

THE RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER SATISFACTION IN HOTEL INDUSTRY: EDC HOTEL, UUM

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ABSTRACT

The purpose of this study is to empirically examine the relationship between service quality and customer satisfaction in EDC Hotel, UUM. In recent years, the management of the hotel is obliged to provide services that meet customer satisfaction in their performance. Through the study of problem statement encountered in the hotel industry, it appear that problem occur is reliability, tangible, assurance, empathy and responsiveness. The main objective was to discuss the impact of perceived service quality dimension on customer satisfaction. The study implies that service quality plays an important role as a driver for higher customer satisfaction level in hotel sector. Among variables involved in this study are service quality dimension (included tangibility, reliability, assurance, empathy and responsiveness), customer expectation and customer perceptions. Besides using a survey to gather customer perceptions, this research also employs key personnel perspectives into the analysis. It is expected that the findings could contribute towards greater understanding in view of hotel industry. This research is also expected to provide good insights on managerial applications.

Keywords: Service quality dimension, customer satisfaction, customer expectation, customer perception, hotel services.

INTRODUCTION

The relationship between customer satisfaction and service quality in the hotel industry suggest that service quality will be high in customer satisfaction regardless of whether this is a cumulative build or specific transactions (Agbor, 2011). Hotel industry involves both features tangible and intangible in the process of service delivery. Customer satisfaction and service quality has become a major area of concern to practitioners and academic researchers. Both concepts have a strong impact on business performance and customer behaviour. Service quality leads to profit and higher customer satisfaction (Angelova & Zekiri, 2011). One approach considered relevant to achieve customer satisfaction is to give the best quality service to customers. Thus, the service quality and customer satisfaction has been considered very important to help to improve the overall performance of business.

This study focused on UUM students. Area this study focus on service quality the facilities in EDC Hotel. Therefore, the relationship between customer satisfaction and service quality can

be made to students based on their experience in using the facilities at this hotel while attending a program or events such as the use of the hall, customer service, food and others.

Background of the organization

Based on literature review, the relationship between customer satisfactions with the service quality that offered by the EDC Hotel indicates that both of these elements are closely linked to improving the quality standards of a hotel. EDC-UUM starts its operation on September 2006 in Sintok, Kedah that ideally located next to Universiti Utara Malaysia main campus and business areas. EDC Hotel committed to provide the highest standards in hotel services and facilities that the high quality (Razalli, Abdullah, & Yusoff, 2013). EDC-UUM's tastefully designed, valued for money accommodation consists of 88 guest rooms. The concept is to provide hotel standard products and services and move forward to fulfil its market needs. The scope of this study was to assess customer satisfaction with the quality of service that focuses on customers who use the hall and cafe facilities offered by the hotel when there is an event. In this case, this study and formulate the relationship between customer satisfaction and service quality in the hotel EDC-UUM's where the balance between these two elements can be produced to improve the quality of the hotel. In relation to the idea of Lee et al. (2000, p. 226), which suggested that examined the relationship between service quality, customer satisfaction, and store loyalty within the retail department store context.

This paper aim is to identify the relationship between customer satisfaction and service quality based on the five dimensions of service quality. The specification objectives of the study are to investigate the relationship between service quality dimension included tangibility, responsiveness, reliability, assurance and empathy, to discuss the impact of perceived service quality dimension on customer satisfaction and to analyse the discrepancy gap between customers' expectation and perception towards service quality of the front office staff.

LITERATURE REVIEW

Service Quality

Service quality is the perceived quality of a given service will be the outcome of an evaluation process, where the consumer compares his expectations with the service he perceives he has received. If the expectation is greater than the service performance, perceived quality is less than satisfactory and hence, customer dissatisfaction occurs.

