

Assessing Customer Satisfaction Towards Service Quality in the Hospitality Industry

Siti Rapidah Omar Ali^{1*}, Siti Norsuhaizam Norizan², Nur Shafini Mohd Said³, Khalid Amin Mat⁴, Fatanah Jislan⁵

^{1,2,3,4}Faculty of Business and Management, Universiti Teknologi MARA Cawangan Terengganu, 23000 Dungun, Terengganu, Malaysia

⁵Faculty of Business and Management, Universiti Teknologi MARA Melaka, 78000 Alor Gajah, Melaka, Malaysia

Authors' Email Address: ¹sitirapidah@uitm.edu.my, ²sitinorsuhaizam@gmail.com, ³nurshafini@uitm.edu.my, ⁴khalid2841@uitm.edu.my, ⁵fatanah@uitm.edu.my

*Corresponding Author

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ABSTRACT

It is proven true that the main subjects addressed by every service industry nowadays are service quality and customer satisfaction. Hence, virtuous customers' evaluation of services is crucial for the firms. Delivering good quality service is leading to attain today's competitive environment. This study attempts to assess the relationship between service quality and customer satisfaction in the hotel industry in Malaysia. SERVQUAL model of service quality has been used to measure the relationship between three independent variables namely Tangibility, Reliability and Responsiveness and a dependent variable that is customer satisfaction. A number of 217 hotel guests in a three-star hotel in Kuala Terengganu were selected as a sample by using a convenience sampling method. A questionnaire was used as the research instrument in a survey approach. The findings indicated that all three dimensions of service quality have a positive relationship with customer satisfaction. Responsiveness seems to be the most significant factor in satisfaction. This study contributes to the enhancement and standardization of service quality management in firms especially the hotel industry in Malaysia. The findings would offer a better understanding and recommendations for hotel management transformation and practices.

Keywords: Service Quality, SERVQUAL, Customer Satisfaction, Hospitality

INTRODUCTION

Malaysia aspires towards a developed nation by 2020 (Roslan et al, 2015). One of the key contributors to the Malaysia economic success towards this aim is the tourism industry. Malaysia is one of the famous tourists' destinations in the world. Malaysia seeks to get 30 million international tourist arrivals by the year 2020 and brings in tourist receipts of RM100 billion. Unarguably, Malaysia has established its capability in the industry by constantly being in the top 10 tourism destinations and overall leading ways to generate income for the nation (Nst.com, 2019). Tourism Malaysia's data reveals that the hotel rooms number expanded from 168, 840 in 2009 to 308, 210 in 2018 with an

expansion of over 80%. While, within the same period, the total of hotel guests improved by less than 35% to 82.44 million in 2018. The number increased in 2019 by 1.8% (Chelsey, 2019).

The hotel industry should certainly become one of the most speedily expanding service industries since Malaysia is a tourism-focused country (Huijun et al, 2015). Besides being recognized as the top 10 traveler destination in the world, Malaysia also was acknowledged as the 'World's 5 Best Shopping Destination and Medical Travel Destination of the Year' at the International Medical Travel Journal's Medical Travel Awards 2017. These accomplishments highlight the ability and attraction of the country in tourism sector (MIDA, 2020). In order to encourage the development of Malaysia tourism industry, various programs have been established by the authority as well as the public sector. The primary activity in hospitality is serving people (Jakada and Gambo, 2014). Reasonable expectation of guests is being well served. Customer satisfaction is mainly relying upon the quality of service in the hotel industry. While competing with hundreds of others in the industry, guest fulfilment is the main priority for owners since personal services are the top of travelers' preference of the greatest things when considering a hotel to visit. A growing segment of the hotel lifestyle in the near future would satisfy the specific demands of the market with the excellent quality of services and products will remain their business in the industry. Though a lot of considerable attentions have been given to the concept of service quality in the business industries, the lack of existing research in hospitality industries especially within the small and medium budgets hotel has developed the foundation of this study.

