

# A Study of Service Quality on Customer Satisfaction in Nepalese Hotel

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**Abstract**—The satisfaction is an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive (Oliver, 1980). For this reason, it is important to understand how customer expectation is formed in order to identify the factors of service satisfaction in the hotel industry. As different customers have different expectations, based on their knowledge of a product or service (Reisig & Chandek, 2001). If the service performance meets or exceeds customers' expectation, the customers will be satisfied. The study has included 153 respondents to collect data for the purpose of investigation using simple random sampling technique. This study identified five factors of service quality i.e tangibility, reliability, responsiveness, empathy and assurance to find out customers' satisfaction towards the quality services provided by hotels. The study has used T-test, F-test, correlation, regression analysis, and cronbach alpha etc as statistical tools for the analysis of the data collected. The results revealed that there is a significant relationship between service quality and customers' satisfaction.

**Keywords:** Customer satisfaction, customer perception, service quality and customer satisfaction.

## 1. INTRODUCTION

The trend of world markets has changed noticeably from agricultural to service markets (Asian Development Outlook, 2007). All of the service businesses are trying their best to improve their service quality in order to make customers satisfied with their services, especially the hotel industry. Hotel operators now focus more on the quality standards in order to meet the basic needs and expectations of the customers. Once customers' requirements are clearly identified and understood, hotel operators are more likely to anticipate and fulfill their customers' needs and wants (Juwaheer & Ross, 2003). The more satisfied the customers are, the more likely they are to return or prolong their hotel stay (Choi & Chu, 2001).

Service quality was determined as the subjective comparison that customers make between their expectations about a service and the perception of the way the service has been run. Parasuraman et al. (1985) defined service quality as a function of the differences between expectation and

performance along ten major dimensions. In later research, Parasuraman et al. (1988) revised and defined the service quality in terms of five dimensions: tangibility, reliability, responsiveness, assurance, and empathy. For example, Min and Min (1997) presented the idea that front office services have the attributes that are considered most important, particularly in forming the following impressions of service quality; tangibility (how well the hotel staff are dressed); reliability (ability to resolve problems encountered by guests); responsiveness (convenience of making the reservation, promptness of check-in/checkout process, hotel/tour guide information); assurance (security and safety of guests); & empathy (caring and individualized attention). In the Mauritian hotel (Juwaheer & Ross, 2003), assurance factors such as security and safety of guests determined by firstly, and secondly; reliability factors such as hotels perform task that have been promised to guests on resolving problems encountered by guests. Juwaheer & Ross found that by focusing on these factors, hotel in Mauritius would be able to achieve high levels of satisfaction.

## 2. OBJECTIVES OF THE STUDY

- To know the impact of service quality on customer satisfaction in Nepalese Hotel

## 3. HYPOTHESIS FORMULATION

- H1:** There is significant influence of tangibility on customer satisfaction.
- H2:** There is significant influence of reliability on customer satisfaction.
- H3:** There is significant influence of responsiveness on customer satisfaction.
- H4:** There is significant influence of empathy on customer satisfaction.
- H5:** There is significant influence of assurance on customer satisfaction.

#### 4. REVIEW OF LITERATURE AND THEORETICAL FRAMEWORK

Service quality is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Gronroos, 1984; Parasuraman et al., 1985, 1988). A number of experts define service quality differently. Parasuraman et al. (1985) define it as the differences between customers' expectation of services and their perceived service. If the expectation is greater than the service performance, perceived quality is less than satisfactory and hence, customer dissatisfaction occurs. Lewis and Mitchell (1990), Dotchin and Oakland (1994), and Asubonteng et al. (1996) define service quality as the extent to which a service meets customers' need and expectation.

Most researchers agree that satisfaction is an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive (Oliver, 1980). Kotler (2000) 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. Additionally, Yi (1990) also stated that customer satisfaction is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service.

Crosby, Evans, and Cowles (1990) found that the quality of the relationship between the hotel representative and the guest determines the probability of continued interchange (i.e., loyalty) between those parties in the future. These and other studies seem to suggest that having an interpersonal relationship with someone in the organization can lead a customer to become more committed, or loyal, to that firm.

#### 5. RESEARCH METHODOLOGY

Descriptive and analytical research designs have been used to establish the empirical data on service quality on customer satisfaction of Nepalese hotel industries. A survey research design has been used to investigate customer satisfaction towards quality services provided by hotels in Nepal. The primary data has been collected from guests of hotel through well structured questionnaire. The total respondents were 153.

Hotels of Kathmandu have been selected as a sample to know consumers' satisfaction. Primary data has been used under this study. These included five factors affecting consumer satisfaction. Fifty items at 5 point rating scale (Likert Scale) ranging from "1" strongly disagree to "5" indicating strongly agree has been constructed to measure the impact of service quality on consumers' satisfaction.

#### 6. RESULTS

**Table 1.1: Correlation Matrix between Dependent and Independent Variables**

	REL	RES	ASS	EM	TAN	SAT
REL	1					
RES	.494	1				
ASS	.402	.499	1			
EM	.561	.674	.710	1		
TAN	.453	.167	.758	.539	1	
SAT	.578	.754	.714	.719	.585	1

Table 1.1 describes about correlation matrix between variables under investigation. It shows that there is positive correlation between customer satisfaction and responsiveness, reliability, tangibility, empathy and assurance. There is positive and significant relationship among customer satisfaction and independent variables.

**Table 1.2: Reliability Test**

Variable	Composite Reliability	VIF	Cronbachs Alpha
Tangibility	0.8241	1.809	.7930
Reliability	0.8231	2.615	.7610
Responsiveness	0.8356	4.099	.8480
Empathy	0.8901	3.106	.7910
Assurance	0.9121	3.485	.6950
<b>Satisfaction</b>	0.8340	1.5423	.7350

Table 1.2 reveals the reliability test. VIF factors have been identified to be less than 1 which means there is no multicollinearity among independent variables. The values of cronbachs alpha also seemed to be greater than 0.7 which resembles that the data is reliable. Likewise, communality values have been found to be greater than 0.7 which is good for the research. Thus, it can be concluded that the data is reliable for the purpose of under taking research.

**Fig. 1.1: Multiple Regression Analysis**

Model		Unstandardized Coefficient		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.668	.172		-3.888	.000
	TAN	.060	.038	.066	1.569	.118
	REL	.805	.066	.614	12.227	.000**
	RES	.076	.051	.094	1.496	.136
	EM	.006	.046	.007	.131	.896
	ASS	.379	.057	.385	6.641	.000**

$$Y = -.668 + .060ATAN + .805REL + .076RES + .006EM + .379ASS$$

**TAN = Tangibility, REL = Reliability, RES = Responsiveness, EM = Empathy & ASS = Assurance**

Table 1.1 describes about the multiple regression analysis. Two variables i.e tangibility and assurance have been found to be significant towards customer satisfaction in Nepalese hotel. Likewise, tangibility, responsiveness and empathy have not been identified to be significant at 5% level of significant.

## 7. CONCLUSION

There is a significant relationship between customers' satisfaction and tangibility, reliability, responsiveness, empathy and assurance. Likewise, there is significant impact of reliability and assurance on customer satisfaction in Nepalese hotels.

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