Faculty of Technology Management & Technopreneurship

SERVICE QUALITY, CUSTOMER SATISFACTION AND PATTERN CONSUMPTION OF PANORAMA MELAKA: AN EMPIRICAL INVESTIGATION

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Master of Business Administration
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SERVICE QUALITY, CUSTOMER SATISFACTION AND PATTERN CONSUMPTION OF PANORAMA MELAKA: AN EMPIRICAL INVESTIGATION

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A thesis submitted
in fulfillment of the requirements for the degree of Master of Business Administration
(Advanced Operation Management)

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

2012

APPROVAL

I hereby confirm that I have examined this project paper entitled:-

"SERVICE QUALITY, CUSTOMER SATISFACTION AND PATTERN CONSUMPTION OF PANORAMA MELAKA: AN EMPIRICAL INVESTIGATION"

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DECLARATION

I declare that this thesis entitle "SERVICE QUALITY, CUSTOMER SATISFACTION AND PATTERN CONSUMPTION OF PANORAMA MELAKA: AN EMPIRICAL INVESTIGATION" is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

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ABSTRACT

This research is about the Service Quality dimensions become the major determinant in influence the service quality of public transports in Malacca. The objective of this research is to assess the service quality gaps between consumers' perceptions and expectations regarding the service quality provided by the PMCT as the public stage bus service provider, to identify attributes that need to be improved from the perspective of PMCT consumers, to determine the passenger's satisfaction level of the service quality provided by the PMCT as the public stage bus service provider, and also to determine the relationship between service quality dimensions and customer satisfaction.

Methods: A cross-sectional study was conducted from 14th May to 25th May 2012.The questionnaires used is the modified SERVQUAL questionnaire, consisting of 36 items of service quality attributes. The questionnaires were personally distributed to the respondents at the domestic terminal, Melaka Sentral and the bus stop area near UTeM (Kampus Bandar). To ensure that the questionnaires are filled correctly, a brief explanation about the research purpose and how to answer the questionnaires were explained to the respondents. All questionnaires were distributed one to one. A total of 106 questionnaires were collected at the end of the survey. A statistical package for the social science (SPSS) version 18.0 was used for data analysis purpose. The functions used are; (1) Scale: Reliability Analysis, (2) Descriptive statistics: Frequencies and Descriptive (3) Compare Means: Means, One-Sample t-test, and Independent-Samples t-test, and (4) Correlate: bivariate functions.

Results: For all service quality dimensions, the total mean score of consumer's perception are all lower than the expectations total mean scores. Comparison of means indicated that the priority of improvement by dimension is from tangibility, followed by responsiveness, empathy, reliability, and assurance dimension. The result also indicates that there are positive correlations between all service quality dimensions and customer's satisfaction. The assurance dimension has the most influence with the customer satisfaction.

Conclusion: This research has measured the expectations and perceptions of the PMCT consumers regarding service quality delivered by PMCT as the public bus service provider. The findings revealed that there are gaps between consumer's expectations and perceptions which indicate the service quality is unsatisfactory.

ABSTRAK

Kajian ini adalah tentang dimensi Kualiti Perkhidmatan menjadi penentu utama dalam pengaruh kualiti perkhidmatan pengangkutan awam di Melaka. Objektif kajian ini adalah untuk menilai kualiti perkhidmatan jurang antara persepsi dan ekspektasi pengguna mengenai kualiti perkhidmatan yang disediakan oleh PMCT sebagai penyedia perkhidmatan bas peringkat awam, untuk mengenal pasti ciri - ciri yang perlu diperbaiki dari perspektif pengguna PMCT, menentukan tahap kepuasan penumpang terhadap kualiti perkhidmatan yang disediakan oleh PMCT sebagai penyedia perkhidmatan bas peringkat awam, dan juga untuk menentukan hubungan antara dimensi kualiti perkhidmatan dan kepuasan pelanggan.

Kaedah: Satu kajian telah dijalankan dari 14 Mei hingga 25 Mei 2012. Soal selidik SERVQUAL yang telah diubah suai, yang mengandungi 36 item ciri-ciri kualiti perkhidmatan telah digunakan. Soal selidik ini telah diedarkan kepada responden secara peribadi di terminal domestik, Melaka Sentral dan kawasan perhentian bas berhampiran UTeM (Kampus Bandar). Untuk memastikan bahawa soal selidik telah diisi dengan betul, penerangan ringkas tentang tujuan penyelidikan dan bagaimana untuk menjawab soal selidik telah diterangkan kepada responden. Sebanyak 106 soal selidik telah dikumpulkan pada akhir kajian. SPSS 18,0 telah digunakan untuk tujuan analisis data.

