

**AN IMPACT OF SERVICE QUALITY TOWARDS CUSTOMER
SATISFACTION IN POS MALAYSIA: THE MEDIATING ROLE OF
SELF-SERVICE TECHNOLOGIES**

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LIST OF ABBREVIATIONS

ACSI	American Customer Satisfaction Index
AveSST	Average of Self-service Technologies
ATM	Automated Teller Machine
B	Log-odds Units
C.I.	Confidence Interval
CPI	Consumer Price Index
CSI	Customer Satisfaction Index
DA	Assurance
DE	Empathy
Df	Degree of Freedom
DR	Reliability
DRS	Responsiveness
DT	Tangibles
ECSI	European Customer Satisfaction Index
Exp(B)	Odds Ratios of Predictors
H	Hypothesis
ICT	Information, Communication and Technology
MCSI	Malaysia Customer Satisfaction Index
MEPS	Malaysian Electronic Payment System
Nocs	Overall Customer Satisfaction
NPC	National Productivity Corporation
PITTIS	Pos Integrated Track and Trace System
Pred.	Predictor
PRS	Postal Retail System
SCSB	Swedish Customer Satisfaction Barometer
S.E.	Standard Errors
SERVPERF	Service Perceive
SEVQUAL	Service Quality
Sig.	Significant
SODA	Standing Order Deposit Account
SPSS	Statistical Package for the Social Sciences
SST/SSTs	Self-service Technologies
SWICS	Swiss Index of Customer Satisfaction
SumServqual	Total of Service Quality Dimensions
Wald	Wald Chi-square Value

ABSTRAK (MALAY)

Impak kualiti perkhidmatan (iaitu barangan ketara, kebolehpercayaan, jaminan, empati dan responsif) ke arah kepuasan pelanggan dalam Pos Malaysia dengan peranan pengantara teknologi layan diri telah dikenali ramai. Sumbangan pengetahuan kajian ini dalam bidang pos perkhidmatan dengan berdasarkan teori jurang dan teori penyebaran pendekatan inovasi telah dijalankan penyelidikan terhadap Pos Malaysia. Soal selidik yang ditadbir sendiri telah dirancang untuk menetapkan skala ini. Kajian ini memberi tumpuan dalam negeri Perlis, Kedah, Pulau Pinang dan zon utara Perak. 260 helai soal selidik telah siap sedia dalam tempoh sebulan. Pengumpulan data adalah melalui wakil yang dilantik untuk menyerahkan kepada rakan-rakan mereka, dan juga pelanggan-pelanggan yang sedang menunggu untuk membeli produk atau perkhidmatan di kauter pejabat pos. Pakej Statistik Untuk Sains Sosial (SPSS) versi 22.0 telah digunakan untuk menganalisis data. Dengan menggunakan analisis Perduaan Regresi Logistik, penemuan telah diterokai bahawa hanya dimensi responsif mempunyai hubungan yang signifikan dengan kepuasan pelanggan. Didapati bahawa hanya terdapat kebolehpercayaan dan responsif dimensi sahaja yang mempunyai hubungan yang positif terhadap perantaraan teknologi layan diri dan kepuasan pelanggan. Secara kesimpulannya, teknologi layan diri yang menjadi pengantara hanya mempunyai sebahagian hubungan dengan dimensi SERVQUAL dan kepuasan pelanggan. Kepuasan pelanggan secara keseluruhan yang telah dikira melalui CSI untuk Pos Malaysia adalah dalam kategori 'baik' dengan memperolehi skor sebanyak 72.9%. Walaupun kajian ini mempunyai had yang terbatas, oleh itu, dijangkakan bahawa pada masa akan datang, kajian ini dapat memberi sumbangan kepada pemahaman yang lebih daripada kepuasan pelanggan terhadap industri perkhidmatan pos.

ABSTRACT

An Impact of service quality (i.e. tangibles, reliability, assurance, empathy and responsiveness) towards customer satisfaction in Pos Malaysia with the mediating role of self-service technologies has been well recognized. To contribute knowledge to this underexplored postal service area, a study, based on the gap theory and diffusion of innovation theory approach, was conducted on this Pos Malaysia research. A self-administered questionnaire was designed to establish the scales. The research mainly focused on the state of Perlis, Kedah, Penang and northern area of Perak, the northern region of Malaysia. 260 of questionnaires were successfully completed within a month in data collection period through the appointed representative to hand out to their friends, and customers who are waiting to consume products or services at post offices service counters. Statistical Package for the Social Sciences (SPSS) in version 22.0 was used to do the data analysis. Using the Binary Logistic Regression analysis, the findings explored that only responsiveness dimension have significant relationship with customer satisfaction. In mediation effect of self-service technologies, there are only reliability and responsiveness dimensions have positive relationship with customer satisfaction, and self-service technologies was found to partially mediate the relationship of SERVQUAL dimensions and customer satisfaction. Overall customer satisfaction which has been computed through CSI for Pos Malaysia was in the 'good' category as getting the score of 72.9. Despite the limitations, it is expected that in future, this research can contribute substantially to more understanding of the customer satisfaction towards postal service industry.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter is regarding service quality that provided by Pos Malaysia which has an impact towards the expectations and perceptions of their customers. Self-service technologies will be employed as the mediating role to explore the underlying mechanism or process that underlies by the relationship between service quality and customer satisfaction. Thus, the title of this study is “An Impact of Service Quality towards Customer Satisfaction in Pos Malaysia: The Mediating Role of Self-service Technologies”.

