Service Quality, Satisfaction and Loyalty of Customers in Hotels: The Case of Northern Tanzania

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Abstract

The study explored the effect of hotels service quality on the customer satisfaction and loyalty in the northern region of Tanzania. It sought to scrutinize the effects of Reliability (RE), Tangibility (TAN), Empathy (Emp), Responsiveness (RESP), Assurance (ASS) on the loyalty (CUSL) and satisfaction (CUSAT) of customers. Utilizing PLS approach, it investigated how the satisfaction of customers mediates between the service offered and loyalty of customers using service quality (SERVQUAL Model). PLS technique was utilized as it solidly addresses service quality model intricacies and PLS software is available. 205 guests in hotels and guest houses during Christmas season of 2018 and New Year festivities of 2019 were sampled systematically and interviewed. The key findings revealed that while Responsiveness determined favorably satisfaction and loyalty of customers; Reliability performed dismal ly in both cases. The main finding was that customer satisfaction significantly and positively influence the loyalty of customers and hence the slogan ‘Tutarudi’ which is a Swahili word meaning ‘We shall come back’ and signifies loyalty and satisfaction. The paper recommends management to improve their capacity to achieve the assured service accurately and dependably; be aware of the expectation of their customers pertaining to reliability; and provide individualized care to customers by giving the services as promised.

Keywords: Customer, loyalty, satisfaction, quality and services

Introduction

The paper examines the impact of the quality of service on the satisfaction and loyalty of customers in tourist Hotels found in the Northern Region of Tanzania. The Tanzanian National Bureau of Statistics (NBS) (2017) report indicates that the government revenue has increased substantially from tourism business as the numbers of tourists increased steadily from 911,000 in 2007 to 1,322,000 in 2017. Moreover, the PwC Hotel Outlook (2018-2022) indicated that the Tanzanian hotel industry would experience growth increases in the range of up to 8.2% by 2022. In view of the reported growth and the projected growth, does the growth of the tourism industry in Tanzania match with the growth of service quality? Do the services provided meet the Tourists’ expectations and can we sustain tourism growth by cultivating loyalty? Hotels play a central role in promoting the industry through provision of varied services and
accommodation to the visitors. However, increased competition and added demands of tourists have rapidly revolutionized the tourism industry. This increased competition, at times cut-throat, has created the necessity to appeal to new customers while at the same time finding innovative ways to hold the current ones. Beamish and Ashford (2007) asserts that in today’s hospitality industry quality of services provided has become so important that it could aid in understanding of satisfaction from the consumer’s perspective. Meeting tourist expectations determines their level of satisfaction. Employee’s commitment to service provision is one of the most crucial issues in the provision of quality services to the guests. Schroder (2008) adds that the satisfaction of the customer can only be attained by delivering quality services, especially at the contact point.

Industrial sector around the world has embraced quality of service as a way of addressing customer contentment and loyalty (Spreng & Mackoy, 1996; El-Adly, 2018). In this regard, research has been conducted in several countries exploring how the quality service was impacting on the satisfaction of the customers, particularly, in guesthouses, restaurants, hospitals, transport and bank among other industries. Hsu, Chen, Chang and Chen (2014) states that studies have made various recommendations and in particular on the need for hotels to identify and nurture those practices that are in harmony with the guest’s expectations. Additionally, rivalry among business practitioners has grown to unprecedented levels as business operations compete for limited number of customers, and consequently quality provision has gained prominence as a new metric to gauge and rate the competing business enterprises (Minh & Huu, 2016).

Bucak (2014) supports this view and adds that the hotel industry has embraced service quality as a strategic business relation in dealing with their customers. In support of this view Al-Bassam (2013) asserts that to ensure profitability in the hotel industry, managers are obliged to guarantee that their customers attain acceptable levels of approval in relation to the services offered by the hotel. However, this argument is disputed by researches which have found that satisfaction is just one among several aspects that define customer loyalty and repeated consumption of hotel services by customers. Furthermore, Kotler (2003), states that the main challenge in hotels and guesthouses is not in retaining customers; rather the real challenge is in attracting new customers. Kotler adds that the feedback given by devoted clients in regard to the operations of a business are powerful indicators of interventions that an industry can incorporate in doing business to be more attractive to new customers while at the same time evading high marketing expenses. Ramzi and Mohamed (2010) affirms that the battle to win competitive advantage in the hotels and guest houses is centred around the loyalty of the customers and realizing profit is a product of employee innovativeness and engaging in ethical conduct when dealing with customers.

The desire to understand the association existing between service, satisfaction and loyalty in hotels/guest houses as informed by the results of modeling motivated this research. This research locale was chosen because of its prominence in tourism due its wide variety of wildlife. Tourism related activities have attracted large numbers of visitors who visit the hotels for meals and lodging services. Growth of leisure business in the region has resulted in rapid expansion of hotels and the region can now be ranked the leading tourist destination in northern Tanzania. Guests who seek accommodation in the tourist hotels and guest houses were assessed with regard to the services provided in the cause of their residential period using the SERVQUAL model. The study considered the effect of the main service quality variables of responsiveness; assurance; reliability; empathy; and tangibility on both satisfaction and loyalty of customers by using the PLS estimation technique.

While Tanzania enjoys all those natural, cultural and historical advantages, its earnings from tourism is comparably low to other countries in Africa and beyond and one hindering
factor is quality service provision. In this paper, we present causal evidence on the service quality, satisfaction and loyalty of customers in tourist hotels in Northern Region of Tanzania. The specific objectives include: First, to determine the effect of customer service assurance, empathy, reliability and responsiveness on hotel satisfaction and loyalty in the Northern Region of Tanzania; Secondly, to examine the association existing between tangible services and customer satisfaction and loyalty on the other hand in tourist hotels in Northern Region of Tanzania; and lastly, to identify the most suitable policy prescriptions necessary in boosting hotel industry in the Northern Region of Tanzania. This study therefore is vital to propel Tanzania to multiply its share of tourism earnings if quality of service can be unraveled and improved.

