


SERVICE QUALITY TOWARDS CUSTOMER LOYALTY IN MALAYSIAN
MAINTENANCE AND REPAIR OF MOTOR VEHICLES INDUSTRY



UNIVERSITI TEKNIKAL MALAYSIA MELAKA


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SERVICE QUALITY TOWARDS CUSTOMER LOYALTY IN MALAYSIAN
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This thesis is submitted in partial fulfilment of the requirements for the award of
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Faculty of Technology Management and Technopreneurship Universiti Teknikal
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JANUARY 2023

DECLARATION OF ORIGINAL WORK

I thus certify that all of the work in this thesis, “**SERVICE QUALITY TOWARDS CUSTOMER LOYALTY IN MALAYSIAN MAINTENANCE AND REPAIR OF MOTOR VEHICLES INDUSTRY**” Is unique to me, and that no part of the work in this research project proposal has been submitted in support of any other degree or qualification at this or any other institute or university of learning.

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DEDICATION

This work is the result of numerous, difficult sacrifices. This work is heartily and proudly dedicated to the people who serve as an inspiration thanks to the efforts of the researchers. from parents to classmates and acquaintances who offered assistance when they encountered difficulties while completing their assignment. In addition, I am grateful to my professor, Dr Fam Soo Fen, who is also my supervisor for my final year project. Throughout my investigation, they have offered me complete support and counsel. This research would be impossible to complete in a timely manner without their blessing and encouragement.



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ABSTRACT

In recent years, research on service quality has grown in importance. A general approach called SERVQUAL was introduced and put to the test by Parasuraman, Zeithaml, and Berry to gauge the perceived value of a service. The study's goal is to determine how customer loyalty is impacted by service quality in Malaysian Maintenance and Repair of Motor Vehicle Industry. For this reason, the connection between SERVQUAL metrics and customer satisfaction is examined. In our study, customer satisfaction and loyalty were assessed using three criteria: future buying intent, perceived service perceptions, and perceptions of sheer quality of the Malaysian Maintenance and Repair of Motor Vehicle Industry. Service quality was measured by the difference between perceived service and expected service and rated on a five-point Likert scale. SERVQUAL measures consist of 5 criteria: tangibility, reliability, responsiveness, assurance, and empathy. It really does not presuppose the existence of a linear relationship between the independent and dependent variables.

Keywords: service quality, customer satisfaction, customer loyalty

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ABSTRAK

Kualiti perkhidmatan semakin menjadi subjek penyelidikan dalam beberapa tahun kebelakangan ini. Parasuraman, Zeithaml, dan Berry membentangkan dan menguji model generik SERVQUAL untuk mengukur kualiti perkhidmatan yang dirasakan. Tujuan kajian ini adalah untuk mengkajikesan kualiti perkhidmatan terhadap kesetiaan pelanggan di kedai pembaikan kereta. Hubungan antara kepuasan pelanggan dan langkah SERVQUAL disiasat untuk tujuan ini. Dalam kajian kami kepuasan pelanggan dan kesetiaan diukur dengan tiga kriteria dengan meminta pelanggan; niat pembelian masa depan mereka, bagaimana mereka menilai kualiti perkhidmatan keseluruhan dan bagaimana they melihat kualiti keseluruhan kedai pembaikan kereta. Kualiti perkhidmatan diukur dengan perbezaan perkhidmatan yang dirasakan dan perkhidmatan yang diharapkan dan dinilai pada skala Likert lima mata. Langkah-langkah SERVQUAL terdiri daripada 5 kriteria: kebolehpasaran, kebolehpercayaan, responsif, jaminan, dan empati. Juga, ia tidak menganggap bahawa hubungan antara pembolehubah bebas dan pembolehubah bergantung adalah linear.