Initially, the background of study will be introduced, followed by the problem statement as well as the objectives of the research and the questions of research. Finally, this chapter ends with the significance of the study and definition of the key terms.

1.2 Background

A post office is a customer service facility that operated by the government in the most countries, which is providing the services of mail-related such as letters and parcels accepting; post office boxes in provisioning; and postage stamps selling, packaging and others. Additionally, numerous post offices are providing other services as well as passport applications, the renewal of road tax, the services of banking, for instance savings accounts and money orders.

Postal services have existed for over two thousand years (Guislain, 2004) and constitute an essential element in the global communications infrastructure. Most postal

services are forming part of a national system and generally are the monopolies policy, which is provided the mail delivery service on a regularly scheduled basis with speed and security (Nag, 2008). There are the communication link between of sender and recipient. Thus, postal service is contributing high economic growth, social importance, political, and cultural development in many countries. There are some suggestions from worldwide experience about diversity of approaches in characterizing the mechanisms and criteria for the establishment of this public operator system for accessing to the postal network. It means that different countries will have different criteria to approach to the postal network. For instance, in Australia, there were established 2,500 post offices in rural area out of 4,000 post offices in the country. In Germany, there were 12,000 post offices to consist the postal network with the criterion of there must be at least 2,000 people with one post office according to their settlements (Blagojević, Šelmić, Macura, & Šarac, 2013).

Pos Malaysia Berhad - the first postal services which is established in the Penang, Malacca and Singapore - the Straits Settlements, and progressively in the early 1800s. In early 20th century, it covered the entire Malaya. Today, Pos Malaysia Berhad (Pos Malaysia) is Malaysia's leading provider in the postal service. The coverage of network is 5 700 of touch points nationwide, which is including Pos Malaysia Outlets, Pos Minis, the self-service terminals namely Pos24, the outlet of mobile stated as Post-On-Wheels, postal agents and stamp agents, which has become the most widespread retail network in Malaysia. According to Pos Malaysia (2013) annual report, the number of staff is 16200 for nationwide coverage, the total number of owned vehicles is 8200, 85,700 of P.O. Boxes and there are 3,300 of street posting boxes. Pos Malaysia has five Business Clusters, encompassing the solutions of communication and distribution, the solutions of

supply chain, one-stop solutions, the solutions of digital and the solutions of international business, which is aiming to provide excellence, reliable, promptly and innovative solutions to their customers.

1.3 Problem Statement

Postal industry as a national important social utility that plays a very important role in promoting the development of economic and social for the country. It is also protects the basic rights of citizens to communicate with each other. Postal services not only related to the household but also related to the vital interests of the nation. Hence, the better development of postal services to provide the quality postal services to the people is significant especially in this new era, which has been increasingly challenged by widespread adoption of digital technologies (Pos Malaysia, 2013).

The extensive retail network of Pos Malaysia encompasses in excess of 692 Post Offices, more than 355 Mini Post Offices and over 223 independent postal agents for instance at MPH bookstores, Proton Edar branches, Proton Edar dealers and others. The competitiveness advantages for Pos Malaysia instead of providing traditional stamps and philately, mailing solutions for both local and international; they also provide other services such as payment services for water and electricity, general and life insurance, printing and insertion, financial services, extended hours post offices in certain shopping malls and so on. Furthermore, another subsidiary of Pos Malaysia - AsiaXpress, not only provides international courier services solutions customized for corporate clients, but aims to deliver a personal touch to all customers in Malaysia.

Indeed, Pos Malaysia is the only company that provide the traditional postal service in Malaysia, but in the present day, the courier services to cater to both of the

domestic and international on freight: air and sea; logistics and warehousing is not only leading by Pos Malaysia, there are few locally established companies in Malaysia such as Skynet, Citi-Link, Nationwide Express, which are the strong competitors that could not be taken lightly. Thus, Pos Malaysia as our national service provider needs to improve their services to give the best services to our people and our nations. Moreover, rapid changes of technologies may influence the service industry. In addition to this, Pos Malaysia needs to put in place their products and services with technologies advantage.