LITERATURE REVIEW

Service Quality

Assessing service quality has essentially developed with an increase in the services industry. Many researchers have developed numerous models concerning service quality. Gonroos (1984) was the first who introduced a service quality model known as the Nordic model. He highlighted that result of the service presentation and qualities are characterized by technical qualities. Later in 1985, Parasuraman, Zeithmal and Berry (1988) developed a new model namely the SERVQUAL model. SERVQUAL model has been used by many scholars and practitioners most popular model used to measure service quality delivered and customer satisfaction (Roslan et al., 2015; Gencer & Akkucuk, 2017). SERVQUAL model suggests five service quality dimensions in determining the disparities between expectations and views of the customers on the services provided. This model is considered consistent, valid and widely applicable within the service sector the organization as well as significantly used than other models (Gencer & Akkucuk, 2017). SERVQUAL model also commonly used in the studies related to the hospitality and tourism industry. It is not only assisted in determining the gap between what is provided by the service provider and customer perceived service quality, but it also tells about the value of service being presented (Pizam et al., 2016).

Tangibility

Physical settings and amenities, staff, equipment and the way of interaction always refer to the service quality aspects that establish the first impression. As cited by Giannakos et al., 2012, companies hope for their customers' positive first impression that would make them probably return in the future. Tangibility elements application varies from one industry to another (Aleshaiwy, 2015). According to Sandhu, Mahasan and Muzaffar (2013), the tangible aspects are involved with the physical facility appearance, facility, staff, written materials, availability of the equipment to create a pleasant service experience. Dimfwina, Murtala and Ukonu (2018) supported that the most essential principles of the service quality are assurance and tangibles.

Reliability

Ability to execute the guaranteed service without fail refers to reliability (Giannakosetal., 2012). The degree to which a customer or user can attain a great service when the time needed can be measured by reliability dimensions. Reliability relates to accomplishing the timely services accurately, errors free as well as present the promising and desiring services accurately (Dimfwina, Murtala and Ukonu, 2018). Timely promises implementation is considered as very critical for the hotel industry. The failure to meet promises contributes to negative feelings of customers which then lead to bad corporate image for the hotel. This aspect continually gives considerable influence on customers' satisfaction and competitive advantage resource (Aleshaiwy, 2015).

Responsiveness

Readiness and eagerness to help the customers solve their problem is responsiveness. Resolving the customers' request well, grievances and queries intently will build a positive image of the quality of service. However, a negative reaction will arise if the service provider made its customers remained waiting. Professionally dealing with the customers' complaints and aid in recovery is responsiveness (Dimfwina, Murtala and Ukonu, 2018). Responsiveness concerns with a timely response to the customers' request (Sandu, et al. 2013). As supported by Giannakos et al., 2012, responsiveness establishes the readiness of a service provider to help customers by delivering the correct and quick services. Service provider in the hotel industry viewpoint refers to hotel personnel. Hotel staff are likely to react to guests' wants and desires in an appropriate manner (Aleshaiwy, 2015).

Customer Satisfaction in the Hospitality Industry

Customer satisfaction is described as customers' fulfilment or dissatisfaction after evaluation of perceived service performance and actual service quality delivered (Kotler et al. 2017). The balanced quality accomplishment through a hotel product should be seen through various components for example the customer satisfaction conveyed by agreement level between anticipated and experienced (Dimfwina, Murtala & Ukonu, 2018). The key part of service quality is discovered within the delivery while various facts asserted that service is not as much as tangible than a product. Consumers tend to evaluate product or service quality every time they experience, and this evaluation is achieved according to the internal standard compared to the anticipated service quality. Hence, the anticipation is internal standards upon customers' ranking the delivered service quality (Dimfwina, Murtala & Ukonu, 2018). The customers' satisfaction level in hospitality industry varies from case to case. For instance, a particular hotel has a high concentration of staff courteousness and low prices but fail to match the projected level in term of interior or ambience of the hotel. Thus, it will not meet the customers' satisfaction (Igbojekwe & Managwu, 2015). The unpleasant atmosphere will cause some guests to choose not to stay in the hotel but others who placed the moderate interior as a priority will remain to stay in the hotel since their expectation is an emphasis on well-mannered personnel and lower prices. Still, the level of expectation is higher with other guests since courteous staff and low price are unable to provide satisfaction for unpleasant ambience (Dimfwina, Murtala & Ukonu, 2018).

