

**DETERMINING SERVICE QUALITY LEVELS OF GOVERNMENT
EMPLOYEES: THE CASE OF URBAN TRANSFORMATION CENTRE (UTC)
MALACCA**

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‘I acknowledge that have read this research project and in my opinion this research project is sufficient in terms and scope and quality for the award of Bachelor of Technology Management (Innovation Technology)’

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This report is submitted in partial fulfillment for Bachelor of Technology
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DECLARATION

“I declare that all parts of this report are the results of my own work except for the quotations and references, the source of which have been acknowledged in the bibliography”

Signature :

Name :

Date :

“For my beloved parents, family and friends”

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I would wish to convey my grateful to Allah SWT because give a good health to accomplish my PSM. Secondly, I would like to thank my family for all their support, love and prayer. Next, the special thank goes to my helpful supervisor Professor Dr. Khairul Baharein bin Mohd Noor. The supervision and support for him, gave truly help the progression and smoothness of the PSM project. The co-operation is much indeed appreciated. Last but not least, great appreciation goes to the rest of my friends that help me directly or indirectly from time to time during PSM progress.

ABSTRACT

Nowadays, service quality has been identified as the important tool for measuring the customer satisfaction on service quality. This research contributes to deep understanding upon the service quality level on government employee. Service quality provides sometimes too low due to the high number of customers to be served at one time. Urban Transformation Centre (UTC) Melaka as the only center that gather a variety of public agencies in one building. Thus, in this research UTC was selected to determine the service quality level of government employees. This research will base on Parasuraman et al, (1985) service quality model and dimension of SERVQUAL to measure customer satisfaction later on. In this research, 100 surveys were conducted on government agencies' customer at UTC Melaka the number of return is 100%. Data collected were analyzed quantitatively. From this research, findings show that the most influential element service quality level at UTC Melaka is assured. Thus it shows that customer mostly satisfy in assurance level of service provided. Looking ahead service quality need to be implemented in each service sector or industry to have the key element, idea or proof of the customer satisfaction level, which will conduct the organization to improve and sustain the service process.

ABSTRAK

Hari ini, kualiti perkhidmatan telah dikenal pasti sebagai alat yang penting untuk mengukur kepuasan pelanggan terhadap kualiti perkhidmatan yang diberikan. Penyelidikan ini menyumbang kepada pemahaman mendalam terhadap kualiti perkhidmatan yang diberikan kakitangan kerajaan. Tahap kualiti perkhidmatan yang diberikan kadangkala terlalu rendah disebabkan jumlah pelanggan yang ramai pada masa yang sama. Pusat Transformasi Bandar (UTC) Melaka adalah satu-satunya pusat yang menghimpunkan pelbagai jenis agensi awam di dalam satu bangunan. Maka, dalam penyelidikan ini, UTC dipilih untuk menentukan tahap kualiti perkhidmatan oleh kakitangan kerajaan. Penyelidikan ini akan berteraskan model dan dimensi SERVQUAL daripada Parasuraman et. al, (1985) untuk mengukur kepuasan pelanggan. Dalam penyelidikan ini, 100 soalan kaji selidik telah dijalankan terhadap pelanggan-pelanggan agensi kerajaan di UTC Melaka dan jumlah pulangan ialah 100%. Data terkumpul dianalisis secara kuantitatif. Dari penyelidikan ini, hasil dapatan menunjukkan elemen kualiti perkhidmatan paling berpengaruh di UTC Melaka ialah elemen jaminan. Maka, ia menunjukkan bahawa pelanggan kebanyakannya paling berpuas hati terhadap tahap jaminan perkhidmatan yang diberikan. Pada masa hadapan, kualiti perkhidmatan perlu dilaksanakan di setiap sektor perkhidmatan atau industri untuk mempunyai elemen penting, idea atau membuktikan tahap kepuasan hati pelanggan yang mana akan mengendalikan organisasi untuk meningkatkan dan mengekalkan proses perkhidmatan.

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NOMENCLATURE

SERVQUAL : Service Quality

UTC : Urban Transformation Centre

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Service quality is becoming an important issue that rapidly being discussed because it influences the profitability of the organizations. Service quality is a service provided by the company to fulfill customers' expectation. The importance of good service quality is that it can lead to customer satisfaction. The concept of service quality research is based on five dimensions of service quality by Zeithaml, et al., (1996). The dimensions are tangibility, reliability, responsiveness, assurance and empathy as highlighted by the scholars.

1.2 Research Background

Service quality is one of the criteria that need to be measured on each service provider as a yardstick of their performance. This research will identify customer satisfaction upon the service provided. Recently, research about customer satisfaction and service quality provide are widely used and being studied. It was the main focus of service based company because the profit is determined from the services provided. The research will give the viewer the fundamentals of service quality image in the public sector. Besides, this research is being done to Urban

Transformational Centre (UTC) Melaka because it will be the first research that will measure the functionality of the first multi-service Centre in Malaysia.

