

# The Effect of Hotel Service Quality on Customer Satisfaction and Implications for Customer Loyalty in Perhentian Island, Terengganu

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## ABSTRACT

The primary goal of this research is to determine the effect of hotel service quality on customer satisfaction and implications for customer loyalty in Perhentian Island, Terengganu. Having satisfied and loyal customers are one of the necessary actions in a business company to remain in business. The literature has been researched to determine the impacts of service quality on customer satisfaction and the implications for customer loyalty to determine the relationship between the two variables. The quantitative is used in this investigation. For data gathering, the primary data collection instruments were used. The questionnaire will divide into three (3) sections, for section A is demographic, the preliminary data were acquired using an open-ended questionnaire, while for sections B and C for customer satisfaction and customer loyalty, the data was collected using a 5-point Likert scale. It is accomplished using the static package for social science (SPSS) version 2.6. Customers who had previously visited Perhentian Island were chosen as the study's subject population for this research. The sample size for this researched consisted of 128 hotel guests who visited to the island of Perhentian before and after COVID-19. This study proved that four of service quality dimension (tangible, reliability, assurance, and responsiveness) have positive relation with customer satisfaction, except empathy had negative relation with customer satisfaction, also customer satisfaction has positive relation with customer loyalty.

**Keywords:** Service quality, SERVQUAL dimension, Customer satisfaction, Customer loyalty, Perhentian Island

## INTRODUCTION

### Preamble

The first chapter provides an overview of the study as a whole. This study will examine the impact of service quality on customer satisfaction and the implications for customer loyalty on Perhentian Island, Terengganu. This chapter contains the study's background, problem statement, research objectives and research question, as well as the study's significance and definitions of key terms.

### Background of Study

Malaysia's hotel sector is becoming increasingly competitive in the modern-day. Business rivalry is becoming increasingly fierce in the modern-day. Business owners may find it challenging to win the competition while maintaining sustainability. According to Fandy & Tjiptono (2016), businesses are compelled to prioritize customer satisfaction as a primary objective, with an increasing number of hospitalities involved in meeting customers' wants and aspirations. Additionally, it needs businesspeople to maximize a company's performance to compete effectively with other people in business in the same industry. Companies should try to learn about and understand their consumers' requirements and aspirations. By gaining knowledge of consumers' needs, aspirations, and demands, the business may develop a marketing plan that will result in customer happiness.

Malaysia's economy is heavily reliant on tourism. According to the Malaysia Tourism Board 2019, the country's tourism sector grew by +16.9 percent in the first quarter of 2019, reaching RM21.4 billion in total visitor expenditure, up from RM18.3 billion in 2018. The country's tourism sector expanded well in the first quarter of 2019 by +16.9 percent to RM21.4 billion in total visitor expenditure, up from RM18.3 billion in 2018. Foreign tourist visits in Malaysia increased by +2.7 percent in the first quarter of 2019, totaling 6,696,230 visitors, up from 6,520,218 in the first quarter of 2018.

In other words, the growing importance of service quality in the hotel business for long-term competitive advantage via customer satisfaction and loyalty in a highly competitive market has prompted the expansion of this study. To succeed in the hospitality industry, it is critical to understand the direct and indirect relationships between service quality, customer satisfaction, and loyalty. Hotels always have an advantage in the hospitality business because they provide good service and earn the trust of their customers (Al-Ababneh, 2017). In addition, previous research has shown that giving good service is essential for making customers happy and keeping them coming back (Ha Thu, Hoang, Nhan Duc, & Anh Chi, 2018).

The findings of this research universally indicated that every service should be given with the primary goal of satisfying the customer's requirements, wants, and expectations (Kotler & Keller, 2009). Numerous studies have been conducted to determine the relationship between service quality, customer satisfaction, and customer loyalty in the hotel service business. However, there hasn't been much research until recently. Among them are the technical and functional quality models, SERVQUAL (Brogowicz, Delene, & Lyth, 1990). Many people have looked into the relationship between SERVQUAL and customer loyalty, with customer satisfaction being a factor in some studies. On the other hand, very few people have examined how customer satisfaction affects the SERVQUAL-customer retention link (Fatima, Malik, & Shabbir, 2018).

### Perhentian Island

In Malaysia, there are a lot of beautiful beaches and islands, which could be one of the reasons that draw people to the country. Three Malaysian beaches were the world's 50 best beaches (CNN Travel, 2017). These three beaches are Tanjung Rhu in Langkawi, Kedah (49th), Juara Beach in Tioman Island, Pahang (21st), and Pulau Perhentian in Terengganu (13th rank). Malaysia is among the ten best places to visit globally (Lonely Planet, 2017).

Besut District Council, Terengganu, has run Perhentian Island as a tourist attraction on the island since 1995. It has proliferated to become a popular destination for locals and tourists worldwide. This map shows how far away Kuala Besut to Perhentian Island is by sea: about 10.8 nautical miles (20 kilometers). The island is part of

the Besut District Council, which is in charge of the area around the island (Besut District Council, 2020). There are nine islands in the archipelago. They are called Perhentian Besar, Perhentian Kecil, and Rawa, all in Malaysia. People there are Susu Dara Kechil, Susu Dara Besar, Serenggeh, and Tokong Laut.



Figure 1: Maps of Perhentian Island

Inhabitants live on only two islands: Perhentian Besar Island and Perhentian Kecil Island, both in the same group of islands. Most tourist places are on Perhentian Besar and Long Beach (Pasir Panjang). When people live on Perhentian Island, the primary mode of transportation is a boat, called a "water taxi" by those who live there. In Kuala Besut, tourists can board a ship from the land (Besut District Council, 2020).

Pulau Perhentian Besar has many tourist attractions, such as Teluk Pauh and Pasir Jong. In Pulau Perhentian Kecil, there are many things to do in Pasir Panjang, Teluk Kerma, and Teluk Aur, as well as in other places. It is also well-known for its white sandy beaches and clear water. So, most of the hotel services on the island are in Pasir Panjang. Perhentian Island also has restaurants, travel agents, tourism operators, handicraft shops, and other businesses, making it easier for locals to get involved in the tourism industry and allowing more people to start their businesses.

According to the Department of Marine Parks Malaysia (2019), it is also one of the Malaysian islands turned into a sea park. Malaysia can set up a marine park under Section 41 of the Fisheries Act 1985. A big part of the Act is Section 45. Its goal is to protect, preserve, and manage marine ecosystems, especially coral reefs and other types of plants and animals. These ecosystems play a big part in keeping the oceans stable.

According to Selam (2019), Perhentian Island is a significant holiday destination on the East Coast of Peninsular Malaysia on weekends, especially on public holidays. Dumping no less than 200000 visitors annually and targeting the number increases to 450,000 to 500,000 a year. There are about 3000 rooms for rent on Perhentian Island, Terengganu, from 42 chalet and resort operators. The rooms are divided into different types, such as Luxury Resorts, medium and low-class chalets, dorms, and camping areas, with rental prices ranging from RM100 to RM1500 per day.

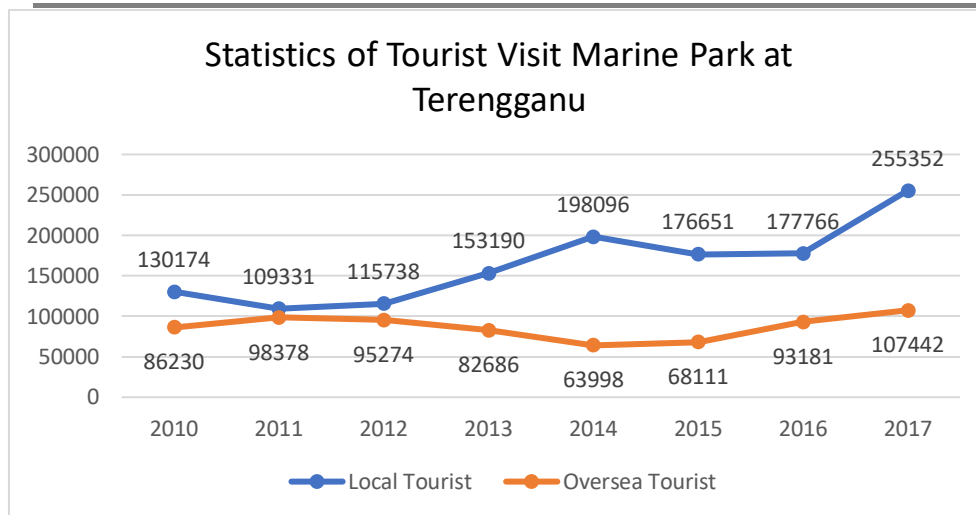


Figure 2: Statistics of tourist visiting the marine park at Terengganu; sources Department of Marine Parks Malaysia 2019

## Problem Statement

Every business's primary goal is to acquire and service customers; nevertheless, the most challenging task that businesses confront is determining how to delight them, keep them, and maintain their loyalty throughout their existence. Customer satisfaction and loyalty in service-based organizations, particularly hotels, have been recognized by several researchers (Bucak, 2014) as vital tools for increasing customer satisfaction and loyalty. In the service sector, the level of service quality is significant. According to studies, there is a favorable association between SERVQUAL and customer satisfaction, which results in customer loyalty or retention and repeat consumer purchase behavior (Bello & Majebi, 2018).

However, several problems arise related to the quality of services provided by hotel operators, thus affecting customer satisfaction (Zaid & Sudarmo, 2019). Among the main issues that are the weakness of hotels, benefits are due to employees not having experience in management and lack of skills related to the hospitality industry (Wei, 2019). In addition to the problem of inexperienced workers, another issue arises: customers find that the services provided are not the same as those offered (Sawatsuk et al., 2018). For example, when the customer arrives at the destination to check in, the customer finds that the hotel provides a different room package than advertised on the advertisement or booking website. Customers are forced to enjoy other activity packages as previously booked (Mathachan, 2018). Customers also experience problems when hoteliers use fake photos to attract customers' attention to use their services (Gan et al., 2018).

Issues like this will impact customer satisfaction and loyalty because the service provided is not high quality (Danmei, 2019). If customers are unsatisfied and feel uncomfortable with the services offered, the hotel's performance will also be affected (Kuhzady & Ghasemi, 2019). Hotels will face difficulties getting customers in the future, and customers will no longer be interested in making repeat visits (Kim et al., 2019).

To identify service quality and customer satisfaction when using homestay services, this study will use the five dimensions of the SERVQUAL model. The dimensions consist of tangible, empathy, reliability, assurance, and responsiveness. These five dimensions are related to the physical facilities provided by the homestay, safety assurance, trust value, and the entrepreneur's understanding of the needs and wishes of their customers (Al-Laymoun et al., 2020). Improvements to the quality of service can be made and maintain the business performance of rural entrepreneurs (Patyal & Koilakuntla, 2017).

## Research Objective

The aims of this study are:

- To determine the relationship between SERVQUAL dimensions and customer satisfaction in Perhentian Island.

- To determine the relationship between customer satisfaction and customer loyalty in Perhentian Island.

## Research Questions

- What is the effect between SERVQUAL dimensions and customer satisfaction in Perhentian Island?
- What is the effect between customer satisfaction and customer loyalty on Perhentian Island?

## Significance of Study

This research study will find and contribute to the treatment of academic respective and practical aspect, which is:

### Academic Perspective

This research finding can be used and displayed for reference to other researchers, students, and lecturers to study the information related to this research topic. Anyone can use all data and information provided for academic purposes as a reference.

