A Study on the Impact of Service Quality on Customer Satisfaction
(with Special Reference to ABC Hotel)

R.P. Erandi Rajapaksha

Abstract

Customer is the most imperative factor in any organization. It has proven that service quality leads consumer satisfaction by numerous researchers. Service quality measurements can be utilized to measure the Customer Satisfaction. In hotel industry it is basic prerequisite to keep up service quality to draw in more customers and for expanding the market share. The main purpose behind this research study is to investigate the impact of service quality on consumer satisfaction in ABC Hotel. Understanding the impact of service quality on consumer satisfaction is a critical issue for academic research. To agree to point, six essential hypotheses have been prompted for service quality and consumer satisfaction.

The study is empirical based and the primary research conducted through a field survey consisting of 157 respondents of ABC Hotel. A well-structured questionnaire was used for primary data collection. Statistical tools like mean, standard deviation and analytical tool such as correlation and regression analysis techniques were employed for data analysis with the support of statistical software SPSS. Tangibility was highly correlation with customer satisfaction and responsiveness was the lowest correlation with customer satisfaction. Along with this all five dimensions have positive relationship on customer satisfaction. To examine the positive impact of the dimensions, the researcher used multiple regression analysis. Based on that results Tangibility, Reliability and Assurance are positively impact of customer satisfaction.

Keywords

Service Quality, Customer Satisfaction, SERVQUAL model

1 INTRODUCTION

Customer satisfaction is the key factor behind the well performing service organizations. Thus there is a high tendency to monitor and maintaining the satisfaction of customers continuously. Further, Customer satisfaction should be the foremost marketing objective of any given organizations, hence the ultimate outcome of customer satisfaction is led to customer loyalty, endorsement as well as repetition of purchase. Organizations are capable of hike the profit margins with these actions of consumers in point of finance. However, different strategies are used by difference organizations in different sectors to enhance the satisfaction of consumers. Quality of the service one of the vital factor among them. As the end users, customers are always seeking for the higher level of satisfaction. Providing superior value for customers are the one of recommended way to win customers in long run.

The concept of ‘quality’ has attracted the attention of practitioners and academicians over the years but mostly in the manufacturing sector at the first stage. Since 1980s, however, the importance of quality for business performance in service sector also has been widely recognized in the literature through the great impacts on different dimensions of
business performance. To study service quality, several measurement frameworks were established such as Technique and Functional Quality Model, SERVQUAL, Synthesized Model of Service Quality, SERVPERF, Antecedents and Mediator Model. According to Sureshchandar & Anantharaman (2002), found the benefits of service quality include the enhancement of customer satisfaction and customer retention, positive word of mouth, the decline in staff turnover and operating costs, the enlargement of market share, and the growth of profitability. The researchers also emphasized the importance of service quality with direct effects on customer satisfaction as well as indirect effects on customer loyalty (Minh, et al., 2015).

All of the service businesses are trying their level best to uplift the service quality in order to make satisfied customers via the offered services, especially the hotel industry. Hotel Managements are giving their high concern on quality standards in order to meet the basic needs and expectations of the customers. Once customers’ requirements are clearly identified and understood, hotel management 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 extend their hotel stay (Choi & Chu, 2001). Thus the tourism and hotel industry has a significant role in service industry. This circumstance requires that companies should provide a high level of service quality to engage successfully with the competitors. Hotel service is recently identified as one of the core businesses which was growing too fast in last decade. The intensively competitive market requires hoteliers continuously renew and improve themselves to attract customers. In this scenario, the attention to service quality from the customer’s perspective is considered as one of the most important factors deciding the success of hotel businesses. Hence, the measurement of service quality and the evaluation of its impact on the customer satisfaction have been a great concerned topic.

Therefore, within this research, the researcher marked an effort to investigate the impact of service quality on customer satisfaction in ABC Hotel.

Research Problem

ABC Hotel is one of the reputed hotel in Gampha around year 2000. Due to number of reasons Hotel ABC is faced lot of serious problems during last couple of years. With the COVID 19 situation, business has stepped in to the declining stage. Nevertheless, according to Karunarathna (2020), the Finance Manager of ABC Hotel “sales volume has indicate a negative trend over last couple of years and no action has taken to overcome from that situation” Further, (Hewage, 2020), the Marketing Manager said that number of customer complaints also drastically increased during last two years. Below are the Sales figures for ABC Hotel.

