUL3 It quickly delivers what I order.	Speed of service performance (Section 6.9.2 – Conclusions 6.8-6.12)	The present research combines E-S-Qual's Items FUL2 and FUL3.	Combination
FUL4 It sends out the items ordered.	Accurate service delivery (Section 6.9.3 – Conclusion 6.13)	The present research agrees with E-S-Qual's Item FUL4.	Agrees in principle
FUL5 It has in stock the items the company claims to have.	<i>Not applicable</i>	The fulfilment of promises was not specifically addressed in the model proposed in the present research.	Deletion of service attribute
FUL6 It is truthful about its offerings.	<i>Not applicable</i>	The fulfilment of promises was not specifically addressed in the model proposed in the present research.	Deletion of service attribute
FUL7 It makes accurate promises about delivery of products.	<i>Not applicable</i>	The fulfilment of promises was not specifically addressed in the model proposed in the present research.	Deletion of service attribute
	Scope of the e-services offered (Section 6.9.1 – Conclusions 6.6 and 6.7.)	This was not part of E-S-Qual.	Additional
<i>Privacy service determinant</i>	<i>Security service determinant</i> (Section 6.12)	Different designations with partly a different scope are proposed in the model.	Modification with wider scope

PRI1	It protects information about my Web-shopping behavior.	<i>Not applicable</i>	This was less relevant, as the service quality is evaluated from the perspective of the tax practitioner and not the individual taxpayer.	Deletion
PRI2	It does not share my personal information with other sites.	<i>Not applicable</i>	This was not mentioned by responding tax practitioners.	Deletion of service attribute
PRI3	This site protects information about my credit card.	Protection of personal information (Section 6.12.1 – Conclusion 6.21).	The present research agrees with E-S-Qual's Item PR13.	Agrees in principle
E-RecS-QUAL dimension		Assistance dimension (Section 6.17)	Different designations for dimensions with the same scope are proposed.	Agrees in principle
	<i>Responsiveness service determinant</i>	Assistance	As the responsiveness service determinant was the only service determinant relevant to the present research, the results of the assistance dimension in the proposed model encompass the results of the responsiveness service determinant. The responsiveness service determinant is the umbrella of all the service determinants identified in the present research.	Agrees in principle
RES1	It provides me with convenient options for returning items.	<i>Not applicable</i>	This was not mentioned by responding tax practitioners	Deletion of service attribute
RES2	This site handles product returns well.	Accurate service delivery (Section 6.18 – Conclusion 6.25) Knowledge and Skills of employees (Section 6.19.1 – Conclusion 6.26) Willingness of employees (Section 6.21.2 – Conclusion 6.30)	The present research splits E-S-Qual's Item RES2 into three different items, accurate service delivery, knowledge and skills of employees and willingness of employees. The evaluation of all three these items mentioned in the present research will, in combination, probably evaluate E-S-Qual's Item RES2.	Modification

RES3 This site offers a meaningful guarantee.	<i>Not applicable</i>	<i>Not applicable</i>	Deletion of service attribute
RES4 It tells me what to do if my transaction is not processed.	Content of the user guide (Section 6.19.2 – Conclusion 6.27)	The present research agrees with E-S-Qual's Item RES4.	Agrees in principle
RES5 It takes care of problems promptly.	Waiting time (Section 6.20 – Conclusion 6.28) Speed of performing the service (Section 6.21.1 – Conclusion 6.29)	The present research splits E-S-Qual's Item RES5 E-S-Qual into two different items: waiting time and speed of performing the service. The evaluation of both the items mentioned in the present research will, in combination, probably evaluate E-S-Qual's Item RES5.	Modification
<i>Compensation service determinant</i>	<i>Not applicable</i>	The compensation service determinant is not addressed in the present research.	Deletion of service determinant
COM1 This site compensates me for problems it creates.	<i>Not applicable</i>		Deletion of service attribute
COM2 It compensates me when what I ordered doesn't arrive on time.	<i>Not applicable</i>		Deletion of service attribute
COM3 It picks up items I want to return from my home or business.	<i>Not applicable</i>		Deletion of service attribute
<i>Contact service determinant</i>	<i>Not applicable</i>	The contact service determinant is not addressed in the present research.	Deletion of service determinant
CON1 This site provides a telephone number to reach the company.	<i>Not applicable</i>		Deletion of service attribute
CON2 This site has customer service representatives available online.	<i>Not applicable</i>		Deletion of service attribute
CON3 It offers the ability to speak to a live person if there is a problem.	<i>Not applicable</i>		Deletion of service attribute
Perceived value dimension	Perceived value dimension (Section 6.14)	Perceived value dimension in both models.	Agrees in principle
1. The prices of the products and services available at this site (how economical the site is).	<i>Not applicable</i>	Whether the prices of goods and services are economical is not relevant to the present research.	Deletion of service attribute

2.	The overall convenience of using this site.	Convenience (Section 6.15 – Conclusion 6.24)	The present research agrees with E-S-Qual's Item 2 under E-S-Qual's perceived value dimension.	Agrees in principle
3.	The extent to which the site gives you a feeling of being in control.	<i>Not applicable</i>	As the relationship between SARS and the tax practitioner is compulsory and most of the required actions are legally prescribed, the tax practitioner could not experience the same degree of control in the relationship.	Deletion of service attribute
4.	The overall value you get from this site for your money and effort.	<i>Not applicable</i>	The only relevant value aspect is the convenience aspect and this measurement would result in a duplication of the convenience measurement.	Deletion of service attribute
		Incentive (Section 6.16 – Conclusion 6.25)	Incentive aspects are not addressed in the present research.	Addition
	Loyalty intentions dimension	<i>Not applicable</i>	Loyalty intentions not addressed in the present research.	Deletion of service dimension
	How likely are you to . . .			
1.	Say positive things about this site to other people?	<i>Not applicable</i>	<i>Not applicable</i>	Deletion of service attribute
2.	Recommend this site to someone who seeks your advice?	<i>Not applicable</i>	<i>Not applicable</i>	Deletion of service attribute
3.	Encourage friends and others to do business with this site?	<i>Not applicable</i>	<i>Not applicable</i>	Deletion of service attribute
4.	Consider this site to be your first choice for future transactions?	<i>Not applicable</i>	<i>Not applicable</i>	Deletion of service attribute
5.	Do more business with this site in the coming months?	<i>Not applicable</i>	<i>Not applicable</i>	Deletion of service attribute
		Global evaluation of e-service quality (Section 6.13 – Conclusion 6.22)	A global evaluation of e-services is not addressed in E-S-Qual.	Addition

