

## DECLARATION

“I hereby declare that I have read this thesis and in my opinion this thesis is sufficient in term of scope and quality for the award of the Degree of Technology Management (High Technology Marketing)”

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ANALYZING MALACCA CITIZEN SATISFACTION BASED ON SERVQUAL  
MODEL: A STUDY ON UTC MALACCA

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A project report submitted in fulfillment of the requirement for the award of Bachelor  
Technology Management (High Technology Marketing)

Faculty of Technology Management and Technopreneurship (FPTT)

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

JUNE 2014

## DECLARATION

“I declare that thesis entitle “Analyzing Malacca Citizen Satisfaction Based On SERVQUAL Model: A Study in UTC Malacca” is the result of my own research except as cited in the references”

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## DEDICATION

I would like to dedicate this thesis to my lovely parents, Mr. Mohd Noor Bin Othman and Mrs. Rahmah Binti Ahamed. There is no doubt in my mind that without their continued support and counsel I could not have completed this process.

## ACKNOWLEDGEMENT

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## ABSTRACT

Customer satisfaction with services provide in a firm was often look as the key to a firm's success and long-term competitiveness. In the aspect of relationship marketing, customer satisfaction was often viewed as a central determinant of customer retention. The important of this research was to ensure that UTC Malacca provides best service to Malacca citizen. Besides, the research was also carried out to get the view what are the services that needed by Malacca citizen to be implement in UTC Malacca. The research objectives of this study were to determine the prominent factors that contribute to customer satisfaction and to explain the feedback from Malacca citizen about service provided in UTC Malacca. Besides, the objective was to describe the overall satisfactions among customers about service in UTC Malacca. In this research, data was collected through questionnaire, research strategy was survey with total of 100 respondents and the analysis is carrying out using Statistical Package for Social Sciences (SPSS) and Microsoft Excel. From the result, it was proved that UTC Malacca provides good service to Malacca citizen. The prominent factor that contributes to satisfaction was tangible. Data about consumers help organizations to define the need and identify threats to and opportunities for a service. Customer response was the ultimate test of whether a service strategy will succeed.

## **ABSTRAK**

*Kepuasan pelanggan mengenai servis yang disediakan dalam syarikat dilihat sebagai kunci kejayaan sesebuah syarikat dan berdaya saing. Dalam aspek hubungan pemasaran, kepuasan pelanggan selalunya dilihat sebagai penentu kepada kesetiaan pelanggan. Kepentingan kajian ini adalah untuk memastikan UTC Melaka menyediakan servis terbaik kepada penduduk Melaka. Selain itu, kajian ini juga dijalankan untuk mendapatkan pandangan apakah servis yang diperlukan oleh penduduk Melaka untuk dilaksanakan di UTC Melaka. Objektif kajian ini adalah untuk menentukan faktor penting yang menyumbang kepada kepuasan pelanggan dan untuk menerangkan maklum balas daripada penduduk Melaka mengenai servis yang terdapat di UTC Melaka. Selain itu, objektif kajian juga adalah untuk menerangkan kepuasan secara menyeluruh dalam kalangan pelanggan mengenai servis di UTC Melaka. Dalam kajian ini, data dikumpul melalui questionnaire, strategi kajian adalah survey dengan responden berjumlah 100 dan analisis dijalankan menggunakan Statistical Package for Social Sciences (SPSS) dan Microsoft Excel. Daripada hasil kajian, adalah terbukti bahawa UTC Melaka menyediakan servis yang baik kepada penduduk Melaka. Faktor penting yang menyumbang kepada kepuasan pelanggan ialah jelas. Data mengenai pengguna membantu organisasi untuk menentukan keperluan dan kenal pasti ancaman dan peluang kepada servis. Respon daripada pelanggan adalah ujian muktamad sama ada servis itu akan berjaya.*

