FACULTY OF TECHNOLOGY MANAGEMENT AND TECHNOPRENEURSHIP

QUALITY SERVICE FOR CUSTOMER SATISFACTION IN SECTOR HOTEL AT MELAKA.

A project report submitted in partial fulfillment of the requirement for the award of the degree of Bachelor (Hons.) of Technology Management (Innovation)

اونيۏرسيتي تيکنيکل مليسيا ملاك
UNIVERSITI TEKNIKAL MALAYSIA MELAKA

By

MUHAMMAD SYAHMIE BIN BASMAN

B061910489

4 BTMI S1

2022

SUPERVISOR'S AND PANEL APPROVAL

I certify that this thesis entitled **"QUALITY SERVICE FOR CUSTOMER SATISFACTION IN SECTOR HOTEL AT MELAKA"** was prepared by **MUHAMMAD SYAHMIE BIN BASMAN (B061910489)** has meet the required standard for submission in partial fulfilment of requirement for the award of Bachelor (Hons.) of Technology Management (Innovation) at University Teknikal Malaysia Melaka.

Approved by,

Ts.DR GANAGAMBEGAI LAXAMANAN
Senior Lecturer
Faculty Of Technology Management and Technopreneurship
University Technical Malaysia Melaka

Signature :

Supervisor's Name : TS. DR. L. GANAGAMBEGAI

Date : 30/01/2023

Signature :

Panel's Name : DR. HASAN BIN SALEH

Date : 31/01/2023

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MUHAMMAD SYAHMIE BIN BASMAN

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UNIVERSITI TEKNIKAL MALAYSIA MELAKA

June 2022

STUDENTS DECLARATION

‘With the exception of citations and quotations that have been properly acknowledged, I hereby declare that this thesis is based on my original work.' I further declare that it has not been submitted for any degree or award at Universiti Teknikal Malaysia Melaka or any other institution earlier or concurrently.'

Signature :

Name : MUHAMMAD SYAHMIE BIN BASMAN

Matric No : B061910489

Date : 21 JUNE 2022

DEDICATION

This humble work is dedicated to:

My supportive family, for the infinity love and sacrifices;

My dearest supervisor, for the never end words of encouragement;

My greatest friends, for being who they are;

And above all

To Allah SWT, the Almighty and;

Muhammad SAW, the best teacher and messenger.

ACKNOWLEDGEMENT

First of all, I would like to praise and thank Allah S.W.T for His Greatness and permission-giving me the time, healthy life, and opportunity to complete my first final year project titled “Quality service for customer satisfaction in sector hotel at Melaka’’ as fulfilling the compulsory requirements of Universiti Teknikal Malaysia Melaka (UTeM) and the Faculty of Technology Management and Technopreneurship (FPTT). I appreciate this opportunity to express gratefulness to those who made this project become possible.

Besides that, I want to give a big thanks to my supervisor TS. DR. L. Ganagambegai that gives a lot of guidance during this semester in session 2021/2022 on her knowledge expertise, suggestion, and useful comment while completing this research project.

I also would like to extend my thankfulness to the most precious persons in my life, my father and mother for all their moral support, financial and advice in all aspects during the report completion from the beginning till the end. Lastly, I want to express my gratitude to the all respondents that spend their time helping me to fulfill the questionnaire. I am truly appreciative and honestly grateful to all that participate while making this project.

ABSTRACT

This research aims to examine the relationship between hotel customer happiness and service quality. In addition, it describes the relevance of comprehending customer happiness and how clients differentiate service delivery. Customers have altered their purchasing decisions based on the service or product quality. This indicates that the consumer determines the service quality in the hotel sector. In addition, the five dimensions of service quality (empathy, reliability, tangibles, responsiveness, and assurance) influence service quality and customer satisfaction. This study examined experimentally the relationship between hotel service quality and customer happiness in Melaka, Malaysia. The investigation utilized quantitative descriptive research. Questionnaires were utilized to obtain information. The study also includes pertinent recommendations comparable to the research problem's results. The evaluation of the results indicates that responsiveness, empathy, tangible, assurance, and reliability have a substantial impact on client satisfaction, hence influencing the character of the services offered. This study demonstrates a strong relationship between service quality, the five dimensions, and customer happiness.

