Impact of service quality and customer satisfaction on tourism industry

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ABSTRACT

Tourism industry plays a significant role in the economy of a country. The main purpose of the study is to examine the effect of service quality on the level of tourists’ satisfaction, revisit, and the development of tourism industry. The study provides the importance of tourism industry, concept and dimensions of service quality and impact of service quality on tourism and customer satisfaction. The finding of the study revealed that components especially Quality of accessibility, accommodation, venue and their dimensions contribute directly in satisfaction of tourists, their intention to return and eventually development of tourism industry in a region which should be considered highly by managers of tourism industry. The study also provides the recommendation to the future studies.

Keywords:
Service quality, Customer satisfaction, Tourism

1. Introduction

In this global environment, each business faces an increasing in competition like, advantages, profitable ways and efficiencies to differentiate themselves from others. Therefore, in the market service plays one of the important roles in the economic development of a country. Furthermore, to improve the quality of services it enhances the customer satisfaction level, customer retention, profitability and financial performance, while reduces the turnover and operating costs [1-3]. In the same manner, service quality has been considered a very hot debatable topic in the marketing research. Till to date, services quality and their impact on tourism industry has not evaluated in the selected context.

In this contemporary and dynamic world situation, tourism industry is one of the largest industries and despite recent events that have made its operating environment more complex, while the tourism industry continues to grow [4]. In 1995, 120 million jobs have continued accounting for

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7% of the global workforce. In 1994, numbers of international travelers were double to 1 billion in 2010, and his responses rate was 80% from 20 different countries. According to the estimation of Lansing and De Vries [5], the international arrivals augment from 730 million in 2002 to 1.56 billion in 2020. World Travel and Tourism Council (2009), the tourism industry has increased a gross income of U.S. 3.5 trillion Dollars and it is foreseen to increase to U.S. 7.0 trillion Dollar by 2011 [6].

The impact of tourism is extremely mixed. Tourism has a significant positive role in the political development and socio-economic in countries, for example, offering new job opportunities. It may add to a broader cultural understanding by creating awareness, respecting the diversity of cultures and life style. If there were some complaints from tourists purpose concerning enormous negative impacts upon environment, culture and local life style, than tourist have given rise to a demand for a more sustainable development in tourism.

Form the above significant discussions of the tourism and service quality, it has observed that in the economy and job promotion of the country tourism plays a significant role. Therefore, the aim of this study is to analyze the impact and relationship of service quality on tourists and customer satisfaction in Pakistan and especially in Malakand division Khyber Pakhtoonkhwa.

2. Literature review

There has been debate on the literature about the variables tourism, recent changes services quality and customer satisfaction. Started from recent changes in the world, the economists take into account that Tourism industry is one of the main discussion and important topic in the field of research. The topic has an importance to discuss the effect and impact of tourism on the economy of a country. Similarly, in the previous literature scholars suggested that tourism offers the introduction of civilizations, races, lands, people and tribes [7]. Tourism can be quite a resource of income all over the world.

In the twenty-first century, Tourism industry has been noticed as one of vital, diverse and richest global industries. In the future, tourism industry will be on the top of world list in income industries. Foreign exchange earnings in this industry include a high benefit for local economy of a country [8]. Therefore, from previous literature it has shown that many countries feels that the tourism industry as an essential and main revenue stream, opportunities for employment, personal sector growth and monetary infrastructure strengthening [9]. Particularly in developing countries and communities, other designs of economic development like extraction of natural sources or production of artifacts are not economically efficient and have a significant role in world trade [10].

2.1. Service quality

According to Zineldin [11], there is no single universal definition of service quality. However different definitions of service quality are stated by various authors; Grönroos [12] defines service quality as “the outcome of an evaluation process where the consumer compares his expectations with the service he perceived he has received” (p. 37). Another researcher defined Service quality as the difference between the customer’s expectations and the customer’s perceptions of the service received [13]. Prasuraman, Zeithaml and Berry [14] defined service quality as” an attitude related, but not equivalent to satisfaction and result from a comparison of expectation with perception of performance.” Webster [15] stated that a way of measuring how very well the services level provided matches customers’ expectations with a consistent basis. The viewpoint of Lee, Khong and Ghista, [16] on service quality is the ability to satisfy as well as meet or go over the customers’ expectations. From the previous definitions, it is concluded that service quality is disconfirmation paradigm.
However, service quality is surely a vital determinant connected with customer satisfaction. Service quality is considered as an essential component for every customer in addition customer is the individual who describes the product quality [17].

Furthermore, service quality increases customer satisfaction and leads the nation to better fiscal performance [18]. In tourism, Managers attempt to improve the level of services and customer satisfaction that makes the loyal guests, while as these loyal visitors turn back to their destinations they will recommend place, manager, hotel due to hospitality [19]. Therefore, Sparks and Westgate [20] declared that the failure in the services may cause devastating for the organization due the reason that visitors might go for the finest service providers.

