THE IMPACT OF SERVICE QUALITY ON CUSTOMER SATISFACTION OF ALTERNATIVE TAXI

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ABSTRACT

Taxis are one of the most widespread modes of public transportation in Malaysia as a purpose of convenient travelling which also saves time in comparison to other forms of public transportation. Nevertheless, complications also arise from the use of taxi; in the past few years, the utility of smart phones and electronic gadgets have excelled. The innovation of E-hailing has been introduced to taxi industries and it was shown to be expedient in Malaysia. Speculatively, this research aims to determine the impact of service quality (safety, driver's manners, convenience, reliability, responsiveness) on the customer satisfaction of alternative taxi. The data was obtained from conductive questionnaires completed by 359 individuals who have experienced the service of E-hailing of alternative taxi in Shah Alam, Selangor, Malaysia. The study showed that the most important factors that people always concern while choosing taxi are safety, driver's manners, and convenience. Conclusively, corporates of business, development and marketing are able to improve the efficiency of consumers' need, increase number of customers and propel their commercial into this industry with marketing strategies to acquire customer satisfaction.

KEYWORDS: Customer satisfaction, Service Quality, Alternative Taxi

1. INTRODUCTION

Mobility is a prominent necessity for every individual and in this modern society, there is a high demand for transport services especially private vehicles. Provision of public transportation services by government bodies and private corporates to the citizens is to attain the needs of public with accessibility and affordability of transport utility [1]. In various countries, the responsibility of government and private bodies are apportioned by taxi services. Taxi transport is any type of mode of transportation that is accessible to the public despite of ownership [2]. In another research conducted by [1], taxi is discerned as the purpose of providing special or general services of transportation to the public without considering the services of chartered transportation but services of scheduled transportation. The taxi industry has experienced prodigious changes in recent years especially in Malaysia. As of today, transportation services regulating around mobile applications have emerged and there is an increased demand on ride services such as Uber, Grab, EzCab, Jom Rides, Jom Taxi, MULA, MyCar, PICKnGO, Lady pink and Diffride. These emerging services have improved the taxi industry in Malay but competition among local taxi industry and public transportation also rises. Modern consumers are attentive; they emphasize on high quality inclusive high professionality in transportation services.

Uber Technologies Inc. and Grab Malaysia have predominantly thrived the e-hailing industry in Malaysia in January 2014 [3]. The launching of Uber began in Malaysia in January 2014 while GrabCar in May 2014 [4] The operation of these two companies commenced into the market of Malaysia for approximately less than five years and they managed to attain more than 10 million subscribers and users (Similar Web LTD, 2017). The development of this industry is prominent and moreover, the reorganization from Land Public Transport Commission (SPAD) is obtained by the adulation of this service as soon as legalized public service vehicle is subjected to an intermediation business license regardless of determined opposition by taxi drivers [5]. Services of public transportation are suggested to ensure effective service quality through maintaining disciplinary of regulating schedules, safety and expedition [6]. Public transport services are advised to have availability and accessibility for all individuals especially catered to the vulnerable, physically and mentally challenged groups. There is an increment in demand of private cars due to Malaysia's high vehicle utility rate, traffic congestions, inadequacy of parking and ineffective public transport infrastructure. An online survey on General Perception of Taxi Service in Malaysia was conducted by SPAD with more than 28000 participations of respondents; results presented that taxi drivers tend to overcharge, neglect the use of meters, poor customer service, cleanliness and uncomfortable setting.

A comparison was conducted between service quality of Uber and Grabtaxi [7]; the results presented that Grabtax exceeds the performance of Uber in various aspects especially in customer service. Uber constantly faces issues pertaining to GPS which skews the precise location of passenger. Customers still show dissatisfaction with this mistake by countless reports that were issued to the center even though Uber alleviated this matter with refunds. In the aspects of cost, Grabtaxi perpetuates higher rates compared to Uber but due to surfeited demand, surge rate multiplier was implemented and thus, the price of Uber escalated being one of the most discussed complaints from users. However, both services are still the preferable choices compared to traditional public transport services.

Service quality is a prominent factor that corroborates to customer satisfaction [8]. Past researches on public transportation has been emphasizing upon customers' perception on service quality [9]; [10] with inadequate focus on service quality affecting customer satisfaction. The paper evaluates the effects of service quality on customer satisfaction of alternative taxi by utilizing the SERVQUAL model. Therefore, this research will assist existing companies and potentially rising companies to determine the impact of service quality upon customer satisfaction of alternative taxi to establish new strategies of business

and to cater to customer needs. The research will begin from identification of current customer profiles and perceiving their behavior and choice criteria by constructing specific research questions.