7.8 COMPARISON OF THE PARTS OF THE SERVICE QUALITY MODEL FOR THE TRADITIONAL SERVICES AND THE E-SERVICES

The results of the present research confirm the conclusions of various authors who found that, on the whole, the service quality evaluations of traditional and e-services tend to differ. There are, however, also some similarities between the two parts of the service quality model.

When the total service quality of SARS is to be evaluated, it is important to ensure that a specific service aspect is evaluated only once. It is therefore deemed helpful to present the results of a comparison between the two parts of the service quality model here. To ensure that any duplication is eliminated, the focus of the comparison is mainly on the similarities between the two parts.

7.8.1 Structural comparison

The part of the service quality model for the traditional services uses a group of three different service quality dimensions, namely functional quality (the “how”), technical quality (the “what”) and an image dimension (“by whom”). The e-service quality model is also divided into three different distinct dimensions. The first is the normal operations service quality dimension, the second is the perceived value dimension and the third is the assistance dimension. Both the traditional service quality model and the e-service quality model are based on a hierarchical approach to service quality. Both models also divide each dimension into various service determinants, service attributes and service aspects.

7.8.2 Comparison of service determinants

Although the dimensions for the traditional services and the e-services are defined differently, some of the service determinants identified were found to be relevant to both service modes. The following service determinants identified as relevant to the traditional services across all three service quality dimensions were also relevant to the assistance dimension of the e-services:

- reliability;
- assurance;
- empathy; and

- responsiveness.

In the model, the fulfilment service determinant for the e-services is defined more broadly than the responsiveness and reliability service determinants for the traditional services. For the e-services, the responsiveness and reliability of the service provider are both included as part of the fulfilment service determinant.

The service determinant of tangibles identified for the traditional services was not found to be relevant to the service quality of the e-services. Although the service determinant of tangibles influences the functional quality of the traditional service experience, tangibles is also an important communicator of the image dimension of the traditional services. For the e-services, the only tangible measurable relates to the computer and Internet connection, and it would appear that the role of the image dimension (in so far as it is relevant at all) is less important in the e-service environment than in the traditional service environment.

7.8.3 Comparison of service attributes

It was further established that several service attributes were relevant to both the service quality of the traditional services and the e-services. The service determinants and service dimensions to which such a service attribute is allocated are, however, not defined in the same way for the traditional and the e-services. The following service attributes relevant to the traditional services are also relevant to the e-service quality model:

- accurate service delivery;
- speed of performing the service;
- willingness of employees;
- waiting time;
- knowledge and skills of employees; and
- convenience of location and operating hours.

7.8.3.1 Accurate service delivery

Accurate service delivery could relate to the normal day-to-day services (hereafter referred

to as “normal services”), or it could refer to the recovery services.

(a) Normal services

For the traditional services, accurate service delivery and service failures were classified under the reliability service determinant in the functional service quality dimension (see Section 5.11.1 and Conclusions 5.49 and 5.52). For the e-services, accurate service delivery was included in the fulfilment service determinant in the normal operations service quality dimension (see Section 6.7.3 and Conclusion 6.10). Elements of accurate service delivery found to relate to normal services relevant to both the traditional service and the e-service quality were making the correct tax returns available, the tax assessment and tax payment business processes.

(b) Recovery service aspects

For the traditional services, the service attribute of accurate service recovery was classified under the reliability service determinant (see Section 5.11.1 and Conclusions 5.50, 5.51 and 5.52). For the e-services, the service attribute of accurate service delivery of the assistance (recovery) service aspects was also classified under the reliability service determinant, but in the assistance service dimension (see Section 6.18 and Conclusion 6.26).

7.8.3.2 Speed of performing the service

The service attribute of the speed of performing the service, as identified for the traditional services (see Section 5.8.1.1 and Conclusion 5.6) was also found to be relevant to the e-services when assistance was required through e-filing e-mail (see Section 6.10.5.1 and Conclusion 6.22). The speed of performing the service was therefore classified in the functional dimension of the traditional services under the responsiveness service determinant. For the e-services, the service attribute of the speed of performing the service was also classified under the responsiveness service determinant, but in the assistance service dimension.

For both the traditional and the e-services, the service attribute of the speed of performing the service was divided into two different service aspects, namely turnaround time and the timeliness of updates.

There are three business processes within the turnaround time service aspect that are also relevant to the traditional services:

- tax assessments (see Section 5.8.1.4 and Conclusion 5.9 and Section 6.7.2.1 and Conclusion 6.5);
- tax refunds (see Section 5.8.1.5 and Conclusion 5.10 and Section 6.7.2.1 and Conclusion 6.6); and
- the dispute resolution process (see Section 5.8.1.3 and Conclusion 8 and Section 6.7.2.1 and Conclusion 6.7).

For the e-services, the service aspect relating to the timeliness of updates (see Section 6.7.2.2 and Conclusion 6.8) includes an item referring to the timeliness of the availability of the tax returns that is also relevant to the traditional services (see Section 5.8.1.6 and Conclusion 5.11).

7.8.3.3 *Willingness of employees*

In the model for the traditional services, the willingness of the employees service attribute (see Section 5.8.1.2 and Conclusion 5.15) was classified within the functional quality service dimension under the service determinant of responsiveness. For the e-services, the willingness of the employees providing assistance through the e-filing call centre was found to be relevant (see Section 6.10.5.2 and Conclusion 6.23) to the assistance dimension, and it was also included under the responsiveness service determinant.

