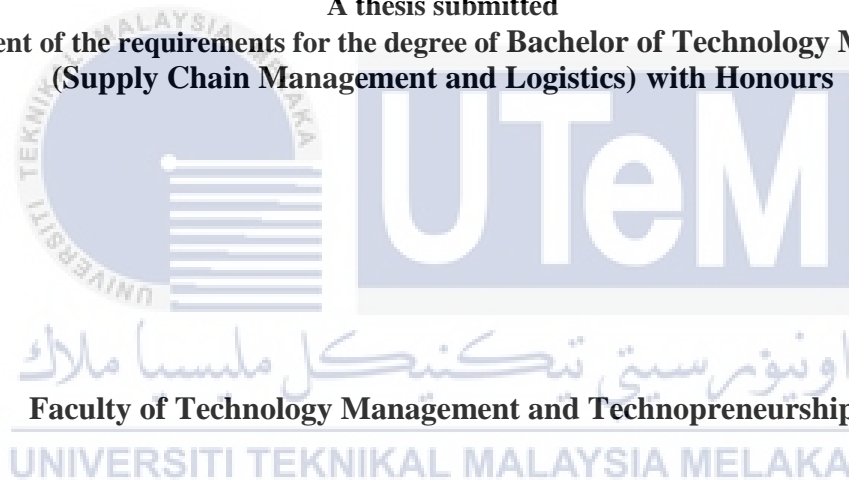


**THE IMPACT OF SERVICE QUALITY IN E-SUPPLY CHAIN TOWARDS
CUSTOMER SATISFACTION THROUGH ONLINE SHOPPING**

DIVYA A/P RAMASAMY

A thesis submitted
in fulfillment of the requirements for the degree of Bachelor of Technology Management
(Supply Chain Management and Logistics) with Honours

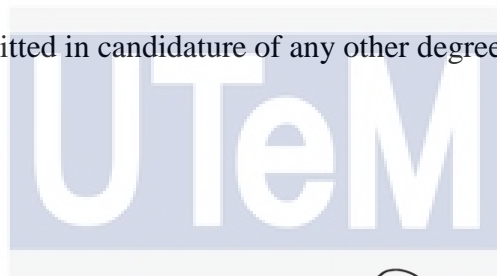
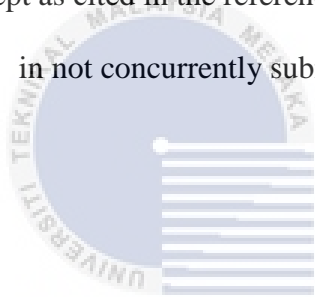


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2023

DECLARATION

I, Divya A/P Ramasamy, declare that this thesis entitled “the impact of service quality in e-supply chain towards customer satisfaction through online shopping” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and in not concurrently submitted in candidature of any other degree.



Signature : 

UNIVERSITI TEKNIKAL MALAYSIA MELAKA Name : Divya A/P Ramasamy

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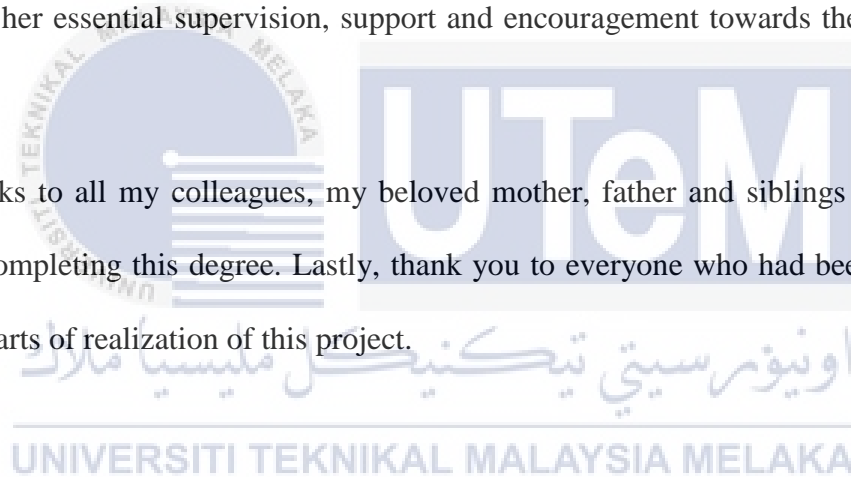
DEDICATION

