THE EFFECT OF EMPLOYEES COMPETENCIES ON PERCEIVED SERVICE QUALITY AT MAJLIS PERBANDARAN PULAU PINANG

By

SUHAIDA BT KAMALUL ARIFFIN

**Research report submitted in partial fulfillment
of the requirements for the degree of
Master of Business Administration**

MAY 2005

ACKNOWLEDGEMENT

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

ABSTRAK

Kajian ini bertujuan untuk mengetahui dengan lebih mendalam mengenai kualiti perkhidmatan dari sudut pandangan kakitangan di Majlis Perbandaran Pulau Pinang(MPPP), juga untuk menyelidiki hubungan kecekapan kakitangan dan pandangan mereka mengenai tahap kualiti perkhidmatan. Secara asasnya adalah penting untuk melaksanakan kajian sebegini, terutamanya di MPPP dalam keadaan negara yang sedang memasuki tahap kecekapan kakitangan dan menuju ke era globalisasi. Kajian ini telah dilaksanakan dengan mengagihkan soalselidik secara rawak kepada 115 orang kakitangan MPPP dengan sasaran kakitangan berjawatan sebelum Pengarah Jabatan hingga ke jawatan perkeranian. Data yang telah dikumpulkan dianalisis menggunakan regresi berganda. Dapatan kajian mendapati kemahiran kendiri adalah mempunyai hubungan secara positif dengan tanggapan terhadap kualiti perkhidmatan dan kecekapan kakitangan juga mempunyai hubungan yang signifikan dengan tanggapan terhadap kualiti perkhidmatan. Demi untuk mencapai tahap kecekapan di MPPP kakitangan perlu diberi pendedahan kepada pelbagai aspek kemahiran untuk melayakkan mereka menjadi seorang pemberi khidmat yang lebih baik dan cekap. Gaya pengurusan di sektor perkhidmatan awam di Malaysia terutamanya di MPPP perlu dikaji semula kepada gaya yang bersesuaian dengan keperluan masa kini.

ABSTRACT

The aim of the study is to investigate Service Quality perceived by employees in Majlis Perbandaran Pulau Pinang (MPPP) and also to examine the relationship between employee competencies and perceived service quality. Basically it is important to undertake this research, particularly at MPPP as Malaysia is now in position to enter a new stage of high employees competencies on the new era of globalization. This study was conducted by distributing questionnaires randomly to 115 employees in MPPP. The target respondents were employees in MPPP who is ranked below Director of the department down to the clerical staff. Data collected were analyzed using Multiple Regression. The findings revealed that interpersonal skill are positively related to Perceived Service Quality and employee competencies are also significantly related to Perceived Service quality. In order to achieve competencies in MPPP, employees should be given exposure to many aspects to make them a better performer. Management style of public sector in Malaysia especially MPPP needs to be revised to more applicable in recent scenario of life.

CHAPTER 1

INTRODUCTION

1.0   Introduction

Service quality has been a topic of great discussion for decades, over the years, much has been written on the subject of service quality, but relatively little about the service quality in public sectors. In recent years, moreover, the issue of service quality in public services has grown in importance and has been widely discussed in Malaysia. The public sectors in most countries are very large and comprehensive. In most countries local government control a large portion of the resources in the economy. The activities within the sectors are primarily labor intensive. Therefore there are number of reasons for the need of this research particularly in Malaysian environment. Firstly, demands and expectation are increasing for government services. Secondly, increasing competitive pressure on government as service provider, government has to be competence in many aspects of performance. Hence the organizations are perceived to be competent, knowledgeable, courteous and reliable when their employees possess some degree of competencies.

This study is undertaken with the objective of investigating Service Quality perceived by employees in Majlis Perbandaran Pulau Pinang (MPPP). In addition, this study is also to examine the relationship between employee competencies and perceived service quality. Basically it is important to undertake this research, particularly at MPPP as MPPP is now in position to enter a new stage of high employees competencies on the new era of globalization.

