

The Determinants of Service Quality and Customer Satisfaction in Malaysian E-Hailing Services

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Abstract

This paper seeks to discuss the role of service quality (perceived ease of use, security, and perceived value) in affecting customer satisfaction among Malaysia e-hailing users. E-hailing services have become almost inseparable in today's transportation sector. This growth is stimulated by a variety of factors including social distancing, affordable price, trending lifestyle, more usage of e-hailing service capabilities, and robust business strategies by e-hailing providers. This paper suggests that all the service quality variables namely perceived ease of use, security, and perceived value, have positive significant effect on customer satisfaction specifically among e-hailing users in Malaysia. Thus, companies are required to embrace the variables that, in turn, will enable them to develop effective and efficient plans that incorporate the criteria described to increase the level of customer satisfaction.

Keywords: Perceived Ease of Use, Security, Perceived Value, Customer Satisfaction, E-hailing Services.

Introduction

Technology nowadays has become rich since it is well-developed all around the countries. The rapid forward movement in technology development has provided more powerful and less expensive options for companies. Basically, technology plays a role in every aspect of a business, for instance, online business or e-business which is also known as electronic business. At present, electronic business is applied in public transportation industry in Malaysia where people can purchase the services through Internet. Public transportation plays a vital role in commuting passengers to the places that they desire (Kamaruddin et al., 2017) and is assumed as having a great potential for applications of location-based services through the use of mobile devices (Foth & Schroeter, 2010). In the context of public transport services, the importance of passengers' satisfaction would positively influence some variables in business organization such as customer trust. The phenomenon that happens in Malaysia

currently, where there is high growth of using a e-hailing service all over the country, which is well-known as Grab as other forms of public transportation.

In today's competitive environment, especially in public transportation sector, services are the greatest assets as they serve consumers by focusing on consumer or passenger satisfaction that can increase the company's profitability and revenue growth. Nowadays, public transport has become an issue, where consumers prefer using their own private car to go to places that they desire. While for those who do not have their own car, they prefer to use e-hailing service like Grab rather than using other forms of public transportation, for instance taxi, bus services, railway services, light rail transit (LRT), Commuter Train (KTM), and monorail. As a result, it has become a trend in the rapid growth of private car ownership in Shah Alam, where it will contribute to traffic congestion (Kamaruddin et al., 2017; Sumaedi et al., 2016).

The objective of the study is as follows

- To investigate the determinants of service quality (perceive ease of use, security, perceived value) towards customer satisfaction in Malaysian e-hailing services.

This is to ensure the level of satisfaction of the customers as well as to enhance customer loyalty. Furthermore, there were some problems reported by customers towards Grab services. For example, Grab company faces a service interruptions for third time in a week where the Grab application had a disruption and users were not be able to use the app as usual (The Star Online, 2018). Other customers also complained about the glitches, as one user reported she had a confirmed booking after a driver called her but was not notified of it through the app. The problem seemed to not just limited to Grab Malaysia, but it also affected Grab services across the region.

Literature Review

• E-hailing Service Quality

An e-hailing service like Grab has been an appealing substitute for public transportation nowadays. The transportation service is growing rapidly; especially e-hailing service with new and innovative services and choices. This creates both exciting opportunities and unforeseen challenges for cities as they work to ensure mobility, equity, access, and reliability across their systems (Cohen-Blankshtain & Rotem-Mindali, 2016).

Parasuraman et al (1985) defined service quality as “disconfirmation” paradigm which was derived from the customer satisfaction model whereby the outcome was the customers' pre-expectations from perceived actual performance from the products and services (Zeithaml, Berry, & Parasuraman, 1988) SERQUAL is one the most common measurement scales for service quality developed by (Parasuraman et al., 1985; Zeithaml et al., 1988). Nevertheless, there was less research study on service quality dimensions in e-hailing services in Malaysia. Therefore, e-hailing services like Uber and Grab must leverage service quality to achieve competitive advantages as well as meeting passengers' expectation which would create customer satisfaction and help to build the brand image in return, which would increase the company's profitability.

