
Factors Affecting Customer Satisfaction: The Case of Ethiopia Hotel, Addis Ababa

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Abstract

The research topic in this study was to investigate the link between service quality, customer expectations, customer complaints, customer satisfaction, and customer loyalty in the Ethiopian hotel. The research method adopted for the study was explanatory, non-experimental quantitative research based on the convenient sampling technique that targeted 300 hotel customers in Ethiopia using both primary and secondary data collection tools. The findings revealed several key insights: Service quality with customer expectation was found to have a positive link with customer satisfaction while customer complaint also has a direct positive effect on customer satisfaction means complaints can provide a chance to improve customer satisfaction with the hotel. This research also reveals that there is no straight relationship between customer satisfaction and customer loyalty this might be so because other factors than satisfaction such as brand image, customer perceived value, and engagement may play a vital role in this regard. The scholars suggest hotel managers practice customer-oriented strategies for the identification of effective complaint handling, Customer Perceived Value increase, Company Reputation improvement, and the acknowledgment of the factors that contribute to Customer Loyalty. The practical implications include developing a targeted strategy to improve customer experience and retention.

Keywords: service quality, customer complaints, customer satisfaction, customer loyalty

INTRODUCTION

The hospitality sector is part of the larger travel and tourism industry, which is one of the fastest-growing industries worldwide, providing necessary and desirable goods and services to travelers. (Kumar et al., 2024b, 2024a) The hospitality industry, in particular, is primarily focused on customer satisfaction. (Abdulrab & Hezam, 2024; Parasuraman et al., 1988; Tai et al., 2021). It is largely built on leisure or luxury-based offerings, as opposed to meeting basic needs. Hotels and resorts, cruise lines, airlines, various forms of travel, tourism, special event planning, and restaurants all generally fall under the realm of the hospitality industry. (Camilleri & Camilleri, 2018; Holovnia O et al., 2022; Ștefănică et al., 2021).

Points out that guest satisfaction in the hotel industry is the highest priority for owners and managers competing with hundreds of others, as personal services are at the top of travelers' lists of the most important factors when considering a hotel stay. The tailoring of customer service has led to more and more customers switching from one service provider to another, especially in the hotel sector, where guests prefer a high level of service, and individual requirements are therefore much differentiated. (Kandampully et al., 2018).

Customer satisfaction and service quality are the key elements of attaining competitive advantage in the hospitality industry (Priyo et al., 2019; Zeithaml, 1988). Research foresees the hotel industry as one of the sectors that significantly contributes to

industrialization (Qiu et al., 2022) and hotels have recognized customer satisfaction as a critical marketing tactic in differentiating themselves from competitors, leading to a heightened understanding of guest preferences and total worth to enhance the guest experience and maximize hotel revenue.

Studies in the hospitality industry have identified two significant areas: customer satisfaction and service quality (B. J. Ali et al., 2021). These issues are vital for researchers and practitioners in this field, as both customer satisfaction and service quality have a significant impact on the performance of the business and the treatment of customers. (Alam, 2021). Hamadziripi, (2023) Believed that service quality leads to greater prosperity and customer satisfaction, and numerous empirical researchers, such as Suhartanto et al., (2021), have examined the strong connection between customer loyalty and customer satisfaction. (Zeithaml, (1988) Also mentioned is the relationship between positive perceptions and customer satisfaction, and therefore, the evaluation and observation of service quality and customer satisfaction is one of the essential approaches for customer-focused firms. Moreover, maintaining customer satisfaction is a significant challenge for management in the service industry, as customer satisfaction is the best indicator of a company's future profits. (Dat et al., 2024; Kotler philip & Keller, 2016).

During the recent decade, many aspects and dimensions have been defined to improve the level of customer satisfaction in the hospitality industry (Parasuraman et al., 2022). While most of these studies have used significant variables, the importance of service quality, perceived value, and customer expectations still requires further consideration (Zeithaml, 1988). Some researchers have also examined the correlation of variables such as customer loyalty and customer value (Suhartanto et al., 2021). In the hospitality industry, hotel managers should have a better perception of which factors provide customers with higher value to expand and improve their business. Cronin (2022) stated that there is still no clear understanding of the variables that customers value, due to the changing nature of value offerings. Over the decades, based on studies of the hospitality industry, two significant areas have been introduced: customer satisfaction and service quality (Parasuraman et al., 2022). These issues were vital for researchers and practitioners in this field of study. In the hospitality business, both customer satisfaction and service quality have a significant impact on the performance of the business and the treatment of customers (Hamadziripi, 2023). Hamadziripi, (2023) Believed that service quality leads to greater prosperity and customer satisfaction. Several empirical researchers, such as (Suhartanto et al., 2021) Have examined the strong connection between customer loyalty and customer satisfaction. Zeithaml (2018) also mentioned the relationship between positive perceptions and customer satisfaction, and therefore, the evaluation and observation of service quality and customer satisfaction is one of the essential approaches for customer-focused firms. Moreover, maintaining customer satisfaction is a significant challenge for management in the service industry (Kotler & Keller, 2016). Customer satisfaction and service quality are the key elements of attaining competitive advantage in the hospitality industry (Abdulrab & Hezam, 2024; Priyo et al., 2019; Wirtz & Zeithaml, 2018). Therefore, three independent factors, including service quality, perceived value, and customer expectations, are considered effective factors in customer satisfaction (Parasuraman et al., 2022). The study aims to examine the key factors that contribute to customer satisfaction in the Ethiopia Hotel, Addis Ababa.