1.1   Local Authorities in the Malaysian Context

Local authorities in Malaysia have been given wide powers within the Local Government Act of 1976. The functions not only include mandatory functions but also discretionary functions as well. The mandatory functions include all critical functions such as refuse collection, street lighting and activities pertaining to public health. Discretionary functions include all development functions such as providing amenities, recreational parks, housing and commercial activities. According to Local Government in Asia and the Pacific (2004) the provisions of the Local Government Act grant local authorities the following roles:-

(a)   Local planning authority;

(b)   Licensing authority;

(c)   Power to impose certain kinds of taxes;

(d)   Undertake building, housing and commercial construction (markets, hawker stalls etc.);

(e)   Power to perform urban planning, landscaping and management functions;

(f)   Traffic management and traffic control (manage urban public transport systems).

The government is always on the lookout for ways and means of further enhancing and hastening the rate of their country's development. Therefore the fact that Malaysia is aggressively towards the development of local authorities cannot be

questioned. Indeed the local authorities can be considered as the prime mover in country's development.

There are 145 local authorities in Malaysia as summarized in Table 1.1

Table 1.1

Local Authorities in Malaysia

Status of Local Authorities	Peninsular	Sabah	Sarawak	*Total*
City hall	1	-	1	2
City council	3	1	1	5
Municipal council	23	3	3	29
District council	70	19	20	109
Total	**97**	**23**	**25**	**145**

Source: Ministry of Housing Development and Local Authority: 2000

1.2   The Background of Majlis Perbandaran Pulau Pinang (MPPP)

MPPP is one of the 23 Municipal Council in Peninsular, which was established in 1976 to administers an area of approximately 299.65 sq kilometers with a multi racial population of about 660,000 people. MPPP is the local government entrusted with providing the services for the development of Island only.

There are ten departments in MPPP such as:- Secretariat, Finance, Engineering, Building, Legal, Valuation, Licensing, Urban Services, Town Planning and Public Health with approximately 2700 employees rank from Head of

Department to laborers. There are also a President and 24 Councilors who are appointed by the State Government under the Local Government Act 1976, to administer MPPP.

Throughout MPPP's 29 years of existence, its contribution through its strategic role in supporting the government's services has been increasing yearly. The primary functions are refuse collection, cleaning (beaches, public toilets, roads, drains), maintenance (public facilities, drainage, street lighting, pavements bus stops), landscaping and beautification, providing facilities (community halls, sports complexes, recreation centers, playing fields, gardens and open spaces, markets and hawkers complexes), providing infrastructure and the control of traffic system. Secondary function of MPPP is to promote the growth of industries, commerce and tourism, steering the community towards excellence in the physical and mental aspects. In addition MPPP is also responsible in preservation of the environment and ecology, provision of good health facilities as well as creating a beautiful and clean environment. This is to strengthen the solidarity amongst the community, planning and promoting the development of the municipality in line with the laws and development policies of the State and Nation.

Main objectives of MPPP are upgrading the quality of services through maintenance and preservation of the environment and ecology. MPPP also focusing on upgrading planning and development control, regulating traffic and road usage, preparing infrastructures and road planning. In addition public health, community development and recreational are also important in order to improve social live of Penang community.

1.3   Background of the study

Managing quality in service business, although similar in spirit to that in manufacturing, is somewhat different and is relatively more challenging due to certain characteristics of service operations. These include the intangibility of service outcome in some cases, and the presence and participation of customers in the creation of many services. The customers bring the process a set of expectations, capabilities, as well as material inputs that are specific to that customer. As a result the "output" of the process as perceived by the customer may involve many customer specific attributes.

In conjunction with this therefore Prime Minister of Malaysia, Datuk Seri Abdullah Ahmad Badawi has suggested on reinventing the civil service in Malaysian service organization. According to him, to safeguard the image of civil service, public sector employees must be creative, inventive, fluid, consultative and free of corrupt practices. He addressed this issue to 3000 decision makers in public sector, ministers and chief executive officers of government-linked companies in order to have a free flow of ideas between top-level officers and their subordinates for the betterment of the service. In his "heart to heart" and "eye to eye" talk, Prime Minister said civil servant must also be able to "think-out of the box" and make strategic adjustments so that they could act speedily when faced with adversity. On free flow of ideas within the service, department bosses must be willing to acknowledge good suggestion, which came from subordinates. According to press report (The Star, January 2005), civil servants should be encouraged to give feedback on approaches and these

responses must be taken seriously by decision makers who should also institute changes whenever necessary.

