

THE EFFECT OF AIR POLLUTION CONTROL
SERVICE ON CUSTOMER SATISFACTION
(A CASE STUDY AT COMPANY XYZ)

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APPROVAL

I hereby acknowledge that I have read this thesis and in my opinion this work
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SATISFACTION
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DECLARATION OF ORIGINAL WORK

“I hereby declare that the work of this research is mine except for the quotations summaries that have been duly acknowledged”

Signature :

Name :

Date :

DEDICATION

First at all, I would like to thank to my beloved family who had always supported me and encouraged me with good advices in order to complete my final year project (PSM) within 2 semesters to fulfill my Bachelor of Degree requirement.

I would like to express my greatest gratitude to my parent, who had sent me to UTeM to complete my Bachelor of Technopreneurship. I am sincerely would like to thank them for willing spent money to complete my final year project (PSM). I am felt proud to complete my PSM by fully support and encourage by lovely family and parent.

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ABSTRACT

The purpose of this study is to test the SERVQUAL model in the context of air pollution control service. And also to identify the relationship between the customer service quality and customer satisfaction and thus whether they are satisfied with services offered by this air pollution control company. Six service quality dimensions namely reliability, assurance, tangible, empathy, responsiveness, and technical quality has been established based on the SERVQUAL model developed by Parasuraman et al, (1985). Mixed method (Quantitative and Qualitative method) was conducted in this study. The data were gathered through survey questionnaires. Questionnaires were used to obtain feedback from 100 respondents who are the existing customer from company XYZ. The questionnaires that have been distributed used a five-point Likert scale to determine the customer satisfaction towards the air pollution control provider. In this study, the research hypotheses are tested by using reliability test, cross-tabulation, and Pearson's Correlation Coefficient. The result from the data analysis, all the dimensions of service quality have a positive relationship with service quality on customer satisfaction. The technical quality is the most nearest to customer satisfaction which mean that is the most influence customer satisfaction, followed by assurance, reliability, tangible, empathy and responsiveness. In conclusion, this study is important to assist that company in determining which factor does the customer emphasized on as well as suggesting recommendations to improve their quality service in the future.

Keywords: SERVQUAL model, service quality and customer satisfaction.

ABSTRAK

Kajian ini bertujuan untuk menguji model SERVQUAL dalam konteks perkhidmatan kawalan pencemaran udara. Kajian ini juga bertujuan untuk mengenal pasti hubungan antara kualiti perkhidmatan pelanggan dan kepuasan pelanggan terhadap syarikat pembekal kawalan pencemaran udara. Enam dimensi kualiti perhidmatan iaitu kebolehpercayaan, jaminan, keketaraan, empati, responsif or tindak balas, and teknikal kualiti telah ditubuhkan berdasarkan model SERVQUAL yang dibangunkan oleh Parasuraman et.al, (1985). Keadah campuran iaitu kuantitatif dan kualitatif telah digunakan dalam kajian ini. Data yang diperolehi melalui kajian soal selidik. Kajian soal selidik telah digunakan untuk mendapat tindak balas daripada 100 responden yang pernah menguna perhidmatan daripada company XYZ. Dalam kajian ini telah menggunakan pengujian reliabilitas, tabulasi silang dan teknik korelasi untuk menganalisis data yang dapat daripada 100 responden. Hasil daripada analisis data untuk kajian ini, didapati bahawa semua dimensi kualiti perkhidmatan mempunyai hubungan yang positif dengan kualiti perhidmatan terhadap kepuasan pelanggan. Teknikal kualiti diemensi adalah paling memenuhi kepuasan pelanggan. Ini bermakan teknikal kualiti adalah paling mempengaruhi kepuasan pelanggan, diikuti dengan jaminan, kebolehpercayaan, keketaraan, empati, dan responsif. Kesimpulannya, kajian ini adalah penting untuk membantu syarikat itu supaya boleh menentukan faktor yang mana pelanggan paling menekankan dan cadangan untuk meningkatkan kualiti perkhidmatan mereka pada masa hadapan.

