UNIVERSITY OF SOUTHERN QUEENSLAND

AN EXPLORATORY STUDY ON THE QUALITY OF SERVICE IN THE PUBLIC SECTOR IN TONGA

A dissertation submitted by
‘Aisake Valu Eke, MBA

In partial fulfillment of the award of Doctor of Business Administration
Faculty of Business, University of Southern Queensland,
2013
The Government of Tonga embarked for the first time in a public sector reform program starting in 2001 with the objective, among others, to improve the quality of service delivery to the public. This was the government’s response to address the growing concerns from the public and the media over the integrity and quality of the overall public services, and relating in some instances with alleged malpractices and corruptions in the government’s ministries, including the Ministry of Revenue Service (MRS). The quality of the service delivery of MRS was expected to be improved greatly as a result of the public sector reform program in providing a holistic approach to developing the capacity, and modernisation of the processes in the operations, of the organisation. Eleven years have lapsed from the implementation of the public sector reform program. This research has assessed the level of expectation and perception of external customers over the quality of the service delivery of the government, focussing on the performance of MRS.

The analysis has identified notable critical gaps between the level of expectation and level of perception of customers for the factors of service dimensions in the customer service of MRS. This research used MRS as the case study, and conducted field work through questionnaire survey, with 92 participants responded, and a follow up interview with 22 interviewees to clarify their responses to the survey. The field work focused on the three principal external customer sub-groups of MRS, which are: individual customers, business customers and government department customers, and they are also importers and taxpayers interacting with MRS on an on-going basis.

The research findings have shown that all three customer group overalls rated a high level of expectation over the service of MRS. They have also indicated that the level of perception over the service of MRS was lower than the level of expectation, revealing gaps in most of the factors of service dimensions. In addition, there were no significant differences existed in the expected level and perceived level of the service of MRS among the three customer groups’ overalls, and within the three customer sub-groups. These results indicate the consistency of rating across the levels of expectation and perception in all customer groups’ overalls and within three customer sub-groups. However, there were significant differences observed in the expected level within the three customer sub-groups in the customer group overall interacting with MRS within 10 years, showing customers different levels of expectations on the ability of the public sector reform to deliver its goal of providing quality service with efficiency. There were also significant differences in the perceived level of the service of MRS within three customer sub-groups in the aggregate customer group overall. These differences in customers’ perceptions reflect their different experiences with the performance of MRS. There were further significant differences found between the expected performance level and perceived performance level of MRS customer services in all categories of customer groups’ overalls, and also within all customer sub-groups indicating critical performance gaps. Moreover, significant differences were shown up
between the expected level and perceived level for all twenty two factors of service dimensions for MRS customer service in all categories of customer groups overalls and within customer subgroups. In terms of critical gaps there were nineteen critical gaps identified out of twenty two factors of service dimensions altogether across all customer group overalls. These critical gaps indicate the serious concerns of the customers with almost all aspects of the service of MRS. These critical gaps are clustered into the five broad service dimensions. The highest performance gaps were associated with reliability of MRS performance with five critical factors, followed by responsive and empathy with four critical factors each, and then assurance and tangible with three critical factors each. MRS has to address as top priority the serious concern with the reliability of its customer service.

The research concludes that there are significant differences existed between the level of expectations and level of perceptions of customers over the factors of service dimension of the MRS performance. These critical gaps need to be eliminated or reduced so as to improve the quality of the current customer service and its credibility to, and relation with, the public at large. The results of the research reveal that the public sector reform has somewhat failed to meet the high expectation on its objective to deliver a better customer service. Actually, the customer service of MRS has been weighed and found wanting. MRS has therefore had to devise a strategy as a matter of urgency to address the customers prevailing low perception over its customer service.
CERTIFICATE OF DISSERTATION

I certify that the ideas, case study work, results, analyses, software, and conclusions reported in this dissertation are entirely my own effort, except where otherwise acknowledged. I also certify that the work is original and has not been previously submitted for any other award, except where otherwise acknowledged.

