AN EVALUATION OF THE ROAD TRANSPORT DEPARTMENT COUNTER SERVICE TOWARDS THE QUALITY OF RTD'S CUSTOMERS SATISFACTION IN KOTA KINABALU



PERPUSTAKAAN UNIVERSITI MALAYSIA SABAH

SCHOOL OF BUSINESS AND ECONOMICS UNIVERSITI MALAYSIA SABAH

AN EVALUATION OF THE ROAD TRANSPORT DEPARTMENT COUNTER SERVICE TOWARDS THE QUALITY OF RTD'S CUSTOMERS SATISFACTION IN KOTA KINABALU

JIMMY DAUKIT YANGUS

PERPUSTAKAAN UNIVERSITI MALAYSIA SABAH

UNIVERSITI MALAYSIA SABAH

A dissertation submitted in partial fulfillment of the requirements for the degree of Master of Business Administration

SCHOOL OF BUSINESS AND ECONOMICS UNIVERSITI MALAYSIA SABAH

PUMS 99:1

UNIVERSITI MALAYSIA SABAH

BORANG PENGESAHAN TESIS		
JUDUL :		
IJАZAH :		
	SESI PENGAJIAN :	
(HURUF BESAR) Mengaku membenarkan tesis *(LPSM/Sarj Sabah dengan syarat-syarat kegunaan sepe	ana/Doktor Falsafah) ini disimpan di Perpustakaan Universiti Malaysia rti berikut:-	
	alaysia Sabah. abah dibenarkan membuat salinan untuk tujuan pengajian sahaja. at salinan tesis ini sebagai bahan pertukaran antara institusi pengajian	
TERHAD (Mengandu	ungi maklumat yang berdarjah keselamatan atau kepentingan Malaysia ng termaktub di AKTA RAHSIA RASMI 1972) ungi maklumat TERHAD yang telah ditentukan oleh organisasi/badan di relidikan dijalankan)	
TIDAK TERHAD	Disahkan oleh:	
 (TANDATANGAN PENULIS) Alamat Tetap:	(TANDATANGAN PUSTAKAWAN)	
TARIKH:	(NAMA PENYELIA) TARIKH:	
menyatakan sekali sebab dan tempoh t	mpirkan surat daripada pihak berkuasa/organisasi berkenaan dengan sesis ini perlu dikelaskan sebagai SULIT dan TERHAD. jazah Doktor Falsafah dan Sarjana Secara Penyelidikan atau disertai Laporan Projek Sarjana Muda (LPSM).	

DECLARATION

The materials in this thesis are original except for quotations, excerpts, summaries and references, which have been dully acknowledged.

JIMMY D. YANGUS PS2004-002(K)-037 20 June 2007



ACKNOWLEGEMENTS

I would like to express my gratitude and thanks to Associate Professor Dr. Roselina Ahmad Saufi and Dr. Kalsom Abd. Wahab my first supervisor; appreciation and gratitude goes to my immediate supervisors and lecturers Dr. Fumitaka Furuoka and Dr. James Alin who have given me invaluable advice throughout the preparation of this Research Paper.

Most of all, I am very grateful to my family members for their constant support, understanding and patience.

To all my friend and former UiTM lecturer (1989), Tuan Haji Jamal B. Haji Kario, and Director of RTD Sabah En. Md. Yahaya Bin Basimin and all RTD staff in Kota Kinabalu who have given me their support and for perusal of questionnaires to respondents.



ABSTRACT

The Road Transport Department, Sabah (RTD) has undergone various evolutionary changes and has become a rather complex organization since it inception on February 27, 1963. The RTD has always made an effort to improve and enhance the quality of its customer services. Despite these efforts, RTD still receives numerous complaints from unsatisfied customers. The purpose of this research is to identify the significant relationship between the satisfaction of RTD customers towards the quality of staff's attitude, queuing (waiting time) and facility. A total of 200 questionnaires were distributed to RTD customers in Bundusan Road Penampang, Kota Kinabalu, but only 172 questionnaires were returned for analysis. The findings show that quality of staff attitudes, queuing (waiting time), and counter facility are not a strong determinant towards RTD customers' satisfaction. The findings in this research will be used as a guideline for RTD to seek for relevant remedies for unsatisfied customers and formulate strategies to deliver customer service excellence.





