Determinants of Customers' Satisfaction Towards Services Provided by Agencies in Urban Transformation Centre (UTC)

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ABSTRACT

The research was conducted to study determinants of customers' satisfaction towards services provided by various agencies at UTC Sibu, Sarawak. This study applied the five dimension of service quality (tangibility, reliability, responsiveness, assurance, and empathy) by using the SERVEQUAL model developed by Parsuraman *et al.* (1988) to study about the customer satisfaction. A total of 380 respondents were selected through convenient sampling method, where the self-administered questionnaire was used to conduct the survey. The Pearson correlation analysis was used to identify the relationship of the factors with the customers' satisfaction. The result showed that the average mean score for the customers' satisfaction is 3.79 which indicates that the customers have a high level of satisfaction towards services provided by agencies in UTC Sibu, Sarawak. The factors of tangibility, reliability, and empathy were significantly influencing the level of customer's satisfaction at 1%.

1. INTRODUCTION

Service industry provides tangible (physical goods) and intangible (services) products to society, either it is owned by the government (a non-profit organization) or private organization (profit organization). The service industries include banking and finance, transportation, consultation, restaurant, education, healthcare, telecommunication, transportation, information services etc. and those kinds of services are supporting all economic and daily activities. Thus, it is important to provide high service quality to enhance customers' satisfaction and also fulfill customers' needs.

Providing customers with high quality of products and services is important to gain more profit (profit organization) and enhance reputation (a non-profit organization) of the organization. Customers' satisfaction will be achieved if the service quality meet or exceed their expectations. According to Gustafsson *et al.* (2005) which defined "customer satisfaction as customer's overall evaluation of the performance of an offering to date and this overall satisfaction has a strong positive effect on customer loyalty intentions across a wide range of product and service categories". Besides, for a profit-oriented organization, higher customer satisfaction will help the organization to build a long-term profitable relationship. Mittal and Kamakura (2001) that "customer satisfaction is a key factor in the formation of customers' desires for future purchase". However, the motive of profit is absence in public service organization. But it does not mean that the customers' satisfaction can be ignored.

1.1. UTC Sibu

UTC is a centralized location which provides a variety of services under one roof. UTC is part of the National Blue Ocean Strategy (NBOS). It is a build-up centre for core government agencies, public amenities, and private sectors' services. Currently, there are twelve UTCs in Malaysia. In more specific, the twelve UTCs in Malaysia which can be found in Alor Setar, Ipoh, Johor Bahru, Kuala Lumpur, Kuantan, Melaka, Kota Kinabalu, Kuching, Bandar Baru Sentul, Keramat, Miri, and Sibu. All the UTCs in Malaysia are monitor by National Strategy Unit (NSU) which is under the Ministry of Finance Malaysia (MOF). The main advantages of UTC are to reduce burden and crowds in the main offices at the centre is operated for 13 hours daily from 8.00 am to 9.00 pm (except public holidays). Thus, customers also have an alternative to get government or private agency services even after working hour and weekend.

The level eight to ten of the multi-story car park at Sibu Central Market has been announced to be converted into a one-stop UTC that serves Sibu and the surrounding area. The centre started operation on 14 March 2016 but was officially opened on 22 April 2016 by the former Deputy Prime Minister Datuk Seri Ahmad Zahid Hamidi. The agencies in the centre include Immigration Department, Sarawak Energy Corporation (SESCO), Sibu Water Board, Land Transport Department, Sibu Municipal Council, State Treasury Department, Welfare Department, Resident and District Offices, Sibu Rural District Council, the National Registration Department, National Higher Education Loan, and 1 Malaysia Clinic.

Furthermore, the location of the UTC Sibu is very strategic as the centre nearby Sibu Wharf Terminal and Passenger Terminal Sibu. Hence, it is easy for people from surrounding areas such as Kapit, Song, Belaga, Matu, Daro to get the services at the UTC because some of the departments or agencies are quite far from Sibu Centre Town such as Land Transport Department, National Registration, and Immigration Department.