With regards to this, prime minister has reminded The Customs and Department to emphasis on integrity, accountability and high work ethics in its efforts to improve efficiency in serving the people and the business community as to safeguarding the public sector image It was reported in (The Star, February 2005) that department should preserve their good name in order for it to enjoy the support and confidence of the people

Basically, since the setting up of the Quality Management Development Division in 1982, never has been a noticeable increase in interest towards the service quality. The focus of reinventing is to achieve highest standard of service quality, therefore religion has been used as a basis or guidance in government management especially all government agencies handling Islamic affairs. Prime Minister in realizing the importance of highest standard of service quality has proposed Islam Hadhari to be applied in government agencies. This shows the seriousness of the government in wanting to promote and encourage the service quality in Malaysia. Basically it is about faith in Allah, trustworthy government, independent people, knowledge, comprehensive economic development, good quality of life moral integrity environment and strong defenses.

According to a press report (the Star:Jan 2005), employees in public services are aware of the importance of customer, but they still lack in dealing with customers. This significantly affects the service given to customers. Therefore Datuk Seri Dr Rais Yatim The Culture Arts and Heritage Ministry have launched "Smile" Campaign, with

the expectation that public sector employees will always helpful and never be rude to customers.

At present the Malaysian government is focusing on Islam Hadhari. As Islam Hadhari concentrate on good quality of life, public health is also one of the items need to give special attention. Health Minister Datuk Dr Chua Soi Lek has directed all states to open operations rooms to monitor the dengue cases and their distribution (Star,20 January,2005). Later, Housing and Local Government Minister, Datuk Seri Ong Ka Ting mentioned that local authorities should be fined if they allow their areas to become breeding grounds for mosquitoes (Star, 22 January 2005).

1.4   Research Problem

The majority of companies have agreed that the business environment is becoming complex, as it is difficult to understand due to the rapid changes. Many studies therefore have often concluded that companies cannot successful if they not taking customers' needs in order to improve on business performance. The customers' needs are important, as there is huge shift from what they expect and perceive to receive from the companies. MPPP as a local authority, that provide many services to people under the organization administration, cannot deny the expectation of the customer. Employees in the organization play an important role in giving first impression to customer, unfortunately customer were not given explanation as they expected, this lead to dissatisfaction. As a consequence, complaints keep on increasing, per day an average of 20 complaints sent by customer though Computerization Complaints System, and 10 complaints through telephone (Source: Public Relation Section,

MPPP). There are also other complaints received by the department through letter, telephone fax and email. In order to reduce the number of complaints, it is necessary for MPPP to increase the quality of services. It is necessary for them to plan, coordinate and implement a comprehensive program to promote and disseminate service quality among the employees in the organization. There is urgency for MPPP to improve its services because customer seeks for competence employees in giving out services whether in terms of explanation or physical service.

Local authority is seen to play an important role in the growth of the states. Therefore, services provided by local authorities are always in the eyes of public. For example a complaint on faded lines of a motorcycle parking area outside Bayan Baru market in Pulau Pinang resulted in a number of market goers getting summonses for wrongly parking their cars. The motorist claimed it was unfair for MPPP to issue them summonses, as the parking space was similar to those meant for cars (Star, 22 January 2005).

Landscaping and beautification is one of local authorities primary function. Recently when MPPP started on beautification project at Jalan Udini roundabout. It has drawn flak from the people. People complaint that the structures were ugly and looked obscene and it was not more tastefully done as the roundabout located in a busy area, with thousands of motorist passing by, authorities should ensure that the landscaping at the roundabout is more attractive. This was reported in The Star dated 18 May 2005. The question now is why the public does not appreciate MPPP's project or service? Could it due to incompetence of the MPPPs'employee that lead to low

quality of service? Employees should be innovative and creative in providing such services.

