Service Quality and its Connection with Customer Satisfaction: A Study in Bentong Land and District Office (PTD Bentong) Malaysia

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Abstract
Customer satisfaction has been heavily associated with good organizational performance. Although many researches had been conducted between customer satisfaction and service quality, gap exists in the area. The research in public sector is still not widely researched as compared to the private sector such as bank and healthcare industries. Albeit many complaints had been received on the public sector services there is still lack of studies into the sector. Thus, this research is a preliminary research to study the relationship between service quality and customer satisfaction using SERVQUAL dimension that are, assurance, empathy, reliability, responsiveness and tangible aspects in the public sector organization. 152 questionnaire had been distributed at Bentong Land and District office (Pejabat Tanah dan Daerah Bentong) using convenience sampling to the customers and analyzed. Analysis had been done using Pearson Correlation and Multivariate Analysis. All the independent variables are correlated to customer satisfaction except for tangible aspects. This research emphasizes on the importance of customer satisfaction in public sector and how continuous improvement on service quality can be implemented.

Keyword: customer satisfaction, service quality, tangible, responsiveness, reliability, assurance and empathy

1. INTRODUCTION

The objectives of this research are to measure the level of customer satisfaction and its relationship with service quality in Malaysian public sector. The Public Sector Client Charter has stated to give good quality service to achieve customer's satisfaction. In addition, the charter also pledges to keep on improving their services in order to improve the effectiveness and efficiency of the public sector organizations. Thus, what is defined as quality services? Quality services can be defined as how well delivered services meet the expectations of the customers. In return, those satisfied customers will become loyal customers and will continue using the services that being offered (Munusamy J, Chelliah S & WM. Hor, 2010)

1.1 Public Sector Categories and Background of Industry
Malaysia is made up of 3-tiers governmental level which is the Federal, State and Local government. The District and Land Office of Bentong (Pejabat Daerah dan Tanah Bentong or PTD Bentong) is under the local government of Pahang State located at city center of Bentong. It has been in operation since 1921. PTD Bentong vision is to ensure a developed Bentong District and excellent government office in 2020. Accordingly, PTD Bentong need to warrant an outstanding services to the community which in line with their motto “Perkhidmatan Berintegriti ke arah Kualiti” (Provide Service with Integrity to Achieve Quality).
1.2 Public Sector performance
The public sector performance has been a debatable and most discussed issues (Black, Briggs and Keogh., 2001; Selvanathan M, et al., 2016). The public sectors are a bit unique in the sense that their performance is not being measured by whether the organization generates profits or not. Rather, public sector performance is being measured by how the customers are satisfied with the services provided by the organization. Nevertheless, customers’ interpretation of a good performance can be very subjective. One of the most popular criteria being used in measuring customer satisfaction is service quality. Services are intangible aspects and cannot be stored. Services also are being interconnected between dimensions, for example, responsiveness and assurance. So, to assess service quality, customer perception and customer complaints are one of the aspects that being evaluated indirectly through items like punctuality, the correct figures & facts and responsive towards customers using SERVQUAL model since customer complaints is highly correlate with service quality measurement (Black, Briggs dan Keogh., 2001; Ray, Barney dan Muhanna., 2004; Munusamy J., Chelliah S dan WM. Hor, 2010; Selvanathan M, et al, 2016).

1.3 Problem Statement
Complaints arise when there is a mismatch between what is expected and what is delivered which may lead to an unsatisfied and unacceptable situation. PTD Bentong is no exceptions to complaints by its clients. The main issue on service quality in measuring customer satisfaction is the quality that being offered are not as what being said or promised in client chater (piagam pelanggan). The Head Director, of the Public Complaints Bureau, in the Prime Minister Department, YH Dato Mahani Tan Abdullah (2015) mentioned that there are 304 cases or complaints had been reported in Pahang on agencies or public sector. She added until August 2015, the complaints under late or no action taken is the highest at 59.0 percent. The complaints can act as a proof that there are workers in public sector agencies who are not responsive, unreliable and have no empathy towards customers.