2. PROBLEM STATEMENT

The quality of service provided by the government and private organization has become a key to measure their performance where the performance and reputation of these organization can be determined through feedback

provided by customers. Thus, the organization should provide superior service quality that exceeds customer's expectation in order to fulfill customers' satisfaction. According to Norshiba *et al.* (2013), the prior expectation of customer is an important key for identification of quality of services that delivers by providers whether it is meet or exceeds customer expectation. It is involved high dedication and engagement from staffs from all level of management especially the staff who served customers directly at the front desk. Based on the theory developed by Parasuraman *et al.* (1986) and Parsuraman et al. (1988) the service quality was determined by five dimensions namely, reliability, tangibility, empathy, responsiveness, and assurance. Thus, the organization must ensure their services able to achieve these five criteria in order to achieve the high level of customer satisfaction. The aim of this study is to determine the factors influencing customers' satisfaction towards services that provided by the government and private agencies in Urban Transformation Centre (UTC) at Sibu, Sarawak. The results of this research will help the agencies in UTC Sibu to put more efforts to improve their service quality and to increase the level of customer satisfaction.

3. METHODOLOGY

3.1. SERVQUAL Model

The theoretical framework that will be used to measure the customer satisfaction towards the service quality was the SERVQUAL model. The SERVQUAL model is a model for measuring service that has been widely used which is origin by Parasuraman *et al.* (1985;1986) and Parasuraman *et al.* (1986). By referring to the SERVQUAL model (refer to Figure 1), customer satisfaction is determined by tangibility, reliability, responsiveness, assurance, and empathy which are the service quality dimensions. The SERVQUAL is one of the most commonly used in measuring the relationship between service quality and satisfaction (Martin, 2007). According to Van *et al.* (2003) the five dimensions of service quality can simplify as stated in the following:

a) **Tangibility**: Appearance of personnel, physical facilities, and equipment.

b) **Reliability**: Capability to execute the services that have been promised accurately and in a

dependable manner.

c) **Responsiveness**: State of being willing to give customers assist and deliver fast service.

d) **Assurance**: Knowledge and courtesy of staffs and their capability to inspire trust and confidence.

e) **Empathy**: Caring and individualized attention that the firm provides to its customers.

3.2. Target Population and Sampling Technique

The target population in this study is customers who are recently used and experienced services provided by the agencies in UTC Sibu which majority of them are Sibu residents. The convenience sampling method which is one of the non-probability samplings was being used to select the sample because the exact number of population cannot be identified thus, not every customer has the equal probability to become a respondent in this research. By using this sampling technique, the research can be done quickly in a convenient and economical manner.

The survey was conducted from January to March 2017. A total sample size of 380 respondents was chosen and the sample size was considered sufficient and significant to represent the population for this research. According to Roescoe (1975) in Napaporn (2007) "rules of thumb for determining the sample size, by which the sample size greater than 30 and less than 500 is suitable for most research".
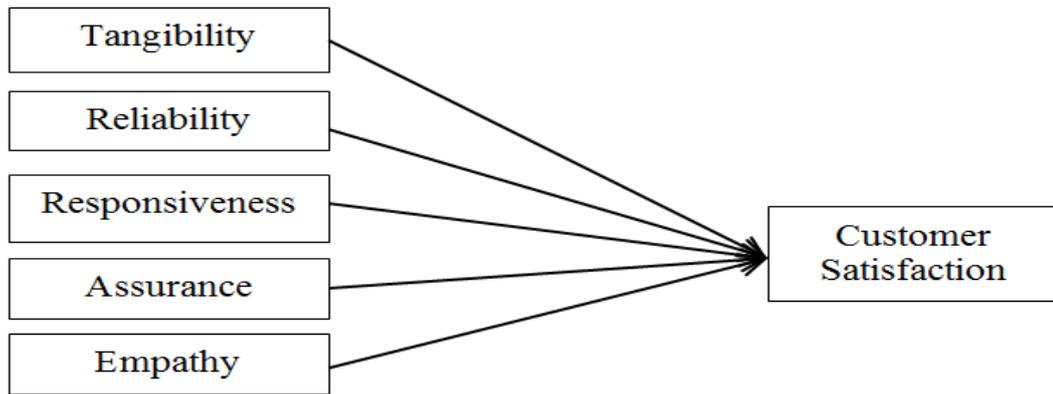
Figure-1. SERVQUAL Model

Source: Leong *et al.* (2015)

3.3. Research Instrument

The self-administered questionnaires were distributed to different agencies in UTC Sibu. The questions used in the questionnaire for this research were adapted from the five dimensions of SERVQUAL model which developed by Parsuraman *et al.* (1988) and also adapted from previous researchers. Before the research conducted, there were 10 customers had chosen randomly to conduct pre-testing of the questionnaire and to correct any mistake in wording and sentences. The questions used in the questionnaire were close-ended questions.