Statement of the problem

Customer satisfaction is an ambiguous and abstract concept, and the actual manifestation of the state of satisfaction can vary from person to person and product to product (Oliver, 2014). The state of satisfaction depends on several psychological and physical variables, which correlate with satisfaction behaviors such as return and

recommendation rates (Wirtz & Zeithaml, 2018). The level of satisfaction can also vary depending on other options the customer may have and other products against which the customer can compare the organization's products.

Previous studies have examined the evaluation of customer satisfaction in the hospitality industry. For instance, (Xie & Chaipooirutana, 2014) Had tested the measurement of customer satisfaction in 5-star hotels. They used variables such as customer loyalty, price, time, and hotel attitudes, and the results showed that there were positive relationships among those variables and customer satisfaction. However, research on the improvement of customer satisfaction was limited, and no study was found that examined service quality, perceived value, and customer expectation altogether. Therefore, by analyzing the factors of service quality, customer loyalty, customer complaints, and customer expectation together, this study aims to provide a more comprehensive understanding of the drivers of customer satisfaction in the hotel industry. Secondly, as the previous studies have focused on limited variables, this research seeks to fill the gap in the existing literature by exploring the combined impact of these four key factors on customer satisfaction. In the highly competitive hospitality industry, understanding the critical factors that influence customer satisfaction is crucial for organizations to gain a competitive edge and maintain their market position. (Wirtz & Zeithaml, 2018).

The current study was carried out with the view of offering a broader perspective on the antecedents that influence customer satisfaction within the hotel industry concerning Ethiopia Hotel. For example, according to Oliver, (2014) Customer satisfaction is a rather vague and philosophical phenomenon, and what it means in terms of the actual occurrence can be significantly different depending on the consumers and the products Prior research work has investigated customer satisfaction in the context of the hospitality industry, however, the existing work has produced quite restrained results (Xie & Chaipooirutana, 2014). This research seeks to establish the interaction effect of four elements; service quality, customer loyalty, customer complaint, and customer expectation on customer satisfaction in the hotel industry (Kotler philip & Keller, 2016; Wirtz & Zeithaml, 2018). There are different research studies conducted to analyze the critical factors of customer satisfaction previously, but they preferred a limited number of variables, so, this research aimed to give a more comprehensive analysis of factors affecting customer satisfaction. Remarkably, this study was conducted in the hotel industry in Ethiopia where research on the determinants of customer satisfaction is scarce. In the context of concepts and ideas held by the numerous organizations that are today operating in the highly competitive environment of the hospitality industry, it is important to establish what factors most affect the satisfaction of the customer (Wirtz & Zeithaml, 2018). However, to the best of the author's knowledge, there is no research work done in this regard on the Ethiopian hotel industry. Hence it is the objective of this study to establish the overall effect of the four identified factors on customer satisfaction in Ethiopian hotels to contribute knowledge that is valuable to the improvement of customer satisfaction needed for the success of the hotel organizations in the country.

Research proposed by (Irawan & Soedarsa, (2024) Is designed to assess the impact of service quality and facilities on customer satisfaction in the selected hotel known as Ubud Anyer Hotel, as well as to determine the factors that may affect customer satisfaction to the greatest extent. Therefore, the study subject involves the customers who are clients at the Ubud Anyer Hotel, with the sample selected as 17-25 years, 30 customers. The assessment tools comprised of validity and reliability tests for the conduct of the research. The quantitative data analysis method used is Multiple Linear Regression Analysis accompanied by Hypothesis testing using F-test and T-test.

The results indicate that service quality and the facilities that are possessed by the Ubud Anyer Hotel affect the customers' satisfaction in a manner. This implies that customer satisfaction in the hotel depends on the ability to deliver quality services and maintain the facilities hence the need to emphasize the quality of service delivery. The findings offer strategic implications for the Ubud Anyer Hotel management, with suggestions to pay particular attention to enhancing the service quality and properly maintaining the hotel's facilities since young travelers' expectations are dynamically changing. The results help to enhance theoretical knowledge of factors that can affect customer satisfaction in the context of the hospitality industry.

The general objective of this study is to assess the factors that affect customer satisfaction in the case of Ethiopian hotels. To achieve the general objective the researcher was appraised the following specific objectives 1) To examine the effect of service quality level on customer satisfaction. 2) To investigate the effect of customer expectations on customer satisfaction. 3) To analyze the relationship between customer complaints and customer satisfaction. 4) To determine the influence of customer loyalty on customer satisfaction.

This research will be used to initiate for those who are interested in conducting a detailed comprehensive study regarding the factor affecting customer satisfaction in the hotel industry it may enable the governing body specifically the Hotel Management, the responsible body to be aware of the importance, use of providing quality service plus for the researcher the study helps to gain some experience in identifying customer satisfaction as well as it helps intended for the organizations (Ethiopia hotel) know the appropriate service quality related to customer satisfaction along with expanded customer satisfaction in hospitality industry furthermore it helps to boost the customer satisfaction in the hotel industry.

The primary goal of this study was to examine the key factors affecting customer satisfaction in the case of the Ethiopian hotel industry. The study was specifically focused on the elements outlined in the conceptual framework, without including any additional components. The data for this research was collected from customers of Ethiopian hotels. The timeline for the study spanned from June to July 2024. The study utilized a quantitative approach. Data collection methods included questionnaires to provide a comprehensive understanding of the topic.

