Assessing the Use of Linear Regression Analysis in Examining Service Quality and Customer Satisfaction Relationship in Premium Casual Restaurants (PCR) in Subang Jaya (Klang Valley) Malaysia

Mazni Saad
Kulliyyah of Languages and Management, International Islamic University Malaysia

Alaa Nimer AbuKhalifeh*
SIHOM Department, Sol International School, Woosong University

Syafiq Syaheer Slamat
School of Hospitality & Creative Arts, Management & Science University

Tengku Nor Farah Farhanah TengkuYacob
School of Hospitality & Creative Arts, Management & Science University

ABSTRACT
Many urban Malaysians are attracted to the moderately-priced food that is usually served in a casual atmosphere. Its popularity has given rise to its potential business in the foodservice industry. The sudden increase in the number of Premium casual restaurants (PCR), however, creates a stiff competition which has resulted not only in a bad turnover of customers but also in businesses closing abruptly. Another reason for such closures is also the dissatisfied customers who experience poor quality service at these dining restaurants. Thus, the current study aims to examine the relationship between Service Quality (SERVQUAL) and customer satisfaction at (PCR). A total of 380 questionnaires distributed and yielded a response rate of 53 percent. The SERVQUAL model contributed 76 percent of the variance in the customers' satisfaction level among those who dined in the restaurants. The overall results show that in a highly competitive business environment, customers' evaluation of Service Quality and customer satisfaction is critical to the service restaurants' survival. The management must, therefore, focus on these most crucial factors that have enhanced service standards of future research.

Keywords: Premium casual restaurant, customer satisfaction, Restaurant Service, SERVQUAL, Malaysia.

1. INTRODUCTION
Premium casual restaurants (PCR) is relatively competitive in nature with stiff competition within the industry itself. This is due to an increasing number of new entrants, often offering novel food products and services. Among the qualities offered by (PCR) is that the restaurant serves moderately priced food in a casual atmosphere. Except for buffet-style restaurants, casual dining typically provides table service and comprises a market segment between fast food establishments and dining restaurants.

However, these restaurants, especially in the Klang Valley, seem to come and go quite easily. Just as it was easy to create a high-quality fine dining restaurant, sustaining, it was problematic due to the volatility of product cost, customer loyalty and public perception. It was reported that hundreds of (PCR) across the country had downscaled...
their prices as customers are always looking not only for high quality but also affordable food. Typically, customers want to dine in clean restaurants where they will not contract any foodborne illness (Al-Shabib, Mosilhey, & Husain, 2016; Baur, Getz, & Sowerwine, 2017; Young & Waddell, 2016) A restaurant which pays little attention to hygiene would negatively impact a customer’s dining experience and ruin any chance of a return visit. Such customers would, in some way, relate their bad experience to receiving poor quality fine dining (Boo, 2017; Jeong & Jang, 2018; Kim, Youn, & Rao, 2017; Sudhagar & Rajendran, 2017). According to Hill and Alexander (2017), the cost of gaining a new customer is ten times greater than the cost of keeping a satisfied customer. Moreover, when the service is particularly poor, about 90% of customers will not return to the restaurant. Satisfied customers improve business, and dissatisfied customers ruin a business (Cai & Chi, 2018; Pizam, Shapoval, & Ellis, 2016). To summarize, it is therefore important that customer satisfaction is monitored and continually managed in these restaurants.

Customer satisfaction via Service Quality is critical to the success of any restaurant that wants to gain and maintain market share (Oh & Kim, 2017; Rahimi & Kozak, 2017) Due to intense competition in the service industry, restaurant operators who are able to provide quality service to their customers will gain a great advantage over their rivals in retaining customers and in attaining survival and growth (AbuKhalifeh & Som, 2016). Implicit in this belief is the notion that enhancement in performance quality will result in more customers and the expansion of the restaurant. Thus, the main interest of this study is to see if Service Quality contributes to customer satisfaction in (PCR) in Subang Jaya. If it does, which dimension of Service Quality has contributed the most.

