

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Correlates the Relationship of Service Quality, Customer Satisfaction, and Customer Retention on Selected Restaurants in Muscat, Sultanate of Oman

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Abstract:

This study primarily aimed at investigating the relationship of service quality, customer satisfaction and customer retention on selected restaurants in Muscat, Sultanate of Oman. It also showcased the application of the 5-dimensions of service quality in relation to customer satisfaction. To achieve the objectives of the study, it utilized the descriptive research design that mainly used the survey questionnaire as the main data gathering tool and initially distributed to 130 sample respondents. However, only 105 filled questionnaires were retrieved on the basis of convenience sampling. Reliability and validity test was conducted to ensure that the research instrument is reflective of the research objectives and research questions. In analyzing the data, tables and frequencies were used to analyze the demographic profile of respondents; weighted mean and standard deviation were employed to determine the level of agreement of the respondents on service quality, customer satisfaction and customer retention. Regression, correlation and t-test were used to analyzed the relationship between the 5-dimensions of service quality and customer satisfaction; relationship between service quality, customer satisfaction and customer retention; and, determining the significant difference between the demographic profile and service quality respectively. Key findings revealed that among other variables only reliability has no significance on service quality while there is significant correlation between the three variables: service quality, customer satisfaction and customer retention. But there is no significant difference between the demographic profile such as age, gender, nationality, source of income and income of the customers and service quality. Based on the outcome of this study, it can be recommended that, restaurants should try to improve their current services to achieve better results. The level of agreement by the customers about the current services can be elevated that may require excellent performance. Trainings and programs relative to enhancing service quality can be a good suggestion and if possible, these restaurants can perform benchmarking to assess their present performance with other restaurants who may have excellent services as starting point of improvement. Above all, the management should strive to strike a balance between service quality, customer satisfaction and customer retention to achieve competitive advantage.

Keywords: Service quality, customer satisfaction, customer retention, service quality model

1. Introduction

The concept of service quality is not a new concept to reckon with. Muddie and Cottam (1999) has applied the concept of service quality in the banking sector primarily to evaluate the bank's operational aspect and the overall company's performance. In view of the fact that quality is important in all aspects of operation whether in goods and services, quality has been defined by Parasuraman, Zeithaml & Berry (1985) as a standard of something that primarily focused on satisfying the needs and expectations of the customers. Baker (2003) accordingly defined it as a concept that quality is defined by customers according to their views and expectations. Anchored on the theories earlier introduced by Chase & Bowen (1988), service quality is expressed into three theoretical dimensions namely the customer satisfaction theory, customer interaction theory, and attribute theory. Customer satisfaction theory takes into major consideration the actual quality of service that the company provides to the customers against the customer's expectations. Customer interaction theory on the other hand focuses on the level of interaction demonstrated between the company and the customers as measure of service quality which means that the more interaction signifies higher quality. And, attribute theory as distinguished from the other two as service delivery process and its characteristics that emphasized the management's control over the quality of services provided to customers. However, as applied in this study the customer satisfaction service quality is utilized.

Several studies argue that measures of service quality can hardly be attained in restaurant industry considering that, assessing the service outcome and service delivery processes are difficult to achieve in one setting (Dulen 1999; Susskind and Chan 2000; Ryu and Han 2010). Moreover, authors are in unison that the concept of service quality is multidimensional such that there is no particular dimension that will work in one service company to another, hence; varies depending on different types of service and nature of businesses. In relation to this, this study was conducted to determine the relationship of service quality as applied to the restaurant industry on the level of customer satisfaction and customer retention. Particular consideration is the impact of service quality on customer satisfaction and customer retention.

