The Impact of Service Quality on Customer Satisfaction at 5-Star Hotels in Central Jakarta

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ABSTRACT: The challenges faced by the hospitality industry differ from those encountered by organizations producing tangible products, primarily due to the distinct nature of services compared to products. In the service industry, the risk of failure is higher than in product sales, and service quality has emerged as a critical factor in the pursuit of sustainable competitive advantage. Ensuring customer satisfaction and retention is recognized as pivotal within the hospitality sector, where meeting evolving consumer demands is an ongoing challenge. In the hospitality industry, consumers not only participate in the consumption process but often come with predetermined service and quality expectations.

Today's hospitality industry customers are more discerning, and exhibit higher expectations. The primary objective of this study is to elucidate the impact of service quality on customer satisfaction, specifically within the context of hotels, we conduct a comprehensive analysis of the data to identify which service quality dimensions have the greatest and least impact, as well as to understand the nature of their influence. This research uses a quantitative method for analysis, with a non-probability sampling approach to collect and gather data from 190 participants. This research findings reveal a positive correlation between five service quality dimensions (empathy, reliability, responsiveness, assurance, and tangibility) and customer satisfaction. The analysis of respondent feedback reveals that the service quality dimension in 5-Star Hotels in Central Jakarta exerting the most significant impact on customer satisfaction is empathy. Data collection in this research utilized a Likert scale questionnaire, and analysis was conducted using SmartPLS 4.0.

KEYWORDS: Hospitality, Service Quality, Customer Satisfaction, 5-Star Hotels, Central Jakarta

PREFACE

Praise and gratitude to the One Almighty God for all the blessings bestowed, allowing the completion of this Final Project of Professional Competence. The Final Project of Professional Competence, titled "The Impact of Service Quality on Customer Satisfaction at 5-Star Hotels in Central Jakarta," is dedicated to fulfilling partial academic requirements for obtaining a Bachelor's Degree in Applied Tourism (S.Tr.Par.) from the Hotel Management Program at the Faculty of Tourism, Universitas Pelita Harapan – Jakarta.

LITERATURE REVIEW

Tourism

Tourism and the hotel industry are intrinsically linked, and today, there are a lot of hotels to choose from, offering travelers a wide range of options within their preferred regions. While the mere presence of hotels is not sufficient to single-handedly boost a region's tourism, they also serve as indicators of the vitality of the tourism sector (Thommandru et al., 2023). The tourism industry stands as one of the largest industries in the world, involving substantial financial transactions (Rasool et al., 2021). Tourists spend money on transportation to their destination and on lodging and accommodation upon arrival. According to UNWTO the competitiveness of a tourism destination hinges on its capacity to effectively utilize its natural, cultural, human, man-made and capital resources efficiently to create and offer high-quality, inventive, ethical, and appealing tourism products and services.

Currently, the tourism and hospitality sectors play a crucial role as they are regarded as vital revenue generators for a nation. Consequently, numerous countries are making efforts to attract visitors and tourists to their destinations, with the aim of promoting economic growth and improving their citizens' quality of life (Gardi et al., 2020). Hotels are regarded as one of the
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important components of the tourism industry because they efficiently meet one of the most basic needs of travelers, which is accommodation (Prabhu et al., 2020).

Hospitality Industry

In general, hospitality refers to the interaction and relationship between hosts and guests, or a friendly attitude characterized by a warm and welcoming demeanor (Tasci & Boylu, 2010). This encompasses both the notion of being welcoming in one's treatment and behavior, as well as engaging in business activities oriented toward providing service for guests. The fast growth of hospitality and the number of hotels generates a good competitive environment, so much so that each hotel operator must come up with more competitive marketing strategies that encourage guests to stay in their hotel (Mohamed Idris et al., 2020). Several experts have stated that the implementation of service quality for service companies can be used as a competitive advantage, particularly since superior quality is proven to be a competitive strategy in competitive advantage (Margareta, 2021).

According to (Hermawan et al., 2018), hospitality involves making guests feel welcome and ensuring their comfort and satisfaction by offering great customer service and anticipating their needs. High-quality hospitality is about providing excellent customer service and ensuring guests' comfort and happiness. The hospitality industry plays a crucial role in tourism, as they both work closely together. Hospitality can be described as a distinctive form of connection between a traveler and a host (Gardi et al., 2021). In today's hospitality industry, guests are increasingly discerning and have higher expectations. It is important to identify their origins and understand their expectations to implement effective strategies in improving the quality of hotel services (Khan & Abdullah, 2019).