ABSTRAK

SUATU PENILAIAN PERKHIDMATAN KAUNTER JABATAN PENGANGKUTAN JALAN TERHADAP KUALITI KEPUASAN PELANGGAN JPJ DI KOTA KINABALU

Jabatan Pengangkutan Jalan (JPJ) Sabah telah melalui beberapa perubahan dan telah menjadi sebuah organisasi yang komplek sejak penubuhannya pada 27 Februari 1963. JPJ sentiasa mengambil berat untuk memperbaiki dan meningkatkan kualiti perkhidmatan kepada pelanggan. Walaupun berusaha sedaya upaya tetapi JPJ masih menerima beberapa rungutan daripada pelanggan yang tidak berpuas hati terhadap perkhidmatan dikaunter. Tujuan penyelidikan ini adalah untuk mengenalpasti hubungan yang nyata diantara kepuasan pelanggan JPJ terhadap tingkahlaku pekeria. masa menunggu (berbaris) mendapatkan perkhidmatan dan kualiti kemudahan dikaunter. Sebanyak 200 kertas soal selidik telah diedarkan kepada para pelanggan JPJ di pejabat JPJ di Jalan Bundusan Penampang, Kota Kinabalu. Walau bagaimanapun hanya 172 kertas soal selidik telah dikembalikan untuk dianalisis. Hasil daripada analisis tersebut. menunjukkan bahawa kualiti tingkahlaku pekerja, masa menunggu (berbaris) dan kemudahan dikaunter tidak menunjukkan pendorong faktor utama terhadap kepuasan pelanggan JPJ. Perolihan-perolihan daripada penyelidikan ini akan digunakan sebagai garis panduan JPJ untuk mendapatkan pengubahsuaian yang relevan terhadap ketidakpuasan para pelanggan dan mengutarakan strategi-strategi untuk memberi perkhidmatan yang terbaik kepada pelanggan.





TABLE OF CONTENT

TITLE		1
DECLARA	ΓΙΟΝ	ii
ACKNOWL	EDGEMENTS	iii
ABSTRAC	r	iv
ABSTRAK		v
TABLE OF	CONTENTS	vi
	ABLES	vii
	GURES	viii
LIST OF AF	PPENDICES	ix
CHAPTER		
1.1	Overview	1
	1.1.1 Vision	3
	1.1.2 Mission UNIVERSITI MALAYSIA SABAH	3
	1.1.3 Objectives	3
	1.1.4 Current Issues	4
1.2	Problem Statement	5
1.3	Objective of Study	6
1.4	Significant of Study	7
	1.4.1 Preliminary Information Gathering	7
1.5	Key Variables	8
1.6	Limitations of Study	9
1.7	Terms of Reference	9

PERPUSTAKAAN UNIVERSITI MALAYSIA SABAH

Page

CHAPTER 2: LITERATURE REVIEW

2.1	Introduction	10
2.2	Definition of Key Concepts	10
	2.2.1 Concepts of Customer Service	11
	2.2.2 Customer Service	17
	2.2.3 Why Customers Services are important	19
	to Individuals	
2.3	Quality Service	20
2.4	Good Attitude of Staff	21
2.5	Total Quality Management (TQM)	21
2.6	Customers' Needs	23
2.7	Customers Satisfaction	24
2.8	Summary	26
CHAPTER 3:	RESEARCH METHOLOGY	
3.1	Introduction	27
3.2	Theoretical Framework	27
3.3	Definition of Variables	28
3.4	Research Hypotheses	30
3.5	Research Design	31
3.6	Unit of Analysis Customer Satisfaction Level	31
3.7	Sampling Design	32
3.8	Instruments Design	33
3.9	Data Collection Method	34
3.10	Data Analysis Method	35
3.11	Summary	35
CHAPTER 4:	ANALYSIS OF RESULTS	
4.1	Introduction	36
4.2	Profile of Respondents	38

4.2.1 Personal Information 3

4.3	Reliability Test Analysis	40
4.4	Descriptive Analysis of Variables	41
4.5	Hypotheses Testing	42
4.6	Summary of Finding	45