<table>
<thead>
<tr>
<th>Year</th>
<th>Yearly Sales Volume (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5,640,250</td>
</tr>
<tr>
<td>2009</td>
<td>5,935,000</td>
</tr>
<tr>
<td>2010</td>
<td>6,175,500</td>
</tr>
<tr>
<td>2011</td>
<td>6,290,146</td>
</tr>
</tbody>
</table>
According to the above table it is evidence that there is a considerable level of sales decline in last couple of years. Further customer complaint rate during the previous years also listed below to identify the current scenario.

<table>
<thead>
<tr>
<th>Year</th>
<th>Customer Complaint Rate (Number of complaints/Total visited Customers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>15%</td>
</tr>
<tr>
<td>2015</td>
<td>18%</td>
</tr>
<tr>
<td>2016</td>
<td>22.5%</td>
</tr>
<tr>
<td>2017</td>
<td>26%</td>
</tr>
<tr>
<td>2018</td>
<td>30.7%</td>
</tr>
<tr>
<td>2019</td>
<td>31.5%</td>
</tr>
</tbody>
</table>

According to the Hirschman (1970), customers may indicates their experienced problems by complaining to the relevant organization. Thus customer complaints records of the ABC Hotel are a valid source to indicate the current declining situation of the hotel. When a customer experience an unsatisfactory problem resolution, they used to switch or complaint about the dissatisfaction (Hart, et al., 1990). Further considerable increase in customer complaints is a clear warning of that there is a problem and it may lead to customer dissatisfaction about the service if appropriate actions are not taken (Bitner, et al., 1990).

2 Literature Review

Customer satisfaction

Professor Philip Kotler is the founder of term customer satisfaction which is widely used in current context. Kotler et al. (2017) well-defined customer satisfaction as the ‘customer’s feelings of pleasure or disappointment which are generated after comparison of perceived performance of service and quality of actual service delivered’ (Forozia, et al., 2013). Customer Satisfaction is the assessment of customer’s experience of the service offered. This is a comparison which based on the pre-purchase perception of customer and expectations of customer and the actual
services which experienced by the customer (Rao & Sahu, 2013). Thus, satisfaction of customer is there when needs of customers are fulfilled by the service provider, in the other hand dissatisfaction is occurred due to the inability of service provider to fulfilled the service as expected by customer (Kim-Soon, et al., 2014). Customer satisfaction is identified as one of the fundamental element in the service industries. In the hospitality industry, the service mix is a combination tangible physical products and non-tangible perishable services. Thus the customer satisfaction in the hotel industry is evaluated base on both products and services offered (Forozia, et al., 2013). Nevertheless service quality is definitely related to customer satisfaction (Roslan, et al., 2015).

**Service quality and the SERVQUAL model**

When compare to tangible products, measuring quality in a service is much harder due to the subjective nature of the service and services’ multi-dimensions (Giannakos, et al., 2012). With the higher contribution to the GDP with service in Sri Lanka, examine the quality of the service has become inevitable. This SERVQUAL model is a well-known multi-dimensional instrument which is identified as one of the most fruitful tools to measure the quality of service. Parasuraman et al (1985) firstly proposed the SERVQUAL model with ten dimensions which can measure the quality of service. Parasuraman et al. (1988) further simplified the SERVQUAL model which suggested in 1985 to only five dimensions. Those are tangibility, reliability, responsiveness, assurance and empathy. It states the perceptions of customers and expectations of the service provided. Further it indicates the factors which significantly influence the outcome of the service provided (Presbury, 2009). Service providers should minimize the gap between expectation of customers and actual service offer to achieve high level of customer satisfaction. Thus SERVQUAL model is the well-known and most popular model to measure the service quality and customer satisfaction in service industries (Gencer & Akkucuk, 2017) hence it is reliable, valid and widely applicable in any service sector. Most importantly SERVQUAL is most commonly used in hospitality and tourism sectors related studies (Pizam, et al., 2016).
Not only the measuring service quality, SERVQUAL model is useful to identify the gap between what is offered by service provider and the perception of consumers about the received service. Further it is a good indication of estimating the perceptual gap between customers’ expectations and their perception about what they really obtained (Pikkemaat & Peters, 2006). Nevertheless, SERVQUAL has some drawbacks including real application among entire service industry. Moreover, the elements in the original SERVQUAL model require to be adapted according to the context (Haghighat, 2017). SERVPERF model is the next service quality measurement tool after the SERVQUAL (Gencer & Akkucuk, 2017). The performance component is only used in SERVPERF model, no matching with expectations like SERVQUAL. Nonetheless, it demonstrates better variance, less time consumption in answering the questions hence there are few questions, but it is criticized for unidimensionality (Gencer & Akkucuk, 2017).