Limitations of the study

One potential drawback of this study was the limited generalizability of the findings, which may be unique to Ethiopian hotels and difficult to apply to other hotels. Furthermore, the study's sample size may affect how representative the findings are. Issues related to data availability and accessibility could also impact the depth and comprehensiveness of the analysis. Respondent bias may have an influence on the reliability of the information gathered. Lastly, time constraints could limit the amount of information collected and restrict further exploration of relevant aspects. Notwithstanding these constraints, an attempt was made to minimize their influence and interpret the results in light of the overall objectives of the study.

RESEARCH METHODS

Research Design

This research involved a descriptive and explanatory research design. In terms of the descriptive aspect, it assisted in explaining and describing the study, unveiling how the phenomenon is explained and understood by various scholars (Shobande & Ogbeifun, 2023). The specification component will encompass the identification of the mechanisms and causal conditions for the important variables, but also their evaluation, which was part of the explanatory component of the model (Shobande & Ogbeifun, 2023).

Research Approach:

This research used quantitative design since it may be necessary at some point to collect large amounts of data within a short period (Bell et al., 2019). As a way of data collection, the researchers used a questionnaire which afforded the researchers deeper contextual information. Descriptive and analytical quantitative data was included in the study design to acquire various numeric predictors to measure and compare the variables of interest through statistical modeling by the researchers.

a. Sampling Design

1) Population

The target population for this study was all customers who have stayed at Ethiopia Hotel. This includes both domestic and international hotel guests. The researchers aimed to capture a diverse sample in terms of age, gender, and purpose of stay (business, leisure, etc.). This approach is consistent with recent recommendations in the hospitality literature, which emphasize the importance of understanding the diverse needs and experiences of hotel guests to drive innovation and enhance customer satisfaction (Abdulrab & Hezam, 2024; Tefera & Govender, 2017).

2) Sampling Size

To determine the appropriate sample size, the researchers used the formula proposed by Lamola & Yamane, (1967) For calculating the sample size for a finite population:

$$n = N / (1 + N(e)^2)$$

Where:

n = sample size

N = total population size

e = margin of error (assumed to be 5% or 0.05)

To account for potential non-response or incomplete responses, the researchers aimed to collect data from at least 300 hotel customers.

3) Sampling techniques

The research study of the proposed work involved convenience sampling, where participants were selected from the hotels' customers in Ethiopia. This sampling technique is regarded as appropriate for several reasons. Firstly, convenience sampling enables the researchers to approach several on-site customers in a hotel and be able to administer the study to them. This is particularly viable when dealing with hotel customers who are often unique and might not easily be contacted using other sampling techniques. Similar to the work by Phi et al., (2024) that used convenience sampling method to obtain data from hotel customers. Secondly, convenience sampling is efficient and inexpensive because compared to other types of sampling, the researchers target a population that is easily accessible and does not take much time to recruit the participants for the study (PAL, 2024). This aspect has been explained in research such as Shruti Mandlik, (2023) and research on various factors concerning customer satisfaction and loyalty especially in the hotel industry. Finally, since the current study targets the Ethiopian hotel industry and plans to examine the moderated multilateral effect of various factors on customer satisfaction, a convenience

sampling technique is useful to obtain a first set of data to test the hypotheses suggestively (Mashru et al., 2021). This is in line with the methodology used by (Okon et al., (2024) in their work focusing on Service Quality and Customer Feedback in the Hospitality Industry in Akwa Ibom, Nigeria. Using the convenience sampling technique, the researchers shall be able to easily gather information from hotel customers in Ethiopia and thus lay a groundwork for future research on this area and probably advance in the identification of better sampling methods for future research in this area.

Data type source and collection instrument

a. Data type

Data for this study was collected using both primary and secondary data collection methods. The primary data shall be gathered from the customers of a particular hotel using an administered structured questionnaire. The necessary data was collected through the questionnaire containing questions concerning customer characteristics, their stay at the hotel, and aspects that may affect their satisfaction. The secondary data was, therefore, collected from both internal and external sources from the following areas; The external data sources shall comprise published reports such as annual reports of the company, relevant industry statistics, previous research findings with regards to customer satisfaction in the hotel industry particularly in the Ethiopian context. This secondary data shall give us background information relevant to the survey and the process of designing the survey instrument.

b. Data source

The data for this research was obtained directly from the customers of Ethiopian hotels. This primary data was collected via a questionnaire where the respondents were asked to fill out a structured survey questionnaire duly developed for the survey in cooperation with the management of the hotel. On the other hand, the secondary data are obtained from various published scholarly sources such as books, journals, and also the internet. These are research papers of the Ethiopian Tourism Organization, and relevant journals and magazines such as the customer satisfaction indices in the global and regional hotel industries. The author also extends a consideration to prior research done on overall customer satisfaction with the hotel facilities in the industry context of Ethiopia. The secondary data offer helpful contextual details to the research study and contribute towards the construction of the survey instrument for the main data.

c. Data collection instrument and procedure

The primary data for this study was collected through the structured survey questionnaire. The questionnaire was designed based on a literature review and contained several question areas such as respondent's characteristics (age, gender, reasons for hotel stay, etc.), the level of satisfaction with the hotel and its amenities such as rooms, services, facilities, perceived value, price, etc., and the various factors that affect customer satisfaction (as aforementioned), and finally their overall satisfaction and willingness to recommend the hotel. Consequently, to minimize confusion and to test the reliability of the questions and their overall structure, the questionnaire underwent pilot testing from a limited number of hotel customers. The finalized set of questions. was then conducted among the guests of the chosen hotel using face-to-face interviewing techniques using enumerators. For the secondary data collection, the researchers used primary sources such as the tourism organization of Ethiopia in particular the Ethiopian Tourism Organization's website for the information on the variables of interest; Second, scholarly databases like Emerald, Scopus, web of Science were used for obtaining the relevant articles and journals related to the Ethiopian hotel sector, and Third, secondary sources like industry reports and studies on the Ethiopian hotel sector. The said secondary data thus offer a contextual

background information that was help in developing the actual tool for the primary collection of data.