I dedicate my thesis work to my creator, educators, my family, and many friends. A special thanks to my loving parents, Mr.Ramasamy and Mrs.Sahunthala who guide me through the valley of darkness with hope and compassion. My sisters Lojahna and Sharanea have never left my side and are very precious to me. Throughout various obstacles, they have been a consistent source of encouragement and support. I also dedicate this thesis to my numerous friends who have assisted me throughout the process. I will always be grateful for everything they have done for me, especially Tsseran for helping me in enhancing my technology skills and motivating me to work hard for the things that I desire. Next is Vinnetha for the countless hours of proofreading and for being a pillar of strength for me throughout this programme. Essentially, I am grateful to my academic adviser for guiding me through this process and the committee for keeping me on course.

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First and foremost, I would like to take this opportunity to express my sincere acknowledgement to my supervisor Dr. Nurhayati Binti Kamaruddin from the Faculty of Technology Management and Technopreneurship Universiti Teknikal Malaysia Melaka (UTeM) for her essential supervision, support and encouragement towards the completion of this thesis.

Special thanks to all my colleagues, my beloved mother, father and siblings for their moral support in completing this degree. Lastly, thank you to everyone who had been associated to the crucial parts of realization of this project.



ABSTRACT

Covid-19 is a transmissible disease caused by coronavirus in Wuhan, China. Now it has expanded globally and resulting in an ongoing pandemic. The global outbreak of COVID-19 has caused substantial obstacles to supply chains. Since the Covid-19 pandemic, there is a visible trend worldwide in which an increasing number of individuals purchase goods and services via the Internet. Online shopping seems to be the most popular trend around the world as well as in Malaysia. The foundation of online shopping is a fast and efficient supply chain system. Therefore, this research project establishes a valid measure on customer satisfaction in the e-supply chain service quality dimensions. The major aim of this research project is to determine the role of service quality in e-supply chain and its impact on customer satisfaction through online shopping. In addition, it investigates the relationships between the independent variable (service quality in e-supply chain such as responsiveness, reliability and empathy) and dependent variable (customer satisfaction). The deductive approach was applied in this study, and the research design was quantitative. The targeted population for this study is the users of online shopping sites in Selangor, Malaysia. A survey questionnaire with 140 respondents was used to collect primary data. The software used to evaluate and analyze the data obtained from the questionnaire was the Statistical Package for Social Science (SPSS) version 26. A descriptive statistic was used to determine the frequency distribution of number, mean, standard deviation, and the role of service quality in the e-supply chain. The statistical test was used to investigate hypothesis and regression analysis to examine the relationship of service quality in e-supply chain and customer satisfaction through online shopping in Selangor. According to the survey findings of this study, responsiveness and empathy significantly influence Customer Satisfaction except for the reliability factor. To be able to sustain in the competitive online business platform, every online businesses in Malaysia should therefore focus on service quality in e-supply chain, which would result in higher overall customer satisfaction.

Keywords: Service quality, Supply chain, e-Supply chain, Customer satisfaction, Online shopping

