

## **Service Quality and Customer Satisfaction in Small and Medium sized Enterprises in Ibadan Metropolis, Oyo State**

**Tolulope E. ADENEKAN (PhD)**  
**Department of Information Management,**  
**Lead City University [tolu.adenekan@lcu.edu.ng](mailto:tolu.adenekan@lcu.edu.ng)**

**Oluwatomisin OLALERU**  
**Department of Information Management,**  
**Lead City University**  
**[olaleru.tomisin@gmail.com](mailto:olaleru.tomisin@gmail.com)**

### **Abstract**

Customer satisfaction is the key to the long-term survival of any business. It promotes customer loyalty and ensures low customer attrition rate. In line with this, business owners and researchers are usually interested in factors that affect customer satisfaction. This study examines the influence of service quality on customer satisfaction in SMEs in Ibadan Metropolis, Oyo state. The study adopted a descriptive survey research method. The population encompassed residents of five local governments in Ibadan out of which 384 were systematically selected as the study sample. The research instrument is a structured questionnaire. Data was analysed using descriptive and inferential statistics. The study found a high level of customer satisfaction among the SMEs. While customers set their expectations quite high, these businesses generally meet them. The results also showed that service quality has a significant impact on customer satisfaction. The study concluded that service quality both play a crucial role in determining customer satisfaction. It was therefore recommended that SMEs should prioritize activities and policies that enhance the quality of services rendered to customers.

**Keywords:** Customer Satisfaction, Customer services, service quality, SMEs , Ibadan,

**Word Count:** 174

### **Introduction**

Customer satisfaction is an important concept for all businesses, including Small and Mediumsized Enterprises (SMEs) dealing with fast-moving consumer goods. It refers to the degree to which customers are happy with the products, services, and overall experience provided by a business. Customer satisfaction is a psychological state which is influence by several factors. According to Kotler (2016), satisfaction is a product of comparative judgments which means that customers perception of a product's performance (or outcome) is measured

against the specific expectations. Satisfaction is achieved when a product/service ‘performs’ as expected. On the other hand, the customer is dissatisfied and disappointed when the product/service received falls below expectations (Zakari & Ibrahim, 2021, Mannan, Chowdhury, Sarker, & Amir, 2019).

In SMEs, customer satisfaction can be a critical factor for success and growth, as it can lead to repeat business, positive word-of-mouth recommendations, and increased profitability (Otto, Szymanski, & Varadarajan, 2020). The performance and survival rates of Small and Medium Enterprises (SMEs) in Nigeria are shown to be unsatisfactory, with a significant number of these enterprises closing shortly after commencing operations (Aminu, 2016; Gwadabe & Amirah, 2017). Studies have shown that over 80% of small and medium-sized enterprises (SMEs) in Nigeria experienced failure prior to reaching their fifth-year milestone (Aminu et al., 2015). While several factors have been attributed to SMEs’ failure in Nigeria, one of the most significant is loss of patronage due to poor service quality.

Service quality refers to the extent to which a service meets or exceeds customers' expectations. It is a measure of the overall satisfaction a customer has with a service and encompasses various aspects such as responsiveness, reliability, assurance, empathy, and tangibles (Nguyen, et al., 2020). Delivering high-quality service is important for customer retention, loyalty, and positive word-of-mouth, which ultimately leads to increased revenue and profitability for the business. The concept of service quality refers to how well a service meets or exceeds customers' expectations and needs. It is an important aspect of any service-based business, as customer satisfaction and loyalty are crucial to the success of such organizations. The measure of service quality includes responsiveness, reliability, assurance, empathy, and tangibles (Essardi, Mardikaningsih, & Darmawan, 2022).

For supermarkets who deals with products that can easily be obtained elsewhere, the best edge is to ensure that service quality obtainable is better than what is available elsewhere. However, studies have rarely focused on the role of service quality on customer satisfaction, particularly in the context of Ibadan metropolis. This study therefore examines the role of service quality in customer satisfaction among retail stores in Ibadan metropolis with the intention of examining how the services and customer experience in these stores align with customer expectations and whether this has any influence on customer satisfaction.

## **Research Questions**

The following questions guided the study;

1. What is the level of customer satisfaction in SMEs in Ibadan Metropolis?
2. What is the level of service quality in SMEs in Ibadan Metropolis

### **Hypothesis**

The following null hypothesis was tested at a 0.005 level of significance:

H<sub>01</sub>: There is no significant influence of service quality on customer satisfaction in SME's in Ibadan Metropolis

### **Review of Related Literature**

Scholars have always been interested in customer satisfaction because of its importance to business growth and sustainability. While customer satisfaction is often a matter of various variables, some of which may not even be within the control small and medium enterprises, one of the most controllable factors is service quality. As a result, studies have focused on the role of service quality on customer satisfaction across various organisations.