The accountability of MPPP's employees was once again questioned when a row of five pre-war shop lots at the streets that belongs to MPPP were left in dilapidated condition. The question raised was "How is the public going to heed the advice of the Council to maintain pre-war structures, if the council itself has a lackadaisical attitude?" The point now is that this attitude lead to disruption of other people business and is reveals the inefficiency of MPPPs' employees. MPPP will be categorized as a quality service provider if the employees are competence in a sense that employees has initiative, accountability, motivation and work in team to accomplish certain task or project. (Star: 20 May 2005). In other words if MPPP has a competence employee there will be no chance for public to complain on quality of services provided by MPPP.

In the case of MPPP, however, MPPP has to provide sufficient knowledge, skills and abilities to the employees and at the same time adopt a new form of work organization such as end-user computing, work teams, management de-layering, job sharing, outsourcing, downsizing and reengineering. In this contact, MPPP is not only to improve the business performance but should also give attention to management change related to combination of factors such as employee competencies, new computing and communications technologies and measure the productivity of knowledge and service workers. There was no studied done in perceived service quality in MPPP. As a service provider, MPPP is expected to be more competence and innovative. Given these situations, service quality is an interesting issue to study.

1.5   Research Objectives

This study is to see if service quality at MPPP is driven by employee competencies, specifically two objectives of the study are to: -

1   Identify the employee's competencies that are important for MPPP to improve service quality dimension.

2   Examine the service quality as perceived by employees at MPPP.

3   Investigate the relationship of employee's competencies in relation to Perceived Service Quality in MPPP.

1.6   Research Question

This study therefore was mainly motivated by the quest to answer the following question:

1   What are the competencies that employees at MPPP should have?

2   What is MPPP service quality as perceived by employees?

3   What are the relationships of employee competencies on Perceived Service Quality?

1.7   Definition of Terms

Employee

A person who is hired to provide services to a company on a regular basis in exchange for compensation and who does not provide these services as part of an independent business.

Competencies

A cluster of related knowledge, skills and attitudes that affects a major part of role or responsibility, that correlates with performance on the job, that can be against-well-accepted standards, and that can be improved via training (Competencies Workgroup, September 2002).

Service

Service can be defined as "any primary complementary activity that does not directly produced a physical product-that is the non-good part of the transaction between buyer (customer) and seller (provider)". The classification of service includes all manufacturing organizations except industries such as agriculture, mining and construction. It also included in the category such as real estate, financial services, transportation and public utilities.

Public Sector

According to The Macmillan Encyclopedia, public sector is defined as parts of productive and non-productive sector of the economy that are financed out of taxation, are under state or local government control or both. It embraces all the employees and activities of central government public institutions and utilities, nationalized industries.

Municipal Council (Majlis Perbandaran)

Municipal Council is the local authority formed in every state to provide a few services as their core businesses such as garbage collection, traffic and road system, parking, building control, planning, zoning and etc.

1.8   Scope of the Study

This study builds on existing studies on service quality in public services. It analyses the service quality perceived by employees in the MPPP. Some comments are made about employee competencies and how these competencies influence the service quality. At the very least these comments give some idea about what should be examined about the relationship of these competencies with the service quality specifically at MPPP.

1.9   Significance of the Study

The response from the questionnaire survey is used to shed some input on the service quality perceived by the employees in MPPP. In view of the importance for MPPP to achieve level of competencies in their organization, it is hoped that this study will benefit MPPP to improve their service quality. The result of this study could also serve as a reference to MPPP on level of employee competencies that related to service quality.

1.10   Organization of the study

There are five chapters in this research. It starts with chapter 1 that is introduction, this chapter also contain research background, research problem, research objectives and research question. The research problem is to address the importance of conducting this research. Chapter 2 is to discuss on the literature review of all variables. This chapter highlighted previous research and findings by various researchers. This chapter is important to indicate that every variables is supported by previous study, it is also to strengthen the research that will be carried out. Chapter 3 is to elaborate on how the study will be conducted, it is about the methodology of the research. This chapter will illustrate on population, sample, design, instrument and statistical analysis that will be used. This research will presents chapter 4 that is the analysis of the result. Chapter 5 will be the final chapter, presents on discussion, conclusion and implications of the research. It will also propose on future research to be conducted.