Keputusan: Bagi semua dimensi kualiti perkhidmatan, jumlah skor purata persepsi pengguna adalah semua lebih rendah daripada jumlah skor purata jangkaan. Dengan membandingkan skor purata, keutamaan penambahbaikan dari segi dimensi adalah dari tangibility, diikuti oleh responsiveness, empathy, reliability, dan dimensi assurance. Hasil kajian juga menunjukkan bahawa terdapat hubungan positif antara semua dimensi kualiti perkhidmatan dan kepuasan pelanggan. Dimensi assurance mempunyai pengaruh yang paling kuat terhadap kepuasan pelanggan.

Kesimpulan: Kajian ini telah dijalankan dengan mengukur skor purata jangkaan dan persepsi pengguna PMCT mengenai kualiti perkhidmatan yang disampaikan oleh PMCT sebagai pembekal perkhidmatan bas awam. Hasil kajian menunjukkan bahawa terdapat jurang antara jangkaan pengguna dan persepsi yang menunjukkan kualiti perkhidmatan agak tidak memuaskan.

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LIST OF ABBREVIATIONS

IPA	Importance-Performance Matrix
PMCT	Panorama Melaka Cultural & Tours Sdn.Bhd.
PZB	Parasuraman, Zeithamel, & Berry
UTeM	Universiti Teknikal Malaysia Melaka

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CHAPTER 1

INTRODUCTION

1.1 Research Background

Public transportation has undoubtedly play a vital role in commuting passengers to work or to places they desire, and more importantly, to reduce traffic congestion (Kamaruddin,R., Osman,I. & Che Pei, C.A., 2012).

Public transportation system in Malaysia is still below the standard of other developed countries; take Klang Valley for example, public transport users in 2010 is only 17% compared to around 60% in Singapore and 89% in Hong Kong (Yaakub,N. & Napiah, M., 2011).

Current state of Malaysia's public transport especially public bus is perceived to be unable to meet citizen's needs satisfactorily. Many claim that if the public transport is being improved, they are willing to use it instead of paying for outrageous petrol prices and tolls and ending up stuck in traffic jams (Kambala,A.N., Atiq,R., Rahmat,O.K., & Ismail,A., 2007).

The rising problems caused by the high dependency on private transportation have raised the concern of the Malaysian government to promote the model shifting to public transportation usage. Thus, improving the public transport system is a major priority of the government. The government has established the Public Land Transport Commission (SPAD) as the lead agency responsible for planning, regulating and enforcing public land transport related matters and operations. It will also be responsible for providing safe and reliable services at reasonable fares to encourage more people to use public transport (Tenth Malaysia Plan, 2010).

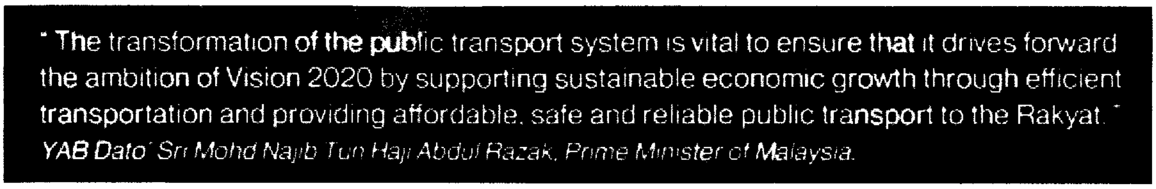
By the end of 2012, the government is targeting 600,000 or 25 percent of the Klang Valley's population which is 2.5 times from the current level to use public transport under the National Key Results Areas (NKRA) initiatives (SinChewOnline, 2012). "Improving public transportation in the medium term" is specifically included as the 6th NKRA to promote public transportation usage to the public and to increase the utilization rate (GTP Annual Report, 2010).

Ultimately, through the 10th Malaysia Plan (2011-2015), the government aims to improve the use of public transport in Kuala Lumpur from 12 percent in 2009 to 30 percent by 2015 (Tenth Malaysia Plan, 2010).

Government also put an efforts to enhance the public land transport system will also be expanded to other cities. For this purpose, a Bus Rapid Transit system will be introduced in Iskandar, Johor, while the number of public buses in Pulau Pinang will be increased by 200 buses to enable the expansion of 26 routes with an added capacity of 75,000 passengers per day (Tenth Malaysia Plan, 2010). All these initiatives have shown the Malaysian government's commitment and seriousness in improving the effectiveness and efficiency of public transportation system in Malaysia.

