SERVICE QUALITY AND CUSTOMER SATISFACTION IN KUNDASANG GUESTHOUSE RANAU, SABAH

NURULSYHILLA BINTI KANIM
2016730571

BACHELOR OF BUSINESS MANAGEMENT
WITH HONOURS (MARKETING)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITY TECHNOLOGY MARA
KOTA KINABALU, SABAH

JULY 2020

ACKNOWLEDGEMENT

I would like to take this opportunity to express my appreciation towards the people who had been with me and had contributed their time and effort for giving guidelines and advice throughout this research. Foremost, I would like to praise God for His blessings in term of good health, strength and peace of my mind throughout the process of completing the report.

I would like to express my special gratitude to my adviser Mr. Franklin Hazley Lai who assisting me by provide a lot of knowledge, valuable guideline, giving an idea, an advice and supporting throughout the process of completing this research.

I also would like to express my gratitude to my supervisor at Kundasang Guesthouse, Mr. Nazrin Japiril Bandaran for her understanding and giving a permission whenever I needed time to leave for doing this research during my internship.

Last but not least, I would like to thank to my family and also my colleagues for their encouragement that helped me a lot in the process of completing this research.

TABLE OF CONTENTS

ITEM	**PAGE**
ACKNOWLEDGEMENT	iv
LIST OF FIGURES	viii
LIST OF TABLES	viii
LIST OF ABBREVIATIONS	ix
LIST OF DEFINITION OF STUDY	ix
ABSTRACT	x
CHAPTER 1: INTRODUCTION	**1**
1.1 Background Of Study	1
1.2 Problem Statement	4
1.3 Research Questions	8
1.4 Research Objectives	8
1.5 Scope Of Study	9
1.6 Significant Of Study	9
1.7 Definition Of Terms	10
1.7.1 Guesthouse	10
1.7.2 Customer Satisfaction	11
1.7.3 Service Quality (SERVQUAL)	11
1.7.3.1 Tangibility Dimension	11
1.7.3.2 Reliability Dimension	12
1.7.3.3 Responsiveness Dimension	12
1.7.3.4 Assurance Dimension	12
1.7.3.5 Empathy Dimension	13
CHAPTER 2: LITERATURE REVIEW	**14**
2.1 Service Quality	14
2.1.1 Tangibility Dimension	16
2.1.2 Reliability Dimension	17
2.1.3 Responsiveness Dimension	18
2.1.4 Assurance Dimension	19
2.1.5 Empathy Dimension	20
2.2 Customer Satisfaction	22

2.3 Research Framework 26
2.4 Research Hypotheses 26

CHAPTER 3: METHODOLOGY 27
3.1 Sources Of Data 27
    3.1.1 Primary Data 27
3.2 Research Design 28
3.3 Research Instrument 30
    3.3.1 Questionnaire 30
3.4 Sampling Technique 32
3.5 Sampling 33
    3.5.1 Sampling Frame 33
    3.5.2 Sample 34
    3.5.3 Sample Size 34
3.6 Data Collection Method 35
3.7 Research Procedure 35
    3.7.1 Reliability Of The Instruments 35
3.8 Data Analysis Methods 36
    3.8.1 Descriptive Statistic 36
    3.8.2 Inferential Statistic 37

CHAPTER 4: DATA ANALYSIS & FINDINGS 39
4.1 Frequency Distribution: Respondents' Profile 39
    4.1.1 Gender Of The Respondents 39
    4.1.2 Age Of The Respondents 40
    4.1.3 Occupational Of The Respondents 41
    4.1.4 Visit Purpose Of The Respondents 42
    4.1.5 Household Income Of The Respondents 43
4.2 Scale Measurements 44
    4.2.1 Reliability Analysis 44
    4.2.2 Correlation 45
4.3 Descriptive Analysis 46
    4.3.1 Multivariate Data Analysis 46
4.4 Hypothesis Testing 47

ABSTRACT

The general purpose of this study was to examine the relationship between service quality and customer satisfaction in Kundasang Guesthouse Ranau, Sabah. The five key specific objectives based on the SERVQUAL model which to determined the relationship of tangibility, reliability, responsiveness, assurance, and empathy on customer satisfaction in Kundasang Guesthouse. A service quality (SERVQUAL) measurement of customer satisfaction has attracted a remarkable interest in economic and hospitality industry literature. Since then, a number of researchers have looked for the answers to whether service quality (SERVQUAL) affecting customer satisfaction in hospitality industries. This study used quantitative approach research design. Questionnaire is chosen as a data collection instrument. The Questionnaire of this study will distribute through online which is using E-mail and Google Form as the tool to build the online questionnaire. There are 138 respondents of guests Kundasang Guesthouse involved. Sampling technique is Non-probability sampling which Convenience sample used in this study. Data analysis method is use a descriptive and inferential analysis. Findings of the study showed that three of the service quality dimension which is Responsiveness, Assurance, and Empathy has a positive relationship with Customer Satisfaction, while Tangibility dimension and Reliability dimension shows an insignificant relationship with the Customer Satisfaction. For this study, findings presenting that Assurance was the important factor influencing customer satisfaction in Kundasang Guesthouse, followed by Responsiveness as the second important and Empathy was the third important factor that influence customer satisfaction.

Keyword: *Service quality, Customer Satisfaction, Hospitality Industry, Guesthou*