Due to intense competition, Pos Malaysia understand that customers have more alternative to choose those carrier companies no matter they are local based companies or from international courier service companies such as DHL, Kangaroo Express, an American global courier delivery services - FedEx and so on. Thus, service quality has become a cornerstone for Pos Malaysia to growth and tackle challenges they face in the competitive markets with the intention of sustainable competitive advantage, to attain their objectives and to achieve their stakeholders' expectations.

In the competitiveness buyer's market, Pos Malaysia also needs to be aware that in the present day, customer-driven is a trend in the service industry which has been shifted from production-centralized if they want to gain their market share among the rivals (Kwong, Wong, & Chan, 2009). Customer satisfaction is a vital attribution in the hospitality firms particularly when comes to the piece of maintaining (Liu, Law, Rong, Li, & Hall, 2013). Customer will confirm to be satisfied when they have been obtained real performance which was surpassed their expectations (Yi & La, 2004). Thus, if Pos Malaysia is able to provide high-quality service, it leads to customer satisfaction and retention. Nonetheless, it also increases profits (Chopra, 2014) for their retailers.

1.4 Research Objectives

The main objective of this study is to examine an impact of service quality towards customer satisfaction in Pos Malaysia with the mediating role of self-services technologies. Therefore, it becomes the prime purpose of this study:

1. To examine an impact of service quality towards customer satisfaction in Pos Malaysia.
2. To examine the influences of the main factors on customers' satisfaction.
3. To explore the self-services technologies mediates the relationship between service quality (tangibles, reliability, assurance, empathy and responsiveness) and customer satisfaction.
4. To identify customer satisfaction index for Pos Malaysia.

1.5 Research Questions

To achieve the objectives of research, this study will endeavor to understand and answer the research questions below:

1. (i) How do customers expect service quality in Pos Malaysia?
(ii) How do customers perceive service experienced in Pos Malaysia?
2. What is the relationship between the service quality dimensions of Pos Malaysia to overall customer satisfaction?
3. What are the attitudes and perceptions of customers in relation to facilitate of self- service technologies?
4. Are customers satisfied with service quality that offered by Pos Malaysia?

1.6 Definition of Key Terms

This section is defining the key terms of the study to ensure that researcher and reader able to recognize the common concepts which is intended for better understanding for the further discussion. The following key terms' definition was referred in particularly.

1.6.1 Service Quality (SERVQUAL)

According to Parasuraman, Zeithaml and Berry (1985), the differences between service quality is expected service quality and perceived service quality of consumer which offered by a particular firm. If the consumer perceived level of service is above the level of expected, consumer judges the service quality that provided by a company is high. On the contrary, it will consider as lower quality of service.

1.6.2 Service Quality Dimensions

Initially, service quality has ten dimensions which have been identified by Parasuraman et al. (1985) according to customers evaluated service quality by comparing expectation with perceptions. Ten dimensions of service quality are including credibility, security, accessibility, communication, understanding the consumer, tangibles, reliability, responsiveness, competence and courtesy. In subsequent research Alamgir and Shamsuddoha (2004); Parasuraman et al. (1985) went into the second refinement phase and consolidated the above ten dimensions into five broad dimensions as below:

- (1) Tangibles: the appearance of physical facilities, equipment, and personnel;
- (2) Reliability: the ability to perform the promised service timely and accurately;

- (3) Responsiveness: the willingness to help customers and provide prompt service;
- (4) Assurance: the knowledge and courtesy of employees and their ability to inspire trust and confidence; and
- (5) Empathy: the caring and personal attention that provides to their customers

1.6.3 Self-service Technologies (SST)

Self-service technologies (SST) are a extensive range of technologies that provided by the service providers and retailers including Internet such as automated phone systems, ATMs and the Internet of transactions such as e-banking and Internet shopping. Some technological applications such as in-store kiosks and interactive phone systems that are allowing customers to produce their own services with electronically without any direct contact with firm employees (Meuter, Ostrom, Roundtree, & Bitner, 2000).

1.6.4 Customer Satisfaction

Giese and Cote (2000) described customer satisfaction is a summarization of emotional response that change in the strength with the response that belongs to a particular focal point; it can be in the selection of product, purchase or consumption. The response arises at a specific time that change by condition but is usually limited in the length of time.

1.7 Significance of the Study

This study is significant in diverse ways to managerial implication, practitioners of business, theoretical aspect and stakeholders.