METHODOLOGY

The guests of a three-star hotel in Kuala Terengganu, Malaysia was the target population of this study. A total of 217 questionnaires were distributed to the respondents by using a convenience sampling technique. All questionnaires were filled and returned demonstrating 100% response rate. Data was collected using a self-controlled questionnaire and formulated in five-point Likert scale ranging from

1 strongly disagree to 5 strongly agree. The questionnaire consists of five sections. Section A identifies respondents with background information. Section B until E indicates the respondents' response relate to service quality dimensions and customer satisfaction. Data were analyzed using Statistical Package for Social Science (SPSS) version 23. Out of five dimensions of SERVQUAL model, the researchers only used three of the elements namely tangibility, reliability and responsiveness. Figure 1 shows the conceptual framework for the study.

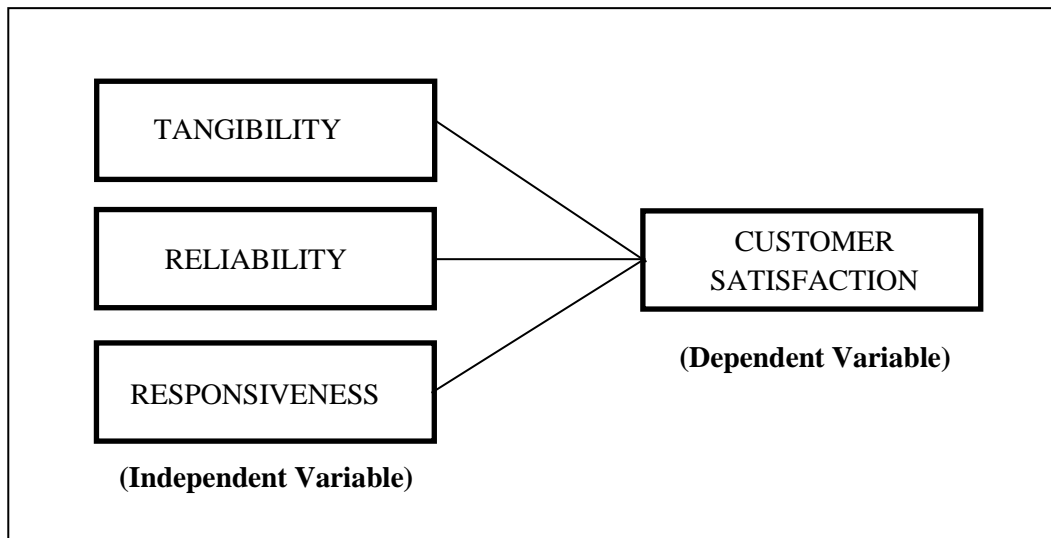


Figure 1: Conceptual Framework

Hypotheses Development

- H¹: There is a relationship between tangibility and customer satisfaction.
- H²: There is a relationship between reliability and customer satisfaction.
- H³: There is a relationship between responsiveness and customer satisfaction.

FINDINGS

Demographic Background

The findings of respondents' profile show that out of 217 respondents, 108 (49.8%) were male and 109 (50.2%) were female. Most of the respondents were from the age group of 20-39 years old. More than half of the respondents were Muslims and the majority of them were Malaysians. In the term of level of education, the higher group of respondents were Diploma holder while the least possess a certificate. Further findings revealed that most of the respondents have full-time employment and obtained an income ranging from RM999-2000. Majority of the respondents visit the hotel for holiday purpose. Many of them came from West of Peninsular Malaysia. Meanwhile, the findings also show that most of the respondents usually booking a room through an online reservation system. Most of them choose this hotel because of the good location.

Reliability Analysis

In order to establish the consistency of the items in the questionnaires, Cronbach's Alpha coefficient was utilized. Table 1 shows that the Cronbach's Alpha value of 0.774 – 0.810 was considered appropriate as suggested by Kothari (2004).