2. LITERATURE REVIEW
2.1 Customer Satisfaction
In a competitive marketplace where business competes for customers, customer satisfaction is increasingly seen as a key element of business strategy. Within organizations, employees should focus on customer’s expectation as their satisfaction ratings can have a powerful effect (Saqib, 2019). Quoting Homburg, Koschate, and Hoyer (2006) suggested that enhancing customer satisfaction has been found to be connected to enhancing higher future profitability, increasing consumers’ willingness to pay a higher price, making a good recommendation and using the products or services frequently and developing customer loyalty.

In a recent study of dining restaurants in Pakistan Shahzadi, Malik, Ahmad, and Shabbir (2018) discovered that perceptions of dining restaurants have the ability to influence customer satisfaction and behavioural intentions. They suggested that improvement efforts be made on four key areas; healthy food option, food freshness, food safety and fair price. It is also recommended that restaurants managers understand the stronger and as well as the weaker aspects of Service Quality and investigate the factors which contribute towards customers’ satisfaction and their post dining behavioural intentions in order to build and maintain a long term relationship between restaurants and customers.

2.3 Service Quality
Service Quality has always been important for the hospitality industry as one of the most effective means of building a competitive position and improving organizational performance. It is a focused evaluation that reflects the customer’s perception of specific
dimensions of services, ratability, responsiveness, assurances, empathy, and tangibility, which is unlike satisfaction which is more inclusive as it is influenced by the perception of service and product quality and process, as well as situational and personal factors (Kasiri, Cheng, Sambasivan, & Sidin, 2017; Kiran & Diljit, 2017; Lemy, Goh, & Ferry, 2019; Secchi, Roth, & Verma, 2019; Su, Pan, & Chen, 2017).

Many people love to go out to eat because they are captivated by the appearance of food. Presenting a good-looking and well-decorated food can stimulate customer perception of quality and hype a consumer’s desire and mood in consuming food in fine dining restaurants (Axelsen & Swan, 2010; Droms, 2006; Mulyana & Ayuni, 2019; Pai, Yeh, & Tang, 2018). Therefore, it is essential to study how food quality, in this case, food freshness and food presentation, impact a customer’s dining experience in fine dining restaurants. This suggests that the management may wish to seek attributes that attract a customer’s return business, develop services in line with customer preferences and market needs and effectively manage the image that will increase the restaurant’s chances for success.

3. RESEARCH METHOD

This study employs a cross-sectional quantitative survey of fine dining restaurants in Subang Jaya in the Klang Valley, chosen for its central position to adjoining cities and towns in the state of Selangor. It is located in the Petaling District, in the heart of the food industry where restaurants play a major role in serving food, thus inspiring people to start a business in CWDR. The high concentration of well-to-do members of the upper echelons of society, expatriates and tourists. This also includes many potential customers from numerous government and corporate offices in the area, provide a good market for these restaurants. As they are frequented for both business and leisure purposes, relevant authorities continue to popularize them with on-going promotional activities.

3.1 Population and Sample Size

There are 27 western styled restaurants in Subang Jaya. However, as the actual number of customers eating out was unknown Krejcie and Morgan (1970) suggestion on determining a sample size of 380 customers was taken as suitable (Bartlett, Kotrlik, Higgins, & Williams, 2001). To maximize the data collection process, five days were allocated, starting from the middle of April 2018. The start-up point was at the peak hours of lunch and dinner, where the targeted respondents were the customers who were dining during that specified period of time.

3.2 Instrument

All measurements for the five SERVQUAL have been adopted and adapted from Lee and Ulgado (1997). Service Quality has five dimensions; Tangible, Reliability, Responsiveness, Assurance, and Empathy were measured. The evaluation of the customer’s experience included overall pleasure and satisfaction with services and products received. Eight items were taken from Qin and Prybutok (2009) and three items from Liu and Jang (2009) for customer satisfaction. A 7-point Likert scale measured quality service and customer satisfaction, ranging from “1” “strongly disagree” to “7” “strongly agree.” The questionnaire was validated by doing the pretest on five PhD holders. The pre-test identified improvements to the questions, where some general
questions were made more specific and direct for better understanding. All data collected were computed and validated by IBM-SPSS Version 23.