7.8.3.4 *Waiting time*

For the traditional services, the service attribute of waiting time (see Section 5.10.1 and Conclusions 26 and 27) forms part of the functional quality dimension under the empathy service determinant. For the e-services, the waiting time service attribute (see Section 6.20 and Conclusion 6.29) was found to be relevant to the e-filing call centre. It was therefore classified in the assistance service dimension, and also under the empathy service determinant.

7.8.3.5 *Knowledge and skills of employees*

For the traditional services, the knowledge and skills of the employees (see Section 5.9.1 and Conclusion 16) service attribute was classified in the functional service quality dimension under the assurance service determinant. For the e-services, the knowledge and skills of the employees providing assistance through the e-filing e-mail and call centre were found to be relevant. This service attribute was therefore classified in the assistance service dimension, and also under an assurance service determinant (see Section 6.19 and Conclusion 6.27).

7.8.3.6 *Convenience of location and operating hours*

Although convenience was not identified as a service determinant on its own for the traditional services, two aspects relating to convenience, namely the convenience of the location of branches (see Section 5.10.6 and Conclusion 5.47) and the convenience of SARS's operating hours (see Section 5.10.6 and Conclusion 5.48) were specifically included in the traditional services. These convenience aspects are included as part of the empathy service determinant for the traditional services and are closely related to the "where I want it" (see Section 6.15.6) and "when I want it" (see Section 6.15.4) e-service attributes classified under the convenience service determinant in the perceived value dimension of the e-service quality model. In principle, these service attributes are in agreement, but, in the traditional services, only the branch service channel is included in the service quality model. For the e-services, only the e-filing and website service channels are evaluated. The traditional service quality model provides for the evaluation of each of the two service attributes referred to. The e-service quality model only provides for a global evaluation of all aspects relating to convenience.

7.8.4 Effect of the duplicated service attributes

Although it is important that all the aspects addressed in the service quality model are included in the initial survey instrument, it is not necessary that the actual layout of the survey questions should mirror the order in the service quality model. The relevance of the service quality model is to ensure that the service quality is correctly evaluated at the levels of service attribute, service determinant and service dimension. It is therefore highly relevant that the structure is used in analysing the results. It does not matter where the

overlapping items are included in the survey instrument and the preference of the researcher, together with the feedback from the pilot group on which the first survey instrument will be tested, will most probably determine the best position in the survey instrument for the overlapping items.

The overlapping service quality aspects should only be included in the survey instrument once. The results of the overlapping items should be included when the service quality of SARS is measured as the sum of all the relevant service aspects that contribute to the quality of the services SARS provides. When, for example, a conclusion on the reliability aspects of SARS is required, all the aspects relating to reliability should be included (that includes the overlapping service aspects). When a conclusion is required for the e-service quality on its own, again all the aspects relevant to e-service quality should be included to arrive at a more reliable conclusion.

7.9 RESEARCH IMPLICATIONS

7.9.1 General

The present research is the first qualitative study designed to build the “lens of the customer” in evaluating the service quality of a revenue agency. The “lens of the customer” encompasses the different service attributes, service determinants and service dimensions that are relevant in the evaluation by tax practitioners of the service quality of a revenue agency (SARS).

The results of the present research confirm the findings in the current literature which suggest that, in building the “lens of the customer”, a distinction must be made between the traditional service modes and the e-service modes. The present research therefore proposes both a traditional service quality model and an e-service quality model. In addition to the detailed service attributes and service determinants in the models that are presented in the present research, the findings also support the conclusion by Dabholkar *et al.* (2000) that a global evaluation of services should also be incorporated into the service quality models.

7.9.2 Traditional service quality

For the traditional service quality model, the distribution of the service attributes and service determinants over all three service quality dimensions defined by Grönroos (1984, 1988) may provide additional evidence of the existence of these three service dimensions – the functional quality, the technical quality and the image dimensions. The fact that different service aspects of the same service determinant were found to be relevant to different service quality dimensions supports the conclusions of Gummesson (1992) that a specific service determinant could be valid for more than one service dimension (refer Section 3.3.6). The results of the present research also support Grönroos's (1984:41) findings, which suggested that functional quality is more important to the perceived service quality than technical quality.

It must also be noted that both SERVQUAL and the present research propose the use of five service determinants in order to evaluate the quality of traditional services. However, while the names and general meaning of the service determinants are the same, the definitions of the determinants used in the present research differ in some instances from those used in SERVQUAL. The results of the present research therefore support the views of Parasuraman *et al.* (1991a:440), who found that the five-dimensional structure of SERVQUAL serves as a meaningful conceptual framework for summarising the criteria customers use when assessing service quality.

In the present research, responsiveness was allocated the highest number of critical incidents, with empathy and assurance taking second and third place respectively. The fact that the reliability determinant in the present research received, firstly, the second lowest number of critical incidents, and, secondly, substantially lower responses than the highest three service determinants, could indicate that there may be a difference between the importance of these determinants, either in different service sectors or in public and private institutions. Given that Berry *et al.* (1988:37) found reliability to be the most important determinant of quality, irrespective of the service type, the results of the present research may indicate that the service environment (whether it is in the public or private sector) could influence the relative importance of various service determinants. Further research should be conducted to confirm this finding.

The differences that were identified between the proposed traditional service quality model and SERVQUAL support the views of Parasuraman *et al.* (1988) and Parasuraman *et al.* (1991a) that appropriate adaptations of the instrument may be desirable when only a single service provider (as is the case in the present research) is to be investigated.

The results of the present research also support the views of Foster and Newman (1998), Wisniewski and Donnelly (1996:5) and Wisniewski (2001a:996), who argue that the use of the SERVQUAL instrument (in this case, the adapted SERVQUAL instrument) is not limited to the private sector but that it has considerable potential for managers and other decision-makers in a public sector organisation.

