

# CUSTOMER EXPECTATIONS AND SERVICE DELIVERY: ARE SME'S AWARE OF THE SERVICE QUALITY STANDARDS GAP?

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## Abstract

Competition among small businesses are high, as small businesses compete for market share which larger business do not engage with. A definite competitive advantage that small and medium enterprises (SMEs) can rely on is service quality (Kasul & Motwani in Anuar & Yusuff 2011:328; Tseng & Wu 2014:77). SMEs do not necessarily understand service standards and how to ensure that the service standard is implemented. The research utilised a quantitative research design whereby the data was collected by means of a 5-point Likert scale survey known as the SERVQUAL model. The results indicate that there are discrepancies between dimensions those owners feel should be adhered to and the extent to which they perceive their businesses to adhere to these dimensions.

**Keywords:** Service Quality, Small and Medium Enterprises (SMEs), Standards Gap

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## 1 Introduction

Heightened levels of competitive pressure, as a result of globalisation and thus increased productivity, make it necessary for businesses to make their total product and service offerings more competitive (Owusu-Frimpong & Nwankwo, 2012:682). In many instances these companies were offering the same products even from the same suppliers, leaving very little room for differentiation. Small businesses cannot rely solely on meeting the basic requirements to deliver a product or service to customers, but also have to have a greater understanding of customer needs, customers' expectations, the market place and the competitive environment (Found & Harrison, 2012:256). To focus on customer expectations will provide a backdrop against which a small business can attempt to differentiate itself from others.

Customer expectations are the customer's beliefs about a service encounter's outcomes before having experienced the actual service encounter (Kim & Mattila, 2013:362; Forsythe, 2012:589). Expectations are influenced by a number of aspects such as personal experiences, advertising, information searches and word-of-mouth communication (Guiry, Scott & Vequist, 2013:434). As technology changes and globalisation makes it easier to provide services to customers, customers have a raised expectation which may have an impact on future customer satisfaction evaluations (Madupalli & Poddar, 2014:245; Kim & Mattila, 2013:361). To counter the

effects of rapid changing expectations improved service quality can be utilised.

Improving service quality is an important survival and growth mechanism for small businesses as it assists in facing competitors with a sustainable competitive advantage (Owusu-Frimpong & Nwankwo, 2012:684; Shahin, Attafar & Samea, 2012:84; Tseng & Wu, 2014:77), especially considering that service quality is a measure of performance of a business (Kasul & Motwani in Anuar & Yusuff, 2011:328). Keeping in mind that customers always have a certain expectation in terms of service, therefore if the service is below their expectations then the service quality is deemed as poor. Conversely, if the service is perceived to be above expectation, then the service is deemed as being of a high quality – resulting in a higher level of customer satisfaction. Globalisation, decreased product life cycles, better-informed customers, and increased costs have created an environment where businesses need to be flexible, adaptive, responsive and innovative in terms of service delivery (Anuar & Yusuff, 2011:325). Linked to service quality is the quality reputation that a business takes on with its quality performance. A quality reputation creates customer loyalty, permits product differentiation and offers positioning advantages (Ndubisi & Iftikhar, 2012:219; Shahin et al, 2012:86). Superior quality performance is an important source of differentiation and a desirable variable for most businesses (Ndubisi & Iftikhar, 2012:216). With all the advantages and

additional competitive stances that quality service offers to SMEs, there is still a level of confusion among managers and owners of SMEs regarding service quality standards. This can and will lead to employees being misinformed regarding what these service quality standards are, and may result in customer expectations not being met (Machado & Diggines, 2012:127). The net effect of this is that there is a gap that forms between what the customer expects and what is delivered by the business. In such a scenario the gap that forms is called a service quality gap, which is something any business would like to avoid as it can and will affect its competitive advantage.

This study attempts to establish what SME owners' understanding of expected service quality entails and what actual level of service delivery is provided to SME customers – that is, to establish if there is a gap between customer expectation and service delivery. The literature encompasses background on SMEs, the service quality concept, as well as the gap model linked to service quality. Additionally, objectives, research methodology and the resulting findings will follow before concluding the paper.