Literature review
The main tenets of the hypotheses, which is derived from the literature reviewed, are to assess the effect of customer service quality (assurance, empathy, reliability and responsiveness) on customer satisfaction; customer loyalty; and the mediation effect existing between customer satisfaction and loyalty. Ranzi and Mohammed (2010) observe that all service industries strive to establish strong relationship with their customers and the hotel industry. Providing high standards of service quality is essential in winning satisfaction as well as loyalty of the customers who consume the services of the hotel (AlBostanji, 2013; Bucak, 2014; Saleem & Raja, 2014; Ramzi & Mohamed, 2010). Parasuraman, Zeithaml and Berry (1985) state that modeling of service quality has attracted a number of challenges. The central features of the model, namely; heterogeneity, intangibility and inseparability are in conflict with earlier studies by (Berry, 1980; Baterson, 1977; Zeithaml, 1981; Lovelock, 1981; Boom & Bitner, 1981; Gronroos, 1978; Carmen & Langeard, 1980) who assert that the satisfaction of customers is largely reliant on who is providing the package to the customer (Lehtinen & Lehtinen, 1982). The authors argue that managers are unlikely to be physically present at each and every contact between the person providing the service and the consumers. Consequently, delivery of services to a customer by a provider was a significant attribute in evaluating the value of the service (Parasuraman et al., 1985).

Several scholars have various definitions of their understanding about service quality; hence several descriptions of what service quality really means. These definitions are grounded largely on customer expectations in relation to their perceptions of the services received (Aburumman, Malkawi, Likurdi & Alshamaileh, 2018). Similarly, research by Mohsin (2010) clarified how concrete service quality matters since it predicts customer satisfaction levels. Additionally, Min and Min (1996) explained that endurance of the hotels and guesthouses are strongly associated with the quality of services they provide. A study by Shi (2007) revealed that a positive result of service quality leads to the customers’ loyalty. These findings support research conducted by Han, Back and Barret (2000) which established that customer satisfaction makes the guests desire to revisit the hotel which is an indicator of customer loyalty.

Client approval is largely a negative or positive, personal internal feeling, and, is the result of the customers own assessment of services offered by the guest house or hotel (Leisen & Vance, 2001). The expectancy disconfirmation theory is widely used to give explanations related to satisfaction of customers (Barsky, 1992). Oliver (1980) states that when the actual services delivered exceed the expected threshold, positive disconfirmation results. However, when the tasks are poorly performed and customer expectations are not achieved these results in negative disconfirmation. Gilbert and Horsnell (1992) study of hotels established that managers overlie on customers feedback as written on exit cards as a measure of their level of satisfaction.
However, Basky (1992) and Gilbert and Horsnell (1992) challenge this approach as inadequate and erroneous, noting the sampling technique fall short of scientific procedures which renders the findings unworthy of generalization to other hotels or even the same hotel in future. Gilbert and Horsnell (1992) concluded that to achieve long term benefit gains, hotels must ensure that their guests genuinely attain satisfaction. The study assessed customer loyalty and found it positively impacts revisits and recommendation by the customer to potential customers. In particular recommendation is motivated by good intent to orally convey positive evaluations. Similarly, a guest who attained loyalty was unlikely to be influenced by price inducements offered by competitors.

**The effect of service quality on customer satisfaction**

Hotel operators have often struggled to find out the link between provision of services, satisfaction of customers and the development of loyalty by customers. Research by Akbar and Parvez (2009) was carried out using a sample of 304 telecommunication workers and data was collected using interviews. Quality of services strongly impacted the satisfaction among customers. Similarly, research by Hossain (2008) revealed that quality of services offered had a very robust relationship to the satisfaction of customers. Munusamy, Chelliah and Mun (2010) in their study of Malaysian banking industry found out that the reliability was negatively related with customer satisfaction. However, assurance responsiveness and empathy were found to positively associate to satisfaction of customers, though the association was not significant. Lastly, the tangibility dimension did not only have a positive association but had a statistical significance on the level of customer satisfaction.

Studies by Martin, Herrero and García (2018); Woyo and Slabbert (2020) reveal that customer satisfaction is the perceived difference between the preceding anticipation and performance after consumption of hotel services. Furthermore, Jiang, Zhang, Zhang & Yan (2018) argues that customer satisfaction in the tourism context is crucial in eliminating the discrepancy between the pre-travel and post-travel tourist experiences and therefore the best appraisal of the quality of the leisure experiences. Chen and Chen (2010); and Yvette and Turner (2003) opines that the tourists feel satisfied when their service experiences exceed the expectations and feels displeasure if the converse is true. Norliza, Nita, Nurul and Salamiah (2021); Jamhavi, Al-Shakarchi and Al-Hashimi (2015); and Rajesh (2013) sees customer satisfaction in the lens of the post-travel perception which is developed through the mental comparison of the product as well as the service quality expected from the encounter.

The attributes of destinations such as attractiveness, dining, shopping, lodging, accessibility, perceived risks, price and value of basic services are key to the identification and measurement of customer satisfaction (Kozak & Rimmington, 2000; Naidoo, Ramseook-munharrun & Seegoolam 2011). Bernini et al. (2015); Hassan and Shahnewaz (2014) measured customer satisfaction in terms of the quality of the beaches. Daud and Rahman (2011); Naidoo et al. (2011); Okelo and and Yerian (2009) views customer satisfaction in terms of the good quality of National Parks and nature-based attraction while Chen and Chen (2010) and Gidey and Sharma (2017) views customer satisfaction in the best quality heritage sites.

