

# Customer Satisfaction towards Services of Local Authority

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**Abstract.** This study adds to the customer satisfaction literature on local government services, particularly within a Malaysian context. The sample of the research consisted of 638 residents in Kajang residential area and had utilized a stratified random sampling method to collect data. The research proposes and confirms that customer satisfaction of having five dimensions by using exploratory factor analysis with varimax rotation: helpdesk counter; staff ability; infrastructure provided; compliant service and basic service in resident area. The analysis of means, standard deviations and one-way ANOVA were used to determine any difference among the mean scores for each dimension of customer satisfaction with level of development and type of housing. The finding shows that level of development have significant difference with the customer satisfaction dimensions except helpdesk dimension. Meanwhile, the type of housing was significantly difference with helpdesk dimensions only. Other dimensions of customer satisfactions are not significant with the type of housing.

**Keywords:** Customer Satisfaction, Local Authority, ANOVA.

## 1. Introduction

Government as a big organization has its customers, those customers are the citizens, businesses, and public and private employees [1]. Zamil and Shammot [1] further added that, government through its agencies, departments, and ministries provides information and services to each group of its customers, and as a result this performance can be judge fairly only by the customers.

Customer satisfaction is the leading criteria for determining the quality delivered to customers through the product or service and the accompanying services [2] and the key indicators of performance of public organizations [3]. Measuring customer satisfaction is an integral part of the effort to improve a product or service quality, resulting in a company's competitive advantages [4].

## 2. Previous Studies on Customer Satisfaction in Government Sector

El-Bassiouni, Madi, Zoubeidi, and Hassan [5] developed customer satisfaction indices for the services provided by inspectors in certain departments of Al-Ain Municipality, the United Arab Emirates. They found that the customer satisfaction indices and scores of customers' trust were in the mid-eighties, indicating high levels of satisfaction and client trust. Zaherawati et al. [6] investigated the extent the customer satisfaction towards the implementation of the e-services and examined the relationship between independent variables and customer satisfaction towards e-services in Majlis Perbandaran Sungai Petani, Kedah. They found that a significant relationship between ease of use, trust, and privacy and security and customer satisfaction towards e-services.

Zulnaidi [7] collected data from 205 departmental heads attached to local authorities in West Malaysia in order to examine the customer satisfaction effect of continuous improvement at different intensity levels. He found that there exists a significant difference in customer satisfaction between highly extensive and less extensive implementers.

The expression of dissatisfaction with failure in service delivery has become an almost daily occurrence in South Africa. Boshoff and Mazibulo [8] developed an instrument that can be used by municipalities to measure and assess customer satisfaction with a waste management service. They concluded that the proposed instrument to measure satisfaction with a municipality's waste management service demonstrates sufficient discriminant validity and reliability.

Using data from two telephone surveys of New York City residents conducted during 2000 and 2001, Ryzin, Muzzio, Immerwahr, Gulick, and Martinez [9] employed the American Customer Satisfaction Index

(ACSI) model to examine the drivers- and behavioral consequences- of overall satisfaction with local government services. They found that the perceived quality of public schools and especially the police, as well as road conditions and subway service, are the most salient drivers of satisfaction, but the significance of each service varies across income, race, and geography. For all groups in the city, overall satisfaction drives both trust in local government officials and intentions to move out of the city.

### **3. Study Objectives**

This study aims to achieve the following objectives: (1) to examine the relationship between type of housing and customer satisfaction towards services of local authority; and (2) to examine the relationship between level of development and customer satisfaction towards services of local authority.

### **4. Study Hypotheses**

1. There is a difference between type of housing and customer satisfaction towards services of local authority.
2. There is a difference between level of development and customer satisfaction towards services of local authority.

## **5. Methodology**

### **5.1. Unit of Analysis**

The unit of analysis in this study is the residents of Kajang. The respondents covered low cost and medium cost housing. Total population being studied is 179,000 residents with 638 samples taken from Kajang Local Planning 1998-2010.