7.9.3 E-service quality

The first important finding in the development of the e-service quality model is that the number of positive responses for the e-services exceeded the number of negative responses for both the website and for e-filing. This phenomenon is an exception in the application of the critical incident technique. The reason for this finding may be that with its e-services, SARS is providing options that are rare in public administration in South Africa. It is therefore possible to conclude that the number of positive responses may exceed the number of negative responses in critical incident studies when a service provider exceeds the minimum service delivery standard requirement expected by the customers.

A second important finding is the fact that only three of the four e-service dimensions identified by Parasuraman *et al.* (2005:220) were considered to be relevant to the present research. This finding in the present research supports the results of a study by Boshoff (2007:110), who found that the E-S-Qual's four-dimensional configuration is not necessarily valid for all service settings.

Thirdly, it was found that four of the five traditional service determinants were also relevant to the e-services, namely responsiveness, reliability, empathy and assurance. Tangibles is the only service determinant of the traditional services that was not relevant to the e-services. By contrast, the e-service quality model encompasses six service determinants that were found to be relevant only to the e-services SARS provides, namely the fulfilment, convenience, efficiency, assistance and security service determinants.

Finally, the fact that the respondents regarded the fulfilment service determinant as the most important service determinant for the e-services in the present research, with the efficiency service determinant in third place (clearly also regarded as very important), supports the findings of Lee and Lin (2005:171), Parasuraman *et al.* (2005), Wolfinbarger and Gilly (2003:196) and Yang *et al.* (2004).

7.10 CRITICAL EVALUATION OF THE PRESENT RESEARCH

The service quality models proposed in the present research are based on the results of a qualitative study using the critical incident technique. A critical evaluation of the present research process could enhance the quality of future research.

The first possible improvement relates to the content of the data gathering instrument used to report the critical incidents. Although the results of the study were found to be reliable (see Section 4.10), it was clear that some respondents did not really understand what was required of them. This reduced the number of usable critical incidents identified for the purposes of the present research. The fact that some respondents did not understand certain questions also resulted in the allocation of a number of critical incidents to a general classification. An example of a critical incident could have been given together with the questions and might have resulted in even more critical incidents being identified from the data. It was originally decided not to include an example in the questionnaire because such an inclusion might have focused attention on a specific service mode or process and was therefore potentially a source of bias but, although the consequences of the addition of an example to the data gathering instrument are unknown, it might still have been beneficial to add an example to increase the usability of the data gathered. The 5 416 critical incidents identified is, however, regarded as sufficient, even if the 221 general responses for the traditional services are disregarded.

The second possible improvement relates to the importance rankings of the service determinants and the service attributes. In the present research, they are ranked according to the frequencies of the relevant reported critical incidents. It may be argued that the importance rankings should be based on some other variable, but no other information was available either to support or to refute the method used in the present research.

Another possibility for analysis might have been an importance ranking that was not only based on frequencies, but on a ranking of the responses per respondent, where the first service delivery issue a specific respondent mentioned might have carried more weight than the last service delivery issue mentioned by that same respondent. Even if there had been a precedent for such a weighting, however, it was not possible in the present research. The reason for this is that the negative and positive critical incidents requested were not elicited in only one question, but in four different questions dealing with different aspects of the services provided by SARS. It may therefore be argued that something that is listed as the third negative critical incident in Question 2 is of greater importance than the first critical incident mentioned in Question 4. Future studies could attempt to investigate balancing the importance of having more than one question with the possible benefits of the ranking of importance, when only one question is used in the data capturing instrument.

A third concern of the present study is the possible impact that other questions included in the data-gathering instrument administered by SARS might have had on the results of the present research. As the open-ended questions of the web-based questionnaire for the present research formed part of a bigger questionnaire, it is possible that some of the questions that were asked before the questions relevant to the present research might have had an impact on the results of the present research – this impact was not measured. The questions asked before these four questions were, however, investigated and it was found that they were mainly demographic in nature except for

- some closed-ended questions that requested the identification of the biggest challenges of the tax profession and addressed issues on communication between SARS and the tax practitioner; and
- an open-ended question that addressed the relationship between SARS and the tax practitioner.

The impact that the aspects referred to above might have had on the results could not be measured, but it is submitted that the impact of these aspects would not have been

material to the outcome of the present research, because

- the respondents to the distributed questionnaire who answered only the four applicable questions also found both the above aspects relevant; and
- the above items did not attract a number of responses that exceeded the number of responses for the other service aspects – in fact, they received fewer responses.

Another possible confounding factor that could not be eliminated is related to the fact that the web-based questionnaire was distributed through SARS channels. This may have had an effect on the responses.

7.11 THE WAY FORWARD

Although the present research serves as the first groundbreaking step in the development of a service quality model for SARS, the results provide only theoretical frameworks for the evaluation of the service quality as perceived by tax practitioners. Further research is needed to develop the measuring instrument itself and to design items, questions or statements to encapsulate these service determinants and service attributes and to develop rating scales and the relevant instructions. A reliable and concise measuring instrument is needed to enable SARS (or any independent third party) to conduct research into the quality of its services to tax practitioners.

The research leading to the development of the model or framework was carried out at a particular time and in a particular context. SARS has only recently adopted a customer-focused approach to quality, as tax practitioners were only recently required to register with SARS and e-filing has only recently been introduced and expanded. This would of necessity colour the nature of the critical incidents reported. Nomdoe and Pather (2007:104) also found that different stakeholders tend to evaluate services on different levels. As the framework proposed in the present research are based on the “lens of the customer”, who in this case were tax practitioners, representing only one stakeholder among many in SARS, it is possible that the framework will require adjustment if the service quality is measured from the perspective(s) of other stakeholders (for example, the taxpayers). Indeed, the results relating to the confidentiality service attribute (see Section 5.9.6) indicated that some measures that would benefit one specific stakeholder (in this case, the individual taxpayer) might frustrate another stakeholder (the tax practitioner). The framework should thus be validated using a test population from another stakeholder

group before it can be applied to measure the service quality of SARS from that stakeholder's perspective.

Although the results of this research represent the first service quality model in the tax agency environment that was developed in the South African context and based on the "lens of the customer", it remains to be seen whether or not target populations in other countries perceive quality in the same fashion. Donnelly and Shiu (1999:498) suggest that culture may influence service quality perceptions. Further research is required to establish the international relevance of the proposed service quality model.