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Kata kunci: kualiti perkhidmatan, kepuasan pelanggan, kesetiaan pelanggan

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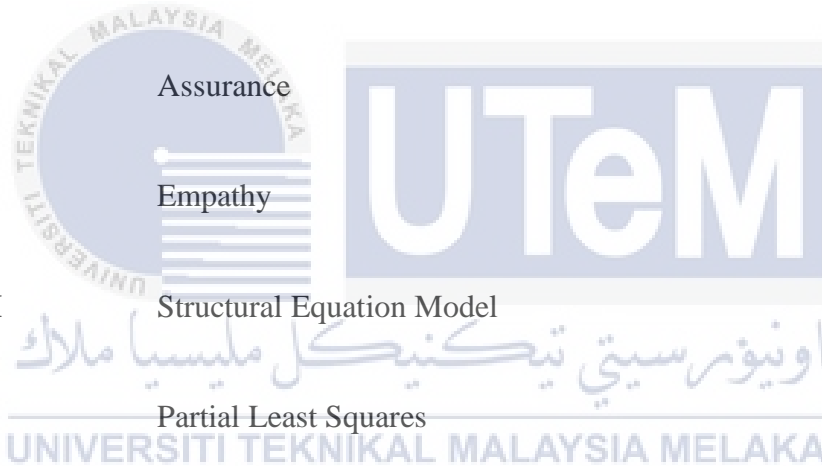
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ABBREVIATIONS

SERVQUAL	Service Quality
SERVPERF	Service Performance
Rho_a	Composite Reliability a
T	Tangibles
R	Reliability
R	Responsiveness
A	Assurance
E	Empathy
SEM	Structural Equation Model
PLS	Partial Least Squares
AVE	Average Variance Extracted
CV	Convergent validity



CHAPTER 1

INTRODUCTION

1.1 Introduction

Malaysia has a diversified geographical structure and automobile industry has been slowly growing as an important aspect of Malaysian market. While the number of registered cars has been increasing by 1 million yearly, the amount has doubled in the last two decades (Salehen, Su'Ait 2016). As of December 31st, 2018, Malaysia has 32.3 million motor vehicles, a rise of about 1.2 million new vehicles on average when it comes to 2019. Additionally, there was a 2.86 percent rise in the number of drivers with licences, from 15.3 million in 2019 to 15.8 million in 2018. (Amir Mamat, 2021). The usage of automobiles is essential to the system of road transportation. However, automobiles eventually lose their newness (Akpakpavi, 2014). The outcome of constant use of the vehicles is both ordinary wear and tear and breakdowns (Akinola, 1995). Vehicle maintenance is the procedure of routinely servicing a car to avoid significant breakdowns or the requirement for expensive repairs. It is stated that if a motor vehicle's maintenance is performed in accordance with the recommended timetable, it will last longer and run better (Akinola, 2005). The sophistication of vehicle designs today is very high. In order to analyse vehicle problems for repair and service, the present trend of mechanical services necessitates the use of more sophisticated and highly technology diagnostic equipment, specialised tools, and qualified personnel. The issues that auto repair businesses and vehicle owners are facing have gotten worse as vehicle technology and maintenance procedures advance (Akpakpavi, 2014). Therefore, vehicle maintenance is the activity of servicing a car on a regular basis. It is thought that if an automotive vehicle's maintenance is performed according to the set timetable, it would live longer. As vehicle technology and maintenance procedures advance, the difficulties that car repair shops and vehicle users encounter have become more complex.

Several prior studies show the positive effects of customer satisfaction on reuse intention (Oliver, 1981) (Dow, 2006). According to Oliver, a user's attitude and the likelihood that they will use a product again are both positively influenced by customer satisfaction. Morgeson and Petrescu (2011), however, draw attention to the fact that product service quality might vary depending on perceived performance and may not lead to a desire to buy or reuse the product. According to Liao and Cheung (2005), the factors that determine service quality may be related to one another in a stepwise or inter-relational manner; as a result, sometimes a greater level of service may not lead to a stronger intention to reuse. According to the perspective of the passenger, service quality is seen as a general quality of travel behaviour. As a result, many academics focus on assessing the level of service provided by public transportation and discovering which components of the service are most valued by the users. Customer satisfaction refers to a consumer's entire emotional reaction to a perceived discrepancy between prior expectations and the actual results following consumption (Oliver, 1980). In general, the level of service quality is what determines whether a consumer is satisfied (Anderson & Sullivan, 1993). Time satisfaction, comfort, accessibility, connectivity, and information were identified by del Castillo and Benitez (2013) as key determinants of consumer satisfaction. Customer loyalty and satisfaction are influenced by the service quality provided by the Malaysian maintenance and repair of motor vehicle industry. Because it is the primary factor in determining client loyalty, the impact of service quality is significant. This study will concentrate on how customer loyalty is impacted by service quality.