ABSTRAK

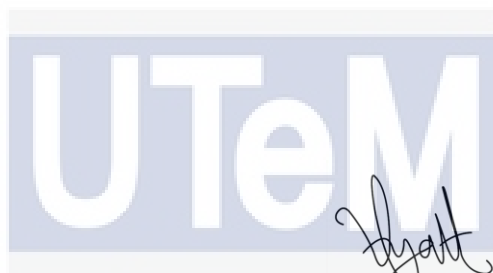
Covid-19 adalah penyakit yang boleh diterima melalui pemindahan dari coronavirus di Wuhan, China. Kini ia telah meluas secara global dan menyebabkan pandemik yang berterusan. Kejadian global Covid-19 telah menyebabkan halangan besar kepada rantai bekalan. Sejak pandemik Covid-19, terdapat trend yang jelas di seluruh dunia di mana bilangan individu yang membeli barangan dan perkhidmatan melalui Internet semakin meningkat. Pembelian dalam talian kelihatan sebagai trend yang paling popular di seluruh dunia serta di Malaysia. Asas pembelian dalam talian adalah sistem rantai bekalan yang cepat dan efisien. Oleh itu, projek penyelidikan ini menetapkan ukuran yang sah tentang kepuasan pelanggan dalam dimensi perkhidmatan kualiti e-rantai bekalan. Tujuan utama projek penyelidikan ini adalah untuk menentukan peranan kualiti perkhidmatan dalam e-rantai bekalan dan kesan terhadap kepuasan pelanggan. Selain itu, ia menyiasat hubungan antara pembolehubah bebas (kualiti perkhidmatan dalam e-rantai bekalan seperti responsif, kesetiaan dan empati) dan pembolehubah bergantung (kepuasan pelanggan). Pendekatan deduktif digunakan dalam kajian ini, dan reka bentuk penyelidikan adalah kuantitatif. Populasi sasarannya adalah pengguna laman web beli-belah dalam talian di Selangor, Malaysia. Kajian soal selidik dengan 140 responden digunakan untuk mengumpul data utama. Perisian yang digunakan untuk menilai dan menganalisis data yang diperolehi dari kajian soal selidik adalah Statistical Package for Social Science (SPSS) versi 26. Statistik deskriptif digunakan untuk menentukan taburan frekuensi bilangan, min, deviasi piawai, dan peranan kualiti perkhidmatan dalam e-rantai bekalan. Ujian statistik digunakan untuk menyiasat hipotesis dan analisis regresi untuk mengkaji hubungan kualiti perkhidmatan dalam e-rantai bekalan dan kepuasan pelanggan di Selangor. Menurut temuan kajian soal selidik ini, responsif dan empati mempengaruhi kepuasan pelanggan secara signifikan kecuali faktor kesetiaan. Untuk dapat bertahan dalam platform perniagaan dalam talian yang kompetitif, setiap perniagaan.

Kata kunci: *kualiti perkhidmatan, rantai bekalan, e-rantai bekalan, kepuasan pelanggan,*

Pembelian dalam talian

APPROVAL

I, DR. Nurhayati Binti Kamaruddin, hereby declare that I have read this thesis and in my opinion this thesis is sufficient in terms of scope and quality for the award of Bachelor of Technology Management (Supply Chain Management and Logistics) with Honours.



Signature : اونیورسیتی تکنیکل ملیسیا ملاک

Supervisor Name : DR. Nurhayati Binti Kamaruddin

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Date :9/2/2023.....

APPROVAL

I, DATIN DR.Suraya Binti Ahmad, hereby declare that I have read this thesis and in my opinion this thesis is sufficient in terms of scope and quality for the award of Bachelor of Technology Management (Supply Chain Management and Logistics) with Honours.



Signature :

Panel Name : DATIN DR.Suraya Binti Ahmad

Date :9/2/2023.....

الجامعة التكنولوجية ماليزيا ملاك
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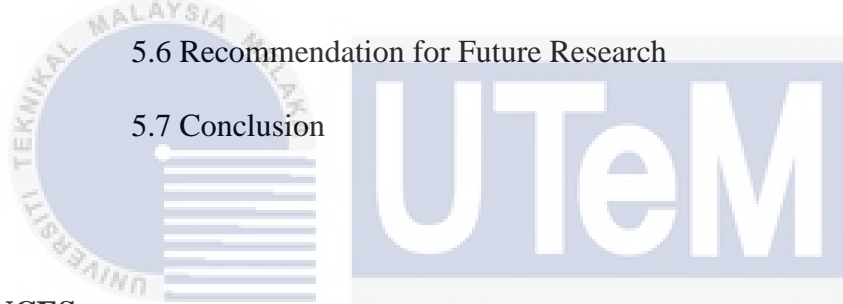
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LIST OF ABBREVIATIONS