Finally, quality improvement is a dynamic process. As certain aspects are improved, others assume greater importance. Any measuring instrument based on the model proposed in this research would possibly prioritise certain quality criteria above others.

7.12 CONCLUDING REMARKS

Tax revenue forms the backbone of the South African economy. This underlines the need to enhance taxpayer compliance. The quality of the services provided by SARS is crucial, as service quality directly influences the burden of complying with tax obligations, and hence directly affects the tax compliance climate in a country. Oberholzer (2008:245) also recently found that South African taxpayers' perceptions influence their attitudes towards tax compliance and that it is important for the State to build a close relationship between itself and taxpayers.

It is therefore of the utmost importance that the perceptions of tax practitioners with regard to the public image of SARS be determined, so that this information can be used to refine any service strategies developed to ensure that tax compliance in South Africa improves even further.

In order to establish the perceptions of tax practitioners with regard to the quality of SARS's service, a model of service quality is required. The present research has proposed a framework for such a service quality model for both the traditional services and the e-services provided by SARS. This framework could be used as a basis for studies to establish the perceptions of tax practitioners with regard to the quality of SARS's service. The conceptual model of service quality that is proposed could also enable SARS to identify quality problems and assist SARS to plan for the launch of a quality improvement

programme, and thereby to further improve the efficiency and overall performance of SARS.

With regard to the research on the service quality of SARS, the present research provides a basis for other researchers and may also stimulate the momentum of service quality research in the tax agency environment. The famous quote by Winston Churchill ([1942] 2008) sums it up:

Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.

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ANNEXURE A

- LETTER OF CONSENT FOR DISTRIBUTED QUESTIONNAIRE -

**Consent for participation in a
research study**

**Department of Taxation
University of Pretoria**

**Title of the study: “THE QUALITY OF THE SERVICES RENDERED BY THE SOUTH
AFRICAN REVENUE SERVICE: A SURVEY AMONG TAX PRACTITIONERS”**

Research conducted by:

Prof Madeleine Stiglingh (student number: 28086326)
Telephone number: (012) 420 3346
E-mail: ms@up.ac.za

Dear respondent

You are invited to participate in a research study conducted by Madeleine Stiglingh, (doctoral student from the Department of Taxation of the University of Pretoria), in conjunction with the Tax Practitioners unit of SARS.

The purpose of the study is to establish the perceptions that tax practitioners hold with regard to the quality of the services rendered by SARS. The results will, firstly, be used by SARS to develop their service strategy to Tax Practitioners and, secondly, be used to assist in building a service quality model that could be used in future to assess the service quality of SARS. The results will also be published locally and internationally. Your participation in this research is very important as without it SARS would not be able to know whether they are on the right road with regards to their service quality journey.

Please note the following:

- Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than 20 minutes of your time.
- This study involves an anonymous survey. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential. You cannot be identified in person based on the answers you give.
- Your participation in this study is very important. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- We will provide you with a summary of the findings on request. The results of the study might also be considered for future research purposes.
- Please e-mail Madeleine Stiglingh at ms@up.ac.za if you have any questions or comments regarding the study.

Please tick here **xx** to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.



ANNEXURE B

**- FINAL QUESTIONNAIRE USED TO COLLECT THE DATA FOR THE
DISTRIBUTED QUESTIONNAIRE (ENGLISH) -**



PART A

Question 1

Are you registered at SARS as a tax practitioner?

Yes

No

Question 2

How long have you practised as a tax practitioner?

<input type="checkbox"/>	Less than 5 years
<input type="checkbox"/>	More than 5 years but less than 10 years
<input type="checkbox"/>	More than 10 years but less than 15 years
<input type="checkbox"/>	More than 15 years but less than 20 years
<input type="checkbox"/>	More than 20 years

PART B

You are going to be requested to list positive and negative comments with regards to interactions with SARS. For the purpose of this study “interactions with SARS” includes all interactions with regards to all taxes (*excluding* Customs and Excise) that are administered by SARS.

Question 1

You are requested to list the things you *extremely appreciate* (positive experiences) with regards to your interactions with SARS –

- at a local branch office

- through a call centre

- via e-mail

- through e-filing

- through SARS’ website

- via post or fax

Please be as specific as possible.
 Please list as many experiences as you can recall.
 For each comment, please indicate why it is important to you.



1 **Positive comment**

Reason why it is important

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2 **Positive comment**

Reason why it is important

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3 **Positive comment**

Reason why it is important

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4 **Positive comment**

Reason why it is important

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5 **Positive comment**

Reason why it is important

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6 **Positive comment**

Reason why it is important

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7 **Positive comment**

Reason why it is important

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8 **Positive comment**

Reason why it is important

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9 **Positive comment**

Reason why it is important

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10 **Positive comment**

Reason why it is important

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Question 2

You are requested to list the things you extremely *dislike* (negative experiences) with regards to the interactions with SARS –

- at a local branch office
- through a call centre
- via e-mail
- through e-filing
- through SARS' website
- via post or fax

Please be as specific as possible.

Please list as many experiences as you can recall.

For each comment, please indicate why it is important to you.

1 Negative comment

Reason why it is important

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2 Negative comment

Reason why it is important

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3 Negative comment

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Reason why it is important

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4 **Negative comment**

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Reason why it is important

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5 **Negative comment**

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Reason why it is important

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6 **Negative comment**

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Reason why it is important

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Reason why it is important

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8 **Negative comment**

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Reason why it is important

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9 **Negative comment**

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Reason why it is important

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10 **Negative comment**

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Reason why it is important

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Question 3

You are requested to list the things you *extremely appreciate* (positive experience) with regards to:

- tax registrations
- submissions of tax returns
- tax payments
- tax refunds
- account queries
- updating of details
- tax assessments, or
- dispute resolution process



Please be as specific as possible.

Please list as many experiences as you can recall.

For each comment, please indicate why it is important to you.

