Automotive After-Sales Service Quality And Relationship Quality In Malaysian National Car Makers

Zainil Hanim Saidin1*, Sany Sanuri Mohd. Mokhtar2, Rohaizah Saad3, Rushami Zien Yusoff4

1*, 2, 4 School of Business Management, College of Business, Universiti Utara Malaysia, 06010 Sintok, Kedah, Malaysia
3 School of Technology Management & Logistics, College of Business, Universiti Utara Malaysia, 06010 Sintok, Kedah, Malaysia

Corresponding email: 1*zainilhanimsaidin@gmail.com; 2sany@uum.edu.my; 3rohaizah@uum.edu.my
4rzy278@uum.edu.my

Article Information

Keywords
Malaysian; National car makers; Service quality; Relationship quality; SERVQUAL

Abstract
This paper will revisit the numerous concept of service quality previously developed and proposed in the literatures. SERVQUAL especially as the mostly used service quality dimension has been criticised by the researchers on its inability to perfectly measure service quality in specific industry. Considering the dynamics of service quality in increasingly turbulent service industry, the literature has proposed various dimensions adapted to the specific industry. Being locally established automotive organizations, Malaysian national car makers namely Proton and Perodua carry a huge responsibility to bring the national car as the most chosen brand locally and internationally. As the asset of the country with 3.4% contribution to the GDP and as the symbol of pride for Malaysians, looking for sources of competitive advantage is of utmost important. Relationship marketing literature has established that high quality of service is the important determinant that keeps the customer return for a long-term high quality relationship and subsequently contributes to organization’s long-term profitability. Thus, determining the most suitable dimensions of service quality for automotive after-sales service is the basis for relationship quality building. Certainly, it provides opportunity for the national car makers back to their top position in Malaysian automotive market.

INTRODUCTION

Local automotive industry has come to its fruitful starting point in 1983 with the establishment of Malaysian own national car maker namely Perusahaan Otomobil Nasional Berhad (Proton). Since its existence, the local automotive market share has been fully controlled by the locally made brand where Proton owns almost 60 per cent market share in the decade of 1990’s. The success of Proton and the steep increased in the local demand due to the improved purchasing power of Malaysians has leading to the formation of second national car maker
named Perusahaan Otomobil Kedua (Perodua). Both organizations are working hand-in-hand to bring local automotive market as the important contributor to the Malaysian economy. As a result, this industry has created upstream and downstream business segment along with end-to-end wide range of related industries then contributes 3.4 per cent to Malaysian gross domestic product (GDP) (Ministry of International Trade and Industry, 2014b). The automotive industry also has directly and indirectly benefited Malaysian in terms of knowledge and skills with the incorporation of automotive college to provide the highly skilled workers for the industry (Malaysian Automotive Institute, 2009). Both the first and the second national car maker also has provided a substantial number of job opportunities for Malaysians and thousands have been trained to meet the industry requirement. Definitely, both national automotive organizations are highly recognised as the symbol of national pride and valuable asset for the Malaysians.

OVERVIEW OF MALAYSIAN AUTOMOTIVE MARKET

Globalization has spreading a huge wave in local automotive industry. The liberalization of local automotive industry with introduction of Asean Free Trade Area (AFTA) policy in 2010 has placed Malaysia as a complete free trade area and opened the wide doors for the non-national cars to access into Malaysia market (Malaysian Automotive Institute, 2009). Both national car makers are facing the automotive giants from all over the world in competitively small market. Proton as the first national car has shown a shrinking market share from as high as 60 per cent in the 1990’s to as low as 17 per cent in 2014. Even though Perodua is more dominant as the market leader in the top position for the last seven consecutive years (Malaysian Automotive Association, 2014), they are selling medium and small variance of car which is gaining lower margin (Malaysian Automotive Institute, 2009). Furthermore, the sales trend in local automotive market has shown the growth of non-national brand where the non-national car has overtook the national car for the first time ever and recorded 53 per cent of market share (Malaysian Automotive Association, 2014). The sales trend showing the market share of both national and non-national makes is illustrated in the below figure 1:

![Figure 1: Malaysian Vehicle Sales Performance Report (Market Share Percentage) from 2001 to 2014](attachment:image.png)

