# Relationship between Service Quality and Customer Satisfaction in the Hotel Industry: Manmunai North D.S Division in Batticaloa District

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## Introduction

Sri Lanka aims implementing many economic activities as a process of the postwar development. Tourism is the key industry that Sri Lanka devises strategies for economic growth. However, in Sri Lanka hotel restaurants there are lack of such studies which help to measure service quality and improve their service quality to gain better customer satisfaction. Expanding Sri Lanka's services sector, especially restaurant services is nothing without good service quality and customer satisfaction. Batticaloa is one of the tourist destinations in Sri Lanka that attracts tourists from many parts of Sri Lanka. Hence, this study mainly focuses on hotel industry and targets the customers of restaurants in Manmunai North DS Division in Batticaloa District in Sri Lanka.

## Problem Identification and Research Objectives

The study findings are expected to fill the gap in the literature, and to provide useful guidance for academics and practitioners regarding service quality and customer satisfaction relationship in hotel restaurants in Sri Lanka. As this study explores the relationship between service quality and customer satisfaction in hotel restaurants is the main objective of this study. Further, this study also aims to achieve the following secondary objectives,

To identify the level of customer satisfaction

To identify the level of service quality

To identify the relationship between the each service quality dimension and overall customer satisfaction

## Literature Review

### Service Quality

Most common definition of service quality is the result of comparison between perception and expectation of performance (Lewis and Booms, 1983; Parasuraman et al. 1988,). Service quality is the independent variable and it is includes six dimension, namely Tangibles, Reliability, Responsiveness, Empathy, Assurance and Cleanliness.

### Customer Satisfaction

Customer satisfaction is defined as the customers' evaluation on a product or service whether that product or service has fulfilled their needs and expectations. Satisfaction arises when the service makes the customers feel as good (Zeithaml et al. 2006). Customer satisfaction is the dependent variable and it is includes four dimension, namely Human service, Food quality, Reasonable price And Physical environment.

**Conceptual framework**

**Methodology**
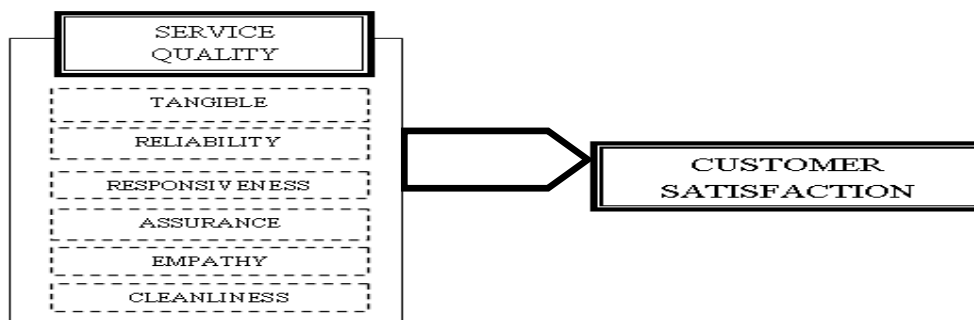


Source: Parasuraman (1988); Threevitaya (2003)

**Figure 01: Conceptual Framework of Study Variables with Their Dimension**

Primary data were collected through structured questionnaires with closed statements measured with Likert's scale. The study sample included customers of selected hotel restaurants in Manmunai North DS Division in Batticaloa District. The data were collected using convenience sampling approach. Sample size is limited to one hundred and fifty customers within the time frame. The levels of service quality and customer satisfaction are assessed with the criteria in Table 1.

**Table 1: Assessment criteria**

| Range for decision criteria | Decision Criteria | Decision Attribute |
|---|---|---|
| $X_i < (3-Z\,\sigma_x)$ | $X_i < 3$ | Low Level |
| $(3-Z\,\sigma_x) \leq X_i \leq (3+Z\,\sigma_x)$ | $X_i = 3$ | Moderate Level |
| $X_i > (3+Z\,\sigma_x)$ | $X_i > 3$ | High Level |

**Results and Discussions**

**Main Objective: The relationship between service quality and customer satisfaction**

This relation is positive and increasing service quality results rising customer satisfaction (see Table 2). This means the higher level of service quality results more customer satisfaction and vice versa. The results are consistent with the earlier findings and have supported and broadened literature published in earlier studies in various industries such as banking and restaurant in different counties (Caruana 2002).