1.1. Statement of the Problem

It is observable that there is increasing trend in restaurant industry in the Sultanate of Oman and has become competitive in comparison with other industries such as the tourism, construction and oil. Although restaurants are growing in numbers, there still remain questions on how effective are the provisions of these companies in terms of service quality. Perhaps studies had already been conducted but no specific results were found to establish a concrete evidence regarding the extent of service quality as applied to the restaurant industry. This has led to the conduct of this study to categorically examine the level of service quality on the selected restaurants as identified by the researchers that will become the starting point for further evaluation as may have been applied to most restaurants not only in the greater area of Muscat but nationwide. According to Ryu, et. al. (2008), traditional businesses have identified quality of service as major consideration in fostering customer satisfaction being profit and market share booster. It was supported by many authors stressing that, provision of quality service and food quality in restaurants enhances customer satisfaction and customer retention regardless of whether the restaurant has pleasant dining environment or not (Ha and Jang, 2010; Wall and Berry, 2007). So, as incorporated in this study, it tries to investigate the presence of service quality to the restaurants chosen to be respondents and its relationship with customer satisfaction and retention.

1.2. Research Objectives

This study is endeavored to attain the research objectives as described hereunder;

- 1.2.1. To identify and understand the concepts of service quality using the 5-dimensions service quality model, customer satisfaction and customer retention.
- 1.2.2. To determine the relationship between service quality, customer satisfaction and customer retention.
- 1.2.3. To determine the relationship between the 5-dimensions of service quality and customer satisfaction.
- 1.2.4. To determine the significant difference of customers' perception on service quality according to respondents' demographic profile such as age, gender, nationality, source of income, and income.

1.3. Research Questions

- 1.3.1. What is the profile of the respondents in terms of respondents' age, gender, nationality, source of income, and income?
- 1.3.2. What is the level of agreement on the concepts of service quality, customer satisfaction and customer retention as perceived by the customer respondents?
- 1.3.3. What is the relationship between service quality, customer satisfaction and customer retention?
- 1.3.4. What is the relationship between the 5-dimensions of service quality and customer satisfaction?
- 1.3.5. Is there significant difference on the customers' perception of service quality according to respondents' demographic profile such as age, gender, nationality, source of income, and income?

1.4. Research Hypotheses

- Ho1. There is no significant relationship between service quality, customer satisfaction and customer retention.
- Ho2. There is no significant relationship between the 5-dimensions of service quality and customer satisfaction.
- Ho3. There is no significant difference on the customers' perception of service quality according to their age.
- Ho4. There is no significant difference on the customers' perception of service quality according to their gender.
- Ho5. There is no significant difference on the customers' perception of service quality according to their nationality.
- Ho6. There is no significant difference on the customers' perception of service quality according to their source of income.
- Ho7. There is no significant difference on the customers' perception of service quality according to their income.

2. Literature Review

2.1. Concepts and Definitions of Service Quality

The most common concept that defined service quality is that of Churchill and Surprenant (1982) and Parasuraman, et. al. (1982) on customer satisfaction theory that specifically measures the actual service delivery made by companies' vis a vis customer expectations where quality is perceived as meeting or exceeding the needs and wants of customers and their expectations. This has led to the development of the five dimensions of service quality where Parasuraman, et. al. (1988) have identified it to include tangibles, reliability, responsiveness, assurance and empathy. Evaluating further the meaning of service quality, there are different dimensions as described by many authors which can be considered as unlimited criteria to measuring quality. Lehtinen and Lehtinen (1982) posit that service quality can be broken down into three dimensions which include physical quality, corporate quality, and interactive quality.

Moreover; Gronroos (1984) as cited in the study of Jalagat (2016) stressed that, service quality is made up of the technical quality of outcome, functional quality of the service encounter and corporate image.

Zeithmal (2000) described service quality as an important consideration in achieving competitive advantage and closely related to customer satisfaction. Saghier and Nathan (2013) perceived service quality as a determinant factor in the service industry's business success, customer satisfaction as well as customer retention. The increasing demand for service quality has become more relevant for example in financial institutions that try to attain product differentiation (Toelle, 2006). While there is no single definition of service quality, various authors have reached into common paradigm that define quality of service as the overall evaluation done by the customer service (Eshghi, et. al., 2008; Parasuraman, et. al., 1994). Furthermore, the definition has been restated into a statement that says, service quality is the comparative results from the overall evaluation of the company's performance over the expectations as generally perceived by the customers with regards to the company's specific service (Chidambaram, & Ramachandran, 2012). Specifically, the study has adapted the service quality model (SERVQUAL) introduced by Parasuraman, et. al. (1988) as previously defined as a measure of the quality of service provided by the respondent restaurants.