1.2 Problem Statement

Service quality is important in any business operation including banks, retail stores, food, and beverages industry and etc. it is important to maintain a good quality service to deliver customer satisfaction and customer loyalty. Unfortunately, there has been little research about Malaysian Maintenance and Repair of Motor Vehicle Industry. Previous research only focuses on customer satisfaction which is not enough to justify the importance of service quality. Customer satisfaction is important, but it is not guarantee that customer satisfaction is the key to great business operation. Customer loyalty is the prove whereby the customer will come for or use the service provided even if most people is not satisfied with the service. Not much research has done about the factor of service quality and its effect on customer loyalty. It is important to know what factor involve in delivering good quality service and what is the affect to reuse intention especially in automobile sector. Cars is part of people life; it takes us from point A to point B, do groceries shopping and delivers item. With a proper care and maintaining the car well can ease the daily life. Which is why it is important to select the right Malaysian Maintenance and Repair of Motor Vehicle Industry. But not all good service quality can attract customer to comeback or in other word customer loyalty. Thus, this study helps manager of the repair shop to manage their employees to be more responsible and capable when performing services.

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1.3 Significant of Study

This research will rebound to the benefits of society considering that service quality plays an important role especially in Malaysian Maintenance and Repair of Motor Vehicle Industry. Good quality service can ensure customer satisfaction and customer loyalty. Thus, making the repair shop more desirable and trusted when it comes to do car service and repair. Providing good service quality can improve Malaysian Maintenance and Repair of Motor Vehicle Industry reputation and gain more income in the future. This research is aimed to study the relationship between service quality providing by Malaysian Maintenance and Repair of Motor Vehicle Industry and the effect towards customer loyalty.

1.4 Research Questions

From the previous part, the effect of service quality towards customer loyalty are to be studied. Therefore, below are the research questions.

RQ 1: What is the effect of service quality towards customer loyalty in Malaysian Maintenance and Repair of Motor Vehicle Industry?

RQ2: How to determine the effect of service quality towards customer loyalty in Malaysian Maintenance and Repair of Motor Vehicle Industry?

RQ3: Does service quality providing by Malaysian Maintenance and Repair of Motor Vehicle Industry influence customer loyalty?

1.5 Research Objectives

The research is arisen from the research question. These objectives are needed to be answered at the of the end of the study.

RO1: To determine the relationship of service quality towards customer loyalty in Malaysian Maintenance and Repair of Motor Vehicle Industry.

RO2: To investigate the effect of service quality towards customer loyalty in Malaysian Maintenance and Repair of Motor Vehicle Industry.

RO3: To study the relationship between service quality with customer satisfaction and customer satisfaction.

1.6 Scope, Limitation and Key Assumption

1.6.1 Scope

This study is carried out in R.A.G Raffey Auto Garage Ayer Keroh, Melaka. This study was done on the quality of service on customer loyalty over a period of whole semester utilising automobiles and ages ranging from 17 to 58 years since they have extensive expertise in car repair and servicing. The study's restrictions include the researcher's time limit and the necessity to keep expenditures as low as possible because the researcher does not have any contributions or sponsorships to expand the investigation across the entire country.

1.6.2 Limitation

Two restrictions on this study offer opportunities for subsequent research. First is vehicle scope. The scope only focuses on car only. There are many more types of vehicle that require maintenance as well such as motorcycle, vans, and lorry. Second, there is age restriction. This is because the study only focuses on age within 17 until 58 years old. These limitations will be carried out throughout the research progress.

1.6.3 Key Assumption

There are also a number of assumptions that were made with this study in mind. First, this study assumes that every responder is being sincere in their responses. Second, this study was only focuses on respondents' behaviour and assume that the respondent willing to share their knowledge about the minimum safety features in cars.