4. RESULTS AND DISCUSSION

4.1 Response Rate and Sample Profile

The questionnaire survey yielded a 53% response rate. Of the 200 respondents, 58% of female customers dominated the result. 58% of the responses were also from Malay respondents. The majority was below 25 years old (41.0%), with 28.5% being 26 to 35 years old. Forty percent were students, 31.5% were working in the private sector, and 18.0% were from the government sector. For most of them, their monthly income was less than RM 2,000 (37.8%).

A closer look was made on the respondents’ dining patterns. During a period of 12 months, the majority (39%) had dined at more than five restaurants at a frequency of more than four times (41%). Customers usually like dining at Casual Western Restaurants to celebrate special occasions (37%). The main attribute of these restaurants is cleanliness with hygiene as a priority (41%), followed by reasonable price rates (21%), and types of food (16%). Social media is the leading medium (38%) for the dissemination of information about the restaurants, followed by word-of-mouth from family (26%), and friends (17%). The profile demonstrates that PCR is most popular among female Malay youngsters for their affordable prices and social media is their preferred access to these restaurants.

4.2 Goodness Measures

Kaiser and Rice (1974) recommend a value greater than 0.5 as acceptable. The goodness measures for all the variables in the study have no item has been deleted for all the variables. Both SERVQUAL sub-dimensions and customer satisfaction maintain excellent reliability levels since the Cronbach’ Alpha values were above 0.80. Hence, all items could be considered as valid and reliable for measurement. SERQUAL’s mean scores on the 7-point Likert scale exceeded “5.” The average mean score, ranging from 5.58 to 5.76, refers to customers who agreed to the questions asked on SERVQUAL and customer satisfaction.

4.3 Assessment of Cause and Effect Analysis

Prior to the cause and effect analysis, the examination of the correlation between variables (see Table 1) reveals that some relationships of SERVQUAL were established above 0.3 with customer satisfaction. The correlation between each SERVQUAL dimension was also satisfactory at less than 0.7. Therefore, all the variables were retained.

Table 1: Correlation between Variables

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>IV 1</th>
<th>IV 2</th>
<th>IV 3</th>
<th>IV 4</th>
<th>IV 5</th>
<th>DV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibility</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
<td>.563**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td>.540**</td>
<td>.485**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assurance</td>
<td>.554**</td>
<td>.581**</td>
<td>.722**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Empathy</td>
<td>.427**</td>
<td>.535**</td>
<td>.584**</td>
<td>.637**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>customer satisfaction</td>
<td>.497**</td>
<td>.571**</td>
<td>.524**</td>
<td>.710**</td>
<td>.613**</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: N=200; Correlation is significant at the 0.01 level (2-tailed)
A multiple regression analysis investigated the effect of SERVQUAL on customer satisfaction. Table 2 indicates that SERVQUAL (B = 0.757, t = 2.211, p < .01) had a positively significant effect on customer satisfaction. Hence, it can be concluded that if the average level of SERVQUAL were high, the average level of customer satisfaction would also be high. The analysis also reveals that SERVQUAL was able to explain about 57.4% (R² adjusted = .563) of the total variation in customer satisfaction. Since this research data contains 200 samplings, the SERVQUAL model represents 76% of the true value of population satisfaction, thus answering the first objective and hypothesis posited for this research. Table 3 compares the contribution of each SERVQUAL. The standardized coefficients demonstrate Assurance as the strongest unique contribution (0.074, p < 0.000), followed by Reliability (0.66, p < 0.001), and Empathy (0.060, p < 0.000) in predicting customer satisfaction.