2.2. The Five Dimensions of Service Quality Model

Primarily based on the model popularized by Parasuraman, et. al. (1988) the dimensions of service quality will be described in details as demonstrated in succeeding paragraphs. Tangibles dimension of service quality encompasses the company's physical facilities, materials and equipment which also includes the communication materials as well as the physical environmental conditions evidencing the tangibility of the service provision (Fitzsimmons & Fitzsimmons, 2001). Furthermore, Davis et al. (2003) posits the physical evidence of the provision of service quality which agrees with Parasuraman's, et. al. (1985) definition of tangibles as the presence of physical facilities, personnel, equipment and written materials. Reliability dimension takes into consideration on how the customer service handle problems and issues related to the delivery of service reliably for the first time, timely delivery, and a service that is considered error-free. As defined by Parasuraman, et. al. (1988), reliability plays a vital role in traditional business services and consider it as major factor where it comprised of the following: accurate quotations and billing, records accuracy, and order fulfillment. It also determines the delivery of the promised service. For instance, the concept of reliability has been tested to influence the banking services (Yang, et. al., 2004) as it refers to the ability to accurately perform the services as promised and thus, can be relied on. Responsiveness is another important dimension on service quality that deals on the company's willingness to help customers and provide prompt service (Parasuraman et al., 1988). Another definition provided by Johnston (1997) specifically relate responsiveness into timely delivery of services with speed such that cues and waiting periods can be minimized. This also includes the concept on how fast the company and the employees respond to customer service request and also complaints as the case maybe. Among others, empathy dimension according to Ananth, et. al. (2011) as patterned after Parasuraman, et. al. (1985) encompasses the company's ability through its employees to foster care to customers and understand their needs, providing individual and personal attention as evidenced by the results of their research study of the private sector banks. Similarly, Fitzsimmons and Fitzsimmons (2001) also stressed that empathy should consider as important element approachability, sensitivity and the ability to understand the specific needs of the customers. Johnston (1997) however, define empathy as the employees' ability to welcome customers and attend to their personal needs. Lastly the assurance dimension focuses on the company's actions and service ability that reduce the worries of the customers about the service (Muddie & Cottam, 1999). Making sure that the customers will receive the desired services without thinking of the negative implications and possibilities associated with the service delivery connotes assurance that the company can provide to the customers.

2.3. Customer Satisfaction

According to Zeithami et. al. (1996) customer satisfaction is an important ingredient into meeting successful business in the long run. The importance of offering products or services with superior quality will lead to customer satisfaction that will in turn increased both the profitability and market share (Tsoukatos & Rand, 2006). As earlier defined, Oliver (1980) emphasized the importance of meeting in full extent the customer's expectations through delivery of products and services. Satisfaction is fully met when the actual company performance exceeds the expectations of customers whom according to Munusamy (2006), satisfaction is basically meeting the wants and needs of customers. Many researches have established the linkages between customer satisfaction and dissatisfaction as determinants of business success and failure in meeting expectations (Chidambaram, & Ramachandran, 2012, Kheng et al., 2010). Lau and Cheung (2013) stressed that when customers are satisfied with the services provided by the company, not only their expectations are met but they will develop loyalty which in turn improve the company's retention rate. Oliver (1980) strongly claimed that satisfaction is a result of meeting customer expectations and if it is not meet will lead to customer dissatisfaction. As applied to the study, customer satisfaction gives due consideration on the delivery of goods and services to customers and the relationship that will be developed between the company as providers and the customers as the recipient of services (Muslim & Isa, 2005).

2.4. Customer Retention

There are many definitions on the term customer retention however; very notable definition was Peelen's (2005) view stating that, customer retention relates to the company's action to keep the customers and find ways to achieve long-term relationship with them thereby allowing for more repeat purchases. Furthermore, customer retention is a system of activities that endeavors to enhance the processing of business transactions based on positive positioning of the customer as well as the consequential readiness for successive purchasing (Bliemel, 1998). The importance of customer retention is so vital that according to authors, to acquire new customers will

cost the company five times than retaining an old customers which also signifies that, five percent increase in retention rate can enhance profit by more than 85% (Bliemel, 1998; Baran & Galka 2013).