Service Quality Concept

According to research (Rizqi & Syafarudin, 2021), service quality is key in determining customer satisfaction. Quality of service is measured by comparing what the client expects and what is given to them (Maisarah et al., 2020). Service quality is defined as a constant adherence to customer standards as well as an understanding of customer expectations from a certain service (N et al., 2019). As stated by (Vencataya et al., 2019), service quality is the extent of the gap between client expectations and perceptions. In the context of hotels, service quality is the measure of how effectively a hotel meets its guests' expectations, and many hotels can attain customer satisfaction by delivering outstanding services (Top & Ali, 2021).

Today, the main factor that determines success in a competitive market is the provision of excellent service, which in turn results in higher levels of customer satisfaction. Therefore, evaluating service quality in the hotel industry is very important for business development (Ali et al., 2021). Enhancing the quality of service is essential for ensuring guest satisfaction. Hence, it is crucial to establish an effective service quality strategy (Othman et al., 2019). The focus in the hotel industry when it comes to service quality is centered on meeting the quality requirements of guests. Service quality takes into account the evaluations made by guests about the overall excellence and superiority of their experience (Abdullah, 2018). Inadequate service quality within a hotel, on the other hand, can lead to guest dissatisfaction, reducing demand and ultimately harming the hotel's overall performance. This could require an extensive reliance on marketing and sales efforts to attract new guests (Demir et al., 2021).

Service Quality Dimensions

Table 1: Service Quality Dimensions Definition

<table>
<thead>
<tr>
<th>Variable</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible</td>
<td>Physical aspects such as facilities, equipment, appearances of personnel</td>
</tr>
<tr>
<td>Empathy</td>
<td>Ability to perform the promised service efficiently and accurately</td>
</tr>
<tr>
<td>Reliability</td>
<td>Willingness to help customers and provide prompt service</td>
</tr>
<tr>
<td>Assurance</td>
<td>Knowledge and courtesy of employees and their ability to convey trust</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>Caring and individualized attention provided to customers</td>
</tr>
</tbody>
</table>

(Parasuraman et al., 1988)
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Within the hospitality industry, customers not only participate in the consumption process but also frequently arrive with pre-existing expectations for service and quality. Currently, individuals in the hospitality sector are becoming more time-conscious, discerning, and have elevated expectations, as highlighted by Anwar (2017). Before implementing management strategies to enhance service quality, it is crucial to understand the customers’ perspective and the level of satisfaction they anticipate. "Satisfaction is an individual’s emotional response, whether positive or negative, resulting from comparing a product’s perceived performance or outcome with their initial expectations." (Anwar, 2016). In simpler terms, if the service quality matches the customer’s expectations, the customer will feel satisfied. Nonetheless, in the hospitality sector, achieving customer expectations poses a considerable challenge.

Customer satisfaction also indicates how well the customer’s experience with the product compares to the expected value from the buyer (Razak et al., 2019). Customer satisfaction with the purchasing experience also has a positive impact on consumer trust formation (Leninkumar, 2017). Customers not only seek simple value from the seller/company but also want to be pleased and surprised by products/services that go beyond the ordinary, fulfilling their needs and desires, as highlighted by (Azlan bin Hamzah & Farid Shamsudin, 2020) which emphasizes that customer satisfaction is directly related to the experience the customer undergoes. Several things that companies can do to satisfy their customers include innovation, product quality, and research and development (Nguyen et al., 2020). According to (Neneh, 2018), an organization must also continuously listen to its customers and make changes as per customer needs to maintain customer satisfaction.

The impact of service quality on customer satisfaction is a critical aspect of the hospitality industry, particularly for 5-Star hotels in Central Jakarta. Dissatisfied customers are less likely to return, may post negative reviews online, and can tarnish the hotel’s reputation. Furthermore, in today’s digital age, negative experiences are readily shared on social media platforms, potentially reaching a wide audience and affecting the hotel’s market standing. Addressing these issues is essential not only for improving customer satisfaction but also for maintaining and enhancing the hotel’s competitive edge in a highly competitive industry.

PROBLEM
Based on the background explained earlier, the research team is interested in analyzing the impact of service quality on customer satisfaction in 5-star hotels in Central Jakarta, as part of the study titled "The Impact of Service Quality on Customer Satisfaction at 5-Star Hotels in Central Jakarta."

From the identified problems, the formulated research questions are as follows:
1. Is there a positive relationship between empathy and customer satisfaction?
2. Is there a positive relationship between reliability and customer satisfaction?
3. Is there a positive relationship between responsiveness and customer satisfaction?
4. Is there a positive relationship between assurance and customer satisfaction?
5. Is there a positive relationship between tangibles and customer satisfaction?

Therefore, it can be concluded that the objectives of this research are as follows:
1. To determine the essential characteristics of satisfaction.
2. To identify factors of service quality that lead to guest satisfaction.

