The Influence of Servicescape towards Customer Satisfaction in the Malaysian Public Sector

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ABSTRACT

This study aims to examine the impact of servicescape on customer satisfaction within the context of Malaysian public sector. The key objectives included exploring the factors that impact the customer satisfaction in Malaysian public sector service environment. Secondly, to examine how physical and social environment affect customer satisfaction. It is expected that findings from this study will contribute to the existing literature of both theoretical and managerial approaches in order to better understand the pattern of customer satisfaction and preferences on servicescape environment.

Keywords: customer satisfaction, emotional reaction, physical dimension, servicescape, Malaysia.

INTRODUCTION

Customer satisfaction is a vital thought in service marketing as it has been used by firms to meet customers’ needs and wants (Spreng, Mackenzie &Olshavsky, 1996; Yi, 1990). While firms deliver a product and services to customers, they also deliver satisfaction and obtain profits in return (Yi, 1990). Customer satisfaction has been defined in many ways, but generally we can describe customer satisfaction as an evaluation process (Yi, 1990) that turns the consumption experience to be good as it is supposed to be (Hunt, 1977). Much research in service marketing has focused on identifying the factors that could lead to customer satisfaction. It has found that, service firms physical environment strongly influenced the customer satisfaction (Dube, Johnson &Renaghan, 1999; Knutson & Patton, 1995; Ryu, 2005; Varki& Colgate, 2001). As physical environment (décor, artifacts, spatial layout and ambient conditions) is the tangible elements, they are essential to determine the level of customer satisfaction (Nguyen & Leblanc, 2002; Reimer & Kuehn, 2005). Other than that, the social element which comprised both employees and customer also influence the customer satisfaction (Grandey&Brauburger, 2002; Kleinke, Peterson & Rutledge, 1998, Tsai et. al., 2011; Brocoto&Kleiser, 2005; Baker, 1987).

Servicescapes act as an important role in service delivery because it can promote a positive emotional reaction, strengthens customer perception and customer satisfaction (Lin and Liang, 2011). During the year 1992, Bitner introduced the term “servicescape”to represent a physical dimension (ambient and design factors) used by service organizations to perform and deliver their services to customers. However, many service organizations realize they cannot just rely on the physical setting because factors like service employees and customers also play an important role in the services (Tombs and McColl-Kennedy, 2003). For example, even though the physical environment is excellent, if the employees fail to greet customers in a proper manner, it will create a negative influence on customer satisfaction towards service organization.

This idea leads researchers such as Rosenbaum and Massiah (2011) and Lin et.al., (2011) to further explore the theory and suggested details framework on servicescape. Rosenbaùm et.al., (2011) proposed servicescape framework to have four dimensions which are physical dimension, social dimension, socially-symbolic dimension and natural dimension. Whereas for Lin et.al., (2011), they proposed social dimension to be included together with physical dimensions into the servicescapes framework and they proposed to rename the new framework as service environments. For the current study, we will use framework suggested by Rosenbaùm et.al., (2011) as the framework proposed completes Bitner’s assumptions regarding servicescapes. Hence, the framework also has been developed through organizing a range of different servicescapes studies that can be used to support Bitner’s early assumption. These four dimensions are the physical (Bitner, 1992, Lin et. al., 2011), the social (Berry, Carbone&Haeckel, 2002; Lin et. al., 2011); Rosenbaum & Montoya, 2007; Tombs et. al., 2003; Wall &Berry, 2007), the socially symbolic (Rosenbaum, 2005) and the restorative (Rosenbaum, 2009a, 2009b; Rosenbaum, Sweeney&Windhorst, 2009). However, to furtherunderstand the framework, the dimensions that will be further explored in this study are only physical dimension and social dimension. Physical dimension consists of ambient and design factor, and social dimension will include employee displayed emotion and customer climate. According to Lin et. al., (2011), cross-industry study should be conducted to enrich the theoretical foundation and increasing generalizability. Note that, this research exclusively focuses on the physical dimensions and social dimensions and how these dimensions are applicable to the Malaysian public servicesector. Only two dimensions will be used which are physical dimension and social dimension.