2.5. Service Quality, Customer Satisfaction and Customer Retention

In many researches, there is strong linkage between service quality and customer satisfaction. Both the studies of Parasuraman, et. al. (1988) and Caruana (2002) affirmed the positive relationship between service quality and customer satisfaction. The same results was found in the study of Linier (2013) highlighting the impact of service quality on customer satisfaction. There is also positive effect of service quality on customer satisfaction as evidenced in the findings of Nathan and Elsaghier (2012) where they postulated that, the higher service quality would mean higher satisfaction level that enable the customers to purchase the product again and again. As utilized in this study, the five dimensions of service quality is taken due consideration that consists of the following: tangibles, reliability, responsiveness, empathy, and assurance. Specifically, several studies concluded that reliability is considered the most vital in defining service quality while empathy is considered the lowest priority although the results may vary in different service types and contexts (Zeithaml and Bitner, 2000; Juwaheer and Ross, 2003; Jonsson, Kvist and Klefsjö, 2006). However, Chowdhary and Prakash (2007) argued that tangibles are most important especially in the service sector like restaurants while reliability is more preferable on the type of service that is intangible in nature. But in service companies where communication to customers on regular basis are required, the assurance and empathy dimensions proved to be more appropriate. Moreover, Stevens, et. al. (1995) concluded that in restaurant industry, reliability has been considered as the most important service quality dimension and in order of priority followed by tangibles, assurance, responsiveness, and empathy. Similar results were presented by Zopiatis and Pribic (2007) that slightly change the order into tangibles, responsiveness, tangibles, assurance and empathy. But contrary to these results was the study of Lee and Hing (1995) which identify assurance and reliability as the most prevailing dimensions that customers prefer in restaurant services while tangibles had been shown to have the least choice.

When considering the outcome of different studies in different settings, several results can be noted. Studies of Zaim, Bayyurt, and Zaim (2010) depict that tangibility, reliability and empathy are significant for customer satisfaction while Mengi (2009) concluded that responsiveness and assurance are more significant. Another study conducted in Bangladesh banking industry by Siddiqi (2010) found out that service quality correlates positively to customer satisfaction where empathy got the highest correlation and followed by responsiveness and assurance. However; another results were generated when the study is conducted in Malaysian banking industry by Lo, Osman, Ramayah and Rahim (2010) who have proven that empathy and assurance occupy the highest influence on customer satisfaction which is opposite to the findings of Arasli, Smadi and Katircioglu (2005) who attested that reliability had the highest relationship with customer satisfaction.

The study of Ahmad and Buttle (2002) on the other hand, have found the relationship between customer service quality, customer satisfaction and customer retention where in their findings they recommended that service companies should improve their service for more customer satisfaction leading to customer retention. Barksdale and Johnson (1997) added that, customer retention is associated with higher satisfaction that are addressed by having service quality provision by service firms. Barnes and Howlett (1998) strongly argued that service quality is positively related to customer retention and customer satisfaction as they applied to the banking industry. This had been driven by the company's careful hiring of employees in the customer service department that will take care of customer concerns and queries. Gittell (2002) also emphasized the interconnectedness of having service quality by providers to customers in order to achieve higher customer satisfaction and customer retention. Moira's (1997) study also confirmed the relationship between the service provider's and customers perception on service quality as positively correlated to customer satisfaction and retention rate in the banking industry. On the basis of the assumed relationship between these three variables the conceptual framework of this study is developed.

2.6. Conceptual Framework of the Study

Based on the literatures that described the variables of the study, the theoretical framework was developed. The three variables were utilized in this study that includes service quality, customer satisfaction, and customer retention. The service quality model was used to consider the five dimensions consisting of tangibles, reliability, responsiveness, empathy and assurance. The diagrammatic presentation will be presented hereunder.