1 **Positive comment**

Reason why it is important

2 **Positive comment**

Reason why it is important

3 **Positive comment**

Reason why it is important

4 **Positive comment**

Reason why it is important

5 **Positive comment**

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Reason why it is important

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6 **Positive comment**

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Reason why it is important

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7 **Positive comment**

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Reason why it is important

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8 **Positive comment**

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Reason why it is important

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9 **Positive comment**

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Reason why it is important

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10 **Positive comment**

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Reason why it is important

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Question 4

You are requested to list the things you extremely *dislike* (negative experience) with regards to:

- tax registrations
- submissions of tax returns
- tax payments
- tax refunds
- account queries
- updating of details
- tax assessments, or
- dispute resolution process

Please be as specific as possible.

Please list as many experiences as you can recall.

For each comment, please indicate why it is important to you.

1 Negative comment

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Reason why it is important

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2 Negative comment

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Reason why it is important

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3 **Negative comment**

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Reason why it is important

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4 **Negative comment**

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Reason why it is important

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5 **Negative comment**

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Reason why it is important

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6 **Negative comment**

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Reason why it is important

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7 **Negative comment**

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Reason why it is important

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8 **Negative comment**

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Reason why it is important

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9 **Negative comment**

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Reason why it is important

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10 **Negative comment**

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Reason why it is important

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ANNEXURE C

**- FINAL QUESTIONNAIRE USED TO COLLECT THE DATA FOR THE
DISTRIBUTED QUESTIONNAIRE (AFRIKAANS) -**



DEEL A

Vraag 1

Is u by die SAID as belastingpraktisyn geregistreer?

Ja

Nee

Vraag 2

Hoe lank praktiseer u reeds as belastingpraktisyn?

<input type="checkbox"/>	Minder as 5 jaar
<input type="checkbox"/>	Meer as 5 jaar, maar minder as 10 jaar
<input type="checkbox"/>	Meer as 10 jaar, maar minder as 15 jaar
<input type="checkbox"/>	Meer as 15 jaar, maar minder as 20 jaar
<input type="checkbox"/>	Meer as 20 jaar

DEEL B

U gaan versoek word om positiewe en negatiewe ervarings met betrekking tot interaksies met die SAID weer te gee. Vir hierdie doeleindes sal "interaksies met die SAID" alle interaksies met betrekking tot alle belastings (doeane en aksyns uitgesluit) wat deur die SAID geadministreer word, insluit.

Vraag 1

Van u word verlang om die aspekte met betrekking tot interaksies met die SAID wat u buitengewoon *positief* ervaar, te lys. Hierdie interaksies kan plaasvind via

- 'n plaaslike SAID takkantoor,
- die inbelsentrum ("call centre"),
- e-pos,
- e-filing,
- SAID se webwerf,
- pos of faks.

Wees asb. so spesifiek as moontlik.
 Lys asb. soveel as moontlik ervarings.



Vir elke ervaring, sê asb. waarom dit vir u belangrik is.

1 **Positiewe kommentaar**

Rede waarom dit belangrik is

2 **Positiewe kommentaar**

Rede waarom dit belangrik is

3 **Positiewe kommentaar**

Rede waarom dit belangrik is

4 **Positiewe kommentaar**

Rede waarom dit belangrik is

5 **Positiewe kommentaar**

Rede waarom dit belangrik is

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6 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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7 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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8 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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9 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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10 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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Vraag 2

Van u word verlang om die aspekte met betrekking tot interaksies met die SAID wat u buitengewoon *negatief* ervaar, te lys. Hierdie interaksies kan plaasvind via

- 'n plaaslike SAID takkantoor,
- die inbelsentrum (“call centre”),
- e-pos,
- e-filing,
- SAID se webwerf,
- pos of faks.

Wees asb so spesifiek as moontlik.

Lys asb soveel as moontlik ervarings.

Vir elke ervaring, sê asb waarom dit vir u belangrik is.

1 Negatiewe kommentaar

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Rede waarom die belangrik is

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2 Negatiewe kommentaar

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Rede waarom dit belangrik is

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3 Negatiewe kommentaar

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Rede waarom dit belangrik is

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4 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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5 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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6 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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7 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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8 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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9 **Negatiewe kommentaar**

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Rede waarom die belangrik is

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10 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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Vraag 3

Van u word verlang om die aspekte ten opsigte van die volgende wat u buitengewoon *positief* ervaar, te lys:

- belastingregistrasies
- indiening van belastingopgawes
- belastingbetalings
- belasting terugbetalings
- rekening navrae
- opdatering van inligting
- belastingaanslae
- geskilbeslegtingsproses



Wees asb so spesifiek as moontlik.

Lys asb soveel as moontlik ervarings.

Vir elke ervaring, sê asb waarom dit vir u belangrik is.

1 **Positiewe kommentaar**

Rede waarom dit belangrik is

2 **Positiewe kommentaar**

Rede waarom dit belangrik is

3 **Positiewe kommentaar**

Rede waarom dit belangrik is

4 **Positiewe kommentaar**

Rede waarom dit belangrik is

5 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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6 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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7 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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8 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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9 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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10 **Positiewe kommentaar**

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Rede waarom dit belangrik is

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Vraag 4

Van u word verlang om die aspekte ten opsigte van die volgende wat u buitengewoon *negatief* ervaar, te lys:

- belastingregistrasies
- indiening van belastingopgawes
- belastingbetalings
- belasting terugbetalings
- rekening navrae
- opdatering van inligting
- belastingaanslae
- geskilbeslegtingproses

Wees asb so spesifiek as moontlik.

Lys asb soveel as moontlik ervarings.

Vir elke ervaring, sê asb waarom dit vir u belangrik is.