ISSUES AND CHALLENGES IN MALAYSIAN AUTOMOTIVE MARKET

Malaysian automotive industry comprises of a wide-ranging ecosystem represented by design development, manufacturing, marketing, sales and after-sales. As defined in Industrial Master Plans (IMP 3), automotive refers to a complete ecosystem consists of design development, manufacturing, marketing, sales and after-sales (Malaysian Automotive Institute, 2009). To further enhance the safety aspect of vehicles, the after-sales service division also deals with spare parts and after-sales service. In other words, other than selling the vehicles, both national car makers are also providing after sales service. The important role of after-sales service also being captured in the latest National Automotive Policy (NAP) as it outlined the policy on standard development and implementation for components and spare parts (Ministry of International Trade and Industry, 2014a). As
emphasized by Saccani, Songini, and Gaiardelli (2006), spare parts is one of the main activities in after-sales service.

Considering the importance of after-sales service from economic perspectives, it has been reported that in the year 2002, 50 per cent of the business revenue earned by Rolls-Royce came from its service business and the spare parts market also worth up to $400 billion (Saccani et al., 2006). The author also added that the market for after-sales service has reached four to five times larger than the product market. Looking at the global competition and declining profit earned by manufacturing companies, the after-sales service business was found as the source of earning competitive advantage against competitor and value added services are also help in such an increasingly turbulent market (Saccani et al., 2006). However, both of the national organizations including their after-sales division did not perform accordingly. The latest findings from the survey on customer service satisfaction has placed both national car at the bottom far below the industry average and customers are reported expecting better service for those vehicles sent for service maintenance and repair (J. D. Power Asia Pacific, 2014). The poor performance of both nationals in sales and after-sales service will jeopardise the contribution towards the government’s economic agenda as stipulated in Industrial Master Plan 3 (IMP 3). Accordingly, the importance of service sector in Malaysian government’s global competitiveness plan has been shown with the assigned target as high as 66.5 per cent contribution to GDP and service sector also has been positioning as a major source of growth with expected average annual growth of 7.3 per cent (Ministry of International Trade and Industry, 2006).

Theoretically, empirical research has proven the relevance of service quality in the context of transactional and relational exchange (Crosby, Evans, & Cowles, 1990). As suggested by Crosby et al. (1990), only high quality of service makes customer return to allow for relationship to develop. Accordingly, a study by Roberts et al. (2003) further explained that in order for relationship quality to present, service quality must exist preceding to relationship quality, however, the good quality of service does not promise high quality relationship. In another words, the existence of relationship quality is by the influence of service quality. Developing customer-service provider relationship involves two stages; attracting the customer and then followed by concerted effort to build the relationship with the goal of achieving economic advantage of mutually benefited relationship (Grönroos, 1994). In automotive industry, after-sales service is the best platform for building the relationship as the free warranty service period given by the car manufacturer allows for continuous interpersonal interaction between customer and service provider. Therefore, the high quality of service and high quality of relationship might serve as the source of competitive advantage to attract the customer to return for next service especially after the expiry of service warranty.

There is no doubt that service quality is important to attract more loyal customers and subsequently contribute to the bottom-line of the firm (Caruana, 2002). Literatures has recognised SERVQUAL as the most widely used and internationally accepted measures for service quality (Caruana, 2002; Etemad-Sajadi & Rizzuto, 2013; Radder & Han, 2013; Roberts et al., 2003). Despite its wide application by academics and practitioners in various industries, the credibility of SERVQUAL has received a lot of arguments by researchers. The major scholar such as Cronin and Taylor (1994) also suggested for academician to further revisit the multi-dimensional scale of service quality. Bhat (2012) postulated that SERVQUAL five dimensions are insufficient to measure service quality and also inappropriate for all service settings. There are needs to reassessed the service quality especially its instruments and determinants in different service industry (Cacers & Papariolamis, 2007). The recent research by Kashif et al. (2014) also endorsed that the literature has not fully explained on service quality especially in non-western countries and further suggests for new paradigm to present service quality.