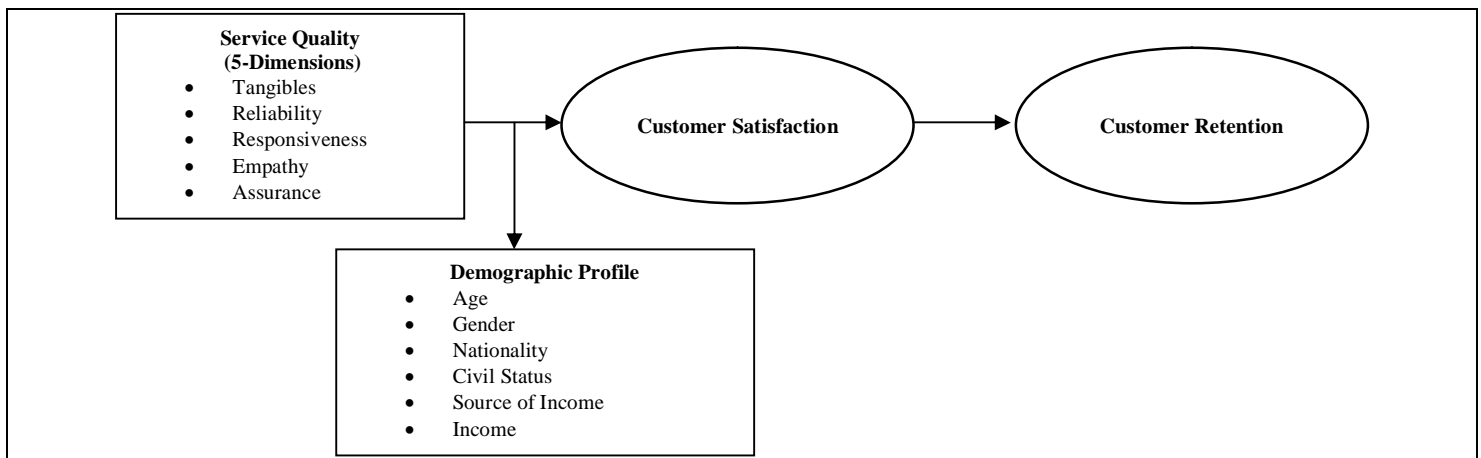


Figure 1: Conceptual Framework

3. Research Methodology

Primarily, this study utilized the quantitative research design with descriptive survey research questionnaire as its main data gathering tools. Malhotra and Das (2005) stressed that descriptive research design is appropriate for estimating the percentage of units of specified population and will be the basis for formulating the research hypotheses. Anchored on positivism research philosophy, it takes into consideration the deductive approach where, sets of hypotheses will be tested and directs the flow of research from specific observation into general reasoning (Cresswell & Plano, 2011; Maxwell & Steele, 2003).

3.1. Sampling Procedure

The researchers have not categorically identified the customer respondents in this study considering that the respondent companies don't have available data on the total number of customers that are regularly coming to their restaurants. Based on convenience sampling, the samples were taken based on the customers present during the time the questionnaires were floated. The researchers distributed 130 questionnaires but were able to retrieve 105 fully filled questionnaires after going to the respondent restaurants on several occasions that took almost two months of data retrieval. In tabular format the distribution of respondents will be presented in Table 1.

Name of Restaurants	Respondents
Al-Fawan	12
Automatic	5
Foodland	7
Green House	10
Palayok	30
Maeda	8
Reem	7
Sohar	9
Turkish	17
Total	105

Table 1: Distribution of Respondents

3.2. Data Collection

Both the primary and secondary data were used in this study. The primary data consist mainly of the survey questionnaires that were distributed to the respondents while the secondary data includes the books and journals and websites that are primarily utilized to develop the literature review and the references used. The data gathering procedure started with obtaining letter of consent from the respondent companies where the questionnaires shall be distributed and after which collection of the duly filled feedback forms will be collated ready for analysis and interpretation.

3.3. Research Instrument

The survey questionnaire is divided into two parts. The first part contains the demographic profile of customer respondents classified according to age, gender, nationality, sources of income, and income. The second part emphasized the questions pertaining to the 5-dimensions of service quality, customer satisfaction, and customer retention. A total of 33-item questions were developed with 23-item questions for the 5-dimensions of service quality; 5-item for customer satisfaction; and 5-item for customer retention. Using the 5-point Likert scale, the responses were distributed as follows: 1=Strongly Disagree (SD); 2=Disagree (D); 3=Neutral (N); 4=Agree (A); 5=Strongly Agree (SA). To determine the numerical equivalent of the scale for interpretation purposes the range will be distributed in the following order: (1.00-1.49=SD; 1.50-2.49=D; 2.50-3.49=N; 3.50-4.49=A; 4.50-5.00=SA).