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
<b>DECLARATION</b>	<b>ii</b>
<b>DEDICATION</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT</b>	<b>iv</b>
<b>ABSTRACT</b>	<b>v</b>
<b>ABSTRAK</b>	<b>vi</b>
<b>TABLE OF CONTENTS</b>	<b>vii</b>
<b>LIST OF TABLES</b>	<b>xi</b>
<b>LIST OF FIGURES</b>	<b>xii</b>
<b>NOMENCLATURE</b>	<b>xiii</b>
<b>CHAPTER</b>	
<b>1. INTRODUCTION</b>	
1.1 Introduction	1
1.2 Research Question	3
1.3 Research Objective	3
1.4 Scope	4
1.5 Limitation	4
1.6 Importance of study	5
1.7 Summary	5



## **2. LITERATURE REVIEW**

2.1 Introduction	6
2.2 Customer Satisfaction Theory	7
2.2.1 Customer Satisfaction Measurement Process	9
2.3 SERVQUAL Model	10
2.4 One Stop Government	11
2.5 UTC Malacca	12
2.6 The Theoretical Framework	15
2.7 Summary	17

## **3. RESEARCH METHOD**

3.1 Introduction	18
3.2 Research Design	19
3.2.1 Descriptive Research Design	19
3.3 Research Design Method	20
3.3.1 Quantitative Research Method	20
3.4 Primary and Secondary data source	21
3.4.1 Primary Data	21
3.4.2 Secondary Data	22
3.5 Location of research	22
3.6 Research Strategy	22
3.6.1 Survey Strategy	23
3.7 Scientific Canons	23
3.7.1 Reliability	23
3.7.2 Construct Validity	24
3.7.3 Internal Validity	24
3.7.4 External Validity	24
3.8 Pilot Study	25
3.9 Data Collection Method	25

3.10	Data analysis method	26
3.11	Summary	26
<b>4. RESULT AND ANALYSIS</b>		
4.1	Introduction	27
4.2	Demography analysis	28
4.2.1	Gender	28
4.2.2	Age	29
4.2.3	Occupation	30
4.2.4	Educational Background	31
4.3	Percentages of satisfaction among respondents based on SERVQUAL	32
4.3.1	Percentages of satisfaction based on reliability	32
4.3.2	Percentages of satisfaction based on assurance	33
4.3.3	Percentages of satisfaction based on responsiveness	34
4.3.4	Percentages of satisfaction based on tangible	35
4.3.5	Percentages of satisfaction based on empathy	36
4.4	Degree of satisfaction among customers in UTC Malacca	37
4.4.1	Degree of satisfaction for government agencies and utilities	37
4.4.2	Degree of satisfaction based on age	38
4.4.3	Degree of satisfaction based on occupation	39
4.4.4	Degree of satisfaction based on education	40
4.5	Overall Satisfaction	41
4.5.1	Percentages of satisfaction based on scale	41
4.5.2	Mean score for overall satisfaction	46
4.6	Reliability analysis	47
4.7	Summary	48

<b>5. DISCUSSION, CONCLUSION AND RECOMMENDATION</b>	
5.1 Introduction	49
5.2 Discussion of finding	49
5.2.1 Personal Background of Respondents	50
5.2.2 Research objective 1: To determine the prominent factor that contributes to customer satisfaction	51
5.2.3 Research objective 2: To explain the feedbacks from citizen about service provided in UTC Malacca	52
5.2.4 Research objective 3: To describe the overall satisfactions among customers about service in UTC Malacca	54
5.3 Conclusion	56
5.4 Recommendation	56
5.5 Scope for Further Research	57
<b>REFERENCES</b>	58
<b>APPENDIX</b>	

## LIST OF TABLES

TABLE NO.	TITLE	PAGE
4.1	Percentages of satisfaction based on reliability	31
4.2	Percentages of satisfaction based on assurance	32
4.3	Percentages of satisfaction based on responsiveness	33
4.4	Percentages of satisfaction based on tangible	34
4.5	Percentages of satisfaction based on empathy	35
4.6	Mean score for government agencies and utilities	36
4.7	Mean score for degree of satisfaction by ages	37
4.8	Mean score for degree of satisfaction by occupation	38
4.9	Mean score for degree of satisfaction by education	39
4.10	Percentages of overall satisfaction	40
4.11	Scale 1 analysis	41
4.12	Scale 2 analysis	41
4.13	Scale 3 analysis	42
4.14	Scale 4 analysis	43
4.15	Scale 5 analysis	44
4.16	Mean score for overall satisfaction	45
4.17	Cronbach's Alpha and Internal Consistency	46
4.18	Reliability test result	46