CS – Customer Satisfaction

DV - Dependent Variable

e-SC - e-Supply Chain

e-SCM - e-Supply Chain Management

IV - Independent Variable

MCO - Movement Control Order

SCM - Supply Chain Management

SPSS - Statistical Package for Social Science

SQ- Service Quality



CHAPTER 1

INTRODUCTION

1.1 Introduction

The study's background, problem statement, research objectives, and research questions will all be presented in this chapter. Then followed by the scope of the study, limitations of the study, and significance of the studies will be discussed as well. A brief description of this chapter will be provided at the end of this chapter. To complete a Bachelor's Degree Thesis in the Faculty of Technology Management and Technopreneurship [Bachelor of Technology Management (Supply Chain Management and Logistics) with Honour], the title 'the impact of service quality in e-supply chain towards customer satisfaction through online shopping' was chosen. Supply chain management has gained great benefits from using information technology in various elements of its tasks since it became a tool for enhancing company processes. E-supply chain management is a modern concept that distinguishes itself from traditional supply chain management by incorporating a company's business activities electronically through value-adding processes throughout the supply chain. Integrating e-supply chain management into a company or e-business proves to be a competitive technique for adding value and boosting process visibility, agility, speed, efficiency, and customer satisfaction. According to the Indeed Editorial Team (2021), service quality is a measure of how well a

company delivers its services in comparison to its consumers' expectations. Customers buy services to meet certain requirements. Customer satisfaction and service quality are inextricably linked. In today's competitive market, achieving customer satisfaction is highly dependent on the company's total service quality and is seen as a critical strategy.

1.2 Background of the study

Covid-19 was first discovered in December 2019 in the city of Wuhan, China. Now the coronavirus has expanded globally and resulted in an ongoing pandemic. As of 21st May 2022, COVID-19 had resulted in more than 526 million infections and more than 6.29 million deaths (Worldometers, 2020). Covid-19 has an impact on more than just public health. The pandemic has also impacted supply chain operations, long-term economic growth, and supply chain environmental performance [Chowdhury & Paul, (2020); Suhi et al (2019); Paul et al (2019); Khan et al, (2020); and Moktadir et al, (2020)]. The global outbreak of COVID-19 has caused substantial obstacles to supply chains based on Harapko, S (2021). Supply chain management has always been important, but COVID-19 highlighted how important it is. Online shopping appears to be the most well-liked trend during the Covid-19 pandemic, both globally and in Malaysia. Online purchasing is built on a quick and effective supply chain system. Investigating its significance is therefore crucial.

The control for the movement of goods and services from raw materials to the finished product that is delivered to the customer is known as supply chain management (SCM). The object of supply chain management is the supply chain and process. A supply chain consists of all stages involved, especially directly or indirectly in fulfilling a customer request. The supply chain not only includes the manufacturer and suppliers, but

also transporters, warehouses, retailers, and customers themselves according to Chopra, Sunil, and Peter Meindl, (2001). According to Hugos, M. H. (2018), effective supply chain management (SCM) requires simultaneous improvements in both customer service levels and the internal operating efficiencies of the companies in the supply chain.

Facing internationalization, greater product complexity, and increase customer demands, businesses are using modern technologies to transform their supply chain from traditional supply chain to e-supply chain management (e-SCM). E-supply chain management is the outcome of combining supply chain management and e-commerce according to Hua and Cong (2011). In agreement with D.Li (2005), electronic supply chain management (e-SCM) is the collaborative use of technology to enhance business-to-business processes and improve speed, agility, real-time control, and customer satisfaction. The use of e-business technologies to support and optimize value-adding operations in supply networks is known also as e-supply chain management. E-procurement, supply chain monitoring and controlling using RFID, inventory management using wireless devices, collaborative planning, and e-logistics are some examples of e-supply chain management's (e-SCM) key activities. They manage the entire supply chain process as well as service quality and customer satisfaction.

Alibaba Group Holding Limited which is a Chinese multinational technology company specializing in e-commerce (online platform) is one example of e-supply chain management. Alibaba has announced a blockchain-based system to make sure product authenticity and supply chain integrity. Alibaba strengthens customer relationships by implementing blockchain technology in the process. The 'food trust framework' on Alibaba's Tmall Global platform aims to boost consumer confidence and create trust and transparency for cross-border business. The effort includes product labeling with unique

QR codes and blockchain technology, among other standards and regulations. Alibaba customers can know the live update of their orders because it authenticates, verifies, record, and report on products as they move through the shipping process. Therefore, it is possible to safeguard the supply chain while also enhancing its effectiveness and achieving long-term customer satisfaction according to Valverde and Saadé; (2017) and Witkowski (2015).