The researchers Parasuraman, Zeithaml and Berry [14] developed SERQUAL model. This model revealed ten dimensions named as tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding/knowing customers and access [21]. Later, different five basic and five dimensions were scrutinized which are assurance, reliability, responsiveness, tangibles and empathy. civility and knowledge of the employees is defined by assurance, trustworthiness and precise performance is explained by reliability, swift and enthusiastic response towards the customer service is laid under responsiveness, tangibles explains the things which are physical like the materials, facilities and the personals, lastly dedicate attitudes towards customers come under the empathy [22]. After comprehensive review of the literature, researchers such as Asubonteng, McCleary and Swan, [23] and Kettinger and Lee [24] concluded that number of dimensions of service quality varies in different working environment. Similarly, Zeithaml [25] identified customer did not see quality as a unidimensional construct. According to Parasuraman et al. [14] identified service quality on the bases of five dimensions, including, responsiveness, tangibles, empathy, assurance and reliability, which examine the value and information of consumers about the service quality.

However, in SERVQUAL model, researchers have examined different other dimensions to assess service quality such as (convenience, understanding and caring, adequacy in service supply) where the researcher noticed the “continence” is considered as a new indicator of the service quality. SERVQUAL scale is the most valid and reliable scale and considered as a multi dimensional instruments [14, 26]. The researcher argued that SERQUAL model is no doubt a useful tool but it needs to be adapted for the cultural context and specific service environments [27]. Few of the articles empirically support the SERQUAL approach in the tourism industry.

2.2. Customer satisfaction

Customer satisfaction is well established and recommended concept in numerous areas of research especially in marketing and advertising, consume research, economic psychology, welfare economics and as well as economics [28]. Oliver [29] stated that customer satisfaction is “a total psychological state when there is an excited discrepancy between the emerging emotion and expectation, and such an expectation is a consumer’s feeling anticipated and accumulated from his/her previous dealing of purchasing. Customer satisfaction as when the needs, wants and the expectations of the customers are met [30], where, Boeselie, Hesselin, and Wiele [31] and Sumaedi et. al [32] reported that customer satisfaction is “a positive, affective state resulting from the appraisal of all aspects of a party's working relationship with another” cited in. According to Kotler, [33] customer satisfaction is the feelings of contentment or unhappiness as a result of comparing the perceived performance of products with the expected. If perceived performance does not meet which is expected from the managers, the customer will be dissatisfied and feel unhappy. Customer satisfaction incorporates a long-term monetary affects the business [34, 35]. Bitner and Hubert [30]
distinguished between customer satisfaction and service quality, and stated that customers’ satisfaction results from individual and global transactions, whereas service quality involves a general impression of the superiority or inferiority of the service provider and the services.

3. The relationship between service quality and customer satisfaction

The important thing of achievements within today’s competitive atmosphere is based on giving good quality services and which increase the amount of satisfaction [36]. In the recent literature, Hau and Omer [37] stated that in terms of tourism, tourists are the customers and source to develop the national income of the country. Therefore, if the continuous development of tourism industry is desired, service quality should be evaluated and improved for the satisfaction of the customers. While it has observed from the studies, that loyal customer will be always satisfied and turn back. He or she will not only revisit but also promote the place for tourism [38, 39].

Many studies have investigated the relationship between service quality and customer loyalty [40] and the customer reported for the better services [41] and possible continued usage of the product in the near future [42]. Milbourn et al. [43] examined that understanding the satisfaction level of customer is very important in every industries and especially in the tourism industry. Satisfaction is most commonly explained in terms of the disconfirmation approach, which illustrated that the variations between actual services carried out before and after purchasing expectation and perceptions. Babakus et al [18] investigated that satisfaction plays the mediation role in the relationship between perceived service quality and firm performance. The researcher Bitner, et al [44] found that satisfaction is an antecedent to service quality.

In the most recent study conducted in Sri Lanka, Nguyen, [45] examined the relationship between service quality and customer satisfaction and also determined various dimensions of service quality like tangibility, reliability, assurance, responsiveness and empathy. The results of the study show that there is positive and significant relationship between service quality and customer satisfaction. Further the research revealed the significant impact of service quality on customer satisfaction. In the context of Malaysia in hotel industry study of Suki [46] using structural equation modeling (SEM), found the five dimensions of service quality which are assurance, reliability, responsiveness, tangibles and empathy are correlated with the tourists’ satisfaction [47]. Similarly, Ladhari [48] also pointed five different components of service quality like assurance, reliability, responsiveness, tangibles and empathy with perception of overall satisfaction level and reveal that there is significant relationship between service quality and customer satisfaction in hospitality industry in Bangladesh [49].