### Practical Perspective

This research finding can be used to assist the hospitality business in understanding consumer satisfaction concerning service quality, customer satisfaction, and customer loyalty to product offerings. Practitioners seeking to improve their organization's image, value, and customer happiness must concentrate on how to produce better service quality and learn how to handle instances involving service failures. Managers must implement a service guarantee policy in the event of a loss to reinforce their hotel perceived worth, hence improving the hotel's corporate image. The empirical findings of this research provide light on how hotel customers conceive service excellence. The study's second-order latent variable methodology allows hotel entrepreneurs to discover and evaluate the characteristics influencing consumers' perceptions of service quality. Hotel management may assess customer impressions of service quality at a global level, a main dimensional level, a sub-dimensional level, or all three levels, depending on their strategic objectives.

### Limitation

There are a few limitations that have been identified in this study. Firstly, this research identifies the relationship between the SERVQUAL dimension and customer satisfaction and customer loyalty in the hotel industry on Perhentian Island. Furthermore, this research will analyze the SERVQUAL Model to confirm which service quality most affected customer satisfaction at hotels in Perhentian Islands. Therefore, this research is only applicable to the hotel on Perhentian Island.

### Scope of Study

This study is mainly focused on examining the effect of the relationship between service quality and customer satisfaction and loyalty. The study's independent variables are tangibles, reliability, responsiveness, assurance, and empathy, with the identified mediating variables customer satisfaction and dependent variables customer loyalty. This study is limited to investigating the relationship between service quality on customer satisfaction and its implication to customer loyalty in Perhentian Island, Terengganu.

## Definitions of the Key Terms

### Service Quality

According to Parasuraman, Zeithaml, & Berry (1988), service quality was "the overall evaluation of a specific service firm that comes from comparing that firm's performance to the customer's general expectations of how firms in that industry should perform." This is how you would say it: It's about meeting or exceeding customer expectations, or the difference between what customers think they should get from a service and what they get



from it said the people who talked to me. A good service meets the needs or expectations of the people who use it, according to (Lewis & Mitchell, 1990).

## Customer Satisfaction

This one says that customer satisfaction is an emotional state when people are happy (Oliver, 2010). According to a study, satisfied customers are more likely to return and recommend the business to their friends and relatives (Gibson, 2005).

## Customer Loyalty

According to Campbell (2021), customer loyalty is when a person does business with the same brand or company repeatedly. They are people who choose one company, location, or program over another available one. Sometimes, even though prices are higher or policies are more strict, loyal customers still choose their favorite option, no matter how much it costs or how easy it is. As long as they keep coming back, customers tend to believe that the products they get will be good, so they are willing to pay a little extra to ensure their expectations are met.

# LITERATURE REVIEW

## Preamble

This chapter will examine the relationship between service quality, customer satisfaction, and loyalty on Perhentian Island, Terengganu. The researcher will discuss SERVQUAL, customer satisfaction, and customer loyalty in general but will refrain from going into detail. The researcher will then discuss the relationship between the variables determining service quality.

## Tourism in Terengganu

Malaysia is an excellent place for many people in Asia and the Asia Pacific (Nasir, Mohamad, & izzati Ab, 2021). Second in the world in 2019: Malaysia was named the second most friendly city (Tourism Malaysia, 2021). The Malaysian people are friendly to tourists, making them feel more at home when they visit any of the states. If people want to go to Malaysia, people should go to Terengganu, known for its beautiful beaches and islands like Kapas, Tenggol, Lang Tengah, Perhentian and Redang. Furthermore, Kuala Terengganu is a city on the water with many old buildings. This made this state a popular destination for tourists and a corridor for investors (Ab Ghani, et al., 2021). Besides that, tourists come to Terengganu to try some of the local food served by the people there. This food is called nasi dagang and is made with groundfish (a sweet dessert).

According to Mohamad, Ab Ghani, & Nasir (2019), that increasing tourists' loyalty to the destination should be the prima goal because it could have a significant impact on the people in the long run. Thus, tourists will be more likely to stay at a certain place if the study can figure out what makes people stay there. In Jiang and Hong's study, it will be more personal if tourists feel that what they give up in terms of money and non-money is worth it. They will also be more loyal to the place they are going to (Huang, Gao, & Hsu, 2019). The tourists and should have a strong personal connection. This would also make many people loyal to their place when they were younger. The site they visit should have a solid emotional connection. This would also make many people dedicated to their place when they were younger (Nurbasari, Kuswoyo, Aribowo, & Raharjo, 2021). Figure 1 illustrates the number of domestic tourist arrivals to Terengganu from 2018 to 2020. Sources from Poket Stats Negeri Terengganu ST3 2021.

TOURISM SECTOR			
Indicators	2018	2019	2020
Number Of Hotel Occupants			

Domestic ('000)	1,712.6	1,738.4	1,325.1
International ('000)	179.6	179.3	19.8
Total ('000)	1,892.2	1,917.8	1,344.9
Change (%)	4.58	1.35	-29.87

Figure 3: Economic Indicators Tourism at Terengganu

Terengganu aims to be the third most visited state in Malaysia in five years. Among the main focus is to ensure the quality-of-service delivery, emphasizing the development of a diversity of tourism products through the tourism community approach and strengthening the marketing infrastructure network through the synergy of various agencies, which can boost the income of the people and the state.

### Perhentian Island During Covid-19

At the end of 2019, people began becoming ill with Coronavirus disease-2019 (or COVID-19). SARS-CoV-2, a novel Coronavirus, was responsible for the transmission of this new disease. It is now spreading quickly around the world. New problems have arisen in every part of human life because of the COVID-19 pandemic. Many new rules have been put in place by the government to stop the spread of this pandemic. The tourism industry is one of the places that this pandemic has hardest hit. According to (Noor Atiqah, 2021) during this pandemic, the country's tourism industry took a big hit, with an estimated loss of RM135 billion. RM165 billion is what this amount will be in 2021. Long-term cooperation must be used to reach the goal of 16 million international tourists and at least RM45 billion in revenue in the tourism industry by 2025. On the other hand, Tourism Malaysia needs to do more to promote Malaysia's uniqueness on the world stage, in line with MOTAC's focus on the planned opening of the tourism bubble.

According to Zaid Salim (2020), Tourism in Terengganu, Malaysia, has decreased by 20% because of the COVID-19 pandemic, which began in late September. The Conditional Movement Control Order (CMCO) was enacted in the Klang Valley on October 14, 2021. Most tourists from the Klang Valley had to cancel or postpone their trips to Terengganu because of COVID-19. The CMCO was enticing because it was so bad. This has led to some hotels and resorts in Terengganu, Malaysia, canceling and postponing bookings during that time.

Before COVID-19 hits Perhentian Island, located in Besut Terengganu (Fazlizai, 2021) this location will be filled with tourists who want to experience various water activities on the island. The clarity of the water, the beauty of the panorama, and the peaceful atmosphere of the sloping beach will give fun and excitement to visitors to enjoy the holiday. Coupled with thousands of game fish species, swarming the body while bathing is also a factor that attracts visitors to continue to visit it without getting tired. The arrival of COVID-19 in Malaysia has to some extent, had a very significant impact on the tourism industry. The tourism sector in Perhentian Island has received a very high impact when customers have canceled their bookings. At the same time, giving a significant impact on the hospitality operators on the island; this is because the hospitality operators have to return the customer's deposit and give the option of whether to postpone the holiday date.

Otherwise, the pandemic has profoundly affected food stall operators, convenience stores, and local communities in earning a daily income. Previously, Perhentian Island's average resident or local community contributed to hospitality services such as working at resorts, taking boat water taxis, preparing and bringing tourists to snorkeling, etc. Still, when the COVID 19 virus hit, everything changed in 360 rotations. Among them, they had to go out to sea to catch fish and sell to the villagers to earn a living.

People have also looked into how the COVID-19 crisis affected the tourism industry from several different perspectives, including how tourists' mental health (Zheng, Goh, & Wen, 2020), their travel preferences (Wen, Kozak, Yang, & Liu, 2020), and hotel management policies (Zheng, Goh, & Wen, 2020) affected the tourism industry (Japutra. & Situmorang., 2021). COVID 19 had a significant impact on the quality of the hotel's services because there was not enough employee in the hotel business. Guests had to wait longer to be treated and the

check-in process to be over. Because there is not more employee in one department. Often, there isn't a housekeeping department to get the room ready quickly for the next guest. Most employee who works at a hotel have previously changed their jobs to work at an existing factory. The employees who work at the hotel have decided not to return because they fear the tourism industry will be shut down again.

Some customers write bad reviews about the service quality they get at a hotel when there aren't enough employee working there. This has a significant effect on the service quality when people write bad reviews about it. It will make it hard for other people to deal with and make reservations at the hotel. Customers sometimes have to put up with the hotel's problems when it comes to providing a transparent level of service. Issues such as these will affect customer satisfaction due to the services provided not being of high quality (Danmei, Research on Online Commentary Characteristics of Xitang Homestay Based on Network Text Analysis, 2019). If customers are dissatisfied and feel uncomfortable with the services provided then the performance of the hotel will also be affected (Kuhzady & Ghasemi, Factors influencing customers' satisfaction and dissatisfaction with hotels: A text-mining approach, 2019). Hotel will face difficulties getting customers in the future and customers are no longer interested in making repeat visits (Kim, Kim, & Heo, 2019).

### Service Quality (SERVQUAL)

According to Abdullah & Afshar (2019), quality is a theory that is hard to pin down and understand. When doing business, it is important to know the difference between products and services. It is hard to hold on to something that is not real, like a performance (Abdullah & Abdul Rahman, 2015). An essential thing about services is that they are a process rather than an object. Service providers' products, on the other hand, are how they interact with people. Because services are not visible, neither the provider nor the customer can be sure about how good they are (Ali, et al., 2021). In the hospitality industry, service encounters are essential because they are part of the delivery process. The customer and the service provider should pay attention to them. Customer involvement in service interactions is critical to the hotel business's success or failure (Abdullah, 2018). Various academics and practitioners in the industry have numerous excellent definitions of service quality. Clients' expectations of the service provider and how they rate the service are at odds with each other (Saleh, et al., 2021). Another theory has been put forward by (Othman & Abdullah, 2016). According to this view, service quality is the difference between what customers expect and what they receive.

Lately, service quality has become a significant focus for experts. It is easy to see that diverse definitions of "service quality" result from customers' attempts to connect their expectations with the actual results they receive from the service provider they are dealing with (Anwar & Abd Zebari, 2015). Numerous research initiatives have been conducted to determine which areas of service quality influence total service quality assessments in the service business. It is critical to discern evidence of service quality components to monitor, control, and improve customer perceptions of service quality (Anwar & Surarchith, 2015). The five SERVQUAL criteria have been regularly identified as the most critical for service quality in the hospitality industry by customers. The five characteristics of service excellence are tangible, reliable, responsive, assurance, and empathy. Table 2.1 shows some of the previous research that led to developing SERVQUAL dimensions measures.