The internet of things (IoT), blockchain, Artificial Intelligence (AI), machine learning, analytics, robots, and automation are vital technologies in e-supply chain management. In this regard, many companies are shifting from remote monitoring to control, optimization, and finally, advanced autonomous AI-based systems to improve their functionality in accordance with Kohtamäki (2019). Problem-solving with AI is more accurate, faster, and can handle a larger number of inputs. For example, Alibaba uses AI to optimize its supply chain, drive personalized, and build products. It also offers cloud-based AI, which makes artificial intelligence accessible to everyone with a computer, an internet connection, and a cloud-based AI chip. The Alibaba Group also provides cloud computing services to a wide range of its customers including merchants, systems integrators, mobile app developers, and digital entertainment companies all over the world.

Online selling and online shopping are increasing day by day and people may get anything from all over the world through social media and online shopping platforms. In order to satisfy customers' needs and wants when they buy in online, a company particularly utilizes an e-supply chain (e-SC) in their service quality. By implementing an e-supply chain in service quality, a company can fasten the shipping process, enhance the performance of the supply chain and increase customer satisfaction. Consumers shop

online for a variety of reasons, and they factor convenience into their evaluation of service quality. Studies have extensively begun to focus on online services and their various characteristics. To describe services provided over the Internet, the literature uses terminology like e-service quality, online service quality, and web service quality based on Zhang, X., & Prybutok, V. R. research (2005). Service quality has become a key marketing strategy because it's conceptual and empirically connected to customer satisfaction claimed Venetis and Ghauri in 2004. As a result, there is a lot of interest in measuring service quality; and many researchers have also committed to conducting research on service quality as stated in Abdullah (2006). Basically, service quality is measured by how well a company meets its certain requirements of customers in terms of service delivery.

After an excellent customer service experience, 52% of consumers agreed that they have made another purchase from the company as stated in Dimensional Research. Customer satisfaction is critical to the success of any corporate organization in proportion to Pritam Chattopadhyay (2019). Customer satisfaction is defined as an overall assessment of a product or service based on the whole purchase and consumption experience in accordance with Fornell, Johnson, Anderson, Cha & Bryant (1996). In this century, customer satisfaction is a necessity for a company to be successful.

E-supply chain performances can be a massive strategy for increasing customer satisfaction and profitability of an online business. An efficient e-supply chain has the greatest impact on reaching customers, cutting retail costs, and improving service levels. Hence, it enables meeting customer expectations on product delivery.

In addition, the service quality of the e-supply chain is one of the most essential criteria in this area. The great service quality in the e-supply chain improves customer

satisfaction and loyalty, optimizes the shipping process, increases profitability, and reduces costs. Meanwhile, the poor service quality in the e-supply chain can lead to dissatisfaction among customers, decreases customer loyalty, reputational damage, and loss of income. Therefore, this paper focuses on how several factors of service quality in e-supply chain will affect customer satisfaction through online shopping. The significance of this research is that it develops a model that considers the interaction of all three parameters and evaluates the effectiveness of the proposed model.

1.3 Problem statement

The global expansion of internet usage and supply chain networks has resulted in new consumer behavior phenomena, in which customers' emphasis has turned to online shopping. In recent years, consumers in Malaysia are picking up on online shopping because online shops offer more variety, save time and energy and it is the best way to avoid crowds after this Covid-19 pandemic. According to Simon and Sarah (2019), 80% of Malaysians shop online for goods and services. The advantages of online buying, such as convenience, have increased shoppers' willingness to make purchases online according to Ratih et al, (2020). However, it becomes more hazardous when online buyers are unaware of some possible problems that occur when they make online purchasing.

An online business with a poor and inefficient supply chain system is impossible to succeed and satisfy customers. According to G.R.C.B.C.I., & L.A. (2018), the BCI Supply Chain Resilience 2018 report's research revealed that 56% of respondents had experienced a supply chain disruption in the previous 12 months due to factors including bad weather, cyber-attacks, or issues with transportation networks. On the other hand, as stated in Cnet's