In telecommunication industry the findings of research Ojo [50] also showed there is positive relationship between service quality and customer satisfaction and service quality has an impact on customer satisfaction. The researcher suggested that to make sure the amount of customer satisfaction is high; organizations need to first come to know the expectations of the customers then how to fulfill those expectations. In the context of Pakistan (Islamabad, Lahore, Karachi and Peshawar) Khan and Sheikh [51] also found significant impact of service quality dimensions (tangibles and responsiveness) on satisfaction of customers of restaurant of Pakistan [52]. Saleem and Raja [53] also suggested that high service quality would increase customer satisfaction, which results customer loyalty in hotel industry of Pakistan. While In the tourism industry, the study conducted by Hau and Omar [37] investigated the causal relationship between components of service quality and tourists satisfaction and reported that service quality has positive impact on tourists’ satisfaction [47]. An attempt by Ababneh also confirmed that service quality has direct impact on tourist satisfaction and argued that service quality has a key role in tourism which is a source of enhancing tourists’
satisfaction [7]. According to the study of Salleh et al. [6] it was aimed to investigate the travelers’ satisfaction with their visit to Malaysia along with the factors.

In addition, the researchers also identified factors, which contribute to tourists’ satisfaction; tourists’ attraction in the country, beautiful scenery, custom and culture, hospitality service providers etc. The researchers revealed that in the year of 2008, Malaysia national income by tourist visits was reached to RM 49.6 billion, and reported that manufacturing industry and tourism industry is the two largest industries which contributes to economic growth. Ebrahimpour and Haghkhah conducted research to examine the role of service quality in tourists’ revisit and development of tourism industry. The researcher first reviewed the importance of tourism industry and dimensions of service quality and secondly examined the impact of service quality in tourism and customer satisfaction. In addition, the researchers found that the dimensions of service quality (quality of accessibility, accommodation, and venue) have direct and positive effect on tourists’ satisfaction and their intentions to revisit would lead development of tourism industry. Chen, Lee, Chen and Huang [54] studied tourists’ satisfaction and its relation with service quality in Taiwan by using hierarchal model, which combines four primary and eight sub dimensions and reported that positive relationship between service quality and tourists’ satisfaction.

From the aforementioned discussion of different empirical studies, the researcher is ready to conclude, that service quality has direct impact on tourists satisfaction and their intend to revisit. Revisit intention not only allows examining the strengths and weakness, but also finding out the key factors, which effect revisit intensions.

4. Research methodology

The research was conducted quantitative in nature and using cross sectional approach. Therefore, data was collected through a structured questionnaire. The total number of population was 440 respondents, while according to Krejcie and Morgan [55] One Hundred sixty two 205 respondents were selected as a sample from district Swat Malakand Division KP Pakistan. The questionnaires were distributed to 205 respondents, where the response rate was 79%.

For the validity of the study questionnaire was discussed with the experts in the field of marketing and tourism. After getting their expert opinion and approval regarding both the content and construct validity. The administrated questionnaire was distributed among the selected respondents. The instrument was designed based on 5-Likert Scale starting from strongly disagree to strongly agree [56, 57]. For collection of data, self-administrated questionnaire was used as research instrument. It consisted of 25 items. Cronbach alpha was applied to examine the reliability of the research instrument. The value of reliability was 0.80, which is greater than the acceptable standard value (0.7). The rate of return was 75% as all the participants in the research study returned the questionnaire distributed to them [58].

5. Research hypotheses

H1: Quality of accessibility has significant relationship with tourists’ satisfaction.
H2: Quality of accommodation has significant relationship with tourists’ satisfaction.
H3: Quality of venue has significant relationship with tourists’ satisfaction.
6. Analysis of data

For analysis, the data collected from the respondents and used a statistical software called Statistical Package of Social Sciences (SPSS) version 21. After coding, entering and refining the data the researchers found the reliability by Cronbach’s alpha, correlation and regression analysis. The analysis of the data is discussed below.

6.1. Correlation analysis

Correlation was measured to examine the relationship between independent variables (quality of accessibility, quality of accommodation, quality of venue) and the dependent variable (tourists’ satisfaction).

Table 1
Correlation analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Tourists satisfaction</th>
<th>Quality of Accessibility</th>
<th>Quality of Accommodation</th>
<th>Quality of Venue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourists satisfaction</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of accessibility</td>
<td>0.83*</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality of accommodation</td>
<td>0.742*</td>
<td>0.741*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Quality of venue</td>
<td>0.753*</td>
<td>0.792*</td>
<td>0.80*</td>
<td>1</td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.01 level (2-tailed).

Independent (Quality of accessibility, Quality of accommodation, Quality of venue) variable has strong correlation value with community confidence and significant at p value of 0.01. Quality of accessibility, Quality of accommodation, Quality of venue have a significant relationship with dependent variables (Tourists satisfaction) through correlation values and significant at p value of 0.01.