Method of data analysis

The survey questionnaire was used to gather data from the target population, and the gained information was analyzed with the help of both descriptive and inferential analytical methods. For the descriptive analysis, the mean and standard deviations as well as percentages and frequencies were employed to present the socio-demographic profile of the respondents and the findings from the survey items. It also informed the degree to which the sample holds certain perceptions and impressions about the several factors under study. In undertaking the inferential analysis, multiple linear regression was used. The role of the regression model, as well as the importance of each predictor, are evaluated through relevant statistical tests. Moreover, diagnostic tests were conducted on the regression model to establish the validity of regression assumptions; normality, multicollinearity, and heteroscedasticity—statistical tools SPSS version 27 was used in the data analysis.

a. Variable definition and measurement

For the dependent variable, Customer Satisfaction (CS) was measured as the overall satisfaction of hotel guests with their experience. It was assessed using a multi-item scale with responses ranging from "Highly Dissatisfied" to "Highly Satisfied" (Knani et al., 2022). Turning to the independent variables, Service Quality (SQ) captured the hotel's performance in providing reliable, responsive, and empathetic service to its customers. It was measured using a modified SERVQUAL scale. (Parasuraman et al., 1988) Customer Expectations (CE) reflect customers' pre-stay expectations regarding the hotel's facilities, services, and overall experience, and they were measured using a multi-item scale. (Zeithaml et al., 2020). Customer Complaints (CC) assess the hotel's ability to effectively handle and resolve customer complaints, evaluated through a scale that assesses the complaint resolution process and customer satisfaction with the outcome (Homburg & Fürst, 2005; Mogaji & Nguyen, 2022). Finally, Customer Loyalty (CL) evaluated the customers' likelihood of revisiting the hotel and recommending it to others, measured using a multi-item scale. (Nam et al., 2016).

Table 1. Reliability Statistics

Cronbach's Alpha	N of Items
.926	38

Research Ethical consideration

This study was conducted with consideration of various ethical issues. Every customer has the right to choose or determine whether to participate in the research project. The research participants had the right to be informed of all aspects of the research task. In addition, ethical and confidentiality concerns were observed in a way that individual respondents should never be identified in reporting survey findings and that their names should never be given to the organization or other outsiders.

RESULTS AND DISCUSSION

Response Rate

The questionnaires were distributed to 300 consumers and the filled-up questionnaires returned were 254 giving the response rate of 84%. 7%. It can be argued that the devised methodology of the present research was successful in reaching out to the identified audience and eliciting responses. This is generally regarded as excellent since

seven percent is an affirmation that the respondents are willing to share useful information and opinions with the researchers. A high response rate increases the credibility and generalisability of the gathered data and thus enables the researchers to make more valid and significant conclusions related to the hotel's customers and their preferences (F. Ali et al., 2021; Baruch & Holtom, 2008).

Demographic profile of the respondents

a. Gender of the respondents

Male respondents account for 58.7% of the sample, while female respondents make up 41.3%. This gender distribution suggests that the hotel's customer base has a slightly higher proportion of male guests compared to female guests.

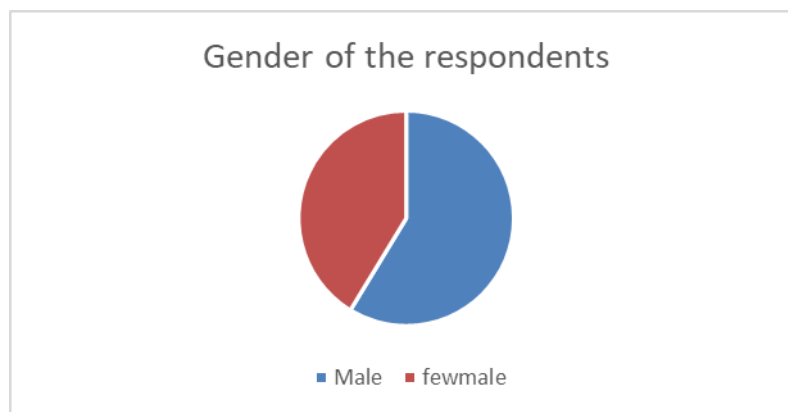


Figure 2. The gender of the respondents

Source: Own survey, 2024

b. Age of the respondents

In terms of the customer's age, the respondents of the research study encompass a rather diverse customer base. The largest age group the company targets is the 26-35 years age group which took the largest percentage of 36%. There is 2% of the sample, which indicates the level of young adult travelers may comprise business travelers and leisure travelers. The second largest group is therefore the 36-45 years category respondents which stands at 26. They showed that 4% of the respondents could be considered middle-aged, which means that design targeting such clients would indeed be to a significant extent different from the others. The 18-25 years age group is composed of 17 percent of the target population. The 18-25 years age group makes up 17.7% of the sample, while the 46-55 years and 56 years and above age groups represent 13.8% and 5.9% respectively.