1.3 Problem Statement

Government agencies received the complaint about their service. In this case, the government agencies should successfully implement the standard service quality dimension and fulfills customer requirements. The purpose of this research is to identify the service quality level of government employees of government agencies in UTC Melaka. This is because the problem gives a negative impact to the agency.

Table 1.1 shows the total complaints by category. All complaints received within January 2013 to October 2013. The data showed the category of complaint through the table. Even though the category of missed or does not act have the highest number of complaints, unsatisfactory quality services, including counter and phone have been ranked as second highest number of complaints. To identify the cause of this problem occurs the researcher has used 5 dimensions of service quality by Parasuraman et al., (1985).

Table 1.1: Total Complaints by Category

(Source: Portal Rasmi Biro Pengaduan Awam Jabatan Perdana Menteri for period 1 January - October 31, 2013)

No.	Category	Number of Complaints					
		Gov.	%	State	%	Total	%
1.	Miss or Do not Act	2,119	39.6	1,654	51.0	3,773	43.9
2.	Unsatisfactory Quality Services Including Counter and Phone	1,087	20.3	413	12.7	1,500	17.4
3.	Unfair Action	750	14.0	218	6.7	968	11.3
4.	Failure of Enforcement	404	7.5	291	9.0	695	8.2
5.	Various Complaint	312	5.8	291	9.0	603	7.0
6.	Shortage of Public Facilities	211	3.9	271	8.4	482	5.6
7.	Failure to Follow Prescribed Procedure	189	3.5	47	1.4	236	2.7
8.	Government Employees Misconduct	151	2.8	24	0.7	175	2.0

1.4 Research Questions

There were several research questions derived from this study:

- 1) What is the most influential element of service quality towards customer satisfaction?
- 2) What are the service quality levels of service quality provided by the employees?
- 3) Do the service quality provided by the employees lead to customer satisfaction?

1.5 Research Objectives

The research objectives for this research were:

- 1) To identify the most influential element of service quality toward customer satisfaction;
- 2) To measure the trait levels of service quality provided by the government employees;
- 3) To make recommendations for service quality improvement.

1.6 Scope of study

This research focused on the service quality issue at Urban Trade Centre Melaka. Service quality is the common issue in service agencies and need to improve the performance to enhance and satisfy customer satisfaction. The researcher will distribute questionnaires to the respondent for identifying the trait level in service quality provided by government employees. A questionnaire will distribute to government employee that involves in providing service to customers. The location of this research is in Urban Transformation Centre (UTC) and involves all government agencies that having a service counter to deliver service.

1.6.1 Limitation

The researcher has only 4 months to complete this research. It is hard for the researcher to complete this research within a specified period, because it takes time to gather enough data and information. For the research to identify product rejection problem, the focus is only on the industry. The researcher also distributes questionnaire only to customer that using government services at UTC Melaka.

1.7 Significant of study

Service quality is the main topic that usually been discussed within the service industry. It is because the service quality is related to customer satisfaction and when they produced poor service quality to customers. This research will be the reference regarding service quality dimension implementation, and as an academic reference. In addition the company can make this research as a reference to improve its existing performance.

1.8 Summary

This chapter gives the first impression and objectives of the study or research for study the literature review, methodology and so on of the research. This study focus on measuring customer satisfaction based on the service quality dimension or tool, SERVQUAL. The study online limited to the government agencies in the UTC Melaka. It is important to know what were the standard service quality performances of the government agencies today.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Customer demand good service quality and the importance of customer perception were increasing rapidly. Today, there was a lot of researches regarding this issue as the research topic. Zeithaml, et al., (1990) mention that service quality is an extrinsically perceived attribution based on the customer's experience about the service that the customer perceived through the service encounter. Lewis et al., (1994) have explored and identified a number of possible benefits service organizations can look forward to when they pursue service quality. Service organizations are competing to achieve sustainable competitive advantage through providing a high-quality service to their existing customers in a severely competitive environment. This has led to a continued focus on service quality. Organizations have recognized a number of potential benefits derived from implementing service quality programs, including increasing customer satisfaction, customer retention, customer loyalty and positive word-of-mouth, increasing opportunities for cross-selling, employee benefits, improved corporate image, profit gains, and financial performance.

Zeithaml, et al., (1988) explain that service quality, can provide an overall measurement of service quality in the form of an average score across all five dimensions. One potential application of service quality is to determine the relative importance of the five dimensions in influencing customers' overall quality perceptions. Another application of the instrument is its use in categorizing a firm's

customer into several perceived-quality segments (e.g., high, medium, and low) on the basis of their individual SERVQUAL scores.