CHAPTER 2

LITERATURE REVIEW

2.0   Introduction

An examination of the current operations literature reveals that, services differ from manufacturing in many important characteristics in particular, assuring the quality in services. There is an impression body of evidence where service is more difficult in assuring quality than manufacturing. (Julie & Arthur,1999) states that the "production-process" of services involves the interaction of employees and customers, making it difficult to insure consistency and reliability in the service process and resulting "product".

Zane et.al (2002) mentioned that in a world characterized by rapid rates of change, what have emerged are quality and custom-driven services and products. This paradigmatic shift and focus on the learner has great implications in management. Learning is no longer a transfer of information but the creation of knowledge as it is visibly expressed by improvement in business results and innovations. While Philip and Mark (2003) proposed that the optimal service experience is seen as resulting from the successful integration of a comprehensive range of service competencies, either at the level of the individual service employee, or through strategic deployment of appropriate skills at the level of the organization.

Subash and Jay (2004) also stated that a firm cannot expect its employees to satisfy customer unless it satisfies its employees. Include employees in the company's vision.

Employees cannot be committed to an organization and it's vision if that vision is a secret.

2.1 Importance of Employee Competency

For centuries, management has had great difficulties in defining or describing competency. The debate about competency is partly caused by the uncertainties in measuring its value and estimating its useful life. Many people however agree on the main characteristics of competency should possess, which include, knowledge and the understanding. According to a report of the Competencies Workgroup (September 2002), competency is defined as a characteristic of an employee that contributes to successful job performance and the achievement of organizational results. These include knowledge, skills and abilities plus other characteristics such as values, motivation, initiative and self- control.

Many common elements have been observed in the various definitions of the concept of competencies. The common elements most frequently mentioned on employee competencies are initiatives, innovative, interpersonal skills, motivation, personal credibility, teamwork, technical skills, creative thinking, ethical standards, technology, accountability etc.

In its broadness sense, competencies are a critical tool in workforce and succession planning. In this context, competencies are associated not only with workforce but also with what are their capabilities and attitude needed to meet current and future staffing needs as organizational priorities and strategies shift and focus

employee development efforts to eliminate the gap between capabilities needed and those available

Alberta Public Service Competency Model (2004) stated that, employees should be willing and able to change according to situations so that new ideas and solutions are encouraged and recognized. Employees need to understand the role and culture of the organization to be able to serve clients, to anticipate changes and stay both versatile and committed. It was also stated that employees must have the ability to assess options and implications, in order to identify a solution. They must use original and creative thinking to make improvement.

The objective of this study is to examine the competencies that are related to any level of employees at MPPP environment. Such competencies range in scope from behavioral to the operational. This range of competencies is important because to achieve service quality requires the entire aspects of capabilities. Furthermore, this considered as the best way of capturing the competencies that is most relevant to MPPP. The competencies that to be studied are such as initiative, innovative, interpersonal skills, personal credibility, ethical standards, technology usage and accountability.

2.1.1 Initiative

Career Management Competency (1999) stated that accountability in competency model is to maximize the value of its people resource. An organization must have an empowered workforce, consisting of individuals with a sense of ownership and responsibility for contributing to business success. At the individual level this requires

taking initiative and assuming personal accountability for goals, outcome and deadlines, to perform well in this competency level area, individuals must independently establish work goals and specific plans. They must share information, involving them in decisions, meetings and work processes to build a sense of ownership.

Service quality is certainly becoming more widespread in Canada, Robert and Rob (2002) surveyed that there are four key areas that contribute to a quality service, quality of communication, quality of specification, quality of delivery and quality of people initiative. The major statistically significant relationship found in his study indicate about half of 4000 local government in Canada claimed that quality of people initiative was successful in achieving their objectives that is to improve service quality.

Carol et.al (2003) supported this view where she found that several dimension of service quality include independent, individual initiatives on the part of the service providers and this type of initiatives affect customer satisfaction. Individual service employee initiative is also critical for recovery from service failure.