Table 1: Dimension of SERVQUAL in Hospitality

Sources	Model	SERVQUAL Dimension
Grönroos (1984)	Service Quality Model	Technical quality, Functional quality, corporate image
Philip & Hazlett (1997)	PCP Model	Pivotal, Core, and Peripheral attributes
Parasuraman, Zeithaml, & Berry (1985)	GAP Model	Reliability, Responsiveness, Competence, Access, Courtesy, Communication, Credibility, Security,



		Understanding/Knowing the Customer, Tangibles
Haywood-Farmer (1988)	Service Quality Attributes	Physical facilities, processes, procedures, People behavior and conviviality, and Professional judgment.
Parasuraman et al. (1988)	SERVQUAL	Tangibles, Reliability, Responsiveness, Assurance, Empathy
Cronin Jr. & Taylor (1992)	SERVPERF	Same as SERVQUAL but with performance-only statements
Frost & Kumar (2000)	INTSERVQUAL	Reliability, Tangibles, Assurance, Responsiveness, Empathy (SERVQUAL)
Dabholkar, Thorpe, & Rentz (1996)	RSQS	Physical aspects, Reliability, Personal interaction, Problem-solving, Policy
Brady & Cronin (2001)	Service Quality Model	Personal interaction quality, Physical service environment quality, Outcome quality

This word is also used to describe **tangibles**. Tangibles are things that look like physical facilities, employees, communication materials, and so on. There are many tangible examples of how clean a place is. For example, the rooms and restaurants are clean, the people there are clean and dressed appropriately, and disposable gloves are used (Abdullah, Toycan, & Anwar, 2017). The tangibles, which include all five dimensions, are the most important thing for the customer. This gives customers, especially new customers, a physical representation of their images to judge how good the service is. Most businesses mix tangibles and intangibles when setting up a service quality plan. Service providers often use tangibles to improve their reputation, create consistency, and show customers that they are good at what they do (Anwar & Balcioglu, 2016).

**Reliability** is depicted if a service provider can be relied upon to keep their commitments. The most critical factor is ensuring that the customer's needs are met as quickly as possible (Hameed & Anwar, 2018). "The capacity of the service provider to execute services reliably and accurately" is reflected in the term "reliability". For the consumer, "getting it properly the first time" and "doing the right thing the first time" are two of the most essential dimensions as quoted in (Anwar & Ghafoor, 2017). Reliability means that the organization can deliver on its promises, including delivery, service provision, issue determination, and pricing policy, among other things. Customers want to collaborate with companies that honour their service-related promises (Anwar & Climis, 2017).

To be **Responsiveness**, a company must be ready to deal with problems that arise and give quick service. It could become a complaint if you do not answer a customer's request. Major clients place a high value on service provider's ability to deliver on their promises of timely service. This aspect emphasizes the need to be aware of and respond quickly to the needs and concerns of your customers. Customers may tell how responsive a company is by how long they wait to respond to an inquiry. If the service can be changed, so it meets customers' needs, responsiveness is also part of this. The company's internal policy on being on time may differ from what customers want and expect. Front-line hotel workers, such as receptionists, waitresses, hostesses, and other people who have direct contact with guests, must be well-trained and able to respond to their needs and wants (Anwar & Abdullah, 2021).

**Assurance** is defined as "the ability of employees to inspire trust and confidence via their knowledge and civility." As long as customers feel confident in the hotel, they'll be happy to pay for it. Guests expect to feel safe when using the hotel's many amenities and services, and they hope that feeling to continue throughout their

stay (Anwar & Louis, 2017). Consistent with, customers should have confidence in the companies they transact their money with. This component is critical for services that customers regard as high-risk or for which the outcome is unpredictable (Anwar & Abdullah, 2021).

**Empathy** it defines customers' need to believe that their needs are being prioritized by the company that provides them with services. To express empathy, a business must demonstrate concern, pay attention to its customers' needs, and assist them. To be empathic, you must make people feel special and unique in their way. In quantitative studies, security, credibility, and accessibility have all been employed to identify service quality model aspects.

### Customer Satisfaction

It refers to the degree to which a business's products and services satisfy or surpass the expectations of its customers or clients (Fornell, Morgeson, Hult, & Van Amburg, 2020). Customer satisfaction is a psychological notion that refers to the experience of well-being and pleasure associated with receiving what one desires and expects from a product or service (Kotler & Keller, 2016). A conclusion is drawn based on the fact that a feature of a product or service, or the product or service itself, makes customers happy and satisfied. Using it makes customers happy whether it's a feature of a product or service or the product or service itself. This is called an evaluation (Basari & Shamsudin, 2020).

According to (Kwizera, et al., 2019) When it comes to the service industry, customer satisfaction is a common topic of discussion, especially true in the hotel industry. (Leninkumar, 2017) When customers are satisfied, they are more likely to become loyal and refer new business to a business, which is why customer satisfaction and customer loyalty are inextricably linked. In the hotel industry, customer satisfaction is very important to making money (Eklof, Podkorytova, & Malova, 2018). Businesses need to think about customer experience when competing with each other for customers, and it has become a big part of their strategy over time. Naturally, hotels in the same star category compete on customer satisfaction because their offerings are comparable (Sanchez-perez, Illescas-Manzano, & Martinez-Puertas, 2020). As a result, client satisfaction should be examined and maintained in the same manner as any other physical asset. Customer satisfaction and customer service are closely intertwined, and the value of employee attitude cannot be emphasized.

Customer satisfaction is influenced by various factors: service quality, quantified as part of the customer satisfaction index (Nunkoo, Teeroovengadum, Ringle, & Sunnassee, 2020). The degree to which a customer is satisfied with a service is critical in determining customer satisfaction. According to studies, people who are satisfied with the service they receive are more likely to be satisfied with their service. Consumer satisfaction is inextricably tied to the environment in which services are offered.

### Customer Loyalty

Customer loyalty is a valuable habit for entrepreneurs to acquire to keep clients from switching to other products or services (Ranabhat, 2018). According to (Ozkan, 2019) Customer loyalty refers to a supplier's ability to maintain a long-term relationship with a customer. (Joudeh & Dandis, 2018) Assuming that consumer loyalty encompasses critical characteristics that satisfy the desires or demands of customers, this is the moment to deliver quality following their expectations. According to (Ishak & Ghani, 2010) Because it incorporates several elements that attract clients, customer loyalty is an effective tool to compare competitors' firms.

Loyalty is associated with the procedures required in making repeat or frequent purchases and the regularity with which those transactions are made. Customer loyalty is linked to variety; a high level of commitment can be predicted when a considerable number of items is sold or when the price of goods rises significantly. Loyal customers generate revenue for an organisation. Customers that consistently purchase products and think positively about a firm are considered loyal. Customer loyalty is measured not just by the number of people who have been to the hotel but also by how many people are loyal to certain hotel features or amenities (Nobar & Rostamzadeh, 2018).

According to Japarianto, Laksmono, & Ainy (2007), Customer loyalty is influenced by the following factors:

- Customers that are considerate of others will please the company, and if they purchase from them again, they will become loyal to the company.
- Trust develops over time as customers develop confidence in the organization and as both parties develop. Once trust has been created between the client and the business, it will be pretty simple to boost customer happiness.
- The company must safeguard its customers by providing high-quality products, providing excellent service, and promptly responding to customer complaints so that they believe the company is genuinely committed to their well-being.
- Overall satisfaction generally refers to the value acquired through the acquisition and consumption of products and services over a specified time.

Customer loyalty is critical for customer satisfaction; in reality, positive customer behavior and attitude are associated with high-quality products and services; when customers demonstrate positive behavior toward a service provider, these customers are called loyal.

### **Relationship Between SERVQUAL And Customer Satisfaction**

Numerous studies have been conducted on the relationship between service quality and customer satisfaction in various industries. Customers who are satisfied with their service believe they are receiving a fair deal. Guests who enjoy the look and feel of their hotel room are more likely to be satisfied with their stay. Numerous people also took note of the staff's appearance and accuracy. They also looked at the hotel, the food, and the service they provided. (Hossain, 2012) People who researched how tourists felt about service quality in Bangladesh used SERVQUAL to look at five different types of quality. Its tangible qualities of reliability, responsiveness, assurance, and empathy contribute to SERVQUAL. The five service quality aspects were proven to have a beneficial effect on customer satisfaction. The most significant factor was empathy, followed by responsiveness, reliability, assurance, and tangibility. It turns out that the quality of service significantly impacts how satisfied hotel customers are during their stay. This was found by (Srinivas & Padman, 2013). Assurance, empathy, responsiveness, tangibility, and reliability were the five things customers thought about when they thought about what they wanted and what they wanted. They also talked about responsiveness, reliability, confidence, tangibility, and communication, which they said were important things to look for. It has been found that customer satisfaction and three service quality dimensions are linked together, but not with empathy and tangibility (Shafiq, Shafique, Din, & Cheema, 2013).

Numerous studies demonstrate that the majority of individuals associate service quality aspects with customer satisfaction. Because the service quality factors affecting customer satisfaction are distinct, they are not equivalent. Customers are more satisfied when service providers show that they care about them. (Hossain, 2012) found this to be the case, while (Srinivas & Padman, 2013) found that assurance was the most important. It may be because the study was done differently than other studies. So, it is important to research different places to figure out which dimensions are most important in different places.

**H1:** Positive relation between Empathy and customer satisfaction.

**H2:** Positive relation between Reliability and customer satisfaction.

**H3:** Positive relation between Responsiveness and customer satisfaction.

**H4:** Positive relation between Assurance and customer satisfaction.

**H5:** Positive relation between Tangible and customer satisfaction.

## Relationship Between Customer Satisfaction and Customer Loyalty

If a hotel business is healthy, customers who stay with them are seen as a good sign for the service business because they keep coming back. (Pullman & Gross., 2004) Customer loyalty research in the hospitality industry backs up the idea that different people are loyal to the same service provider (Park, Jeong, Wilkins, W. Merrilees, & Herington., 2019; 2010). Hotel owners must understand the elements that drive customer loyalty in order to develop tactics to retain existing customers. New customers become loyal to the hotel to keep making money (Prebensen, Chen, & Uysal, 2018). To keep coming back to the hotel, guests need to have fun and be satisfied during their stay. They will also be more likely to tell their family and friends about the hotel (Berry, Will, & Carbone, 2006). Customer loyalty is important for long-term success because it helps you keep and grow a large and loyal customer base, which is important for long-term success. They said that people who were happy with their previous hotel stays should not become loyal customers because they might want to try new things at other places. We need to find out more about how satisfied people are with their service and how likely they are to stay with them in this industry.