**SERVQUAL Dimensions**

**Tangibility:** tangibility is the physical feature of a service and it includes the physical facilities, equipment, service provider personnel and the materials which used communicate with customers (Giannakos, et al., 2012).
application of these tangibility factor varies according to the particular industry (Aleshaiwy, 2015). Accordingly, main tangible factors in hospitality industry are equipment of the hotel, facilities and appearance of the employees.

**Reliability**: The term reliability stands for the capability to perform the assured service consistently and dependably (Giannakos, et al., 2012). The most important factor in the hotel industry is to fulfilment of the promises in timely manner. Failure to fulfill such a promises lead for the customer dissatisfaction and potentially negatively impact for the corporate brand image. This element has a very noteworthy influence on customer satisfaction, and further it is a significant source of competitive advantage (Aleshaiwy, 2015).

**Responsiveness**: The responsiveness is the willingness of the service provider to assist or support customers via providing an accurate and rapid service (Presbury, 2009). In point of hotel industry, front line employees in the hotel are identified as the element which highly impact for the service quality. Hence employees of the hotel are expected to engaged with customers’ needs and requests on time (Aleshaiwy, 2015).

**Assurance**: Assurance refers to the courtesy and understanding of the service provider. Further it includes the capability of providing the confidence and trust of service provider hence they engage with customers to perform the service (Presbury, 2009). As a hotel this dimension is widely considered in order to ensure the feel of secure while the stay at hotel. Aleshaiwy (2015) stats that this element has a considerable level of impact on the satisfaction of customer.

**Empathy**: The empathy simply refers to the identification the need of each single customer and offering the service with caring attitude (Giannakos, et al., 2012). To understand the actual need of customer needs higher level of communication. Caring level of employees towards customers and personalized attention given to customers are highly mentioned under empathy. Most of hotels provide number of sophisticated facilities though employees dissatisfy customer with their inappropriate behaviors sometimes (Aleshaiwy, 2015).

*Figure 2: SERVQUAL Framework*
3 Methodology

Research Design

The purpose of this research is to investigate the factors behind dissatisfaction of consumers in ABC Hotel and as a first phase those factors are identified by conducting a survey. Thus conclusive research design is adopted by the research manager for a first phase of the research. Conclusive research design is a kind of statistical tests which uses advanced analytical techniques by using a comparatively large sample. Further this includes, data, population, sampling, data collection method, instrument techniques and validity and reliability. As the final result of phase one of this research, findings of the survey is explained the factors behind the dissatisfaction of customers regarding the service quality of ABC Hotel.

Procedure of Data Collection

A questionnaire is used to data collection and questionnaire is emailed to the consumers who have visited even a time for ABC Hotel. The email addresses are obtained from the company database. The responds for the questionnaire is stored for the analysis.

Population and Sample

The total number of cases that conform to predetermined specification is defined as the population of the Study (Iacobucci & Churchill, 2009). Entire population is share a mutual set characteristic is one important fact about population. Thus consumers who visit for ABC Hotel to experience the service are the population of this survey study. The questionnaire was distributed among consumers who had actual experiences in receiving the service from ABC Hotel. The sample is identified as 165 consumers. Hence the population of the study is unknown to the research owner, below formula is used to determine the sample. Accordingly, questionnaire is distributed among 165 consumers who has experience the service of ABC Hotel during the last two years of time.

\[
SS = \frac{Z^2 \times P(1-P)}{C^2}
\]

\[Z=\text{Confidence level (95%)}
\]

\[C=\text{Confidence interval (0.05)}
\]

\[P=\text{Percentage picking a choice (0.5)}
\]

According to above formula to select sample, 138 responders are sufficient enough to continue to study. Nevertheless, 20% is added to mitigate the non-response errors. Accordingly, sample size of the study is 165.

Validity and Reliability

The Cronbach’s Alpha value method is used to measure the reliability of the variables in the questionnaire. The variable is considered as reliable when the corresponding Cronbach’s Alpha value is greater than 0.7 or closer to accepted minimum level 0.70 of a given set of questions. Further, KMO sampling adequacy is a tool which decides
whether the sample size is sufficient enough to conduct the factor analysis. Accordingly, the results of the factor analysis are accepted when KMO is greater than 0.6. Moreover, results of the factor analysis is accepted when the significant level of Bartlett’s test of Sphericity is less than 0.05.