There are many researches that investigate the relationship between customer satisfaction and service quality (Black, Briggs dan Keogh., 2001; Ray, Barney dan Muhanna., 2004; Munusamy J., Chelliah S dan WM. Hor, 2010; Selvanathan M, et al, 2016). However, those researches have an inclination to study the private sector especially those in banking sector. There are some who study on public sectors (Black, Briggs and Keogh., 2001; Agus A., Barker S dan Kamdampully J., 2007; Munusamy J., Chelliah S dan WM. Hor, 2010; Selvanathan M., et al, 2016) but limited to quality of services in education and public hospital. However, most studies in the public sector organizations emphasize on counter service overlooking on the five main dimensions that being used widely in service quality. There are many factors (Black, Briggs and Keogh., 2001; Agus A., Barker S dan Kamdampully J., 2007; Selvanathan M., et al, 2016) why customer satisfaction in public sector had not been thoroughly examined;

- i) is not profit oriented, have an ambiguous goals, conflicting issues between various goals;
- ii) unmeasurable output;
- iii) impact of management intervention that are difficult to explained; and
- iv) unconducive environment

Many researchers have found out that there is a significant different between public and private sectors because these two sectors functions in different environment (Kardina and Abeysekera, 2013). The public sector being functioned in environment that provides with limited resources, having competitors, and the increasing of customers’ expectations in service quality. (Lentell., 2001; Bhatta, 2001; Robinson, 2003 Zeppou dan Sotirakou, 2003; Matthews dan Shulman, 2005; Agus, A, Barker S dan Kamdampully J., 2007; Munusamy J., Chelliah S & WM. Hor,
The debate on public sector inefficiencies occurs because fewer incentives given as compared to private sector. Presently, previous researches had found out that the quality scheme in the public sector could fix the management remunerations and increasing employee motivation. Organization that practiced the principles and core quality can produce the positive outcome in terms of performance and satisfaction in public sector. (Bhatta, 2001; Zeppou dan Sotiralkou, 2003; Robinson, 2003; Matthews dan Shulman, 2006; Lentell, 2001; Agus, A, Barker S dan Kamdampully J., 2007; Munusamy J, Chelliah S & WM. Hor, 2010; Selvanathan M., et al, 2016). To understand the service quality in public sector, one preliminary research had been conducted in Bentong Land and District Office (PTD Bentong). PTD Bentong had received complaints on customer dissatisfaction regarding service quality on a daily basis. The complaints that the organization received include inadequate staff at the counter and also inefficient staff in helping the clients to resolve his or her land matters. The dissatisfaction portrayed by the clients is in conflict with the Clients Charter at PTD Bentong, which is to satisfy all the customers and all clients problems needed to be solved within the given time period. Therefore, the objectives of this research are:

1) to investigate the relationship between the customer satisfaction and the service quality being offered;
   a. to analyze the relationship between customer satisfaction with assurance elements in service quality;
   b. to analyze the relationship between customer satisfaction with reliability elements in service quality;
   c. to analyze the relationship between customer satisfaction with tangible elements in service quality;
   d. to analyze the relationship between customer satisfaction with empathy elements in service quality;
   e. to analyze the relationship between customer satisfaction with responsiveness elements in service quality; and

2) To examine which is the critical factor(s) among all the determinants of service quality.

2. LITERATURE REVIEW

2.1 Customer Satisfaction
Customer satisfaction given different meaning according to opinion or perception of each individuals and it is something that widely coined in commercial and business sector (Lentell, 2001; Bhatta, 2001; Zeppou and Sotirakou, 2003). It is a business term that being used to measure how far the product or services can attract customers (Bhatta, 2001; Robinson, 2003; Matthews & Shulman, 2006). Customer satisfaction is applied as measurement to determine the key performance indicator of individual and department. There are many researches that had been conducted on customer satisfaction including the benefits of what the organization will get if they can satisfy their customers, and the assurance of success in business or organization (Selvanathan M, et al, 2016; Munusamy J, Chelliah S & WM. Hor, 2010). The company that had experienced satisfying their customer needs would get higher economic return (Agus, A, Barker S dan Kamdampully J., 2007; Munusamy J, Chelliah S & WM. Hor, 2010; Selvanathan M, et al, 2016). Most of the researchers defined customer satisfaction as an invidual feeling whether they will feel satisfied or not when comparing between the performance they experienced and their expectation towards the services (Selvanathan M, et al, 2016; Munusamy J, Chelliah S & WM. Hor, 2010). In general, the customer satisfaction is being measured by how satisfied they are with the service quality they experienced (Lentell, 2001; Zeppou and Sotirakou, 2003; Bhatta,
2.2 Service Quality