Norliza et al. (2021) views the satisfaction of customers as the perspective in which their needs, wants and expectations throughout the product life cycle has been achieved or surpassed and ensuring repurchase and unwaveringness. However, customer satisfaction requires constant reviews from time to time to ensure that quality services are achieved to increase the number of visitors and hence the revenues (Poon & Low, 2005). Amirreza et al. (2013) argued that customer satisfaction leads to various aspects and an indicator of the company’s future profit and income. Dominici and Guzzo (2010) found that since the cost of attracting new customers is higher than the cost of retaining the existing ones, the focus should
be on the existing customers to ensure the continuity and sustainability. In addition, Shah & Yasin (2010) agrees that the tourists who are more satisfied are more likely to revisit and repurchase the services. This was corroborated by Angelova and Zekiri (2011) arguing that a customer who is satisfied delivers a positive effect on organization with respect to profitability, brand loyalty, repeat purchase and positive word of mouth.

**The effect of service quality on customer loyalty**

The devotion of customers strongly depends on the quality of services offered. Boulding, Kalra, Stalin and Zeithaml (1993) study focused on customer propensity to repurchase and the desire to favorably commend the service to potential visitors. Unfortunately, the research indicated that customer service seemed not to exert significant influence on intentions to repurchase. However, research revealed an association that was positive between quality of services and the customer’s predispositions to revisit and recommend to other people. Research by Getty and Thompsom (1994) on customer approval on quality of accommodation established that approval was positively influenced by loyalty. According to Palacious-Florence, García del Junco, Castellanos-Verdugo and Rosa-Díaz, (2018), the loyalty of customers is very crucial in the Hotel industry but the lingering question is whether it’s the same across different countries. This can be very challenging internationally because different hotels entering different overseas markets usually find themselves with some form of culture shock. Torres, Fu and Lehto (2014) therefore overemphasizes on the need to be successful in the global stage by comprehending what makes a valuable customer experience which then is very critical.

Zeithaml et al. (1996) argues that the service quality is as a result of the comparison of customer expectations with actual performance. However, this is quite problematic since its not easy to measure the customer perception (Liat, Mansori, Chuan & Imrie, 2017). Since most of the hotels provide similar services, its therefore useful to not only attract customers but also to retain them. Hence quality services help in retaining old customers as well as attracting new ones for the sustenance of the hotel industry (Jasinskas, Streimikiene, Svangzdienė & Simanavičius, 2016). High quality service that is worth its price is important for the continued loyalty of the customers (El-Adly, 2019). Empirical research by Latif (2021); El-Adly (2019); Jasinskas et al. (2016); and Lee (2017) found a positive influence of the service quality to customer loyalty. In the same note, Assaker (2020), and Cheng and Hui (2009) discovered that there exists a positive and a significant relationship between the quality of service and the behavioral intentions. Furthermore, Um & Lau (2018); and Schiffman et al. (2012) found that hotel businesses are likely to lose customers to other competitors if the quality of services are weak.

Lai (2019) argues that the customer loyalty is operationalized frequently depending on the customer behavioral intentions which is driven by the intentions to purchase, recommendations from other customers, and positive word-of-mouth. The hotel customers who are loyal are known to reduce the marketing costs for business and are likely to put in a positive word-of-mouth and recommend the hotel (Assaker, 2020). Prentice and Loureiro (2017) opines that customer loyalty is one of the key organizational objectives that helps create a steady customer base to enhance sustainability and the competitive edge over other competitors. Most of the hotel managers try very much to retain hotel guests by addressing the factors that may significantly impact customer intentions and future decisions to use the hotel again. Its therefore paramount for the hotels to arm themselves with pertinent knowledge to counter customer needs and demands efficiently and effectively (Cheng & Rashid, 2015). In addition, the hotel industry needs to better comprehend the factors that are appropriate to customer loyalty (Rather & Hollebeek, 2019).
The effect of customer mediation on customer loyalty

Literature posits a possible congruence amongst satisfaction, service quality and loyalty. The association of these concepts is uncertain and their relationship is mostly unclear. Research findings from various entities differ in statistical significance as well as extent. Review of literature on service industry established a positive association between all the three concepts. Chen (2016) research revealed that the outcome of provision of quality service affects how customers appraise the provider and also the motivation to use the same service in future.

Ganiyu (2016) study in Nigeria found out that provision of quality service of passengers of an airline positively impacted their loyalty level and contentment to the air company. Additionally, Ganiyu suggested that satisfaction significantly influenced the loyalty of customers to the airline and partly facilitated loyalty among customers. Similarly, several studies from different categories of industries have corroborated these findings noting positive association linked quality; satisfaction and loyalty as rated by repurchase intentions or oral recommendations (Tefera & Govender, 2017; Al. Bostanji, 2013). Therefore, satisfaction by customers is vital and mediates quality service and loyalty. There is overwhelming empirical evidence from various studies in the hotel industry indicates that there is a positive and effective correlation between Customer satisfaction and loyalty in the Hotel industry (Assaker, 2020; Keshavarz & Jamshindi, 2018; Rather & Hollebeek, 2019). Rather & Sharma (2019) argue that customer satisfaction is a potential indicator of customer loyalty as well as the provision of referrals and positive recommendations (Rather & Sharma, 2018).

