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Service Quality Evaluation and Ranking of Container Terminal Operators *



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ABSTRACT

In the service industry, the regular assessment of service quality is considered as a means of promoting the quality of services. Container market is no exception, and the quality of providing service in a container terminal is of prime importance in attracting new customers and maintaining the existing ones. The main aim of present research is to evaluate the quality of service being offered at Shahid Rajaei Container Terminal (SRCT) in Bandar Abbas port. The evaluation process uses SERVQUAL model which is an appropriate tool for measuring the service quality, identifying and analyzing available gaps between service expectations and perceptions. Target population in this research includes customers of SRCT. The standard and customized questionnaires were distributed among 165 samples, out of which 127 (77%) were returned. For the purpose of data analyses, initially the reliability of SERVQUAL model was checked, and then paired sample t-test was performed to reveal any possible gap between expectations and perceptions of respondents. Finally, TOPSIS was used to rank the 9 main container service companies in the SRCT. The results indicated that there are significant gaps between customers' expectations and perceptions in SRCT, in all five dimensions of services quality. Additionally, from weighing point of view, 'Tangibles' was the most important dimension, followed by 'Reliability', 'Assurance', 'Responsiveness' and 'Empathy'. In addition, 'Tangibles' dimension had maximum gap and 'Empathy' dimension had minimum gap between customers' expectations and perceptions. Finally, after ranking companies, Bandar Abbas Aria Container Terminal (BACT) Company was ranked first among nine companies in satisfying customers' expectations.

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1. Introduction

Dedicated container terminals are considered as service providers and an interface between different modes in intermodal transportation. As far as the national economy is concerned, the role of services they provide are quite significant and act as a facilitator of the trade. Shipper's preference for shipment of their cargoes with containers, due to advantages of containerisation, has been one of the major reasons behind the growth of containerisation in ports. From globalisation point of view, seaports that do not embrace the revolution of containerisation, and the consequent changes it brings in terms of demand for infrastructure and port services will lose the competition to their rivals. Since dedicated container terminals (through investment and revenue generation) play a significant role in the economic development of a region, any change in port traffic or operation and port organisation has an impact on the national economy (Begum, 2008). For service industry organisations (e.g. seaports), their products are the qualitative services they provide to their customers. Therefore, service quality has become a key tool in gaining competitive advantage and promoting customers' loyalty (Shahverdiani, 2010). Offering high quality maritime services is twofold. First, it enhances the customers' loyalty in short term and, second, it generates new demands in medium and long terms. Overall, port services, with their ever-increasing competition, have become more commercial in nature (SPO, 2003).

In the past decades, due to lack of appropriate funds, governments have shown interests in participation of private sector in infrastructure investments. In addition to the provision of capitals, governments have involved the private sector to enhance the quality of services, using their skills and innovations to achieve higher efficiency in their ports. This strategy is genuinely called public-private partnership (PPP), where governments provide land and private sectors invest on economic activities that are agreed upon and are in the favour of the governments. The involvement of huge investment in port industry may avert the investors. Therefore, to make the investment justifiable and to attract the potential investors, the basis of PPP contracts are normally long-term (between 20 to 40 years). The most popular PPPs between the government and the private sector are BOT, BOOT, BLO, DBO and ROT.

The aim of this study is to assess the services quality of port service companies in SRCT. Service providers must be capable of offering high quality services at any point in time. It is important to regularly assess the quality of services, but it is more important to have an appropriate instrument for service quality measurement. The appropriate instrument will provide sound and accurate results to management, whose future decisions for further investment are dependent upon these results.

The decision to outsource the operation of port facilities has opened many windows of opportunities to private companies to enter into port activities. For this very reason, it is crucial for ports to design an appropriate system not only to evaluate, but also to supervise their activities. Such a system will definitely create a more competitive environment in ports to develop their infrastructure, investing more on port equipment, employing modern technologies and management techniques.

In one hand, the trend towards privatisation, in which ports and shipping organisations are no exception, and on the other hand, the strategic status of ports, dictate that the ports must maintain their procedures for regular assessment of port service qualities. Since SRCT has delegated most of its responsibilities and outsourced many of its properties and activities such as, yards, cargo handling equipment, warehouses,...to the private sector, and also due to port's strategic

location in the country, particularly its competition with rival ports in the region, it is very vital to assess and supervise the performance and service quality of the private sectors. Therefore, for an accurate evaluation, a service quality assessment system is required, which considers the needs and satisfaction of customers. In this research, it is attempted to select an appropriate model for assessing the service quality of private companies in SRCT.

2. Literature Review

Service quality is relatively new subject in management and its history dates back to 1980s, where many authors have described the service quality as the result from customers' comparisons between their expectations about the service they will use and their perceptions about the service company (Oliver, 1997).

One of the comprehensive definition of service is given by Gronroos (1990, p. 27), who defines it as "an activity or series of activities of more or less intangible nature that normally, but not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems".

Crosby (1979) believes that quality is conformance to requirements, and those requirements must be defined in measurable and clearly stated terms. However, Juran (1986) defines quality as fitness for use, stressing a balance between product features and the products' freedom from deficiencies.

Authors who have had a significant contribution to the literature of service quality are Gronroos (1984) and Parasuraman et al. (1985). These authors have highlighted the need for a better understanding of the concept, and thus have significantly increased the theoretical and practical knowledge in the field of service quality. Gronroos (1984) argues that service quality is dependent on the two variables of expected service and perceived service. Furthermore, Gronroos (1984) believes that expected service is influenced by previous experiences whereas perceived service is the evaluation of the service received at the time of delivery in relation to those previous expectations. The customer's perception is therefore a crucial outcome of the evaluation process. Parasuraman et al., (1985) define service quality as the discrepancy between consumers' perceptions of services offered by a particular firm and their expectations about firms offering such services. With the idea that there are some major differences between services and products, Parasuraman et al. (1985) further argue that, because of service intangibility, it is more difficult for companies to understand how customers perceive and evaluate service quality. In the case when a service is bought, there is less physical evidence than when a product is bought. Moreover, Lewis and Booms (1983) state that service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis.

According to Kursunluoglu (2014), from a transcendent view, quality means "innate excellence". In product-based approach, quality is viewed as "a precise and measurable variable" and differences in quality reflect differences in the quantity of some ingredient or attribute so higher quality can only be obtained at higher cost. In user-based approach, quality is compared with the satisfaction. The highest quality means the best satisfaction of consumers' preferences. In manufacturing-based approach,

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