______________________                                              _______________________
Signature of Candidate                      Date
‘Aisake Valu Eke

ENDORSEMENT

______________________                                              _______________________
Signature of Supervisor                      Date
Dr. Latif Al-Hakim

______________________                                              _______________________
Signature of Supervisor                      Date
A/Professor Geoff Cockfield
ACKNOWLEDGEMENTS

This dissertation would not have been possible without the considerable support from academic supervisors, contributing participants, friends, relatives and my family.

I would like to express my sincere gratitude to my supervisors, Dr Latif Al Hakim, and Associate Professor Geoff Cockfield, for their invaluable guidance and assistance throughout my academic journey to complete the dissertation.

The case study research would not have been conducted successfully without the generous time provided by the participants in the survey and the interview, and also the crucial assistance by the Research Team from Tupou Tertiary Institute (TTI) led by Dr. ‘Ungatea Fonua Kata, Dean of Academics, in managing the survey and the interview in compliance with the requirements of the University’s Ethic Committee. I would like to express my deepest appreciation to the participants for their willingness to share their views on the customer service of MRS, and also to TTI for administering the field work.

I would also like to acknowledge with heartfelt gratitude the scholarships provided by the Australian Government through Ausaid and also by the University of Southern Queensland through the Vice Chancellor scholarship to fund this postgraduate study. Thank very much for these financial supports.

On a personal note, I would like to thank all members of Eke Family for their encouragement and moral support. To my mother, Setila Lahi, and my late father, Valu, thank you very much for giving your all to afford us the opportunity for education. You have shown me the real spirit of commitment which has inspired me all along in this study to stay the course and never give up, no matter what. I dedicate this dissertation to you both as our devoted parents working hard to make a better future for the family. Malo lahi e ‘Ofa. A sincere gratitude also goes to Feleti, Meleane, Tila leka, Samuela, Leti leka, Toakase, Eta, Lolo, Moni, Feletoa, ‘Ake, Maikolo, Vika, Hului, Saane, Uinise sii, Siosifa, Manase sii and Viliami, and all my nieces and nephews for all your support. A special thank is further extended to Siva, Uinise, Vea, Tavale, Kafoa and Mele, Isileli, Siniva, ‘Enele, Timote, and Sione Taulava for all your encouragements. Malo aupito a e tokoni.

I would also like to acknowledge with much gratitude the invaluable support and assistance rendered by Mr. Aholotu Saafi Palu all along during the course of this study. In that regard, a sincere appreciation is also extended to Vei Saafi Palu, Heleni and the kids. Malo lahi e tokoni.

Furthermore, I would like to thank with humble heart to the God Almighty for providing the opportunity and strength to undertake this study right through to the end. Ke ‘A’au aipe ‘a e langilangi mo e kololia o ta’engata pea ta’engata.
Finally, this dissertation would not have been completed without the sacrifice made by my mother in Law, Fane, and my wife, Lusitania, in making time available for me to concentrate on the study. Thank you very much for all that help and moral support. I finally thank my son, ‘Aisake Valu Alexandre Eke Jnr (III), for keeping me going with his smiling face all the times. Malo e tokoni. Son, dare to dream big, for you can do everything through Him who strengthens us. To God be the glory forever.
# LIST OF ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>AUSAID</td>
<td>Australian Agency for International Development</td>
</tr>
<tr>
<td>EIPA</td>
<td>European Institute of Public Administration</td>
</tr>
<tr>
<td>MRS</td>
<td>Ministry of Revenue Services</td>
</tr>
<tr>
<td>OECD</td>
<td>Organisation for Economic Corporation and Development</td>
</tr>
<tr>
<td>PSC</td>
<td>Public Service Commission</td>
</tr>
<tr>
<td>TCC</td>
<td>Tonga Communication Corporation</td>
</tr>
<tr>
<td>TTI</td>
<td>Tupou Tertiary Institute</td>
</tr>
</tbody>
</table>
## TABLE OF CONTENTS