**LIST OF FIGURES**

<b>FIGURE NO.</b>	<b>TITLE</b>	<b>PAGE</b>
2.1	Flows of related theory	8
2.2	Study Frameworks	15
4.1	Percentages of gender	27
4.2	Age of respondents	28
4.3	Occupation of respondents	29
4.4	Education level of respondents	30

**NOMENCLATURE**

UTC	-	Urban Transformation Centre
UTeM	-	Universiti Teknikal Malaysia Melaka
SPSS	-	Statistical Package for Social Sciences
SERVQUAL	-	Service Quality
YAB	-	Yang Amat Berhormat

## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction

The concept of customer satisfaction occupies a central position in marketing through and practice. Satisfaction was the major outcome of marketing activities and serves to link processes culminating in purchase and consumption with post purchase phenomena such as attitude change, repeat purchase, and brand loyalty. The centrality of the concept was reflected by its inclusion in the marketing concept that profits are generated through the satisfaction of consumer needs and wants.

In the early 1970s, customer satisfaction began to emerge as a legitimate field of inquiry. The U.S. Department of Agriculture's Index of Consumer Satisfaction (Pfaff 1972) was the first study to report direct information on consumer satisfactions to policy makers. Both Olshavsky and Miller (1972) and Anderson (1973) examined disconfirmed expectancies and their influence on product performances rating. These two studies along with Cardozo's (1964) experiment formed the foundation for much of the later theory testing and experimental research.

UTC was the abbreviation for the words Urban Transformation Centre. It was one of the efforts and initiatives from the Government to provide core service to the Government and the private sector in the City community a one-stop or in a single building. It was part of the Blue Ocean strategy that was introduced to improve the

quality of services through strategic partnerships between government agencies and the other private sector.

The urban communities can make transactions with government departments and private sector in a building with save time, there was no need to go into the buildings from the government. UTC Malacca was launched by YAB Datuk Seri Utama Mohd Najib bin Tun Haji Abdul Razak, which is Malaysian Prime Minister on 23<sup>rd</sup> June 2012. UTC Malacca that was located at Jalan Hang Tuah has been proud by Malacca citizen because it was the first UTC in the world. UTC Malacca also becomes a benchmark for the federal government to establish other UTC in other country.

The prime minister said the people-friendly centre would give people the satisfaction of dealing with federal and state departments in one roof (same place). “This concept is so successful and made a lot of people happy. This was an example of how state and federal governments can forge close co-operation and produce a concept that provide good facilities to the people.”

According to Westbrook and Oliver (1991), customer satisfaction has traditionally been viewed as a cognitive construct where consumers cognitively compare perceived performance with an evaluative standard (expectations). Based on Tolman (1932), expectations represent the anticipated most likely level of performance. Consumer behavior was an ongoing process, not merely what happens at the moment a consumer hands over money or a credit card and in turn receives some good or service.

Customer response was the ultimate test of whether a service strategy will succeed. Thus, UTC Malacca organizer should incorporate knowledge about consumer especially Malacca citizen into every facet of a successful services plan. Data about consumers help organizations to define the need and identify threats to and opportunities for a service.



## 1.2 Research Question

Nowadays, the identification of consumer motives is an important step to ensure that a product will satisfy appropriate needs. Traditional approaches to consumer behavior focus on the abilities of products to satisfy rational needs (utilitarian motives), but hedonic motives (like the need for exploration or for fun) also play a key role in many decision.

UTC Malacca should consider the customer satisfaction by providing suitable and good services to meet satisfaction and bring happiness to the customer. Based on the reason above, the research questions for this study are:

1. What is the prominent factor that contributes to customer satisfaction?
2. What are the feedbacks from citizen about service provided in UTC Malacca?
3. What are the overall satisfactions among customers about services in UTC Malacca?