**Table 2: Correlation between the service quality and customer satisfaction**

| Pearson Correlation: r | 0.890** |
|---|---|
| Sig. (2-tailed) | 0.000 |

**Sub Objective 1: To identify the level of customer satisfaction**

The dimensions of customer satisfaction have high mean value respectively 3.655, 3.875, 3.236   and  3.731. In addition, overall customer satisfaction mean approximately near the "Agree level" (3.624)(see Table 3).

**Table 3: Overall dimensions and dependent variable values**

| Description | Dimensions | | | | Dependent Variable |
|---|---|---|---|---|---|
| | Human service | Food quality | Price | Environment | Customer satisfaction |
| | (X1) | (X2) | (X3) | (X4) | |
| Mean | **3.655** | **3.875** | **3.236** | **3.731** | **3.624** |
| Standard Deviation | 0.811 | 0.720 | 0.904 | 0.700 | 0.694 |

**Sub Objective 2: To identify the level of service quality**

All six dimensions and overall service quality have high mean value. The overall view of service quality has high mean value of 3.8 and all the dimensions of service quality mean also above 3.5 (See Table 4).

**Table 4: Overall dimensions and Independent Variable Values**

| Description | Dimensions | | | | | | Independent Variable |
|---|---|---|---|---|---|---|---|
| | Tangible | Reliability | Responsive ness | Assurance | Empathy | Cleanli ness | Service Quality |
| | (X1) | (X2) | (X3) | (X4) | (X5) | (X6) | |
| Mean | **4.03** | **3.69** | **3.77** | **3.77** | **3.816** | **3.96** | **3.838** |
| Standard Deviation | 0.646 | 0.77 | 0.87 | 0.82 | 0.777 | 0.74 | 0.690 |

**Sub Objective3: To identify the Relationship between the Each Service Quality Dimension and Overall Customer Satisfaction**

This Table shows that correlation between the each independent variable (service quality dimension) and dependent variable (customer satisfaction) with the significant level of 0.01. According to the correlation table 05 it is obvious that all the service quality dimensions (Tangible-0.706, Reliability-0.848, Responsiveness-0.830, Assurance-0.812, Empathy-0.854, and Cleanliness-0.703) are strongly correlated with overall customer satisfaction with the significant level 0.01 (see Table 5).

**Table 5: Correlation between the Service Quality Dimensions and Customer Satisfaction**

| Dimension | Customer Satisfaction | |
|---|---|---|
| | Pearson Correlation | Sig. (2-tailed) |
| Tangible | 0.706** | 0.000 |
| Reliability | 0.848** | 0.000 |
| Responsiveness | 0.830** | 0.000 |
| Assurance | 0.812** | 0.000 |
| Empathy | 0.854** | 0.000 |
| Cleanliness | 0.703** | 0.000 |

Similarly, earlier findings have supported in context of hotel industry in Nepal (Pandey & Joshi 2010) and Malasya (Fah & Kandasamy 2011).

**Conclusion and Recommendations**

Findings indicate that the most hotel restaurants have high level of service quality and high level of customer satisfaction. Additionally, based on the present findings, high levels of service quality will lead to customer satisfaction and repeat purchases of the same restaurant, and to achieve customer satisfaction, of course, will lead to increased productivity and profit. Findings indicate that the relation is strong and positive between the service quality and customer satisfaction. According to the study, the least predictor of overall customer satisfaction in this study was dimension "Cleanliness and "Tangibles". Therefore, employees should wear protective gloves and hairnets or hats and keep high-efficiency hand dryers or paper towels. Provide high standard of cleanliness for customers will make them feel good about the quality of food. Hence, create a superior ambience, make deliberate choices with lighting, choosing music carefully and decorating restaurant with a special, unique theme of are some of the suggestion to improve the service quality and customer satisfaction in the hotel industry in the region.

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