## 2 Small and medium enterprises service quality

South Africa's small business sector employs roughly 68% of the total number of economically active workers in South Africa (Adcorp, 2012:1). Small and medium enterprises (SMEs) are considered an important originator of jobs in South Africa and therefore an important contributor to economic growth, innovation, poverty alleviation and a driving force behind economic development in the country (Edvardsson & Teitsdóttir, 2015:30). Competitiveness has necessitated that small businesses constantly pursue best practices efficiently, including terms of operational processes, products and services to adapt to a flexible and responsive consumer market (Teixeira, Lopes & Sousa, 2015:2). Outsourcing utilised by larger companies during the recession highlighted the importance of small businesses as it meant that small businesses contributed in terms of reducing costs, improved effectiveness and competitiveness among the small businesses, as well as providing a global talent pool (Edvardsson & Teitsdóttir, 2015:30).

Not only is there pressure on SMEs to create jobs, but there is pressure to also survive in the long run, and in order to achieve this in a highly competitive market they need to differentiate themselves from the competition. One such method is by means of service quality. SMEs are consequently under pressure in terms of service quality to generate a competitive advantage (Ebrahim, Ahmed & Taha, 2010:916; Anuar & Yusuff, 2011: 324). In the subsequent section customer expectations are discussed.

## 3 Customer expectations

Customers have certain expectations of the product or service they wish to purchase and these expectations are a personal vision of the outcome of the experience which could either be positive or negative (Machado, 2014:12). Or more plainly put, customer expectations are the wants and needs of customers (Berndt & Tait, 2014:51). Customer expectations are defined as guidelines for product evaluations, brand evaluation standards, or for comparison to a subsequent purchase experience (Jumat, Coffey & Skitmore, 2012:149). An expectation of a product is similar in that a customer expects certain attributes to exist in that product, whereas a service is foremost a service environment where customer and service provider interact, thus there are variations in customers' expectations of the service encounter (Strombeck & Shu, 2014:162). Comprehensive descriptions of the service quality concept are discussed in the following section.

## 4 Service quality

Service quality is an assessment of how well a service conforms to the customer's expectations in addition to continuously assessing the service provided to ensure that service standards are upheld and improved where necessary (Businessdictionary.com). Service quality is the discrepancy between the customers' perceptions of a service offered by a business and the customers' expectations of that business offering that particular service (Badrudin, Mohamed, Sharifuddin, Reza, Abdullah, Latif & Mohayidin, 2012:61). Thus a gap can be identified as the difference between the expectations and performance (perceptions) of the actual service, which is a measure of customer satisfaction. If there is a large gap between perceptions and expectations then service quality is considered poor, whereas if the gap is small, then the service quality is considered to be high and in turn higher customer satisfaction is perceived. Customer satisfaction is measured by means of a service quality instrument which measures the quality of reliability, responsiveness, tangibles, assurance and empathy. Each dimension of service quality is described in the table below.

Service quality can be measured by means of the SERVQUAL model. Measurement of the perceptions and expectations are placed in a Likert scale which questions respondents' level of agreement and disagreement on the statements and an overall quality score can be calculated (Machado & Diggines, 2012:125). In spite of the widespread usage of the SERVQUAL model, there have been numerous criticisms on theoretical and procedural bases, however, the SERVQUAL model still maintains a powerful diagnostic authority and remains a convincing measurement of service quality (Owusu-Frimpong & Nwankwo, 2012:685).

**Table 1.** Service quality dimensions

Service quality dimension	Description
Tangibles	The extent to which physical attributes of the service such as the facilities and equipment are readily observable to the customers
Reliability	The ability to perform the promised service dependably
Responsiveness	The willingness to assist customers and provide prompt service
Assurance	The knowledge and courtesy and provision of prompt service
Empathy	The caring and individualised attention provided to customers

Source: Owusu-Frimpong and Nwankwo (2012:685) and Tseng and Wu (2014:84)

The adoption of service quality standards is determined by the commitment and management of SME leaders to service quality, which is dependent on the culture of the entrepreneur. As the culture of the SMEs is influenced by the culture of the entrepreneur, it in turn becomes the culture of the business (Bhaskaran, 2013:426). Perhaps, due to the level of difficulty in defining, measuring and controlling service quality because of its intangibility, heterogeneity and inseparability (Zhang, Xie & He, 2014:84), SMEs find it in certain instances difficult to establish service standards that are beyond the culture of the SME. Additionally, it is perhaps a lack of quality management that also contributes to the lack of quality standards. Quality management is defined as the management of activities and functions which include determining the quality policy and the implementation thereof through quality planning and quality assurance (Businessdictionary.com, 2014).