To the postal and courier service companies especially Pos Malaysia, the findings and results that reported in this study will be provided a more reliable scientific measurement and the standpoint for describing and appraising the level of their customer satisfaction with the service they delivered. In essence, it will expose the service quality dimensions with the important of consideration of customers as well as customers' intention to use self-service technologies (SST) as their postal and courier transactions. Pos Malaysia would use the findings to enhance their service quality which is in the five service dimensions that including their presence of physical facilities, availability equipment and human resources in the office; the performance of reliability and ability of the service that they promised; the responsiveness during the provision of the prompt service; the assurance of the employees to instill trust and confidence to their customers and the level of understanding they can provide to their customers. In addition, the findings will also help Pos Malaysia to know more about the preference and the willingness of customers in using the SST services which has provided by them. Nevertheless, this will provide an empirical support for Pos Malaysia as a reference guide to plan the effectiveness and enhancement strategies of service delivery to create and deliver customer value, in order to achieve customer satisfaction and loyalty. Moreover, it also can catch the attention of new customers, establishing mutually beneficial relationship with existing and new customers for long term period and accomplish sustainable business growth.

This study attempts to use service quality (SERVQUAL) model theory found in service quality literature as the basic theory to investigate the impact of service quality that influencing customer satisfaction in Pos Malaysia. SERVQUAL model purports to explain how Pos Malaysia customers assign service quality dimensions such as tangibles, reliability, responsiveness, empathy and assurance which can influence their satisfaction that services provided to them. At the same time, diffusion of innovations theory provides possible theoretical basis to identify customers of Pos Malaysia about the adoption of self-service technologies in Pos Malaysia when they start to accept this different services from what they used to know previously. The study will reveal if the SERVQUAL model is useful for the impact of customer satisfaction in Pos Malaysia. The SERVQUAL model has been widely used in various service industries but not in postal service industry.

Most important, there are not many previous studies about service quality in postal services in Malaysia and other countries. Therefore, the study also contribute to advancement in knowledge by examine all possible determinants from literature by using the self-service technologies as the mediating role on the customer satisfaction in Pos Malaysia perspective.

1.8 Organization of Remaining Chapters

This study is structured into five chapters. The first chapter is the introductory chapter that elaborates the outline of this study. Chapter two is about literature review. Chapter three identifies the data and variable in term of the research design, collection of sample, variables measurement, as well as the data analysis method. Chapter four focuses the results and finding analyses by using the SPSS software on the statistical

analysis, descriptive statistics, factor analysis, reliability analysis, paired t-test analysis and binary logistic regression analysis. In addition, Customer Satisfaction Index (CSI) will be computed to identify the overall customer satisfaction. Finally, the last chapter will be consisted the overall findings and the discussion will be covered in the implications of the research, limitation of the study with suggestion for future research and conclusions.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Customers are the most important scarcity of resources and strategic assets in this service industry booming era across the world in the 21st century (Hsieh, Lin, & Lin, 2008). If an enterprise wants to win in the market competition and retain their customers, the only way is to satisfy their customers. Higher customer satisfaction in one of the enterprise will tend to obtain stronger competitiveness in the market. Hence, the bigger market share will increase the business efficiency and it is self-evident.

This study is examining whether service quality dimensions can affect the customer satisfaction among the Pos Malaysia customer which is mainly focus on the northern region of Malaysia. The northern region of Malaysia is made up of the states of Perlis, Kedah, Penang and Perak. In this chapter, it starts with a review of definitions of customer satisfaction, self-service technologies and service quality, and then follows by the relationship between service quality dimensions in customer satisfaction and self-service technologies. Moreover, the supportive theory will also illustrate in this chapter for developing the theoretical framework and hypotheses development.

2.2 Customer Satisfaction

With the rising level of economic globalization and the degree of increasingly market competition, the new competition pattern began to replace the traditional mode of competition, especially in product oriented competition has transformed into the service oriented competition. As we can see, economic organizations must be achieved

through the market and the customer is the market, which is one of the key factor to determine the successful of organization in today's competitive market.

Giese and Cote (2000) described consumer as the ultimate user of the product or service. According to Business Dictionary (2014), in business world, customer is a primary stakeholder that engages in economic transaction with the fair trading practices. The term of customer and consumer sometimes is ambiguous. A customer may be a consumer, but a consumer may perhaps be not a customer. It is defined by Solomon (2009) about the differences between customer and consumer: a customer is the person who did purchase the products and the consumer is the ultimate user who uses the product.

There is a process theory to show that the expectancy or disconfirmation exemplar that giving the basis for the enormous mainstream of satisfaction studies which encompasses expectation and perception, disconfirmation and satisfaction of customers. According to Hunt (1977), satisfaction is described as a valuation of sentiment or feeling which refers to the individual's subjective or personal evaluation of a variety of reaction and experiences of the favorability related with using or consuming a product. The response of consumer towards the product or service is based on the characteristics of a product or the service. It might be the product or service itself, which is provided or is providing a level of pleasurable in the relation of consumption fulfillment that including levels of under-or over fulfillment (Oliver, 1997).