Researchers have shown interest in examining service quality in SMEs. Because of their importance in the creation of new jobs, the expansion of the country's GDP, and the reliable distribution of goods and services, small and medium-sized businesses (SMEs) are one of the primary motors propelling global economy. Empirical studies however indicates that customers respond or are influenced differently by various dimensions of service quality. Al Idrus, Abdussakir, Djakfar, and Al Idrus (2021) observed that poor product quality is one reason why Indonesian SMEs struggle to compete in the global industrial market and lose customers. This means that reliability is the chief source of customer satisfaction for this group of customers.

This is supported by the findings of Aditi, Hafizah, and Hermansyur (2021) who also reported that retail customers in Indonesia are influence by perceived value of the product being offered. According to the results, the perceived value of an e-service has a direct and positive effect on customer satisfaction. What makes this study unique is the correlation model of how e-service, system quality, and perceived value all influence customer satisfaction among small and medium-sized enterprises.

In the same, Sanny et al., (2021) found that reliability or product quality rather than tangibility, as represented by aesthetics and promotion is major factor in customer satisfaction for

customers dealing with online store. The study found that advertisements have a smaller impact on consumers' opinions than do quality services. On the other hand, Hyunmin (2021) reported that customers of logistic companies are more concerned and the assurance dimension of services. This means that satisfaction is mainly derived from the perception that the service providers are experts in the industry in which they operate.

However, scholars such as Rajić, Nikolić, and Milošević (2016) maintained that all dimensions of service quality converge together to drive customers' satisfaction. According to the study's findings, service quality has a direct effect on customer satisfaction. The study went further to say that customer satisfaction leads to trust in the business which has a direct effect on customer loyalty. Similarly, a study conducted Gandhi, Sachdeva, and Gupta (2018) found that both the actual and perceived quality of the service had a beneficial effect on post-purchase satisfaction and commitment. Overall, these studies suggest that service quality is an important factor in determining customer satisfaction and loyalty in SMEs.

Ali et al. (2021) also found that all dimensions of service quality such as empathy, responsiveness, assurance, and tangibles were found to have good relationships with customer satisfaction in the hospitality industry comprising of hotel, tourism services, event organizing, and transportation sector. The study however found that reliability had a negative relationship customer satisfaction

Prentice, Dominique Lopes, and Wang (2020) also examined the role service quality in the hospitality sector. The research focuses on the hospitality sector to examine how AI-powered applications and service quality enhance customer satisfaction in the hotel industry. The findings indicate that both AI and employee service quality account for substantial variations in customers' perceptions of service quality and their level of satisfaction and loyalty. But only some aspects of service quality actually mattered in influencing customer satisfaction. The implication of these findings is that, no matter the innovation introduced by SMEs, if such do not contribute to service quality, it may not have any effect on customer satisfaction.

Service quality also applies to the banking sector as shown in a study conducted by Fida, et al., (2020). The study found a statistically significant connection between service quality, customer satisfaction, and customer loyalty. The breakdown showed that empathy and responsiveness have a significant influence on customers' overall satisfaction, even more than other factors such as dependability, assurance, and. Tangibility.

The study conducted by Aremu, and Ademola, (2018) focused on the influence of services quality in the banking industry. Multiple correlation, descriptive analysis, and multiple regression are all used to make sense of the data. Specifically, the study found that tangibles, reliability, and responsiveness all had a significant impact on customers' satisfaction with the banking industry. The research showed that service quality is a key component of the banking industry's success in retaining satisfied customers. In a similar study, Sambo, Danladi, and Danjuma. (2021) examined the influence of service quality on customer satisfaction in the banking industry, particularly among female customers. This research took into account five aspects of service quality: tangibility, reliability, responsiveness, empathy, and assurance. The study found that female customers of deposit money banks in Adamawa state place a premium on dimensions of service quality. It was found that all service quality dimensions, except responsiveness, have statistically significant link with overall customer satisfaction (beta = 0.0042,  $t = 0.779$ ,  $p = 0.437$ ).

Potluri and Angiating (2018) examined the role of service quality on patient satisfaction with Nigeria's health care system. The study found that the majority of respondents were dissatisfied with the service providers' responsiveness when contrasted to the tangibility and reliability of the service. The tangibility quality attribute does not correlate with life satisfaction. When asked how they feel about the health facility as a whole, 42% of respondents gave a neutral response, meaning they are neither satisfied nor unhappy. Similarly, Adepoju, Opafunso, and Ajayi, (2018) conducted to determine the influence of service quality on customer satisfaction in the health sector. The study reported low level of satisfaction among the patients. This was attributed to low ratings of service quality dimensions such as assurance, reliability, tangibles, empathy, and responsiveness. The study also discovered a strong correlation between patient satisfaction and the provision of tangibles, assurance, reliability, and empathy. In order to provide high-quality care and boost patient satisfaction overall, the study found that PHC service providers should pay close attention to the gaps.

The obvious gap in these studies is the absence of detailed attention to how each dimension of service quality is perceived by customers of supermarket in Nigeria. While these studies have shown the influence of various dimensions of service quality in sectors such as hospitality, telecommunication, health and banking, there is a need for more empirical studies relating to the influence of service quality on the level of satisfaction among the customers.