### ABSTRACT ............................................................................................................................................. i

### CERTIFICATE OF DISSERTATION ........................................................................................................... iii

### ACKNOWLEDGEMENTS .......................................................................................................................... iv

### LIST OF ABBREVIATIONS ...................................................................................................................... vi

### CHAPTER 1. INTRODUCTION ................................................................................................................ 1
  1.1 Introduction .......................................................................................................................................... 1
  1.2 Research Background .......................................................................................................................... 4
    1.2.1 Public Sector Reform in Tonga ..................................................................................................... 5
    1.2.2 Government Strategy for Service Delivery .................................................................................... 6
    1.2.3 Obstacles for Government Performance ....................................................................................... 6
    1.2.4 Preliminary Review of Reform on Service Delivery ................................................................. 7
    1.2.5 Public’s Perceptions on Public Services ......................................................................................... 8
    1.2.6 Ministries Strategies for Service Delivery ..................................................................................... 9
    1.2.7 National Strategic Planning Framework for Improving of Public Services ......................... 11
    1.2.8 Civil Service Environment for Service Delivery .......................................................................... 12
    1.2.9 MRS Strategy for Delivery of Quality Services ......................................................................... 13
  1.3 Research Problem ................................................................................................................................ 16
  1.4 Justification for the Research ............................................................................................................. 17
  1.5 Research Methodology ....................................................................................................................... 19
  1.6 Delimitation of Scope for Research .................................................................................................... 20
  1.7 Conclusion .......................................................................................................................................... 21

### CHAPTER 2. LITERATURE REVIEW ......................................................................................................... 23
  2.1 Introduction .......................................................................................................................................... 23
  2.2 Quality Service in the Global Public Sector Reform ........................................................................... 24
  2.3 Quality Service Delivery in Public Sector in Tonga ......................................................................... 25
    2.3.1 Public Perceptions on Quality of Services .................................................................................. 26
    2.3.2 Political Reform and Quality Services ......................................................................................... 26
  2.4 Quality Service Delivery in MRS ....................................................................................................... 27
    2.4.1 MRS Measures for Improving of Tax Services to the Public ...................................................... 29
    2.4.2 Process for Consumption Tax Returns ......................................................................................... 31
    2.4.3 Process for Income Tax Returns ................................................................................................. 31
    2.4.4 Process for assessment of Custom Duties and Excise Tax ...................................................... 31
    2.4.5 Human Resources of MRS ......................................................................................................... 32
    2.4.6 Code of Ethics and Conduct for Customs and Trade Services Division .................................. 32
    2.4.7 Perceptions on MRS Service Delivery ........................................................................................ 33
  2.5 Scope of the Research .......................................................................................................................... 35
  2.6 Defining of Quality .............................................................................................................................. 35
CHAPTER 3. RESEARCH METHODOLOGY .................................................................67

3.1 Introduction .................................................................................................67
3.2 Research Questions and Hypothesis .............................................................67
  3.2.1 Research Questions ..................................................................................68
  3.2.2 Hypothesis ..............................................................................................68
3.3 Applying Theory to the Research .................................................................69
  3.3.1 Stages in Theory Development ...............................................................69
  3.3.2 Research Paradigm ..................................................................................70
3.4 Research Methodology .................................................................................71
  3.4.1 Case Selection .........................................................................................73
  3.4.2 Pilot Study ..............................................................................................75
  3.4.3 Survey Questionnaire .............................................................................75
  3.4.4 Interviewing Protocol ............................................................................77
  3.4.5 Interviewing Process .............................................................................77
  3.4.6 Data Collection .......................................................................................78
  3.4.7 Data Coding ...........................................................................................80
3.5 Research Quality ..........................................................................................80
3.6 Data Analysis ................................................................................................83
  3.6.1 Case Study Reporting .............................................................................85
3.7 Limitations of Case Study Research .............................................................85
3.8 Ethical Consideration ....................................................................................87
3.9 Conclusion .....................................................................................................88