- **Customer Satisfaction**

Kotler and Keller (2006) stated that satisfaction is an individual's assessment of whether they are satisfied or dissatisfied with the performance of a product or service based on their expectations. Customer satisfaction is derived from the disconfirmation theory of customer expectation, in which a positive disconfirmation leads to satisfaction while a negative disconfirmation leads to dissatisfaction (Oliver & Swan, 1989). Customer satisfaction is a critical component of consumers' long-term responses, and it is a phenomenon of special relevance for analysing shopping, spending, or product or service usage experience. Furthermore, customer satisfaction is critical for a company that provides technology-based and associated services. The level of customer service offered will influence whether a company succeeds or fails in the future. Customer satisfaction is defined as the balance between consumers' expectations and their experiences with products and services (Khazaei et al., 2014)

- **Perceived Ease of Use**

Perceived ease of use was defined by Davis (1989) as "the degree to which a person believes that using a particular system would be free of effort" and a few researchers agreed that the perceived ease of use had a positive effect on customer satisfaction and dissatisfaction, respectively. As stated in previous studies, the ease of use was one of the components of electronic services where it was an essential element for customer usage of technologies in this era, by which Reibstein (2002) stated that the dimensions include functionality, accessibility of information, and ease of ordering and navigation. However, in the context of electronic booking (e-booking), perceived ease of use was defined as the degree to which users feel that it is free of effort and not difficult to use, as they perceive it to be useful to them without having to go to the counter itself (Bhatiasevi & Yoopetch, 2015). Furthermore, this e-hailing service provided convenience to users involved in the ease-of-use elements, which were easy to access, search, transaction, and possession for customers to reach the destination they desired (Yun et al., 2020). The service quality was identified by a few academics where it was labelled as the key construct in measuring satisfaction and loyalty among customers (Parasuraman et al., 1985; as cited in Kim, Yoon, & Yan, 2015). However, some of the consumers rely on the reviews and word-of-mouth of previous customers to make assumptions regarding the perceived service they received, which would influence the perceived ease of use and purchase intention of the customers (Kim et al., 2015). Thus, the following hypothesis is proposed;

H1: Perceived ease of use significantly influences customer satisfaction in e-hailing services in Malaysia.

- **Security**

Security is one of the service quality dimensions that has been mentioned by Zeithaml, Parasuraman, and Malhotra (2002); Santos (2003) in electronic service (e-service). Security refers to the freedom from danger, risks, or doubts during the service process (Li & Suomi, 2009) while other academics refer it as the protection of information or systems from unsanctioned intrusions or outflows (Kassim & Abdullah, 2010). In the context of public transportation services, security is the actual degree of safety and protection from crime or accidents and the feeling of security results from that as well as from other psychological factors (Joewono & Kubota, 2006) during the journey of the passenger.

Security for passengers had long been a fundamental concern for public transportation due to potential crime and other threats. According to the previous study, it was argued that a sense of personal security was an essential component of a safe society. Customers would avoid from taking the journey if they perceived the journey to be unsafe (Cozens et al., 2003; Hamid et al., 2016). The authors stated that travelers perceived the journey to be unsafe and fear when using the public transport especially at night. It was well documented that women often face sexual harassment and violence during their daily commutes, particularly in countries with extreme levels of gender inequality (Dunckel-Graglia, 2013). Passengers would expect the service to be offered as how it was expected, as well as they gained an experience during the journey. Thus, the following hypothesis is proposed;

H2: Security significantly influences customer satisfaction in e-hailing services in Malaysia.

- **Perceived Value**

Perceived value is defined as "consumer overall assessment of the utility of a product or service based on perceptions of what is received and what is given" (Zeithaml et al., 2002) and as a trade-off between perceived quality and perceived psychological (Dodds, Monroe, & Grewal, 1991) as well as between perceived benefits and perceived costs. According to some researchers in their studies, perceived value has been claimed as an important antecedent to satisfaction in business industries and behavioral intentions of consumers (Chen & Chen, 2010) However, some studies broadly defined perceived value based on the equity theory, which considered the ratio of the consumer's and service provider's outcome or input (Oliver & DeSarbo, 1988), and this concept referred to customer evaluation of what was fair, right, or deserved for the perceived cost of the product or service offering (Bolton & Lemon, 1999; Yang & Peterson, 2004). By offering high product or service value, it could generate customer loyalty through improving customer satisfaction and it significantly influenced both satisfaction and loyalty of the customers.