SERVQUAL is a quality management framework. SERVQUAL was developed in the mid-1980s by Valarie Zeithaml, A. Parasuraman & Leonard Berry to measure quality in the service sector. Parasuraman et al. (1988) defines service quality as the gap between customers' expectation of service and their perception of the service experience. These five dimensions identified as follows:

- i. *Tangibility*: The physical evidence in the EDC Hotel including appearance of physical facilities, equipment, personnel, and communication materials used to provide the service.
- ii. *Reliability*: Reliability is ability to perform the promised service dependably and accurately. Doing it right the first time 1, this is one of the most important service components for customers. The following examples present the reliability factor.

Example 1: The staffs perform tasks that have been promised to guests and resolve problems encountered by guests.

- iii. *Responsiveness*: Responsiveness is a willingness to help customers and provide prompt service. The examples of the responsiveness are as follow:

Example 1: The staffs are asking for customers, name, address, post code and telephone number during the telephone booking.

- iv. *Assurance*: Assurance refers to the knowledge and courtesy of employees and their ability to convey trust and confidence including competence, courtesy, credibility and security.
- v. *Empathy*: Empathy refers to the provision of caring, individualized attention the firm provides its customers including access, communication and understanding the customers.

In conclusion, SERVQUAL instrument is an invaluable tool for organizations to better understand what customer value and how well their current organizations are meeting the needs and expectations of customers. SERVQUAL provides a benchmark based on customer opinions of an excellent company, on your company, on the importance ranking of key attributes, and on a comparison to what your employees believe customers feel.

Customer Expectation

Customer expectation is the perceived-value customers seek from the purchase of good or service. See also customer needs and customer requirements. If the actual experience customers have with a product exceeds the expectation, they are typically satisfied. Davidow and Uttal (1989) proposed that customers' expectation is formed by many uncontrollable factors which include previous experience with other companies, and their advertising, customers, psychological condition at the time of service delivery, customer background and values and the images of the purchased product.

'Customers' expectation' is what the customers wish to receive from the services. The diversity of expectation definitions can be concluded that expectation is uncontrollable factors which including past experience, advertising, customers, and perception at the time of purchase, background, attitude and product's image. Furthermore, the influence of customers' expectation is pre-purchase beliefs, word of mouth communications, individual needs, customer's experiences, and other personal attitudes.

Customer Perception

Harris (2000) noted a perception is the way that we see something based on our experience. Perceptions are frequently developed over a period of time and reflect the ways that we have been treated, our values, priorities, prejudices and sensitivity to others. Unfortunately, perceptions are not necessarily based on rational ideas and may be influenced by momentary frustration and anger. It is important for the customer service staffs to anticipate customer resistance based on the customers' prior interactions and always to work at providing customers with excellent service, so that their most current perception is a positive one. It is hard to erase customers' negative perceptions that are based on their prior interactions. Customer perception refers to how customers view a certain product based on their own

conclusions. These conclusions are derived from a number of factors, such as price and overall experience.

Customer Satisfaction

As Kotler (2000, p.36) defined that satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectation. Customer satisfaction depends on such dimensions as reliability, responsiveness, assurance, empathy and tangibles and on additional elements like price, personal and situational factors that may occur during the service supply by Bateson, Hoffman (2000).

In conclusion, customer satisfaction is defined as a result of customer's evaluation to the consumption experience with the services. However, the customers have different levels of satisfaction as they have different attitudes and perceived performance from the product/service.

Significance of the study

The significance of the study can be seen in terms of five dimensions of SERVQUAL used to provide services that meet customer demands. The results of which are related in terms of tangibility of physical facilities, equipment and etc. not achieve customer satisfaction. Therefore this study provides significant to add or update the equipment in accordance with customer requirements. In addition, the performance of employees is also lacking in terms of providing fast response to customers. Next, in terms of security is not up to safety standards and this study is very relevant for today's environment requires safety standards are guaranteed. In terms of empathy among hotel employees very disappointing. Developing a positive relationship with customers through high-quality service benefits the hotel because the hotels have access to the best kind of market research.