CHAPTER 4. FINDINGS AND DISCUSSIONS .........................................................90

4.1 Introduction ..................................................................................................90
CHAPTER 5. CONCLUSION

5.1. Introduction ........................................................................................................................................ 177

5.2. Level of Expectation and Perception on MRS Customer Service .................................................. 178
  5.2.1. Expectation and Perception of Customers ...................................................................................... 178

5.3. Significant differences between the levels of Expectation and Perception ........................................ 178
  5.3.1. Significant Differences between levels of Expectation and Perception among Customers’ Group
          Overall and within Customer Sub-groups ........................................................................................... 178
  5.3.2. Significant Differences between levels of Expectation and Perception on Factors of Service
          Dimensions ........................................................................................................................................... 179

5.4. Critical Gaps in MRS Customer Services .......................................................................................... 179

5.5. Implication of the Findings Relating to MRS Quality of Customer Service ........................................ 184
  5.5.1. Implications of the Levels of Expectation and Perceptions on Customer Services ...................... 185
  5.5.2. Implications of the Significant Difference between the Levels of Expectation and Perception .... 187
  5.5.3. Implications of the Factors of Services Dimensions with Critical Gaps .................................... 188

5.6. Contribution to Theory ....................................................................................................................... 196

4.2 Case Study Background ...................................................................................................................... 90
  4.2.1 Number of Participants in, and Respondents to, the Research Survey ......................................... 90
  4.2.2 Position of Respondents to the Survey ............................................................................................ 91
  4.2.3 Responses from Small and Large Businesses .................................................................................... 92
  4.2.4 Responses to the Survey by Gender ............................................................................................... 93
  4.2.5 Frequency of Usage of Services of MRS ....................................................................................... 93
  4.2.6 Years of Interacting with the Services of MRS ............................................................................. 94
  4.2.7 Usage of Services of Corporate Division of MRS ......................................................................... 96
  4.2.8 Types of Corporate Services offered by MRS ............................................................................. 97
  4.2.9 Average Annual Payment to MRS ................................................................................................. 98
  4.2.10 Preparer of Import Documents ..................................................................................................... 99
  4.2.11 Preparer of Returns for Income and Consumption Taxes .............................................................. 100
  4.2.12 Types of Tax Mostly Paid per Year ................................................................................................ 102
  4.2.13 Length of Waiting Time for Services of MRS ........................................................................... 103
  4.2.14 Reasons for Waiting Time for Services of MRS .......................................................................... 104

4.3 Data Analysis ....................................................................................................................................... 105
  4.3.1 Expectation and Perception over MRS Customer Services ............................................................ 105
  4.3.2 Expectation and Perception Rating of Customer Services of MRS ............................................. 119
  4.3.3 Gap Analysis for MRS Customer Services ..................................................................................... 127
  4.3.4 Critical Gaps in MRS Customer Services ....................................................................................... 150
  4.3.5 Correlation of the Critical Factors ................................................................................................. 160

4.4 Other Related Important Issues ........................................................................................................ 163
  4.4.1 Ten Most Important Factors of Customer Service of MRS by Respondents ................................ 164
  4.4.2 Correlation of Ten Most Important Factors with nineteen factors of Critical Gaps ..................... 167
  4.4.3 Suggestions for Ways to Improve the Quality of Customer Service ............................................ 167
  4.4.4 Results of the Interview ................................................................................................................. 169
  4.4.5 Position of Interviewees ................................................................................................................ 169
  4.4.6 Meaning of the term ‘Quality Service’ .......................................................................................... 170
LIST OF FIGURES