Analysis of Data

Number of statistical tools are adopted to analysis data. Mainly, descriptive and inferential statistics tools are utilized by the research manager. The objective of using descriptive statistics is to collect, summarize and present the data. The role of inferential statistics is to outline the conclusion about the entire population based on the selected sample data. Therefore, Researcher uses Correlation Analysis and Multiple Linear Regression Analysis to meet the expectation of survey.

Reliability of the Questionnaire

To examination the reliability of the questionnaire research manager uses the Cronbach’s Alpha values. The role of the Cronbach’s Alpha is to indicate how the variables are positively correlated to one another. In general, reliabilities less than 0.60 are measured as poor, those in the 0.70 range are considered as acceptable, and those over 0.80 good.

Table 3: Reliability Statistics

<table>
<thead>
<tr>
<th>Subject</th>
<th>Cronbach’s Alpha value</th>
<th>Comment</th>
<th>Number of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tangibility</td>
<td>0.880</td>
<td>Acceptable</td>
<td>8</td>
</tr>
<tr>
<td>2. Reliability</td>
<td>0.789</td>
<td>Acceptable</td>
<td>4</td>
</tr>
<tr>
<td>3. Responsiveness</td>
<td>0.721</td>
<td>Acceptable</td>
<td>3</td>
</tr>
<tr>
<td>4. Assurance</td>
<td>0.843</td>
<td>Acceptable</td>
<td>6</td>
</tr>
<tr>
<td>5. Empathy</td>
<td>0.805</td>
<td>Acceptable</td>
<td>4</td>
</tr>
<tr>
<td>6. Customer Satisfaction</td>
<td>0.852</td>
<td>Acceptable</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Survey Findings

Table 3 indicate the reliability values for the service quality dimensions and customer satisfaction of ABC Hotel. The Cronbach’s Alpha value for the Tangibility is 0.880, for Reliability 0.789, for Responsiveness 0.721, for Assurance 0.843, for Empathy 0.805 and for Customer Satisfaction 0.852. Therefore, it is obvious that all the dimensions of service quality and customer satisfaction are recorded high degree of reliability since it is more than 0.7.

Validity

Keiser – Meyer – Olkin (KMO) measure and Bartlett’s test of Sphericity can be used to decide the appropriateness of factor analysis to test the construct validity. KMO of sampling adequacy is used to decide, whether the sample size is large enough to conduct the factor analysis. It should be greater than 0.6 to meet that requirement. When the significance level of Bartlett’s test of Sphericity is less than 0.05, results of the factor analysis can be accepted.
Table 4: Validity Statics

<table>
<thead>
<tr>
<th>Variable</th>
<th>KMO</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tangibility</td>
<td>0.826</td>
<td>.000</td>
</tr>
<tr>
<td>2. Reliability</td>
<td>0.755</td>
<td>.000</td>
</tr>
<tr>
<td>3. Responsiveness</td>
<td>0.651</td>
<td>.000</td>
</tr>
<tr>
<td>4. Assurance</td>
<td>0.794</td>
<td>.000</td>
</tr>
<tr>
<td>5. Empathy</td>
<td>0.707</td>
<td>.000</td>
</tr>
<tr>
<td>6. Customer Satisfaction</td>
<td>0.843</td>
<td>.000</td>
</tr>
</tbody>
</table>

Source: Survey Findings

According to survey data, tangibility represents 0.826, reliability represents 0.755, responsiveness represents 0.651, assurance represents 0.794, empathy represents 0.707, and customer satisfaction represents 0.843. These are higher than the acceptance level (0.6) and Bartlett’s test need to be less than 0.05. Survey data indicate that 0.000. Therefore, the questionnaire has a high degree of validity.

Descriptive Statistics

Descriptive analysis was performed to identify the level of both independent and dependent variables. Mean value of each variable represents the level of the variable. Below table shows the descriptive statistics calculated for five independent variables and the dependent variable. Respondents are asked to indicate their answers on a 5 point likert scale and mean value and standard deviation are calculated to understand the current level of each variable.