1 Negatiewe kommentaar

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Rede waarom dit belangrik is

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2 Negatiewe kommentaar

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Rede waarom dit belangrik is

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3 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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4 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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5 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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6 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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7 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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8 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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9 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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10 **Negatiewe kommentaar**

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Rede waarom dit belangrik is

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ANNEXURE D

- FRAMEWORK FOR THE CLASSIFICATION OF THE TRADITIONAL SERVICES -



Where		
What		
B	Branch office	
BH	Head office	
C	Call centre (All phone things: branch, other)	
CT	Call centre Tax practitioners (PCC/TCC e-mail)	
DER	Deregistration	
DRP	Dispute Resolution Process (including ADR)	
E	E-Mail	
EFI/WEB		
ET	E-Mail Tax practitioners (PCC/TCC e-mail)	
F	Fax	
GEN	If it is too general	
GENC	General with regard to service channels (B-S above) Correspondence	
GENP	General with regard to processes (VRE – DRP above)	
P	Post	
PO	Post office	
QU	Accounts (or outstanding balances) or other Queries	
RET	Tax Returns (submissions) (opgawes) Not capturing	
S	SMS	
SSMO	Service Monitor Office	
TA	Tax assessments. From capturing to end	
TAM	Tax amnesty	
TC	Tax Clearance	
TP	Tax Payments	
TPE	Tax Payments (electronic) – EFT	
TR	Tax Refunds	
TREG	Tax Registrations (other than VAT)	
UP	Updating/Changing of Information/Capturing/Processing	
VREG	VAT Registrations	
	RES	RESPONSIVENESS: The willingness (including the attentiveness) of employees, as well as the actual timeliness or speed of services performed.
	W	Willingness of employees (employees' attitude towards rendering the service). No personal contact. Feel like a number. Helpfulness.
	S	Speed of performing the service by the employees (prompt service). Turn around time.
	SS	Speed of performing the service by senior personnel.
		EFI

	ASS	ASSURANCE: The knowledge and courtesy of employees and the ability of the operational systems and physical resources to convey trust.	
		A	Acknowledgement of receipt/reference number/correspondence/tracking numbers. Negative in the context that either non or have not received ref number with no progress status feedback/knowledge.
		CO	Confidentiality (is my details secure with them).
		PS	Physical safety (will I get mugged at branch office).
		PF	Politeness and friendliness of contact personnel. Professional.
		KC	Knowledge of contact personnel. Internal transfer of information. Relevant right person.
		KO	Knowledge of operational personnel.
		KS	Knowledge of senior personnel. This will include Megawatt Park and LBC personnel.
		NOT	Not taking responsibility. Responsibility not fixed. Get transferred from one to another. Not having authority.
		CON	Consistency in performing the service. Same person from beginning to end.
			EFI
	TAN	TANGIBLES: The appearance of physical facilities and employees of SARS.	
		F	Physical facilities (visually appealing) Comfort/Size, parking at SARS.
		S	Disturbances/Sounds of Call Centre.
			EFI
	EMP	<p>EMPATHY: The caring and individualized attention SARS provides to the tax practitioners, including tax practitioners' sense that SARS's</p> <ul style="list-style-type: none"> • location; • operating hours; and • employees and operational systems <p>are designed and operate so that it is easy to gain access to the service and that SARS is prepared to adapt to the demands and wishes of tax practitioners in a flexible way.</p>	
		ONE	One-stop service (Range of services offered). TP helpdesk. Do not have to stand in a line.
		ADJ	Adjusting for taxpayer's needs. Improving services/more customer orientated. Not watchdog/blood dog.

		WAIT	Waiting time before attended. Time consuming. Waste time.
		COH	Convenience of operating hours.
		COL	Convenience of location.
		USER	User friendliness of documentation. Burdensome. Too much documentation/Correspondence. Obstacles. Understand what I must fill in.
		ASS	Assistance, requests, prompts for SARS to ensure successful service delivery. Including FAQ's.
		COM	COMMUNICATION means keeping customers informed in language they can understand and listening to them. It may mean that the company has to adjust its language for different consumers.
		UP	Understandability of contact personnel (provide in language of choice).
		UD	Understandability of documentations (provide in language of choice).
		CP	Communication skills of contact personnel (internal and external).
		CPR	Communication process (the way of communication).
		CPRL	The lack of communication when things are changed – or what is required or when waiting long/ rejected.
		CWP	Communication from SARS to wrong person. Phoning client instead of practitioner.
		CPS	Communication skills of senior personnel/ operational staff/back-office.
		DCO	Direct contact with operational personnel (people doing work). Senior knowledgeable person. Appointments. Personal interaction or transfer to other consultant with knowledge (relevant right person).
		EFI	
	REL	RELIABILITY: The ability of SARS's employees and systems <ul style="list-style-type: none"> • to perform services accurately; and • to keep promises (trustworthiness). 	
		Accurate service delivery	
		ACC	Performs the service correct the first time/ problem solving.
		LA	Documents lost even with or without acknowledgement of receipt.



		FAIL	Service failures. Understaffed. Cut off/can't get through/waste of time/was not helped.
		NON	Non response to/on correspondence from frequently asked questions. No follow-up. After log – no further service. No follow-up after reference number.
		PROS	Adherence to specific promises made by SARS.
		PROG	Keeps promises in general. Stick to own code of conduct. Including Inequity. (IN) Inequity between payment and refund systems and (DIF) Different treatment to different taxpayers.
		SOFT	The reliability of the software used by SARS.
			EFI
	G	GENERAL	
		G	General
			EFI