The questionnaire consists of two section, Section A, and Section B. Section A included respondent profile such as gender, ages, race, origin, transport to UTC, occupation, income, agencies involved in the study, and the purpose comes to UTC Sibu while Section B is constructed measurement of the research which the five dimensions of service quality namely, tangibility, reliability, assurance, responsiveness, and empathy are measured. Besides, the dependent variable which is the customers' satisfaction also been tested. There is five statement has been prepared for each variable in order for the respondent to be answered. The scaled measurement that is used in this study includes nominal scale and ordinal scale for Section A while Likert scale (strongly unsatisfied to strongly satisfy) for measurement the statements in Section B. The questionnaires were prepared in dual language (English and Malay) to prevent the respondents to confuse in answering the questions and also encourages higher accuracy degree.

3.4. Data Analysis

In this research, the main statistical software used was SPSS version 22.0 for analyzing the data. The Pearson correlation analysis was used to find out the relationship between customer satisfaction with the five dimensions of service quality. There is five hypothesis need to test in this study:

Ha$_1$: There is a significant correlation between tangibility and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak.

Ha$_2$: There is a significant correlation between reliability and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak.

Ha$_3$: There is a significant correlation between responsiveness and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak.

Ha$_4$: There is a significant correlation between assurance and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak.

Ha$_5$: There is a significant correlation between empathy and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak.

4. FINDINGS AND DISCUSSION

There were 12 agencies involved in this research. Based on Table 1, 64 of them have visited the agency of National Higher Education Loan (PTPTN), representing 16.8% of the total respondents. In Sibu, the branch of PTPTN only available at UTC. This is followed by Land Transport Department (JPJ) (15.3%), Malaysia Immigration Department (14.2%), and 1 Malaysia Clinic (13.7%), National Registration Department (JPN) (12.9%), Sarawak Energy (8.4%), Social Welfare Department (5.2%), Sibu Municipal Council (SMC) (5.2), Sibu Water Board (5.0%), Sarawak State Treasury Department (3.4%), Sarawak Rural District Council (SRDC) (2.9%) and Sibu District Office (2.1%). The researcher found that some of the respondents also consist of people from surrounding areas such as Kapit, Song, Kanowit, Tanjung Manis (Sarikei) and Mukah as some of the agencies are not available at their places such as National Higher Education Loan (PTPTN), Immigration Department, and Land Transport Department.

Table-1. Agencies involved in the research

Agencies	Frequency	Percent (%)
Malaysia Immigration Department	54	14.2
Land Transport Department (JPJ)	58	15.3
Sarawak State Treasury Department	13	3.4
Sibu Social Welfare Department	10	2.6
Sibu District Office	8	2.1
Sibu Rural District Council (SRDC)	11	2.9
National Registration Department (JPN)	49	12.9
National Higher Education Loan (PTPTN)	64	16.8
1 Malaysia Clinic	52	13.7
Sibu Water Board	19	5.0
Sarawak Energy (SESCO)	32	8.4
Sibu Municipal Council (SMC)	10	2.6
Total	380	100.0

Table 2 shows the average mean for customer satisfaction and the five dimension of service quality. The average mean score for customer satisfaction is 3.79 and it can conclude that the customers have a high level of satisfaction towards agencies' services in UTC Sibu, Sarawak. The average mean score for the five dimensions is ranged from 3.58 to 3.84. In particular, the empathy factor showed the higher mean score with 3.83, followed by tangibility factor with 3.74, assurance factor with 3.71, reliability factor with 3.67, and responsiveness factor with 3.58. All the five dimensions show the high level of customers' satisfaction.

Table-2. Average Mean for Dependent and Independent Variables

Variables	N	Min	Max	Average Mean	Std. Deviation
Dependent:					
Customer satisfaction	380	1	5	3.79	0.683
Independent:					
Tangibility	380	1	5	3.74	0.667
Reliability	380	1	5	3.67	0.685
Responsiveness	380	1	5	3.58	0.746
Assurance	380	1	5	3.71	0.706
Empathy	380	1	5	3.84	0.651

Note: 1 = very dissatisfied, 2 = dissatisfied, 3 = neither, 4 = satisfied, 5 = very satisfied.

