THE INFLUENCE OF SERVICE QUALITY ON CUSTOMER SATISFACTION
(Study of Balairung Hotel, 2014)

Alvin Hizrian

Bachelor Degree of
Management ICT Business International, School of Economics and business, Telkom University
alvinhizrian@telkomuniversity.ac.id

Abstract
This study explores some element of service quality which is tangible, empathy, reliability, responsiveness, assurance. Study conduct by taking a 250 guest who ever visited Balairung Hotel in Jakarta. Result revealed that Service Quality affect Customer Satisfaction. It is recommended that Hotel consider the improvement of service quality, to keep the guest feel satisfy, in order to improve the satisfaction of customer

Keyword: *Service Quality, Customer Satisfaction*

1. Introduction

The global hotel industry posted average Occupancy rate of Hotel Industry growth among 2013 - 2014, and should strengthen as world travel demand builds momentum in the second half of the year and in 2015. Increasing investment in emerging markets, particularly Asia, the Middle East, Latin America, and Eastern Europe, will further boost industry growth. *Industry Trend Hotel 2014*

Investments in Indonesia's tourism industry are primarily aimed at the hotel and restaurant sector. Indonesia's Minister of Tourism and Creative Economy, Mari Elka Pangestu said that investments in Indonesia's tourism industry reached a total of USD $602.6 million in 2013. This consisted of foreign investments (USD $462.5 million) and domestic investments (USD $140.2 million). The hospitality industry of Indonesia is booming, evidenced by the steadily increasing number of tourists each year. This study conducts the Balairung Hotel in Jakarta, service quality and customer satisfaction with concerning the occupancy rate hotel compare to Balairung Hotel competitor, total guest and amount of complaints. The objective of this study is to give company a suggestion to overcome the problem and also this study were design to compare the theory and the reality exists.

Quantitative research was used in this study. 250 guests who ever visited Balairung Hotel in are giving their response through twenty six questions in questionnaire to represent the other guest. The data was analyzed using multiple regressions and the sampling technique used is Purposive sampling is a form of non-probability sampling in which decisions concerning the individuals to be included in the sample are taken by the researcher, based upon a variety of criteria which may include specialist knowledge of the research issue, or capacity and willingness to participate in the research (Palys, 2008).

The paper is organized as follows. It opens with a brief, general discussion of Service Quality variable which are tangible, empathy, reliability, responsiveness, assurance to customer satisfaction. The conceptual model and hypotheses are presented. The methodology is next described followed by the analysis and empirical findings. The paper then outlines the conclusions and suggestion.

2. Literature Review
2.1 Service Quality

The definition of service quality is often vary from person to person according to the situation, service quality definition vary only in term of word used but the perceived service delivery meets, excess or fails to satisfied customer expectations(Cronin and Taylor, 1992; Oliver, 1993; Zeithaml, Berry and Parasuraman, 1993). The concept of service quality was introduce in 1980s when the firms realized that only quality product maintain competitive edge (Boshoff and Gray 2004). According to Parasuraman et al. (1985), the service quality is explained as the comparison between service performance and service expectation. They proposed service quality to be a function of perceived process quality, pre-purchase customer expectations and perceived output quality. Base on their statement of 1985, service quality is checked by the differences between customers' perception of the service experience and their expectation of service.

2.2 Customer Satisfaction

Customer satisfaction is a key factor in formation of customer's desires for future purchase (Mittal & Kamakura, 2001). Furthermore, the satisfied customers will probably talk to others about their good experiences. This fact, especially in the Middle Eastern cultures, where the social life has been shaped in a way that social communication with other people enhances the society, is more important (Jamal & Naser, 2002).. Finally, several researches have been done on the relation between service quality and satisfaction: findings of some of these researches show that satisfaction results in service quality (Parasuraman et al., 1988). Also, the research conducted by Sureshchandar et al. (2002) shows that, there is a two-way relation between satisfaction and service quality.

2.3 Research Framework

The theoretical model guiding the investigation is depicted in figure below, which were adapted from Xiangyu Li, *International Business Research,* 2012. This research will study 5 factors of service quality namely: tangibles, reliability, responsiveness, assurance and empathy and customer satisfaction which were adapted from Xiangyu Li, *International Business Research,* 2012.
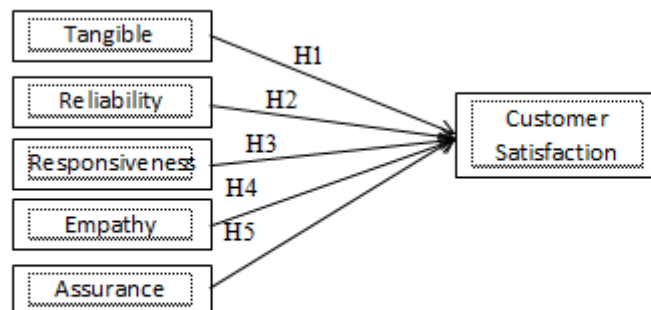
Adapted from: Xiangyu Li, *International Business Research, May* 2012