Table 5: Descriptive statistics

<table>
<thead>
<tr>
<th>Variables</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibility</td>
<td>157</td>
<td>2.23</td>
<td>.589</td>
</tr>
<tr>
<td>Reliability</td>
<td>157</td>
<td>2.23</td>
<td>.664</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>157</td>
<td>2.25</td>
<td>.605</td>
</tr>
<tr>
<td>Assurance</td>
<td>157</td>
<td>2.17</td>
<td>.629</td>
</tr>
<tr>
<td>Empathy</td>
<td>157</td>
<td>2.24</td>
<td>.677</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>157</td>
<td>2.39</td>
<td>.638</td>
</tr>
</tbody>
</table>

Source: Survey Findings

According to above table, assurance denote 2.17 which has the lowest mean value and standard deviation which is 0.629. Mean value for reliability is 2.23, tangibility is 2.23, for responsiveness 2.25 and for empathy 2.24. Customer satisfaction denotes 2.39 mean value. Thus mean values for every variable are less than 3. It indicates that every variable is not in a satisfactory level of the ABC Hotel. Because mean value indicates that current level of each variable. According to that it is proven that the level of customer satisfaction and service quality is low in ABC Hotel.
Testing Parametric Assumptions

Some assumptions have to be fulfilled to perform parametric tests (Pearson Correlation and regression analysis) to analysis data. Normal distribution of the data set, independency, outliers, and multi -Co linearity need to test before performing regression analysis.

Normality Test

Figure 3: Normality of SAT

The Q-Q Plot of Satisfaction it is normally distributed (plots are close to the line). the Q-Q Plot of tangibility, reliability, responsiveness, assurance and empathy also normally distributed because plots are close to the line.

Independency

Durbin - Watson estimate is used to test the independency of the data point. It ranges from 0 - 4 and value near to 0 indicate strong positive and near to 4 indicates strong negative relationship. Value near to 2 shows that data points are independent. Durbin Watson range needs to be between 1.5 and 2.5. The results of this analysis are presented in below table.

Table 6: Durbin - Watson estimate

<table>
<thead>
<tr>
<th>Model</th>
<th>Durbin – Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>1.756</td>
</tr>
</tbody>
</table>

Source: Survey Findings

Multi-Co linearity

Multicolinearity indicates the interrelationship exists among independent variables in multiple regression analysis. High inter correlation among independent variables in a regression model make the regression coefficient unreliable. Two major methods were used in order to determine the presence of Multi-co linearity among independent variables in this study. These methodologies involved calculation of a Tolerance test and Variance Inflation Factor (VIF). Tolerance rate need to be greater than 0.20 VIF need to be less than 10.
Table 7: Test Co linearity

<table>
<thead>
<tr>
<th>Model</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibility</td>
<td>0.144</td>
<td>6.962</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.375</td>
<td>2.667</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.209</td>
<td>4.776</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.151</td>
<td>6.623</td>
</tr>
<tr>
<td>Empathy</td>
<td>0.405</td>
<td>2.469</td>
</tr>
</tbody>
</table>

Source: Survey Findings

Analyzing VIF values and Tolerance of independent variables, High interrelationship (VIF value >10) among independent variables cannot be seen. All the VIF values are less than 10 and this study does not violate the Multicollinearity assumption.

Correlation Analysis

A Pearson correlation matrix will indicate the direction, strength, and significance of the bivariate relationship among all variable that were measured at an interval or ration level. While the correlation could range between -1.0 and +1.0, we need to know if any correlation found between two variables is significant or not. As we know, a significance of \( p = 0.05 \) is the generally accepted conventional level in social science research. A coefficient of +1.0, is a perfect positive correlation, a coefficient of -1.0, is a perfect negative correlation, a low correlation is a less than ±0.10, high correlation coefficient grater then ±0.70

Table 8: Correlation

<table>
<thead>
<tr>
<th></th>
<th>Customer Satisfaction</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibility</td>
<td>0.915</td>
<td>0.000</td>
</tr>
<tr>
<td>Reliability</td>
<td>0.781</td>
<td>0.000</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>0.663</td>
<td>0.000</td>
</tr>
<tr>
<td>Assurance</td>
<td>0.840</td>
<td>0.000</td>
</tr>
<tr>
<td>Empathy</td>
<td>0.810</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Source: Survey Findings

According to the above table it is proven that there is a positive correlation between service quality and customer satisfaction. There is a high positive correlation between tangibility and customer satisfaction (\( r = 0.915, p=0.000 \)) as well as there is a high positive correlation between reliability and customer satisfaction (\( r= 0.781, p=0.000 \)). There is a high positive correlation between empathy and customer satisfaction (\( r= 810, p=0.000 \)). There is high positive correlation between assurance and customer satisfaction (\( r= 0.840, p=0.000 \)). Responsiveness and Customer Satisfaction represent high positive correlation (\( r=0.663, p=0.000 \)).