## 1.3 Research Objective

The objectives of this research are to measuring customer satisfaction based on services performance in UTC Malacca. The objectives of this study are as below:

1. To determine the prominent factor that contributes to customer satisfaction.
2. To explain the feedbacks from citizen about service provided in UTC Malacca.
3. To describe the overall satisfactions among customers about service in UTC Malacca.

## **1.4 Scope**

Measure customer satisfaction due to concept of SERVQUAL Models based on public services in UTC Malacca. By using the SERVQUAL Models concept, UTC Malacca improves their service such as provide a surau, Kedai Rakyat 1 Malaysia and canteen to make better customer satisfaction to their services.

SERVQUAL Models are the best concept for the UTC Malacca to identify their customer satisfaction and target market. The researcher method is distributing the questionnaire to the respondent.

## **1.5 Limitation**

Measuring customer satisfaction due to SERVQUAL Models based on service provided in UTC Malacca. The limitation researcher have to face is capability of UTC Malacca itself to fulfill the customers perception, which are Malacca citizen.

The research only focused on Malacca citizen, without considering their races, ages, genders and so on. This research will not include other place as location to the research survey.

## **1.6 Importance Of Study**

Understanding consumer behavior is good business. The basic marketing concept states that firms exist to satisfy needs. To implement this, management of UTC Malacca need to understand the people or organizations that will get the services they are trying to serve.

The important of this research is to ensure that UTC Malacca provides best service to Malacca citizen. Besides, the research is also carry out to get the view what are the services that needed by Malacca citizen to be implement in UTC Malacca. Research is required to understand consumer behavior for Malacca citizen to ensure quality services in UTC Malacca.

## **1.7 Summary**

Customer response is the ultimate test of whether a service strategy will succeed. Thus, UTC Malacca organizer should incorporate knowledge about consumer especially Malacca citizen into every facet of a successful services plan. Data about consumers help organizations to define the need and identify threats to and opportunities for a service. From the point of view, customer satisfaction measurement can be useful develop service provided in UTC Malacca. In this research, the main reason is to get feedback or identify the customer satisfaction based on service provided in UTC Malacca. Research methodology approach is about customer satisfaction and service quality value that can be found from journal, books, article, and websites.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

Wallace and Wray states that the meaning of literature review is not just about a series of book and journal article review but its more to describing and summarizing what each is about. Research into the role of customer satisfaction has generally focused on expectations, perceived performance, and satisfaction as modeled within a confirmation/disconfirmation paradigm (Krampf et al., 2003). In this research, the reason is to refine further more research topic and research design, discover explicit recommendation for further research and to prevent researcher repeating the work that previously has been done.

In literature review, researcher will tells about satisfaction theory, SERVQUAL Model, One Stop Centre, and the service provided in UTC Malacca in term of elements in SERVQUAL Model. UTC Malacca is an example of One Stop Centre. It was introduced to improve the quality of services through strategic partnerships between government agencies and the other private sector. The flow of the theory that related to this study will be explains as show in diagram at next page:

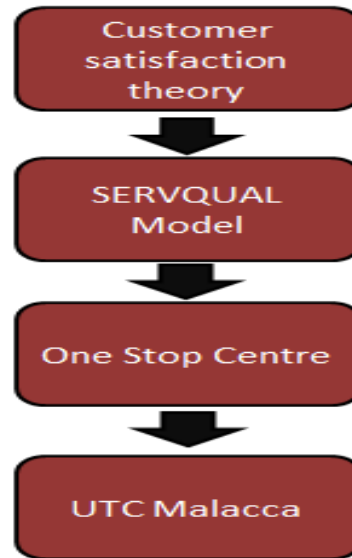


Figure 2.1: Flows of related theory

## 2.2 Customer Satisfaction theory

The first research about customer satisfaction has been conducted in the early 1980s. Works by Oliver (1980), Churchill and Surprenant (1982), and Bearden and Teel (1983) tended to focus on the operation of customer satisfaction and background of the customer satisfaction.

The comparison of expectations and perceived performance leads to either customer satisfaction (confirmation or positive disconfirmation) or dissatisfaction (negative disconfirmation) (Homburg et al., 2002). When performance of services in Malacca's UTC meets customer expectation, it can lead to customer satisfaction.