Fah and Kandasamy (2011) noted that tangibility, reliability and assurance, responsiveness and empathy, and ecological design and concept had significant relationship with customer satisfaction in Malaysian hotels. Possible solutions to existing problems or improvement are needed to unsatisfactory conditions. When customers receive satisfactory and quality services from an organization, they tend to discuss it in their social network, which leads to direct publicity and increased popularity of an organization. Encouraging consumers for feedback and comments is an integral part of quality customer service.

METHODOLOGY

This study proceeded with quantitative path via a survey on semi-UUM students (100 respondents). Data collections exercise was done in two weeks during the months of October 2015. The analysis was done with assistant of the SPSS version 16.

FINDINGS

In this section, the data was analysed by using descriptive statistic. This section presents the findings on demographic information. The results of this study have been received from 100 respondents by some elements, such as gender, race, colleges and the frequency of customers using the facilities available at the hotel EDC, UUM.

Table 1:Demographic information

Demographic	Type	Frequency (N)	Percent (%)
Gender	Female	63	63
	Male	37	37
	Total	100	100
Races	Malay	76	76
	Chinese	21	21
	Indian	2	2
	Other	1	1
	Total	100	100
College	COB	49	49
	CAS	29	29
	COLGIS	22	22
	Total	100	100
Timed use the facilities	1 Time	32	32
	2 times	18	18
	3 times	23	23
	4 times	2	2
	More than 4 times	25	25
	Total	100	100

Table 1 show the gender of respondents. There are 37 male respondents and 63 female respondents who answered this survey. Female and male respondents contribute to 63% and 37% to total number of respondents respectively. Table 1, also show the races of respondents. Majority is Malay which is 76 respondents and contributes to 76% of total number of respondents. It is followed by the Chinese respondents, which is 21 respondents or 21%. There an Indian 2 respondent and 1 respondent which from races who contribute 2% and 1% to the total number of respondents respectively.

Table 1 also shows that students from College of Business (COB) contribute the highest number of respondents, which are 49 respondents or 49%. Students from College of Arts and Sciences (CAS) contribute the second highest number of respondents which are 29

respondents or 29%. It followed 22 respondents or 22% from College of Law, Government and International Studies (COLGIS).

By demographic elements, Table 1 show the level of customer frequency using the facilities at the hotel EDC highest is 32 respondents or 32% of which comes once only, it following by 25 respondents or 25 % used more than 4 times. 23 respondents or 23% used the facilities at three times. It following by 18 respondents or 18% used two times the facilities compared to the level of frequency of customers using EDC facilities four times by 2 respondents or 2%.

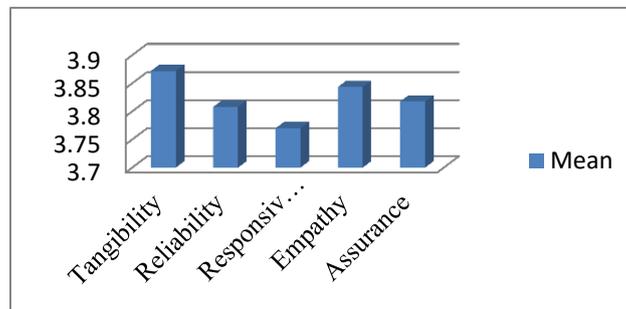


Figure 1:Overall Service Quality Dimension

This section presents the findings variables is service quality (SERVQUAL). Among variables involved in this study are service quality dimension included tangibility, reliability, assurance, empathy and responsiveness. Figure 1 shows, the variables are ranked top is showing tangibility mean is 3.87. It is following by empathy with 3.84. The top three following by assurance is 3.81, and following by reliability is 3.80. The lowest ranking variables were demonstrating responsiveness mean of 3.77.