It has been noted that private sector has achieved considerable popularity compared than public service sector (Agus, Barker&Kandampully, 2007). Therefore, in terms of productivity and profitability, private service sector organizations performed better (Ehrlich, Gallois-
Hammano, Liv&Lutter, 1994) and many practices have been used by them to strengthen customer perception and retention (Bitner, 1992; Baker, Grewal&Parasuraman, 2002) such as through service quality (Agus et.al., 2007; Kadir, Abdullah &Agus, 2000). The relevancy of the servicescape adaptation in the public service sector is clear. Even though the public service sector offers free of charge services, customers or public citizens yearn for excellent services (Agus, Barker&Kandampully, 2007). Therefore, servicescape elements also can be used to measure the customer satisfaction (Lin et.al., 2011; Rosenbaum et.al., 2007), particularly for the public citizen who used the public sector services.

Therefore, the key objectives of this study are (i) to explore the factors that impact the customer satisfaction in Malaysian public sector service environment and (ii) to examine how physical and social environment affect customer satisfaction in Malaysian public sector.

II LITERATURE REVIEW

There are many studies that have been conducted to examine the performance of the public service sector. Specifically, despite the servicescape growing popularity in private sector management, the impact on the public service sector service delivery remains largely unknown. To date, there has been no attention given to the application of the servicescape in the Malaysia public service sector as they are only interested to focus on the service quality (Agus et.al., 2007; Kadir, Abdullah and Agus, 2000).

Although Rosenbaüm et.al., (2011) and Lin et.al., (2011) had proposed detailed framework on servicescape that consists of physical and social dimension, the research addressing social dimension is limited and inconsistent, particularly in the public service sector. Irrespective of these difficulties, the Malaysian public service sector also has come under increasing pressure to deliver outstanding services to the public (Randal & Senior, 1994) respond to government legislation and improves the efficiency (Robinson, 2003). Addressing this research gap and to obtain an understanding on how servicescape permeate customer satisfaction to the Malaysian public service sector, a quantitative study will be conducted, through utilising framework of the servicescape previously developed by Rosenbaüm et.al., (2011).

In the current environment, the purpose of the public service sector can be viewed to the pursuit of public good and sustainable competitive advantage (Mathews & Shulman, 2005). In contrast, private sector focuses on survival and growth through profit and cost reduction (Cooper, 2004; Ranson&Steward, 1994). Therefore, the cash allocated to the public service sectors will be based on the needs of the public and private service sectors emphasizing on profits and returns of the shareholders (Cooper, 2004). Malaysian public service sector facing a number of transformations since Malaysia gained independence in 31 August 1957. In the early 1980s, Malaysia introduces “Dasar Pandang keTimur” and “MalaysiaIncorporated and PrivatisationPolicy”. Initially, the introduction of these policies was to increase efficiency and productivity of the country. Later on, it put pressure on public service sector to act as a facilitator and regulator of the economic functions of the private service sectors (Agus et.al., 2007). Due to that, in terms of providing excellent services, public service sector in Malaysia should move together with the private service sector. An increased focus of the revenue, pressure of growing customer expectations and growing competition between public and private service sectors are the reasons that must be taken into the consideration (Agus et.al., 2007).

A. Physical Dimension

The physical dimension encompasses manufacturing, observable or measurable stimuli (Zeithaml, Bitner&Gremler, 2009). The judgment of the customer most likely can be influenced by the physical dimension (Jang &Namkung, 2009). The previous research finding shows that physical environment also influences customer satisfaction (Bitner, 1990, 1992; Harrell, Hutt & Anderson, 1980). According to Bitner (1992) and Chang (2000), customer used physical environment indication in evaluating their satisfaction. Element of design also positively influence the customer satisfaction (Andrus, 1986; Jang et.al., 2009; Vilnai-Yavetz and Rafaeli, 2006).

In addition, customers are more satisfied with the service organization with aesthetic design (Lin et.al., 2011). Similarly, the customer satisfaction towards service firms also can be influenced through the ambience and atmosphere where the service takes place (Baker et.al., 2002). Customers most likely set up the expectation on the ambience and atmosphere. When the expectation is met, it definitely affects their expectation towards service organization (Bitner, 1990, 1992, Zeithaml, Berry&Parasuraman, 1993, 1996). Based on the study conducted by Bitner (1990, 1992), she found that both ambient and design element influence the customer satisfaction. Countryman and Jang (2006) indicate that design factors and perceived ambient positively influence the customer satisfaction.

