

**THE RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER
SATISFACTION TOWARDS FOOD SUPPLY SERVICE
AT LOK KAWI CAMP, KOTA KINABALU, SABAH**

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Final project paper submitted to National Defence University of Malaysia, in
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Project Submission Pro-Forma

Name: **LIEUTENAT COLONEL MOHD RIDZAM BIN MAT REJAB**

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I wish the project paper to be considered for:

MASTER of BUSINESS ADMINISTRATION (SUPPLY CHAIN & LOGISTICS)

I have checked that my modules meet the requirements of the above award.

I confirm that I have included in my dissertation:

- An abstract of the work completed.
- A declaration of my contribution to the work and its suitability for the degree.
- A table of contents.
- A list of figures and tables (if applicable).
- A glossary of terms (where appropriate).
- A clear statement of my project objectives.
- A full reference list.

I am willing for my marked project paper to be used for staff training purposes.

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Date:

ABSTRACT

The Malaysian Armed Forces (MAF) embarked on outsourcing the food supply service for their soldiers since 2007. This is done to enable the MAF to concentrate on their main core business in protecting and defending the sovereignty of Malaysia. At present, there are limited studies being conducted to identify the level of food supply service quality provided by the caterers as well as soldier's satisfaction on outsourced food supply in MAF. Hence, this study was carried out at Headquarters Lok Kawi Staff Station, Lok Kawi Camp, Kota Kinabalu, Sabah due to problems arising pertaining to the caterer's service quality namely cleanliness, food handling, taste of the menu and others. The quantitative research approach was chosen for this study and a set of questionnaire survey were distributed, collected and analysed involving a total of 186 soldiers as respondents. In addition, focus group interview was also conducted involving officers and soldier to gather their opinions on the subject matter. The five Service Quality (SERVQUAL) dimensions namely Tangible, Reliability, Responsiveness, Assurance and Empathy were used to determine the level of soldier's satisfaction with regard to outsourced food supply service at the camp. The findings from this study shows that each SERVQUAL dimension have a significant relationship with soldier's satisfaction on food supply service whereby Tangible is the most significant variable with the greatest satisfaction. Therefore, it is recommended that future study for this topic could be conducted using qualitative method with the same research objectives. In addition, this study can be extended to the units in Royal Malaysian Airforce and Royal Malaysian Navy.

ABSTRAK

Sejak tahun 2007, Angkatan Tentera Malaysia (ATM) telah memulakan penswastaan perkhidmatan bekalan makanan kepada anggota tentera secara berperingkat. Ini dilakukan bagi membolehkan ATM menumpukan sepenuhnya tugas dan tanggungjawabnya mereka dalam melindungi dan mempertahankan kedaulatan Malaysia. Pada masa kini, kajian dalam mengenalpasti tahap kualiti perkhidmatan bekalan makanan yang disediakan oleh pihak catering dan juga tahap kepuasan anggota tentera terhadap perkhidmatan yang disediakan adalah terhad. Justeru, satu kajian telah dilaksanakan di Markas Stesen Staf Lok Kawi, Kem Lok Kawi, Kota Kinabalu, Sabah berikutan terdapat permasalahan yang timbul berkaitan dengan kualiti perkhidmatan bekalan makanan seperti kebersihan, pengendalian makanan, menu makananan dan lain-lain lagi. Pendekatan penyelidikan secara kuantitatif dipilih untuk kajian ini dan satu set soal selidik diedarkan, dikumpulkan dan dianalisis yang melibatkan seramai 186 tentera sebagai responden. Di samping itu, temubual secara berfokus juga dilakukan melibatkan pegawai dan anggota tentera bagi mendapatkan pandangan mereka mengenai kualiti perkhidmatan bekalan makanan. Lima dimensi *Service Quality* (SERVQUAL) iaitu *Tangible*, *Reliability*, *Responsiveness*, *Assurance* dan *Empathy* digunakan untuk menentukan tahap kepuasan anggota tentera terhadap perkhidmatan bekalan makanan yang disediakan oleh pihak catering. Hasil dari kajian ini menunjukkan bahawa setiap dimensi SERVQUAL mempunyai hubungan yang signifikan dengan kepuasan anggota tentera terhadap perkhidmatan bekalan makanan di mana *Tangible* adalah pembolehubah yang paling signifikan. Sehubungan itu, adalah disarankan agar kajian ini dapat dilakukan dengan menggunakan kaedah kualitatif dengan objektif kajian yang sama bagi pelaksanaan kajian di masa hadapan. Kajian ini juga turut dapat diperluaskan ke unit-unit di bawah pemerintahan Tentera Udara Diraja Malaysia dan Tentera Laut Diraja Malaysia.