Canny (2013); Da Costa Mendes, Do Valle, Guerreiro and Silva, (2010); Lee (2009); Mat Som, Shirazi, Marzuki and Jusoh (2011); Radderand& Han (2013); Rajesh (2013); Valle, Do Silva, Mendes and Guerreiro (2006); Zhang, Fu, Cai and Lu, (2014); and Xu and Wang (2016) demonstrated in their studies that the loyalty of customers was positively determined by the satisfaction of customers. However, Woyo and Slabbert (2020) refutes that there is evidence of the relationship between loyalty and satisfaction. In addition, Da Costa Mendes et al. (2010) argues that the customers who are satisfied with the services uses the word of mouth to communicate their experiences and are likely to purchase the products again. This analogy is further confirmed by Kozak (2001); and Yoon and Uysal (2005). Atsbha and Satinder (2020) reveals that customer satisfaction leads to increased number of happy tourists revisiting and recommending more destinations which leads to sustainable tourism development and the growth of the hotels (Lee, 2009). Furthermore Valle, Do Silva, Mendes and Guerreiro, (2006) also puts a lot of emphasis on customer satisfaction and loyalty as a key tool to promoting sustainable tourism. Without customer satisfaction and loyalty, there is no sustainable heritage tourism development which is the pillar of the successful tourism business (UNEP/WTO, 2004; Bernini, 2015). Jamhavi et al. (2015) demonstrate that customer satisfaction and loyalty are key determinants and signals of destination performance. Daud & Rahman (2011) highlights that any failure in maintain tourist satisfaction and loyalty may lead to the loss of the tourist market for a long time. Asmelash (2019) argues that most of the customers are likely to communicate their objections to service quality through the social media and reviews those sites with a positive impact on the business of tourism.

In this regard, this paper contributes to the literature hinged on effect of customer service quality (assurance, empathy, reliability and responsiveness) on customer satisfaction and customer loyalty; and the implication for the mediation effect existing between customer satisfaction and loyalty. The building block of the paper is set on the alternative hypothesis of ‘service quality determines the satisfaction and loyalty of customers in the tourist’s hotels in the northern region of Tanzania’. Particularly, this paper hypothesized the following alternatives hypotheses form the literature:

H1a- Service Assurance determines the satisfaction of customers
H1b- Service Assurance decides the customer loyalty
H2a- Service Empathy sways customer satisfaction
H2b- Service Empathy affects the loyalty of customers
H3a- Service Reliability influences satisfaction of customers
H3b- Service Reliability controls the loyalty of customers
H4a- Service Responsiveness influences customer satisfaction
H4b- Service Responsiveness determines customer loyalty
H5a- Service Tangibility has an impact on the satisfaction of customers
H5b- Service Tangibility affects the loyalty of customers
H6- Customer satisfaction positively and significantly controls loyalty in tourist hotels
H7- Customer satisfaction significantly and positively mediates the customer loyalty in tourists’ hotels.

Research methodology
The study investigates how the satisfaction of customers mediates between the service offered and loyalty of customers using service quality (SERVQUAL Model). PLS technique was utilized as it solidly addresses service quality model intricacies and PLS software is available.

As indicated in Figure 1, The Northern Tanzania comprises Kilimanjaro, Manyara, Arusha and Mara regions. The “Northern Circuit” covers Northern Tanzania and includes Arusha, Mount Kilimanjaro, Tarangire National Park, Lake Manyara, the Ngorongoro Conservation Area, and the Serengeti National Park. Notably, the Northern tourist circuit is critical to Tanzanian’s tourism since half of the tourists use this circuit. In addition, the Northern region comprises four of the seven UNESCO world cultural and natural heritage nominated sites, namely: Kilimanjaro National Park area in 1987, Serengeti National Park in 1981, Kondoa Rock-art site in 2006 and Ngorongoro conservation area in 1979 as a cultural heritage and 2010 as a natural heritage. Serengeti National Park is also part of the greatest overland annual migration of over one million wildebeests.
This paper assessed the association of service quality with satisfaction and loyalty in the northern region of Tanzania’s tourist hotels using a PLS approach. The study employed a descriptive cross-sectional method incorporating a deductive approach. A deductive approach entails utilization of reason in a theory to create hypothesis that are testable. This study underpins the need to give explanations on fundamental relationship linking service and satisfaction in hotels.

The target population comprised of all guests in hotels and guest houses in the Northern Tanzania zone during Christmas/New Year holidays and a formula by Yamane (1967) determined appropriate size of the sample. Using this formula, the 1200 members of the population was targeted leading to 300 guests being sampled by systematic random method and issued with the questionnaires. Thus, the formula was stated as:

\[ n = \frac{N}{1 + Ne^2} \]

Where: \( N \) = the population of guests in the region during Christmas and New Year (1,200); \( n \) is the sample size while \( e \) is the error of tolerance or the margin of error usually set at 0.05 (at 5% significance level). Out of the 300 questionnaires administered, 205 guests in hotels and guest houses during Christmas season of 2018 and New Year festivities of 2019 were sampled systematically and interviewed giving a response rate of 68.5% of the sample, which was considered a good representation (Fritz, 2005).

The study applied the service quality (SERVQUAL Model) to analyze and test the hypotheses using the cross-sectional data of the service quality variables of Reliability (RE), Tangibility (TAN), Empathy (Emp), Responsiveness (RESP), Assurance (ASS) with satisfaction of customers (CUSAT) and loyalty (CUSL) utilizing the PLS method. Separately, each variable was subdivided into observable levels, and items were assigned to each level. The study employed the PLS-SEM model to assess the constraints of each unobservable variable with the aid of the SPSS version 21 and the Smart PLS for analyses. Primary information was gathered from guests in Kilimanjaro and Arusha regions in Northern Tanzania during Christmas season of 2018 and New Year festivities of 2019. This was because of their proximity in location. The author hired five research assistants and employees of the hotels to assist in data collection.

**Results and discussion**

**Background characteristics of the sample**

The sample composition consisted of 63.7% male 24.4% female. The study established that 29.6% were 26-35 years old. This was followed by 24.4% (36-45 years), 19.4% (above 56 years), 17.4% (46-55 years) and 8.9% (25 years and below). The study also found out that 71.8% had at least a diploma as the highest level of education. Lastly, majority (53.3%) of respondents indicated that their visit to the region was as tourists while (46.7%) indicated business.