CHAPTER 5: DISCUSSIONS AND CONCLUSION

5.1	Introduction	47
5.2	Recapitulation	47
5.3	Discussions and Implications	49
5.4	Limitations of Study	50
5.5	Suggestions for Future Research	50
5.6	Conclusion	52

REFERENCES APPENDIX



LIST OF TABLES

PAGE

Table 1.1:	Annual Income	2
Table 4.1:	Respondent Profile	38
Table 4.2:	Cronbach's Alpa Value For Variables	41
Table 4.3:	Descriptive of Analysis	41
Table 4.4:	Correlation Test	42
Table 4.5:	t-Test	42
Table 4.6:	The Moderating Effect of Gender	44
Table 4.7:	The Moderating Effect of Age	44
Table 4.8:	The Moderating of Education	45
Table 4.9:	Summary Table of Regression Analysis Result	46



UNIVERSITI MALAYSIA SABAH

LIST OF FIFURES

PAGE

28

Figure 3.1: Research Framework



LIST OF APPENDICIES

PAGE

APPENDIX A:	RESEARCH QUESTIONNAIRE	57
APPENDIX B:	FREQUENCY TABLE	60
APPENDIX C:	RELIABILITY TEST	71
APPENDIX D:	DESCRIPTIVE ANALYSIS	75
APPENDIX E:	REGRESSION ANALYSIS	76
APPENDIX F:	PUBLIC COMPLAINTS	85
APPENDIX G:	COUNTER FICILITY & WAITING AREA	89
APPENDIX H:	RTD OFFICE AT BUNDUSAN ROAD	93
	PENAMPANG	





CHAPTER 1

INTRODUCTION

1.1 Overview

The Road Transport Department (RTD), Sabah was incorporated in February 27, 1963. RTD Sabah was further enforced by Acts of Parliament under the Road Transport Act 1987. This act also empowers RTD to provide services pertaining to transportation, licensing drivers, and in addition to methodologies pertaining to ways of educating drivers to be competent as well as registration of safe and secure motor vehicles (Kassim and Bong, 2003).

RTD Sabah has eight (8) major branches in the main towns of Sabah namely Kota Kinabalu, Tawau, Sandakan, Kudat, Keningau, Beaufort, Lahad Datu as well as the Federal Territory of Labuan.

The present Road Transport Department Sabah is headquartered at Bundusan Road, Penampang and began its operations on November 6, 2000. To implement its responsibility, RTD is divided into various sections:

- Management Section responsible to give support advisory services pertaining to human resource management, quality management and disciplinary management.
- ii) Finance and Revenue Section responsible with financial management, budget, revenue collections, physical development and store management.
- iii) Registration and Licensing Section responsible of controlling and to make certain all motor vehicles are registered and licensed as well as all drivers of motor vehicles are tested and licensed competently guided by driving school training which is current and comprehensive.
- iv) Enforcement Section responsible to ascertain all motor vehicles, drivers and license owners adhered to the rules and regulations, and methodologies implemented under APJ 1987 and Commercial Vehicles Licensing Board Act

(LPKP) 1987. It also acted as the headquarters for Road Safety System (KEJARA) and Road Safety Council (MKJR).

 v) State RTD Branches – responsible in implementing operations of counter services to the general public and the enforcement of Methodologies of the Road Transport Act.

(Sources: RTD Annual Report, 2000)

It is also noted that in the Kota Kinabalu branch, the financial collections from its counter service had declined i.e. to RM31,981,796.91 last year (2006). In 2004 the collections from its counter service was RM35,798,980.49 and in the year 2005, the collections had increased to RM 37,646,062.03. The hypothetical question is whether the staff attitude, quality of service, customer satisfaction and other factors affect these fluctuations in the Kota Kinabalu branch counter service financial collections.

Table 1: Annual Income

	Year	Total Income RM	
AIN	2006	31,981,796.91	
P	2005	35,789,980.49	
	2004	37,646,062.03	YSIA SABAH

Sources: RTD Annual Reports 2004, 2005 and 2006

Some other major questions raised perhaps are the decline in revenue/counter service collections in 2006 were probably due to the late payment of government grants allocations, or counter service collections were slow and inefficient. But then in 2004 and 2005, the counter service collections had increased dramatically. Were these due to other economic variables or the data were being manipulated.