Keywords: service quality, hotel industry, customer satisfaction

TABLE OF CONTENT

CHAPTER	TITLE	PAGE
	SUPERVISOR’S AND PANEL APPROVAL	**i**
	TITLE PAGE	ii
	DECLARATION	iii
	DEDICATION	iv
	ACKNOWLEDGEMENT	v
	ABSTRACT	vi
	TABLE OF CONTENT	vii - ix
CHAPTER 1	**INTRODUCTION**	
	1.1 Background of Study	1-3
	1.2 Problem Statement	3-4
	1.3 Research Questions	5
	1.4 Research Objectives	5
	1.5 Scope of Study	5
	1.6 Significant of Study	6
	1.7 Summary	6

CHAPTER 2 LITERATURE REVIEW

2.0 Introduction 7

2.1 Conceptual Framework 8

2.2 Concepts

- 2.2.1 Empathy 8
- 2.2.2 Reliability 9
- 2.2.3 Responsiveness 9
- 2.2.4 Assurance 9
- 2.2.5 Tangibles 10

2.3 Customer Satisfaction 10

2.4 Hypothesis 11

2.5 Summary 11

CHAPTER 3 RESEARCH METHODOLOGY

3.0 Introduction 12

3.1 Research Design 12-13

3.2 Research Instrument 13

3.3 Data Collection Method 13

- 3.3.1 Primary Data 14
- 3.3.2 Secondary Data 14

3.4 Data Analysis 15

- 3.4.1. Descriptive analysis 15
- 3.4.2. Multiple regression analysis 15-16

3.5 Research Strategy 16

- 3.5.1. Survey strategy 16-17

3.5.2 Questionnaires Design 17-18

3.6 Validity and Reliability

3.6.1 Validity 18

3.6.2 Reliability 18-19

3.7 Sampling Design 19-20

3.8 Pilot Test 21-22

3.9 Summary 23

CHAPTER 4 ANALYSIS AND DISCUSSION

4.1 Introduction 24

4.2 Descriptive Analysis 25-26

4.2.1 Respondent Demographic Analysis 26-31

4.2.2. Research Question Analysis 32-38

4.3 Reliability Analysis 38-39

4.4 Person Correlation Analysis 39-41

4.5 Multilinear Regression 41-44

4.6 Hypothesis Analysis 44-46

4.7 Summary 46

CHAPTER 5 CONCLUSION AND RECOMMENDATIONS 47

5.1 Introduction 47

5.2 Summary of Findings 47-50

5.3 Implications of Research 50

5.4 Limitation of Research 50

5.5 Recommendation for Further Research 51

5.6 Conclusion 51-52

REFERENCES 53 - 56

APPENDIX 1: QUESTIONNAIRES 57 - 66

APPENDIX 2: GANT CHART FOR FYP 1 67

APPENDIX 3: GANT CHART FOR FYP 2 68

APPENDIX 4: TURNITIN 69

CHAPTER 1

1.0 Introduction

We shall discuss the study's plan in this chapter. Following a discussion of the study issue statement, the research goals and questions will be presented. The study's purpose and significance will next be covered in detail. Limitation study definitions will also be given along with crucial term definitions. An associated summary of this chapter will be provided at the conclusion of chapter 1.

1.1 Background of study

To achieve market success, it is not enough for managers to acquire new customers; they must also build successful customer satisfaction and loyalty programs to retain current customers. Hotel sector customer happiness is mainly based on service quality. A management approach cantered on customer happiness may improve client loyalty, ultimately improving the image of the destination.

Hotels are a vital component of the tourist sector because they provide the most essential demand of visitors: a place to stay (Prabhu et al. 2020). Additionally, hotels provide amenities such as playgrounds, spas, restaurants, bars, swimming pools, and so on. According to Anwar and Shukur (2015), hotel employees are vital to the success of a company since they provide and give services to visitors. Therefore, it is crucial for hotel management to ensure staff satisfaction (Abdullah & Othman,2019).