**LITERATURE REVIEW**

Relationship Quality
Relationship marketing is a new way of doing business that replaces the traditional marketing 4 P’s which only concern on acquiring customer or creating the transactions (Buttle, 1996; Storbacka, Strandvik, & Grönroos, 1994). Marketers and marketing scholars have come to an agreement that customer acquisition which concerned on 4 P’s is insufficient to ensure long-term profitability and sustainability of an organization (Grönroos, 1994). Keeping customers and enhancing the relationship is the main focus of relationship marketing (Storbacka et al., 1994). Along with that, marketing on the basis of relationship is found as the source of competitive advantage that differentiates a service organization from its rival (Buttle, 1996) and the core objective of relationship marketing is to drive customer loyalty (Ndubisi, 2007). Thus, to achieve the objective of relationship marketing, the evaluation on the quality of the relationship between the transacting parties involved in a continuous relationship is required. To identify the fundamental of relationship quality, it relates to relationship marketing. Taking the service sector, Berry, 1983; was the first published the work on relationship marketing and defined
relationship marketing as 'relationship marketing is attracting, maintaining and - in multi-service organizations - enhancing customer relationships' (Berry, 1983: as cited in Buttle, 1996). Relatedly, relationship quality is identified as a concept applied in relationship marketing to signify the strength or magnitude of the relationship based on the past service encounters (Smith, 1998) and relationship marketing and relationship quality are the two constructs conceptually connected under the same umbrella (Caceres & Paparoidamis, 2007). Strong or high quality relationships are the indicator or outcome from effort given in building the relationship and it is a critical factor to determine the success of organization’s business performance and survival (Mohr & Nevin, 1990).

The importance of relationship quality in relationship marketing research stream has encouraged researcher such as Crosby, Evans, and Cowles (1990) to continue the initial works started by Dwyer and Oh in 1987. Since that, plenty of publications on relationship quality were published and appeared in the highest ranking marketing papers (Athanasopoulou, 2009). A literature review by Athanasopoulou (2009) postulated that even though relationship quality has been established in empirical research as important element to ensure long-term business relationship, the researcher still cannot establish a common model to describe its definition, dimension or even the factors that influence quality of relationship between transacting parties in the relationship. The literatures have shown various definitions of relationship quality and most of the definitions given are more context-specific (Dant, Weaven, & Baker, 2013; Woo & Ennew, 2004). For instance, Skarmeas and Robson (2008) in their study on exporter-importer relationship offers a slightly different definition of relationship quality when they relate it to conflict and accordingly defined relationship quality in relation to lower level of conflict perceived in exporter-importer relationship which combines with the superior level of satisfaction, trust and commitment to the exporter. The most common definition of relationship quality has been given by Hennig-thurau and Klee (1997) who suggest relationship quality as “the degree of appropriateness of the relationship to fulfil the needs of the customer associated with the relationship”. Another recent definition given by Aziz (2013) who has seen relationship quality from a bigger perspective which comprise of various components described as meta-construct that reflects the relationship between the parties as a whole.

To indicate the outcome of relationship marketing that is customer loyalty, the quality of the relationship needs for measures. In relation to that, relationship quality is viewed as a higher-order construct which consist of several positive relationship outcomes that reflects the depth or magnitude of relationship (Smith, 1998). Among the positive relationship outcomes (dimensions), there are no consensuses among scholars on which outcomes reflect the quality of relationship. For example, scholars such as Crosby et al. (1990) has suggested trust and satisfaction to indicate high quality relationship whereas Morgan and Hunt (1994) proposed trust and commitment as the basis in evaluating relationship quality. In contrast, Storbacka et al. (1994) proposed a model comprised of satisfaction, strength of relationship, relationship longevity, and profitability. However, the review of extant literatures show that most of the researchers (Athanasopoulou, 2013; Aziz, 2013; Barry & Doney, 2011; Caceres & Paparoidamis, 2007; Pepur, Mihanović, & Pepur, 2013; Zineldin, 2000) have measured relationship quality using the three-dimension; satisfaction, trust and commitment. This observation is supported by Athanasopoulou (2009) in a review of literature on relationship quality involved sixty four studies published from 1987 to 2007, and deliberated that most of the researchers mainly considered satisfaction, trust and commitment as the three dimensions of relationship quality. Along with that, in assessing the quality of relationship, these three dimensions are interrelated or interwined to one another (Smith, 1998) and satisfaction was identified as the core variable in accomplishing trust and commitment (Zineldin, 2000). Furthermore, even the recent researchers such as Athanasopoulou (2013) and Barry and Doney (2011) also agreed on this three predictors as dimensions to indicate relationship quality. Thus, drawing upon these conceptual foundations, this study is conceptualised the three related dimensions as indicator to measure relationship quality.