According to Samuelson and Marks (2003), revenue monetary decisions are based on the following decision making principles:

i) Managers (Directors) depend on economic forecasts in making decisions.

2

ii) An appreciation of the margin of error surrounding the forecast is as important as the forecast itself. Disasters in planning occur when management is overly confident of its ability to predict the future.

Samuelson and Marks (2003) further stressed that "barometric" methods (leading indicators) are used to forecast the general course of the economy and changes in particular sectors (these include RTD). However, forecasting accuracy has improved over time, but incremental gains have been small (Samuelson and Marks, 2003).

1.1.1 Vision

- To educate drivers to be competent road users and to ensure motor vehicles are safe so that road accidents can be reduced.
- ii) To give satisfaction to customers through counter service that is conducive and friendly as well as to provide precise advisory services.
- iii) To Implement Motor Vehicles Registration system and Licensing of drivers to the world standard.
- iv) To provide efficient, firm and trustworthy services.

1.1.2 Mission

- i) To ensure customers satisfaction can be achieved fully through efficient counter service.
- ii) To cultivate working environment free from corruptions and manipulations.
- iii) Precise and correct information
- iv) Staff is skillful in communications.
- v) To inculcate a system of driving tests which are professional and to educate drivers on road ethics.
- vi) To provide a conducive work place this is user friendly and comfortable.

1.1.3 Objective

 To establish and administer a registration system and licensing all classes of motor vehicles with integrity, effectiveness and safe.

- ii) To establish and administer a training system, testing and licensing drivers with effectiveness in order to produce skillful, disciplined and knowledgeable motor vehicles drivers.
- iii) To enforce and administer Road Transport Acts to produce road users in instilling a culture of respect for the laws and Road Transport Acts.
- iv) To implement effective technical advisory services for the needs of road transport industries.

1.1.4 Current Issues

There are many issues in the RTD Sabah nowadays however, since this study would concentrate on counter service, we would therefore, only to limit on the issues that are related to RTD counter service and customers' satisfaction.

- i) Slow response from the RTD itself RTD branches in Sabah are slow to response for the implementations of the government recent announcement of the reduction in road tax when needed although it is the main source of revenue to them.
- ii) Slow to react to collect debts or summonses. AYSIA SABAH
 - RTD branches are slow to react to collect local debts or summonses issued causing those debts to accumulate up the bigger numbers and has becoming unsolved problems to the debtors to make payment and those RTD's itself as it would require legal procedure such as sending traffic police to issue and knock at customer's doors (houses) to issue arrest warrants, and this involved time and costs needed to be taken.
 - Suggestion boxes are absent in some RTD branches whereby customers can make suggestions or complaints, so that the RTD can be more efficient, fast service to the satisfaction of paying customers. In addition, collection huts are absent at RTD premises, this is

4

especially true when there is a long queue at RTD premises. DBKK (Dewan Bandaraya Kota Kinabalu) has put out collection huts to ease congestion at their collection counters for the ease of collections and to the convenience of customers.

- iii) Lack of enforcement RTD branches do not have enough enforcement staff to handle numerous cases as most jobs are done manually such as issuing summonses.
- iv) Higher costs of paying wages Staff salary, health care and many more staff entitlements continue to increase every year, all these needed to be properly handled by the RTD's.
- V) Lack of expertise running treasury section Lack of knowledgeable staff running the revenue collections and treasury, especially ICT (Information Communication Technologies) i.e. the usage of computers.

1.2 Problem Statement

Like many government agencies in Malaysia, RTD is no exception to experiencing numerous difficulties both within its organization and outside its organization especially when dealing with the various publics or customers, notably from the numerous public complaints and customers dissatisfactions pertaining to its services particularly its counter services (see RTD official surveys Appendix F). Factors such as the increasing numbers of responsibilities as RTD expanded yearly to cope with increasing numbers of motor vehicles to be registered with RTD every year as well as the reduction of road tax are some of the contributing factors that caused those difficulties and complaints (The New Straits Time, Jan 2007 : http:// www.nst.com.my/). The increasing numbers of staff of RTD with their numerous attitude problems are also the main contributing factors to RTD management difficulties (Daily Express, Feb. 13, 2007 – Appendix F).