Regressions Analysis

Simple regression analysis is used in a situation where one independent variable is hypothesized to affect one dependent variable. Multiple R and R² measure the strength of the relationship between the set of independent
variables and the dependent variable. An F test is used to determine if the relationship can be generalized to the population represented by the sample.

**Model Summary**

*Table 9: Model Summary*

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R-Square</th>
<th>Adjusted R – Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.901</td>
<td>.813</td>
<td>.811</td>
<td>.27728</td>
</tr>
</tbody>
</table>

Source: Survey Findings

Above table shows the model summary of regression analysis. Value of the explanatory power (R^2) shows the degree to which extent the variance of the dependent variable is explained by independent variables. Looking at R^2, it can be concluded that, 81.3% (0.813) of the variance of Customer satisfaction of ABC Hotel is explained by service quality. Only 18.7% of the variance of customer satisfaction is explained by other influencing factors which are not covered by the current study.

*Table 10: Model summary*

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R-Square</th>
<th>Adjusted R – Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.944</td>
<td>0.891</td>
<td>0.888</td>
<td>0.214</td>
</tr>
</tbody>
</table>

Source: Survey Findings

The above table shows the model summary of regression analysis. Value of the explanatory power (R^2) shows the degree to which extent the variance of the dependent variable is explained by independent variables. Looking at R^2, it can be concluded that, 88.8% (0.888) of the variance of Customer satisfaction of ABC Hotel is explained by tangibility, reliability, responsiveness, assurance and empathy of service quality. Only 11.2% of the variance of customer satisfaction is explained by other influencing factors which are not covered by the current study.

**ANOVA Test**

*Table 11: ANOVA*

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Square</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>51.647</td>
<td>1</td>
<td>51.647</td>
<td>671.731</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>11.917</td>
<td>155</td>
<td>.077</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>63.564</td>
<td>156</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Findings

The probability of the F statistic (671.731) for the overall regression relationship is <0.000, less than or equal to the level of significance of 0.05. This model is overall significant. Because, P value is 0.000. It is less than 0.05 model. It implies that model is fit well due to P value is less than 0.05(P<0.05) It means there is a positive impact of service quality on customer satisfaction.
**Table 12: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Square</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>56.649</td>
<td>5</td>
<td>11.330</td>
<td>247.411</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>6.915</td>
<td>151</td>
<td>.046</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>63.564</td>
<td>156</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Findings

The probability of the F statistic (247.411) for the overall regression relationship is <0.000, less than or equal to the level of significance of 0.05. This model is overall significant. Because, P value is 0.000. It is less than 0.05 model. It implies that model is fit well due to P value is less than 0.05(P<0.05) It means there is a positive impact of service quality dimensions on customer satisfaction.

**Discussion**

This study was conducted to investigate the impact of service quality on customer satisfaction of ABC Hotel. This is the first objective of this research. Correlation analysis is used to investigate the relationship between service quality and customer satisfaction. According to the correlation analysis the research manager was identified a relationship between service quality and customer satisfaction in the ABC Hotel.

Based on the output there was a strong positive relationship between tangibility, reliability, responsiveness, assurance and empathy with the customer satisfaction. Among that variables Tangibility has the highest positive relationship with the customer satisfaction. Further multiple regression analysis also conducted. Based on the analysis P value of all variables are less than 0.05. Therefore, all the variables are statically significant but B value of the responsiveness and empathy is minus. Hence there is no positive impact of these two variables on customer satisfaction of the ABC Hotel. Tangibility, reliability and assurance positively impact on customer satisfaction of the ABC Hotel. According to the regression analysis there is a positive impact of service quality on customer satisfaction. Therefore, strategies should be build up accordingly.

**Impact on Tangibility on Customer Satisfaction**

This study proves that; Tangibility positively impact on with 0.881 B value at 0.000 significant levels. However, it is sufficient to prove that Tangibility positively impact on Customer Satisfaction. According to the result of this study tangibility is the mostly affected dimension on customer satisfaction when compare with other variables.