The above results support all research hypothesis; Service Quality and customer satisfaction are closely related, and an increase in one is likely to lead to a rise in the other (Sureshchandar, Rajendran, & Anantharaman, 2002). The SERVQUAL dimensions designed Arun Parasuraman, Berry, and Zeithaml (1991) are also supported by this study and the findings on the SERVQUAL model are also similar to that found by Bojanic (1996); (Mägi & Julander, 1996; Qin & Prybutok, 2009), to name a few. However, statistically, the present study did not find all five SERVQUAL dimensions significant although a relationship was established for all the variables.

Of the five dimensions, Assurance, Empathy, and Reliability have statistically contributed to customer satisfaction. Responsiveness, which refers to the willingness to serve customers, availability to respond to customers’ requests and flexibility to meet customers’ demands has the strongest impact on customer satisfaction. Reliability which contains attributes relating to performing services on time and accurately, solving problems sincerely, and keeping records confidentially is the next strong dimension, followed by Assurance which refers to making customers feel safe and secure, as well as the staff’s knowledge of surrounding areas, their occupational skills and courteous attitude. Baker and Crompton (2000) also supported this finding when they pointed out consumers’ consistent high expectations of services which are reliable and on time,
problems which are quickly corrected, trained and knowledgeable staff, and customers’ feelings of comfort. Brochado (2009); (Zeithaml, Parasuraman, Berry, & Berry, 1990) obtained similar results reflecting employees’ prompt service, willingness to help, confidence in service delivery, politeness and understanding of situations, as well as neat and professional looking employees. Also mentioned is the Reliability dimension, which refers to keeping promises, offering accurate and timely service, and safe and secure stay.

The final dimension, Empathy, refers to providing customers individual attention, understanding customers’ specific needs, having a positive attitude when receiving customers’ feedback, and providing customers with a healthful menu. This means that PCR can considerably increase their customer satisfaction level if they perform more empathically. The research on United Arab Emiratis tourism industry by Mohamad, Ab Yazid, Khatibi, and Azam (2017) supported the findings when the SERVQUAL scale was applied to measure the Service Quality impact on customer satisfaction. Unlike the three other SERVQUAL dimensions, Tangible has an insignificant impact on customer satisfaction, although it does have a positive correlation, a result which is also found in (Giovanis, Athanasopoulou, & Tsoukatos, 2015). Responsiveness, however insignificant, was also found to be positively correlated with customer satisfaction. This could probably be due to the long wait that customers experienced in getting served. Although Responsiveness is a crucial element in PCR, customers may have compared it the faster fast food restaurant service. This insignificant relationship is consistent with that found by (Polyorat & Sophonsiri, 2010) and Hovenier, Van der Mee, and Domke (2014). Nevertheless, the model successfully predicted satisfaction levels among customers who dined at CWDR in Subang Jaya.

5. IMPLICATIONS OF THE STUDY

The study specifically looked at PCRs’ and concentrated on the restaurants’ service quality dimensions and customer satisfaction in the environment of the restaurant industry. The outcomes of the study provide guidelines for PCRs’ that intend to capitalize on several elements of service quality and customer satisfaction to maintain their available customer base while improving or expanding on their advantages to attract more potential customers. Hence, the implications of this study may strongly affect PCRs’ future and programs regarding the types of services to be rendered. These implications could be divided into two categories, namely theoretical and managerial implications.

5.1 Theoretical Implications

This study utilized the SERVQUAL model in PCRs. It tested the relationship among the CWDRs’ variables of service quality dimensions and customer satisfaction in order to demonstrate their close relationship. The findings show that the PCRs’ service quality dimensions were the predictors of customer satisfaction as all the three components were found to be significantly related. This study has also managed to identify and address certain gaps in PCRs s’ service quality dimensions’ literature. Initially, there was insufficient empirical research that has investigated the association between all the variables of PCRs s’ service quality dimensions and customer satisfaction in the industry. Also, the impact of the PCRs s’ attitude toward providing better quality services in the face of economic changes was also addressed. Other gaps identified were customer’s gap, which included expected service and perceived service, as well as the provider’s gap that will close all customer gaps. The gap model suggested four other gaps that occurred within the research: Listening Gap 1 (not knowing what customers expect),
Provider Gap 2: service design and standards gap (not selecting the right service standards), Provider Gap 3: service performance gap (not delivering to service designs and standards), and Provider Gap 4: the communication gap (not matching performance to promises: (Anantharanthan Parasuraman, Zeithaml, & Berry, 1985; Zeithaml, Bitner, Gremler, & Pandit, 2006).