Meeting guests' demands effectively is a sign of a hotel's service quality, and practically all accommodations may maintain pleased visitors by providing them with excellent service (Top & Ali, 2021). The visitors' actions determine how useful the hospitality service is often (Anwar & Surarchith, 2015). Most customers don't compare services based on pricing since quality is more important to them than anything else. As a result, hotels should establish a standard of excellence that satisfies consumers' requirements and demonstrate that standard via their actions (Othman et al. 2019).

Service quality is a way to make a hotel more effective, more competitive, and more flexible. It is a way to make sure that every guest is happy (Abdullah & Abdul Rahman, 2015). One of the most important parts of running a business in the hospitality industry is taking care of guests. This helps the business grow and attract new guests (Ali, 2020). Damit et al. (2019) say that the key to maintaining a competitive advantage is to offer high-quality services that make customers happy (Anwar & Ghafoor, 2017).

The difference between what was expected and what was received shows how good the service was (Prabhu et al. 2020). Anwar and Climis (2017) say that service quality is how well hotels meet the expectations of their guests (Prabhu et al. 2019). Service quality is a degree between what guests want and what they think they're getting. Perceived service quality is a measure of how well the service was done across all the times it was used and how well it measured up to either implicit or explicit standards (Abdullah & Rahman, 2015). People who stay in hotels help both countries that aren't doing as well as others and countries that are doing well. Hotels are seen as a social phenomenon because they are linked to different things that guests do, such as business, education, leisure, and vacation. Also, many countries around the world see hotel guests as a good way to grow. In the hotel business, good service means meeting the needs of the guests.

Customer satisfaction is a measurement of how well a service or product satisfies the demands of a customer (Anwar & Louis, 2017). People who have stayed at a hotel and had a positive experience because it matched their expectations are satisfied customers. Scholars have shown a substantial correlation between excellent service and satisfied customers (Ali & Anwar, 2021). Several studies of the hotel business have shown that, throughout time, two essential characteristics have emerged: service and client happiness. The happiness of a hotel's customers is the greatest indicator of its future revenues (Khan & Abdullah, 2019). A hotel's objective is to fulfill the requirements and expectations of its guests. Several academics have devised numerous methods for enhancing contentment. Most of these methods used characteristics that were determined to be significant, although the significance of service quality (Ali, 2016) as well as visitors' expectations and how much they value the service still need more study.

1.2 Problem Statement

Customers encounter poor service quality every day in almost every service they use, including public transportation when it is crowded and you do not feel comfortable getting to your destination, retail stores when a salesperson's behaviour offends you, restaurants, and cafes when the waiter does not treat you well, etc. Dissatisfaction may still be seen in many service-oriented contexts. Unfortunately, consumers' expectations, needs, and demands are not always met by the quality of services provided. Based on the feedback from many customers, this is the main reason we chose this subject, which is the problem of poor service quality in hotels and motels.

For the purposes of this study, service quality refers to an organization's ability to offer superior products and services to a customer. It is crucial for the success of the hospitality industry to do research on the issue of guest satisfaction, which translates to determining whether guests would return to a hotel or recommend it to others. The possibility of repeat business may be decreased if the hotel fails to pay attention to the amenities that guests appreciate the most.

Also, facility management doesn't seem to get enough attention because, in a hotel's organizational structure, the most important facility management tasks are only cleaning, maintenance, and repairs. Most likely, this is happening because people don't know enough about how to run a building. Most organizations in Melaka have not yet reached a satisfactory level of facilities management. This means that the facilities don't seem to have been given enough or high attention. Most organizations only care about maintenance and cleaning when it comes to facility management. They haven't yet put in place full facility management.