**H6:** Positive relation between customer satisfaction and customer loyalty.

### Theoretical Framework

To test the correlations and relationships between dependent and independent variables, the conceptual framework model shown in Figure 3 was made. The five dimensions of SERVQUAL are the five independent variables, and customer satisfaction are mediating variable and customer loyalty are the dependent variables that come from them. It looks at the effects of five SERVQUAL dimensions on customer satisfaction and how customer satisfaction affects customer loyalty in the hotel industry on the island of Perhentian, Malaysia. The framework adopts from Ladhari, 2009. The following hypotheses are made:

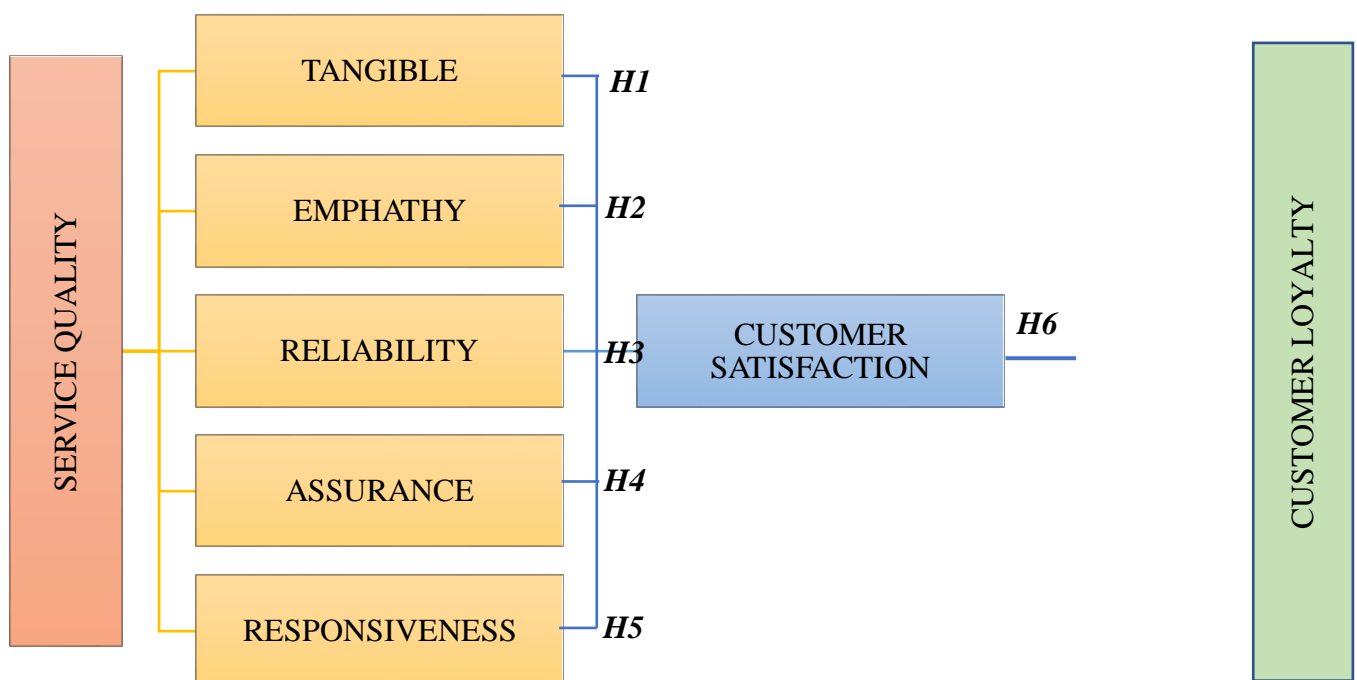


Figure 3: Theoretical framework

Sources: (Ladhari, 2009)

**H1:** Positive relation between Tangible and customer satisfaction.

**H2:** Positive relation between Empathy and customer satisfaction.

**H3:** Positive relation between Reliability and customer satisfaction.

**H4:** Positive relation between Assurance and customer satisfaction.

**H5:** Positive relation between Responsiveness and customer satisfaction.

**H6:** Positive relation between customer satisfaction and customer loyalty.

## Chapter Summary

There have already been a lot of studies done to find out how SERVQUAL and customer satisfaction affect customer loyalty. These studies have been done for various reasons and with different goals. However, the researcher still did this research because they want to talk more about how other research can be used with this study's sample.

## RESEARCH METHODOLOGY

### Preamble

This chapter discusses the researcher's methodology. It discusses research methodology, population and sampling design (population, sampling design, sampling frame, sampling method, and sample size), data collection techniques, research procedures, and data analysis techniques.

### Research Design

Research design is the main idea that briefly describes the method and procedures for accumulating and analyzing the information. All studies must be deliberated and planned correctly according to the information collected and guaranteed is suitable for the particular research project. The quantitative approach is the method used for the preparation of this research. (Bhandari, 2021) Quantitative research is concerned with collecting and analyzing numerical data. It can assist the researcher in identifying patterns and averages, forecasting future events, examining causal linkages, and generalizing researcher findings to a larger population.

Uses descriptive methods to help the researcher figure out what kind of people are in a given situation, how they think about that situation, and how to make a simple choice. This is a cross-sectional study where data can be gathered just once over a certain period to answer the research question (Saunders, Lewis, & Thornhill, 2009). This is a convenience sampling because often selects participants that are available around a location (Stratton, 2021) and the unit analysis is individual.

### Population and Sample

According to (Bhandari, 2021) The population is the entire group of persons about whom the researcher wishes to draw conclusions, and it is the group upon whom such conclusions are to be drawn. A sample is a group of people from which the researcher will get data. There is always less in the sample size than in the whole population. In research, the term "population" does not always mean people. It can be any group of things, events, organisations, countries, species, or animals that the researcher wants to study.

This study's population is composed of hotel guests who have benefited from the hotel services on Perhentian Island, Terengganu. This population is heterogeneous, which means that it varies in age, last education, the purpose of staying at the Perhentian Island, and gender. Objects or subjects with qualities that have been determined by researchers, which are then concluded, are the meaning of the population (Sujarweni, 2018).

The sample size refers to the number of a hotel guest in the group. The group of a hotel guest who has used hospitality services on Perhentian Island, Terengganu, will be examined in this study. G\*Power is a general-purpose power analysis tool that can figure out sample sizes and how much power there is in research. To figure out how many samples researchers need for the independent group t-test. The concept and procedures for calculating the sample size for surveys and hypothesis testing experiments (Faul, Erdfelder, Lang, & Buchner, 2007). So, the sample in this study was 128 people who came on Perhentian Island, Terengganu.



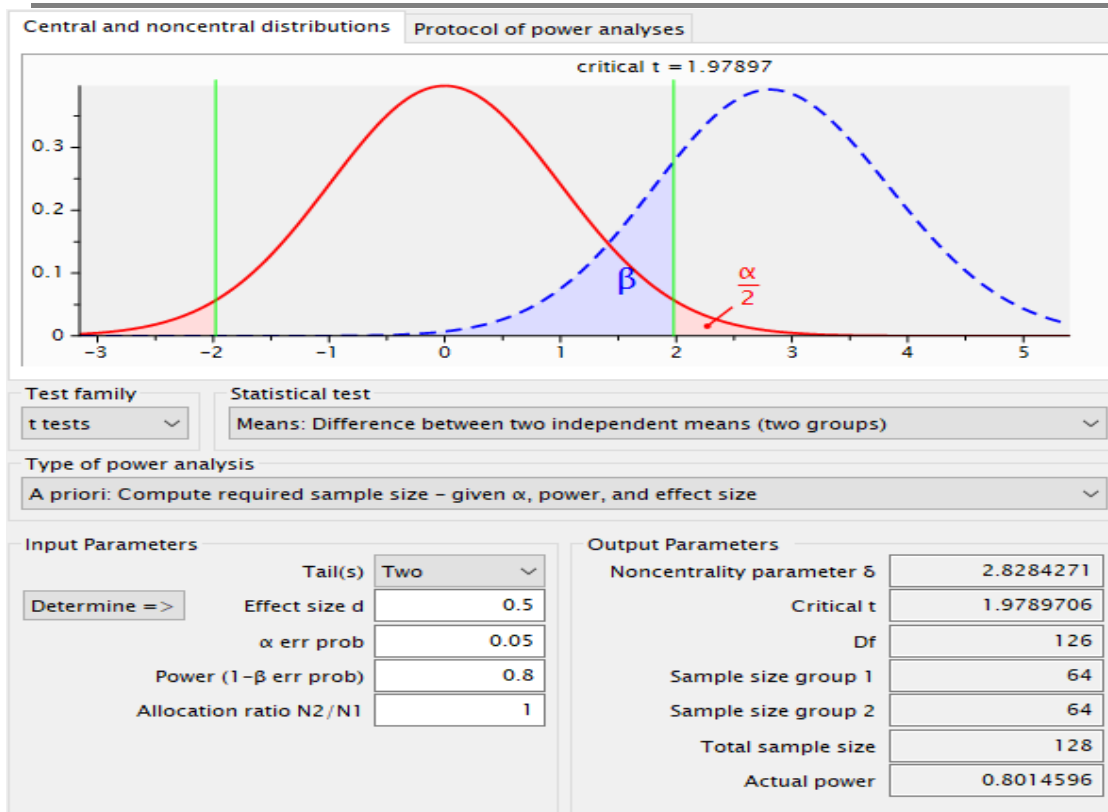


Figure 4: G\*Power sample size calculation

## Research Instrument

The questionnaire will be based on previously conducted research. The questionnaire is divided into three sections. Section A contains demographic information, whereas sections B through C focus mostly on SERVQUAL aspects, customer satisfaction, and loyalty. For part A, open-ended questions will be used; for sections B–C, a five-point Likert scale will be employed, with questions demanding replies to statements ranging from (5) strongly agree, (4) agree, (3) neutral, (2) disagree, and (1) strongly disagree.

Table 2 Set of questionnaires SERVQUAL Dimensions, Customer Satisfaction and Customer Loyalty

TANGIBLE						
11	The hotel has modern looking equipment <i>Hotel ini mempunyai peralatan yang kelihatan moden</i>	1	2	3	4	5
12	The hotel provides clean and comfortable rooms <i>Hotel ini menyediakan bilik yang bersih dan selesa</i>	1	2	3	4	5
13	The hotel has swimming pool, sauna and health club <i>Hotel ini mempunyai kolam renang, sauna dan kelab kesihatan</i>	1	2	3	4	5
14	The hotel has adequate fire safety facilities and instructions	1	2	3	4	5

	<i>Hotel ini mempunyai kemudahan dan arahan keselamatan kebakaran yang mencukupi</i>					
<b>EMPATHY</b>						
15	The hotel gives its customers individualized attention <i>Hotel ini memberikan perhatian individu kepada pelanggannya</i>	1	2	3	4	5
16	Staff of the hotel understand the specific needs of their customers <i>Kakitangan hotel memahami keperluan khusus pelanggan mereka</i>	1	2	3	4	5
17	Staff of the hotel have customers best interest at heart <i>Kakitangan hotel mengutamakan minat pelanggan</i>	1	2	3	4	5
<b>RELIABILITY</b>						
18	Staff of the hotel are able to provide service as promised <i>Kakitangan hotel mampu memberikan perkhidmatan seperti yang dijanjikan</i>	1	2	3	4	5
19	Staff of the hotel are dependable in handling customers service problems <i>Kakitangan hotel boleh dipercayai dalam menangani masalah perkhidmatan pelanggan</i>	1	2	3	4	5
20	The hotels keep customer informed of the performance of services <i>Pihak hotel memaklumkan pelanggan tentang prestasi perkhidmatan</i>	1	2	3	4	5
<b>ASSURANCE</b>						
21	Staff at the hotel are consistently courteous and friendly with customers <i>Kakitangan di hotel sentiasa sopan dan mesra dengan pelanggan</i>	1	2	3	4	5
22	The hotel provides a safe environment to stay in <i>Hotel ini menyediakan persekitaran yang selamat untuk menginap</i>	1	2	3	4	5

23	Staff of the hotel have knowledge to answer customer's request <i>Kakitangan hotel mempunyai pengetahuan untuk menjawab permintaan pelanggan</i>	1	2	3	4	5
<b>RESPONSIVENESS</b>						
24	Staff at the hotel are ready to respond to customers' requests <i>Kakitangan di hotel bersedia untuk menjawab permintaan pelanggan</i>	1	2	3	4	5
25	Staff at the hotel are always willing to help customers <i>Kakitangan di hotel sentiasa bersedia membantu pelanggan</i>	1	2	3	4	5