## **Research Methods**

The study adopts the survey research method. The study population over three million customers who visit and purchase goods or services from any of the SMEs located in the study area which will be Ibadan metropolis. The study sample consist of 384 consumers. This number was derived using the Krejcie and Morgan sample size table. An Online Questionnaire developed with Google Form Google was used to collect the research data. The instrument was pre-tested on consumers in Oyo town (N= 30) and the analysis showed a Cronbach value of 7.83.

## Results

**Table 1: Demographic Analysis**

		Frequency	Percent
Gender	Male	95	38.5
	Female	153	61.5
	<b>Total</b>	<b>248</b>	<b>100.0</b>
Age	Below 25	41	16.4
	26 – 35	83	34.4
	36 – 44	57	23.0
	Above 45	65	26.2
	<b>Total</b>	<b>248</b>	<b>100.0</b>
Local Government	Ibadan North	64	26
	Ibadan southWest	81	32.8
	Ibadan southEast	26	10.7
	Ibadan North East	10	4.1
	Ibadan Northwest	65	26.5
	<b>Total</b>	<b>248</b>	<b>100.0</b>
Level of Education	Secondary School	79	32.0
	Tertiary Institution	169	68.0

**Source: Fieldwork 2023**

Table 1 presents a demographic analysis of the study's participants, offering valuable insights into the composition of the sample. The table is divided into four main demographic categories:

Total	248	100.0
-------	-----	-------

Gender, Age, Local Government, and Level of Education. Each category is accompanied by the frequency and percentage of participants falling into the respective subgroups.

In terms of gender distribution, the majority of the participants are female, representing 61.5% of the total sample, while males account for 38.5%. This gender distribution highlights the predominantly female composition of the study's participants, indicating a potential gender disparity in the roles and experiences of individuals in the local government workforce in the Ibadan Metropolis.

The Age category provides an overview of the age groups within the sample. Participants are divided into four age groups: Below 25, 26 – 35, 36 – 44, and Above 45. The largest age group in the sample is the 26 – 35 categories, making up 34.4% of the total participants. The second largest group is Above 45, representing 26.2%. This data suggests that a significant portion of the sample consists of midcareer and older individuals, which may have implications for their job satisfaction, career development, and experiences within the local government.

The Local Government category breaks down the participants by the specific local government area to which they belong. The highest number of participants comes from Ibadan Southwest, constituting 32.8% of the sample, followed by Ibadan Northwest at 26.5%. These variations in the distribution across local government areas highlight potential regional differences that could influence job satisfaction and organizational experiences.

Finally, the Level of Education category provides insight into the educational backgrounds of the participants. The majority of participants have attended tertiary institutions, accounting for 68.0% of the sample. In contrast, 32.0% have completed their education at the secondary school level. This education distribution informs us about the educational qualifications of the sample and can be significant in understanding the participants' skillsets and qualifications in their roles within local government. In summary, Table 4.1's demographic analysis helps provide a comprehensive profile of the study's participants. It highlights the gender composition, age distribution, regional representation, and educational backgrounds, all of which are essential factors to consider when interpreting the study's findings and drawing conclusions related to job satisfaction among secretaries in local governments within the Ibadan Metropolis.

**Research Question 1: What is the level of customer satisfaction in SME's in Ibadan Metropolis?**

**Table 2: Level of Customer Satisfaction in SME's in Ibadan Metropolis, Oyo State, Nigeria**

<b>Expectation</b>	<b>Very High</b>	<b>High</b>	<b>Low</b>	<b>Very Low</b>	<b>Mean</b>
I have high expectation of quality products in this store	201 (81.1%)	47 18.9%			3.81
I have high expectation of good price in this store	134 (54.1%)	113 (45.9%)			3.54
I have high expectation of good customer services	147 (59.8%)	85 (34.4%)	14 (5.7%)		3.54
I have high expectation of seamless transaction in this store	137 (55.7%)	96 (38.5%)	14 (5.7%)		3.50
<b>Average Mean</b>					<b>3.60</b>
<b>Perceived Performance</b>					
The quality of services met my expectations.	126 (53.3%)	112 (45.9%)	2 (0.8%)		3.52
The delivery time met my expectations.	177 (55.7%)	97 (39.3%)	9 (4.1%)	2 (0.8%)	3.50
The features/functionality of products met my expectations.	119 (48.4%)	126 (51.6%)			3.48
<b>Average mean</b>					<b>3.50</b>
<b>Expectation Disconfirmation</b>					
The store is indeed the best place to shop	109 (44.6%)	101 (45.5%)	22 (9.1%)	2 (0.8%)	3.34
I am satisfied with the overall customer experience.	1799 (73.0%)	67 (27.0%)			3.73
The price of products and services met my expectations.	139 (55.4%)	105 (43.0%)	4 (1.7%)		3.54
The customer service met my expectations.	129 (51.6%)	87 (35.2%)	30 (12.3%)	2 (0.8%)	3.38
<b>Average mean</b>					3.49
<b>Aggregate mean</b>					3.53

Decision rule: low mean is < 2.5, moderate mean is = 2.5 and high mean is > 2.5 Source: Field work, 2023.