It's odd to say that service marketing has no obstacles or constraints. Marketing, according to Tench and Ralph (2014), is the management process tasked with finding, predicting, and successfully addressing client needs. However, often, service marketers are confronted with marketing obstacles involving issues such as comprehending consumers' perceptions of services, communicating the need for services and tangible expectations to customers, and maintaining and addressing commitments made to customers. As services are intangible, clients cannot examine or physically own them before to purchase. Buyers are thus unclear about the quality of the service and perceive themselves to be taking a risk. The buyer cannot conceptualize and assess a service beforehand. From the seller's standpoint, it is tough to market, monitor quality, and establish the price of the service he provides.

According to Priyo et al. (2019) and Elvira & Shpetim (2016), the most effective ways to make a customer happy are through certainty, tangibility, and empathy. These are the most important things to look for when judging the quality of service in a hotel. It has also been shown that customers correctly judge the services they get based on how quickly they get them, how correct the transactions are, and how safe they are (Fida et al., 2020). So, the research shows that the only way to keep customers happy is to always give them great services.

1.3 Research objective

1. Identify the critical factors of customer satisfaction with hotel services that lead to customer loyalty to hotel services.
2. Identify the level of customer satisfaction with hotel facilities.

1.4 Research questions

1. What are the critical factors that cause customer satisfaction with hotel services that lead to customer loyalty towards hotel services?
2. What are the facilities offered by the hotel to their hotel customers?

1.5 Scope of the study

This paper looks at the link between the quality of hotel service and how happy customers are with it. To limit how widely the study's results can be used, the researcher will do this test in the Malaysian state of Melaka. The researcher will concentrate on client hotels as the major respondents of the study. It would be easier for the researcher to get the study's results if the respondents were hotel guests who rented rooms at three-star and above hotels. This study was conducted by sending questionnaires to respondents in the state of Melaka with hotel expertise. Therefore, the selection of respondents must be exact if precise and accurate results are to be obtained.

1.6 Significant of study

As was already said, the hotel industry's priority is the satisfaction of its guests. If a hotel or other hospitality establishment is not focused on its clients, specifically on satisfying their desires, requirements, and expectations, it will not be able to continue operating and improve its reputation in the process. This investigation examines the relationship between the level of service provided to guests and their overall impression of the hotel. This research examines the link between customer value and price, performance perception, service quality, customer satisfaction, and consumer repurchase and referral intents with an emphasis on the customers' decision-making process. This study will help identify the key elements of satisfaction and the elements of service excellence that influence visitors' satisfaction.

1.7 Summary

The purpose of this research is to better understand the connection between guest satisfaction and hotel service excellence. Therefore, the findings of this research may provide useful information to hotel management about how to better interact with customers to maintain and enhance the hotel's primary aim of increasing profits while decreasing expenses. It is clear from the data that the hotel business is quite strong at strategic planning. The management of a hotel may learn from the feedback of its dissatisfied guests to better serve the guests' requirements and exceed their expectations. Managers should constantly make these adjustments so they may provide the greatest value to their clients and concentrate on the most crucial aspects of their service to boost quality and happiness.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

In this chapter, we'll dive into the practical applications of literature reviews in academic study. The first step in the investigation was a literature review of relevant periodicals, newspapers, books, and online resources. If you're going on a trip or working away from home, it's in your best interest to have a place to lay your head for a night or two. Assuring hotel guests' convenience necessitates a heightened focus on service quality that ultimately leads to happy visitors. A literature review may be used to compile a theoretical framework that contains a synopsis of the relevant literature. In this part, we analyse the critical components of client satisfaction with hotel services that influence repeat business. There have been a lot of research done to figure out what aspects of service quality matter the most when it comes to basic quality assessments in the service setting. In the literature review, both customer happiness and service quality will be defined as dependent and independent variables, respectively. Empathy, reliability, responsiveness, assurance, and concreteness are the five independent factors that make up this report. Previous studies are discussed in this chapter. Scientists may use the findings of another research to buttress their own.