Service quality is a vital component in any sector whether it is in private or public sector. Ahmad Sarji (1991) defined service quality in public as the output that could satisfied many people who are the customers to the agencies and government department. Other researchers gave various definitions on service quality (Ancarani dan Capado, 2001; Agus, A, Barker S dan Kamdampully J., 2007; Munusamy J, Chelliah S & WM. Hor, 2010). The definitions which are repeatedly echoed are that a quality public sector is one who could meet the objectives, service process and environment. In addition, service quality as something that suitable and effective in achieving the goals and efficient in terms of technical and economical. Moreover service quality as one of customers assessment on excellent organization as a whole (Aancarani dan Capado, 2001; Agus, A, Barker S dan Kamdampully J., 2007; Munusamy J, Chelliah S & WM. Hor, 2010; Selvanathan M, et al, 2016). Research on service quality that is very prominent and widely cited is research by Parasuraman and friends (Parasuraman et al.,1988). Parasuraman and friends had developed an instrument to evaluate service quality known as SERVQUAL. This instrument had been updated regularly to increase the accuracy in data analysis. SERVQUAL has five dimensions, namely, tangibles, assurance, responsive, reliability and empathy. The tangible aspect refers to physical facilities, equipment and appearance in any services activities for customers to see and experienced. Reliability is the ability to implement services offered or promised accurately and being punctual. It means the staff ability to honor the promise as being stated in client charter through excellent service quality. Assurance indicates the organization gives guarantee to the customers that the staffs on duty are knowledgeable, courteous, graceful and able to convince customers and made the customers feel reliable to them. Assurance in service quality depends on communication skills, credibility, efficiencies, and able to give safety assurance to customers. Responsiveness refers to how prepared the staff in offering the services to the customers promptly. Empathy is the aspect whereby the staff understands the customers feeling and offering the services that could satisfied the customers. This dimension measures how far the staff could deliver the fair services to the customers without being biased and understood the customer needs when dealing with them.

2.3 Customer Satisfaction and Service Quality

The relationship between customer satisfaction and service quality are often being widely used in marketing (Brady dan Cronin., 2001; Olurunniwo et al, 2006). The empirical studies showed that there are positive relationship between customer satisfaction and service quality (Andaleeb and Conway, 2006). The company that had good service quality could satisfy the customers (Gilbert and Veloutsou, 2006). In one research on service quality of AEA (Association of European Airlines), the researcher found out the important factor in creating positive perception of customers, namely, punctuality, reliability of arrival and departure time, no cancellation of flight ticket and no baggage problems (Tienan et al., 2008). The researches on customer satisfaction and service quality are widely conducted in banking sector, healthcare industries, retailing, education, fast food industries and pharmacy industries (Al Tamimi and Al Amira, 2003; Brady and Cronin, 2001). These researches usually study on customer satisfaction and its relationship through five dimensions SERVQUAL and their findings shown the positive relationship between the latter. Eventhough SERVQUAL technique also being criticized but until now, this technique is the most suitable and extensively used. (Al Tamimi dan Al Amiri, 2003; Olurunniwo et al., 2006; Andaleeb dan Conway, 2006; Gilbert et al, 2004; Gilbert dan Veloutsou, 2006; Ancarani dan Capado, 2001; Agus, A, Barker S dan Kamdampully J, 2007; Tiernan et al., 2008; Munusamy J, Chelliah S & WM. Hor, 2010; Selvanathan M, et al., 2016)
SERVQUAL being formulated by Parasuraman et all (1988) using five dimensions as in Figure 1.