B. Social Dimension

According to Rosenbaum et.al., (2007), customer and employee elements can be conceptualized as a “social servicescape”. Social servicescape later on proposed by Edvardsson, Enquist and Johnston (2010) have the stimuli of employees, customers, social density and displayed emotion of others.

Service encounter satisfaction also can be resulted from the individual transaction (Bitner, 1990; Mano & Oliver, 1993). In order to ensure the service transaction is successful, it must involve interaction, emotional contentand spatial proximity of service provider and the customer (Price, Arnould&Deibler, 1995). A large body of literature exists to support the notion that the manner in which an individual displays feelings has a strong impact on the quality of
During service context (Grandey, 2003; Tsai and Huang, 2002) and business relationship, people tend to judge people who display positive emotion as a likeable and chivalrous (Clark and Taraban, 1991; Harker and Keltner, 2001). The content of displaying emotions is manifested in facial expressions, bodily gestures, tone of voice and language. Customer build up the expectation on the employee’s emotion (Tsai et al., 2002) and the expectation influenced the customer satisfaction (Lin et al., 2011). Past studies showed that employees’ minor effort like smile resulted in the customer satisfaction (Barger & Grandey, 2006).

Customer climate can be defined as a customer’s perception of the environment which can be shared with other customers who receive the same services (Brocato & Kleiser, 2005; Baker, 1987). Customer support each other by providing cues for the service assessment because they feel that they are part of the service (Baker et al., 2002; Huang, 2008). Usually, it is very difficult for the service organization to take control over the customers’ behaviour (Harris & Reynolds, 2003; Bitner et al., 1994). For that reason, the existence of the other customers with the service environment influences the satisfaction (Brocato & Kleiser, 2005; Wu, 2007, 2008). Sometimes, an aspect such as behaviour and appearance of the other customers can also bring an effect on the service (Baker, 1987; Brocato et al., 2005; Harris et al., 1997). Hence, positive customer-to-customer experience within the service environment increases satisfaction (Moore, Moore & Capella, 2005).

### III PROPOSED CONCEPTUAL FRAMEWORK

The conceptual framework presented here is based on the servicescape model that has been proposed by Rosenbaum et al. (2011). The main purpose of this study is to examine the influence of the servicescape on customer satisfaction within public service sector context, particularly in Malaysia. In order to evaluate the model, the physical dimension is evaluated through ambient and design factor. As for a social dimension, it will be assessed by using employee displayed emotion factor and customer climate factor. It is important to mention that the present framework does not encompass all the servicescape elements that have been suggested by the Rosenbaum et al. (2011) as we are just only focusing on the physical dimension and social dimension as these two dimensions mainly constitute the service setting (Zeithaml et al., 2009).

The proposed conceptual framework is shown in Figure 1.

**Figure 1: Proposed Conceptual Framework**

The relationship among the constructs will be tested as follows:

- **H1:** Ambient factors are positively related to the customer satisfaction.
- **H2:** Design factors are positively related to the customer satisfaction.
- **H3:** Employee displayed emotion positively related to customer satisfaction
- **H4:** Customer climate positively related to customer satisfaction

### IV CONCLUSION

Previously, servicescape theory was conceptualized in private service sector industry only. However, by using details of the framework that consist of physical and social dimension, this paper moves paradigm and assesses how this theory can be used in the Malaysian public service sector. Physical dimension consists of ambience and design factor and social dimension comprises of employee displayed emotion and customer climate factor. The result of this study will increase the awareness of the Malaysian public service sector on the relationship among servicescapes dimension and customer satisfaction. Public service sector therefore can learn about how servicescapes can be used in delivering and maintaining quality standards. The application of the servicescape also will help the public service management to compare the public service performance with private services. Service enhancement resulted from the servicescapes will provide the public sector to gain the confidence from the taxpaying public.

Future studies need to focus on various elements of servicescape and their roles in specific types of public facilities and organizations. Aside from the influence of physical environmental features, the influence of...
otherservice factors such as staff and service delivery also need to be explored together. Furthermore, in addition to the user's evaluation of servicescape, it is important to identify which servicescape variables are considered and valued by other stakeholders including employees, planners, and managers.

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