<b>CUSTOMER SATISFACTION</b>						
24	I will still go to Perhentian Island <i>Saya tetap akan ke Pulau Perhentian</i>	1	2	3	4	5
25	I will recommend this Perhentian Island to others <i>Saya akan mengesyorkan Pulau Perhentian ini kepada orang lain</i>	1	2	3	4	5
26	I will go to Perhentian Island next time <i>Lain kali saya akan ke Pulau Perhentian</i>	1	2	3	4	5
27	I will buy Perhentian Island services <i>Saya akan membeli perkhidmatan Pulau Perhentian</i>	1	2	3	4	5
28	I will recommend my friends and relatives to visit Perhentian Island <i>Saya akan mengesyorkan rakan-rakan dan saudara-mara saya untuk melawat Pulau Perhentian</i>	1	2	3	4	5
29	I feel that Perhentian Island's performance is very strong <i>Saya rasa persembahan Pulau Perhentian sangat mantap</i>	1	2	3	4	5
30	I will consider Perhentian Island as my first choice when I make a vacation plan	1	2	3	4	5

	<i>Saya akan menganggap Pulau Perhentian sebagai pilihan pertama saya apabila saya membuat rancangan percutian</i>					
<b>CUSTOMER LOYALTY</b>						
31	<p>I will pay any price requested this Perhentian Island even if the prices of other Island less</p> <p><i>Saya akan membayar apa-apa harga yang diminta operator Pulau Perhentian ini walaupun harga Pulau lain kurang</i></p>	1	2	3	4	5
32	<p>I will not deal with any competitor island offers lower prices</p> <p><i>Saya tidak akan berurusan dengan mana-mana pulau pesaing yang menawarkan harga yang lebih rendah</i></p>	1	2	3	4	5
33	<p>Low price in competitors island will not lead me to switch to it</p> <p><i>Harga rendah di pulau pesaing tidak akan menyebabkan saya beralih kepadanya</i></p>	1	2	3	4	5
34	<p>The price not represents any importance to me when dealing with Perhentian Island</p> <p><i>Harga tidak mewakili apa-apa kepentingan kepada saya apabila berurusan dengan Pulau Perhentian</i></p>	1	2	3	4	5
35	<p>I will not switch to any competitor island if I face a problem in dealing with this island complaint behaviour</p> <p><i>Saya tidak akan bertukar ke mana-mana pulau pesaing jika saya menghadapi masalah dalam menangani tingkah laku aduan pulau ini</i></p>	1	2	3	4	5
36	<p>If I have problem in dealing with this island, I will not move my complaint to customers close to me</p> <p><i>Jika saya mempunyai masalah untuk berurusan dengan pulau ini, saya tidak akan mengadukan aduan saya kepada pelanggan yang berhampiran dengan saya</i></p>	1	2	3	4	5
37	<p>If I have a problem in the service provided, I will transfer them directly to the operators</p> <p><i>Jika saya mempunyai masalah dalam perkhidmatan yang disediakan, saya akan memindahkannya terus kepada pengendali.</i></p>	1	2	3	4	5

## Item Development

The item used in survey instrument is adapted from the past research. Item of SERVQUAL dimension were adopted from (Bayad, et al., 2021) that studied on hotel SERVQUAL in hospitality industry. This part consists of fifteen (15) items of question SERVQUAL dimensions. Item of customer satisfaction is adapted from (Sihombing. & Hellen., 2021) that studied on factors that affect customer satisfaction staying at Chain Hotel, there are seven (7) items of customer satisfaction. There are seven (7) items of customer loyalty adapted from (Al.Bostanji, 2013) that looked into how service quality affects customer loyalty. The total number of items in the survey instrument is shown in Table 2.

Table 3: Item Development

Construct	No of item	Author
Tangible	4	Bayad, et al., 2021
Empathy	3	
Reliability	3	
Assurance	3	
Responsiveness	2	
Customer Satisfaction	7	Sihombing & Hellen, 2021
Customer Loyalty	7	Al Bostanji, 2013
<b>TOTAL</b>	<b>29</b>	

## Data Collection

According to McLaughlin. & Emily (2020), Data collection is the process of gathering and measuring information from many sources to get an accurate and complete picture of a field of study. This study is based on data that researchers get and process from the person they are studying. This is called primary data. This data came from the results of a survey that was done by giving out questionnaires that were measured on a 5-point Likert scale. Google Forms were used to send questionnaires to respondents through WhatsApp and Facebook, and they were given directions and explanations in advance so that they knew how to fill them out and in other way, the questionnaire also pass to respondent by QR code, its mean respondent needs to scan the code first for gathering the questionnaire by online survey. This method uses because need to prevent or keep social distancing during endemic COVID 19. Experts or academics will look over the questionnaire before it can be used to get data in the future. The data collection takes around one (1) month to get a respondent. And the collection starts of middle of month May and finish on July.

## Data Analysis

The data collected from respondents was analysed using a static software programme: statically package for social science (SPSS) version 26. (Norhisham. & Shuhairy., 2018) SPSS is a statistical computer program that works to help process statistical data accurately, and produce the output desired by decision makers. A descriptive method is to put the data in a frequency distribution table or graph that shows how many people are in each category of the scale of measurement. The most common way to measure frequency is to look at the central tendency and spread of the data (mean, median and mode). It is one of the most common reliability estimates in the literature on language testing. It is used to figure out how much of a set of test scores have the same variance.



Data collection is to analyse the data obtained from the respondents. Researchers use multiple regression analysis methods (multiple regression analysis) to analyse this study's data. To measure the answers obtained, the researcher uses a nominal scale for descriptive analysis, which is carried out to analyse data based on descriptions or descriptions with the intention of not concluding (Sugiyono, 2017), validity test to measure whether or not a questionnaire is valid (Sujarweni, 2018). A research questionnaire is declared valid if it has a loading factor greater than 0.6, while if the loading factor is less than 0.6, the research questionnaire is declared invalid (Hair, Black, Jabin, & Anderson, 2014). A reliability test is if a questionnaire is reliable or reliable if someone's answer to the statement is consistent or stable from time to time. A research questionnaire is declared reliable if Cronbach's Alpha is greater than 0.6 and declared unreliable if Cronbach's Alpha is less than 0.6 (Sujarweni, 2018). Correlation is meant for exploring the degree of relationship between two variables in consideration. Correlation coefficient is the measure to quantify such degree of relationship of the variables. Generally, two correlation coefficients are used in applications, namely: Pearson's Product Moment Correlation Coefficient and Spearman's Rank Correlation Coefficient. Correlation coefficients "r" value should be at least at 0.4 or the relationship should be at moderate level to ensure that the hypothesis is accepted according to Guilford and Ruchter.

## FINDING AND ANALYSIS

### Introduction

The purpose of this chapter is to gather data regarding examine the effect of hotel service quality on customer satisfaction and implications for customer loyalty in Perhentian Island, Terengganu. Analysis and interpretation of data will be described in detail in this chapter. Result from analysis will also be presented in this chapter. This chapter contains five main sections: 1) Demographic analysis, 2) Reliability tests, 3) Validity tests, 4) Descriptive tests, and 5) Correlation tests.

Results that are shown in this chapter were obtained through a questionnaire survey which conducted within 1 month. The questionnaires that were distributed to the individuals who have benefited from the hospitality services on Perhentian Island, Terengganu have been chosen as the best method for collecting data. This approach was selected in order to ensure that the results are based on customer's own experience of using hospitality service on Perhentian Island, Terengganu.

### Response Rate

Before explaining the demographic profiles of the respondents, it is worth to touch on the response rate of this study. 138 questionnaires were distributed and a total of 128 responses were successfully collected from the process, which represents 100% of response rate. 10 questionnaires was rejected because some of the respondent didn't complete the questionnaire and the answer not satisfied with justification by researcher.

### Demographic Analysis

There are nine types of demographic data explained in this section. It includes (i) State of origin (ii) Age (iii) Gender (iv) Marital status (v) Race (vi) Which categories are you (vii) Purpose of travel (viii) Travel party type (ix) Monthly salary. This data is important as it can be used to analyse the background of the respondents that participate in this research.

Table 4: Demographic Profile of the Respondent (n= 128)

		N	%
State of Origin	Terengganu	16	12.5
	Perlis	4	3.1
	Selangor	23	18.0

	Negeri Sembilan	7	5.5
	Johor	13	10.2
	Kelantan	18	14.1
	Perak	6	4.7
	Kedah	10	7.8
	Pahang	6	4.7
	Pulau Pinang	10	7.8
	Melaka	3	2.3
	Sabah	2	1.6
	Sarawak	2	1.6
	Wilayah Persekutuan	6	4.7
	Others	2	1.6
Age	18 – 25 years old	14	10.9
	26 – 35 years old	55	43.0
	36 – 45 years old	42	32.8
	46 – 55 years old	14	10.9
	56 – 65 years old	3	2.3
	66 – Above	0	0
Gender	Male	62	48.4
	Female	66	51.6
Marital Status	Single	41	32.0
	Married	87	68.0
Race	Malay	90	70.3
	Chinese	22	17.2
	India	14	10.9
	Others	2	1.66
Which Categories are You	Student	16	12.5
	Employee	74	57.8
	Self-employed	30	23.4

	Unemployed	8	6.3
Purpose of Travel	Leisure / Vacation	119	93.0
	Business / Meetings	7	5.5
	Visiting Friend / Relatives	2	1.6
Travel Party Type	Alone	6	4.7
	Family	57	44.5
	Spouse	33	25.8
	Friends / Colleagues	32	25.0
Monthly Salary	Below RM1000	5	3.9
	RM1001 – RM2000	16	12.5
	RM2001 – RM3000	36	28.1
	RM3001 and above	71	55.5

Table 4.1 illustrated that number of customers from Selangor clearly outnumbered their counterparts in quite comprehensively. Of 128 total respondents, 18.0 percent (n= 23) of them were from Selangor state. And following with Kelantan, 14.1 percent (n= 18) of respondent, 12.5 percent (n=16) from Terengganu state with the third higher respondent. State of Johor in number four higher with 10.2 percent (n= 13). And following with two states with equal respondent which is from Kedah and Pulau Pinang with total 7.8 percent (n= 10). 5.5 percent (n= 7) of them were from Negeri Sembilan state. Following with state of Perak, Pahang and Wilayah Persekutuan is equal respondent 4.7 percent (n= 6). Follow by next state which is Perlis with 3.1 percent (n= 4) and Melaka with 2.3 percent (n= 3). Lastly, in the analysis the researcher gets 1.6 percent (n= 2) respondent from state of Sabah, Sarawak and from oversea which is Spain and Italy.

The table also tell the study that respondents who aged 26-35 years old made up the largest group of respondents with whopping 43.0 percent (n= 55). At a glance, a premature assumption can be made regarding the dominance of this group of respondents. It can be said that majority of the customers who have experience visiting Perhentian Island and using hospitality services. In the second place is the 36-45 years old range, accounted for 32.8 percent (n= 42), being too near with the largest group in this variable. It is then followed by respondent who fall under the 18-25 years old and 46-55 years old with have similar 10.9 percent (n= 14) of them, slightly above the number shown by those aged 56-65 years old in the survey which accounted for only 2.3 percent (n= 3) from the total respondent. For the age 66-above don't have received any respondent 0 percent (n= 0).