SME owners need to realise that customers' needs and wants should be identified and a service should be created which will satisfy the customer, and in order for customers to consider that it is not necessary to consider competing services (Machado & Diggines, 2012:120). Perceived quality is that which the customer experiences while utilising the service in question and it is suggested as an important factor of customers' satisfaction, which in turn affects a customer's intention to utilise that service (Zeithaml in Nekoei-Moghadam & Amiresmaili, 2011:58). In anticipating the customers' experiences and satisfaction, small businesses firstly have to benchmark what customer expectations are and from there improve their services based on the benchmark.

The Gaps model is based on the SERVQUAL model.

## 5 Gaps model

The SERVQUAL model evaluates customer satisfaction based on the service quality dimensions which are questions based on the perceptions and expectations of customers, and the difference in answers is an indication of customer satisfaction. The Gaps model identifies the gaps which cause problems in the service which has impacted the customer evaluations of service quality (Lamb, Hair & McDaniel, 2011:185). The Gaps model recognises that expectations of service are subjective, dynamic and unpredictable (Heron & Altman, 2010:88). If poor service is experienced then it is an indication of a

gap, which reflects as a negative number based on the equation below:

SERVQUAL Gap score = perception score – expectation score

A number of gaps arise from the model, which are discussed below (Machado & Diggines, 2012:128):

Gap 1: Knowledge gap is the difference in customer expectations and management's perceptions of what customers want.

Gap 2: Standards gap is the difference between management's perceptions of customer expectations and the service standards established.

Gap 3: Delivery gap is the difference between the set service standards and the actual service delivery.

Gap 4: Communication gap is the difference between the actual service delivered and that which was promised to the customers

Gap 5: Service gap is the difference between the customers' expectations and the perceived service.

As the study indicates, SME owners set the service quality standards of the business themselves, so if the owner does not have a clear understanding of what standard to set for the business, then it will operate according to the possibly inferior service standards that the owner sets. The purpose of the study is to establish whether SME owners in the major cities of South Africa have a clear understanding of service quality standards that need to be set and whether they actually provide the service according to those standards.

## 6 Research objectives

The main aim of the study is to establish SME owners' understanding of their expectations and perceptions of their service quality offering, which are indicative of service quality gaps that they should understand. The study therefore attempts to establish the extent of the standards gap which exists in the SME sector. From the literature review it becomes clear that there are misunderstandings in service quality standards. Based on the culture of the entrepreneur, the culture of the SME will align with the culture of the entrepreneur as it is the entrepreneur who sets the service standards.

## 7 Research methodology

A sample of small business owners was asked to complete a quantitative questionnaire designed to measure the different dimensions of service quality as

defined by the SERVQUAL model. That is, it was in order to determine whether a discrepancy (gap) exists between service quality items in their businesses that they feel all businesses should adhere to, and the extent to which they perceive their businesses to adhere to these items in South African SMEs. The questions were adapted to be general enough to accommodate businesses in any type of industry. The perspectives that were measured are the opinions of the SME owners regarding the importance of certain business items that influence service quality (their expectations), as well as their perceptions regarding how successful their businesses are in terms of adhering to these items. The questionnaire was administered to 120 business owners, all of whom provided responses to the questions measuring their importance rating of the different service quality items, and 94 useable responses were received.

## 8 Research findings

### 8.1 Expectations

The respondents were asked to indicate to what extent they agree that all businesses should adhere to a list of aspects (SERVQUAL) pertaining to service quality by selecting a score from a 5-point Likert scale (1=Strongly disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly agree), with higher values being associated with a higher importance perception.

It is demonstrated in table 2 below that on average, the SME owners tend towards considering all the listed aspects of the five different dimensions to be important since the mean agreement score for practically all aspects is above the fourth (4) value in the 5-point rating scale. The only aspect rating that is just below 4, is in the tangibles dimension and refers to modern looking equipment. The standard deviation for this aspect is also the largest – an indication that the rating of this aspect resulted in the largest variation in opinions among the respondents. This difference in opinion is also demonstrated by the fact that those respondents who disagreed (16.3%,  $n=15$ ) or felt neutral (15.2%,  $n=14$ ) about it make up the largest proportions of such respondents across all aspects.