**Findings on modeling factor analysis**

Factor analysis weighed the measurement model. This assessment checked if items indicated adequate validity and reliability. Model’s estimate discriminant and convergent validity as well as the dependability. Convergent validity guaranteed that the questions in the tool measured
equivalent ideas. The instruments frequently employed in assessment of convergent validity are factor loadings, composite reliability, and variance. Cronbach alpha assessed whether the internal consistency of the tool was reliable. The factor and cross loadings of various variables and composite reliability for dissimilar variables were adequately highlighted (see Table 1 and Figure 1). The loadings of the items surpassed 0.5, which was the recommended value (Hair et al., 2011) as the threshold of acceptance. Items that did not meet threshold of 0.5 factor were dropped (REL1, TANG 1, EMPI, REL3 and CUSL2).

**Findings on modeling convergent and discriminant validity: Fornell-Larcker Criterion**

Convergent and discriminant validity follow in the constructs. According to Garver & Mentzer (1999) discriminant validity denotes the degree to which items rate dissimilar concepts). Discriminant validity is assessed through comparison of square roots of all the AVE for each variable (see Table 2). All constructs having average variance extracted (AVE) more than 0.5 show that 50% and above of the constructs’ variance are attributed to its pointers. Findings indicate the AVE ranges from 0.503 to 0.648. CR range from 0.808 to 0.895, which are more than 0.7.

**Figure 1: Factor Analysis**

Consequently, they satisfy the set benchmark for convergent validity (Henseler, Ringle & Sinkovics, 2009). In addition, these findings were noteworthy with convergent validity because the values of all constructs of AVE square root in diagonal are more compared to the square of correlation in regard to other variables that are off diagonal. This therefore affirmed that, all the constructs had the set benchmark of validity. In conclusion, all the items that had adequate reliability and validity were therefore useful in additional model testing.
Findings on modeling discriminant validity: Heterotrait-monotrait (HTMT) Criterion

Heterotrait-Monotrait correlations ratio (HTMT) was used as the alternative approach in the PLS-SEM, of establishing discriminant validity. HTMT technique computes correlation among constructs. According to Netemeyer et al., (2003) two ways exist that HTMT can be used to establish discriminant validity, namely, criterion and statistical test. In the criterion, HTMT values are associated with threshold values and if the HTMT value is less than the value of the threshold then discriminant validity is recognized. Threshold HTMT value is open to debate.

Table 1: Composite reliability

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Loadings</th>
<th>t-values</th>
<th>Cronbach-Alpha</th>
</tr>
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<tbody>
<tr>
<td>ASS</td>
<td>A1</td>
<td>0.83</td>
<td>23.52</td>
<td>0.67</td>
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<tr>
<td></td>
<td>A2</td>
<td>0.85</td>
<td>24.35</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A3</td>
<td>0.60</td>
<td>7.20</td>
<td></td>
</tr>
<tr>
<td>CUSAT</td>
<td>C1</td>
<td>0.72</td>
<td>15.96</td>
<td>0.86</td>
</tr>
<tr>
<td></td>
<td>C2</td>
<td>0.792</td>
<td>21.62</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C3</td>
<td>0.80</td>
<td>22.34</td>
<td></td>
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<tr>
<td></td>
<td>C4</td>
<td>0.68</td>
<td>12.31</td>
<td></td>
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<tr>
<td></td>
<td>C5</td>
<td>0.78</td>
<td>30.47</td>
<td></td>
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<tr>
<td></td>
<td>C6</td>
<td>0.756</td>
<td>33.15</td>
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</tr>
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<td></td>
<td>C7</td>
<td>0.66</td>
<td>18.19</td>
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</tr>
<tr>
<td>CUSL</td>
<td>CUL1</td>
<td>0.92</td>
<td>82.30</td>
<td>0.81</td>
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<tr>
<td></td>
<td>CUL3</td>
<td>0.71</td>
<td>16.86</td>
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<td></td>
<td>CUL4</td>
<td>0.62</td>
<td>11.86</td>
<td></td>
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<tr>
<td></td>
<td>CUL5</td>
<td>0.93</td>
<td>11.28</td>
<td></td>
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<tr>
<td>EMPT</td>
<td>E2</td>
<td>0.77</td>
<td>12.98</td>
<td>0.70</td>
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<tr>
<td></td>
<td>E3</td>
<td>0.85</td>
<td>23.24</td>
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<tr>
<td></td>
<td>E4</td>
<td>0.75</td>
<td>11.88</td>
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</tr>
<tr>
<td>REL</td>
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<td>13.94</td>
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<td></td>
<td>R4</td>
<td>0.87</td>
<td>20.82</td>
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</tr>
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<td></td>
<td>R5</td>
<td>0.75</td>
<td>9.20</td>
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<tr>
<td>RESP</td>
<td>RE1</td>
<td>0.79</td>
<td>4.77</td>
<td>0.76</td>
</tr>
<tr>
<td></td>
<td>RE2</td>
<td>0.81</td>
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<td></td>
<td>RE3</td>
<td>0.84</td>
<td>6.03</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RE4</td>
<td>0.60</td>
<td>3.60</td>
<td></td>
</tr>
<tr>
<td>TANG</td>
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<td>0.60</td>
<td>8.92</td>
<td>0.75</td>
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<tr>
<td></td>
<td>T3</td>
<td>0.67</td>
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<td>T4</td>
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<td>17.39</td>
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<tr>
<td></td>
<td>T5</td>
<td>0.78</td>
<td>13.17</td>
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<tr>
<td></td>
<td>T6</td>
<td>0.70</td>
<td>9.36</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s own estimation from the dataset

Several authors commend threshold of 0.90 for all HTMT for conceptually similar constructs, for instance satisfaction of the customers and loyalty, satisfaction, organizational commitment, among others. However, some authors recommend a threshold equal or less than 0.8 (Clark & Watson).