ANNEXURE E
- FRAMEWORK FOR THE CLASSIFICATION OF THE ELECTRONIC
SERVICES -

EFI	E-filing		
WEB	Website		
	EFF	EFFICIENCY – ease of use, speed of accessing site	
		FIND	The site makes it easy to find what I need (focus on ease of finding information and easy to get where you want to be on a site).
		EAS	Simplifies the input. Useful. Easier to use and makes life easy. The site is simple to use. NOT USERFRIENDLY Or general statements that e-filing is easier.
		SPE	Speed of launching the site and its pages. Speed of site and not transactions or turnaround time!! This site enables me to get on to it quickly (speed of getting onto the site, site launches and runs right away), it loads its pages fast (speed of going between pages).
		ORG	The site is well organised (structure and layout is user friendly).
	AVA	SYSTEM AVAILABILITY – availability and technical functioning of the site	
		CRA	This site crash (or log itself out while in progress). E-filing is unreliable, or the system is not working properly or the system is defective. Technical problems with the site. Reference to system overload.
		FRE	Pages at this site do not freeze after I enter my information.
		PRE	Pre-testing to make sure it works. Quality of implementation. Proper planning. Current problems with the system. Estimates of volumes.
	CON	CONVENIENCE – time and effort convenience	
		G	General only relating to convenience, e.g. E-filing is convenient.
		TIME	Time saving, quicker, more productive also forms downloading.
		WHEN	When I want, 24/7, anytime of day.
		WHERE	Where I want, in office at holiday at client.
		AVOID	Avoid long queues (Q), visiting of branch (B), having contact with the employees of SARS (E) or avoid having to make use of the postal system (P), no driver or messenger required anymore (M).
		DOC	Electronic document filing system. Tracking documents. Do not have to resubmit the same form several times.
		COST	Decrease or increase of expenses because of e-filing, including statements like saves costs of photocopying, saves postage and envelope costs, is cheap, bank charges for using e-filing payments are expensive.

FUL	FULFILMENT – service outcome and scope
	<p>ACC Reduce capturing errors, accuracy of services.</p>
	<p>UP It is frequently updated. Changes only SARS could make to e-filing. Updating of the website. If e-filing, updating of clients on profile. Making forms available for clients when requested. Problems with the system corrected when SARS is informed. Therefore including frequency of technical adjustments.</p>
	<p>SC Scope of services offered – either want some, or show appreciation for the fact that the scope is enhanced to include some mentioned aspects. Scope refers to the types of services available, and not the content of the site. The scope of services offered would most probably not be valid for the general website.</p> <p>REG (wants to register for VAT PAYE or any taxes online – this refers to the registration as taxpayer)</p> <p>UPS (wants to be able to do updates on taxpayer information, deletion and adding of taxpayers to their profile themselves). This should not include items where the timeliness of the updates is commented on.</p> <p>RET (all returns must be available, would like to change issued return to other number themselves)</p> <p>DISPUUT (wants to do disputes online, sort out problems online, no more paper copy alternative dispute or disagreement letters)</p> <p>COR (Be able to make corrections online to tax return submitted)</p> <p>TR (submission of tax refunds through e-filing)</p> <p>MAN – Manual submission of tax returns when registered on e-filing should have the same facility as for VAT to indicate that submitted, but manually. Thus when e-filing taxpayer client, should have option to still submit manually if preferred.</p> <p>TC (tax clearance certificates)</p> <p>TD (tax directives)</p> <p>Some general positive remarks that just say for example “positive” tax clearance facility – would be regarded as a comment on the scope of the services offered through e-filing.</p>
	<p>COM I could always find what I need on SARS’ website (content wise)/ everything (forms). Focus on the content and not the search function or ability to find alone. Although could not find could also reflect on the content, make sure it relates to content and not structure that makes it difficult to find. Should not include the scope of service aspects that would most probably more relate to e-filing. The completeness or content would most probably relate to the website alone.</p>
	<p>TSP Turnaround time speed (speed that the processes takes either, general Tax assessments or Tax refunds etc, speed of service provider with regard to processes, not updating of tax practitioner profile, as this is with updating – as it relates to updates to the e-filing itself and not to a specific business process). The change of an address is also a business process. The adding and deleting of e-filing taxpayers is part of updating and NOT TSP.</p>



	SEC	SECURITY	
		SEC	This site protects personal information about my bank information etc. E-filing is secure. Anything that relates to the privacy or security aspects of e-filing.
	GEN	GENERAL	
		G	General positive or negative statements about e-filing that could not be allocated under any other service attribute. Includes improvements as positive here. Try to identify specific aspect with G if at all positive, even if it is only – payments through e-filing is working good. That will be G, TP. If they only say Positive, payments, e-filing. It rather seems as if they like that the type of service is available, thus scope of services offered.
		ADJ	Adjustments required (not expanding of scope as this should be part of scope of services). Most probably when could not be anywhere, but when it is not general. This will thus be the dust bin that we will clear and clear and clear until it is empty.
	ASS	ASSISTANCE	
		O	This site has customer service representatives available online (the site provides an e-mail address for enquiries of problems) and it works well. (S) for speed of helping. (K) for knowledge of helper. (W) Helpful or willing to assist. (Waste) is working or is not working.
		P	It offers the ability to speak to a live person if there is a problem (Call Centre) Training/Workshops and person could actually help. (S) for speed of helping. (K) for knowledge of helper. (W) Helpful or willing to assist. (Waste) is working or is not working.
		H	The site itself provides a proper help function or user guide to assist with problems (stuck). Site tells me what to do if a transaction is not processed. Pop-up messages etc.
		COMP	Compensation for using e-filing. Can have longer time to submit returns, could have more beneficial payment terms for VAT etc.



		<i>Service channels relevant to the above</i>	
		B	Branch office
		BH	Head office
		C	Call centre (All phone things: branch, other)
		CT	Call centre Tax practitioners (PCC/TCC e-mail)
		DER	Deregistration
		E	E-Mail
		ET	E-Mail Tax practitioners (PCC/TCC e-mail)
		P	Post
		PO	Post office
		F	Fax
		S	SMS
		SSMO	Service Monitor Office
		<i>Business processes relevant to the above</i>	
		TAM	Tax amnesty
		VREG	VAT Registrations
		TREG	Tax Registrations (other than VAT)
		RET	Tax Returns (submissions) (opgawes)
		TR	Tax Refunds
		TP	Tax Payments
		TPE	Tax Payments (electronic) – EFT
		TC	Tax Clearance
		QU	Accounts (or outstanding balances) or other Queries
		UP	Updating/Changing of Information/Capturing/Processing
		TA	Tax assessments
		DRP	Dispute Resolution Process (including ADR)
		GEN	If it is too general
		GENC	General with regard to service channels (B-S above)
		GENP	General with regard to processes (VRE – DRP above)