1.7 Summary

Overall, in chapter 1, Customer satisfaction is a crucial variable that affects a user's intention to repeat a product in a good way. Service quality from Malaysian Maintenance and Repair of Motor Vehicle Industry can influence customer satisfaction and customer loyalty. Because it is the primary factor in determining client loyalty, the impact of service quality is significant. The purpose of the study is to provide research-based answers to questions about the Malaysian Maintenance and Repair of Motor Vehicle Industry's SERVQUAL dimensions, as well as the impact of service quality provided by the Malaysian Maintenance and Repair of Motor Vehicle Industry on as a whole customer satisfaction and customer loyalty.

For the research questions provided, there are three objectives for this study to achieve. The research objectives are to determine the relationship of service quality towards customer loyalty in Malaysian Maintenance and Repair of Motor Vehicle Industry, to investigate the effect of service quality towards customer loyalty in Malaysian Maintenance and Repair of Motor Vehicle Industry and to study the relationship between service quality with customer satisfaction and customer satisfaction. The scope of the study is focussing on Malaysian Maintenance and Repair of Motor Vehicle Industry in Ayer Keroh, Melaka. Fortunately, this will contribute to both customers and repair shop and the repair shop can make decision which attribute is important in-service quality that can have an impact on their overall business performance and customer loyalty.

CHAPTER 2

LITERATURE REVIEW

2.1 Service Quality

The phrase "service" has been defined in a range of various ways throughout the literature on service quality. Services can be viewed as separate, essentially immaterial behaviours that attract customers despite necessarily requiring anything to do with the selling of a particular good or other service (DuPlessis & Rousseau, 2003). SERVQUAL, the most extensively used tool for measuring service quality, was identified by Parasuraman et al. (1988), and its objective is to help service managers analyse and improve the quality of the services they provide (Ramseook-Munhurrin, 2012). Additionally, it was described as a useful tool for strengthening an organization's performance while also establishing a competitive advantage (Ghimire, 2012).

In a three-column structure, Parasuraman et al. (1994) defined service quality as the combination of the perceived performance, the desired service level, and the minimal service level (would expectations). Simply deducting the "minimum" service level from the "desired" service level yields the ZOT. They think its value resides in identifying the significance of the dimension or attribute and, in turn, in choosing the best possible way to allocate the resources for service development. The ZOT is limited in terms of significant service qualities. Customers are therefore likely to be less ready to lower their standards for more crucial aspects, resulting in higher levels of desired and acceptable performance.

The general services marketing industry has grown tremendously as a result of the interest in service quality. In studies on service quality that have been conducted, the customer's opinion of quality has been the main focus, according to business literature. In light of this, service quality is frequently defined as the contrast between service expectations and actual performance perceptions (Josee 1999). The SERVQUAL instrument, which is based on a so-called gap model, has dominated research on

service quality at the operational level. Today, the gap model is acknowledged as a significant application to the literature on service management (Parasuraman 1985).

2.2 Service Quality of Motor Vehicle Industry

The level of consumer satisfaction with the maintenance, repair, and other services offered by automakers, dealerships, and individual mechanics is referred to as service quality in the motor vehicle industry. Factors that can affect service quality include the skill and expertise of technicians, the availability of parts and equipment, the efficiency of the service process, and the cost of services. Companies in the industry can measure service quality using customer satisfaction surveys and other metrics to identify areas for improvement and make adjustments to increase customer satisfaction. To continually maintain ties with current clients or to boost client satisfaction in response to the individuation of client needs and the rise in differentiated service demand, the majority of service providers offer new services and advantages. After the sale of new cars, motor vehicles industry have been regarded as playing a secondary role to fixing problems covered by the manufacturer's warranty. The automotive business has developed based on industry sales. The goal of offering after-sales service with a high level of cost-effectiveness in terms of time has led auto repair service providers to concentrate on enhancing technical and repair process competence. However, customers may now manage auto maintenance and repair on their own, including accident histories and the replacement cycle for consumable parts based on smartphones, thanks to the deployment of contemporary methods that improve vehicle maintenance and repair management. Additionally, general visit-management services like automobile washing, light maintenance, repair, and consumable part replacement by visiting have continually advanced as a result of the revival of platforms.