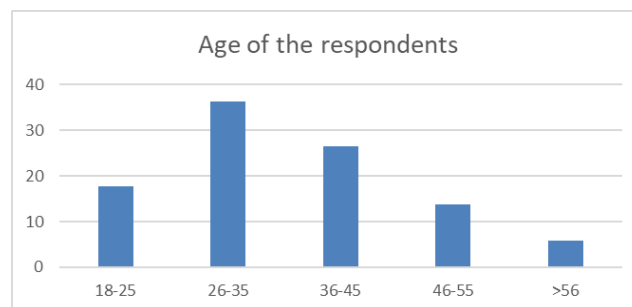


Figure 3. Age of the respondents

Source: Own survey, 2024

c. Occupation of the respondents

The occupational distribution of the respondents in the research study highlights the hotel's diverse customer base, with the largest group being Business Professionals, accounting for 33.5%, indicating a significant presence in the business travel market. The second largest group is Leisure Travelers, comprising 26.8%, suggesting the hotel's popularity among those seeking vacation experiences. Government/Public Sector Employees make up 16.5% of the sample, likely drawn to the hotel's proximity or specialized services, while Students account for 11.4%, potentially visiting for educational or research-related purposes. Retirees constitute 7.1%, suggesting the hotel may need to consider the unique needs of this age group, and the "Others" category, including freelancers and homemakers, makes up the smallest proportion at 4.7%. Understanding the occupational distribution of its customers allows the hotel to develop tailored marketing strategies, service offerings, and amenities to meet the specific needs and preferences of each segment, enhancing overall satisfaction and loyalty.

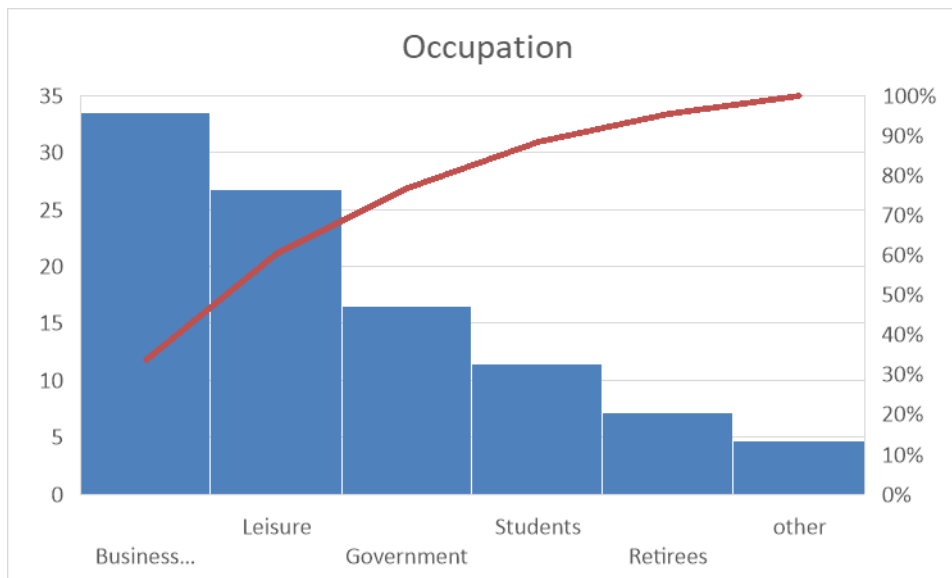


Figure 4. Occupation of The Respondents
Source: Own survey, 2024

Purpose of hotel stay

The purpose of visit distribution among the 254 respondents reveals the hotel's diverse customer base, with the largest group being Business Travel at 44.1%, indicating a strong presence in the corporate travel market. The second largest group is Leisure/Holiday, comprising 36.2%, suggesting the hotel's popularity among those seeking vacation and recreational experiences. Visiting Friends/Family makes up 11.8% of the sample, representing a notable segment, while the "Other Purposes" category, including medical and educational travel, accounts for 7.9%, highlighting the need to cater to specialized customer needs. By understanding the primary motivations of its guests, the hotel can develop targeted marketing strategies, tailor its service offerings, and optimize its facilities to better meet the expectations of each customer segment, ultimately enhancing its overall satisfaction and loyalty.

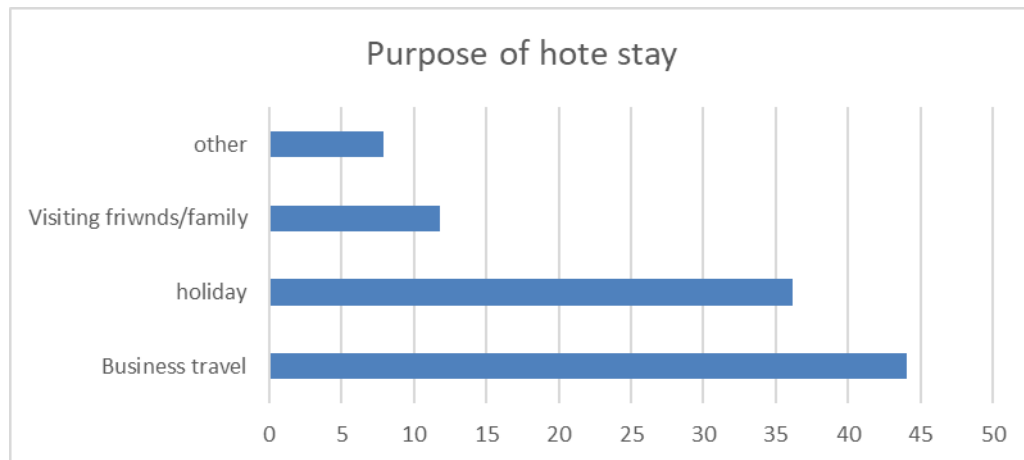


Figure 5. Purpose of hotel stay
Source: Own survey, 2024

Descriptive statistics

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CE	254	1.00	5.00	3.5421	.72831
SQ	254	1.00	5.00	3.6959	.71580
CC	254	2.00	5.00	3.3883	.67439
CL	254	1.00	5.00	3.9075	.69534
CS	254	1.75	5.00	3.8317	.68832
Valid N (listwise)	254				