![Figure 1: Theoretical Framework](image)

Based on the figure 1, seven hypotheses have been developed in this study:
H1: there is a significant relationship between service quality and customer satisfaction.
H2a: there is a significant relationship between assurance and customer satisfaction.
H2b: there is a significant relationship between reliability and customer satisfaction.
H2c: there is a significant relationship between tangible and customer satisfaction.
H2d: there is a significant relationship between empathy and customer satisfaction.
H2e: there is a significant relationship between responsiveness and customer satisfaction.
H2f: Reliability is the most dominant factor on customer satisfaction.

3. RESEARCH METHODOLOGY

3.1 Research Design and Data Collection
The method administered was survey questionnaire which had been distributed randomly to customers that came to PTD Bentong. The total of 200 questionnaires had been distributed using convenience sampling between June to October 2016. Convenience sampling was used because it is difficult to determine customers in public sector because they are not always using the services (Wisniewski, 2001). The questionnaires were self-administered and respondent were given four to 10 minutes to answer the survey questionnaire. Respondent were also encouraged to ask if they do not fully understand what they needed to do or if the questions are hard to understand. As a result, only 152 samples were completed and could be used for further analysis.

3.2 Survey Questionnaire Design
The study instrument has been divided into three sections and adapted from Parasuraman model on service quality (Parasuraman et al, 1988). The first section consists of demographic questions including age, gender, education, status and so on. The second section of the instrument is on independent variable using five dimensions of service quality whereas the third section is on dependent variable. Both sections (Section two and three) are designed using five likert scale where 5 is strongly agree, 4 agree, 3 neutral, 2 disagree and 1 is strongly disagree. The aims are to gather respondent perception and feedback to SERVQUAL in public sector. All the data then analyze using SPSS 21. The data were analyzed using Pearson Correlation and Multivariate Analysis to measure the relationship between dependent and independent variables. For the purpose of finding the most critical factor or the most dominant factor, only Multivariate Analysis was used. All the information and identity of respondent is confidential and being served for learning purposes only.
4. DATA FINDINGS

4.1 Descriptive Analysis and Demographic Data

Table 1: Descriptive Analysis and Demographic Data

<table>
<thead>
<tr>
<th>Age</th>
<th>Race</th>
<th>Education Level</th>
<th>Frequency</th>
<th>Percentage (%)</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>below 20s</td>
<td>Melayu</td>
<td>No formal education</td>
<td>2</td>
<td>1.32</td>
<td>67</td>
<td>44.08</td>
</tr>
<tr>
<td>21-30 years old</td>
<td>India</td>
<td>Standard Six</td>
<td>40</td>
<td>26.32</td>
<td>47</td>
<td>30.92</td>
</tr>
<tr>
<td>31-40 years old</td>
<td>China</td>
<td>SPM/MCE</td>
<td>38</td>
<td>25.0</td>
<td>29</td>
<td>19.08</td>
</tr>
<tr>
<td>41-50 years old</td>
<td>Lain-lain</td>
<td>Degree</td>
<td>41</td>
<td>26.97</td>
<td>9</td>
<td>5.92</td>
</tr>
<tr>
<td>51 years old and above</td>
<td>Lain-lain</td>
<td>Master</td>
<td>31</td>
<td>20.39</td>
<td>15</td>
<td>9.87</td>
</tr>
</tbody>
</table>

4.2 Reliability Test

Since the survey questionnaire is self-administered, the response rate is 100.0 percent. However after the normality test, only 152 from 200 samples were completed and could be used for further analysis. The reliability test was then being conducted to test the relevancy of the questions in the survey. The reliability test shows that all variables are reliable since their Cronbach Alpha more than 0.6 and according to Hair et al.,(2003), the Cronbach Alpha that higher than 0.6 and 0.7 can be considered good and acceptable as in Table 2.