Table 2 presents the results of the responses on customer satisfaction within small and medium sized enterprises (SMEs) situated in the Ibadan Metropolis of Oyo State, Nigeria. This table shows that customer satisfaction into three distinct sections such as expectation, perceived performance and expectation disconfirmation.



Under the expectation section, respondents shared their anticipation regarding several aspects of their shopping experiences. The results showed that 81.1% of respondents indicated that they held very high expectations about the products offered in the supermarkets, while an additional 18.9% also indicated that they had high expectation. It is clear that the quality of products holds paramount importance. The mean score of 3.81 tells us that expectations are set remarkably high.

In addition, 54.1% of the respondents indicated very high expectation and 45.9% indication high expectation about low prices in the stores. This indicates that affordability is a crucial factor in their shopping experience. In a similar vein, customer services were also highly anticipated, with 59.8% indicating very high and 34.4% indicating high expectation. However, it's worth noting that 5.7% of the respondents had low expectation, suggesting room for improvement in customer service. The final element in the expectation section relates to the anticipation of seamless transactions. A notable 55.7% of respondents indicated that they had very high expectation of transacting with ease, with 38.5% also having high expectations. Nonetheless, 5.7% of the respondents indicated that they had low expectation, implying that transaction processes might need finetuning.

In the second section which is the perceived performance section, the results show how well the store's actual performance aligns with customer expectations. Majority of the respondents felt that the quality of services very high (53.3%) while 45.9% of the respondents also indicated that it is high. Also, 55.7% of the respondents rated the delivery time very high and 39.3% of them rated it as high in meeting their expectations. Similarly, majority of the respondents believed that the features and functionality of products in the stores also met their expectations with 48.4% of the respondents indicating that this is to a very high extent and 51.6% indicating high extent. This suggests that these SMEs are delivering on customer expectations, reflected in a respectable average mean score of 3.50 for this section.

The third section of Table 4.2 dealt with expectation disconfirmation. The section assessed whether customers' expectations were met or not. About 44.6% of the respondents indicated that their expectations were very highly met and 45.5% indicating that it was highly met, but 9.1% indicated it was very low and 0.8% indicating low. This indicates that while many are satisfied, there's room for improvement to align everyone's perception.

One of the most positive findings is that 73.0% of respondents indicating that they were very highly satisfied with the overall customer experience, while 27.0% indicated very high. The mean score of 3.73 signifies a significant level of contentment among customers. Customers largely agreed that the price of products and services met their expectations (55.4% very high and 43.0% rated high). However, 1.7% indicated that it was very low, suggesting a small but notable area for price related improvement. Finally, for customer service, 51.6% of respondents indicated that their expectations were very highly met, and 35.2% responded that it was high. However, 12.3% of the respondents rated meeting their expectation very low, signalling an opportunity to enhance customer service.

Table 4.2 paints a vivid picture of customer expectations, perceived performance, and expectation disconfirmation in SMEs in the Ibadan Metropolis. While customers set their expectations quite high, these businesses generally meet them. However, there are areas for improvement, particularly in customer service and in making sure the store lives up to their reputation as the best place to shop. These insights are invaluable for SMEs aiming to enhance customer satisfaction and deliver a truly exceptional shopping experience.

## Research Question 2: What is the level of service quality in SMEs in Ibadan Metropolis

**Table 3 Level of Service Quality in SMEs in Ibadan Metropolis**

Reliability	Very High	High	Low	Very Low	Mean
The supermarket delivers its services as promised.	134 (56.4%)	85 (35.9%)	16 (6.8%)	2 (0.9%)	3.48
The supermarket completes allow customers to complete transactions within reasonable timeframes.	103 (41.8%)	103 (41.8%)	29 (11.5%)	12 (4.9%)	3.20
The supermarket keeps customers informed about any changes or delays in the service.	143 (57.9%)	91 (37.2%)	12 (5.0%)		3.53
<b>Average mean</b>					<b>3.40</b>
<b>Assurance</b>					
The supermarket staff demonstrates knowledge and expertise in their field.	107 (43.8%)	123 (50.4%)	12 (5.0%)	2 (0.8%)	3.37

The supermarket staff instills confidence and trust in their customers. 164 (66.4%) 69 (27.9%) 14 (5.7%) 3.61

The supermarket has employees who are courteous and professional. 112 (45.1%) 119 (48.4%) 15 (5.7%) 2 (0.8%) 3.38

**Average Mean 3.45**

### Empathy

The supermarket treats customers with respect, dignity, and empathy. 137 (55.7%) 93 (37.7%) 15 (5.7%) 2 (0.8%) 3.48

The supermarket provides personalized attention and care. 125 (50.4%) 123 (49.6%) 3.50

