

EFFECT OF TANGIBILITY AND RELIABILITY SERVICE QUALITY TOWARDS HOMESTAY CUSTOMER SATISFACTION

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Accepted date: 2 April 2017

Published date: 12 October 2017

To cite this document:

Wahid, S. N. S., Dangi, M. R. M., Jabar, F. A., Muhamed, M. F. A. A., Paino, H. (2017). *Journal of Tourism, Hospitality and Environment Management*, 2(5), 44-53.

Abstract: *A homestay programme gives local and international tourists an opportunity to stay with a chosen family, interact and experience their daily life. They can also learn the culture and lifestyle of the rural communities in Malaysia. This programme is much related to the service quality provided by the homestay operators including tangible and reliable dimensions. Therefore, the purpose of this study is to determine the effect of these two dimensions on customer satisfaction. In total, 102 customers were selected and they stated that on the average, the tangible quality was rated as 4.95 out of 10 points which indicated that the overall tangible quality provided did not meet the customers' needs. Meanwhile, the reliability quality was rated higher than tangible quality ($M = 6.95$). The regression analysis revealed that the tangible and reliability has significant direct effect towards customer satisfaction ($\beta_1 = .676, p = .000; \beta_2 = .466, p = .000$). Furthermore, 58.30% of customer satisfaction was influenced by tangible and reliability quality itself. The study is hoped to provide a direction for service quality improvement especially in tangible and reliability of service quality dimensions to the homestay programme, and also the service industry in general. In addition, the findings could also be used for future research in the subjects of other service quality dimensions.*

Keywords: *Homestay programme, Tangible, Reliable, Customer Satisfaction*

Introduction

Tourism industry is a service sector that has been recognized to give a greater impact to the economy of a nation (Le Na, 2010). In Malaysia, tourism industry placed as the second largest contributor to the economy after manufacturing sector (Ibrahim & Abdul Razzaq, 2010; Abdul Aziz, Lim & Mahdzar, 2006). In fact, tourism was selected as one of the National Key Economic Areas (NKEA) under the National Transformation Programme (NTP) in 2010 as part of the Malaysia's growth plan to achieve high income status (Jala, 2016). As one of the tourism products, homestay program plays a crucial role to the economy since it can be considered as the fast growing segments of tourism market (Wang, 2007).

Foreign tourists visit the Malaysian homestay program to experience its uniqueness. Boasting a wide range of attractions, it offers tourists with such a beautiful nature, art and crafts, musical and cultural activities, habitat and vernacular architecture, historical significance, traditional food and beverage, agriculture projects or activities, and special phenomena (Ibrahim & Abdul Razzaq, 2010). With these reputations and its role in Malaysian economy, it can be surmised that homestay operators should envisage a high service quality to maintain survival and competitiveness of their business (Liao, 2012). Furthermore, Kasuma, Esmado, Yacob et al. (2016) stated that homestay program is a highly competitive in tourism market, hence demanding the homestay provider to offer a right quality service at a right time in order to gain customer satisfaction.

The quality can be defined as the attributes and features of products or services that could satisfy users. There are different perception towards quality in products and quality in service. The quality in products could be gained whenever the users feel satisfied and believe the products could fulfil their needs. On the other hand, the service quality could be different because it is based on perception upon the users received the services. In addition, the service cannot be maintained as production as it comes from the good or poor performance served by the organization. Parasuraman, Zeithaml & Berry (1988) mentioned that the quality services used to satisfy customers since it could dictate the poor or good services by users' perception that already experienced it. In other words, customer satisfaction is vital to the organization as they know it could create customer loyalty. Thus, the providers try to serve them with the best and high service quality. However, in the case of homestay, the different standards of perception by visitors have always provided key challenges to the providers to suit to the customers' satisfaction.