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ACKNOWLEDGMENT RECEIPT FOR FINAL PROJECT PAPER

This final project paper titled, “**The Relationship Between Service Quality and Customer Satisfaction Towards Food Supply Service at Lok Kawi Camp, Kota Kinabalu, Sabah**” produced by **Lieutenant Colonel Mohd Ridzam bin Mat Rejab, Matric No. 3191175** has been accepted as having fulfilled the partial requirements for the Master of Business Administration (Supply Chain and Logistics)

.....
COLONEL ASSOCIATE PROFESSOR DR MOHD NOR BIN YAHAYA (R)

Date:

DECLARATION OF FINAL PROJECT PAPER

I have read and understood the rules on cheating, plagiarism and appropriate referencing as outlined in my handbook and I declare that the work contained in this paper is my own, unless otherwise acknowledged. No substantial part of the work submitted here has also been submitted by me in other assessments for this or previous degree courses, and I acknowledge that if this has been done an appropriate reduction in the mark I might otherwise have received will be made.

Signed candidate:

You are required to justify your submitted Project Paper against the degree definition for which you are registered.

Project definition for my degree:

The project should normally be related to supply chain and logistics environment. It could address many different aspects such as business, administration and management issues. My project relates to this definition in the following way:

1. The project is centred on **The Relationship between Service Quality and Customer Satisfaction towards Food Supply Service at Lok Kawi Camp, Kota Kinabalu, Sabah.**
2. This project addresses the aspect of **Customer Satisfaction towards Outsourced Food Supply Service.**
3. The intention of the project is to assist **Headquarters Lok Kawi Staff Station as well as Army Logistics Command Headquarters.**
4. The recommended improvements in this project are based on **modules,theories, models and thought in Master of Business Administration (Supply Chain and Logistics).**

The above shows the relevance of the work to the degree for which it is submitted.

	Signed	Agree	Disagree
Supervisor: COLONEL ASSOCIATE PROFESSOR DR MOHD NOR BIN YAHAYA (R)			

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ABBREVIATIONS

AF	-	Armed Forces
CPU	-	Central Processing Unit
MA	-	Malaysian Army
MAF	-	Malaysian Armed Forces
RMAF		Royal Malaysian Airforce
RMN		Royal Malaysian Navy
ROI	-	Return of Investment
SERVQUAL	-	Service Quality
SERVPERF	-	Service Performance

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Organisations over the years have regarded perceived service quality as a strategic tool for positioning as well as means of achieving operational efficiency and improving business performance (Mehta, 2018). Service quality has been seen as critical for the success of organisations because of its close link with customer satisfaction especially in the service industry (Parasuraman, 1985). Thus organisations regard quality as a source of competitive advantage which they always strive to achieve. Moreover, excellent service increases customer retention and leads to repeat customer purchase behaviour which ultimately increases the market share of the companies and generates high revenues (Cronin, 2016). For this reason, restaurant marketers and service researchers more often try to study and understand customers' needs and desires on service quality and satisfaction level (Gilbert, 2016).

The Malaysian Army (MA) food service industry has experienced many changes over the last 15 years. Most of the time, the food service at army units is prepared by military chefs and cooks. Starting from 2005, a wide range of local catering companies were attracted to provide catering services to the army units. The local catering operators followed western advanced management techniques and developed innovatively in a rapid manner. Apart from this, competition among domestic catering companies is intense because of army units' account for nearly 50% market share of the industry. Starting from 2007, food service provided by military chefs and cooks has been outsourced to third parties known as catering companies. The main purpose of this initiative is to enable the MA to concentrate on their main core business that is to protect national sovereignty, integrity and interest.

1.1 Background of Study

The initiative by Malaysian Armed Forces (MAF) to outsourced or privatise food supply at units to third parties is to reduce MAF expenses in maintaining and building new cookhouse including its facilities and equipment. In addition, the privatization of food services is to mitigate the shortage of military chefs and cooks in service which if it is not resolved immediately, the quality of food may be compromised and will eventually affects satisfaction of the soldiers. According to Military Cookhouse Privatization Agreement, the selected caterer is responsible to provide new building of cookhouse including its facilities such as dining hall, kitchen area, equipment and others or to take over and upgrade existing cookhouse as well as to maintain the building and equipment (MAF, 2007). It is also responsible to serve

quality food for five times a day according to menu cycle. In return, the government will award the catering company a contract for 16 years and each soldier taking the catering service will be charge for a certain agreed amount payable to the caterers (MAF, 2007)

As for MA, in year 2007 the outsourcing of food supply was initiated for army training institutions, several units from combat support corps and service support corps in Peninsular Malaysia before it was expanded to Sabah and Sarawak the following year. The caterer awarded with the contract is responsible for preparing meals according to the menu and to be served according to the stipulated timing at the units. The food supplied should be sufficient in terms of quantity and quality. Due to this, the preparation process until serving of food is no longer responsible to the military representatives. Those caterers are also required to ensure that the existing dining hall is upgraded either through renovation or building new cookhouse in order to allow military personnel enjoy their food in a more conducive and healthy environment. The MAF had allocated a huge spending for these outsourcing of food supply for the sake of the soldiers. Nevertheless, the return of investment from this spending is worthwhile and satisfied with the soldiers have yet to be ascertained.