The female respondents clearly outnumbered their counterparts in quite comprehensively. Of 128 total respondents, 51.6 percent (n= 66) of them were female. With a ratio of 51.6:48.4, it is obvious that male respondent group is similarity with the female group. Any conclusions on the numbers at this stage are immature for both groups. Over half of the respondents are married which accounted for 68.0 percent (n= 87) from the total 128 respondents. It is also apparent that the remaining balance of 32.0 percent (n=41) of them are single. Over half of the respondent are married which accounted for 68.0 percent (n= 87) from the total 128 respondents. It is also apparent that the remaining balance of 32.0 percent (n= 41) of them are single.

The races of respondent are Malay which accounted for 70.3 percent (n=90) from the total 128 respondent, following in second part which is Chinese 17.2 percent (n= 22), third part which is Indian 10.9 percent (n=14) and lastly is other races 1.66 percent (n= 2). In the conclusion Malay race is dominant visited Perhentian Island with the large number of groups in this group variable. From the analysis, 57.8 percent (n= 74) ticked on employee answer in questionnaire. This figure is absolutely bigger than the other employment categories. The

number depicted by those in self-employed that ranked second in this section is also very small to be compared with the majority which only accounted for 23.4 percent (n= 30). It is trailed by 12.5 percent (n= 16) of respondent from student, somewhat smaller than the number of unemployed among respondent 6.3 percent (n= 8).

The table also explained that the purpose of travel at Perhentian Island, Terengganu dominant in largest number by leisure and vacation 93.0 percent (n= 119) of the respondent. Following on second ranked, the number is depicted by those in business and meeting on this section is also very small to be compared with the majority which only accounted for 5.5 percent (n= 7). It is trailed by 1.6 percent (n= 2) of respondent visiting friends and relatives. From the analysis, 44.5 percent (n= 57) visiting to Perhentian Island with family members. This number is dominant than other travel party type. Followed by spouse 25.8 percent (n= 33) and following by friends and colleagues is 2.5 percent (n= 32). Sitting at the bottom of the rank is the respondents that have visiting Perhentian Island an alone with 4.7 percent (n= 6).

The table suggest that respondents that have income from RM3001 and above made up the largest group during the data collection with 55.5 percent (n= 71) of the respondents. The respondents that have income from RM2001 to RM3000 meanwhile has the second largest number of respondents accounted for 28.1 percent (n= 36) of the total number. Respondents that have income RM1001 to RM2000 made up the third largest group during the data collection with 12.5 percent (n= 16) of respondents. Sitting at the bottom of the rank is the respondents that have income below than RM1000 with 3.9 percent (n= 5).

### Reliability Test

The results of the data reliability test showed that all variables had Cronbach's alpha greater than 0.60 (Sujarweni, 2018), which means that there are no unreliable questions from each variable, so the whole is declared consistent. Reliability of a measure shows that the questionnaire is free from error, reliable and durable and also stable across the various items in the scale. They also noted that reliability of data can be tested using Cronbach's alpha for the consistency of the questionnaire and to see whether the items measuring the concept hang together as a set. The result gathered from the reliability test can be view in a form of coefficient.

Table 5: Alpha Co-efficient of Internal Reliability

Variable	n	$\alpha$
Service Quality	15	.905
Customer Satisfaction	7	.901
Customer Loyalty	7	.826
Overall	29	.932

Based on table, the overall alpha coefficient of the instrument was reported at 0.932. The breakdown of the result based on the section meanwhile suggest that Section C (customer loyalty) attained the lowest Cronbach value 0.826. Section B (service quality dimension) on the other hand shows the highest value among all section at 0.905. Finally, followed by Section C (customer satisfaction) with a value of 0.901.

### Validity Test

The validity test was carried out on 29 (twenty-nine) question items consisting of four (4) variable tangible question items, three (3) variable empathy question items, three (3) variable reliability question items, three (3) variable assurance question items, two (2) variable responsiveness question items, seven (7) customer satisfaction variable question items and seven (7) customer loyalty variable question items. From the results of the validity test of twenty -nine (29) question items there are three (3) question items are invalid because they have a factor load value below 0.6 where the hotel does not have modern equipment and the hotel does not show

success or awards received by any organization or applicable statutory bodies. And high price offers also cause customers to switch to competitor islands that offer low and affordable packages or prices. So that the invalid ones are eliminated for further research (Hair., Joseph, Black, Jabin, & Anderson, 2014)

Table 6: Validity Test

Variable	Loading Factor	Conclusion
The hotel has modern looking equipment	.516	Not Valid
The hotel provides clean and comfortable rooms	.620	Valid
The hotel has swimming pool, sauna, and health club	.671	Valid
The hotel has adequate fire safety facilities and instructions	.765	Valid
The hotel gives its customers individuals attention	.798	Valid
Staff of the hotel understand the specific needs of their customers	.720	Valid
Staff of the hotel have customers best interest at heart	.764	Valid
Staff of the hotel are able to provide service as promised	.811	Valid
Staff of the hotel are dependable in handling customers service problems	.775	Valid
The hotels keep customer informed of the performance of services	.564	Not Valid
Staff at the hotel are consistently and friendly with customers	.803	Valid
The hotel providers a safe environment to stay in	.668	Valid
Staff of the hotel have knowledge to answer customer's request	.798	Valid
Staff at the hotel are ready to respond to customers' request	.705	Valid
Staff at the hotel are always willing to help customers	.776	Valid
I will still go to Perhentian Island	.641	Valid
I will recommend this Perhentian Island to others	.837	Valid
I will go to Perhentian Island next time	.827	Valid
I will buy Perhentian Island services	.741	Valid



I will recommend my friends and relatives to visit Perhentian Island	.816	Valid
I feel that Perhentian Island's performance is very strong	.628	Valid
I will consider Perhentian Island as my first choice when I make a vacation plan	.669	Valid
I will pay any price requested this Perhentian Island even if the prices of other Island less	.829	Valid
I will not deal with any competitor island offers lower prices	.723	Valid
Low price in competitors island will not lead me to switch to it	.597	Not Valid
The price does not represent any importance to me when dealing with Perhentian Island	.804	Valid
I will not switch to any competitor island if I face a problem in dealing with this island complaint behaviour	.785	Valid
If I have problem in dealing with this island, I will not move my complaint to customers close to me	.715	Valid
If I have a problem in the service provided, I will transfer them directly to the operators	.717	Valid

## Descriptive Test

The descriptive statistics on the mean score and standard deviation on every item in the questionnaire will be discussed based on the constructs measured in this study in a sequential order; Service Quality Dimension, Customer Satisfaction and Customer Loyalty. Therefore, the service quality level among the study respondents will lead the discussion in this section.

## Service Quality

It is worth to reiterate the definition of optimism in this section based on discussion in the literature review. It is understood that as overall customer evaluations and judgments regarding the excellence and quality of service delivery in the marketplace. The table below presents the mean score and the standard deviation for items under the service quality dimension based on data collected for this study.

Table 7: Tangible

No.	Items	N	M	S.D
1	The hotel has modern looking equipment	128	3.45	1.010
2	The hotel provides clean and comfortable rooms	128	3.61	1.037
3	The hotel has swimming pool, sauna, and health club	128	2.94	1.489

4	The hotel has adequate fire safety facilities and instructions	128	3.03	1.403
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From the table tangible, it can be suggested that most of the answers learn towards the third points in the scale (moderate) with the highest score shown by the first item where respondents believed that it is hotel supplier provides clean and comfortable rooms for customer (M= 3.61; S.D= 1.037). it is then followed closely by the score shown by item number one (M= 3.45; S.D= 1.010) with a margin of only 0.21, expressing their opinion that the hotel has a modern looking equipment. Not only that, but they are also very verified with adequate fire safety facilities and instructions on the scale (M= 3.03; S.D= 1.403). The lowest score was identified on the item 'The hotel has swimming pool, sauna, and health club' (M= 2.94; S.D= 1.489).

On conclusion, the customers feel satisfied with the facilities provided by the hotel. what can be concluded, the hotels in Perhentian Island still maintain old and non-modern design features, only a few hotels have upgraded their facilities to new buildings that look modern and have swimming pool facilities, health centres, emergency equipment such as fire extinguisher and others.

Table 8: Empathy

No.	Items	N	M	S.D
1	The hotel gives its customers individuals attention	128	3.18	1.232
2	Staff of the hotel understand the specific needs of their customers	128	3.09	1.375
3	Staff of the hotel have customers best interest at heart	128	3.05	1.443

From the table empathy, with the highest score shown by the first item where respondents are satisfied when staff of hotel gives an attention to individuals customer (M= 3.18; S.D= 1.232). not only that, in the second ranking, staff hotels shown the understand what a specific need by a customer (M= 3.09; S.D= 1.375). it is followed closely by the score shown by item number three (M= 3.05; S.D= 1.443) with a margin 0.04, the staff hotel has customers best interest at heart.

On conclusion, Attention to customer needs is a priority in service management in a hotel or hospitality industry. Employees should focus on the needs of customers staying at the premises even if the staff do not understand the needs of the customers. With the presence of concern in each individual employee, this can reflect the employee's concern for the customer.

Table 9: Reliability

No.	Items	N	M	S.D
1	Staff of the hotel are able to provide service as promised	128	3.55	1.216
2	Staff of the hotel are dependable in handling customers service problems	128	3.82	1.187
3	The hotels keep customer informed of the performance of services	128	3.18	1.487

From the table reliability, its shows the staff of hotel are dependable in handling customers service problems (M= 3.82; S.D= 1.187). It is then followed by the score shown by item number two (M= 3.55; S.D= 1.216), staff hotel can provide a service as a promised to customer. The lowest score was identified on the items 'the hotels

keep customer informed of the performance of services' which is in a way physical or virtual ( $M= 3.18$ ;  $S.D= 1.487$ ).

On conclusion, when there is a problem faced by the customer, the staff can deal with it well and solve the problem efficiently. The level of dealing with problems is still at a moderate level and does not meet the satisfaction level of customers who visit Perhentian Island. The workers need to play a role in solving the problem as soon as possible and act quickly in dealing with it.

Table 10: Assurance

No.	Items	N	M	S.D
1	Staff at the hotel are consistently and friendly with customers	128	4.05	1.128
2	The hotel providers a safe environment to stay in	128	3.77	1.140
3	Staff of the hotel have knowledge to answer customer's request	128	4.03	1.034

From the table assurance, with the highest score shown by the first item where respondents satisfied a staff hotel are consistently and friendly with the customers ( $M= 4.05$ ;  $S.D= 1.128$ ). It is followed closely by the score shown by item number three ( $M= 4.03$ ;  $S.D= 1.034$ ) with a margin of only 0.02, expressing the staff hotel have some knowledge to answer customer's request. The lowest score was identified on the item number two which is the hotel providers a safe environment to stay in on their premise area ( $M= 3.77$ ;  $S.D= 1.140$ ).

On conclusion, the staff shows availability in serving customers with a good and friendly attitude. Having extensive knowledge is also very important about the environment of Perhentian Island and the hotel in answering questions from customers who visit there. The employees will be able to answer questions from customers when asked about the hotel and a place.