Kata Kunci: SERVQUAL model, kualiti perkhidmatan, dan kepuasan pelanggan.

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LIST OF SYMBOLS

* = Cross Tabulation

LIST OF ABBREVIATIONS

| | |
|----------------|---|
| APC | = Air Pollution Control |
| DOE | = Department of Environmental |
| H ₀ | = Null Hypothesis |
| H _a | = Alternative Hypothesis |
| H1 | = First Hypothesis |
| H2 | = Second Hypothesis |
| H3 | = Third Hypothesis |
| H4 | = Fourth Hypothesis |
| H5 | = Fifth Hypothesis |
| H6 | = Sixth Hypothesis |
| SPSS | = Statistical Packages for the Social Science |
| UTeM | = University Technical Malaysia Malacca |
| XYZ | = Company for this study |

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CHAPTER 1

INTRODUCTION

1.1 Background of study

There are a lot of new technologies, innovation on transportation, lifestyle, and almost everything around us is occurring every day. Over burning of fossil fuels such as gasoline and natural gas will bring heavy negative impact to environmental. According to Urban Air Quality Management (2006), the major industries in the country affecting air quality are the iron and steel industry, oil and gas industry, petrochemical industry, pulp and paper, and power plants. According to Urban Air Quality Management (2006), industries rubber and oil palm process and manufacturing in Peninsular Malaysia also affecting air quality. According to World Health Organization (2005), industry mobile and stationery are the most significant sources of pollution. According to Department of Environmental (DOE), has organised awareness programmes and environmental education for increasing public awareness to the protection of air environmental. Therefore, air pollution control equipment, systems, and services are needed to reduce air pollution control in industries.

This study aims to examine how to maintain and increase customer satisfaction in Air Pollution Control service and how affect customer service quality on customer satisfaction. A theoretical framework is proposed to study the

relationship between service quality and customer satisfaction in research model. However, this research study can improve the limitation of air pollution control service, provide the conception and support for future.

According to business dictionary, state that perceived quality as consumer's opinion of a product's ability to fulfil his or her expectations. Besides, statement from Gummesson, 1998, state that improvement in customer perceived quality will increase customer satisfaction, loyalty and profitability as well. However, the researcher will study what are the dimensions of service quality that can satisfy customer and how relationship between perceived quality and customer satisfaction.

According to Kolter (2000), customer satisfaction can define as a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectation. Hoyer and MacInnis (2001) said that satisfaction can be associated with feelings of acceptance, happiness, relief, excitement, and delight. In order to achieve customer satisfaction, organization must be able to satisfy their customer needs and wants (La Barbera and Mazursky, 1983).

1.2 Problem Statement

This study was focused on air pollution control provider. The business activities of this air pollution control provider are supply, manufacturer, installation, sales and service for the air pollution control system, equipment, and also service to their customers. Customer satisfaction is very important indicator to know until what level services had been delivered by company to their customers. Although company is aware about this, but for the time being there is no standard measurement applied to the company.

From various studies conducted by previous researchers, SERVQUAL model is one of the approaches that can be used to find out the effect of service quality dimension to the level of customer satisfaction in the service industries. It is been conducted by many researchers in the different service industries such as telecommunication, banking, and restaurant. Since air pollution control provider can be considered as a part of service industry, using the same approach, the customer satisfaction level of the company can be determined. Therefore there are two main problems need to be identified in this study as the followings:

1. Company need to identify quality of service in order to satisfy their customers
2. Company needs a model to test the service quality on customer satisfaction.

It is important to understand the relationship between customer service quality and customer satisfaction so that the company can do the necessarily actions to increase and maintain the loyalty of their customers.

1.3 Research Questions

Below are the questions that this paper attempts to answer:

1. How to measure the relationship between air pollution control service qualities and customer satisfaction?
2. How to apply the SERVQUAL model in the air pollution control service?