2.1.2 *Innovative*

Creativity and innovation drive the organization ability to create and exploit opportunities for competitive advantage. Ideally all employees should be curious and imaginative, with an ability to "think outside the box" and willingness to experiment with new ideas and approaches. (Career Management Competency, 1999).

Robert and Rob (2002) have once again supported that innovation allows employees to make changes to processes and procedures and implement new ways of doing things. It links to versatility and organizational commitment to effective management of public policy. Employees should consistently questions and challenge the adequacy and quality of traditionally thinking by engaging in active and responsible dialogue.

2.1.3   Interpersonal Skills

Interpersonal skills is the ability to effectively working with others, individuals must contribute to an environment of mutual trust and respect. Individuals or employees must treat others fairly and demonstrate empathy for their needs and concerns. Relationship with others must be based on reciprocity. Individual must also effectively manage interpersonal conflict, preserving constructive and professional relationships. (Career Management Competency, 1999).

A studied on volunteers done by Barry (2003) identified that competencies for volunteer administrator, stated that the interpersonal skills category not only includes skills that build better relationship with volunteers, but also the ability to creatively solve problems, predict and manage change towards a better service quality. Similar to that (Boshoff & Allen, 2000) have agreed that employees who do not possess the requisite job on interpersonal skills fail in providing satisfactory service and in dealing with customers' complaints

2.1.4 *Personal Credibility*

The organizations should take their employees as an important resources rather a liabilities, this is supported by a study done by Steven et.al (2001) who found that many organizations are not appraising their employees on the competencies deemed important to the organization such as personal credibility (honesty, commitment, flexible, respect, confidentiality etc) In fact, this may be critical link between managerial competencies and performance management leading to service quality.

2.1.5 *Ethical Standards*

Thomas, Larry and Patrick (2002) mentioned that quality and procedure improvement leads to empowerment of employees and promotes a sense of competence. The study shown that procedure improvement and employee satisfaction are significant at $=0.58(p<0.0001)$. This research shows that for the city government, employees believed that quality knowledge was necessary for quality improvement.

Hoivik & Heidi (2002) addressed that knowledge of professional ethical standards has become even more vital for the emerging modern competency driven organization, where individually held knowledge including a commitment to moral principles constitute integrated elements of a company's value assets.

2.1.6 *Technology Usage*

Thomas, Larry and Patrick (2002) have also found that for quality tools, training to be effective should be followed up by application through team processes, which employees' knowledge is translated into application. The findings associated that

employee competencies in technology are important for government. Subash and Jay (2004) stated that human resource development outcomes require high level competencies in employees in terms of technology, managerial, human relations and conceptual.

Similar to other studies, technology is always an important tool in development of organizations, Bishnu and Tom (1997) stated that technology strategy aims to improve operational performance through the use of sub-strategies such as in-house development of technology and acquisition of new technology. Researched on Australian manufacturers found that a firm's perceived organization performance is associated with emphasis on technology.

2.1.7 Accountability

The traditional organizational perspectives have been forced to reframe its thinking, different forms of articulating responsibility and accountability has emerged. Employees need to be motivated and trusted, yet in a different manner to unleash hidden talents and creativity as well as flexibility and innovative thrust. Hoivik and Heidi (2002).

2.2   Service Quality Model

There are service quality models that have been established in the literature review. Among them that will be discussed in this study are:-

2.2.1   SERVQUAL Model

Studies by Parasuraman, Zeithaml and Berry (1988) support the notion that service quality as perceived by consumers, stems from a comparison of their expectation of the service they will receive with their perceptions of the actual performance of firms providing the service. In this way, the higher perceptions are than expectations, the higher is the level of perceived service quality.

Importantly, research by Parasuraman, Zeithaml and Berry (1988, 1985) has revealed that the criteria used by consumers in assessing service quality fit five dimensions:

(i)   Tangibility refers to the physical facilities, equipment and appearance of personal characteristics. Tangible characteristics of service quality are concerning the appearance of employees, physical facilities and communication materials or equipment.

(ii)   Reliability refers to the organization ability to provide the service dependably, including to keep customer' record accurately on time, in the same manner and without errors every time.