Liljander and Strandvik (1997) suggest that satisfaction cannot be fully understood without acknowledging the affective dimension. The role and importance of affect is supported by empirical research. Dube-Rioux (1990), for instance, observed that the affective reports of consumers are highly predictive of level of satisfaction and may be more predictive of level of satisfaction than are cognitive evaluations.

Krampf et al. (2003) recently examined the relative contributions of emotion and cognition in determining customer satisfaction in a dental (service) setting and observed confirmatory results. Emotion can affect customer in determining their satisfaction about a service that they received.

Customer satisfaction has traditionally been viewed as a cognitive construct where consumers cognitively compare perceived performance with an evaluative standard (expectations) (Westbrook and Oliver, 1991). Based on Expectancy Theory (Tolman, 1932), expectations represent the anticipated most likely level of performance. Customer satisfaction is viewed as an objective outcome of the magnitude and direction of the difference existing between expectations and the perceived level of performance experienced.

Halstead et al. (1994) suggest that customer satisfaction processes differ in varying types of consumer settings. Services, for instance, are based on processes as well as outcomes, likely increasing the role played by emotions in the determination of customer satisfaction. Consumer consist of many different kinds of behavior, thus their satisfaction process may differ from each other.

Bitner (1992) agrees, suggesting that emotion plays a larger role in the service sector due to larger role played by the environment in the service sector. Since services are generally intangible (Shosack, 1977), consumers are less able to directly evaluate the quality of services than they are physical products. In service situations, therefore, consumers are more likely to rely on explicit cues for assessing quality, such as the provider's environment.

### 2.2.1 Customer Satisfaction Measurement Process

Customer satisfaction should be measured into a number of measurable parameters. Customer satisfaction measurement is the most reliable feedback, taking into account that it provides in an effective, meaningful, direct, and objective preference and expectations. It provides a sense of achievement and accomplishment for all employees involved in any stage of the customer services process in UTC Malacca.

Kotler (1996) defined customer satisfaction as “the level of a person’s felt state resulting from comparing a product’s perceived performance or outcome in violation to his/her own expectations”. So, customer satisfaction could be considered a comparative behavior between inputs beforehand and post obtainments. As the study focused on investigating user satisfaction in UTC Malacca, customer satisfaction is defined as the levels of service quality performances that meets user’s expectations. UTC Malacca also becomes a benchmark for the federal government to establish other UTC in other country.

When defining the quality of care it is crucial to consider both the “technical” quality stressing proper process and procedure; and “service” quality emphasizing the interpersonal aspects of care relying on trust, communication, mutuality of goals and patient respect (Daley, 2001). Thus, UTC Malacca must emphasize the interpersonal aspects of the above criteria to meet customer satisfaction in term of service.

### 2.3 SERVQUAL Models

A series of articles by Parasuraman, Zeithaml, and Berry has traced the development of a theory that attempts to explain how consumers acquire perceptions of the quality of service firms. Parallel with their theory development, Parasuraman, et al. has experimented with various ways of measuring the hypothetical dimensions of service quality. Their latest effort resulted in a set of scales they have named SERVQUAL.

A research was published by Parasuraman, Zeithaml and Berry (1988) focused more about specifically on the psychometric aspects of service quality. Their multi-item SERVQUAL scale was considered as first trials to operate customer satisfaction construct. The SERVQUAL scale focused on the performance components of the service quality model which quality was obtained that can differentiate between expectations and performance.

In a 1986 Marketing Science Institute Working Paper (MSI), Parasuraman, Zeithaml, and Berry (1986) offered a theory that consumers' perception of the quality of a service offering is a function of five separate quality perceptions. The theory that involves in this study are perceived quality of tangibles (physical facilities, equipment, and appearance of personnel), next is perceived quality of reliability (ability to perform the promised service dependably and accurately). Third is perceived quality of responsiveness (willingness to help customers and provide prompt service). Fourth, perceived quality of assurance (knowledge and courtesy of employees and their ability to convey trust and confidence) and fifth, perceived quality of empathy (caring and individualized attention the firm provides its customers) all influence consumer's perception of the overall service quality of a service firm.