Furthermore, the current study has applied the SERVQUAL model, which has been revised by increasing the original 32 items to 40. However, five-dimensional structures have remained the same, with 19 customer satisfaction items, thus making this study different than previous ones.

5.2 Managerial Implications

Loyal customers usually prefer to patronize the same restaurant unless the service quality provided, or the delivered quality service has declined. PCRs that want to develop customer satisfaction must truly understand and fulfil the customers’ needs, desires, as well as all other perceptions of satisfaction. This study confirms that customer satisfaction is determined by (PCR) s’ service quality dimensions. It must be noted that customer satisfaction here is measured by how well (PCR) s’ service is being provided by the supplier as perceived by existing customers. There are many managerial implications arising from the results of this study. The first implication is the tangible aspects of service, which enable customers to feel that their material needs are important. (PCR) s in Malaysia is unique due to several aspects, where many cooking traditions and practices of the different multi ethnic groups of the country. These different cuisines strongly affect the relationship between tangibility and satisfaction.

The second implication pertains the reliability of customer service that must be continuously provided with confidence and efficiency every time the customer returns to dine at the restaurant. For example, the same promptness of service provided at the restaurant must also be extended to all other service types offered in the restaurant.

When a customer asks for a different type of food service that is not provided by the PCRs, the restaurant must then recommend an external service provider that can provide an equally service as that offered by the restaurant. Therefore, tangibility and reliability are equaled effective in improving and enhancing satisfaction and even maintaining loyalty. Restaurant managers must also ensure a high level of responsiveness from the staff.

The third implication is about assuring all restaurant customers that only the highest quality service will be provided and that everything will be done to ensure their fullest satisfaction. This includes making sure that restaurant staff are polite, friendly, and confident in communicating only the professionally highest service to the customer. In sum, the present study shows a significant relationship between customer satisfaction.

6. CONCLUSION

This research highlights the importance of quality services in improving customer satisfaction. Specifically, it provides a more comprehensive understanding of how it influences customer satisfaction through quality services given by (PCR). When people dine in any restaurant, they expect to be provided with good food and services in a favourable restaurant environment. It is generally understood that the major antecedent of a revisit intention is the level of satisfaction that a customer gets on a first visit. This research is unique in a way as it provides an understanding of the customers’ profile, which in this study is made up of young people whose expectations of dining at the (PCR) have to be prioritized. This finding may implicate changing present policies that (PCR) owners may have that are not relevant to young customers. Theoretically, the findings
highlighted that owners should strengthen assurance, empathy, and reliability towards providing the highest quality services that satisfy customers’ needs when dining in (PCR). This study could be replicated with other restaurant types and contribute to the growing body of knowledge on service and hospitality management. Thus, it is imperative that management channels its focus on assurance, empathy, and reliability. Although these three dimensions give satisfaction to customers, the restaurant must also strengthen efforts to update tangibility and responsiveness according to the requirements of their clientele. This research suggests that customers are willing to travel the extra mile to patronize full-service restaurants if excellent food and services are offered at a reasonable price. Practically, restaurants especially (PCR) can support the customer by providing convenient quality services where customer satisfaction can be somewhat guaranteed. Apart from providing enough facilities which are comfortable and of high quality within the premises, it is every restaurant’s responsibility to provide good Service Quality for each and every customer. As data from this study were collected from customers at a single upper-middle-class town, future research could consider investigating other sectors of the service industry. Only then could a comprehensive picture of the exact nature of the relationship between Service Quality and customer satisfaction be achieved across the SERVQUAL dimensions.

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REFERENCES