The supermarket is willing to listen and understand customer concerns 94 (37.7%) 125 (50.8%) 27 (10.7%) 2 (0.8%) 3.25

I derived joy when using e-Learning System with others 137 (55.7%) 93 (37.7%) 16 (6.6%) 3.49

**Average Mean 3.43**

### Responsiveness

The supermarket promptly responds to customers' requests and inquiries. 137 (55.7%) 96 (38.5%) 14 (5.7%) 3.50

The supermarket is willing to go the extra mile to meet customers' needs. 159 (64%) 85 (34.4%) 4 (1.6%) 3.61

The supermarket keeps customers updated on the progress of your service request. 137 (55.7%) 107 (43.4%) 2 (0.8%) 3.54

**Average Mean 3.55**

### Tangibility

The supermarket has modern and UpToDate equipment and facilities. 261 (56.6%) 93 (37.7%) 12 (4.9%) 2 (0.8%) 3.50

The supermarket's physical appearance is professional and well maintained. 137 (55.7%) 77 (31.1%) 28 (11.5%) 4 (1.6%) 3.41

The supermarket's employees have a neat and professional appearance. 107 (43.8%) 122 (50.4%) 12 (5.0%) 2 (0.8%) 3.37

**Average Mean 3.43**

**Aggregate Mean 3.45**

---

Decision rule: low mean is < 2.5, moderate mean is = 2.5 and high mean is > 2.5 Source: Field work, 2023.

Table 4.4 offers a comprehensive insight into the level of service quality in SMEs within the bustling Ibadan Metropolis. The table is thoughtfully segmented into various dimensions of service quality, each shedding light on different aspects of the customer experience. In the dimension of reliability, majority of respondents (56.4%) expressed "Very High" confidence in the reliability of the supermarket to delivers its services as promised, while 35.9% considered it "High." Only a small percentage perceived it as "Low" (6.8%) or "Very Low" (0.9%). The mean for this aspect is 3.48, indicating a strong level of reliability. Also, a considerable percentage found the aspect of the supermarket allowing customers to complete transactions within reasonable time frames as "Very High" (41.8%) and "High" (41.8%). However, 11.5% rated it as "Low," and 4.9% as "Very Low." The mean for this dimension is 3.20, indicating a moderate level of completion reliability. Furthermore, the ratings of the supermarket keeping customers informed about any changes or delays in the service show that the majority of respondents believed the supermarket was "Very High" (57.9%) in keeping customers informed, while 37.2% rated it as "High." A small proportion considered it "Low" (5.0%). The mean for this dimension is 3.53, signifying a high level of reliability.

In the Assurance section, respondents expressed confidence in the staff's knowledge believing that supermarket staff demonstrates knowledge and expertise in their field, with 43.8% considering it "Very High" and 50.4% as "High." A small percentage found it "Low" (5.0%) or "Very Low" (0.8%). The mean for this aspect is 3.37, indicating a strong level of assurance. Also, majority perceived the supermarket staff instilling confidence and trust in their customers: as "Very High" (66.4%), while 27.9% rated it as "High." A small proportion found it "Low" (5.7%). The mean for this dimension is 3.61, indicating a high level of assurance. In the same vein, A significant portion found the aspect of the supermarket having employees who are courteous and professional: to be "Very High" (45.1%) and "High" (48.4%). Some respondents perceived it as "Low" (5.7%) or "Very Low" (0.8%). The mean for this aspect is 3.38, signifying a strong level of assurance.

The next section is empathy, most respondents believed the supermarket treats customers empathetically, with 55.7% considering it "Very High" and 37.7% as "High." A smaller portion found it "Low" (5.7%) or "Very Low" (0.8%). The mean for this dimension is 3.48, indicating a strong level of empathy. The supermarkets were also perceived to provides personalized attention and care: Respondents perceived this aspect positively, with 50.4% considering it "Very High" and 49.6% as "High." The mean for this aspect is 3.50, signifying a high level of

empathy. Also, the supermarkets is perceived as willing to listen and understand customer concerns: The majority of respondents believed the supermarkets should be "Very High"

(37.7%) in listening and understanding customer concerns. A significant portion rated it as "High" (50.8%). Some found it "Low" (10.7%) or "Very Low" (0.8%). The mean for this dimension is 3.25, indicating a moderate level of empathy.

In the aspect of responsiveness, a considerable percentage of the respondents found the practice of supermarkets promptly responding to customers' requests and inquiries "Very High" (55.7%) and "High" (38.5%). Some perceived it as "Low" (5.7%). The mean for this aspect is 3.50, indicating a high level of responsiveness. Also, majority of the respondents perceived the aspect of supermarkets showing willingness to go the extra mile to meet customers' needs: positively, with 64.0% considering it "Very High" and 34.4% as "High." A small proportion found it "Low" (1.6%). The mean for this dimension is 3.61, indicating a high level of responsiveness. Furthermore, most respondents believed the supermarkets should be rated "Very High" (55.7%) in keeping customers updated, while 43.4% rated it as "High." A small proportion considered it "Low" (0.8%). The mean for this dimension is 3.54, signifying a high level of responsiveness.

