

THE STUDY ON CUSTOMER SATISFACTION OF PUBLIC
TRANSPORT IN MELAKA BY USING SERVICE QUALITY
DIMENSIONS:
A CASE STUDY OF PANORAMA MELAKA

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DECLARATION

I hereby, declared this report entitled “The Study on Customer Satisfaction of Public Transport in Melaka by Using Service Quality Dimensions: A Case Study of Panorama Melaka” is the results of my own research except as cited in the references.

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Date : 26th JUNE 2015

DEDICATION

To my beloved father, Ab Manaf Bin Mat Nor and
my beloved mother, Nelly Aryani

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Alhamdulillah praise to Allah for the great opportunity He gave me all this while. I am blessed and thankful for the support and love from my family. Not to forget to Dr Syaiful Rizal Bin Abd Hamid as a charming and dedicated supervisor, who is never fail to stand behind me and pushed me forward. Also my thank you is to my mates and colleagues, whom always there through my ups and downs. On top of that, my best dedication is to my backbones for years in UTeM, my dearest classmates and best friends. Thank you to all of them from my deepest heart and with love.

ABSTRAK

Kualiti perkhidmatan pengangkutan awam yang baik boleh menyediakan servis yang kebolehpercayaan untuk membuat pelanggan berasa gembira. Kepuasan pelanggan dan kualiti perkhidmatan adalah asas kepada peluang yang membantu meningkatkan lagi perniagaan and mengaut keuntungan terutamanya dapat mengekalkan kesetiaan pelanggan. Ianya penting kepada syarikat untuk mengetahui bagaimana hendak mengukur perspektif pelanggan supaya lebih dapat memahami pelanggan dan memuaskan hati mereka.tujuan utama kajian ini dijalankan adalah untuk mengenalpasti tahap kepuasan pengguna terhadap servis yang diberikan dengan menggunakn dimensi kualiti servis and menyiasat sama ada mereka berpuas hati dengan servis yang diberikan syarikat pengangkutan awam di Melaka. Selain itu juga pengkaji mengenalpasti dimensi yang terlibat dalam meningkatkan kepuasan hati pelanggan terhadap servis yang telah diberikan dengan menggunakan dimensi SERVQUAL dan menganalisi dimensi yang paling dapat membantu meningkatkan kepasan pelanggan. Analisis kuantitatif digunakan untuk mencapai objektif kajian, beberapa survey akan dilakukan dan kajian ini akan dijalankan di syarikat Panorama Melaka iaitu satu-satunya syarikat pengangkutan bas awam di Melaka. Data yang diambil adalah sebanyak 100 responden. Kesimpulannya, Panorama Melaka telah menyediakan servis yang terbaik kepada pelanggan mereka kerana kajian ini dapat mengukur hubungan antara penyedia perkhidmatan dan pelanggan.

ABSTRACT

A good service quality of public transport can provide a reliable service to the customers for which make them happy. Customer satisfaction and service quality are one the basic opportunities which help to run, to improve business and profit of the company especially to save loyalty of its customers. It's very important for companies to know how to measure consumer's perspective in order to better understand their needs hence satisfy them. The main purpose of this study is to determine customer satisfaction by using SERVQUAL dimensions and investigate whether they satisfied with the service offered by public transport in Melaka. Besides that, the researcher has determined the dimension of the service quality that can be use in SERVQUAL analysis and analyze which dimensions will enhance the customer satisfaction of public transport. The quantitative analysis is used to achieve the objectives. The series of survey that been used in this study is important to measure the satisfaction of the service that they provide to their customer. The study was conducted in Panorama Melaka which is the only public bus service in Melaka and the data was collected for 100 respondents. In addition, five dimensions such as reliability, responsiveness, assurance, tangible and empathy will be used to investigate what dimension will enhance the customer satisfaction for the service provided. As the conclusion, Panorama Melaka has performed a good service quality through the analysis of the dimension in order to measure the relationship between the service provide by Panorama Melaka and their customer.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

Malaysia's services sector is continuing to expand and will contribute more to the economy. Bank Negara showed the service sector had contributed a strong, sustained 6 percent to the country's second quarter gross domestic product (GDP) figure of 6.4 percent.

Service industry is refers to companies that primarily earn revenue through providing intangible products and services. Service industry companies are involve in retail, transport, distribution, food service as well as other service dominated businesses (Businessdictionary,2012).

As the Malaysian economy matures and the nation veers towards becoming a developed nation, the services sector begins to assume a greater role. This is true of all developed countries. As such it only stands to reason that this sector becomes the target for investment, domestic or otherwise. There are 12 sectors classified under services and each of these sectors has their respective World Trade Organization (WTO) classification which defines their scope which are business, communication, construction and related engineering, distribution, education, environment, financial services, health related and social services , tourism and related travel, recreational

cultural and sporting services, transport and others (Ministry of International Trade and Industry, 2013).