### **5.2. Development of the Scale Items**

This study measured the customer satisfaction based on Kajang Municipal Council (KMC) Annual Report 2006 [10]. Originally, there are 10 items was developed and used to measure this construct. This measurement used five-point Likert-type scale ranging from 1 = Worst to 5 = Very good for all the customer satisfaction items. To develop comprehensive indicators of customer satisfaction, this paper used consumer satisfaction survey on the services of local government as followed:

- Helpdesk counter
- Staff ability
- Infrastructure provided
- Complaint service; and
- Basic services in resident area.

These five customer satisfaction measurement will be tested on overall services provided by Kajang Manucipal Council to citizen directly. A set questionnaire will develop to obtain response from customers about the service satisfaction delivered by KMC.

### **5.3. Questionnaire Administration**

The broad aim of the research was to explore the level of customer satisfaction in term of service delivery practice in the local authority. The primary research method was the collection of primary data via a number of unstructured interviews among key players from local authority agencies. Indeed, once the study had enough information from a number of authorities, it became clear that the general picture about the local authority performance measurement. Based on the preliminary findings on local authority performance, a set of questionnaires was developed. The survey questionnaires are designed to apply to a heterogeneous population, where targeted respondents come from the low and medium cost household in Kajang. The principal investigator met the household leader at their home during working hours and weekend. In order to get the various sub-groups of samples, the population was first stratified based on location. The technique of sampling used in this study was basically convenience sampling but taking into account housing location and the different types of housing. This will ensure that the various subgroups in the population are represented. Out of 650 answered questionnaires replied and only 638 were usable. This is representing 98.15 percent of response rates.

## 6. Results

### 6.1. Profile of the Respondents

Majority of the respondents are male with 61.8 percent males and 38.2 percent females. With regards to age, most of the respondent's ages are 31 to 50 years old. In term of marital status, 85.1 percent of the residents were married, 12.6 percent were single, and 2.3 percent were divorced. About 73.7 percent had education below or equal to college diploma level. A total of 314 (49.2%) respondents were from the low cost housing while 324 (50.8%) were from the medium cost housing.

### 6.2. Testing the Goodness of Measure for the Service Delivery of Local Authority Construct

### 6.3. Construct Validity

This study used the factor analysis to identify the dimension of customer satisfaction on service delivery. The analysis applied rotated component matrix method, out of 26 items, two items were dropped as they either had loadings less than 0.5 or cross loadings. Five factors met the selection criteria of eigenvalues greater than 1.0, explaining a total of 73.60 percent of the variance. The KMO measure of sampling adequacy was 0.80 indicating sufficient intercorrelations while the Bartlett's Test of Sphericity was significant ( $\chi^2 = 3611.515$ ,  $p < 0.01$ ). All the items selected had factor loadings greater than 0.5. Table 3 below shows the detail of factor analysis results for quality of customer services delivery.

Table 1: The factors analysis on customer satisfactions measurement

Items	Factors				
	F1	F2	F3	F4	F5
<b>Factor 1: Helpdesk counter</b>					
Service counter	<u>.69</u>				
Staff treatment	<u>.80</u>				
Customer relation	<u>.73</u>				
Skilled workers	<u>.77</u>				
Responsive staff	<u>.81</u>				
Working hours	<u>.80</u>				
<b>Factor 2: Staff ability</b>					
Latest record		<u>.76</u>			
Staff can be trusted		<u>.77</u>			
Honest staff		<u>.73</u>			
Equal treatment to all customer		<u>.73</u>			
<b>Factor 3: Infrastructure provided</b>					
Latest technology			<u>.84</u>		
Skilled workers in technology			<u>.88</u>		
High tech infrastructure			<u>.77</u>		
Modern hardware			<u>.61</u>		
<b>Factor 4: Complaint service</b>					
Keep the promise				<u>.73</u>	
Good treatment during complaint				<u>.73</u>	
Always smile and greeting				<u>.58</u>	
Follow the procedure				<u>.85</u>	
<b>Factor 5: Basic service in resident area</b>					
Basic service efficiency					<u>.83</u>
On time service					<u>.75</u>
High tech technology					<u>.57</u>
Customer friendly					<u>.55</u>
Eigenvalue	8.50	3.70	1.72	1.24	1.048
Percentage of Variance	38.59	16.78	7.85	5.63	4.76
Total Variance Explained	38.59	55.37	63.21	68.84	73.60
KMO Measure of Sampling Adequacy			0.80		
Approximate Chi-Square			3611.515***		

Note.  $N = 638$ . Items included for the respective factors are underlined for identification; \*\*\* $P < .001$ .