The next section is tangibility.: A majority of respondents perceived the supermarket as "Very High" (56.6%) in having modern and up-to-date equipment and facilities, with 37.7% considering it "High." A smaller portion found it "Low" (4.9%) or "Very Low" (0.8%). The mean for this aspect is 3.50, indicating a high level of tangibility. Also, the supermarket's physical appearance is professional and well-maintained. Respondents believed the physical appearance is "Very High" (55.7%) and "High" (31.1%). A significant portion perceived it as "Low" (11.5%) and "Very Low" (1.6%). The mean for this dimension is 3.41, signifying a high level of tangibility. Regarding the supermarket's employees, majority of the respondents perceived the supermarket's employees having a neat and professional appearance positively, with 43.8% considering it "Very High" and 50.4% as "High." A smaller portion found it "Low" (5.0%) or "Very Low" (0.8%). The mean for this aspect is 3.37, indicating a strong level of tangibility. The aggregate mean for all dimensions combined is 3.45, indicating a generally high level of service quality across the board.

**Ho1: There is no significant influence of service quality on customer satisfaction in SME's in Ibadan Metropolis**

**Table 4: Influence Of Service Quality on Customer Satisfaction in SMEs in Ibadan Metropolis, Oyo State, Nigeria.**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.805 <sup>a</sup>	.649	.646	.20421

a. Predictors: (Constant), Service Quality

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.233	1	9.233	221.404	.000 <sup>b</sup>
	Residual	5.004	120	.042		
	Total	14.238	246			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Service Quality

**Coefficients<sup>a</sup>**

Model	Unstandardized	Standardized	t	Sig.
	B	Coefficients	Std. Error	Beta
1	(Constant)	1.255	.154	8.151 .000
	Service Quality	.655	.044	.805 14.880 .000

a. Dependent Variable: Customer Satisfaction

The regression analysis presented in table 4(a – c) shows the influence of service quality on customer satisfaction in SME's in Ibadan Metropolis, Oyo state, Nigeria. From table 4.6a (model summary) it can be seen that service quality explained 64.9% of the total variance in customer satisfaction in SME's in Ibadan Metropolis, Oyo state, Nigeria (Adj R<sup>2</sup> = 0.649).

Table 4b presents the analysis of variance in the relationship between service quality and the customer satisfaction among the respondents. From the values presented in the table, it also shows that service quality has a significant influence on customer satisfaction among the respondents. (F(1, 246) = 221.404, p < 0.05).

In the same vein, table 4c also shows that, if all other factors remain constant, a unit change in service quality will lead to 0.655 increase in customer satisfaction in SMEs in Ibadan Metropolis, Oyo state, Nigeria at 95% level of confidence ( $B = 0.655$ ,  $p < 0.05$ ). Therefore, based on the result of the regression analysis, the null hypothesis which states that; there will be no significant influence of service quality on customer satisfaction in SME's in Ibadan Metropolis in Oyo state, Nigeria is rejected.

### **Discussion of Findings**

The study found a high level of customer satisfaction among the SMEs. While customers set their expectations quite high, these businesses generally meet them. However, there are areas for improvement, particularly in customer service and in making sure the store lives up to their reputation as the best place to shop.

The study's finding of a high level of customer satisfaction among Small and Medium-sized Enterprises (SMEs) in Ibadan Metropolis is consistent with research on customer satisfaction across different industries. In many cases, customers tend to have high expectations, which can be influenced by factors like exposure to quality service from other businesses, advertising, or word-of-mouth recommendations (Zeithaml, Bitner, & Gremler, 2018). SMEs in competitive environments, such as those in Ibadan Metropolis, must therefore work to meet or even exceed these high customer expectations to ensure satisfaction.

One common theme in customer satisfaction research is the importance of aligning customer expectations with actual service delivery. This alignment is critical for ensuring customer satisfaction, and it is encouraging to see that in this case, customer expectations are generally being met. This suggests that these SMEs are cognizant of their customers' expectations and are making efforts to deliver accordingly. The finding that there are areas for improvement, particularly in customer service, is also in line with similar studies. Customer service is a pivotal aspect of the overall customer experience, and deficiencies in this area can significantly impact customer satisfaction. Therefore, businesses, including SMEs, must continually work on enhancing their customer service through staff training, improved responsiveness, and greater empathy in their interactions with customers (Harahap, Hurriyati, & Amanah, 2020; Chou, Huang, & Tu, 2023).

The findings of the study reveal that Small and Medium-sized Enterprises (SMEs) in Ibadan Metropolis provide a high level of service quality. These businesses are particularly strong in



several key dimensions of service quality, including reliability, assurance, empathy, responsiveness, and tangibility. These dimensions play a crucial role in shaping the perceptions of customers and their overall satisfaction. Assurance is a notable strength of these SMEs, involving the demonstration of knowledge and expertise, as well as the instillation of confidence and trust in customers. Staff professionalism and competence significantly contribute to this dimension of service quality. Empathy is another dimension where SMEs excel. The findings reveal that businesses in the region treat customers with respect, dignity, and empathy. This emphasis on empathy is crucial in enhancing the overall customer experience (Ndofirepi, 2020).