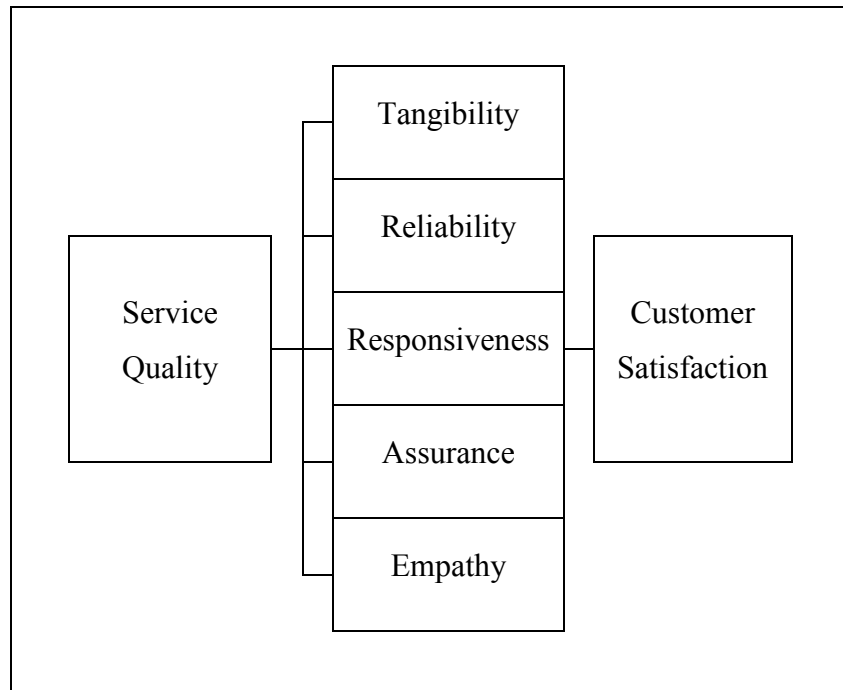


Figure 2.1: Theoretical Framework
(Source: Parasuraman et al., 1985: 48)

2.2 Service Quality Dimension

According to the Oxford (2006), quality is the totality of the features and characteristics of a ware or service that bear on its power to satisfy stated or implied needs. According to Stephens (2005), the meaning of quality has changed, and this has influenced the development of the quality profession. Juran broadened the definition of quality of conformance to specification to “fitness for use.” He also considered two aspects of product quality. One is “freedom from deficiencies” and the other is “product features.”

In the researcher opinion, based on definition stated above, quality can simplify as any product of service that have achieved customer expectation and needs. When focus on service area, quality can be expressed as services that can influence customer emotion and satisfaction which will effect in customer loyalty due to good quality services provided.

According to Evans (2008) services can be defined as “any primary or complementary activity that does not directly produce a physical product – that is, the non-goods part of the transaction between buyer (customer) and seller (provider).” A service might be as simple as handling a complaint or as complex as approving a home mortgage. Services organizations include hotels; health, legal, engineering, and other professional services; educational institutions; financial services; retailers; transportation; and public utilities. Based on this definition, Urban Transformation Centre Melaka has provided most of the services stated. It has health service, educational service, financial service, and public utilities. In addition, government agencies at UTC Melaka are not selling a product. They are managing customer needs to fulfill government requirements.

In 2002, Kandampully have stated that services have been described as a ‘deed, act or performance’ or as ‘encounters in time, rather than physical objects’. Hospitality services can be similarly described as various combinations of activities, benefits, and interactions. Thus the service subjective outcome achieved through time, motion, and emotion – but achieved in the presence of, and with the assistance of, tangible products and information.

Different with Evans (2008), Kandampully (2002) have described the service in more common which include all deed, act or performance. But, at this description, he also adds the service outcome which what service can fulfill through time, motion and emotion. It shows that without selling a product, services should also able to fulfill customer satisfaction and requirement. And at this state, the government agency, agent is the machinery or tools of satisfactory delivery.

National Productivity Corporation (2001) state that service quality can be defined as internal, departmental service and quality goals towards which the organization must strive. Once these goals are met and exceeded, the organization will be regarded as a quality service provider. In research opinion, service quality is

the one of the most important goals that need to be achieved. Without good service quality, even better product cannot be sold. Every organization or business needs to take action in focusing in this area of study when improving the business.

According to Zeithaml, et al, (1996) their findings show empirical support for the intuitive notion that improving service quality can increase favorable behavioral intentions and decrease unfavorable intentions. The findings demonstrate the importance of strategies that can steer behavioral intentions in the right directions, including striving to meet customer's desired-service problems, and effectively resolving problems that do occur. In research opinion, this finding explains briefly on benefits achieve if the organization can apply service quality successfully. If the quality service expectations have been achieved, the organization can operate leisurely because loyal customer with word-of-mouth strategy will share with people around them about the good service provided. If not, they need to do a lot of improvement to raise back customer expectations and trust.

In any service provided it is common to have gaps or key factor that cannot be achieved. Parasuraman, et al, (1985) have indicated that consumers' quality perceptions are influenced by a series of four distinct gaps occurring in organizations. These gaps on the service provider's side, which impede delivery of services that consumers perceive to be high quality, are:

- Gap 1: Difference between consumer expectations and management perceptions of consumer expectations.
- Gap 2: Difference between management perceptions of consumer expectations and service quality specifications.
- Gap 3: Difference between service quality specifications and the service actually delivered.
- Gap 4: difference between service delivery and what is communicated about the service to consumers.

Perceived service quality is defined in the model as the difference between consumer expectations and perceptions (Gap 5), which in turn depends on the size and direction of the four gaps associated with the delivery of service quality on the marketer's side.