2.1 Conceptual Framework

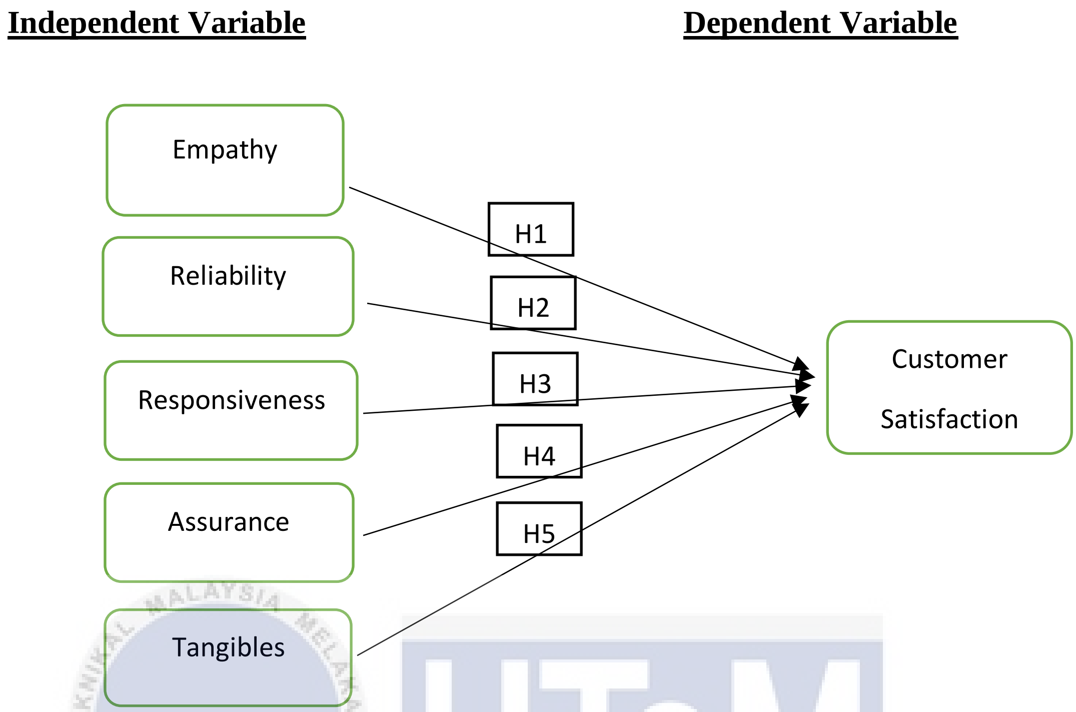
Independent Variable
Dependent Variable
Empathy
Reliability
Responsiveness
Assurance
Tangibles
H1
H2
H3
H4
H5
Customer
Satisfaction

Figure 1: Servqual Theoretical Framework

Source: Fida et al. (2020)

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2.2 Concepts

2.2.1. Empathy

The extent to which individualized care is provided. It is sometimes difficult for businesses to exceed customer expectations and requests. For instance, hotel staffing shortages and the need for superior service and event coordination have led to an increase in sizes, hence increasing the staff-to-customer ratio. This increased proportion has consequences for the degree of personalised care and compassion offered to each customer.

2.2.2. Reliability

Depicts whether a provider achieves its obligations and the significance of its performance to the operations. Immediate satisfaction of consumer expectations is of crucial importance (Hameed & Anwar, 2018). Things including "doing it right the first time "according to Berry and Parasuraman (1991), cited in Berry and Parasuraman (1991), is one of the most significant aspects for the customer (1991). (Anwar & Ghafoor, 2017). If the company follows through on its claims about shipping, customer service, troubleshooting, and price, then you may trust it.

2.2.3. Responsiveness

When a company says it is "willing to help," it means it is ready to resolve problems as they arise and is ready to respond quickly when a customer requests assistance. To avoid a customer complaint, it is critical to reply to all customer requests. Major clients place a high value on service providers' ability to deliver on their promises of timely service. This component emphasizes the need of responding quickly to consumers' pleas, queries, and concerns.

2.2.4. Assurance

Shows "the expertise, civility, and capacity to engender trust and confidence" of the staff. The hotel must demonstrate to the customer its reliability and value. The customer should feel comfortable and at ease while enjoying the various hotel facilities throughout his stay. Customers must feel secure in all financial transactions, according to the results of Cronin & Taylor (1992), and as a result, personnel need to be dependable. Communication, security, credibility, customer understanding, competence, civility, and access are the initial seven characteristics that were articulated (Anwar & Abdullah, 2021).