2.3 Service quality measurement

Due to the features of the service, it is difficult to gauge the quality of the provided services. Several methods are offered in the marketing literature for measuring the quality of service. Each author uses a different set of metrics to gauge service quality. The two most effective models are SERVQUAL and SERVPERF (Parasuraman et al., 1988). (Croning and Taylor, 1992). Five dimensions are used. In fact, according to Parasuraman et al. (1988), quality can be defined as the discrepancy between what the client expects from the service and what is actually given. And using this reasoning, they give SERVQUAL twenty-two items over five dimensions (reliability, assurance, tangibility, empathy, and responsiveness). However, Croning and Taylor (1994) are among the authors who dispute this understanding of service quality and claim that the gap between expectations and accomplishments is not a useful indicator of service quality. They are also creating a new model for measuring service quality called the SERVPERF. Hardly results using the same 22 items and 5-dimensional SERVQUAL scale will be reported twenty-two items are used to operationalize service quality in the SERVPERF scale. They contend that customer pleasure has a stronger influence on purchase intentions than does service quality. According to Wael (2015), there are two categories of service quality dimensions: functional and technical quality dimensions. The five SERVQUAL dimensions (reliability, responsiveness, assurance, empathy, and tangibles), "convenience," and "complaint handling" are functional quality dimensions. According to Carvalho and Leite and Negi (2009), "complaint handling" refers to the processes used to accept and effectively address customer complaints. Convenience is defined as flexible and pleasant facilities that are tailored to the demands of the client. Technical quality dimensions are concerned with what the client receives (Result), whereas functional service-related variables are concerned with how the customer receives (Process) (Yeni, 2016). Client views of network quality in the context of mobile cellular connectivity are influenced by technical quality variables.

2.4 Conceptual Model

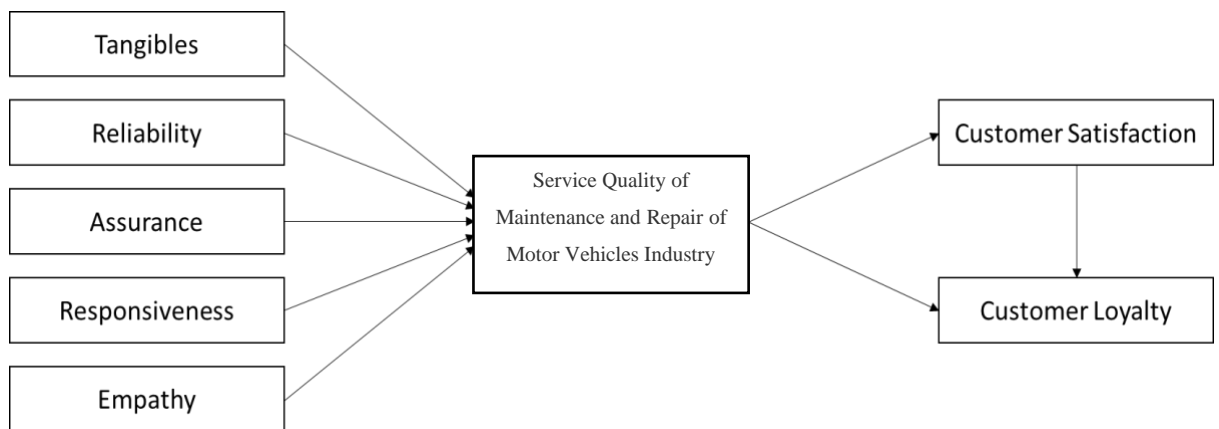


Figure 2.1

2.5 Service Quality Dimension

Service quality has been described as an initial construct made up of a number of first-order elements in the literature on services marketing. Over time, various authors have offered various conceptualizations. These theories propose different structures of service quality: Gronroos (1984) has 3 components - technical, functional, and reputational quality; Lehtinen and Lehtinen (1982) propose 3 components - interactive, physical, and corporate quality; Hedvall and Paltschik (1989) suggest 2 dimensions - willingness and ability to serve and physical and psychological access; Leblanc and Nguyen (1988) outline 5 components - corporate image, internal organization, physical support, staff/customer interaction, and customer satisfaction; Garvin (1988) outlines 9 dimensions - features, response, conformance, durability, service, performance, aesthetics, reliability, and reputation; Oliver and Rust (1994) have functional, technical, and environmental quality; and PZB (1988) define 5 dimensions - tangibles, reliability, assurance, responsiveness, and empathy, leading to the creation of SERVQUAL.