Additionally, the hypotheses proposed for this research are as follows:
1. H1: There is a positive relation between empathy and customer satisfaction.
2. H2: There is a positive relation between reliability and customer satisfaction.
3. H3: There is a positive relation between responsiveness and customer satisfaction.
4. H4: There is a positive relation between assurance and customer satisfaction.
5. H5: There is a positive relation between tangible and customer satisfaction.

RESEARCH METHOD
This research will analyze how the knowledge of the dimensions of service quality (tangible, empathy, reliability, assurance, and responsiveness) influences customer satisfaction. The conceptual framework for this study is illustrated in the model below.
The method used is a quantitative approach and is used to analyze the influence of service quality on customer satisfaction at 5-star hotels in Central Jakarta. The research obtained data using the SmartPLS version 4.0 application. Data for this research is collected using a questionnaire which will be filled in by respondents. Respondents in this research were customers who had stayed at 5-star hotels in central Jakarta, and were completed by 190 (one hundred and ninety) respondents. The questionnaire was carried out using a Likert scale (1-5).

The research will collect data using a questionnaire. A questionnaire is a written list of questions filled out by respondents, and their responses are recorded, usually within a narrow range of choices. Generally, questionnaires are created to gather quantitative data. The questionnaire can be sent to respondents through various methods such as mail, email, or personal administration. Questionnaires are often used because interviews and observations are usually more expensive and time-consuming than using questionnaires, but they also have a much higher chance of non-response and errors in answering (Sekaran & Bougie, 2016). The questionnaire for the research will be created online using Google Forms and will be distributed through the researchers’ social media accounts. The time required to complete the questionnaire with one hundred respondents is two weeks.

The study adopts an associative hypothesis, suggesting that changes in one variable cause changes in another. It utilizes a non-probability sampling technique, specifically purposive sampling, due to unknown population size and constraints preventing random sampling.

### Table 2: Variable Operationalization

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Tangible</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>The hotel has modern looking equipment</td>
<td>1-5</td>
</tr>
<tr>
<td>2</td>
<td>The hotel provides clean and comfortable rooms</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The hotel has swimming pool, sauna and health club</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>The hotel has adequate fire safety facilities and instructions</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Empathy</strong></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The hotel gives its customers individualized attention</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Staff of the hotel understand the specific needs of their customers</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Staff of the hotel have customers’ best interest at heart</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Reliability</strong></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Staff of the hotel are able to provide service as promised</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Staff of the hotel are dependable in handling customers’ service problems</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>The hotel keeps customers informed of the performance of services</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Assurance</strong></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Staff at the hotel are consistently courteous and friendly with customers</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>The hotel provides a safe environment to stay in</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Staff of the hotel have the knowledge to answer customers requests</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Responsiveness</strong></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Staff at the hotel are ready to respond to customers requests</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Staff at the hotel are always willing to help customers</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Customer Satisfaction</strong></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>The behavior and attitude I received from the staff are in line with my expectations</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>I will recommend a hotel if I experience a high level of service quality and overall customer satisfaction.</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Exceptional service from the staff motivates me to consider revisiting a hotel.</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>I’m satisfied if the level of service provided by the hotel staff justifies the cost I paid.</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Data Processing Result (2023)
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The table above shows the indicators to construct statements within the research questionnaire. To assess and measure respondents' responses to each indicator, this study uses likert scale (interval scale) consisting of five points (Jamieson, 2023):

1= Strongly Disagree
2= Disagree
3= Neutral
4= Agree
5= Strongly Agree

This scale provides respondents with five possible response choices to express the extent of their agreement or disagreement with a particular question or statement.

The independent variables are service quality dimensions, and the dependent variable is customer satisfaction. This research employs a natural setting to avoid interfering with the study, emphasizing the need for data directly from consumer perceptions of 5-star hotels in Central Jakarta. The analysis method involves SmartPLS version 4.0 for quantitative descriptive analysis. The study assesses the impact of tangible (X1), empathy (X2), reliability (X3), assurance (X4), and responsiveness (X5) on customer satisfaction (Y). The use of a descriptive approach aims to accurately describe events from various perspectives. The study's outcomes are expected to contribute insights specific to the circumstances of 5-star hotels in Central Jakarta.

RESULTS AND DISCUSSION

In this study, a quantitative approach was employed and the data obtained was in numerical form. The data collected for this research was gathered through a questionnaire created using Google Forms. The questionnaire employed a likert scale ranging from 1 to 5, where 1 indicated "strongly disagree," and 5 indicated "strongly agree." This research successfully collected data from 200 participants, but 10 were deemed invalid as they had not visited 5-star hotels in Central Jakarta. Therefore, 190 participants were considered valid, consisting of 108 females and 82 males who had stayed at 5-star hotels in Central Jakarta. The target sample size for this study remains at 190 participants.