Figure 1: Linkage between MRS’s Vision and Mission to the National Strategic Planning Framework .......... 28
Figure 2: Organizational Structure of MRS ...................................................................................................... 28
Figure 3: Staffing Position at MRS ...................................................................................................................... 32
Figure 4: Service Quality Gap .............................................................................................................................. 44
Figure 5: Sources of Customer Expectation ........................................................................................................ 50
Figure 6: Perception and the Servqual model ...................................................................................................... 53
Figure 7: Conceptual Framework for Customer Assessment of Service Quality .................................................. 59
Figure 8: Number of participants and respondents to the survey ............................................................................ 91
Figure 9: Position of respondents to the survey .................................................................................................. 92
Figure 10: Respondents from small and large businesses to the survey .............................................................. 93
Figure 11: Regular time for respondents usage of the service of MRS ............................................................... 94
Figure 12: Years of interaction with MRS within and over ten years ................................................................. 95
Figure 13: Respondents interaction with MRS within and over ten years ............................................................... 96
Figure 14: Frequency of usage of the services of MRS by Corporate Divisions ................................................. 97
Figure 15: Frequency of the type of services of MRS mostly used ....................................................................... 98
Figure 16: Respondents annual payments to MRS .............................................................................................. 99
Figure 17: Agency preparing the respondents import documents ......................................................................... 100
Figure 18: Agency preparing the returns for the Income Tax and Consumption Tax of the respondents ............. 101
Figure 19: Tax mostly paid annually by the respondents ..................................................................................... 102
Figure 20: Waiting time for the service of MRS ................................................................................................. 103
Figure 21: Reasons for waiting time for the service of MRS .............................................................................. 104
Figure 22: Mean expected level and mean perceived level by three customer ..................................................... 118
Figure 23: Mean expected level and mean perceived level by three customer sub-groups .................................. 118
Figure 24: Expected level and perceived level by three customers sub-groups within the ................................ 119
Figure 25: Number of interviewees by customer group ...................................................................................... 169
Figure 26: Position of interviewees ..................................................................................................................... 170
Figure 27: Factors with critical gaps within the interception of customer ............................................................... 181
Figure 28: Factors with critical gaps within the interception of customer group overall ...................................... 182
Figure 29: Factors with critical gaps within the interception of consolidated ...................................................... 184
LIST OF TABLES