In Malaysia, there is always user consumption of bus service because the public transport in the country is poorly planned and managed by authorities compared to others countries like Singapore and Hong Kong in Asia.

The importance of public transport are help to prevent traffic congestion because traffic congestion is high during peak hours and help the public reduce some burden with a lower cost of living. Taking public bus as daily transportation can help to reduce cost of living compared to other public transport such as taxi.

Inadequate of bus service will lead to increased private car dependence and will impact on extravagance of fuel consumption, environmental devastation, and social equity issues that will affect the balance of life order (Schipper et al. 2000).

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. and Che Pei C. A., 2013).

When people are using public bus rather than taking a taxi or a car, they save some money that is normally used before the public bus provided. That is the private benefit gained by the public for using the public bus. Air pollution also can be reducing in the effect of people using more public transport which can improve air quality in the area and also health of the public.

1.2 Background of the Study

Customer satisfaction and service quality are leading component in the system of external relation of each organization, as today they largely determine its competitiveness. The desire to manage relationship with customers leads to the fact that organizations are starting to pay attention to the development and implementation of service standards. Reviewing standards of customer service as part of the corporate culture of the organization allows finding more effective approaches to its development and implementation.

This study is focused on the customer perception towards public transport in Melaka in order to investigate the performance level of service quality by using SERVQUAL approach.

Service organization have begun focusing on the customer perception of service quality because its helps in developing strategies that lead customer satisfaction (Saravanan and Rao,2007).

The study use the SERVQUAL method developed by Zeithami, Parasuraman and Berry (1990) to determine the levels of satisfaction and expectation besides discuss about its attributes and gap, in what contexts has the model been used and the pros and cons when using this model in measuring service quality. It is the premise of this study, that understanding the expectation of public transport by consumer that will improve their satisfaction.

1.3 Research Problem

The poor performance of public transport system especially on bus transport causes this mode become uninteresting as one of transportation mode in the city. The major issue arises when talk about public transport is their service provide to customer. Public transport especially bus is very important to Malaysia citizen. They prefer to choose public transport in order to avoid congestion beside it will reduce cost and time. Nowadays many complaint and feedback from customer about bus service. For example accident issue, the attitude of bus driver, hygiene of the bus, ticketing system and etc.

The main issue that addressing in this research which are service quality and customer satisfaction using SERVQUAL model in public transport context. The analysis of the dimensions of the service quality from customer's perspective through assessing their expectations and perceptions of service quality is needed. The dimensions include tangible, reliability, responsiveness, assurance and empathy.

1.4 Research Question

More specifically, the researcher would like to answer the following question in the study:

1. What are service quality dimensions that enhance customer satisfaction of public transport in Melaka?
2. What is the best dimension of service quality to enhance customer satisfaction of public transport in Melaka?
3. How the best dimensions of service quality enhancing the customer satisfaction of public transport in Melaka?

1.5 Research Objectives

Based on the research question, the researcher constructs research objectives;

1. To determine service quality dimensions that enhance customer satisfaction of public transport in Melaka.
2. To examine the best dimension of service quality to enhance customer satisfaction of public transport in Melaka.
3. To analyze the best dimensions of service quality enhancing the customer satisfaction of public transport in Melaka.

1.6 Scope, Limitation And Key Assumption of study

This research is to enhance service quality of public transport in Melaka by using SERVQUAL approach. By using SERVQUAL approaching, the researcher can identify the dimensions that influence the factor of customer satisfaction towards public transport service in Melaka.

The limitation is when the researcher having difficulty if there are errors due to question non response may exist. The number of respondents who choose to respond to a survey question may be different from those who chose not to respond thus, creating bias. Respondents also may not feel encouraged to provide accurate and honest answer. The researcher also want to mention that this research is cannot be generalize to represent the entire of public transportation in Malaysia because the researcher decide to make the study in Melaka only. The problems occur for different company at different place maybe different.

The key assumption that aspect from the researcher are the cooperation and honest answer from the respondent for the survey will be distribute by the researcher in order to collect the data. The information that gets from the respondent is very important to prove the relationship and the hypothesis of the result analysis for this

research. The researcher also hope this study can be useful and practically for public transport industry especially for the company itself.

1.7 Significance of the Study

Government has good initiative for Malaysia to have public transport in order to improve public transport usage. In Melaka, 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).

According to Economic Report 2014 until 2015 that issued by Finance Ministry today, following this initiative, public transport mode percentage have increased from 17 percent in 2010 to 21 percent in 2013. Government was targeting public transport mode percent increase to 25 percentage towards 2105 and 50 percent in 2020.