Source: Own survey, 2024

The descriptive statistics presented in the study provide important insights into the key variables examined. The sample size for the research was 254 respondents. The customer expectations (CE) variable had a minimum value of 1.00 and a maximum value of 5.00, with a mean of (mean=3.5421, SD=0.72831). The service quality (SQ) variable exhibited a similar range, with a minimum of 1.00, a maximum of 5.00, and a mean of (mean=3.6959, SD=0.71580). The customer complaints (CC) variable had a narrower range, with a minimum of 2.00 and a maximum of 5.00, a mean of (mean=3.3883, SD=0.67439). The customer loyalty (CL) variable showed a range from 1.00 to 5.00, a mean of (mean=3.9075, SD=0.69534). Finally, the customer satisfaction (CS) variable had a minimum of 1.75, a maximum of 5.00, and a mean of (mean=3.8317, SD=0.68832).

Assumption check for regression

a. Normality Test

Adhering to the recommendations of esteemed researchers like (Ahmed & Mustaffa, 2014; Hair Jr et al., 1986; Tabachnick, 2007), the assessment of normality is a critical prerequisite for the validity of statistical methods. In this study, the researcher employed both graphical and numerical techniques, including the analysis of skewness and kurtosis, to thoroughly examine the normality of the data distribution using SPSS. Specifically, the skewness and kurtosis values for all variables were found to fall within the acceptable range of +1 to -1 for skewness and +3 to -3 for kurtosis, as suggested by (Hair Jr et al., 1986). This indicates the data exhibits a normal distribution. The skewness values for CE (-0.647), SQ (-0.646), CC (0.296), CL (-1.149), and CS (-0.609) all fall within the +1 to -1 range, confirming the symmetry of the distributions. Similarly, the kurtosis values for CE (0.509),

SQ (0.753), CC (-0.325), CL (2.175), and CS (0.964) are all between the +3 to -3 threshold, indicating the distributions are not excessively peaked or flat compared to a normal distribution. Based on these findings, the researcher can conclude that the data demonstrates satisfactory normality, meeting the key assumptions required for the validity of the statistical methods to be employed in the subsequent analyses.

Table 3. Normality test

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
CE	254	-.647	.153	.509	.304
SQ	254	-.646	.153	.753	.304
CC	254	.296	.153	-.325	.304
CL	254	-1.149	.153	2.175	.304
CS	254	-.609	.153	.964	.304
Valid N (listwise)254					

Source: Own survey, 2024

b. Linearity Test

The assessment of linearity is a crucial step in evaluating the assumptions underlying multivariate statistical analyses, such as linear regression. (Hair, 2014). Linearity refers to the degree to which the change in the dependent variable is associated with the change in the independent variable(s) in a linear fashion. To test the linearity assumption, the researcher should examine scatterplots of the relationships between each pair of variables. (Tabachnick et al., 2013), which should exhibit a straight-line pattern, rather than a curvilinear relationship, to satisfy the linearity assumption. In the current study, the researcher has provided the scatterplots in (Appendix A) for further examination, and by visually inspecting these scatterplots, the researcher can assess whether the relationships between the variables demonstrate the necessary linear patterns, allowing the researcher to proceed with the planned multivariate analyses with confidence in the validity of the results, as adherence to the linearity assumption is crucial for ensuring the accurate interpretation and generalizability of the findings.

c. Multicollinearity test

Assessing multicollinearity is an essential step in regression analysis to ensure the stability and interpretability of the model. (Hair, 2014). To identify potential issues with multicollinearity, the researcher examined the collinearity statistics, including tolerance and variance inflation factor (VIF) values, for the independent variables in the regression model. The tolerance values ranged from 0.452 to 0.809, indicating that a substantial portion of the variance in each predictor variable could be accounted for by the other predictor variables. (Hair et al., 2014) Tolerance values close to 0 would suggest higher levels of multicollinearity. The VIF values, which represent the inverse of the tolerance, ranged from 1.236 to 2.212, all well below the commonly used threshold of 10. This suggests that multicollinearity is not a major concern in this regression model. Based on these results, the researcher can conclude that multicollinearity is not a significant issue in the regression model, and the model parameters can be reliably estimated and interpreted.