Table 11: Responsiveness

No.	Items	N	M	S.D
1	Staff at the hotel are ready to respond to customers' request	128	4.05	1.100
2	Staff at the hotel are always willing to help customers	128	4.13	1.004

From the table responsiveness, the highest mean score was attained by the second point which is staff at the hotel are always willing to help customers ( $M= 4.13$ ;  $S.D= 1.004$ ). It is followed by the score shown by item number one ( $M= 4.05$ ;  $S.D= 1.100$ ), staff at the hotel are ready to respond to customer's request.

On conclusion, the employees at the Perhentian Island hotel are very helpful in meeting the needs of customers who come to visit there and are ready to answer all questions from customers. The availability of the employees can satisfy the customers in their vacation and about the island.

## Customer Satisfaction

Table 12: Customer Satisfaction

No.	Items	N	M	S.D
1	I will still go to Perhentian Island	128	4.13	0.942

2	I will recommend this Perhentian Island to others	128	4.30	1.039
3	I will go to Perhentian Island next time	128	4.11	1.117
4	I will buy Perhentian Island services	128	3.89	1.225
5	I will recommend my friends and relatives to visit Perhentian Island	128	4.26	1.096
6	I feel that Perhentian Island's performance is very strong	128	4.03	1.129
7	I will consider Perhentian Island as my first choice when I make a vacation plan	128	3.02	1.242

From the table, it can be suggested that most of the answers lean towards the three and four points in the scale (agreed) with the highest score shown by the second item where respondents will recommend the Perhentian Island to others ( $M= 4.30$ ;  $S.D= 1.039$ ). It is followed closely by the score shown by item number five ( $M= 4.26$ ;  $S.D= 1.096$ ) with the margin of only 0.04, the respondent also will recommend to their friends and relatives to visit Perhentian Island. In the third rank, probability the customer will still go to Perhentian Island for the next trip ( $M= 4.13$ ;  $S.D= 0.942$ ). It is followed closely by the score shown by item number three ( $M= 4.11$ ;  $S.D= 1.117$ ) with the margin only 0.02, the customer will come against for the next time. The finding is further strengthened by the mean score shown by the last item ( $M= 4.03$ ;  $S.D= 1.129$ ) where the respondent feel the Perhentian Island performance is very strong and natural island. Not only that, but they are also will buy the Perhentian Island services ( $M= 3.89$ ;  $S.D= 1.225$ ). The lowest score was identified on the item 'I will consider Perhentian Island as my first choice when I make a vacation plan ( $M= 3.02$ ;  $S.D= 1.242$ ).

## Customer Loyalty

Table 13: Customer Loyalty

No.	Items	N	M	S.D
1	I will pay any price requested this Perhentian Island even if the prices of other Island less	128	2.50	1.310
2	I will not deal with any competitor island offers lower prices	128	2.66	1.263
3	Low price in competitors island will not lead me to switch to it	128	2.59	1.313
4	The price does not represent any importance to me when dealing with Perhentian Island	128	2.59	1.343
5	I will not switch to any competitor island if I face a problem in dealing with this island complaint behaviour	128	2.67	1.317
6	If I have problem in dealing with this island, I will not move my complaint to customers close to me	128	3.51	1.453
7	If I have a problem in the service provided, I will transfer them directly to the operators	128	4.30	1.082

From the table customer loyalty, the above results suggest that the respondents showed some not satisfied with the service provided at Perhentian Island and for the loyalty back to Island is low. Firstly, if customer faces with the problem in the service provided, the customer will transfer that's problem to the manager or hotel operator which is staff on duty at that's time ( $M= 4.30$ ;  $S.D= 1.082$ ). Based on their experience, they will not move a problem or complaint to others customer nearby when dealing with this island ( $M= 3.51$ ;  $S.D= 1.453$ ). The third item in the table suggest that some of customer will not switch to any competitor island if them have problem in dealing with island complaint behaviour from others customer's ( $M= 2.67$ ;  $S.D= 1.317$ ). It is then followed closely by the score shown by item number two ( $M= 2.66$ ;  $S.D= 1.263$ ) with a margin of only 0.01, expressing their opinion that will not deal with any competitor island which offer more cheaper price. Based on their experience, the low price in competitors island will not lead them to switch off others island. The four items in the table suggest that most of respondent show a similar magnitude of satisfaction level with the third item ( $M= 2.59$ ;  $S.D= 1.343$ ), expressing their opinion, some of they have a good perception which is the price does not represent any importance when dealing with Perhentian Island. With the lowest mean score recorded ( $M= 2.50$ ;  $S.D= 1.310$ ), some of the respondents will pay any price charged by Perhentian Island service even the price of other island is more less.

### Correlation Analysis

Pearson correlation is a test of relationship between variables which measures the strength and direction of linear relationship between pairs of continuous variables. By extension, the Pearson Correlation evaluates whether there is any statistical evidence for a linear relationship among the same pairs of variables in the population, represented by a significant correlation coefficient,  $p$  ("rho"). The Pearson Correlation is a parametric measure. Correlation coefficients " $r$ " value should be at least at 0.4 or the relationship should be at moderate level to ensure that the hypothesis is accepted according to Guilford and Ruchter.

Table 14: Relationship between Service Quality Dimensions and Customer Satisfaction

VARIABLE	CUSTOMER SATISFACTION		
	$r$ Value	$p$ Value	CONCLUSION
Tangibles	0.488	0.000	Ho1 was supported
Empathy	0.235	0.000	Ho2 was rejected
Reliability	0.485	0.000	Ho3 was supported
Assurance	0.673	0.000	Ho4 was supported
Responsiveness	0.650	0.000	Ho5 was supported

Table 14 presented the analysis testing result of coefficient of determination and the analysis result of the Pearson correlation for service quality dimensions to the customer satisfaction. The table shows that there is a significant and average relationship between tangibles, reliability, assurance, and responsiveness with customer satisfaction which is more than 0.40; correlation is significant at the 0.01 level on  $p$  value. However, on variable empathy not significant with customer satisfaction its cause less than 0.4 correlation coefficients, and the hypothesis was rejected. In conclusion, service quality dimension has close relationship with the customer satisfaction, however only one variable not close relationship but it can improve for the future by hotel operator to make customer satisfied with the service provided.

Table 15: Relationship between Customer Satisfaction and Customer Loyalty

VARIABLE	CUSTOMER LOYALTY		
	$r$ Value	$p$ Value	CONCLUSION



<b>Customer Satisfaction</b>	0.578	0.000	Ho6 was supported
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Table 15 presented the analysis testing result coefficient of determination and the analysis result of Pearson correlation for customer satisfaction to the customer loyalty. Findings from the table shows that there is a significant and average relationship between customer satisfaction with the customer loyalty which is more than 0.40; correlation is significant at the 0.01 level on p value. In conclusion customer satisfaction have close relationship with the customer loyalty and customer will revisit again to Perhentian Island for the next trip or vacation.

## DISCUSSION AND CONCLUSION

### Introduction

This study was set out to examine the effect of hotel service quality on customer satisfaction and implications for customer loyalty in Perhentian Island, Terengganu. Apart from analysing the state of service quality dimension and customer satisfaction, the study has also sought out to examine the effect of both variables towards customer satisfaction and customer loyalty in Perhentian Island. This chapter elaborates and discusses the study from chapter one until the end of chapter four. The problems, research objectives and research questions of the study concluded in this chapter, in addition, the discussion will include the implications as well as limitations of the study. Then followed by some recommendations and suggestions based on the findings of future studies as well further improvements of the study. At this point, it is worth to reinstate that the study sought to answer several research questions:

RQ1: What is the effect between SERVQUAL dimensions and customer satisfaction in Perhentian Island.

RQ2: What is the effect between customer satisfaction and customer loyalty in Perhentian Island.

## FINDINGS AND DISCUSSIONS

This section will thoroughly discuss on the findings that have been gathered in Chapter 4. Discussions start with the effect of between service quality dimensions and customer satisfaction in Perhentian Island. Next, the discussion will continue the effect between customer satisfaction and customer loyalty in Perhentian Island, Terengganu.

### The effect between SERVQUAL dimensions and customer satisfaction in Perhentian Island.

It is already known that the first research objectives addressed the relationship between service quality dimensions and customer satisfaction in Perhentian Island after their experience visiting that's place. This research question is represented by the first hypothesis until fifth hypothesis which is, H1; positive relation between tangible and customer satisfaction, H2; positive relation between empathy and customer satisfaction, H3; positive relation between reliability and customer satisfaction, H4; positive relation between assurance and customer satisfaction and H5; positive relation between responsiveness and customer satisfaction.

In term of H1, the first hypotheses, tangible has significantly predicted customer satisfaction ( $\beta$  is weight 0.488,  $p < 0.01$ ) this indicates that tangible have a positive relationship with customer satisfaction. Therefore, based on this result the first hypotheses were supported. According to guest impressions tangible can be explained as physical facilities, equipment, and appearance of hotel building. Guest might evaluate hotel facilities and design, visibility of equipment Tangible factor gives physical representation of pictures of the services that customer, especially new customer. Most customers are very satisfied with the products and services provided by the hotel in Perhentian Island. The hotel provides guests with modern -looking appliances. In addition, some hotels provide clean and comfortable rooms and have a swimming pool, sauna, and health club for customers. Most importantly, safety instructions as well as fire equipment are supplied in the event of an emergency or untoward incident. It is the role of the hotel to prioritize the comfort and safety of the guests staying at the hotel. However, some hotels do not provide emergency facilities to guests staying at the hotel.

In term H2, the second hypotheses, empathy has not significantly predicted customer satisfaction ( $\beta$  is weight 0.235,  $p < 0.01$ ) this indicates that empathy does not have positive relationship with customer satisfaction. Therefore, based on this result the second hypothesis was rejected. Regardless of second hypothesis results which did not prove that empathy has a positive impact. According to the research data, guests perceive a low degree of interaction with staffs in hotels. The hotel staff reflects a capability to fulfil guests concerns in terms of their needs, for instance, individualized attention and having guests' best interest at heart.

In term H3, the third hypotheses, reliability has significantly predicted customer satisfaction ( $\beta$  is weight 0.485,  $p < 0.01$ ) this indicates that reliability have a positive relationship with customer satisfaction. According to the research data, the customer is satisfied with the providing service as promised, hotel's staff are dependable in handling customers service problem and the hotels keep customer informed of the performance of services. Reliability reflects the service providers ability to perform service dependably and accurately.

In term H4, the fourth hypotheses, assurance has significantly predicted customer satisfaction ( $\beta$  is weight 0.673,  $p < 0.01$ ) this indicates that assurance have a positive relationship with customer satisfaction. Therefore, based on this result the fourth hypotheses were supported. Assurance is another service quality factor emphasized by guest in hotels. The degree to which guests are feel confidence and trust hotel service relies on the service quality provided by hotel staff. And hotels staff at the hotel are consistently courteous and friendly with customers. The customer is satisfied with the knowledge of staff to answer the questions and requested by.

Lastly, in term H5, the fifth hypotheses, responsiveness has significantly predicted customer satisfaction ( $\beta$  is weight 0.650,  $p < 0.01$ ) this indicates that responsiveness have a positive relationship with customer satisfaction. Therefore, based on this result the fifth hypotheses were supported. Responsiveness is referring to the hotels readiness to settle happened issues and availability to provide fast service. It is important for hotel staff are ready to respond customers' requests and the hotel staff are always willing to help customers. Front office, waitress, housekeeping, and maintenance staff are having to be very well trained as well as should be responsive towards customers.