Structural bootstrapping model

After establishing the validating of the model through discriminant and convergent validity, PLS t values were computed via running the bootstrapping (BT) procedure so as to examine the correlation amid the dependent and independent variables. The estimation highlighted the t-scores and path coefficients in addition to non-significant and significant relationships (see Figure 1 and Figure 2).
PLS assessment was grounded on non-parametric extrapolative procedures (Chin, 1998). The model’s extrapolative abilities incorporated $R^2$ and $Q^2$. To quantify this, PLS procedures were ran independently and the findings demonstrated the model had acceptable predictive quality needed to point out data themes. Observations utilized estimate was divided by error distance number in the range of 5 - 10. $R^2$ Square value of 0.75 stipulates significant extrapolative ability, while a value of 0.50 designates moderate extrapolative ability, 0.25 denotes a weak extrapolative potential. The results indicated that multiple correlation ($R^2$) denotes the degree of variability of dependent variables that is ascribed to the independent variables for the model. The $R^2$ measures percent variability as described and the model's extrapolative ability and the commonality and cross validity redundancy measure $Q^2$, variables for SEM model (see Table 2). $Q^2$ greater than naught, for an exact independent variable (predictive ability redundancy/commonality degree $Q^2$) indicates the model’s extrapolative significance for a specific variable. $Q^2=0.02$ shows a minor extrapolative importance, $Q^2=0.15$, moderate and $Q^2=0.35$ denotes great extrapolative significance (Hair Jr, Sarstedt, Hopkins & Kuppelwieser, 2014).

Table 2: The overall model fit ($R^2$ and $Q^2$)

<table>
<thead>
<tr>
<th></th>
<th>$R^2$</th>
<th>$Q^2$</th>
<th>$F$</th>
<th>ASS</th>
<th>EMPTH</th>
<th>CUSAT</th>
<th>REL</th>
<th>RESP</th>
<th>TANG</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSAT</td>
<td>0.81</td>
<td>0.20</td>
<td>0.07</td>
<td>0.03</td>
<td>0.01</td>
<td>0.06</td>
<td>0.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CUSL</td>
<td>0.87</td>
<td>0.30</td>
<td>0.00</td>
<td>0.00</td>
<td>0.56</td>
<td>0.00</td>
<td>0.05</td>
<td>0.01</td>
<td></td>
</tr>
</tbody>
</table>
The study further revealed that $Q^2$ were substantially greater than zero, therefore supporting the model’s extrapolative importance for the study variables (see Table 2). In the f-square column, the value of f square outcome is 0.563 for the extrapolating values of CUSAT on CUSL, denoting that CUSAT had a bigger outcome in creating the $R^2$ for CUSL. The 0.07, 0.03, 0.06, 0.02 & 0.05 value denotes that Assurance, Empathy, Responsiveness and Tangibility, have a minor impact on creating the $R^2$ of CUSAT. Whereas REL (0.011) had no consequence on CUSAT. Values 0.002, 0.001, 0.000, & 0.001 demonstrate that Assurance, Responsiveness, Empathy, and Tangibility, individually, had no impact in creating the R square of CUSL. RESP (0.05) shows RESP had a minor effect in creating the $R^2$ of CUSL.

**Results of hypothesis testing**

Altogether t-statistics were significant at $p < 0.001$ (see Table 2). If the $p$ value was less than this level of significance then the hypothesis was not accepted and where the t-value was more than 2.63, it was significant at $p<0.01$. T-values in the range of 2.63-1.96 was considered significant at $p<0.05$. Similarly, t-values less than 1.96 were not significant at $p<0.01$. This study revealed that a total of 11 hypotheses, PLS Bootstrapping for testing hypotheses was run. All the results of hypothesis testing (from hypothesis 1 to 6) was thoroughly done and interpreted accordingly (see Figure 2).

**Hypothesis 1a: Assurance positively and significantly influences satisfaction among customers**

The hypothesis test found that $\beta=0.28$; $p=0.00 \leq 0.00$ and $t=3.49 \geq 1.96$ thus $H_1a$ was accepted, assurance was positive and significant, thus influenced the satisfaction of the customers. Partial variation in satisfaction of guests in hotels as a result of one-unit variation in assurance to function was 0.279; therefore, assurance was the most significant element impacting the satisfaction of customers. This suggests that having well-informed, skilled and knowledgeable workers who understood customers’ requirements well and provision of tailored services to customers was important to satisfaction and consequent building of customer loyalty in hotel industry. This position is supported by Kheng et al. (2010) and Ndubisi (2006) research.