**Impact on Reliability on Customer Satisfaction**

According to the results of this study it proves that, Reliability positively impact on Customer satisfaction with 0.258 of B coefficient at 0.000 significant level.

This results support to conclude that, Reliability positively impact on Customer satisfaction of ABC Hotel since the significant value is less than 0.05. Reliability is the second important dimension which affect to the customer satisfaction.

**Impact on Responsiveness on Customer Satisfaction**
Responsiveness is not positively impact on Customer Satisfaction with -0.105 B value at 0.019 significant level. B value of responsiveness which is a minus value, support to conclude that to determine responsiveness is not positively impact on Customer satisfaction of ABC Hotel.

**Impact on Assurances on Customer Satisfaction**

Assurance positively impact on Customer Satisfaction with 0.220 B value at 0.000 significant level. Significance level of assurance which is lower than 0.05 and B value is positive, support to conclude that to determine empathy positively impact on Customer satisfaction of ABC Hotel.

**Impact on Empathy on Customer Satisfaction**

Empathy is not positively impact on Customer Satisfaction with -0.207 B value at 0.002 significant level. Significance level of empathy which is lower than 0.05 and negative B value, support to conclude that to determine empathy is not positively impact on Customer satisfaction of ABC Hotel.

**Theoretical and Managerial Implications**

Hotel service quality is the main success factor for a hotel. Based on the output of HOLSERV Model there is a positive impact of service quality on customer satisfaction. Hence management has to make immediate actions to improve hotel service quality to make customers satisfied.

**Managerial Implication**

According to the findings of this study the management of the ABC Hotel, research team should consider focusing more on Tangibility, Reliability and Assurance as these variables positively impact on customer satisfaction. According to the findings of the research, that there is a need of improvement in the variable of tangible, research team must focus on the tangibility perspective like equipment and decoration, variety of food and beverages, comfortable fittings and fixtures and material associated with service.

Reliability also important and research team should make arrangements to increase the reliability by keeping promise as it is, quickly responding to the problems, performing the service at the right time and etc.

The variable Assurance also most important factor when considering the customer satisfaction. Research team should make arrangements to increase assurance by improving knowledge of the employees to respond guests’ questions, improving the skills of the employees to perform the service, make arrangements to feel safe and secure when guests are in the ABC Hotel.

**Recommendations**

Arrangements to improve Tangibility.

According to the survey tangibility is identified as the most significant predictable variable which impact for the customer satisfaction in ABC Hotel. Therefore, special attention should be given to the equipment of premises, visual appeal of the physical features, neatness of the staff and visual appeal of materials, different set of foods and beverages.
of the hotel. The reason behind this is that customer satisfaction is increased by 88.1% in ABC Hotel when the tangibility increase by one while other variables being constant.

Strategies to improve tangibility in ABC Hotel

- Opening a new poke corner in the buffet
- Starting a lobby bar
- New Ayurvedic Spa
- Add a tour package (including Henarathgoda Botanic Gardens, Aththanagalla raja maha viharaya, Water world etc)
- Live station for take away food in the evening
- An attractive standardize uniform for the hotel staff
- Develop a website, social media channels for the hotel

Arrangements to improve Reliability

“Reliability” is identified as the second foremost important element which is affecting for the overall customer satisfaction of ABC Hotel. Therefore, it is very much important to fulfill the given promises as it is. Rapid attention to the problems arise, offer the service at exact time in order to experience the higher customer satisfaction are very much important because the increase in reliability would definitely enhance the 25.8% of overall satisfaction of the customers who visits to ABC Hotel when other variables are standing constant.

Strategies to improve reliability in ABC Hotel

- Reduce the lead time to offer a meal once it ordered
- Eliminate the waiting time during the stay (arrival to departure)
- Prompt service

Arrangements to improve Assurance

Assurance is considered as the third dimension which highly impact for the customer satisfaction of ABC Hotel. With the current situation of country assurance is very much important when catering for customers. Therefore, special arrangements should be made obtain the trust of customers relating to the safety rules. Further, courtesy of the staff is significant to attract customer’s loyalty to the brand. Therefore, knowledge and socialization skills of the staff must be further increased because increase in one unit of assurance would lead for 22% of total satisfaction of consumers in a ABC Hotel.

Strategies to improve assurance in ABC Hotel

- Conducting workshops for the staff (Including grooming, hospitality management etc)
4 References