In this counter services in its Kota Kinabalu branch that there is a financial decline in its counter financial collection services notably in 2006 its collection declined

to RM31,981,796.91 compared to 2004 its counter service collections were RM35,798,980.49 however, the collections increased to RM37,646,062.03 in 2005 (RTD Annual Report 2004, 2005 & 2006). This situation may reflect perhaps to RTD staff attitude, counter facility as well as queuing (time waiting) which inherently affect customers satisfaction.

Bureaucracy is also the many major problems in many government agencies, this includes RTD. For instance, the government "*delivery system*" is much to be desired. As in the case of RTD which was highlighted by a frustrated customer in the press, the RTD which takes weeks to process the issuance of plate numbers at a particular RTD service counter (Daily Express, July 1, 2007. p.20). The customer's experience was that for any plate number acquired through an auction, it would take the Director up to two weeks to approve it from the time the auction fee was paid. This was unnecessary delay. The particular customer posed this question "for how much longer do we all ordinary citizens have to endure this as well as the stale statements by these people of plans to improve their "*work ethics*" and "*delivery system*"?"

1.3 Objective of Study UNIVERSITI MALAYSIA SABAH

Basically, the objective of study in this project concerns about the RTD counter service pertaining to its fluctuations in its counter service revenue collections, whether counter service staff attitudes, counter facilities and waiting time (queuing) are the contributing factors to customers satisfaction or dissatisfaction. This is the main objective in this research.

The main purpose of this study is also to learn to understand the main reasons and causes of events why RTD were experiencing fluctuations in its revenue collection that causes RTD to experiencing numerous customer complaints and dissatisfaction. To understand those events are of course crucial not only for RTD efficiency but to the task the management has planned to do for the goodness of the general public.

6

Another objective of this study is to find out to what extent is the efficiency of the counter service staff in treating the customers in the various counter service transactions, whether the staff is "*slow-moving*" and giving too many excuses when they failed to process all the transactions done, even after all the documents have already been checked through completely by the other officers.

This study also hopes to find out whether that every RTD service counter should have an electronic "*queue*" numbering system prepared like in banks. Perhaps, by having this compulsory put in place, it would be able to prove precisely the time a client comes in, the time a client gets the service and their applications get processed.

1.4 Significant or Scope of Study.

This study focuses on RTD customers around Kota Kinabalu area. Kota Kinabalu area was selected because RTD customers in this area comprise of multiracial such as Malay, local Bumiputera, Chinese and others. Kota Kinabalu is also the Capital City of Sabah. Therefore, it is imperative:

- 1) To get a clearer picture through findings on RTD customer services and their perceptions.
- The outcome of the findings will provide guidelines to RTD management towards their roles and responsibilities on its customer service.

1.4.1 Preliminary Information Gathering

In this research information gathering, talking informally to several people from all walks of life and the work settings as everyone has a plan to buy a motor vehicle in their life time and register with RTD, whether it is in the short term or long term, gives an insight as to what is happening and what influences their decision-making the most.

Furthermore, literature reviews from current newspapers like The Star and The New Straits Times especially towards the year end, the Internet and the magazines or journals pertaining to the Malaysian automobile industry outlook also reflects the upcoming trend. From preliminary information gathered through the newspapers, motor vehicles imported from ASEAN countries will be cheaper by up to 10% as a result of a reduction in import duty under Malaysian's commitment to AFTA (The Star On line: <u>http://biz.</u> the star.com.my, January 31, 2007).

According to the second Finance Minister Tan Seri Nor Mohamed Yakob, there will be an increase in excise duty and decrease in import duty across the board with effect from January 1, 2005 and as such issues relating to a motor vehicle manufacturer's role in the value chain, consolidation and local content would have to be looked at; and in addition the recent government announcement in the reduction of road tax as of January 1, 2007 would be probably effect RTD performance nationwide such as backlog, long queue and longer waiting time at RTD premises (The New Straits Time:http://www.nst.com.my/, January 31, 2007))

After having understood the situation better, further information is gathered in the form of questionnaires as it allows mass participation over short period of time. As questionnaires are used to sample the response of the largely potential customers in Kota Kinabalu, however for the purpose of this research, the questionnaires are confined within the work place, and personally administered to ensure speedy reply and to take the opportunity to explain to the respondents of the subject matter. Furthermore, there would be minimal wastage in resources due to laziness in settling or rejected respondents due to unanswered questions or delay in reply if the questionnaires are mailed to respondents. As such the respondents involved would be colleagues and walk-in customers being working adults in the age ranging from 16 years old to over 60 years old.