Table 3 shows the result of Pearson Correlation Analysis while Table 4 shows the summary of the hypothesis testing in this research. Ha_1 predicted that there is a significant correlation between tangibility and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak. The result shows that the P value is significant with 1% (less than 0.01) and the r value is 0.637 hence Ha_1 is failed to be rejected. This indicated that the tangibility is significantly correlated and has a strong correlation relationship with the customers' satisfaction. Customers often

rely on tangible or physical evidence as their first impression to evaluate the service quality provided. Some examples of indicator for the tangibility are physical facilities, equipment, the appearance of staff, and cleanness of interior areas.   Ha$_2$ predicted that there is a significant correlation between reliability and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak. The results showed that the P value is significant at 1% with the r value is 0.623. This can conclude that the reliability is significantly correlated and has the strong relationship with the customers' satisfaction. It is very important to provide services as promised because it might affect the customer satisfaction as well. Next, the third hypothesis (Ha$_3$) predicted that there is a significant correlation between responsiveness and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak. The significant value, P is significant at 1% with r = 0.496, indicated the factor of responsiveness has a positive and moderate significant relationship with the customers' satisfaction. Staffs should be willing and able to handle customer inquiries and complaints by delivering a substantive and timely response.

The fourth hypothesis (Ha$_4$) is to predict the significant correlation between assurance and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak. The results show significant value, P was significant at 1% with r = 0.506 indicated the factor of assurance has a positive and moderate significant relationship with the customers' satisfaction. The fifth hypothesis (Ha$_5$) predicted that there is a significant correlation between empathy and the customers' satisfaction towards agencies' services of UTC Sibu, Sarawak. The significant of P-value is less than 0.01 (1%) and r value = 0.574, hence Ha$_1$ is failed to be rejected. This indicated that the empathy is significantly correlated and has a strong correlation relationship with the customers' satisfaction.

Table-3. Pearson Correlation Analysis

		T	RL	RS	AS	E	CS
T	Pearson Correlation Sig. (2-tailed) N	1	.681**	.466**	.511**	.501**	.637**
			.000	.000	.000	.000	.000
		380	380	380	380	380	380
RL	Pearson Correlation Sig. (2-tailed) N	.681**	1	.578**	.506**	.528**	.623**
		.000		.000	.000	.000	.000
		380	380	380	380	380	380
RS	Pearson Correlation Sig. (2-tailed) N	.466**	.578**	1	.755**	.664**	.496**
		.000	.000		.000	.000	.000
		380	380	380	380	380	380
A	Pearson Correlation Sig. (2-tailed) N	.511**	.506**	.755**	1	.698**	.506**
		.000	.000	.000		.000	.000
		380	380	380	380	380	380
E	Pearson Correlation Sig. (2-tailed) N	.475**	.528**	.664**	.698**	1	.574**
		.000	.000	.000	.000		.000
		380	380	380	380	380	380
CS	Pearson Correlation Sig. (2-tailed) N	.637**	.623**	.496**	.506**	.574**	1
		.000	.000	.000	.000	.000	
		380	380	380	380	380	380

Note: T = Tangibility, RL = Reliability, RS = Responsiveness, AS = Assurance, E = Empathy, CS = Customer Satisfaction. ** Correlation is significant at the 0.01 level (2-tailed).

Table-4. Results of Hypotheses Testing

Hypothesis	Test	Significant, P	r value	Result
Ha$_1$	Pearson Correlation	.000	.637	Ha$_1$ is failed to be rejected
Ha$_2$		.000	.623	Ha$_2$ is failed to be rejected
Ha$_3$		.000	.496	Ha$_3$ is failed to be rejected
Ha$_4$		.000	.506	Ha$_4$ is failed to be rejected
Ha$_5$		.000	.574	Ha$_5$ is failed to be rejected

5. CONCLUSION

Measuring the service quality is crucial for the service industry as customers' satisfaction is the key to measure organizational performance and maintaining the reputation of the organization. Besides, in order to achieve high customer satisfaction level, it is necessary to get the commitment and support from all employees. In this research, there was a high level of customers' satisfaction towards agencies services in UTC Sibu with an average value of 3.79. The empathy factor showed the higher mean score with 3.83 compared with other factors. It means that empathy factors achieved the highest satisfaction level compared with other factors. Meanwhile, the Pearson correlation analysis showed that all the five dimensions (reliability, tangibility, empathy, responsiveness, and assurance) of service quality are positively and significantly correlated with customers' satisfaction at 1% ($P < 0.01$) where the tangibility showed the strongest and significant correlation with customer satisfaction with r value 6.37. The study proved that all the five dimensions of service quality determined the customer satisfaction.

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