Table 2: Reliability Test

<table>
<thead>
<tr>
<th>No.</th>
<th>Variables</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tangible</td>
<td>0.681</td>
</tr>
<tr>
<td>2</td>
<td>Responsiveness</td>
<td>0.874</td>
</tr>
<tr>
<td>3</td>
<td>Empathy</td>
<td>0.811</td>
</tr>
<tr>
<td>4</td>
<td>Reliability</td>
<td>0.832</td>
</tr>
<tr>
<td>5</td>
<td>Assurance</td>
<td>0.800</td>
</tr>
<tr>
<td>6</td>
<td>Customer Satisfaction</td>
<td>0.745</td>
</tr>
</tbody>
</table>

4.3 Pearson Correlation Analysis

Pearson Correlation Analysis was used to measure the relationship between independent and dependent variables using SPSS version 21. There were positive relationship between service quality variables; reliability, empathy, assurance and responsiveness and customer satisfaction even though their relationship is moderately weak as shown in Table 3. On the other hand, tangible aspect in this study has no significant relationship in the same table. Therefore, hypothesis H1 and their sub hypotheses, Ha, Hb, Hd and He were accepted while Hc were rejected.
Table 3: Pearson Correlation Analysis between Independent and Dependent Variables

<table>
<thead>
<tr>
<th>Dependent/Independent Variables</th>
<th>Pearson Correlation: Relationship between Dependent and Independent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tangible</td>
</tr>
<tr>
<td>customer satisfaction</td>
<td></td>
</tr>
<tr>
<td>Sig (2 tailed)</td>
<td>0.139</td>
</tr>
<tr>
<td>N</td>
<td>152</td>
</tr>
</tbody>
</table>

** (2 tailed) correlation is significant at 0.01 level (2 tailed)

4.4 Multivariate Regression Analysis

Multivariate Regression Analysis was conducted to measure the service quality impact to customer satisfaction as this technique was very useful to analyze the relationship between dependent and independent variables (Hair et al., 1998). All the variables except for tangible aspect had tolerance value more than 0.10 and variance inflation factor (VIF) less than 10. The finding of this research indicated that there is no serious multicollinearity issue. The analysis concluded that there is a significant relationship between service quality and customer satisfaction. The model suggested is adequate because the F statistic value (p=0.0000) is significant in p ≤ 0.05 level and overall, this model has significant statistical relationship between service quality and customer satisfaction as shown in Table 4. The coefficient of determination ($R^2$) is 0.249 represents that 24.9 percent customer satisfaction could be explained with service quality elements or dimensions even though the tangible aspect is not significant in this study as shown in Table 4.

For the second objective, to investigate the most critical or dominant factor between all the five elements in service quality, the multivariate regression analysis was also being used. Through the standard coefficient in Table 4, the most dominant factor is the reliability elements with higher coefficient standard as compared to other independent variables at 0.100, therefore hypothesis H2 is accepted.

Table 4: Multivariate Regression Analysis between Service Quality and Customer Satisfaction

<table>
<thead>
<tr>
<th>Model</th>
<th>Beta</th>
<th>Standard Deviation</th>
<th>Standard coefficient</th>
<th>t</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empathy</td>
<td>0.161</td>
<td>0.0378</td>
<td>0.093</td>
<td>4.259</td>
<td>0.000</td>
</tr>
<tr>
<td>tangible</td>
<td>-0.101</td>
<td>0.1030</td>
<td>-0.072</td>
<td>-0.878</td>
<td>0.382</td>
</tr>
<tr>
<td>reliability</td>
<td>0.112</td>
<td>0.0335</td>
<td>0.100</td>
<td>3.343</td>
<td>0.000</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.095</td>
<td>0.0372</td>
<td>0.062</td>
<td>2.554</td>
<td>0.000</td>
</tr>
<tr>
<td>assurance</td>
<td>0.076</td>
<td>0.0329</td>
<td>0.045</td>
<td>2.310</td>
<td>0.000</td>
</tr>
</tbody>
</table>

$R^2 = 0.249; \text{adjusted } R^2 = 0.237 \ F \text{ value } = 19.214 \ P \leq 0.05$