The aspect that was rated the most important on average concerns the reliability dimension and specifically the reliability aspect ( $M=4.624$ ,  $SD=0.530$ ), and the fact that even though the standard deviation is the smallest among all aspects, it is the aspect with the highest level of agreement regarding how important it is in a business. The second most important aspects based on the average agreement scores of the respondents are about aspects from the responsiveness and empathy dimensions. These aspects are about employees serving customers promptly ( $M=4.585$ ,  $SD=0.663$ ) and that customers will be given attention ( $M=4.585$ ,  $SD=0.679$ ). With their standard deviations also being at the lower end compared to the standard deviations of the other aspects, the respondents are also more in agreement

about these aspects than about the others. Another aspect, although not one of the most important aspects according to the respondents on average, with a relatively high agreement in scores among the respondents, as indicated by the relatively small standard deviation, is about employees being neat in their appearance ( $M=4.419$ ,  $SD=0.665$ ) – an aspect of the tangibles dimension.

### 8.2 Perceptions

The respondents were asked to indicate to what extent they agree that their businesses adhere to the list of aspects pertaining to service quality by selecting a score from the same 5-point Likert scale that was used for the importance agreement ratings, with higher values being associated with a perception that their businesses adhere strongly to the service quality aspects.

It is clear from table 3 that on average, the SME owners tend to consider most of the listed aspects of the five different dimensions to be important since the mean agreement score for practically all aspects is above the fourth (4) value in the 5-point rating scale. The only aspects for which the adherence ratings are just below 4, refer to modern looking equipment and the physical facilities being visually appealing from the tangibles dimension and that employees must never be too busy to respond to customer requests in the responsiveness dimension. The standard deviations for these three aspects are also the largest (above 1) – an indication that the adherence ratings of these aspects demonstrate the largest variation in perceptions among the respondents.

The aspect that was rated the best adhered to on average in their own businesses, concerns the empathy dimension and specifically that they have their customers' best interests at heart ( $M=4.530$ ,  $SD=0.570$ ), and the fact that even though the standard deviation is the smallest among all aspects, it is the aspect with the highest level of agreement among respondents regarding how well it is adhered to in their businesses. The second most adhered to aspect based on the average adherence scores of the respondents is that their employees are always willing to help their customers ( $M=4.506$ ,  $SD=0.697$ ), which is an aspect in the responsiveness dimension. With its standard deviation also being at the lower end compared to the standard deviations of the other aspects, it indicates that the respondents are also more in agreement about this aspect than about most of the others. Another aspect, although not one of the most adhered to aspects according to the respondents on average, with a relatively high agreement in scores among the respondents, as indicated by the relatively small standard deviation, is about employees' ability to understand the needs of their customers ( $M=4.481$ ,  $SD=0.596$ ) – an aspect of the empathy dimension.

**Table 2.** Distribution statistics for the expectations rating scores

	Strongly disagree %(n)	Disagree %(n)	Neutral %(n)	Agree %(n)	Strongly agree %(n)	Total N	Mean(SD)
<b>TANGIBLES</b>							
Modern looking equipment	1.1(1)	16.3(15)	15.2(14)	39.1(36)	28.3(26)	92	3.772(1.070)
The physical facilities will be visually appealing	.0(0)	8.5(8)	13.8(13)	43.6(41)	34.0(32)	94	4.032(0.909)
Employees will be neat in their appearance	.0(0)	.0(0)	9.7(9)	38.7(36)	51.6(48)	93	4.419(0.665)
Materials linked with the service (pamphlets or statements) will be visually appealing	1.1(1)	2.1(2)	2.1(2)	43.6(41)	51.1(48)	94	4.415(0.739)
<b>RELIABILITY</b>							
Reliable	.0(0)	.0(0)	2.2(2)	33.3(31)	64.5(60)	93	4.624(0.530)
Show a sincere interest in solving customer issues	2.1(2)	1.1(1)	2.1(2)	28.7(27)	66.0(62)	94	4.553(0.784)
Perform the service right the first time	.0(0)	1.1(1)	3.2(3)	34.0(32)	61.7(58)	94	4.564(0.614)
Time management	1.1(1)	1.1(1)	1.1(1)	34.4(32)	62.4(58)	93	4.559(0.683)
Insist on error free records	.0(0)	5.4(5)	10.8(10)	36.6(34)	47.3(44)	93	4.258(0.859)
<b>RESPONSIVENESS</b>							
Employees will tell customers exactly when services will be performed	1.1(1)	4.3(4)	5.3(5)	36.2(34)	53.2(50)	94	4.362(0.853)
Employees will give prompt service to customers	.0(0)	3.2(3)	.0(0)	31.9(30)	64.9(61)	94	4.585(0.663)
Employees will always be willing to help customers	.0(0)	3.3(3)	2.2(2)	29.3(27)	65.2(60)	92	4.565(0.700)
Employees are never be too busy to respond to customers' requests	1.1(1)	8.6(8)	3.2(3)	30.1(28)	57.0(53)	93	4.333(0.971)
<b>ASSURANCE</b>							
The behaviour of employees will instil confidence in customers	.0(0)	2.1(2)	4.3(4)	33.0(31)	60.6(57)	94	4.521(0.684)
Customers will feel safe in transactions	.0(0)	2.1(2)	4.3(4)	36.2(34)	57.4(54)	94	4.489(0.684)
Employees will always be polite with customers	.0(0)	3.2(3)	4.3(4)	29.8(28)	62.8(59)	94	4.521(0.729)
Employees will have the knowledge to answer customers' questions	.0(0)	3.2(3)	6.4(6)	28.7(27)	61.7(58)	94	4.489(0.758)
<b>EMPATHY</b>							
Customers will be given attention	.0(0)	3.2(3)	1.1(1)	29.8(28)	66.0(62)	94	4.585(0.679)
Operating hours will be convenient to all customers	.0(0)	2.2(2)	10.8(10)	41.9(39)	45.2(42)	93	4.301(0.749)
Employees provide personal customers service	.0(0)	10.8(10)	5.4(5)	37.6(35)	46.2(43)	93	4.194(0.958)
Have their customers' best interest at heart	1.1(1)	4.3(4)	3.2(3)	33.3(31)	58.1(54)	93	4.430(0.839)
The employees will understand the specific needs of their customers	1.1(1)	2.2(2)	5.4(5)	35.5(33)	55.9(52)	93	4.430(0.786)