1.5 Key Variables

The key variables to be used and researched are:

8

- Independent variables pertaining to the quality of counter service such as staff attitude, counter facility, and waiting time (queuing).
- 2) Dependent variables that affect customers satisfaction.
- 3) Moderating variables such as gender, age education level, marital status, citizenship, occupation, annual income level, etc.

1.6 Limitations of Study

The limited quantity and quality of both primary and secondary data has affected the researcher's findings. Many secondary data does not fit the research objectives and some are irrelevant. Certain information from the RTD cannot be revealed because it is against the department policy. This information is confidential and access is restricted.

The RTD Kota Kinabalu, Bundusan Road Penampang is the largest, main and headquarters for all RTD branches in the whole of the state of Sabah serving at least eight major branches and more branches to be opened soon. These major branches are Tawau, Sandakan, Lahad Datu, Kota Kinabalu, Kudat, Keningau, Beaufort as well as Federal Territory of Labuan. Hence, there are bound to be bureaucracy, red tape, inefficiency, slow moving action, slow delivery system, inefficient use of Computers and Information Communication Technologies (ICTs) etc.

1.7 Terms of Reference

This project paper is part of the academic requirements towards the fulfillment for the degree of Master of Business Administration (MBA) at the University Malaysia Sabah, Kota Kinabalu.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will review some of the previous studies on customer service and will attempt to give definitions as well as define key concepts of customer service.

2.2 Definition of Key Concepts

The key variable used in this study has specific meanings and definitions in the general content as well as in the context of this research are given below:

1) RTD (Road transport Department)

RTD is an abbreviation of Road Transport Department. It is governed by the Road Transport Act 1987.

2) RTD Customers

RTD customers mean any person who has attained the age of sixteen years who wishes to obtain a driving license to drive a motor vehicle.

3) RTD Quality Customer Service

Quality service is the orientation of all resources and all people in the area towards customer's satisfaction. Quality Customers Service in this research is referring to RTD customer service.

4) RTD Commitment/Facility

RTD focuses on customers and provide service based on customer needs such as quality of facilities etc.

5) RTD Staff Attitude

Staff here means RTD staff who is dealing with RTD customers. Having competent and knowledgeable staff will provide customers with friendly and helpful services. As a result of the increasing number of motor vehicles for instance, since 1999 the number of motor vehicles had increase 100 percent; the shortage of trained manpower in RTD have caused staff attitude problems to cope with the increasing work load. The Director General of RTD estimated that RTD needs at least in additional of 300 staff (New Sabah Times, Feb. 26, 2005. p.4).

6) RTD Customers' Satisfaction

Satisfaction is the customer's fulfillment response. It is a judgment or decision of an intangible (service) feature, or the service itself, providing a pleasurable level of consumption – related fulfillment, including, levels of under or over fulfillment (Oliver, 2004). Customers' satisfaction here is referring to RTD customers' needs and expectations are fulfilled.

2.2.1 Concepts of Customer Service

The concepts of service quality adopted by Zeithaml and Bitner (2003) are called "SERVQUAL". It is in the form of a SERVQUAL scale which involves a survey containing 21 service attributes, grouped into the five service quality dimensions of reliability, responsiveness, assurance, empathy, and tangibles.

According to Zeithaml and Bitner (2003), the SERVQUAL scale was first published in 1988 and has undergone numerous improvements and revisions since then. The scale currently out of the five service quality dimensions, it is more like the Likert – Scale where the scales are given numerical from nos. 1 to 7, and given descriptive grades for instance, no. 1 – strongly disagree and no. 7 – strongly agree. The scale also contains expectation items. Although many different formats of the SERVQUAL scale are now in use, the basic 21 perception items, as well as a sampling of ways the expectation items have been posed (Zeithaml and Bitner, 2003).

A study by Low and Chee (1997) on the application of the SERVQUAL scale on the on the Malayan Railway Services Incorporated (Keretapi Tanah Melayu Berhad or KTMB) is appropriated has been privatized since August 1992. Low and Lee (1997)