1.2 Problem Statement

In the early 2010s, the hostile environment around the Sabah maritime waters has tinkled MA to focus attention to the security at the Sabah region. All unit under command of the Sabah region are ordered to be fully alert and ready to be deployed at any time to fight the intruders at Sabah waters. Due to this, in year 2012, the outsourcing of food supply to third parties at the units has expanded to Lok Kawi Camp, Kota Kinabalu, Sabah so that the units here could focus on their primary tasking. There were eight cookhouse taken over by third party for upgrading. Among the eight upgraded cookhouse, two became Central Processing Unit (CPU) while the reminder became Satellite. One of the cookhouses that function as CPU is belongs to Headquarters Lok Kawi Staff Station, Lok Kawi Camp. The services from third party goes well until there were complaints on the quantity and quality of food served were not met the requirements. Sometimes the food served was not accordance to the menu or changing the menu without any notification and consensus from end user.

Before outsourcing to third party, all the cooking process from preparation until serving stage was the responsible of military chefs and cook. All these existing processes were in accordance with the standards that has been outlined by the Army Logistics Command Headquarters. Each process will be monitored by qualified individuals according to their expertise. All shortcomings identified during preparation would be mitigated immediately. When the food supply is outsourced to third parties, the military chefs and cooks do not have any authority to monitor their preparation process until the food are served. Moreover the kitchen area is prohibited to unauthorised person except for their own catering staffs. Presently, there were

complaints on the quantity and quality of food served by third party not meeting the requirements at Headquarters Lok Kawi Staff Station cookhouse. The quantity of food should be adequate because the strength of military personnel entitled for the food supply is given to the catering operator every week. Nevertheless, there are times military personnel did not have their entitled fruits and certain dishes at the serving point during meal time. In terms of food quality, spoiled dishes are the most obvious weaknesses found.

Although the catering operator compensate and replaced with new dishes, but it became bad experience to the military personnel and also jeopardise the administrative process of the units during training and routine. For this outsourced food supply, the Service Quality (SERVQUAL) and customer satisfaction is a point MA need to consider to evaluate the service providers. Most soldiers utilizing this outsourced food supply will have the perception of good service, attractive menu and clean environment while eating. However, there were complaints with regards to the caterer's service quality, cleanliness in dining hall, food handling, taste of the menu and etc. Other than that, the atmosphere in the dining hall at serving complex also plays an important role in attracting military personnel to consume their food. Although the serving complex has been upgraded or newly built, the arrangement of seating, buffet line and set up inside the complex is still not conducive and attractive.

Based on the above discussion, the arising problems need to be resolved accordingly so that the number of military personnel who entitled meals in the serving complex will not avoid taking the food provided to them. Due to the problem faced on service quality, they might turn to canteen or other places to have their meals. Most

importantly, MAF have to bear the losses because the food supply service is not fully utilised by military personnel.

On the other hand, poor service quality of the food supply can have impact on customer's satisfaction. The customers are the military personnel receiving this outsourced food supply. The unhappiness of the personnel can be caused by food supply service does not comply with the required standards, and it is feared that military personnel did not get the desired nutrition. Other issue arising is when caterers gain an extra profit by reducing the quantity of food on the weekends because they are aware that most military personnel prefer to go out rather than having meals in the camp. When the military personnel are unhappy, this may affect their job performance and quality of work. In an interview conducted by the researcher, one of the Operational Officer from combat support unit in Lok Kawi Camp mentioned the problem and challenges that he faced in the unit as follow,

'The tasking of units in Sabah in operational had been intensified due to the hostile condition plus with the last incident at Lahad Datu. The involvement of my men had also increased to a high level and this situation created a challenging moment to my manpower to focus on fighting intruders. Nevertheless, the outsourced food supply for the soldiers in the camp had relieved a big burden of the unit and allow us to focus entirely on our primary task. The service provided by the caterers was good initially, but of late there are problem arising from the SERVQUAL and soldiers satisfaction towards the food supply service provided to them. As the Operational Officer of my unit, I always welcome anyone within the organisation or academic entity to assist us to rectify these arising complications so that the focus on the unit will not be distracted by the food supply problem. I must ensure my unit achieves the operational availability set by Malaysian Army, while it is important for me to conduct improvement to my personnel's satisfaction towards the food supplied to them'