Conclusion, the findings of this study are in line with previous studies that found a significant relationship between tangible dimensions and customer satisfaction. This study supports the study of Maziah, Siti Syuhada, & Sabri (2016) who stated that the tangible dimension has a significant and positive relationship with customer satisfaction, further supporting the first research hypothesis. The empathy dimension shows that there is a non-significant positive relationship with customer satisfaction. This shows that the concern shown to customers is less than satisfying customer satisfaction. This study supports the study of Muhamad Saufiyudin, Hashim, & Rozila (2016) who showed that the empathy dimension has a non-significant relationship with the factor that most affects customer satisfaction, further not supporting the second research hypothesis.

Next, while the third hypothesis of this study is positive relation between the dimensions of reliability and customer satisfaction in Perhentian Island. The results of the study show a significant positive relationship between the dimensions of reliability and customer satisfaction. The findings of this study also support the third research hypothesis and support the findings of Minh, Ha, Anh, & Matsui (2015) who found a significant positive relationship between the dimensions of reliability and customer satisfaction. Next, the findings of the study show that there is a significant positive relationship between the assurance dimension and customer satisfaction. This shows that hotel operators in Perhentian Island who can guarantee that the services provided are as promised can increase customer satisfaction. The findings of this study also support the fourth research hypothesis and support the study of Chen-Ju & Wei-Chin (2017).

Finally, while the fifth hypothesis is positive relation between responsiveness and customer satisfaction in Perhentian Island. The results of the study show that there is a significant positive relationship between the dimensions of responsiveness and customer satisfaction. This means that the entrepreneur's willingness to help visitors and provide services quickly, can give a good perception to customers and this leads to customer satisfaction. This study supports the study of Umesh (2014) who found that the responsiveness dimension has a significant relationship with customer satisfaction and supports the fifth research hypothesis.

## The effect between customer satisfaction and customer loyalty in Perhentian Island.

It is already known that the second research objectives addressed the relationship between customer satisfaction and customer loyalty in Perhentian Island after their experience visiting that's place. This research question is represented by the six hypothesis which is, H6: positive relation between customer satisfaction and customer loyalty.

In term H6, the six hypotheses, customer satisfaction has significantly predicted customer loyalty ( $\beta$  is weight 0.650,  $p < 0.01$ ) this indicates that customer satisfaction have a positive relationship with customer loyalty. Customer satisfaction is dependent on the quality of service provided and in turn will impact the customer loyalty to come back at another time. But various effects can be observed when customer satisfaction is below an unsatisfactory level. Most customers who visit Perhentian Island will go there and recommend to family members, friends and people around to visit this place. There are also some respondents who will buy packages at Perhentian Island even though the prices offered vary due to the loyalty of their customers still visiting the island. Through observation, the average respondent is satisfied with the performance of Perhentian Island and makes this place a top choice as a top destination to travel.

It can be concluded that there is a positive relationship between customer satisfaction and customer loyalty, and that a rise in customer satisfaction enhances customer loyalty favourably. In parallel research, it has been discovered that customer satisfaction is one of the most important variables in the development of customer loyalty, and that a rise in customer satisfaction has a favourable effect on customer loyalty (Cheng et al., 2019).

## Summarized Results for Hypotheses

Table 0.0 presents a summary of the hypotheses tested. As presented in table 0.0, the findings of this study supported all the proposed six hypotheses.

Table 16: Summarized for hypotheses

Hypotheses tested		Result
<b>H1</b>	Positive relation between Tangible and customer satisfaction.	Supported
<b>H2</b>	Positive relation between Empathy and customer satisfaction.	Not Supported
<b>H3</b>	Positive relation between Reliability and customer satisfaction.	Supported
<b>H4</b>	Positive relation between Assurance and customer satisfaction.	Supported
<b>H5</b>	Positive relation between Responsiveness and customer satisfaction.	Supported
<b>H6</b>	Positive relation between customer satisfaction and customer loyalty.	Supported

## Limitations and Recommendations for Future Research

Although the results have contributed further in understanding the effect of hotel service quality on customer satisfaction and implications for customer loyalty in Perhentian Island, Terengganu, there are a few limitations faced by the researcher in completing this study. The first and the most important is to find any respondent willing to answer the survey because some of them not interest to answer it. Therefore, the researcher has difficulties in determining the correct sample size for use in this study. Thus, it is important future research needs to use size that covers range of demographic environment.

This study investigated overall service quality dimensions, customer satisfaction and customer loyalty. Given that this research is cross sectional in nature, it can assume that the respondents' state of satisfaction and loyalty

might eventually change overtime. Maybe a longitudinal study on this topic will allow future researchers to explore the changes among the respondents so that interpretation and the implications of the results will be more applicable.

## CONCLUSION

Guided by the results of the study describes the dimensions of service quality, customer satisfaction and customer loyalty in Perhentian Island. The study can be summarized, the first research question is supported, when the results show the quality of service has an impact on customer satisfaction. The second research question also supports when the results shown have an impact between customer satisfaction and customer loyalty in Perhentian Island. The fact that the results suggest that the mediating variables (customer satisfaction) played roles on the intended relationship enhances the value of the study.

The findings of this present study are believed to be significantly contributed to both theoretical aspects which are interest to industrial and academic aspect that are relevant to hospitality industry. In terms of industrial perspective, this research can provide a wider picture of the manager on issues that will affect customer satisfaction and customer loyalty. This allows them to be ahead of their competitors. Besides, this research also helps the organization to maintain and even improve the quality of services.

Employers must pay attention to every aspect, in addition to the importance of advertising and promotion, the quality of staff reliability plays an important role as a driver to increase the level of customer satisfaction in service companies.

Responsiveness describes the strongest impact on customer satisfaction with the highest beta coefficient. Where the staff always answers questions from customers and is always willing to respond to requests given by each customer.

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## APPENDICES

### Assurance Dimensions



Jasmin C wrote a review Dec 2020

Penang Island, Malaysia • 1 contribution • 3 helpful votes



#### Money was stolen out of the safe

"First and most important: Our total cash was stolen out of the safe. We had two double rooms and after the money was stolen out of the first safe, the thieves tried to open the other safe a few days later (but weren't successful this time). We noticed that after coming back from a snorkeling trip the safe was blocked due to failed attempts of entering the pin code. Most likely the theft took place during our first snorkeling trip, so we highly recommend taking your valuables with you. We brought it up to the management, they started investigations, but didn't succeed in clarifying the situation. Disappointingly we weren't offered any kind of redemption at all.

Apart from that, the beach was awesome and perfect for our two little children. The rooms and daily buffet were ok."



Mohd19 wrote a review Sep 2020

Petaling Jaya, Malaysia • 2 contributions • 1 helpful vote



#### Lovely beach, Great food & Nice staff

"PIR has beautiful beaches and clear sea water. the food is also delicious and there are many options. Room are just comfortable. staff very helpful and always smile especialy from the restaurant & receptionist. pool clean. only the resort area has dry leaves as in ever swept. there is a new construction underway in the starting area to the PIR. looks unattractive with such seemingly irregular conditions. overall, we enjoy staying at PIR & will come again!"

### Responsiveness Dimensions



Superlight88 wrote a review Sep 2020

Kuala Lumpur, Malaysia • 14 contributions • 5 helpful votes



#### Below average

"Nice beach, big land area but sadly under utilised. The resort's location has so much potential but sadly the place is not well built nor maintained. Noted the sewage discharge from the far end of the resort into a small stream that feeds directly into the sea. Bad smell from this end. I don't know what the regulations are for discharge of sewage into the sea are but the resulting algae blooms kill the coral."

[Read less](#) ▲



## Tangibility Dimensions



**camuche123** wrote a review Aug 2020

Brussels, Belgium • 449 contributions • 276 helpful votes



### Average property with huge potential

"Abandoned property on a superb beach. Badly maintained. Food very poor for the price paid. Full board is not necessary a good deal. This hotel could be much better with a strong leadership and vision for the destination and position this hotel as the best in the area. Lots of renovation starting in the resort but no workers visible so it may take long time..."

[Read more](#) ▼



**Tiffanymoy** wrote a review Aug 2020

Malaysia • 78 contributions • 3 helpful votes



### Not Satisfied Trip

"First check in to the room with the door can't lock. The maintenance guy reluctant to help us change the room and ask us to wait he will fix the door lock. I can't wait cause I felt it is not safe for 2 girls staying in a room with the door can't lock. Approached reception and request to change room. Finally after went through all the trouble manage to changed room.

If you have a neighbor staying with all the youngster you can't sleep till midnight. The room does not have sound proof. Anything you said can be heard.

The room was not well maintained. The food others than seafood no vegetable. The lunch & dinner not much choice.

I rather pay more to stay at Tuna Bay compare to this resort. Not recommended to stay at this resort."

[Read less](#) ▲



**sreden** wrote a review May 2018

Paris, France • 92 contributions • 83 helpful votes



### Very old hotel

"Man at front desk was very rude, the room he give for 5 nights was very old, smelling humidity, mirror and chair was broken, the windows did not close... my first night was a nightmare, I had the feeling to sleep in an Abandoned bungalow...I ask to change room and an other person, nicer, give me a room on the higher place with a nice view, basic and clean. I tried twice the breakfast of the hotel but it was not good as well, servers are not nice, not smiling and spit almost in front of you...So I used to have my breakfast at BARAT hotel, same price but definitely better and served by nice people. You can find nice, basic and clean bungalow, 6 times less than expansive around this nightmare resort, I will never go back to this place even if they give one week free!"

## Empathy Dimensions



shanshinetraveller wrote a review Aug 2020

1 contribution



### Would like to acknowledge the staff good service

"I would like to highlight that during our dine in at the Barat we did actually come across a very rude waitress. The way she communicate regards on whether we have voucher or orders is very impolite as if we owe her something and the experience with her service just make us felt uneasy.

However, we would like to acknowledge the overall service which provide by others staffs in the Barat are pretty good, polite, well-manner, and friendly. Especially King the waiter who work in the restaurant he know how to response to problem, satisfy customer and ensure customer enjoy their meal there. He service is effective and efficient, we are pretty satisfy with his service. We will give him 5 for the rating.

#### Room

To prevent the hassle of moving we did not request for the change. I think I would like to raise these so the property can look into the issues and make improvement.

- The toilet ceiling was having water leaking
- Door was having issues to lock

Overall the stay is pretty good."

## Reliability Dimensions



Jax wrote a review Mar 2017

Vancouver, Canada • 5 contributions



### Amazing Stay

"Our room (garden suite) exceeded our expectations. The room felt like a home: spacious, airy, modern decor, large bay windows, vaulted ceilings, toilet & shower was at opposite ends with floor-to-ceiling windows that made it feel outdoors (without actually being outdoors). Shower is pressure rain shower head. The room is surrounded by a zen-like sand garden, with a foot wash and outdoor shower area, and also a tall cement walls (for privacy).

Room was clean and hotel staff were very friendly. We were greeted with drinks when we arrived. All the staff at the resort were very friendly and helpful. Oscar took care of us during the 3 days we were there. We could easily find him no matter where we were at the resort, and what time of day (which worries us a little, as it seems they could be **working long hours**).