Table 1: Five Service Dimension factors that influence perceptions ......................................................... 4
Table 2: Published studies on SERVQUAL in various researches ................................................................. 52
Table 3: Criticisms of SERVQUAL/Gap Analysis Model. ............................................................................ 56
Table 4: Definition, research design tests and tactics ................................................................................. 81
Table 5: Limitations of case study research and remedial measures ......................................................... 86
Table 6: Number of participants in, and respondents to, the research survey ........................................... 91
Table 7: Responses from small and large businesses to the survey ............................................................. 92
Table 8: Respondents by gender .................................................................................................................. 93
Table 9: Frequency of usage of the services of MRS .................................................................................. 94
Table 10: Years of interacting with the services of MRS .......................................................................... 95
Table 11: Number of respondents interacting with MRS within and over ten years by customer sub-group .... 96
Table 12: Usage of services of Corporate Divisions of MRS ..................................................................... 97
Table 13: Type of services of MRS mostly used ......................................................................................... 98
Table 14: Average annual payment to MRS ............................................................................................... 99
Table 15: Preparer of import documents .................................................................................................... 100
Table 16: Preparer of returns for Income and Consumption Taxes ............................................................. 101
Table 17: Type of tax mostly paid per year .................................................................................................. 102
Table 18: Length of waiting time for services of MRS ............................................................................. 103
Table 19: Reasons for waiting for services of MRS .................................................................................. 104
Table 20: Means for expectation and perception on individual factor by three customer groups overalls .... 106
Table 21: Means for expectation and perception ratings of individual service factor into ....................... 107
Table 22: Means for expectation and perception rating for three customer groups overalls ................. 108
Table 23: Independent- Samples t – test of expectation and perception means for three ...................... 110
Table 24: One – Way Anova test–Expected performance for aggregate customer group overall ............... 110
Table 25: One – Way Anova test–Expected performance for customer group overall within ................... 111
Table 26: One – Way Anova test–Expected performance for customer group overall ......................... 111
Table 27: One – Way Anova test–Perceived performance for aggregate customer group overall .......... 112
Table 28: One – Way Anova test–Perceived performance for customer group overall ............................ 113
Table 29: One – Way Anova test–Perceived performance for customer group overall ............................ 113
Table 30: Gap between the mean expected and mean perceived performance level by factor ................ 115
Table 31: Grouping of 22 factors of service into five service dimensions under three customer .......... 116
Table 32: Mean gaps between customers’ expectation and perception by three customer groups overalls ... 117
Table 33: Paired – samples t-test results for three customer groups overals ............................................. 120
Table 34: Paired – samples t-test for aggregate customer group overall by factor ..................................... 121
Table 35: Paired – samples t-test for customer group overall within ten years service by factor ............. 122
Table 36: Paired – samples t-test for customer group overall over ten years service by factor ............. 123
Table 37: Paired – samples t-test for customer sub-groups under aggregate customer group overall ...... 124
Table 38: Paired – samples t-test for customer sub-groups under customer group overall ................... 125
Table 39: Paired – samples t-test for customer sub-groups under customer group overall ................... 126
Table 40: Three Tests for critical gaps for aggregate customer group overall by factor ........................... 128
Table 41: Three Tests for critical gaps for individual customer sub-group under aggregate .................. 130
Table 42: Three Tests for critical gaps for business customer sub-group under the aggregate ............. 132
Table 43: Three Tests for critical gaps for government departments customer sub-group under the ...... 134
Table 44: Three Tests for critical gaps for customer group overall interacting within 10 years of service .... 136
Table 45: Three Tests for critical gaps for individual customers sub-group under customer group .......... 138
Table 46: Three Test for critical gaps for business customer sub-group under customer group .......... 140
Table 47: Three Tests for critical gaps for government departments customer sub-group .................. 142
Table 48: Three Tests for critical gaps for customer group overall over 10 years of service .........................144
Table 49: Three Tests for critical gaps for individual customer sub-group under customer group ..................146
Table 50: Three Tests for critical gaps for business customer sub-group under customer group .................148
Table 51: Three Tests for critical gaps for government departments customer sub-group under .................150
Table 52: Factors of Service dimensions with critical gaps by the aggregate customer group overall ..........152
Table 53: Ranking of Service factors under five service dimensions with critical gaps by aggregate ...........153
Table 54: Eleven critical factors from the aggregate customer group overall under five service dimensions ...153
Table 55: Factors with critical gaps by customer group overall within ten years of service ......................155
Table 56: Ranking of factors with critical gaps under five service dimensions by customer group ..........156
Table 57: Twelve factors with critical gaps in five services dimensions from customer group ..................157
Table 58: Factors with critical gaps by customer group overall over ten years and three .........................158
Table 59: Ranking of factors with critical gaps under five service dimensions by customer ...................159
Table 60: Fifteen Factors with critical gaps in five service dimensions from customer .........................160
Table 61: Factors with critical gaps by consolidated three customer group overalls ..........................161
Table 62: Ranking of factors with critical gaps in five service dimensions by consolidated ....................162
Table 63: Nineteen factors with critical gaps from consolidation of three customer ..............................163
Table 64: Ten most important factors respondents identified under customer ......................................165
Table 65: Ranking of 10 most important factors in five service dimensions by overall .........................166
Table 66: Thirteen factors identified as the ten most important factors by service dimensions ..................167
Table 67: Suggested areas for improvement of customer service in five service dimensions ....................168