As discussed in the previous studies, satisfaction significantly was affected by perceived value and trust and it would affect customers loyalty (Anderson & Srinivasan, 2003). Moreover, the perception of perceived value has been identified as the fundamental element of service quality where it is difficult for competitors to imitate (Parasuraman & Grewal, 2000; as cited in Roig et al., 2006). In order for the service firm to achieve their perceived value and market place advantage as well, they need to understand what customer value is and what they should focus on (Woodruff, 1997; as cited in Sweeney & Soutar, 2001). Thus, the following hypothesis is proposed;

H3: Perceived value significantly influences customer satisfaction in e-hailing services in Malaysia.

Framework

Figure 1 shows the conceptual framework of this study;

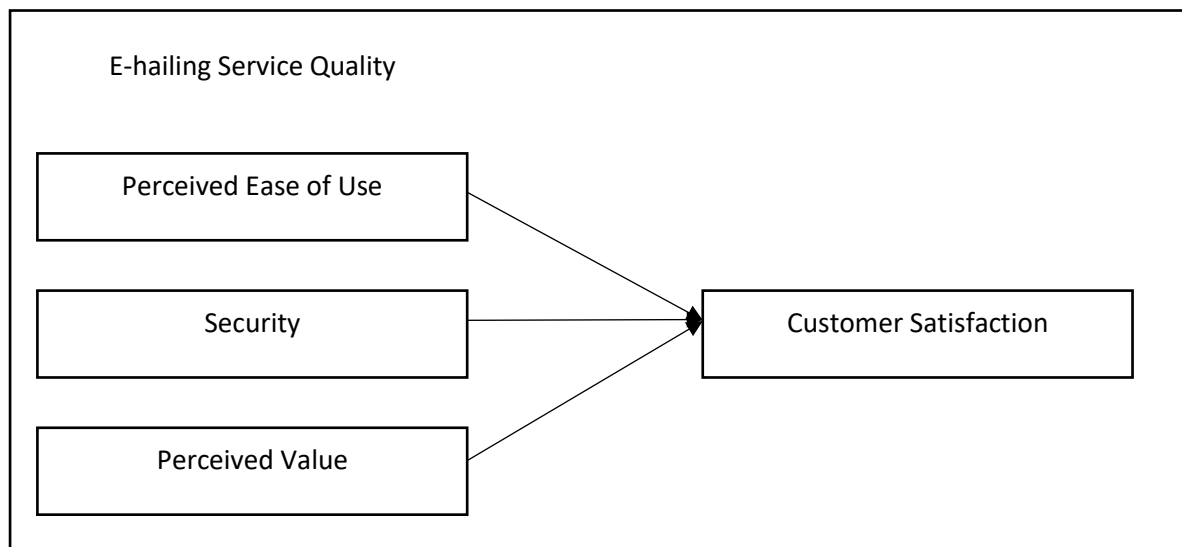


Figure 1: Conceptual model of the study

Conclusion

Specifically, the objective of this study is to identify the components of the service quality that influence customer satisfaction and to determine the appropriate service quality elements of e-hailing services, specifically within the context of Malaysian passengers. Based on the discussion above regarding the impact of service quality elements (perceived ease of use, security, and perceived value) on customer satisfaction among Malaysia e-hailing passengers, this study concludes that the service quality elements that refer to perceived ease of use, security, and perceived value have a significant role to play in achieving a competitive advantage on the part of customer satisfaction. This shows that, in a very sensitive market climate, e-hailing providers should pay particular attention to this element. This study demonstrates that service quality factors play a key influence in establishing and increasing the passenger satisfaction level in e-hailing services in Malaysia. Customers are increasingly looking for a decent bargain from e-hailing service providers before deciding whether to utilize their favorite e-hailing service or not. The findings of the research illustrate the fundamental significance of the elements of the service quality in e-hailing sector as a whole. Further, the findings provide e-hailing companies with a greater knowledge on the importance of identifying the critical aspects that drive passenger satisfaction. Consequently, companies are required to embrace the variables that, in turn, will enable them to develop effective and efficient plans that incorporate the criteria described in order to increase customer satisfaction, loyalty as well as brand awareness. In addition, companies will be able to tailor their e-hailing services to meet the needs of their customers as their preferences evolve. The development of a successful marketing plan is possible because it can contribute to customer decision-making and the acquisition of competitive advantage. When it comes to understanding how service quality strategies are essential in maintaining a long-term relationship with customers, this study will be of interest to mobile phone companies in Malaysia and around the world.

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