Disconfirmation occurs due to the perception of differences between past expectations and real performance of the product or service after its consumption (Tse & Wilton, 1998). There are several divergences between customer satisfaction and service

quality such as satisfaction is a post-decision of customer experience at the same time as quality is not (Cronin Jr & Taylor, 1994; Oliver, 1993; Bolton & Drew, 1991).

Customer satisfaction is important because satisfied customers will bring a high-margin profit to a company. Conversely, if the customer is not satisfied, could result in a huge loss for a company. In addition, satisfied customers are not only will persuade others to patronize, and their views on the company's more than all the advertising components. It is also important in the organizational process in the viewpoint of operations management (Lee & Ritzman, 2005).

Customers have different expectation for service performance (Zeithaml & Bitner, 2003) due to different service industries. For example, the result for customers who used the self-service approach in postal services hold dissimilar expectations from the performance of service compared to those who had visited a post office. Thus, Zeithaml and Bitner (2003) claims that customer expectations is driven by their belief about the delivery of service that function as standard point aligned with which performance is judged. There are desired service and adequate service, which are the highest type of the service expectations that customer hold. Desired service is the degree of service that customer wishes to be given; adequate service is the stage of the service that customer is willing to accept (Zeithaml, Bitner & Gremler, 2009). Desired service is regarding what customers consider as “can be” and “should be” whilst adequate service is the understanding of customers about not all desired service is seem to possible to fulfill their hope although their hopes may still be high. This is the tolerance zone that customer can distinguish and agree to accept the variety of the performance of service based on the level of their tolerance or acceptance zone for service features or dimensions (Zeithaml et al., 2009).

As a consequence, it has been proved that the significance of customer satisfaction and service quality for organizations can lead to the improvement overall performance (Mägi & Julander, 1996). Thus, customer satisfaction in research-oriented business has become a focus of academic attention. It is important to know customers' feedback because it shows that the quality of services that delivered by an organization can fulfill the customers' satisfaction or not once they consume the products or the services (Kotler & Keller, 2009).

2.3 Self-service Technologies

Along with the increasing labor costs and information technology, more and more enterprises tend to use technology instead of hire more labors to improve the performance and efficiency of their services. Thus, the development of new technology has undergone tremendous changes for the service line (Lin & Hsieh, 2007).

Many service providers and retailers have begun large-scale use of technology, so that even the customer does not contact directly with the organization's staff during service time, customer still can enjoy the service through self-service technologies that would be able to meet their service needs. Technological innovation has been a key factor in customer and corporate communications, and self-service technologies has changed the way of communication for customer and a company. It was expected that this changes is the core criteria for an organization to attain the long term successful (Meuter, Ostrom, Roundtree, & Bitner, 2000). Therefore, the evolvement of using self-service technologies for organizations is increased rapidly.

On 6 December 2012, Pos Malaysia has selected the Escher Group to deliver its new Postal Retail System (PRS) which is an essential part of Pos Malaysia's

“Transformation Plan” to enhance its delivery of all services including retail, banking, money transfer, postal, payments and government services to Malaysia citizens through its network (Escher Group, 2012).

Today, there are several online services which customer can be found through the website of www.pos.com.my to fulfill their needs accordingly in regard to the postal services that provided from Pos Malaysia with just a click no matter where they are. From online bill payment, online find a post office outlet, online trace and track the postal delivery information till to the online shopping facilities, those efforts are so convenient for customers and it is also a cost-effective for the Pos Malaysia. For those stamps lovers, they can join SODA (Standing Order Deposit Account) to have the benefit of the receiving their stamps through online and other sophisticated philatelic products without queue in the post office on the day of issue (Pos Malaysia, 2014)

As according to Pos Malaysia’s Group Chief Executive Officer, Dato’ Iskandar said, “Pos Malaysia aspires to become the trusted leader in the delivery of integrated physical and digital solution.” Therefore, products and services are developing and enhancing the qualities of reliability, speed and efficiency, especially in PosLaju, which is the courier arm of Pos Malaysia (Pos Malaysia, 2013).

To improve the greater of PosLaju’s operation efficiency, new technologies including the flagship Pos Integrated Track and Trace System (PITTIS) as well as the use of mobile handheld scanners by the personnel are applied in the processing of courier items (Pos Malaysia, 2013) which will be used of the amount of RM50 million. Moreover another RM150 million for capital expenditure will be spent on the information, communication and technology (ICT) segment (Jayaraman, 2013). The embracing of technology to modernize the Pos Malaysia services will drive them to

exceed the norms of traditional postal service towards becoming a dynamic solutions provider in postal service area in the integrated of physical and digital solutions.