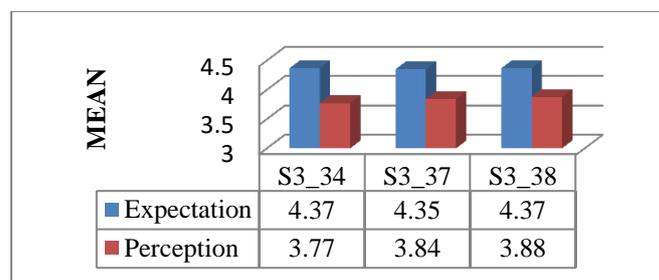


Figure 2:Comparison on Customer Expectation and Customer Perception (Top 3 highest score)

This section present customer expectation and their perception when there choose the EDC Hotel, UUM. The results of our study have been received from 100 respondents. Figure 2, will show the top 3 highest score by customer expectation and customer perception element, such as staffs are always available when needed. EDC hotel keeps accurate records (reservations, guest records, bills, orders, etc.), EDC hotel provides flexibility in services according to guest demands and EDC hotel provides its guests a safe and secure place is some element that more important in the hotel.

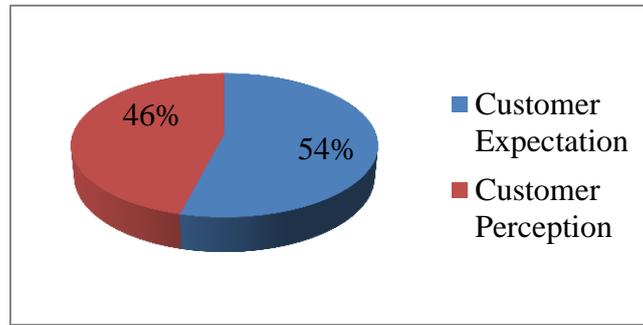


Figure 3: Overall Comparison between Customer Expectations and Customer Perception

Figure 3 show that the overall results for comparison between customers' expectations are 54% higher than customer perception is 46% only. The concluded that the hotel can provide the service for customer but don't give satisfy to customer.

Table 2: Comparison between Gender, Ethnic Groups and Colleges Service Quality Dimensions Table

Dimension	Genders		Ethics				College		
	Female	Male	Malays	Chinese	Indian	Others	COB	CAS	COLGIS
Tangibility	3.80	3.98	3.86	3.92	4.00	3.40	3.89	3.82	3.87
Reliability	3.79	3.84	3.80	3.85	3.90	3.40	3.84	3.69	3.88
Responsiveness	3.76	3.80	3.79	3.70	4.00	3.00	3.8	3.79	3.67
Assurance	3.80	3.90	3.86	3.78	3.84	3.67	3.88	3.82	3.78
Empathy	3.79	3.86	3.91	3.75	4.00	3.50	3.83	3.82	3.76

Table 2 shows a comparison between the genders, ethnic groups, and colleges. This is a comparison of the scope of service quality dimensions. A comparison between the gender dimensions of tangibility showed a mean score of the male gender higher by 3.98 while the female gender is 3.80. The reliability dimension, gender showed the highest mean score of 3.84, while the female gender mean score is 3.79 point. The responsiveness dimension, the male gender also showed the highest mean score of 3.90, while the female gender showed a mean score of 3.76. The dimension of assurance, the mean score of the male gender higher by 3.90, while female is 3.80. The dimension of empathy, the male showed the highest mean score of 3.86, while the female gender showed a mean score of 3.79. The conclusion, the table shows that the male genders get the higher population.

There is a comparison between the ethnic groups of Malay, Chinese, Indian and others. The dimensions of tangibility, ethnic Indians showed the highest mean score with 4.00 while other ethnic groups showed the lowest mean score of 3.40. The dimension of reliability, ethnic Indians also showed the highest mean score of 3.90, while others ethnic was the lowest with a mean score of 3.40. The dimensions of responsiveness, ethnic Indians showed the highest mean score with 4.00 while other ethnic showed the lowest mean score of 3.00. Dimension of assurance, the ethnic Malays showed the highest mean score of 3.86 while other ethnic groups showed the lowest mean score of 3.67. The dimension of empathy, the ethnic Indians showed

the highest mean score with 4.00 while other ethnic groups showed the lowest score with 3.50 min.