### 6.4. Reliability

Reliability refers to the degree of consistency, as Kerlinger [11] puts it; if a scale possesses a high reliability the scale is homogeneous. According to Nunnally [12] alpha values equal to or greater than 0.70

are considered to be a sufficient condition. Table 7 shows that all the seven corresponding alpha values are equal or greater than 0.70. Thus, it can be concluded that these measures possess sufficient reliability.

Table 2: Reliability analysis

Dimension	Reliability	Mean	Standard Deviation
Helpdesk counter	0.87	2.68	0.61
Staff ability	0.86	3.1	0.65
Infrastructure provided	0.81	3.1	0.66
Complaint service	0.87	2.9	0.65
Service in resident area	0.85	3.05	0.61

## 6.5. Test of Difference

This study applied one-way ANOVA to find any difference in term of five dimensions of customer satisfaction by level of development and type of housing. The results of the analysis are presented in the table below.

Table 3: The one-way ANOVA result between level of development and customer satisfaction

Service satisfaction elements	Level of development			F Value
	Developed	Developing area	Undeveloped area	
Helpdesk counter	2.682	2.704	2.617	0.31
Staff ability	3.192	3.168	2.654	13.25**
Infrastructure provided	3.240	3.151	2.787	7.66**
Complaint service	2.964	2.944	2.686	3.17**
Service in resident area	3.078	3.194	2.766	7.93**

Note: \*\*\*p<0.001, \*\*p<0.05, \*p<0.1

The result shows that, resident from developed area show significantly higher satisfaction in term of staff ability, infrastructure provided and complaint service. Meanwhile residents live in developing area show significantly higher satisfaction in term of service in resident area. However, this study has proved that there are no significant differences in term of helpdesk counter services among the respondents in any area. It can be concluded that, the helpdesk service counter will not contribute to the customer satisfaction in any level of development area.

This study also used the one-way ANOVA to investigate any differences among the resident perception based on the type of housing. This study used three type of housing based on the classification made by local government. The types of housing are low cost, medium cost and high cost housing projects. The finding shows that resident from medium cost housing are significantly higher in term of helpdesk service counter. Whereas, all the types of housing did not differ in term of staff ability, infrastructure provided, complaint service and services in resident's area.

Table 4: The one-way ANOVA result between type of housing and customer satisfaction

Service satisfaction elements	Type of housing			F Value
	Low	Medium	High	
Helpdesk counter	2.595	2.825	2.649	2.99*
Staff ability	3.108	3.067	2.830	2.07
Infrastructure provided	3.094	3.063	3.205	0.45
Complaint service	2.860	2.956	2.866	0.46
Service in resident area	3.062	3.115	2.848	1.96

Note: \*\*\*p<0.001, \*\*p<0.05, \*p<0.1.

## 7. Conclusion

The purpose of this study was to investigate the differences of level of development and type of housing on the five dimension of customer satisfaction. The one-way ANOVA result between five dimensions of customer satisfaction and level of development shows that residents live in developed area have significantly different with four dimensions. The dimensions are staff ability, infrastructure provided, complaint service and service in resident area. Meanwhile, helpdesk counter dimensions are not significant with the level of development. The second step of one –way ANOVA result between type of housing and the five dimensions of customer satisfaction show that only helpdesk counter dimensions was significant. The result also show that mean of customer satisfaction in medium cost housing are higher than other. Meanwhile, there was no significant difference between resident live in low, medium or high cost in term of staff ability, infrastructure provided, complaint service and service in resident area.

## 8. Acknowledgement

This research is funded by an Incentive Grant from Universiti Sains Malaysia (USM). USM also sponsored the cost for attending and present this paper at ICBMG 2012.

## 9. References

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