2.4 Perceptions of Service Quality

Service quality is determined by a differentiation of customers' expectations with the performance of service from the provider and their evaluation of the services they received. According to Grönroos (1984), the comparison between the expected service and perceived service is the consequence of service quality. However, according to Garvin (1983), there are differences between objective quality and perceived quality: the rooted of objective quality is product and production but perceived quality is derived from the user. In addition, service quality is the constitution of functional quality and technical quality. Functional quality is referring to the way of service delivery whereas technical quality is the consequence of the service performance that consumer obtained but it is more convoluted than the technical quality due to the interference of the prejudice or subjectivity of the consumer (Grönroos, 1990).

Service involves the consistent satisfaction of the needs and expectation of all customers (Khan, 2003), however the description of this conception is not comprehensible because the service characteristics are untouchable, unpredictability, unnoticeable and perishability. Service quality is “untouchable” because service cannot be touched or stored, and it is hard to evaluate in advance before a sale (Khan, 2003); Services are “unpredictability” because they can be different from customer to customer, from manufacturer to manufacturer, from place to place and from time to time (Parasuraman et al., 1985; Marković, 2006). Services are “perishable” because they cannot be stored and/or sold for future use. Finally, services are “unnoticeable” because

many of them are concurrently produced and consumed. Therefore, it is thoughts of the consumer through an assessment of overall which is opinioned by Cronin and Taylor (1992). According to Paswan, Spears, Hasy and Ganesh (2004), the quality of services performed can only be assessed during or after consumption.

Service quality is used to create the satisfaction of customer and also associated to the perceptions and expectations of customers (Kabir & Carlsson, 2010). Satisfied customers who are willing to stay with a particular service provider with a longer time have a long-term impact on profitability in numerous ways (Murti, Deshpande, & Srivastava, 2013).

Service quality has grown to be an area of interest for many researchers in the research of marketing (Parasuraman et al., 1994; Cronin & Taylor, 1992; Zeithaml, Berry, & Parasuraman, 1996), since Parasuraman, Zeithaml and Berry (1985, 1988) developed a theoretical model of service quality and proposed SERVQUAL (service quality) scale which has been broadly applied in a diversity of industries.

SERVQUAL consists of five dimensions which are focusing on the human aspects of service delivery (responsiveness, reliability, assurance, and empathy) and tangibles services after they collapsed from 10 dimensions. Responsiveness is regarding about willingness to assist customers and provide on time service; reliability is in relation about able to execute the promised service reliably and precisely; assurance is in regard to knowledge and politeness of employees and their ability to convey conviction and confidence; empathy is about caring, individualizes concentration the firm provides its service to customer; and tangibles is relating to physical services, equipment and presence of personnel which proposed by Parasuraman, Zeithmal and Berry (1986, 1988, 1991). In addition, service supplier must be able to offer customers a suitable service

that can resolve their problems, particularly, quality service, while meeting consumer expectation (Ayala, 1996). Thus, according to (Zeithaml, 1998), there are four characteristics of quality that need to be considered:

First, service quality is personal perception. It is subjective understanding by consumers themselves. Some researchers such as Holbrook and Corfman (1985) emphasized that there are perceived quality and objective quality. Objective quality is the expression used to describe the superiority of an actual technical and the products or services which is claimed by Monroe and Krishnan (1985), it is measurable and verifiable in the level on some predetermined ideal standard or standards. However, Maynes (1976) had controversy about that objective quality does not really be present because all assessment of quality are subjective and varies from different consumers.

Second, service quality is a higher degree of abstraction. Perception of service quality is abstract because consumer does not judge the quality with a specific characteristic of a product. The information of a product or service is possessed in consumer's consciousness at various ranging of abstraction and conception such as personal valuation or payoff of the product or service. Although abstract is multidimensional, but it is measurable according to Myers and Shocker (1981).

Third, service quality is similar to attitude in overall assessment. According to Lutz (1986), quality is dichotomized into affective quality and cognitive quality. Affective quality is perceived quality of service as overall attitude and the latter is perceived quality as an eventual overall service evaluation.

Forth, service quality is evaluated in a comparison context. The high or low performance of service quality that evaluated by consumers is depending the substitution of the services on its comparative excellence among other services. Consumer loves a

comparatively high degree of service among the consideration of services they choose. Consumer can be positively make an assessment they make the purchasing decision on their service alternative even though they found that in the process of information retrieval and comparisons, the evaluation is negative.

Although the SERVQUAL measurement is a universal tool with good reliability, validity and widely applicable (Parasuraman et. al, 1991), however, the criticized has been raised due to its limitation of validity, reliability and general use ability which was questioned by Carmen (1990) in its methodology and found that the expansion of the certain dimensions is necessary to across different services. Thus, Cronin and Taylor (1992) were developed a SERVPERF scale in terms of “performance-only measures” which is emphasized the performance of service quality measures that are derived only from consumers’ perceptions and their expectations.