Table 1: Reliability statistics

Measuring scale	Cronbach's Alpha	No. of items
Tangibility	0.774	8
Reliability	0.783	8
Responsiveness	0.810	8
Customer Satisfaction	0.796	8

Correlation Analysis

To access the relationship between the independent and dependent variables, the Pearson Product-Moment Correlation Coefficient was used. Findings in Table 2 indicated that the independent variables are significant at 0.01 levels. Responsiveness represented the highest value of Pearson Correlation with $r = 0.691$. Referred to Guilford's Rule of Thumb, Responsiveness has moderate correlation and positive relationship with customer satisfaction. Followed by reliability with the value of $r = 0.596$ indicates a moderate and positive relationship with customer satisfaction. The smallest correlation with customer satisfaction is tangibility with the $r = 0.531$ also marked moderate and positive correlation.

Table 2: Correlation analysis (n=217)

Variables	Mean	Standard Deviation	Pearson Correlation
Tangibility	3.43	.376	.531
Reliability	3.41	.379	.596
Responsiveness	3.44	.396	.691
Customer Satisfaction	3.41	.398	

** Correlation is significant at the 0.01 level (2-tailed)

Multiple Regression

To discover the form and causal relationship between independent and dependent variables, multiple regression analysis was used. To indicate the level of influences the independent variables towards the dependent variable as well as to strengthen the evidence, value of R and R-square were also analyzed. Table 3 summarize the findings. Responsiveness shows the greatest influence towards the dependent variable (customer satisfaction) with the t-values of 7.209 and beta score of 0.495. This is followed by Reliability with a beta score of 0.181 and t-value 2.540. The least contributing factor to customer satisfaction is tangibility with t-value of 1.844 and beta score of 0.119.

With the value of r-square of 0.513 indicated that the independent variables namely tangibility, reliability and responsiveness influence dependent variable with 51.3%. The remaining 48.7% of the model will be supported by other aspects.

Table 3: Regression analysis (n=217)

Independent Variables	Beta	T-value
Tangibility	.119	1.844
Reliability	.181	2.540
Responsiveness	.495	7.209
R		.716
R ²		.513
F value		74.78
Sig. value		.000
Durbin-Watson		1.793

DISCUSSION

This study was led to examine the relationship between the service quality dimensions (tangibility, reliability and responsiveness) and customer satisfaction. Based on the correlation and regression analysis, the findings revealed that all three elements of service quality have positively linked with customer satisfaction. Responsiveness seems to be the most prominent factor that contributed to customer satisfaction. Thus, all three hypotheses formulated for this study were accepted. It can be assumed that tangibility, reliability and responsiveness have positively influenced the customers' satisfaction of service offered by the hotel. This study also supports the earlier experimental findings on the relationship between service quality dimensions and the guests' satisfaction (Saghier, 2013). Hence, it suggests that greater satisfaction eventually can lead to higher success with a higher level of service quality offered. The finding discovered that responsiveness becomes a key contributor to satisfaction within the hotel guests. This is almost certainly due to the customers who expect hotel employees to always respond to guests' needs and demand promptly (Aleshaiwy, 2015).

CONCLUSION & RECOMMENDATION

In conclusion, all service quality dimensions (tangibility, reliability and responsiveness) have positively influenced customers' satisfaction. The higher level of satisfaction expectation of customer will help to retain the old customers while building word of mouth. Apart from that, it can also support to attract new customers in the hotel industry. The hotel management should highlight the importance of providing tremendous service quality. Furthermore, to give customers' the top service and to enhance more, the hotel industry needs to recognize the factors of customers' perceived service quality, in which dimension of service quality to be focused on for their guests. This at the same time enables the hotel management to position their marketing objectively and recognize which marketing attempts are missing.

Since this study only obtains data from a three-star hotel guest, further research should be conducted within different hotels category that might result in more generalizable results. To enhance the measurement of service quality towards customers' satisfaction, the researcher should enhance other elements of service quality since this study only focused on three dimensions of service quality. Multiple approaches to research surveys should be adopted other than a questionnaire to get more dependable and specific feedback from customers.

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