Literature Review

Studies on service quality and customer satisfaction started becoming the limelight in the 1980s (Williams & Uysal, 2003; Kayat, 2007). It is generally held that Swan and Comb (1976) are the early authors that concerned with the issues of measuring services quality and the factors of services quality (El-garaihy, 2013). Service quality is referred to the perceived quality or judgment by the consumers about an entity's overall excellence or superiority (Zeithaml, 1988). It is the relationship of what is desired and received by customers from the service. Researchers and practitioners have put their interest and emphasizes on service quality as it has significantly influenced the business performance, customer satisfaction, employee retention and profitability (Ali, 2015; Che Muhammad, Abd Jabar, Syed Wahid et al., 2015; Amin, Ismayatim, Nasharuddin et al., 2013; Sultan & Wong, 2013; Ali, Khan & Rehman, 2012) and

ensuring customer loyalty, high return on investment and gaining competitive advantage (Kim & Lee, 2010; Le Na, 2010).

On the other hand, customer satisfaction is defined as the extent of pleasure or contentment level felt by the visitors as a result from the experience of consuming a service (Severt, Wong, Chen et al., 2007). In tourism context, consumers are deemed to attain satisfaction when they perceived experiences services which are beyond their expectations (Aliman, Mohamed Hashim, Mohd Wahid et al., 2016). In addition, customer satisfaction resulting from high service quality in tourism will lead to positive word-of-mouth endorsements, repeat visits and referrals, which eventually affect the financial performance of suppliers associated with the tourism industry (Ismail, Hanafiah, Aminuddin et al., 2016).

Service quality of homestay business becomes one of the critical factors for the business to success. This factor will leads to customer satisfaction, stimulates repeated visits and encourages recommendations by the tourists (Kasuma et al., 2016). The renowned theoretical construct in measuring service quality and customer satisfaction is the SERVQUAL model developed by Parasuraman, Zeithaml and Berry (1985) which considers ten basic factors of quality. It is then concentrated and reduced to only five dimensions by these authors in 1988 to gauge the service quality consist of tangibles, assurance, empathy, reliability and responsiveness (Ali, 2015; Osman, 2013). These five dimensions are often used by many researchers and scholars to measure customer satisfaction towards service quality whether in tourism (Yator, 2012; Sriyam, 2010) or other various industries (Ali, 2015). However, Ali (2015) in his study mentioned that, various studies also reported issues on applicability and universality of SERVQUAL model which lead scholars and researchers to start modifying the model with different dimensions and terminologies.

The tangibles dimension is described as the physical quality such as facilities, equipment and personnel appearance (Parasuraman et al., 1988). According to Yator (2012), facilities like well-furnished reception desk or trained personnel can influence customer perceptions about tangibles service qualities. Meanwhile, Alsaqre (2011) in his study recommended that great attention must be given to all tangible factors of service quality because such factors have their influence on customers' loyalty and can bring more profits to the organization. This is also highlighted by Abdullah, Razak, Marzuki et al. (2013), measuring five satisfaction assessments such as comfort, safety, cleanliness, sufficiency and functionality towards the facilities provided at Langkawi Island jetty terminals. They find that the operators of tourism products and services should have precise plan and using a specific approach to conduct the maintenance activities of their facilities so that the tourist activities may be carried out without unnecessary hindrances and to maintain satisfaction level.

Customers will also evaluate the homestay operator whether they able to provide reliable services. It is the ability of the homestay provider to perform the promised service in a dependable and accurate manner, where they should do things right and put great honours to all commitments (Yator, 2012; Sriyam, 2010). For instance, homestay operator may perform tasks that have been promised to guests and the operator or staff itself willing to solve problems encountered by guests. In a study by Mei, Dean and White (1999) analysed service quality in hospitality industry by extending eight new items to the SERVQUAL scale, discovered that employees, tangible and reliability emerged to be the best predictors of overall service quality dimension used. It turns out that behaviour and appearance of employees is most likely to enhance consumer perceptions of service quality in hospitality industry (Mei et al., 1999).