1.4 Research Objectives

The main objective of this study is to test the SERVQUAL model in the context of the air pollution control provider in order to know its applicability the measurement of service quality and customer satisfaction. Besides that, this study is also aims to identify the relationship between air pollution control service quality and customer satisfaction for that company. However, the objectives of this study are listed as below:

1. To identify the relationship between air pollution control service quality and customer satisfaction
2. To test the SERVQUAL model in context of air pollution control service

1.5 Hypothesis the study

Due to this study need to identify the relationship between the service quality and customer satisfaction in that company, so the researcher was used the hypothesis to measure both of them. Table 1.1 was shown the hypothesis of this study.

Table 1.1: Hypothesis Testing for this Study

| | |
|----|---|
| H1 | Ho: No relationship between reliability dimensions on customer satisfaction. Ha: Has relationship between reliability dimensions on customer satisfaction. |
| H2 | Ho: Has relationship between tangible dimensions on customer satisfaction. Ha: Has relationship between tangible dimensions on customer satisfaction. |
| H3 | Ho: No relationship between empathy dimensions on customer satisfaction. Ha: Has relationship between empathy dimensions on customer satisfaction. |
| H4 | Ho: No relationship between responsiveness dimensions on customer satisfaction. Ha: Has relationship between responsiveness dimensions on customer satisfaction. |
| H5 | Ho: No relationship between assurance dimensions on customer satisfaction. Ha: Has relationship between assurance dimensions on customer satisfaction. |
| H6 | Ho: No relationship between technical quality dimensions on customer satisfaction. Ha: Has relationship between technical quality dimensions on customer satisfaction. |

1.6 Scope, Limitation and Key Assumption of the Study

Based on the objectives, the scopes of study are highlighted into four. The first is to improve the air pollution control service in order to satisfy customer needs. The purpose to improve the company's service quality is can help that company development. That is because customer will purchase their product or service if the company's service is satisfy their needs. If the customer purchases their product or service, the company will get the profit because the customer is the key for their income.

The second is to maintain and increase customer satisfaction. If the company provide a good service to their customer, it may increase the customer satisfaction. The next scope of this study is only studies on company XYZ. That is

because company XYZ was establishing long in Malaysia so that the company need to know customer satisfaction about their product or service. So, this study only focuses on company XYZ.

Lastly is the research focus on Selangor. That is because Selangor is one of the states in Malaysia and the company's headquarter also at Selangor. So, it is useful to the researcher to obtain the data from that company.

The researcher aim is to research and analyse about the effect service quality on customer satisfaction in air pollution control service. The researcher wants to find out the relationship between service quality and customer satisfaction through the customer point of view. However, this study does not focus on produce, technology, business loyalty, and promoting them to the market as well.

On the other hands, there are two key assumption of this study. The first is not changing of managerial and the second is not changing technologies in industry. Both assumption will not changing in this study because if one of them or both change will influence that companies' sales. Existing or potential customer will shift to other competitive companies if both assumptions changed.

1.7 Significance of the study

1.7.1 Organization

A good delivery of quality service represents a positive image of the organization to the customers. In other words, if customers are satisfied with the

services provided, it will assist the organization to remain competitive in the market and thus, allowing them to maintain a positive corporate image. Therefore, this research serves as a reference for organizations to improve its service quality in the future as well as to determine consumers' perceptions towards quality air pollution service.

1.7.2 Managers or Executives

This research provides helpful guidelines for managers and executives in understanding the key drives of customer satisfaction in the use of air pollution control equipment, system and service. Besides that, it is also assists them in identifying certain service attributes where they should emphasize on and thus, launching promotion based on targeting customers' needs.

1.7.3 Researcher

This study serve the purpose of increasing the researcher knowledge on the field of customer satisfaction towards service providers whereby the seven distinct services attributes of air pollution control service. In addition, this research also provides conceptual and empirical support for future studied based on these constructs.