**Table 3.** Distribution statistics for the perceptions rating scores

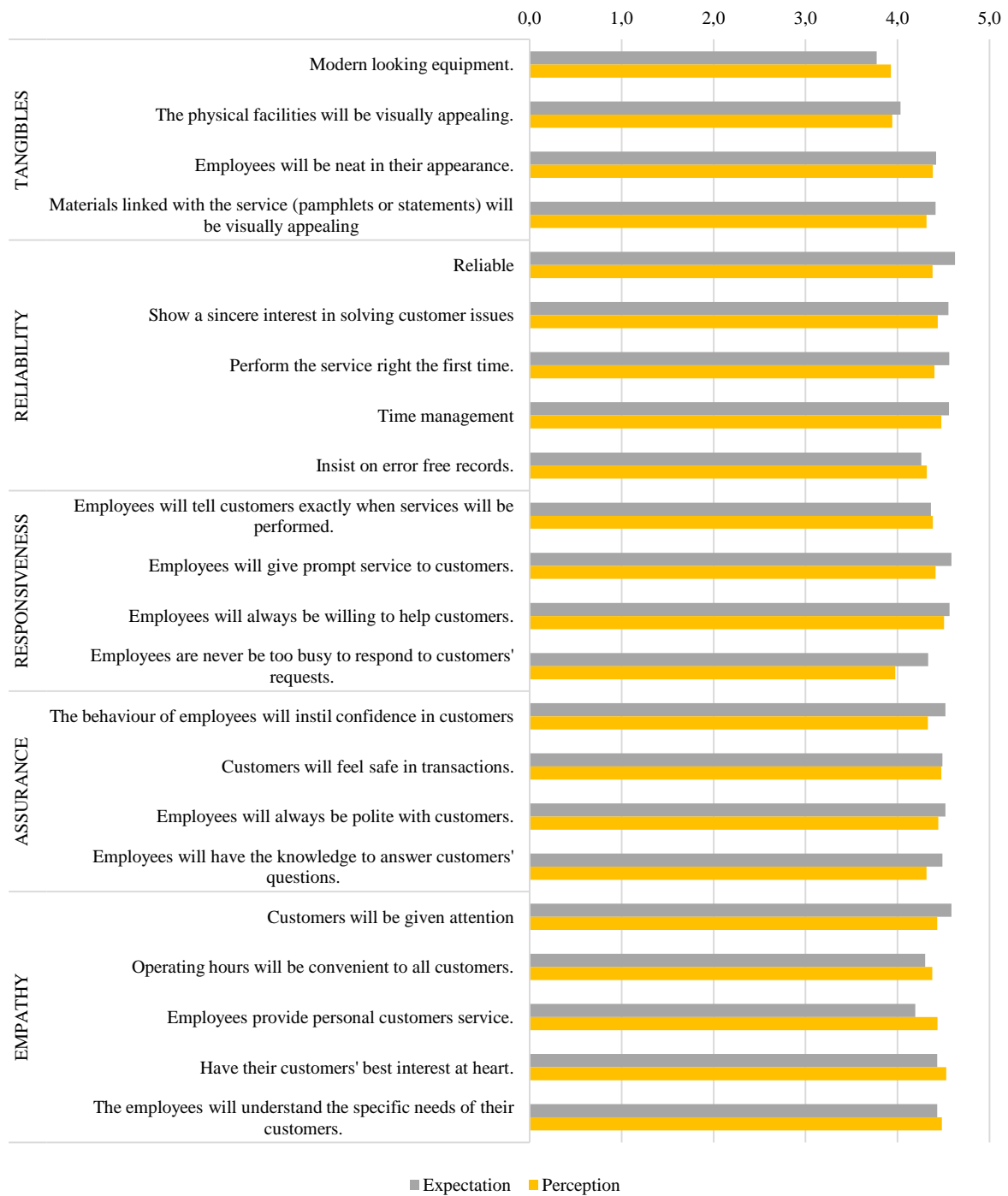
	Strongly disagree %(n)	Disagree %(n)	Neutral %(n)	Agree %(n)	Strongly agree %(n)	Total N	Mean(SD)
<b>TANGIBLES</b>							
Modern looking equipment	2.4(2)	10.6(9)	9.4(8)	47.1(40)	30.6(26)	85	3.929(1.021)
The physical facilities will be visually appealing	3.4(3)	6.8(6)	14.8(13)	42.0(37)	33.0(29)	88	3.943(1.032)
Employees will be neat in their appearance	0.0(0)	1.2(1)	5.8(5)	46.5(40)	46.5(40)	86	4.384(0.654)
Materials linked with the service (pamphlets or statements) will be visually appealing	1.1(1)	3.4(3)	4.5(4)	44.9(40)	46.1(41)	89	4.315(0.806)
<b>RELIABILITY</b>							
Reliable	1.1(1)	0.0(0)	6.7(6)	43.8(39)	48.3(43)	89	4.382(0.715)
Show a sincere interest in solving customer issues	0.0(0)	3.4(3)	4.5(4)	37.1(33)	55.1(49)	89	4.438(0.738)
Perform the service right the first time	0.0(0)	1.1(1)	5.7(5)	44.8(39)	48.3(42)	87	4.402(0.655)
Time management	0.0(0)	0.0(0)	4.7(4)	43.0(37)	52.3(45)	86	4.477(0.589)
Insist on error free records	0.0(0)	4.7(4)	8.2(7)	37.6(32)	49.4(42)	85	4.318(0.820)
<b>RESPONSIVENESS</b>							
Employees will tell customers exactly when services will be performed	0.0(0)	3.5(3)	4.7(4)	41.9(36)	50.0(43)	86	4.384(0.738)