Conversely, the well-known of SERVQUAL model has been applied to number of sectors until today like banking sector (Culiberg & Rojšek, 2011); health care services (Murti et al., 2013); logistics service quality (Ho, Teik, Tiffany, Kok, & Teh, 2012); hotel line (Markovic & Raspor, 2010); airline industry (Erdil & Yıldız, 2011); casinos (Shi, Prentice, & He, 2014); telecommunication industry (Seth, Momaya, & Gupta, 2008) for assessing perceived service quality. The structure of factor for these studies varies from five to seven. Thus, factor structure to evaluate perceived quality may be different from one sector to another sector. The below table has shown that the proposal models for measuring service quality which is appropriate for the types of services.

Table 2.1
Proposed Models for Measuring Service

Author	Model	Main Characteristics	Application
Grönroos (1984)	There is no mathematical representation	Quality is a function of expectations, outcome and image	Different types of services
Parasuraman et al. (1985, 1988)	<i>SERVQUAL</i> $Q_i = P_i - E_i$	22-item scale using 5 quality dimensions	Different types of services
Brown and Swartz (1989)	$Q_i = E_i - D_i$	Use 10 quality dimensions defined by Parasuraman et al. (1985)	Medical surgery
Bolton and Drew (1991)	Assessment model of service and value. There are many equations representing the model	Use four dimensions developed by Parasuraman et al (1988) and introduce the concept of value for quality assessment	Telephone services
Cronin and Taylor (1992)	<i>SERVPERF</i> $Q_i = P_i$	Use 5 quality dimensions defined by Parasuraman et al. (1988)	Different types of services

Source: Adopted from Miguel and Salomi (2004)

2.5 Service Quality in Customer Satisfaction

Pos Malaysia is not only a core postal and courier service which we can find in Malaysia. Hence, service quality is important to use as a determinant of customer satisfaction (Cronin & Taylor, 1992) that can increase customer retention and loyalty as service quality increase. In the other hand, a company that provides a good service heightens a company's capability to fascinate new customers, easy to deal business with existing customers and promotes cross-selling (Sonnenberg, 1989). Furthermore, instead of focusing the aspects of customer loyalty, many firms changed to pay more attention

on loyal return customers who are probably to spend more money, and engage in positive word-of-mouth communication (Pullman & Gross, 2003).

On 10 October 2002, there was a survey for public views postal service as unsatisfactory for Pos Malaysia. The Customer Satisfaction Index (CSI) score for Pos Malaysia at 3.3 out of 5, as the rating of 3.3 was unsatisfactory. The ranging of customer's expectations was from 3.88 to 4.27, while the customer's perception was ranging from 3.06 to 3.53. The gap of customer's expectation and perceptions were due to the issues of efficiency, parking space, operating hours, service delivery, timely notification, timely ordinary express letters, post boxes and user friendly facilities (New Straits Times, 2002).

Oliver (1993) first recommended that, about the relationship between customer satisfaction and service quality, the quality of service would be in advance to customer satisfaction, whether these structures were in the accumulation or specific-transactions. According to Wilson, Zeithaml and Bitner (2008), satisfaction in commonly is a broader perception; but in particularly, service quality is focusing on dimensions of service. Instead of focused on the assessment to reflect customer's perception on tangibility, reliability, responsiveness, assurance and empathy, the satisfaction is more comprehensive which is influenced by perceptions of service quality, product quality, price, situational factors and also personal factors. Customer satisfaction will lead the success for a restaurant (McCull-Kennedy & Schneider, 2000) and so do the post office. It has been shown that a 5% of increment in customer loyalty can increase 25% -85% of profits, just because a very satisfied customer is almost six times more probably to be loyal customer to buy again and/or suggest the product than is a customer who is just

satisfied (Cacioppo, 2000). Moreover, customers will perceive the value of their money they spent is worthy when they experienced a high level of quality (Haemoon, 2000).

2.5.1 Tangibles and Customer Satisfaction

Tangibles elements include exterior facilities of a firm such as modern-looking interior decor, parking space, the modern equipment used, appearance of employees, visually attractive of physical facilities and visually appealing of material associated with the service such as pamphlets.