Therefore, it is important to understand how the customer perceived the service quality rendered since it will be translated into satisfaction level of customer. In this research, two service quality dimensions which are tangible and reliable is used as a tool to measure customer satisfaction of homestay programme in Malaysia since this program has become a potential sector to improve the development of economy, infrastructure, social, and the environment factors especially in tourism sector (Pusiran & Xiao, 2013).

Research Methodology

Respondents

The selected sample consisted of local and international customers of homestay programme in Malaysia. The homestay location to be visited is located at Pahang because Pahang is the homestay pioneer in Malaysia and still established. The selected homestay programme is the programme registered under Ministry of Tourism and Culture Malaysia. All customers participated on a voluntary basis by answering a questionnaire.

Instrument

The data was collected through a self-developed questionnaire which included three sections; Section A, B and C. Section A focuses on demographic questions, Section B comprises five items of tangible service quality and Section C is based on eight items of customer satisfaction. Interval scales were used to record the responses for Section B and C that ranges from 1 = *Strongly Disagree* to 10 = *Strongly Agree*. The reliability tests to signify the consistency of the internal component was tested on the pilot study data. 30 homestay customers were selected in pilot study to test the questionnaire. As can be seen in Table 1, the reliability statistics for all variables exceeds the minimum value of 0.6, which shows the internal consistency of the variables in the scale. The reliabilities in the 0.70 range are acceptable and those over 0.80 are good (Awang, 2012; Sekaran and Bougie, 2010). As a result, the reliability analysis in Table 1 shows the three constructs are found to have good and acceptable reliabilities so that the same questionnaire can be used in field study.

Table 1: Reliability Analysis

Constructs	Number of items	Cronbach's alpha
Tangibility dimension	5	0.635
Reliability dimension	5	0.619
Customer satisfaction	8	0.873

Procedure

The IBM - Statistical Procedures for Social Sciences (IBM SPSS) 24.0 was used to code and analyze the data. The multiple regression analysis was conducted to identify whether the tangibles and reliability dimensions of service quality has any significant effects on customer satisfaction towards homestay programme. There are two hypotheses to be tested in this study as stated below.

H₁: Tangibility dimension has significant positive effect on customer satisfaction towards homestay programme.

H₂: Reliability dimension has significant positive effect on customer satisfaction towards homestay programme.

Findings and Discussion

In total, 48 (47.06%) male and 54 (52.94%) female customers were involved in this study. Majority of them are at least diploma holders (43, 42.16%) aged more than 20 years old. The following Table 2 shows the descriptive analysis for the tangibles and reliability dimensions of service quality towards homestay programme.

Table 2: Descriptive Analysis

Constructs	Mean	Standard Deviation
Tangibility dimension		
<i>Modern-looking equipment</i>	7.7941	0.9370
<i>Appealing physical activities</i>	6.3725	1.3638
<i>Neat appearance of Homestay operator and family members</i>	6.2647	1.7230
<i>Appealing materials of service visually</i>	6.6863	1.0529
<i>Good condition</i>	7.1471	0.7499
<i>User friendly</i>	7.7941	0.9370
Reliability dimension		
<i>Homestay operator keeping promise</i>	6.4510	0.9079
<i>Homestay operator sincere to solve customers' problem</i>	5.5000	0.9518
<i>Homestay operator service right the first time</i>	5.9118	1.0060
<i>Homestay operator provide services at the time</i>	3.5588	0.8393
<i>Insist on error-free records</i>	3.3431	1.0196

Preliminary assumption testing indicated that all the three constructs; tangibility dimension of service quality ($M = 4.95$, $SD = .6037$), reliability dimension of service quality ($M = 6.85$, $SD = .7451$) and customer satisfaction ($M = 5.86$, $SD = .7274$) feedbacks were normally distributed since the p -value of normality test was more than 5% level of significance. The correlation analysis in reveals that there is no multicollinearity problems occurred between the two dimensions since the correlation values, $r = -.146$ is less than $r = .850$ (Awang, 2012). The results suggested that multiple regression analysis is appropriate for the next analysis.