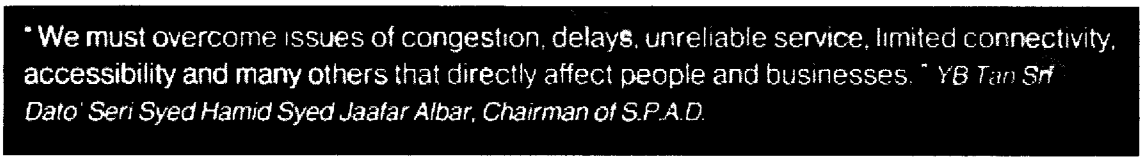
Concisely, the main purpose of the execution of above initiatives is to increase the effectiveness of public transportation services in Malaysia to help reduce problems such as the increased number of private vehicles, accidents, traffic congestion and air pollution through the upgrade of existing public transportation services nationwide and by creating more reliable, efficient and integrated public transportation system.

The ultimate goal is to encourage greater utilization which in return can assist the public to enjoy a healthier lifestyle as well as to sustain Malaysia transportation system for a better environment and future.



" The transformation of the public transport system is vital to ensure that it drives forward the ambition of Vision 2020 by supporting sustainable economic growth through efficient transportation and providing affordable, safe and reliable public transport to the Rakyat. "
YAB Dato' Sri Mohd Najib Tun Haji Abdul Razak, Prime Minister of Malaysia.

Source : http://www.spad.gov.my/



" We must overcome issues of congestion, delays, unreliable service, limited connectivity, accessibility and many others that directly affect people and businesses. " *YB Tan Sri Dato' Seri Syed Hamid Syed Jaafar Albar, Chairman of S.P.A.D.*

Source : http://www.spad.gov.my/

1.2 Problem Statement

In Malacca, the state government also shows initiative to improve public transportation to provide better transportation services to the public. The recent announcement about the state government taking over the operation of the public bus services shows a good move to take public transportation to a higher level of services (NST Online, 2012).

Formerly in Malacca, local public buses were operated by private companies. Since 1st February 2012, the state government already took over bus services in the state due to the companies faced continuous financial loses lately. The takeover from 10 private bus operators at cost RM 7.7 million was an initiative of the Melaka state government in order to continuously providing public transportation services in the state. The payment involved RM 5.4 million for taking over 110 old buses, compensation of RM 1.8 million to 118 workers as well as additional compensation to all companies totaling RM 500,000 (NST Online,2012).

The public stage bus services are currently managed by Panorama Melaka Cultural & Tourism Sdn. Bhd. (PMCT), a subsidiary of Chief Minister Incorporated, under the new brand named Panorama Melaka. As mentioned above, Malacca State Government has taken the responsibility in providing Malacca citizen the public stage bus facilities. The state government's good intention of streamlining the public transportation system supposed to show a positive step forward for public transport.

On the contrary, the public is frustrated with the present situation of the public bus system in Malaysia. For example, the issue in the Star Online, (2012) reported that commuters had complained about the haphazard schedule after the bus service was taken over by the state government from 1st February. The complaints from the consumers are as follow:

> A part-time clerk who was met at the terminal claimed she faced problems getting to work in time since Feb 1.
>
> "I used to take a bus from my home in Cheng to Melaka Sentral terminal before switching bus to Melaka Raya for work at about 10am.
>
> "However, I have not been able to arrive on time since the new bus operations.
>
> "I had to wait much longer before a bus finally come and it often travel to many stations before reaching the terminal," she said.
>
> The clerk added that her worst experience came when she had to skip work for a day because the bus she boarded detoured to other places to pick up passengers.
>
> "I was sitting in the bus for more about two hours and still was not any close to my destination. "I tried asking the driver but was ignored," she lamented.
>
> The disgruntled commuter said she had to get off near Malim Jaya and took a taxi home.
>
> Housewife Aminah Azman, 46, from Pokok Mangga said she could no longer depend on the stage bus for her marketing chores at the Melaka Sentral wet market as her wait had often ended up in vain.
>
> "I waited for almost two hours and still there was no sign of a bus.
>
> "I had no choice but hire a taxi, which is much more expensive," she said.
>
> Following numerous public complaints about the bus service, Aminah added that the government should look into the rakyat's plight.
>
> Secondary school pupil M. Krisha Devi who usually commutes from Sungai Udang to her school in Jalan Gajah Berang said she had to car pooling with her teacher and classmates.
>
> "Either there is no bus, or its packed to the brim.
>
> "As a result, I go to school late. The service is really inefficient," she added.