Despite these strengths, the study also identifies areas for improvement. Notably, while the SMEs excel in reliability, there is an opportunity to enhance the completion of transactions within reasonable timeframes. Efficiency and time management in service delivery are highly valued by customers, making it essential to address any delays in transactions. Additionally, although the study highlights empathy and responsiveness as strengths, there is an opportunity for SMEs to further elevate their customer service. This could involve additional training for staff, improved communication, and proactive efforts to exceed customer expectations (Zibarzani et al., 2022).

The study also found, through the text of hypothesis, that service quality has a significant influence on customer satisfaction in SMEs in Ibadan metropolis. The finding aligns with the SERVQUAL model, a widely recognized framework for assessing service quality. According to SERVQUAL, service quality dimensions, including reliability, assurance, empathy, responsiveness, and tangibility, directly impact customer satisfaction. These dimensions encompass factors like employee knowledge, courtesy, reliability, and tangible aspects of the service environment, which are consistent with the factors examined in the study (Mohammad, 2015).

Existing literature consistently highlights the importance of service reliability in influencing customer satisfaction. Reliability refers to the consistency and dependability of service delivery. When services are reliable, customers are more likely to be satisfied (Mannan, et al., 2019). The study's finding that reliability significantly influences customer satisfaction corroborates this well-established relationship. The assurance dimension, which includes elements like employee knowledge and professionalism, plays a vital role in building customer trust and confidence. Existing research emphasizes that trust is a critical component of customer satisfaction. The



finding that assurance significantly influences customer satisfaction aligns with this emphasis on trust (Zakari & Ibrahim, 2021). While the relationship between service quality and customer satisfaction is well-documented, the study's findings are context-specific to SMEs in Ibadan Metropolis. This context-specific insight suggests that the impact of service quality may vary based on regional factors, customer expectations, and the competitive landscape (Babakus, et al., 2003). It contributes to a nuanced understanding of service quality's role in customer satisfaction within this specific context.

## **Conclusion**

In conclusion, this study provides valuable insights into the factors influencing customer satisfaction in Small and Medium-sized Enterprises (SMEs) in Ibadan Metropolis. The findings reveal that service quality play a crucial role in determining customer satisfaction. This research underscores the need for SMEs to adopt a holistic approach that integrates service quality to achieve high customer satisfaction levels. Such a strategic focus not only leads to satisfied and loyal customers but also enhances the competitive advantage of SMEs in the local business landscape.

## **Recommendations**

The following recommendations are considered relevant in this study

- i. Businesses should focus on enhancing service quality dimensions, especially reliability and responsiveness. Efforts to meet customer expectations in these areas can result in improved customer satisfaction and loyalty.
- ii. SMEs should actively seek feedback from customers to understand their expectations, concerns, and preferences. Regular surveys and feedback mechanisms can provide insights for continuous improvement.
- iii. To improve the reliability of service, SMEs should work on optimizing their processes to ensure timely service delivery, allowing customers to complete transactions within reasonable timeframes.

## **References**

- Adepoju, O. O., Opafunso, Z., & Ajayi, M. (2018). Primary health care in south west Nigeria: Evaluating service quality and patients' satisfaction. *African Journal of Science, Technology, Innovation and Development*, 10(1), 13-19.
- Aditi, B., Hafizah, H., & Hermansyur, H. (2021). The role of e-services, quality system and perceived value on customer satisfaction: an empirical study on Indonesian SMEs. *Journal of Industrial Engineering & Management Research*, 2(3), 193-205.
- Al Idrus, S., Abdussakir, A., Djakfar, M., & Al Idrus, S. (2021). The effect of product knowledge and service quality on customer satisfaction. *The Journal of Asian Finance, Economics and Business*, 8(1), 927-938.
- Ali, B. J., Gardi, B., Jabbar Othman, B., Ali Ahmed, S., Burhan Ismael, N., Abdalla Hamza, P., & Anwar, G. (2021). Hotel service quality: The impact of service quality on customer satisfaction in hospitality. *International Journal of Engineering, Business and Management*, 5(3), 14-28.
- Aminu, S.A., Olayinka, K.A., Akinkunmi, M., Salau, J.T. & Odesanya, E.O., 2015. Entrepreneurial Marketing: Understanding the Interface Between Entrepreneurship and Marketing in Nigeria. *International Journal of Management Sciences and Humanities*, 3(1), pp.46-67.
- Aremu, M. A., Aremu, M. A., & Ademola, O. O. (2018). Exploring the impact of service quality on customer satisfaction in Nigerian banking Industry. *KIU Journal of Humanities*, 2(2 (A)), 163-175.
- Babakus, E., Yavas, U., Karatepe, O. M., & Avci, T. (2003). The effect of management commitment to service quality on employees' affective and performance outcomes. *Journal of the Academy of marketing Science*, 31(3), 272-286.
- Bello, K. B., Jusoh, A., & Md Nor, K. (2021). Relationships and impacts of perceived CSR, service quality, customer satisfaction and consumer rights awareness. *Social responsibility journal*, 17(8), 1116-1130.
- Chou, H. H., Huang, C. C., & Tu, P. Y. (2023). Towards becoming a service-dominant enterprise: an actor engagement perspective. *Service Business*, 1-26.
- Essardi, N. I., Mardikaningsih, R., & Darmawan, D. (2022). Service Quality, Product Diversity, Store Atmosphere, and Price Perception: Determinants of Purchase Decisions for Consumers at Jumbo Supermarket. *Journal of Marketing and Business Research (MARK)*, 2(2), 95-104.
- Fida, B. A., Ahmed, U., Al-Balushi, Y., & Singh, D. (2020). Impact of service quality on customer loyalty and customer satisfaction in Islamic banks in the Sultanate of Oman. *Sage Open*, 10(2), 2158244020919517.
- Gandhi, S., Sachdeva, A., & Gupta, A. (2018). Impact of service quality and satisfaction on employee loyalty: An empirical investigation in Indian SMEs. *Management Science Letters*, 8(10), 991-1014.
- Gwadabe, U. M., & Amirah, N. A. (2017). Entrepreneurial competencies: SMES performance factor in the challenging Nigerian economy. *Academic Journal of Economic Studies*, 3(4), 55-61.