<table>
<thead>
<tr>
<th>Table 3: Hypothesis test results</th>
<th>Sample</th>
<th>Mean ($\bar{X}$)</th>
<th>Std Dev. (s)</th>
<th>t-values</th>
<th>P value</th>
<th>Inference</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASS ----&gt; CUSAT</td>
<td>0.28</td>
<td>0.27</td>
<td>0.08</td>
<td>3.49</td>
<td>0</td>
<td>Accepted</td>
</tr>
<tr>
<td>ASS -------&gt; CUSL</td>
<td>0.04</td>
<td>0.04</td>
<td>0.06</td>
<td>0.61</td>
<td>0.54</td>
<td>Rejected</td>
</tr>
<tr>
<td>CUSAT---- -&gt; CUSL</td>
<td>0.65</td>
<td>0.65</td>
<td>0.05</td>
<td>12.77</td>
<td>0</td>
<td>Accepted</td>
</tr>
<tr>
<td>EMPTH --&gt; CUSAT</td>
<td>0.17</td>
<td>0.17</td>
<td>0.07</td>
<td>2.44</td>
<td>0.02</td>
<td>Accepted</td>
</tr>
<tr>
<td>EMPTH ---&gt; CUSL</td>
<td>-0.03</td>
<td>-0.03</td>
<td>0.06</td>
<td>0.52</td>
<td>0.60</td>
<td>Rejected</td>
</tr>
<tr>
<td>REL -----&gt; CUSAT</td>
<td>0.12</td>
<td>0.13</td>
<td>0.07</td>
<td>1.65</td>
<td>0.10</td>
<td>Rejected</td>
</tr>
<tr>
<td>REL ----&gt; CUSL</td>
<td>-0.00</td>
<td>-0.00</td>
<td>0.08</td>
<td>0.02</td>
<td>0.98</td>
<td>Rejected</td>
</tr>
<tr>
<td>RESP ----&gt; CUSAT</td>
<td>0.21</td>
<td>0.22</td>
<td>0.06</td>
<td>3.30</td>
<td>0.001</td>
<td>Accepted</td>
</tr>
<tr>
<td>RESP -----&gt; CUSL</td>
<td>0.16</td>
<td>0.17</td>
<td>0.06</td>
<td>2.91</td>
<td>0.00</td>
<td>Accepted</td>
</tr>
<tr>
<td>TANG-- -&gt; CUSAT</td>
<td>0.17</td>
<td>0.17</td>
<td>0.08</td>
<td>2.06</td>
<td>0.04</td>
<td>Accepted</td>
</tr>
<tr>
<td>TANG -----&gt; CUSL</td>
<td>0.07</td>
<td>0.07</td>
<td>0.07</td>
<td>1.00</td>
<td>0.32</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: Author’s own estimation from the dataset

**Hypothesis 1b: Assurance positively and significantly influences loyalty among customers.**

The results from this hypothesis indicated that $\beta=0.04$; $p=0.55 \geq 0.00$ and $t=0.60 \leq 1.96$ though the effect isn’t significant $H_1b$ is moderately reinforced, changes in loyalty as a result of one-
unit variation in assurance was 0.04, while the p value (0.55) denotes that was not statistically significant. These findings indicate that customers didn’t take assurance as a central part of service quality.

Hypothesis 2a: Empathy positively and significantly influences the satisfaction.
The empathy results indicate that β=0.17; p=0.00 ≤ 0.02; and t=2.47 ≥ 2.0 therefore Hypothesis 2a was rejected; the variation in part of the satisfaction of customers resulted in one-unit variation in empathy was 0.17 and p value =0.01 indicating that it was significant. Empathy enabled customers feel appreciated and important, since hotels pay individualized courtesy and attention. If customers got individualized care there was likelihood that they would revisit the hotel in future (Delgado & Ballesster, 2004).

Hypothesis 2b: Empathy positively and significantly influences loyalty among customers.
The results showed that β=0.03; p=0.60 ≥ 0.00; and t=0.52 ≤ 1.96 although H2b is not supported. Thus, empathy was not a determining factor in the loyalty of the customers. This disagrees with earlier studies, such as (Ehigie, 2006; Ndubisi, 2006; Kheng, 2010).

Hypothesis 3a: Reliability in tourist Hotels positively and significantly influences satisfaction of customers.
Data on the results showed that β= 0.12; P=0.10 > 0.00; and t=1.67 though hypothesis is not significant, it was partly supported.

Hypothesis 3b: Reliability positively and significantly influences loyalty among customers in tourist Hotels.
The analysis showed that β=–0.00; p=0.99>0.00; and t= 0.02 < 1.96 thus H2b is not supported. Reliability, which entails the capability to do designated tasks reliably and correctly, was found to be insignificant towards customer loyalty. The study findings are however against the hypothesis and at variance with Kheng, Mohamad, Ramayah & Mosahab (2010), Eshetie, Seyoum & Ali (2016) and Auka, Bosire & Matern, (2013) which established significant association connecting reliability and loyalty of customers.

Hypothesis 4a: Responsiveness positively and significantly influences satisfaction of customers in tourist hotels.
The data indicated that β=0.21, p ≥ 0.00; and t=3.25 thus H4a is supported. Partial changes in the satisfaction of the customers as a result of one-unit variation are 0.207 and p=0.001 thus indicating it is statistically significant. Responsiveness is therefore willingness by an enterprise to assist its clients through provision of respectable, quality and timely service. According to Delgado & Ballester (2004) this is a vital dimension, bearing that customer have a propensity to feel valued by receiving high quality service.

Hypothesis 4b: Responsiveness positively and significantly influences loyalty among customer’s quality services in tourist Hotels.
The results on responsiveness was that β= 0.16; p=0.00 ≤ 0.001; and t=2.96 thus the H4b was highly supported. Partial variation in loyalty of the customer as a result of one-unit variation in responsiveness was 0.16 and p value =0.00 shows it was significant.

Hypothesis 5a: Tangibility positively and significantly influences satisfaction among customers.
Regarding tangibility, it was found that $\beta=0.17; p=0.04 \leq 0.001$; and $t=2.06$ thus the hypothesis was accepted; Tangibility is the ambience of physical environment and amenities, gears, employees and the method of communicating to one another. Thus, tangible dimension largely entails making a firsthand impression. Hotel managements would like to see their customers get an exclusive positive firsthand impression, so as the guest revisits the hotel in future (Delgado & Ballester, 2004). There was a significant relationship between the tangibility dimension and the satisfaction of the customers. This concurs with a previous study which established that tangibility was a significant aspect in satisfaction of customers; particularly the aesthetic décor of the rooms was an important factor in customer satisfaction (Hossain, 2012; Juwaheer, 2004). Hence, hotel managers ought not to overlook the tangibility dimension.

**Hypothesis 5b: Tangibility positively and significantly influences loyalty among customer.**

The analysis indicates that $\beta=0.07; p=0.31>0.00$; and $t=1.00$ though the impact is not significant. $H_{5b}$ is partially supported. Results show that, although tangibles maybe contributing to the satisfaction of the customers, it did not influence customers’ loyalty to the hotel. Therefore, an appealing physical environment was not a persuasive aspect to customer to patronize a hotel. These finding disagrees with research conducted by Auka et al., (2013) and Parasuraman and Zinkham (2002) which found out that tangibles were an influencing factor to the loyalty of customers. This is in support of a study by Kheng (2010) which revealed that tangibility was not a significant determinant of customer loyalty.