**Service Quality**

The elusive and subjective nature of service has leads to difficulty in understanding its concept and evaluation (Mosadeghrad, 2013; Parasuraman, Zeithaml, & Berry, 1985). Most of service quality literatures are commonly narrated according to these three concepts; technical quality and functional quality, SERVQUAL and SERVPERF (Clotey, Collier, & Stodnick, 2008; Radder & Han, 2013). Another scholar, Brady and Cronin (2001), proposed service environment which comprised of facility design, social factors and ambient conditions as another framework of service quality. However, after considering the parsimony factor, the author has included service environment as part of functional dimension. The service quality framework which is a derivative for SERVQUAL (Clotey et al., 2008) has been introduced by Cronin and Taylor (1994) and their evaluation just based on the performance of the service experience called SERVPERF. The importance of service quality has made it received considerable attention by researchers, however, the conceptualization and measurement especially on what to be measured are still debatable (Brady & Cronin, 2001) and literatures have shown various dimensions used in measuring service quality.
The SERVQUAL as the most widely used measurement is insufficient to describe service quality (Bhat, 2012). The literature has not fully explained on service quality especially in non-western countries and there are needs for new paradigm of service quality to suit the competitive consumer demand (Kashif et al., 2014). Besides, the finding in the literature shows that each dimensions of service quality contribute differently to explain service quality (Siddiqi, 2011; Wong & Sohal, 2003; Yieh, Chiao, & Chiu, 2007). Additionally, a study by Bhat (2012) also suggested for dimension-specific assessment of service quality to fulfill specific customer needs and secure higher retention rate. In relation to that, the previous researchers have employed the SERVQUAL dimension in many ways. Some employed SERVQUAL as it is (Ooi, Lin, Tan, & Chong, 2011; Roberts et al., 2003), some modified according to the needs of the study (Agus, Barker, & Kandampully, 2007; Caruana, Money, & Berthon, 2000; Caruana, 2002; Kumar, Kee, & Charles, 2010; Shekarchizadeh, Rasli, & Hon-Tat, 2011) and there were also researchers who operationalized service quality in different measurement dimension relevant to their context of study (Aydin & Özer, 2005; Lai, 2014; Santouridis & Trivellas, 2010). Motivated by that, this current study is conducted to further explore on its dimensions by identifying the most relevant dimensions to describe service quality in automotive after-sales service industry.

SERVICE QUALITY DIMENSIONS FOR AUTOMOTIVE AFTER-SALES SERVICE AND RESEARCH HYPOTHESES

Based on through literature review on service quality, this study is extending the knowledge content by regrouping the SERVQUAL as customer service and tangibility with the objective of examining the tangible and intangible element of service quality. Also considered is technical quality as measures for service quality in automotive after-sales service and Malaysian national car maker as well. The justifications for each of the identified dimensions followed by related hypotheses are delineated as follows:

i. Customer Service

The popularity of SERVQUAL as measures for service quality has been established in the literature (Caruana, 2002; Etemad-Sajadi & Rizzuto, 2013; Roberts et al., 2003). Notably, the SERVQUAL dimensions as developed by (Parasuraman, Zeithaml, & Berry, 1988) consists of five dimensions categorised as responsiveness, assurance, tangible, empathy and reliability. However, drawing upon a similar study on service quality in car after-sales service by Bouman and Wiele (1992), the author has regrouped and tested the SERVQUAL and found that the SERVQUAL should be regrouped into two distinct dimensions which comprise of responsiveness, assurance, empathy and reliability as one dimension and tangibility as another dimensions indirectly influence customer loyalty through the four dimensions named as customer kindness. Another study by Yieh et al. (2007) examining SERVQUAL in car service industry was also regrouped the SERVQUAL dimensions and leaving tangibility as one separate dimension. The similar concept also found in a study on relationship quality and customer loyalty in retail relationship by Wong and Sohal (2003) where the findings revealed a very similar mean values for the four dimension with the exception of tangible and the author further indicates that the four dimensions were mainly associated with the nature of intangible element of service. This is parallel with another study by Andreasen and Olsen (2008) who concluded that customer service matters in delivering excellent service but less research has focusing on it. Along with that, the previous research also has placed very little focus on the impact of after-sales service on the relationship between customer and the service provider (Egonsson, Bayarsaikhan, & Ting, 2013). Important to note, a study by Wong and Sohal (2002) has examined service quality dimension using SERVQUAL with relationship quality and the findings revealed a direct positive relationship between service quality and relationship quality. Thus, being guided by the above literatures, this study is adapted and regrouped the SERVQUAL dimensions and renamed the four dimensions; responsiveness, assurance, empathy and reliability as customer service, and retain the tangibility as one discrete dimension. Further, since this study is looking for automotive after-sales service quality dimensions and the above justification has identified customer service as one of the dimensions, the hypothesis proposed will be as follows:

H1: There is relationship between customer service and relationship quality.

ii. Tangibility

In automotive after-sales service, tangibility is one of the important factors worthy for investigation (Yieh et al., 2007). This is agreed by a study in banking industry where tangibility was found as indicator for service quality (Siddiqi, 2011). Also, as indicated in SERVQUAL, tangibility is part of important dimensions measured in functional process of service delivery. The similar study on car service industry by Bouman and Wiele (1992) found that the tangible dimension indirectly influence customer loyalty but the intangible dimension comprise of the other four SERVQUAL dimensions has direct effect on customer loyalty. In contrast to that previous study, this current study is focusing on relationship quality in automotive after-sales service, therefore, an empirical testing is needed to confirm the impact of tangible and intangible dimensions on relationship quality. Along with that, since the customer service above as the first dimension has melded the four dimensions of SERVQUAL into one dimension to represent the intangible elements of service process, the tangibility is examined as one discrete dimension to represent the tangible element of service process. By examining the
SERVQUAL into new grouping of dimensions into tangible and intangible dimensions, the finding will reveal the relative importance of each dimension between tangible and intangible dimensions of SERVQUAL. Furthermore, being guided by a study (Wong & Sohal, 2002) who have examined service quality dimension using SERVQUAL (including tangibility) with relationship quality and the findings also revealed a direct positive relationship between service quality and relationship quality, this study proposed a hypothesis expressed as follows:

H2: There is relationship between tangibility and relationship quality.

iii. Technical Quality
Service quality has been measured according to various concepts and mostly based on two schools of thought namely Nordic and American. The Nordic school basically measures service quality from technical and functional dimensions. As explained by Gronroos (1984), the technical quality measures the outcome of the service that is the technical part of “what” from the process of service delivery whereas the functional part of quality as measured by SERVQUAL explained “how” that is the functional aspect of the service process. Since the customer service and tangible quality dimensions above has emphasized on the functional aspects of delivery process, this technical quality dimension focuses on the outcome of the service performance that is the aspect of “what” of the service (Kang & James, 2004) which mainly described the effectiveness of the repair and zero problem arise as a result of effective technical quality delivered by the service provider (Ooi et al., 2011). A study in advertising industry has examined technical quality which refers to quality of advertising campaign found a direct relationship with relationship satisfaction. Thus, being guided by the above discussion, this study proposes that:

H3: There is relationship between technical quality and relationship quality.

CONCLUSION
Malaysian national automotive organization which comprise of Proton and Perodua are the symbol of national pride and used to be the important asset of the country. Thus, it is the main concern for the Malaysian government to protect both organizations and ensuring its competitiveness. However, the poor performance of national car maker in local automotive industry has jeopardised its existence in the local automotive industry. The literatures have shown the empirical importance of service quality and its positive relationship with high quality customer-service provider relationship. Relationship quality has been recognised as the source of competitive advantage to differentiate a service organization from its rival. However, in order for the relationship to exist, it is necessary for the service provider to deliver high quality of service. SERVQUAL as the most widely used measures for service quality has been criticised for its limitation to fully describe service quality.

Thus, it is the main objective of this study to examine the relationship between service quality dimensions identified for automotive after-sales service and its impact on customer-service provider relationship quality specifically in Malaysian national car makers. Since the identified dimensions (customer service, tangibles and technical quality) have not been tested before, the level of perception on service quality in automotive after-sales service might lead to different level of relationship quality.

Along with that, this study will also contribute theoretically to the literature since it examines automotive after-sales service quality identified from various service quality concepts and how it impacts to different level of relationship quality. Practically, this study provides empirical suggestions for both national organizations to improve their quality of service and focusing on relationship quality as the strategy to gain long-term profitability. Most importantly, this study also contributes to the realization of national agenda as outlined in the IMP 3.

REFERENCES