Figure1. Conceptual Framework

2.4 Hypothesis

According Sekaran (2010) Hypotheses are derived from the theory on which your conceptual model is based and are often relational in nature. Based on framework that has been illustrated, the hypotheses of this study are as follows:

H1.   Tangible has a significant influence on Customer Satisfaction
H2.   Empathy has a significant influence on Customer Satisfaction
H3.   Reliability has a significant influence on Customer Satisfaction
H4.   Responsiveness has a significant influence on Customer Satisfaction
H5.   Assurance has a significant influence on Customer Satisfaction

3.   Methodology
3.1   Research Type

Quantitative research methodology is applied in this research. Zikmund, et al (2010) defines quantitative business research as business research that addresses research objective through empirical assessments that involve numerical measurement and analysis approaches. Quantitative researchers direct a considerable amount of activity toward measuring concept with scales that either directly or indirectly provides numeric value. The numeric values can then be used in statistical computations and hypothesis testing.

3.2   Operational Variable

Independent variables are one that influences the dependent variable in either a positive or negative way (Sekaran, 2010). Independent variables in this research are 5 which is Tangible, Empathy, Reliability, Responsiveness and Assurance

According to Sekaran (2010) Dependent variable is the variable of primary interest to the researcher. Through the analysis of the dependent variable, it is possible to find answers or solution to the problem. Dependent variable in this research is Customer Satisfaction (Y).

3.3   Measurement Scale

The scale used in this study is ordinal scale. Ordinal scale is a ranking scale in which number are assigned to objects to indicate the relative extent to which the objects possess some characteristic. Thus it is possible to determine whether an object has more or less of a characteristic that some other object. (Malhotra, 2010)

In this study, the measurement scale used is a Likert scale. Likert scale is a measurement scale with five response categories ranging from "strongly disagree" to "strongly agree," which requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements related to the stimulus object (Malhotra, 2010).

3.4   Population and Sampling

Population in this research is the guest who ever visited or stay in Balairung Hotel who already has the experience about the Hotel.

In this research, sampling technique that the researcher used is Non Probability Sampling where not every one has equal chances to be the sample. The purposive sampling is use in this research. Purposive sampling is a form of non-probability sampling in which decisions concerning the individuals to be included in the sample are taken by the researcher, based upon a variety of criteria which may include specialist knowledge of the research issue, or capacity and willingness to participate in the research (Palys, 2008). The sampling strategy in this study using Criterion Sampling which involves searching for cases or individuals who meet a certain criterion (Palys, 2008), in this case people who has been experience visited or stay in Balairung Hotel.

3.5   Data Analysis Technique

In this research multiple regressions is used as data analysis technique. According to Hair (2010) said that multiple regression analysis is a statistical technique used to examine the relationship between a single dependent variable and a set of independent variables. The ever-widening application of multiple regression fall into two broad classes of research problem which are prediction and explanation. Prediction involves the extent to which the regression variate (one or more independent variables) can predict the dependent variable. Explanation examines the regression coefficients (their magnitude, sign, and statistical significance) for each independent variables and attempt to develop a substantive or theoretical reason for the effects of the independent variables. Since the objective and the research problems of this research aiming the explantation and prediction results.

4.   Discussion

This study used five variables as the independent variable which are; tangible, empathy, reliability, responsiveness, assurance and one variable as the dependent variable which is customer satisfaction.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.920[a]	.846	.842	.33160	1.989

a. Predictors: (Constant), VAR00005, VAR00004, VAR00001, VAR00002, VAR00003

b. Dependent Variable: VAR00006

From the results show that the adjusted R square in this research is 0.842 It means that **84.2%** of customer satisfaction are affected by Tangible, Empathy, Reliability, Responsiveness, Assurance of service

quality. While the rest, which is of customer satisfaction are effected by others variable which are not included in this research.