Based on the results of the descriptive statistical analysis from the research, the average values for the tangible variable are 4.48, indicating that the majority of respondents express a high level of impact with the tangible indicators. Next, for the empathy variable, the average value is 4.423, indicating a high level of impact with the empathy indicators. Furthermore, the average value for the reliability variable is 4.374, signifying that respondents have a high level of impact with the reliability indicators. Similarly, the average value for the assurance variable is 4.457, indicating a high level of impact with the assurance indicators. Finally, the average value for the responsiveness variable is 4.4, suggesting that respondents have a high level of impact with the responsiveness indicators. In conclusion, the analysis indicates that tangible, empathy, reliability, assurance, and responsiveness have a significant positive relationship on customer satisfaction.

Table 3: Path Coefficient

<table>
<thead>
<tr>
<th>Path Coefficient</th>
<th>Original Sample</th>
<th>T-statistics</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangible (X1) -&gt; Y</td>
<td>0.145</td>
<td>1.995</td>
<td>0.023</td>
</tr>
<tr>
<td>Empathy (X2) -&gt; Y</td>
<td>0.219</td>
<td>1.990</td>
<td>0.023</td>
</tr>
<tr>
<td>Reliability (X3) -&gt; Y</td>
<td>0.183</td>
<td>1.884</td>
<td>0.030</td>
</tr>
<tr>
<td>Assurance (X4) -&gt; Y</td>
<td>0.207</td>
<td>2.366</td>
<td>0.009</td>
</tr>
<tr>
<td>Responsiveness (X5) -&gt; Y</td>
<td>0.200</td>
<td>1.937</td>
<td>0.026</td>
</tr>
</tbody>
</table>

(Source: Processed Data)

The findings from the research reveal positive relationships between various service quality factors and customer satisfaction. Specifically, the tangible variable (X1) exhibits a positive correlation of 0.145 (p<0.05) with customer satisfaction (Y), indicating a positive impact. The result X2 (empathy) to Y (customer satisfaction) is positive 0.219 (p<0.05), hence, there is a positive relationship between the empathy variable and customer satisfaction. The reliability variable (X3) also demonstrates a positive connection, recording a correlation of 0.183 (p<0.05) with customer satisfaction. The result X4 (assurance) to Y (customer satisfaction) is positive 0.207(p<0.05), therefore, the direction of the relationship between the assurance variable and...
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customer satisfaction is positive. Lastly, the result X5 (responsiveness) to Y (customer satisfaction) is positive 0.200(p<0.05), therefore, the direction of the relationship between the responsiveness variable and customer satisfaction is positive. These results underscore the affirmative influence of tangible, empathy, reliability, assurance, and responsiveness factors on overall customer satisfaction, as supported by statistical significance.

CONCLUSIONS

This study employed a quantitative approach, utilizing data collected through a Likert scale questionnaire distributed to 200 participants who had stayed at 5-star hotels in Central Jakarta. After excluding 10 invalid responses, the valid sample size remained at 190 participants. The SmartPLS version 4.0 tool was used for data analysis, assessing the validity, reliability, and model suitability. The study found positive and significant impacts of service quality variables (tangible, empathy, reliability, assurance, and responsiveness) on customer satisfaction. The reliability of variables was confirmed through Cronbach's alpha, with acceptable values for all variables. From the results obtained, tangible, reliability, assurance, responsiveness, and empathy influence customer satisfaction by 63.4%. Descriptive statistical analysis revealed high impact levels for each service quality dimension (tangible, empathy, reliability, assurance, and responsiveness), with average values ranging from 4.374 to 4.48. The analysis suggests a significant positive relationship between these dimensions and customer satisfaction. The analysis of respondent feedback reveals that the service quality dimension exerting the most significant impact on customer satisfaction is empathy. This conclusion is drawn from the positive path coefficient of the original sample result, registering at 0.219. In contrast, the service quality dimension with the least impact on customer satisfaction is tangible, as indicated by a positive path coefficient in the original sample result, measuring at 0.145. These findings underscore the crucial role of empathy in shaping customer satisfaction, while also highlighting the comparatively lower influence of tangible factors in determining overall customer contentment. The hypotheses proposed in the study were all supported by P-values, indicating positive relationships between empathy, reliability, responsiveness, assurance, tangible factors, and customer satisfaction. Thus, answering the research questions stated in Chapter 1. The study centered on examining the relationship between service quality dimensions and customer satisfaction. The results revealed that the hotel's guests, overall, expressed satisfaction with the quality of service. Overall, the study's findings align with previous research, emphasizing the importance of tangible elements, empathy, reliability, assurance, and responsiveness in influencing customer satisfaction in the context of 5-star hotels in Central Jakarta.

REFERENCES


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