(iii)   Responsiveness is the willingness to help customers and provide prompt service, keeping customer waiting for no apparent reason, creates unnecessary negative perceptions of quality.

(iv)   Assurance refers to the knowledge and courtesy of employees and their ability to convey trust and confidence. It includes the following features such as competence to perform the service, politeness and respect for the customer, effective

communication with the customer, and the general attitude that the server has the customer's best at heart.

(v)   Empathy refers to caring, individualized attention that the firm provides its customers. It involves the understanding of customer needs, the extent of customers personal attention, the extent to which operating hours are convenient to all their customers and the impression that the firm has the customer's best interest at heart.

The above dimensions were determined through the authors' design and implementation of the so-called "SERVQUAL" scale a concise multiple item scale with good reliability and validity were further   improved, through   a later reassessment study by the same authors (Parasuraman, 1991).

2.2.2   *Gronroos's Model*

According to the perceived Quality Model (SERVPERF) introduced by Gronroos (1982), the quality of the service of a service as perceived by the customers is the result of a comparison between expectations of the customers and his real-life experiences. If the experiences exceed the expectation, the perceived quality is positively and vice versa.

The model of total perceived service quality developed within The Nordic School of Services (Gronroos, 1983) customer-perceived quality should contain two dimensions, the technical dimension-the outcomes of the service encountered or what is received by customers and an additional impact based on the customer perceptions of the various interactions with the organization or how the so-called "moments of

truth" (Norman, 1984) are perceived. The later dimension is called functional quality-the process of delivering the services itself, or how the service is provided.

As conceptualized by Gronroos (1993), technical quality 'involves what is provided and functional quality considers how it is provided. Technical quality for example may include the quality and effectiveness of diagnoses and medical procedures at a hospital, whereas a functional quality may comprises the care and manners of the personnel involved in the delivery of services.

According to Gronroos (1997) when several organizations can provide a similar technical quality managing the interaction processes becomes imperative from quality perception perspectives. Managers must understand that specific resource, skills and processes that make up technical quality. As conceptualized by them, technical quality depends on good equipment a good information system, aesthetically pleasant physical facilities and technical competent service personnel. Functional quality, on the other hand, depends on the interpersonal ills and caring mindset of service staff and a customer oriented culture in the service organizations.

Edward, Hudson and Rodgers (1995) found that SERVPERF explained a great deal of the variation in service quality. While satisfaction seems to have a significant positive effect on purchase intention, service quality does not seem to have a similar effect. Indeed satisfaction seems to be more closely tied to purchase intentions than is service quality. The performance items in the SERVPERF instrument showed evidence of in dimension and strong internal consistency.

Kristina (2004) suggested that technical elements of the service outcome and functional elements of the service processes have been acknowledged as important

dimensions in value perceptions. The study revealed that the time and location of service delivery in fact influence customer perceived value and that they are perceived as important value dimensions. According to Michael (2004) two types of expectations should and will and two dimensions technical and functional have far reaching in carrying out interpreting service quality and satisfaction research. It was also proposed that in the airline industry should focusing more on functional than technical.

Raduan, Jegak, Mohani and Kim (2004), concluded that in any kind of service transaction, technical quality is what patient seek. In case of hospital service, this is clinical quality. Without doubt, technical quality is the most important determinants of service quality for the two hospitals, public and private hospitals.

2.2.3 Cronin and Taylor's Model

Cronin and Taylor (1992) used the 22-item SERVPERF scale (performance –only version of the original SERVQUAL scale) to represent the five-service quality dimension. The five dimensions were tangibles, reliability, responsiveness, assurance and empathy. Sample items for the tangibles dimension include "Modern looking and up-to teaching equipment and visually appealing physical facilities". Sample items for reliability dimensions include "keepings a promise to do something by a certain time". Insisting on the error free records or accurate record keeping." Sample items for responsiveness dimensions included "Staff (dean, lecture, supporting staff etc) giving prompt service to customers. And "Staff (dean, lecture, supporting staff etc) who are not too busy to respond to students' request promptly." Sample items for the assurance