Table 2 Multiple Regressions

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.295	.108		-2.744	.007		
VAR00001	.093	.036	.090	2.569	.011	.517	1.935
VAR00002	.154	.050	.139	3.100	.002	.315	3.180
VAR00003	.469	.060	.433	7.799	.000	.205	4.881
VAR00004	.075	.034	.071	2.203	.029	.605	1.654
VAR00005	.299	.056	.287	5.365	.000	.222	4.510

a. Dependent Variable: VAR00006

Regression model that can be explained from the results in the form of regression equation as follows:

$Y = -0.295 + 0.093\ X1 + 0.154\ X2 + 0.469\ X3 + 0.075\ X4 + 0.299\ X5$

Those equations can explained as follows :

a. The coefficient regression of Tangible has an influence to customer satisfaction.
b. The coefficient regression of Empathy has an influence to customer satisfaction.
c. The coefficient regression of Reliability has an influence to customer satisfaction.
d. The coefficient regression of Responsiveness has an influence to customer satisfaction.
e. The coefficient regression of Assurance has an influence to customer satisfaction.

5.   Conclusion

According to the results of causal analysis, multiple regression analysis and hypothesis test that has been done in the previous chapter, can be drawn some conclusions. They are :

1. Tangible has a significant influence to customer satisfaction, tangible means appearance of physical facilities, equipment, personnel and communication materials of the hotel that describe the situation and facilities of the hotel, according to data analysis in multiple regression, the coefficient regression value is 0.093 or **9.3**% in the positive way, it mean the assurance dimension have a positive influence to customer satisfaction. The significant level value of tangible is 0.011 < 0.05 (Hypothesis 1 is accepted); it means tangible dimension has a significant influence to customer satisfaction (Y).
2. Empathy has a significant influence to customer satisfaction, empathy means caring, individualized attention; the employees provide a good service to the hotel guest. According to data analysis in multiple regression, the coefficient regression value is 0.154 or **15.4**% in the positive way, it mean the assurance dimension have a positive influence to customer satisfaction. The significant level value of empathy is 0.002 < 0.05 (Hypothesis 2 is accepted); it means tangible dimension has a significant influence to customer satisfaction
3. **Reliability** has a **most significant** influence to customer satisfaction; reliability means an ability to

perform the promised service dependably and accurately to the hotel guest. According to data analysis in multiple regression the coefficient regression value is 0.469 or **46.9**% in the positive way, it mean the assurance dimension have a positive influence to customer satisfaction. The significant level value of empathy is 0.000 < 0.05 (Hypothesis 3 is accepted), it means reliability dimension has a significant influence to customer satisfaction

4. Responsiveness has a significant influence to customer satisfaction, responsiveness means willingness to help (internal) customers and provide prompt service. According to data analysis in multiple regression, the coefficient regression value is 0.075 or **7.5**% in the positive way, it mean the assurance dimension have a positive influence to customer satisfaction. The significant level value of empathy is 0.029 < 0.05 (Hypothesis 4 is accepted), it means responsiveness dimension has a significant influence to customer satisfaction

5. **Assurance** has a **most significant** influence to customer satisfaction; assurance is knowledge and courtesy of employees and their ability to convey trust and confidence. According to data analysis in multiple regression, the coefficient regression value is 0.299 or **29.9%** in the positive way, it mean the assurance dimension have a positive influence to customer satisfaction. The significant level value of empathy is 0.000 < 0.05 (Hypothesis 5 is accepted); it means assurance dimension has a significant influence to customer satisfaction.

References

Parasuraman, A. L. (1985). A Conceptual Model of Service Quality and Its Implications for Future Research. *Journalof Marketing*, 49: 41-50.

Parasuraman, A. Z. (1993). More on Improving Service Quality Measurement. *Journal of Retailing*, 69(1), 140-147.

Pawitra, T. &. (2003). Tourist Satisfaction in Singapore-A Perspective from Indonesian Tourists, Managing Service Quality. 13(5): 399-411.

Sahu, D. P. (2013). Impact of Service Quality on Customer Satisfaction in Hotel Industry. *IOSR Journal Of Humanities And Social Science (IOSR-JHSS)*.

Spreng, R. A. (1996). An Empirical Examination of a Model of Perceived Service Quality and Satisfaction. *Journal of Retailing*, Vol. 59, pp. 201-2014.

Vijayadurai, J. (2008). Service quality, customer satisfaction and behavioral intention. *Journal of Marketing and Communication,*, 3 (3), 14-26.

Yu, A. H.-C. (2001). Service quality in Tourism : A case study of the 2001 study tour of Taiwan.

Yuksel, A. &. (2002). "Measurement of tourist satisfaction with restaurant services: A segment-based approach. *Journal of Vacation Marketing*, 9(1), 52-58.

Zeitaml, V. a. (2003). Service Marketing: Integrating Customer Focus across the Firm.

Zeithaml, V. A. (1993). Delivering quality service:Balancing customer perceptions and expectations.