Table 4. Collinaiity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
CE	.493	2.029
SQ	.500	2.001
CC	.809	1.236
CL	.452	2.212

Source: Own survey, 2024

d. Correlation analysis

The Pearson correlation coefficients presented in the table range from 0.133 to 0.642, indicating varying degrees of linear association among the variables. The strongest correlations are between CE and CL ($r = 0.642, p < 0.01$), CE and SQ ($r = 0.629, p < 0.01$), and CL and SQ ($r = 0.626, p < 0.01$). These high correlations suggest that the variables of CE, SQ, and CL are closely related and may share common underlying factors. In contrast, the correlation between CC and the other variables is relatively weaker, ranging from 0.133 to 0.492. This indicates that CC has a more distinct relationship with the other predictors in the model. All the correlations, except for the one between CC and SQ, are statistically significant at the 0.01 level. The correlation between CC and SQ is significant at the 0.05 level ($r = 0.133, p < 0.05$). This suggests that the relationships between the variables are unlikely to have occurred by chance.

Table 5. Correlation Analysis

	CE	SQ	CC	CL	CS
CE	Pearson Correlation 1 Sig. (2-tailed) N 254				
SQ	Pearson Correlation .629** Sig. (2-tailed) .000 N 254	1			
CC	Pearson Correlation .299** Sig. (2-tailed) .000 N 254	.133*	1		
CL	Pearson Correlation .642** Sig. (2-tailed) .000 N 254	.626**	.392**	1	
CS	Pearson Correlation .527** Sig. (2-tailed) .000 N 254	.539**	.492**	.476**	1

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: Own survey, 2024

Regression Analysis

Regression Model

$$CS = \beta_0 + \beta_1SQ + \beta_2CE + \beta_3CC + \beta_4CL + \varepsilon$$

When we insert the value in the model

$$\text{Customer satisfaction: } 0.589 + 0.402 \text{ Service Quality} + 0.189 \text{ Customer Expectations} + 0.404 \text{ Customer complaint} + -0.056 \text{ Customer Loyalty} + \varepsilon$$

Model Interpretation

The constant term in the regression model is 0.589 ($\beta=0.589$, $p=0.007$). This constant represents the baseline or expected value of the dependent variable when all the predictor variables are held at their mean values. The results show that customer expectations have a positive and statistically significant relationship with the dependent variable ($\beta=0.189$, $p=0.004$). This suggests that as customer expectations increase, the dependent variable tends to increase as well, holding the other factors constant. The standardized beta coefficient of 0.189 indicates that for a one-unit increase in customer expectations, the dependent variable is expected to increase by 0.189 units, on average. This highlights the importance of understanding and managing customer expectations, as they appear to be an influential factor in driving the dependent variable.

Service quality exhibits the strongest relationship with the dependent variable among the predictors ($\beta=0.402$, $p<0.001$). The positive and highly significant coefficient suggests that improvements in service quality can lead to substantial increases in the dependent variable. The standardized beta of 0.402 implies that a one-unit increase in service quality is associated with a 0.402-unit increase in the dependent variable, all else being equal. This emphasizes the critical role of service quality in driving the outcome of interest and underscores the importance of focusing on service delivery and customer-centric practices.

Customer complaints also show a positive and statistically significant relationship with the dependent variable ($\beta=0.404$, $p<0.001$). This indicates that as the level of customer complaints increases, the dependent variable tends to increase as well. The standardized beta of 0.404 suggests that a one-unit increase in customer complaints is associated with a 0.404-unit increase in the dependent variable, holding the other factors constant. While this may seem counterintuitive, it could imply that organizations that actively solicit and address customer complaints may be better positioned to understand and respond to customer needs, thereby positively impacting the dependent variable.

In contrast to the other predictors, customer loyalty exhibits a negative and non-significant relationship with the dependent variable ($\beta=-0.056$, $p=0.407$). The lack of statistical significance suggests that, after accounting for the other factors in the model, customer loyalty does not have a meaningful impact on the dependent variable. The direction of the relationship, while unexpected, implies that increases in customer loyalty may not necessarily lead to improvements in the dependent variable. This finding warrants further investigation to understand the nuances of the relationship between customer loyalty and the outcome of interest.

Table 1. Coefficient

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.589	.218		2.696	.007
	CE	.179	.061	.189	2.928	.004
	SQ	.387	.062	.402	6.272	.000
	CC	.412	.051	.404	8.023	.000
	CL	-.055	.067	-.056	-.830	.407

Source: Own survey, 2024

R (Multiple Correlation Coefficient):

The multiple correlation coefficient (R) is 0.699, which indicates a strong positive correlation between the set of predictor variables (CE, SQ, CC, CL) and the dependent variable (CS). This suggests that the predictors are collectively effective in explaining the variation in the dependent variable.

Table 7. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.699 ^a	.489	.481	.49611

a. Predictors: (Constant), CL, CC, SQ, CE

b. Dependent Variable: CS

Source: Own survey, 2024

R Square (Coefficient of Determination):

The R-squared value is 0.489, which means that the set of predictor variables (CE, SQ, CC, CL) explains 48.9% of the total variation in the dependent variable (CS). This is a fairly strong explanatory power, indicating that the model is reasonably effective in predicting the dependent variable based on the chosen predictors.

Adjusted R Square:

The adjusted R-squared value is 0.481, which is very close to the R-squared value. This suggests that the model is not overfitted and the adjusted value provides a good estimate of the true explained variance in the population.

Std. The error of the Estimate:

The standard error of the estimate is 0.49611, which represents the average amount that the observed values of the dependent variable differ from the predicted values. This metric provides a sense of the accuracy of the predictions made by the regression model.

Overall, these model summary statistics suggest that the regression model, with the set of predictors (CE, SQ, CC, CL), can explain a substantial portion of the variability in the dependent variable (CS). The strong multiple correlation coefficient, the relatively high R-squared value, and the close correspondence between the R-squared and adjusted R-squared indicate that the model provides a good fit to the data and has reasonable predictive power. These results provide a solid foundation for further interpreting the individual regression coefficients and understanding the relative importance of each predictor variable in explaining the dependent variable.