The researcher interested to examine the effect of tangibility dimension and reliability dimension on customer satisfaction towards homestay programme. In this study, customer satisfaction towards homestay programme in Malaysia is dependent variable, Y and tangibility dimension and reliability dimension become independent variables. The regression model based on the study can be written as follows.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon_i,$$

where Y = customer satisfaction, X_1 = tangible service quality, X_2 = reliability service quality and ε_i is the model error which assumed to be normally distributed with constant variance.

A multiple regression analysis shows that the result of the model is significant ($F_{2, 99} = 69.194$, p -value < .01) with both of the predictors are significantly affecting the customer satisfaction towards homestay programme as shown in Table 3. In addition, the correlation value of the model is 0.764 and the coefficient of determination, r^2 is 0.583. This value indicates that the tangibility and reliability dimensions of service quality can explain 58.30% of the effect of customer satisfaction towards homestay programme, and the other 41.70% was affected by other predictors.

Table 3: Analysis of Variance

Model	Sum of squares	Degree of freedom	Mean square	F	p -value
Regression	31.150	2	15.575	69.194	.000
Residual	22.284	99	.225		
Total	53.435	101			

In addition, results also show that the tangibility service quality is a significant predictor of customer satisfaction towards homestay programme since the p -value = .000 (p -value < .01) as stated in Table 4. The result of this significant predictor is supported by Yator (2012) and Alsaqre (2011) who found that tangibility dimension can influence customers' perceptions and also customers' loyalty. Furthermore, this study also found that the reliability dimension has significant positive effect on customer satisfaction, consistent to the study done by Yator (2012), Sriyam (2010) and Mei (1999). These two significant findings indicated that all the two hypotheses (H_1 and H_2) are supported.

Table 4 also shows the result of collinearity test which the results obtained can conclude that there is no multicollinearity exist since the value of tolerance for each predictor is greater than 0.1 ($VIF < 10$) and consistent to Awang (2012). Therefore, the results indicate that with better service quality of tangibility and reliability dimensions, the customers tend to have better satisfaction level towards homestay programme in Malaysia, as stated by Kasuma et al. (2016). This will lead an improvement of service quality that increases customers' perception towards the programme.

Table 4: Regression Analysis

Model	Coefficient	Standardized Beta	t	p -value	Collinearity Statistics	
					Tolerance	VIF
Constant	-1.294		-2.051	.043		
Tangibility	.815	.676	10.311	.000	.979	1.022
Reliability	.455	.466	7.107	.000	.979	1.022

The estimated regression model for this study can be written as follows.

$$\hat{Y} = -1.294 + 0.815X_1 + 0.455X_2$$

Conclusion and Recommendation

This study found that on the average, the selected customers scored only 4.95 out of 10 points for the tangibility service quality provided and 6.85 points for reliability service quality provided by the homestay operator. It shows that the customers have better positive perception in reliability dimension compared tangibility dimension by almost two points. These results indicated that the physical quality such as the facilities, equipment and the personnel appearance provided did not satisfy the customers properly. The score will lead the customers to have negative perceptions towards Homestay programme and at the same time they will have no intention to visit the Homestay again in future. In addition, 58.30% customer satisfaction towards the programme was influenced by the tangibility and reliability service quality dimensions, indicates that there is enough evidence to prove that these two dimensions of quality are positive significantly affected customer satisfaction.

Therefore, homestay operators should take further actions to improve their service quality which is not only limited to tangibility and reliability quality, but also to other service quality dimensions. Future study may emphasize the other factors influencing customer satisfaction such as responsiveness, empathy, assurance or safety quality of wider region. Thus, it is hoped that the findings from this study provide some useful information to those who are involved in homestay programme because the quality services are important in satisfying customers since they can dictate the services either poor or good by users who already experience it.

Acknowledgement

Sincere thanks to the Universiti Teknologi MARA, Malaysia for the financial support from the Research Acculturation Grant Scheme (RAGS/1/2014/SS05/UiTM//21).

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