**Hypothesis 6: Customer satisfaction positively and significantly influences loyalty among customers.**

The analysis shows that $\beta=0.65; p\leq 0.00$; and $t=12.67$ which affirms the impact of satisfaction of the customers and loyalty as significant and positive. Thus, customer satisfaction with hotel services eventually led to their loyalty. Generally, studies have established the significant role of satisfaction of customers in expecting their loyalty (Fen & Lian 2010; Chitty, Ward & Chua, 2007; Olurunniwo, Hsu & Udo, 2006). In divergence, some studies have indicated that the satisfaction of customers might not be a reliable pointer of loyalty (Skogland & Siguaw, 2004; Olsen 2002). Notwithstanding, these apparent contradictory findings of various studies, this research established unequivocally that customer satisfaction with service provision by hotels would incline towards a high propensity to loyalty (Kandampully & Suhartanto, 2000).

**Hypothesis 7: Satisfaction’s mediation between service and customer.**

SmartPLS 3.0 was used to run the mediation test via bootstrapping steps; systematic mediation test. ‘Specific indirect effect’ result was used to obtain the mediating test, which revealed that the two hypotheses were reinforced and that, $p$- and $t$-values of the hypothesis $H_{7a}, H_{7b}, H_{7d}$ & $H_{7e}$, revealed no significance, which indicated that the association between the quality service variables were facilitated by the satisfaction of the customers (Baron & Kenny 1986). $H_{7e}$ indicated no significance. Next step measured the mediation level by assessing the variance constituted for (VAF). The study results revealed that no mediation occurred when VAF was below 20%; limited mediation surfaced when VAF was between 20% and 80% while complete mediation was witnessed when VAF was more than 80% as corroborated by Hair et al. (2014). Furthermore, the study revealed that the VAF of the association between Responsiveness, Empathy, and Tangibility and the loyalty of customers are partly mediated by the satisfaction of customers carrying 64.49%, 44.96 % & 61.79%VAF values respectively (see Table 4). Conversely, the association amid Assurance and the loyalty of customers was completely mediated by the satisfaction of the customers, this indicated that Assurance quality facilities of the services in hotels is completely mediated.
Table 4. Mediation

<table>
<thead>
<tr>
<th>NO</th>
<th>HYPOTHESIS</th>
<th>B</th>
<th>Indirect effect</th>
<th>Total effect</th>
<th>VAT</th>
<th>t-value</th>
<th>p-value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ASS→CUSAT</td>
<td>0.28</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H7a</td>
<td>ASS→CUSAT→CUSL</td>
<td>0.04</td>
<td>0.18</td>
<td>0.22</td>
<td>82.3%</td>
<td>3.42</td>
<td>0.00</td>
<td>Full Mediation</td>
</tr>
<tr>
<td></td>
<td>EMP→CUSAT</td>
<td>0.65</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H7b</td>
<td>EMP→CUSAT→CUSL</td>
<td>0.17</td>
<td>0.11</td>
<td>0.17</td>
<td>64.5%</td>
<td>2.32</td>
<td>0.02</td>
<td>Partial Mediation</td>
</tr>
<tr>
<td></td>
<td>CUSAT→CUSL</td>
<td>-0.03</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H7c</td>
<td>REL→CUSAT</td>
<td>0.12</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>REL→CUSAT→CUSL</td>
<td>-0.00</td>
<td>0.08</td>
<td>0.08</td>
<td>101%</td>
<td>1.64</td>
<td>0.10</td>
<td>Na</td>
</tr>
<tr>
<td>H7d</td>
<td>RESP→CUSAT</td>
<td>0.21</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RESP→CUSAT→CUSL</td>
<td>0.16</td>
<td>0.13</td>
<td>0.30</td>
<td>45.0%</td>
<td>3.19</td>
<td>0.00</td>
<td>Partial Mediation</td>
</tr>
<tr>
<td></td>
<td>TANG→CUSAT</td>
<td>0.17</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H7e</td>
<td>TANG→CUSAT→CUSL</td>
<td>0.07</td>
<td>0.11</td>
<td>0.18</td>
<td>61.8%</td>
<td>2.06</td>
<td>0.04</td>
<td>Partial Mediation</td>
</tr>
</tbody>
</table>

Implications/conclusions

The study established that, customer satisfaction was significantly ascribed by responsiveness, tangibility, empathy and assurance; in addition, the influence of reliability on the satisfaction and loyalty was positive but insignificant. Consequently, managers of hotels ought to adopt strategies to improve their capacity to achieve the assured service accurately and dependably. Customers prefer to patronize hotels that keep promises, especially if the promises pertain to service provision. All hotels should be aware of the expectation of their customers pertaining to reliability. Failure by a hotel to provide core services to their customer’s amounts to directly disappointing the guests. Therefore, hotels ought to pay utmost attention to the reliability dimension through provision of individualized care to customers by giving the services as promised. The study further established that responsiveness and loyalty of the customers were significant and positively associated, thus suggesting that the responsiveness dimension was important in creating loyalty of the customers. Assurance had a positive but insignificant effect on customer loyalty, and this indicated that assurance was not an important dimension to customer loyalty. Reliability and empathy gave insignificant though negative effects on the loyalty of the customers. Accordingly, the other dimensions (assurance, empathy, tangibility and reliability) were insignificant to customer loyalty. In addition, the findings strongly confirm that, when customer attains satisfaction from the services provided, they eventually develop loyalty to the hotel and facilitate the connection between responsiveness, empathy, assurance and allegiance.

References