- Harahap, D. A., Hurriyati, R., & Amanah, D. (2020). Conceptual Model of E-Service Quality at Branchless Banking in Indonesia. *Journal of Internet Banking and Commerce*, 25(2), 1-11.
- Hyunmin, O. H. (2021). A Study on Cross-Border e-commerce with Logistics Service Quality Impact on Customer Satisfaction Using AHP Technique. *Journal of Korean Society of Transportation*, 39(2), 204-219.
- Mannan, M., Chowdhury, N., Sarker, P., & Amir, R. (2019). Modeling customer satisfaction and revisit intention in Bangladeshi dining restaurants. *Journal of Modelling in Management*, 14(4), 922-947.
- Mohammad, H. I. (2015). 7PS marketing mix and retail bank customer satisfaction in northeast Nigeria. *British journal of marketing studies*, 3(3), 71-88.
- Ndofirepi, T. M. (2020). Relationship between entrepreneurship education and entrepreneurial goal intentions: psychological traits as mediators. *Journal of Innovation and Entrepreneurship*, 9(1), 1-20.
- Nguyen, D. T., Pham, V. T., Tran, D. M., & Pham, D. B. T. (2020). Impact of service quality, customer satisfaction and switching costs on customer loyalty. *The Journal of Asian Finance, Economics and Business*, 7(8), 395-405.
- Otto, A. S., Szymanski, D. M., & Varadarajan, R. (2020). Customer satisfaction and firm performance: insights from over a quarter century of empirical research. *Journal of the Academy of Marketing science*, 48, 543-564.
- Potluri, R. M., & Angiating, G. (2018). A study on service quality and customer satisfaction in Nigerian healthcare sector. *산경연구논집 (JIDB)*, 9(12), 7-14.
- Prentice, C., Dominique Lopes, S., & Wang, X. (2020). The impact of artificial intelligence and employee service quality on customer satisfaction and loyalty. *Journal of Hospitality Marketing & Management*, 29(7), 739-756.
- Rajić, T., Nikolić, I., & Milošević, I. (2016). The antecedents of SMEs' customer loyalty: Examining the role of service quality, satisfaction and trust. *Industrija*, 44(3), 97-116.
- Sambo, E., Danladi, A. A., & Danjuma, A. (2021). Management and Sustainable Development of Service Quality and Customer Satisfaction in Listed Deposit Money Banks In Nigeria. *Nigerian Journal of Accounting and Finance*, 13(1), 2021.
- Sanny, L., Marselli, D., Effandi, R., & Simek, L. (2021, August). The Impact of Instagram E-Marketing in SME Fashion Industry on Customer Satisfaction. In *2021 International Conference on Software Engineering & Computer Systems and 4th International Conference on Computational Science and Information Management (ICSECS-ICOCSIM)* (pp. 43-46). IEEE.
- Zakari, A. A., & Ibrahim, U. A. (2021). Impact of customer satisfaction on business performance of SME's in Nigeria. *International Journal of Research in Business and Social Science* (2147-4478), 10(5), 46-51.
- Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2018). *Services marketing: Integrating customer focus across the firm*. McGraw-Hill.
- Zibarzani, M., Abumalloh, R. A., Nilashi, M., Samad, S., Alghamdi, O. A., Nayer, F. K., ... & Akib, N. A. M. (2022). Customer satisfaction with Restaurants Service Quality