Employees will give prompt service to customers	0.0(0)	2.3(2)	3.4(3)	44.8(39)	49.4(43)	87	4.414(0.674)
Employees will always be willing to help customers	1.1(1)	0.0(0)	4.6(4)	35.6(31)	58.6(51)	87	4.506(0.697)
Employees are never be too busy to respond to customers' requests	2.4(2)	4.8(4)	22.6(19)	33.3(28)	36.9(31)	84	3.976(1.006)
<b>ASSURANCE</b>							
The behaviour of employees will instil confidence in customers	1.2(1)	2.4(2)	7.1(6)	41.2(35)	48.2(41)	85	4.329(0.808)
Customers will feel safe in transactions	0.0(0)	1.2(1)	3.5(3)	41.9(36)	53.5(46)	86	4.477(0.627)
Employees will always be polite with customers	0.0(0)	3.5(3)	3.5(3)	38.4(33)	54.7(47)	86	4.442(0.729)
Employees will have the knowledge to answer customers' questions	0.0(0)	1.2(1)	9.3(8)	46.5(40)	43.0(37)	86	4.314(0.690)
<b>EMPATHY</b>							
Customers will be given attention	0.0(0)	0.0(0)	5.8(5)	45.3(39)	48.8(42)	86	4.430(0.605)
Operating hours will be convenient to all customers	0.0(0)	2.4(2)	7.1(6)	41.2(35)	49.4(42)	85	4.376(0.723)
Employees provide personal customers service	0.0(0)	2.4(2)	4.8(4)	39.8(33)	53.0(44)	83	4.434(0.702)
Have their customers' best interests at heart	0.0(0)	0.0(0)	3.6(3)	39.8(33)	56.6(47)	83	4.530(0.570)
The employees will understand the specific needs of their customers	0.0(0)	0.0(0)	5.1(4)	41.8(33)	53.2(42)	79	4.481(0.596)