5. SUMMARY OF ANALYSIS

Even though the public sector, unlike private sector, does not depends heavily on customers to generate income, but still the public sector needs to give their best services to their clients. The main objective of this research is to study or analyze the relationship between service quality and customer satisfaction had been achieved. Firstly, the service quality through its five dimensions has positive significant relationship as a whole even though one of the dimensions, the tangible aspect is not significant. Lastly, the second objective had also been achieved. The most critical or dominant factor between all the dimensions in service quality is the reliability
This dimension proved that it has the most significant impact on customer satisfaction in PTD Bentong. The tool that had been used to study service quality factors is SERVQUAL. The tool has the most reliable and consistent scale in measuring customer satisfaction and service quality. The results of the findings suggested that the organization needs to emphasize on all the five dimensions in service quality (assurance, empathy, reliability, responsiveness and tangible aspects). However, public sector organizations have to accentuate on the tangible aspect dimension of service quality since it was scored the lowest among other dimensions in SERVQUAL.

6. MANAGERIAL IMPLICATION AND RECOMMENDATION

The management of PTD Bentong could improve their services to customers or potential customers because there are many complaints from customers, for example, no staff at the counter when the customers went to the office, late services offered and inefficient staff in handling the customers woes based on the findings of this research. The complaints proved that there are rooms for improvement. From the managerial aspect, this research could help in making decision to achieve the client charter as being lined out in the quality objectives of the organization. There are many literature highlighted that customer satisfaction is significant in gaining the customer loyalty (Agus, A, Barker S dan Kamdampully J., 2007; Tienan et al., 2008; Munusamy J, Chelliah S & WM. Hor, 2010; Selvanathan M, et al, 2016). The research also shows that service quality played a major role in influencing the customer satisfaction and choices (Brady dan Cronin, 2001). The findings also supported the previous research that stated staff or working employees play a vital role in improving customer satisfaction especially through the reliability and empathy dimensions. This is because the workers attitude would have a long and short term effect towards organization in satisfying the customer needs and wants. The workers that are reliable and empathy, in other words, being courteous, always listen to customer woes, being cooperative, attentive could create positive perception to the customers and vice versa (Agus, A, Barker S dan Kamdampully J., 2007; Tienan et al., 2008; Munusamy J, Chelliah S & WM. Hor, 2010; Selvanathan M, et al, 2016).

Chen et al (2004) through Agus, Barker and Kamdampully (2007) study, suggested that in order to improve the services in public sector, there are five stages consisting of identifying the customers, survey on customer needs, designing the service system, delivery service and recovery of the services (COSE). This COSE method could be implemented by PTD Bentong office. The implementation of this system could ensure to increase the staff empathy towards the customers; hence customers’ satisfaction can be increased. (Lentell, 2001; Zeppou dan Sotirakou, 2003; Bhatta, 2001; Robinson, 2003; Matthews dan Shulman, 2006; Agus, A, Barker S dan Kamdampully J., 2007; Munusamy J, Chelliah S & WM. Hor, 2010; Selvanathan M, et al, 2016).

7. LIMITATION OF THE RESEARCH

This research had three limitations. Firstly, this research only employs two variables which are, service quality and customer satisfaction. Secondly, this research has a very small sample size, and limited to one public sector organization only. Lastly, this research did not use perception expectation gap analysis when investigating service quality. The reason is because this research is still in its preliminary stages.
8. SUGGESTION FOR FUTURE RESEARCH

This study suggests that the sample size need to be increased and the scope need to be extended to all land and district office in Peninsula Malaysia with minimum sample size of 1000. The future research can also find out the factors that will determine the diversity or discrepancy between the land and district office in big city or small town. The stratified random sampling usage can also give different and wider analysis in identifying the relationship between service quality and customer satisfaction. The future research could also add the gap analysis following the SERVQUAL model.

9. CONCLUSION

Comprehensively, organizations will cease to exist without its customers. Therefore, satisfied customers will ensure the survival of a business entities be it in the private or public sector. Thus, in order to achieve customer satisfaction in PTD Bentong, service quality orientation should be emphasized in all its services and employees conduct. One of the approaches is to create professional and stable relationships with customers which in turn will give the customers what they need and want. The staff in the office needs to be proactive in being friendly towards customers and also need to be efficient in handling all the land affairs in Bentong.

References