Table 8 Analysis of variance

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58.583	4	14.646	59.507	.000 ^b
	Residual	61.284	249	.246		
	Total	119.867	253			

a. Dependent Variable: CS

b. Predictors: (Constant), CL, CC, SQ, CE

Source: Own survey, 2024

The overall regression model is statistically significant, as indicated by the F-statistic of 59.507 and the p-value less than 0.001. This means the set of predictor variables

(Constant, CL, CC, SQ, CE) collectively explain a significant amount of the variation in the dependent variable CS.

Hypothesis Testing

Table 9. Hypothesis testing

Hypothesis	Coefficient	p-value	Decision
H1: Service quality (SQ) has a significant positive relationship with customer satisfaction (CS).	$\beta = 0.402$	$p < 0.001$	Supported
H2: Customer expectations (CE) have a significant positive influence on customer satisfaction (CS).	$\beta = 0.189$	$p < 0.001$	Supported
H3: Customer complaints (CC) hurt customer satisfaction (CS).	$\beta = 0.404$	$p < 0.001$	Not Supported
H4: Customer satisfaction (CS) has a significant positive effect on customer loyalty (CL).	$\beta = -0.056$	$p = 0.407$	Not Supported

Source: Own survey, 2024

Based on the results of the analysis, there are some interesting things to note concerning the hypothesized relationships. Thus, Hypothesis 1 is supported as the findings reveal that the higher the service quality (SQ) the higher the customers' satisfaction (CS) ($\beta = 0.402$, $p < 0.001$). Likewise, Hypothesis 2 is also borne out, meaning that customer expectations also have a direct and a positive impact on customer satisfaction: ($\beta = 0.189$; $p < 0.001$). However, the results are strongly opposed to Hypothesis 3 stating that customer complaints have a positive effect on customer satisfaction. Contrary to this hypothesis, the statistical analysis results reveal a strong positive correlation between the number of customer complaints and customer satisfaction ($\beta = 0.404$, $p < 0.001$). This implies that in this sense, customer complaint is associated with more customer satisfaction; this may be because they give feedback to the hotel so that it can rectify its shortfalls. Lastly, Hypothesis 4 was not supported since the overall analysis revealed no enhanced positive impact of customer satisfaction (CS) on customer loyalty (CL) ($\beta = -0.056$, $p = 0.407$). This means that what makes the customer happy is not able to translate to their loyalty in this kind of industry.

It is rather interesting to note that a positive relationship was found between customer complaints and customer satisfaction which contradicts the norms of the literature. There is indeed literature that documents a similar positive correlation. For instance, based on their study, Homburg & Fürst, (2005) indicated that customer complaint behavior 'positively influences' customer satisfaction since the omission reveals the company's deficiencies thus enhancing its delivery of service. In the same way, Ang & Buttle, (2006) systematic meta-analysis pointed out that complaint handling has a positive correlation to customer satisfaction meaning that sound complaint management could easily turn a negative situation into a positive one. In ext accuracy, Jones et al., (2018) revealed that "customer complaints can also increase loyalty" especially when the issue is well handled as another study supports the argument that complaints boost customer experience. Thus, it can be implied that the positive and statistically significant result as seen in the regression model above is consistent with these prior academic research studies. The paper shifts the orientation of the conventional concept that portrays complaints as an agenda that is negative toward customer satisfaction. This is a very informative finding for the hotel management because it implies that soliciting and responding to customers' complaints

may yield positive results in serving the customers better and increasing their loyalty. More research should be carried out in this field to establish other effects that may help explain this positive relationship.

CONCLUSION

Accordingly, the following are the research implications and conclusions that can be made from the findings of the current study: Thus, the initial hypothesis that stated that an increase in the number of customer complaints corresponds to a decrease in the level of customer satisfaction was proven to be incorrect. This implies that customer complaints might also be an important signal through which customers provide information about certain delivery failures by hotels, information which if well managed could improve the customer's level of satisfaction. There is a precedent for this interpretation in the literature; it is pointed out that customer complaints are a net positive for hotels that need to address their consumers' concerns to heighten their attentiveness to specific needs on the consumers' part.

On the other hand, customer satisfaction was revealed to have no positive effect on the level of customer loyalty as stated in the hypothesis. Nevertheless, this unexpected relationship emphasized the level of mediated relationship between the two constructs in the hotel industry. However, the most recent works in the hospitality environment stress the fact that the direct link between customer satisfaction and loyalty may not always be as significant as many researchers have admitted, and such factors as brand image, perceived value, and customer engagement may be more influential in explaining the loyal behavior of the hotel customers.

Consequently, these research findings have implications for hotel managers and practitioners. What this means is that apart from concentrating on the maximization of the total levels of customer satisfaction, the hotels need to take into consideration several factors that relate to customer loyalty. Thus, it may include not only the ways to generate effective responses to customers' dissatisfactions but also the ways to create strong positive customer impressions and build value-adding relationships and brand images beyond customer satisfaction. In sum, this research provides new insights into customer-oriented management in the context of the hospitality industry and adds to the discussion about possible directions of customers' loyalty determinants. Thus, these viewpoints could also help to create new customer retention and loyalty concepts in the process of the hotel industry's constant changes to meet the customer's new requirements and needs.

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