### **8.3 Expectations aspects compared to perceptions aspects on average**

Since the importance of expectations and the adherence perceptions were rated on the same 5-point rating scale, it is possible to compare the mean agreement scores without having to standardise them. Figure 1 illustrates how these mean scores differ. For

quite a number of different aspects within each of the service quality dimensions, the expectations exceed the adherence perceptions. However, it is also the case that in every dimension besides the assurance dimension, there are some aspects for which the average perceived adherence scores exceed that of the importance (expectations) scores.

**Figure 1.** Mean differences between expectation and perception scores



**8.4 SERVQUAL gap analysis**

In order to investigate the magnitude of these mean differences between the expectations scores and the perception scores as prescribed by the SERVQUAL model, the difference between the two mean scores was calculated for each respondent by using the following formula:

$$\text{SERVQUAL: Gap score} = \text{perception score} - \text{expectation score}$$

The Gap score is an indication of whether a discrepancy exists between items that the owners agree (or not) should be adhered to in any business and what their perceived adherence level is regarding these items in their own businesses. According to the SERVQUAL model, this calculated gap score is a measure of service quality – in this case as seen from the suppliers’ perspective. Smaller gaps are associated with higher levels of service quality. A negative gap is an indication that the perceived quality of the service is at a lower level than what is expected, while a

positive gap is an indication that the perceived quality of the service is better than what is expected. A gap of zero is an indication that the service is performed at the expected level of quality. Thus, in an effort to improve the quality of service delivery, a business needs to attend to items that result in negative gaps.

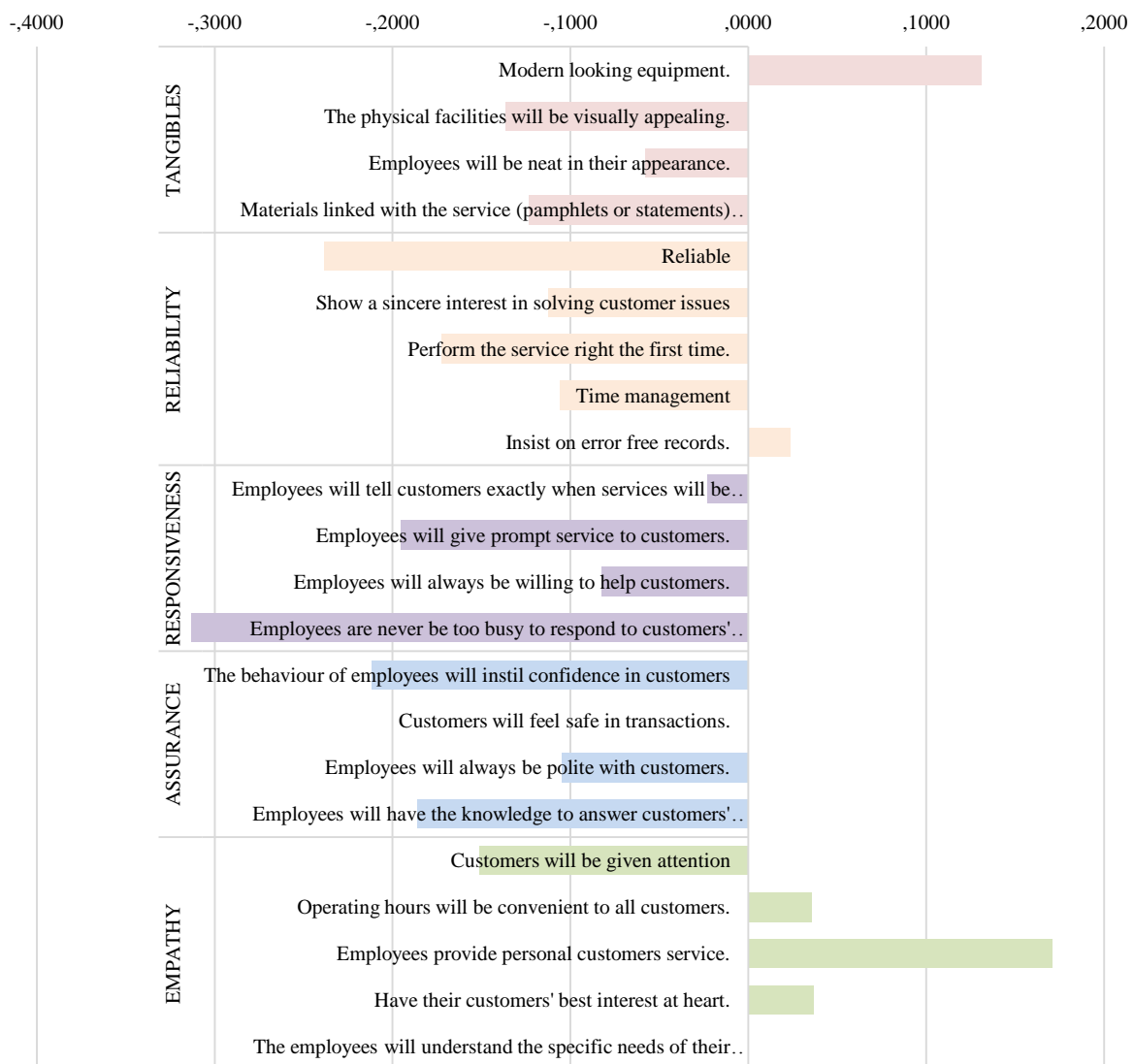
Figure 2 shows that the gaps are mostly negative, implying that it is the opinion of the owners that their businesses should improve in a lot of areas. In the case of five items, the gaps are positive and in the case of another two, the gaps are zero, indicating that the owners do have some positive feelings about what is happening in their businesses regarding service quality.