Adopted from:
http://thestar.com.my/metro/story.asp?file=/2012/3/9/southeast/10881058&sec=southneast
(accessed on 10th March, 2012)

From the above issue, it shows that it brought about more inconvenience to the commuters after the new bus schedule took effect. Supposedly, the service should be more effective now with the state government managing the stage buses, but unfortunately, from the news reported more commuters are venting their frustration over the incompetent operations of PMCT.

Another issue is relating to the large amount invested, the Malacca Chief Minister urges the university academicians to conduct researches on the Malacca public stage buses transportation system to see on the revenue earning potential (UiTM News, 2012). Fellesson,M & Friman,M, (2008) also mentioned that, in order to make sure that investment really attracts the existing and potential customers expectation, the study on the level of the satisfaction among the bus consumers will provide policymakers and operational managers in the public transport system with valuable information. Knowing which attributes successfully deliver a more positive experience (and those that do not) means that resources are effectively targeted at the aspect of service provision which will increase demand and therefore revenues (Hensher,D.A., Mulley,C. & Yahya,N., 2010).

The advantage of having only one company to manage the service is that the operation will be more organized and the area coverage will be uniformly distributed. However, the disadvantage is that without competition, the company will need less effort to make the service more attractive because people have fewer choices of transportation modes (Yaakub,N. & Napiah, M., 2011).

Therefore, the researcher would like to take a proactive action to carry out research in terms of service quality of the PMCT as the only one public stage bus service provider. In service, quality is measured by how well customer expectations are met (Kotler,P., Bowen,J.T. & Makens,J.C. ,2010). The key is to exceed or meet the customers' service quality expectation. If perceived service of a given firm exceeds expected service, customers are apt to use the service provider again and also spread the word-of-mouth to others (Kotler,P. et. al, 2010). This can encourage more customers to use the service; the increasing in customers perhaps will give an impact in the increasing of the business revenue also.

The service that able to meets the requirement and desire through the people perception will determine the level of service quality in the public transports (Zakaria,Z., Hussin,Z, Abdul Batau, M.F.,& Zakaria,Z, 2010). The service quality in the public transports can be measured by SERVQUAL dimension which is focuses in term of tangibles, reliability, responsiveness, assurance, and empathy (PZB, 1988). The service quality of the public transports becomes important issue in order to have better and comfortable environment.

Randheer,K., Al-Motawa,A.A. & Prince Vijay,J, (2011) also agreed that in the current scenario of globalization, public transportation services need to introspect sensitivity towards the quality of services offered. Thus, it is necessary to assess the status of public bus service in Malacca by evaluating passenger's satisfaction and demographic characteristics to identify the service quality gaps (Yaakub,N. & Napiah, M., 2011).

In particular, satisfaction studies can provide decision makers with information about what customers consider important, as well as information about how the existing public transport service is perceived as performing in these service quality dimensions (Fellesson,M & Friman,M, 2008).

Therefore, by using the SERVQUAL five dimensions, this research main purpose is to identifying gaps between customer's perceptions and expectation towards PMCT services. Besides, the researcher also intends to investigate the relationships between service qualities of the public transport delivered by PMCT as the service provider and customer's satisfaction.

1.3 Research Objective

The objectives that can be extracted from this paper are:

1) To assess the service quality gaps between consumers' perceptions and expectations regarding the service quality provided by the PMCT as the public stage bus service provider.
2) To identify attributes that need to be improved from the perspective of PMCT consumers.
3) To determine the passenger's satisfaction level on the service quality provided by the PMCT as the public stage bus service provider.
4) To determine the extent of influence areas such as consumer demographics, travel characteristics facilitating the use of Panorama Melaka buses.

1.4 Research Questions

The research questions for this study are as follow:

1) What are the highest/largest and lowest/smallest mean scores in expectation, perception and gap for tangibility dimension?

2) What are the highest/largest and lowest/smallest mean scores in expectation, perception and gap for reliability dimension?

3) What are the highest/largest and lowest/smallest mean scores in expectation, perception and gap for responsiveness dimension?

4) What are the highest/largest and lowest/smallest mean scores in expectation, perception and gap for assurance dimension?

5) What are the highest/largest and lowest/smallest mean scores in expectation, perception and gap for empathy dimension?

6) What are the overall top five highest expectations?

7) What are the overall top five lowest expectations?

8) What are the overall top five highest perceptions?

9) What are the overall top five lowest perceptions?

10) What are the overall top five largest gaps?

11) What are the overall top five smallest gaps?

12) What are the PMCT overall strengths in delivering service quality to the consumers?

13) What are the PMCT overall weaknesses in delivering service quality to the consumers?