6.2. Regression analyses

Regression analysis has been used to test the hypotheses one by one. 

**H1:** Quality of accessibility has significant relationship with tourists satisfaction.

In Table 2, the value of coefficient beta 0.79 shows significant relationships between the variables. The value of R-square 0.672 shows that 67.2% variation in the dependant variable, tourists satisfaction, is explained by independent variable i.e. Quality of accessibility. The model’s goodness of fit is shown by F-value that is 268.0. Therefore, H1 is accepted and the researcher concluded that Quality of accessibility has significant relationship with tourists satisfaction.

Table 2
Regression Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>R square</th>
<th>t-value</th>
<th>Coefficient</th>
<th>F-value</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of accessibility</td>
<td>0.672</td>
<td>16.33</td>
<td>0.73</td>
<td>268.0</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**H2:** Quality of accommodation has significant relationship with Tourists satisfaction.

In Table 3, the value of coefficient beta 0.67 shows significant relationships between the variables. The value of R-square 0.76 shows that 76 % variation in the dependant variable; tourists satisfaction is explained by independent variable that as Quality of accommodation. The model’s goodness of fit
is shown by F-value that is 261.3. Therefore, H3 is accepted and the researchers concluded that Quality of accommodation has significant relationship with tourists’ satisfaction.

<table>
<thead>
<tr>
<th>Variables</th>
<th>R square</th>
<th>t-value</th>
<th>Coefficient</th>
<th>F-value</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of accommodation</td>
<td>0.76</td>
<td>15.33</td>
<td>0.67</td>
<td>261.3</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**H3:** Quality of venue has significant relationship with Tourists satisfaction.

In Table 4, the value of beta is 0.67, significant relationships between quality and tourists satisfaction. Moreover, the value of R-square 0.647 shows that 64.7 % variation in the dependant variable; tourists’ satisfaction is explained by independent variable such as Quality of venue. The model’s goodness is shown by F-value that is 266.1. Therefore, H3 is accepted and the researchers concluded that Quality of venue has significant relationship with tourists’ satisfaction.

<table>
<thead>
<tr>
<th>Variables</th>
<th>R square</th>
<th>t-value</th>
<th>Coefficient</th>
<th>F-value</th>
<th>P value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of Venue</td>
<td>0.647</td>
<td>19.03</td>
<td>0.66</td>
<td>266.1</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### 7. Discussion

According to the data analyses the study shows that all the components of service quality have strongly affect on the tourists' satisfaction and intend to visit once again which enhance the development of tourism industry. Therefore, the results of the study due to testing the hypotheses illustrated that:

- Quality of accessibility to the places and things contributes strong and positive relationship with the tourists’ satisfaction. Therefore, the results of the hypothesis determine that Quality of accessibility is significantly correlated with tourists’ satisfaction. Moreover, Quality of accessibility initiatives in swat have brought about positive changes in the behaviors and attitudes of the communities.
- Quality of accommodation during the stay contributes have directly and positively relationship with the tourists satisfaction. The second hypothesis explained the significant correlation between tourists’ satisfaction and Quality of accommodation.
- Quality of venue contributes have strong, direct and positive association with the tourists satisfaction. The third hypothesis explained that there is a significantly correlation between tourists satisfaction and Quality of venue.

### 8. Conclusion and recommendations

Service quality is formed by feelings and attitudes experienced by customers via the service provided by tourism agencies and actors. Based on their personal perceptions of the services, customers generally form their experiences [37, 59]. The proposed study conducted to examine the relationship of service quality and customer satisfaction. The study result showed that different components of service quality are accommodation, quality of accessibility, venue have significant and positive relationship with customer satisfaction, and having intension return and developed the tourism industry in a region. Having knowledge on these areas and considering these important
issues would definitely help managers meet the challenge of improving service quality in the tourism industry [53, 60].

Sports tourism contributes to the customer satisfaction. The customer interact with the local area people and the people explains their ways and the tourist tries to clear their expectation about the area, which is very difficult task to clear the customer expectation [61]. The purpose of proposed study was to examine the role of service quality in the development of tourism industry and revisits the tourists’. It can be concluded that Quality of accessibility, Quality of accommodation, quality of venue, will be promote the tourism industry and having positive relationship with tourism industry.

Each study has limitations, therefore this study is also not exempted from certain limitations. Firstly, the study used cross sectional approach, Secondly, research study was confined to district swat Malakand division and even the sample was limited to produce more reliable and valid results and having bias in the study population in making decision. Therefore, the researcher suggested for future research that should be conducted in other areas of Pakistan having longitudinal study. Last but the least, the researcher did not compare the findings with other same studies conducted in the country.

References