There is also a comparison between the college that the college COB, CAS and COLGIS. The dimensions of tangibility, college COB showed the highest mean score of 3.89, while a college CAS showed the lowest mean score of 3.82. The dimension of reliability, the college COLGIS showed the highest mean score of 3.88, while a college CAS showed the lowest mean score of 3.69. The dimensions of responsiveness, college COB showed the highest mean score of 3.80 while a college COLGIS showed the lowest mean score of 3.67. The dimension of assurance, college COB showed the highest mean score of 3.88 while a college COLGIS showed the lowest mean score of 3.78. The dimension of empathy, college COB showed the highest mean score of 3.83 while a college COLGIS showed the lowest mean score of 3.76

Table 3: Comparison between Gender, Ethnic Groups and Colleges
Expectation and Perception

Element	Genders		Ethics				College		
	Female	Male	Malays	Chinese	Indian	Others	COB	CAS	COLGIS
Expectation	4.30	4.32	4.29	4.38	4.46	3.79	4.26	4.36	4.35
Perception	3.63	3.73	3.67	3.70	3.54	3.15	3.71	3.60	3.67

Table 6 shows a comparison between gender, ethnic groups and colleges according to two aspects that expectation and perception. The comparison between gender shows the expected mean score obtained from male students was higher expectations of 4.32 while the mean score of female students was 4.30. In terms of perception, the male students showed a higher mean score of 3.73 while the mean score of female students was lower of 3.63. There is a comparison between the ethnic groups of Malays, Chinese, Indians and others. In terms of expectations, the Indians showed the highest mean score expectations of 4.46 while the mean score expectations of other ethnic groups showed the lowest expectation of 3.79. In terms of perceptions of ethnic groups, Chinese ethnic groups showed a higher mean score perception of 3.70 while the lowest is the perception from other ethnic groups of 3.54. From a comparison between the colleges, the study showed that the students involved were from COB, CAS and COLGIS. From the aspect of students' expectations of the quality of services provided shows that students from CAS provide the highest mean score expectations of 4.36 while the lowest expectations are from students COB of 4.26. In terms of perception, student perception of the COB shows the most against students of CAS and COLGIS of 3.71 while the lowest perception was from CAS student of 3.60.

Table 4: The Relationship between Service Quality and Customer Satisfaction

Dimension	Customer Expectation (Important)	Customer Perception (Satisfaction)
Tangibility	0.42	0.62
Reliability	0.35	0.42
Responsiveness	0.52	0.51
Assurance	0.51	0.49
Empathy	0.486	0.48

Table 4, show the relationship between service quality and customer satisfaction. From the study, show that the service quality has positive relationship with customer satisfaction. From the results, can show that the tangibility is the higher than other dimension from customers' perception. Although, from customers' expectation show that responsiveness is higher than others dimension.

CONCLUSION

In the article, the SERVQUAL has been applied in designing the questionnaire by using five dimensions of service quality. Data collected from a questionnaire were distributed to 100 students in Universiti Utara Malaysia. Through the study of problem statement that occurs is based on the five dimensions of quality. However, the main objective was to discuss the impact of perceived service quality dimension on customer satisfaction. It has a relationship which is closely related to each other. The study implies that service quality plays an important role as a driver for higher customer satisfaction level in hotel sector. From the results, can show that the tangibility is the higher than other dimension from customers' perception. Although, from customers' expectation show that responsiveness is higher than others dimension.

According the results, the researcher would also like to suggest that to focus on improving tangibility of EDC Hotel UUM such as management should appoint a strong quality control system, to check the tidiness of every room, wash room and all the environment of the hotel, so that the level of customer satisfaction increases. Also like to suggest that to focus improving responsiveness of EDC Hotel UUM employee towards customers such as managers provided enough training to employees for they can better comfort and solve problems of customers in a brunt situation, so that the level of customer satisfaction increases. Another suggests that increase reliability of EDC Hotel UUM employee, such as management that to provide enough amenities to employee, so that they can help customers in time, and also would like to suggest that a training of meditation, yoga, and some physical activities should be made compulsory for every staff regardless of the level to manage stress. A stressful employee cannot be empathetically responding to the customers.

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