In figure 2 it is obvious that the largest gap is for an aspect in the responsiveness dimension and it pertains to employees who are never too busy to attend to customers' requests. The gap is negative, indicating that although the owners consider this aspect as important for all businesses to adhere to,

adherence to this aspect in their own businesses, as they perceive it, is the least up to standard of all the items. It is interesting that in the case of reliability, it was the one aspect that, on average, had the smallest variation in responses among the respondents and was also the most important aspect according to the respondents, while it produced the second largest negative gap (figure 2).

The largest positive gap is in the tangibles dimension regarding modern looking equipment. This aspect was rated the least important (lowest expectation) on average and could explain why the owners feel that the equipment they have is adequate or better than expected. Other positive gaps are mostly in the empathy dimension which creates the impression that the owners have a positive regard for their employees' ability to empathise with their customers.

**Figure 2.** Mean gap scores





## 9 Conclusion and recommendations

Service quality describes at what level of quality a service is delivered to the customers and how it is refined to continuously meet customers' expectations (American Marketing Association, 2014). SMEs should strive to perform better with their knowledge processing and shift from being product oriented to customer oriented (Tseng & Wu, 2014:78). In addition, Owusu-Frimpong and Nwankwo (2013:693) identified that SMEs should train their employees on providing improved service quality. Although products produced especially in Africa are considered to be of poor quality, there is a possible opposite outcome for SMEs if the owners of SMEs come to understand service quality, which is driven by policy support, and provide that quality service to customers if SMEs design ways to perceive, think and feel in relation to quality management. In gearing employees within a business towards a customer-oriented environment, the likelihood of providing high service quality increases.

As service quality is a cornerstone of economic growth objectives and profitability (Owusu-Frimpong & Nwankwo, 2013:694), it is not enough for SMEs to only understand what service quality standards entail, but also to understand how to perform high service quality.

This study revealed that in the businesses of South African SMEs, there exist discrepancies (gaps) between items that the owners feel should be adhered to and the extent to which they perceive their businesses to adhere to these items. It would therefore be useful for South African SMEs to employ the SERVQUAL measurement tool to uncover items in their businesses that need to be addressed in terms of improving their quality of service.

It is recommended that to close the gaps between perception of service quality provided and the actual service provided, it is necessary for SMEs to look at solutions such as: (Machado & Diggines, 2012:128, Tseng & Wu, 2014:88):

- showing greater commitment to developing standards,
- integrating more customer centric processes,
- providing clearer guidelines to customer-contact staff to deliver a service that is according to set standards,
- establishing clear roles for staff in delivering quality service, and
- emphasising first line sales training so that sales staff are equipped with excellent communication skills and service knowledge.

In order to apply the solutions as suggested, it is recommended that training programmes developed that focus on SMEs be implemented. Institutions of higher learning can embark on rolling out and offering short courses to transfer skills and develop SMEs as part of their community involvement programmes.

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