1.1 Problem Statement

In this age, unfortunate incidents pertaining to alternative taxi services upon customers are highly probable. Consumers are utilized with various types of public transport and yet, they are forced to use alternative taxi for proper mobility because of time constraint and expeditious needs. Despite the presence of alternative taxi services to improve customers' life, there is still a rise of complications and complaints from customers regarding their services [11]. This is due to many drivers who neglect the proper guidelines that were set by their management. This research is conducted to analyze the impact of service quality on customer satisfaction of alternative taxi. Alternative taxi holds the fastest mobility on route in comparison to other public transport. Nevertheless, customers consume time before choosing an alternative taxi because of unexpected incidents that occur revolving around their services. This region of Malaysia has everything it needs to develop a customer satisfaction driven taxi services-friendly people, safety and a current major infrastructure development project. In term of technology and cultural heritage it offers the best of both worlds, but if it is to succeed then all the pieces need to be in place. This study discusses the service quality factors for measuring customer satisfaction that affect the alternative taxi services in this area. It examines and explores the service quality factors that will affect customer satisfaction for causing greater productivity and higher performance of this industry.

In the literature, there are ranges of sources addressing the factors to evaluate customer satisfaction on the transportation industry. Based on recent times, the research in Malaysia's Selangor State is inadequate. The present study is aimed at filling that gap in the body of literature. Additionally, a research like this is essential to assess and improve service delivery and design, because it will provide management with data that they can use in making inferences about the customers [12]. Thus the results of this study should be proved useful for academics; business in the field of marketing and management researchers of customer satisfaction and service quality especially in service sector organizations. The researchers plan to study the impact of service quality on customer satisfaction of alternative taxi in Shah Alam City in the province of Selangor, Malaysia.

2. LITERATURE REVIEW

Customer satisfaction is a comprehensive attitude of customer towards a service provider or an emotional reciprocation to the difference between customers' anticipation and experience pertaining to the fulfillment of needs, goals or desires [13]. This is the foundation based on formation of favorable and unfavorable perceptions regarding firms' offerings. Successful business thrives from the foundation of satisfied customers because customer satisfaction constructs high purchase, loyalty and positive hearsays [14]. Businesses that thrive for success therefore establish investments in development and implementation of programs that aims in attaining customer satisfaction.

Satisfaction relies on various factors and the literatures on this matter are scarce. Generating the factors affecting customer satisfaction requires certain research studies to be conducted in this field. Researches showed that customers desire the best of service quality and responses to their needs [15]. There are various factors influencing customer satisfaction including friendliness of employees, courteous employees, knowledge of employees, availability of assistance, accuracy of billing, billing period, competitive pricing, service quality, good value, billing clarity and instant services [16]. The impact of service quality upon customer satisfaction especially, emphasizing on service offering, is prominent and deserves to be acknowledged by providers. Service quality variables of interest to public transport services should be the top priorities emphasized by providers.

Nature of service is difficult to be discerned and determined [17]; the process to evaluate consumer perception of service quality is complex. However, the constructed service quality model, SERVQUAL by [18] has been a consistent utility of reference by marketing practitioners. The model is according the analysis of perception gap between the perceived service quality and the expected service quality. The model proposed 10 dimensions of service quality: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, perceiving consumer and tangibility. These dimensions were later reduced to five: reliability, responsiveness, empathy, assurances and tangibility [19].

Past literatures have showed that behavior of personnel especially bus drivers, frequency of services, reliability of services and time are the most critical factors influencing customer satisfaction [20]. Customer satisfaction can be attained from practiced friendliness behavior of bus driver by improving communication skills and acknowledgement of customers' needs [21]. Service frequency, reliability, convenience and responsiveness are variables of service quality that are accounted as significance in

customer satisfaction [22]; [23]. Based on a research conducted upon customer satisfaction of minicab taxi service in Cape Coast, Gana [24], reliability, safety, comfort affordability, driver behavior and continuous service were evaluated as variables to discern the relationship with customer satisfaction by using Pearson correlation. The results presented that all six variables show significance with customer satisfaction. Previous studies also have showed that the five service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) have significant positively influence customer satisfaction [25]; [26]; [27]; [28]. Thus, the following study will filled the gap by further investigating the impact of the five service quality dimensions (safety, driver manners, convenience, reliability and responsiveness toward customer satisfaction particularly in e-hailing services in Shah Alam. Thus, the following hypotheses were developed accordingly:

H_1: Safety has an influence on Customer satisfaction of Alternative Taxi

H_2: Driver's manners has an influence on Customer satisfaction of Alternative Taxi

H_3: Convenience has an influence on Customer satisfaction of Alternative Taxi

H_4: Reliability has an influence on Customer satisfaction of Alternative Taxi

H_5: Responsiveness has an influence on Customer satisfaction of Alternative Taxi

2.1 Conceptual Framework

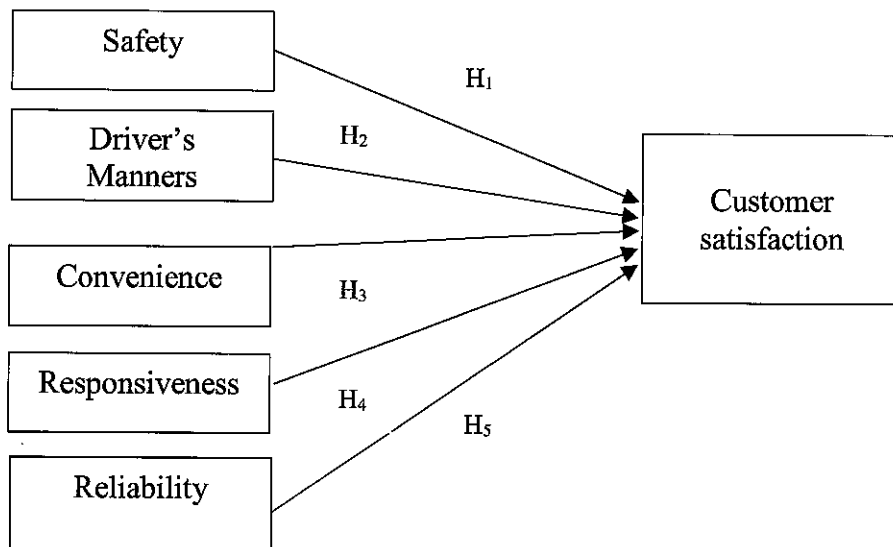The conceptual framework has been developed from the above theory:

Figure 1: Conceptual framework

3. RESEARCH METHODOLOGY

A cross-sectional study was conducted in Shah Alam, Malaysia between November and December of the year 2017. Area sampling, which also known as geographical sampling

was used by first identifying terminals within the city and randomly selected terminals were included in the sample. Accordingly, seven taxi terminals were identified and data were randomly collected from four terminals. Passengers were intercepted at the terminals while waiting to board taxi to their destinations. In total, a sample of 359 passengers was selected from the four selected taxi terminals. The questionnaire was developed based on information identified on service quality model with few modifications to fit the nature of alternative taxi operations of the city. The questionnaires were pretested on a pilot group of 30 passengers in order to prevent errors, including lengthy questions, ambiguities, and poorly framed sentences. Data collection was carried out using an adaptation of the Structured Questionnaire developed by [18]. The questionnaire was adapted to suit the needs of the current study [29].

The reliability test was conducted to ensure that each of the scales employed are being assessed to establish the internal consistency of the present study. This system is a widely used measure of scale reliability a high level of reliability [30]. Cronbach"s alpha for the scales are presented in Table 1. The values indicate a high level of reliability. Content validity was also achieved by adequately covering all the content area. Survey method was used in collecting primary data at the selected terminals from commuters who normally travel on alternative taxi services. The data gathered were analyzed using descriptive statistics, Pearson's correlation and multiple regression analysis. The analysis was carried out with SPSS latest version. Cronbach's alpha for the scales are presented in Table 1.

Table 1: Reliability Analysis for Each Construct

Constructs	Cronbach's Alpha (N= 30)
Safety	0.752
Driver's Manners	0.814
Convenience	0.865
Reliability	0.807
Responsiveness	0.784
Customer Satisfaction	0.746

4. DATA ANALYSIS AND FINDINGS

4.1 Descriptive Analysis

Table 2, shows the demographic characteristics of respondents. The female respondents were 199 (55.4%) and the male counterpart were 160 (44.6%) of the total sample size.

Most of the respondents 152 (42.3%) fell within the ages of 21-30, 81(22.6%) fells within the ages of 31-40 and 76 (21.2%) and 50 (13.9%) fells within the ages of below 20 and above 41 respectively. Majority of the respondents 165 (45.9%), are students, followed by work in the public sector 88(24.5%), 87 (24.2%) working in the private sector. Only 19 (5.3%) respondents are either self-employed or unemployed.