2.2.5. Tangibles

This expression relates to the physical look of buildings, equipment, staff, and communication mediums. It is not only about the technology, but also the appearance of the people and the structure or renovations. The term "tangibility" refers to a variety of things, including the staff's clothing, the cleanliness of the rooms, restaurants, and other locations, and the use of disposable gloves (Abdulla et al. 2017). In compared to the other five dimensions, the client places the highest value on tangibles. It gives visual representations of the services that consumers, especially new customers, would use to assess the quality.

2.3 Customer Satisfaction

Anwar (2016) defines "satisfaction" as "the pleasure or displeasure a person feels when comparing the perceived performance or outcome of a product to what he or she expected." In other words, the customer will be happy if the service meets their needs. But in the hotel business, it might be hard to meet customer expectations. One way to look at the data from this study is to say that the dependent variable is customer satisfaction. On the other hand, the level of service is an independent variable that can be used to measure how happy a business's customers are. In this hypothetical situation, the demographics of the customers will act as a moderating variable (Fida et al., 2020). The independent variable for service quality comprises elements such as responsiveness, tangibility, assurance, reliability, and empathy.

2.4 Hypothesis

H_1: There is a significant relationship between empathy and customer satisfaction.

H_2: There is a significant relationship between reliability and customer satisfaction.

H_3: There is a significant relationship between responsiveness and customer satisfaction.

H_4: There is a significant relationship between assurance and customer satisfaction.

H_5: There is a significant relationship between tangibles and customer satisfaction.

2.5 Summary

In conclusion, this analysis demonstrates that industry context and the evaluated service quality type have a greater influence on service quality. In addition, this literature study highlights the significance of assessing the extent to which a specific organization's service satisfies consumer requests. In the hotel sector, it is apparent that client happiness depends greatly on the institution's service quality. However, the dependability component is the most important of the 5 factors for determining customer happiness. Currently, customer satisfaction research is of utmost importance since most firms are attempting to improve their client base by delighting their existing and former consumers. All of this may be accomplished by providing the value that hotel visitors demand, resulting in delighted guests.

CHAPTER 3

METHODOLOGY

3.0 Introduction

In this chapter, we'll go through the steps used to complete the research. The purpose of a research methodology may be summed up as the methodical handling of issues arising during a study. The study process and data collection strategy would be laid out in a research methodology. Common topics covered in this section include the study's methodology, tools, strategy, analytic procedures, and quality.

3.1 Research Design

Here, quantitative descriptive research was utilized to examine customer happiness and service quality in Melaka hotels from the perspective of the guests. The goal of quantitative descriptive research is to determine the most effective method to view a given population, circumstance, or phenomena. When a researcher wants to learn more about an event and is already aware of who was present and what occurred, this sort of study might be helpful.

This research strategy was chosen because the main goal was to find out how things like service quality and client satisfaction relate to each other. A quantitative descriptive study was also done to show the link between the factors that affect the quality of service and customer satisfaction in Melaka hotels.

3.2 Research Instrument

After analysing prior research to construct the logical framework, a questionnaire based on a modified version of the service quality model has been developed. The questionnaire was established in English and then translated so that it could be utilized appropriately to a wide-ranging investigation. In this approach, each respondent was given and instructed to answer the identical set of predetermined questions.

3.3 Data Collection Method

Data sources are the ways that questionnaire surveys are used to get, enter, and collect information from respondents. There are two kinds of information is primary and secondary. In this research study, the researcher employs primary and secondary data as a technique of data gathering to finish the report. Most studies needed a mix of primary and secondary data to meet their research goals. In this study, all the data analysis techniques were put together using both primary and secondary data. The researchers will use questionnaires to gather data, and they will also use secondary data sources like articles, papers, books, blogs, and statistics. These two ways of getting information will also help find out things about the research sample.