Physical environment is one of the key to influence on customer perception of service quality to increase the satisfaction level of customers (Parasuraman et al., 1998). In general, customers insist in emphasizing on the image (Didaskalou & Nastos, 2003), sanitary condition (Lockyer, 2003) of the service firms, post offices should be no exception. According to Shanker (2002), service environment is a vital representation for quality which will be used by customers. Service environment is relating to the design and appearance of the physical settings and other composition of experiential met by customers during the delivery of the service sites (Maklan, 2012). Service firms must supervise their servicescape sensibly because it makes customers have deep impressions (Kranias & Bourlessa, 2013) especially for their first visiting. Servicescape is important for Pos Malaysia if they want to have proficient image. Those physical evidence such as comfortable seating, pleasant temperature and lighting, advanced technology and network connectivity in the computer systems are indispensable (Helm & Gritsch, 2014). According to Sohn and Tadisina (2008), customers' perceptions will be influenced by the contemporary infrastructure with cutting-edge technology which has been provided by the service provider in order to alter their behavioral intentions. Moreover, there

should always be a consideration of Pos Malaysia on the location and the parking space for those customers who arrive neither by public transportation nor by personal vehicle (Akbaba, 2006). Further, the location of branches and easy availability should be considered in the point of view of the customer conveniences (FitzPatrick, Davey, Muller, & Davey, 2013) which is the dominant criterion for subsequent satisfaction and selection of Pos Malaysia.

2.5.2 Reliability and Customer Satisfaction

Reliability is the ability to achieve the promised service consistently and precisely (Parasuraman et al., 1988). It also can believe as reputation that can be the most trustworthy gauge of service quality (Nguyen & Leblanc, 2001) which could be associated with the customers' previous experiences (Ndubisi, 2006). Reliability in service is the sureness of service aspects and crucial quality aspects (Van Oort & Van Leusden, 2012) in service industries, and to a certain extent, it is all-embracing including product and system reliability and dependability (Madu, 1999).

High service reliability is the flawless performance of a pre-specified service (Galetzka, Verhoeven, & Pruyn, 2006) such as the arrival time of flights are on schedule, after maintenance the car is in the well-tuned condition, the reliability travel time of the bus, or the parcels/documents arrive to the recipient on timely as promised. Iseki and Taylor (2009) also revealed that reliability is the key factor to evaluate the effectiveness of the services. In addition, the performance of reliable service is the expectation of a customer which is the service is attained on time, in the same manner and every time is zero defect (Zalatar, 2012).

2.5.3 Assurance and Customer Satisfaction

Assurance was defined by Parasuraman et al. (1988) as the guarantee of knowledge and politeness of employees and their aptitude to arouse trust and confidence. It also consists the efficiency of the communication with the customer and the overall attitude that the service provider has the customer's best interests at heart (Zalatar, 2012). For instance, customers should be feeling safe in their transactions with the employees of an organization. Thus, information sharing is a vital component of traditional selling and also relationship marketing which might as a guide of shared understanding (Ndubisi, 2006; Lympelopoulos et al., 2006). According to Keçetep and Özkan (2014) in their study, they defined quality assurance as the entire decisive and organized actions, which is implementing to provide trust-confidence in order to supply high quality of products or services. The assurance of quality is also a promised with the consisting of steps to deliver good quality of the product and service that will have the necessary of standards requirements to fulfil desired quality. As W.E. Deming (1998) asserts, it is "never-ending process" to the infinite growth of the customer requirements that has to be respected and fulfilled by the service provider, which needs to find their own way to achieve it in order to the overall success of their enterprises in Reguly's study (1998) (as cited in Jankal, 2014, p. 445).

Assurance in quality becomes more and more significant because it is an instrument to ensure the confidence and trust is in mutually about high quality performance (Westerheijden, Stensaker, & Rosa, 2007) in differ industries such as higher education, public transportation, airlines and also post and courier service industry like Pos Malaysia. In addition, evaluation of employees is another way to assure that they have knowledge and ability to inspire trust and confidence to their customers,

and also have open minded to accept criticism, changes and new developments (Westerheijden, Stensaker, & Rosa, 2007).

2.5.4 Empathy and Customer Satisfaction

Empathy is defining as an attention which has been focused individually given to customers and has an enthusiasm to help the customers in solving their problem in timely manner (Karatepe, Yavas, & Babakus, 2005; Zeithaml, Parasuraman, & Malhotra, 2002). In addition, approachability, thoughtfulness and effort to understand the customer's needs are another elements in the empathy dimension (Zalatar, 2012). Therefore, employees of organization should always learn to understand or know their customers' needs or specific requirements. Nevertheless, employees should be able to recognize their regular customer in order to provide them an individualized attention Parasuraman et al. (1988) to strengthen the customer-employee relationship (Gronroos & Helle, 2012).

In service industries, service providers such as Pos Malaysia should always encourage their employees to grow friendship and long term relationship with customers (Salloum & Ajaka, 2013). It can be implemented by listening the customer feedback and pay for personal attention such as in the case of Indian banking sectors, their employees look for a personal attention to their customers in every single transaction they did (Guptsa & Dev, 2012).