Table 2: Demographic Profiles of Respondents

Demographic Profiles	Frequency	Percentage (%)
Gender		
Male	160	44.6
Female	199	55.4
Age		
Below 20	76	21.2
21 - 30	152	42.3
31 - 40	81	22.6
Above 41	50	13.9
Employment Status		
Unemployed	19	5.3
Private sector	87	24.2
Public sector	88	24.5
Student	165	45.9

4.2 Pearson Correlation Analysis

Further testing was conducted to determine the correlation coefficient to measure the strength of the linear relationship between safety, driver manners, convenience, reliability, responsiveness and customer satisfaction towards alternative taxi services in Shah Alam.

Table 3: Correlation between Customer Satisfaction and independent variables

	Variables	1	2	3	4	5	6
1	Safety	1					
2	Driver's manners	0.639**	1				
3	Convenience	0.702**	0.793**	1			
4	Reliability	0.673**	0.571**	0.657**	1		
5	Responsiveness	0.624**	0.735**	0.745**	0.701	1	
6	Customer Satisfaction	0.698**	0.551**	0.628**	0.657**	0.580**	1

**. Correlation is significant at the 0.01 level (2-tailed)*

Table 3 summarizes the Pearson Product-Moment Correlation Coefficients Test that shows all the independent variables have positive correlation with the dependent variable. There was a high correlation between safety (r=0.698), reliability (r =0.657), convenience (r=0.628) with customer satisfaction, meanwhile driver manners (r =0.551), responsiveness(r=0.580) have a moderate correlation with customer satisfaction.

4.3 Regression Analysis

Multiple regression is also conducted to determine the overall fit of the model and the contribution of each independent variable to the total variance explained. Model summary as reflected in Table 4 is used to determine how well a regression model fits the data.

Table 4: Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std Error	Beta		
1 (Constant)	.588	.179		3.286	.001
Safety	.449	.065	.415	6.906	.000
Driver's manners	-.048	.061	-.052	-.756	.453
Convenience	.116	.028	.118	1.914	.050
Reliability	.294	.076	.283	3.934	.000
Responsiveness	.071	.073	.073	.958	.338
$R^2 = 0.562$	*Adjusted $R^2 = 0.552$*		*F value = 70.796*	*Sig F = 0.000*	

a. Dependent Variable: Customer Satisfaction

Based on the regression model above, it shows that the 56.2% (R Square = 0.562) of the observed variability in total customer satisfaction is explained by the total service quality variables. The result indicates that all the service quality items; safety, driver manners, convenience, reliability and responsiveness are good predictors of customer satisfaction of alternative taxi services.

The results indicate that the driver manners and responsiveness dimensions of service quality in this research were found to have less significant effect on customer satisfaction. This finding is in contrast with [1] who found that drivers who are polite and friendly to the customers build up customers trust to use this kind of transportation. The remaining three dimensions (safety, convenience and reliability) proved to have significant effect on customer satisfaction and this is consistent with other researchers findings such as, [27], [24] and [25]. In other words, since the observed significance level is less than 0.05, it indicates that the mentioned service quality dimensions are good predictors of customer satisfaction of alternative taxi service offered by the case company. The remaining two dimensions (responsiveness and driver manners) proved to have moderate significant effect with customer satisfaction. The implication of this result is as follows:

Table 5 Overall Results of Hypotheses

Hypotheses	
H_1: Safety has an influence on Customer satisfaction of Alternative Taxi	Accepted
H_2: Safety has an influence on Customer satisfaction of Alternative Taxi	Rejected

H₃:	Safety has an influence on Customer satisfaction of Alternative Taxi	Accepted
H₄:	Safety has an influence on Customer satisfaction of Alternative Taxi	Accepted
H₅:	Safety has an influence on Customer satisfaction of Alternative Taxi	Accepted

5.0 CONCLUSIONS

In conclusion, based on the above findings, it shows that there is a positive relationship between service quality and customer satisfaction. Thus, in order to be competitive, it is crucial for the e-hailing companies to maintain high service quality standards to ensure customer satisfaction. Evidence from the findings indicated that safety, reliability and convenience significantly affect customer satisfaction, followed by responsiveness and driver manner moderately affect customer satisfaction.

The study documented that service quality is the dominant route to customer satisfaction therefore, it is imperative for e-hailing service providers operating in Shah Alam such as Uber, Grab, EzCab, Jom Rides, Jom Taxi, MULA, MyCar, PICKnGO, Lady pink and Diffride car to identify and improve customer services in order to capture a larger market share and successfully developed their brand name and be the top provider in the industry.

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