The main purpose of this study is to investigate the performance level of bus service in Melaka by using SERVQUAL approach. The researcher also focuses on customer satisfaction level on Panorama Melaka service quality by using the analysis of survey.

Customer satisfaction is important because it provides the organization with a metric that they can use to manage and improve their service. Customer satisfaction is the best indicator of how likely a customer will make a purchase in the future. Important to know what scale that customer will allocate base on the service quality that provided by company.

Current state of Malaysia's public transport especially public bus is perceived to be unable to meet citizen's need 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. et al., 2007).

In a competitive marketplace where business compete for customer, customer satisfaction also as a key differentiation because they know why they choose one over the other. McKinsey found that an unhappy customer tells between 9-15 people about their experience. In fact, 13% of unhappy customers tell over 20 people about their experience. Many unhappy customers make the complaint on the organization websites but it not changes the service.

In order to investigate the performance level of public transport in Melaka, the researcher makes the research on customer satisfaction by using SERVQUAL approach.

1.8 Summary

In this chapter, the researcher gives the overall point of view of the study. The research objectives and research question constructed in order to achieve the best result for the main objectives for the research. Finally, this chapter will also explain the importance of this study and why researcher wants to examine in this study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprises of the explanation on importance of public transportation and also the background of service quality. It also includes the concept of measuring service quality by using service quality dimensions that has been utilized one by one in the chapter. Customer satisfaction also will be defined since it related to the result of service quality and customer satisfaction. Finally the relationship between service quality dimensions and customer satisfaction of public transport was recognized. Last but not least, the summary of the chapter is provided.

2.2 Public Bus Transport

Transport is a major component in the system of life, the government system and social system. The government conducted a public transport means that the government make policy for the procurement of transport is seen from its technical, sociological and political such as the procurement of land, spatial and capital.

Reliability of transportation as a public service to be reviewed from the aspect of social justice should be focused on the development of public transport that is convenient, safe and cheap in order to optimize the accessibility of society. This is including the development of public transport that is integrated between each other and with the other modes. *Still associated with the development of public transport as a public service in the transportation sector, have become imperative repairing in the public transport sector, especially in terms of increasing the quantity and quality of service (Penalosa, 2005).*

As a sector that serves many people, the type of public transport vehicles must be operated in compliance with the road hierarchy, capacity and transportation demand that it served. The creation of a reliable public transport as one of the form of increased public service in the transportation sector and it is believed to decrease the number of private vehicle use. This will provide benefits in addition to the company because of reduced congestion, waste fuel and time losses also provide benefits in terms of public health and the environment. The travelling public has demand for transport. It is expected to be convenient, efficient, affordable and high quality.

The car meets some of these demands and will continue to do so but its impact can lead to a reduction in efficiency and convenience, journeys become longer and journey time more uncertain and start to erode the beauty and opportunity that the city has to offered (Penalosa, 2005).

Bus transport is a vehicle that has more than eight seats not including the four drivers to sit, either with or without baggage transportation equipment. Bus transport in most parts of the world at this time is not on the desire to encourage good service. Bus services are often not reliable, not comfortable and dangerous.

Bus service play a major role in the in the provision of public transport. These services can take many forms, varying in distance covered or types of vehicle used and can operate with fixed or flexible routes and schedules. Services may be operated by public or private companies and be provided using bus fleets of various sizes. Conversely, the transportation plan and public officials sometimes even turn on the alternative public transport such as city trains.

However, there is an alternatives service to the community that does not cause a high burden on the city (Giannopoulos, 1989).

2.3 Service Quality

Parasuraman et al. (1988) viewed quality as the degree and direction of discrepancy between customers' service perception and expectation Cepiel (1990) defined service quality as customer perception of how well a service meets or exceeds their expectation through the service that provided. In the other words, the degree of good service quality can be analyzed by customer expectation and perception.

Service quality researchers agree that service quality is an exclusive and abstract concept that is difficult to define and measure because of the intangibility and inseparability elements. Good service pays dividends in term of customer loyalty, loyal staff and increase profit. Some believe that customer satisfaction leads to perceived service quality, while other believes that service quality leads to customer satisfaction.

Indeed customer who are satisfied become loyal and for customer to be satisfied, service quality is key (Lovelock and Wirtz, 2004).

According to Cronon, Jr. and Taylor (1992), one plausible explanation is that satisfaction assists consumers in revising service quality perceptions which are:

1. Consumer perceptions of the service quality of a firm with which he or she has no prior experience are based on the consumer's expectations.
2. Subsequent encounters with the firm lead the consumer through the disconfirmation process and revised perceptions of service quality.
3. Each additional encounter with the firm further revises or reinforces service quality perceptions.
4. Revised service quality perceptions modify future consumer purchase intentions towards the firm.