3.4. Research Reliability and Validity

According to Saunders, Lewis & Thornhill (2007) reliability test is appropriate for research instrument that uses the Likert Scale to measure the variables applied for testing. To determine the reliability of the instruments utilized in this study, the Cronbach's alpha was used to ensure the internal consistency and pre-testing was done to the three selected experts who are not considered respondent. Content and face validity was also employed to measure what it purports to measure. The Cronbach alpha coefficients ranges from 0 to 1 of which 0.70 is considered an acceptable reliability (Nunnally, 1978). As applied in this study, the results of reliability tests is shown in table 1.

Variable	No. of Items	Cronbach's Alpha
Service Quality	23	0.846
Customer Satisfaction	5	0.764
Customer Retention	5	0.812

Table 2: Reliability Test Result

It can be inferred from the results that the instrument used is reliable as all of the variables are more than the acceptable level using the SPSS version 20.0 with Cronbach alpha coefficient. This means that questionnaire to be used is highly reliable in measuring the relationship between the three variables namely the service quality, customer satisfaction and customer retention.

3.5. Data Analysis

In analyzing the data using the SPSS, frequencies and tables will be used to analyze the demographic profile of respondents such as age, gender, nationality, civil status, source of income and income while weighted mean and standard deviation will be utilized to analyze the service quality, customer satisfaction and customer retention levels as perceived by the customer respondents. However; in analyzing and interpreting the significant relationships and significant differences subject to hypothetical testing, regression analysis, correlation and two-tailed T-test will be used. Specifically, regression analysis will be taken to determine the relationship between the 5-dimensions of service quality and customer satisfaction while Pearson Correlation will be utilized to determine the relationship between service quality, customer satisfaction and customer retention. Lastly, the two-tailed T-test shall be applied in determining the significant differences between service quality according to age, gender, nationality, source of income and income of the customer respondents.

4. Findings and Discussions

This section presents the findings and discussions of the study based on the data collected.

Customer Profile	Frequency	Percentage
Age	f	%
Under 14 years old	2	1.9
15-30 years old	43	41.0
31-45 years old	45	42.8
46-60 and over	15	14.3
Over 60 years old	0	0.0
Total	105	100.0
Gender	f	%
Male	79	75.2
Female	26	24.8
Total	105	100.0
Nationality	f	%
Egyptian	2	1.9
Filipino	30	28.6
Indian	23	21.9
Oman	41	39.0
Pakistani	7	6.7
Yemeni	2	1.9
Total	105	100.0
Source of Income	f	%
Own Business	6	5.7
Private Employment	57	54.3
Government Employment	34	32.4
Others	8	7.6
Total	105	100.0
Income	f	%
0-999	44	41.9
1,000-1,999	45	42.9
2,000-2,999	14	13.3
Over 3,000	2	1.9
Total	105	100.0

Table 3: Distribution of Respondents According to Customer Profile

Table 3 shows the distribution of profile of the respondents. It can be gleaned that 45 out of 105 respondents or 42.8% belongs to aged 31-45 years old and followed by 15-30 years old with 41% while the least of those respondents are in the age bracket of under 14 years old. This may imply that the vast of customers who are usually eating in the restaurants are those in their middle ages. When classified according to gender, it reveals that majority are male with 75.2% of the total respondents while only 24.8% are female. This might be because female are not usually exposed in dining with restaurants that are openly seen by people and instead prefer to cook in their homes. Based on observations, there are less families who eat in restaurants that are situated outside malls and hypermarkets. Noticeably, most of the customers eating in these restaurants are Omanis, Filipinos, and Indians who shared percentages at 39%, 28.6%, and 21.9% respectively. However, when based on the source of income, majority of the respondents who eat in the restaurants are privately employed with 54.3% of the total respondents and seconded by 32.4% belonging to those that are employed in the government sector but very few percentage are those that own their own businesses. In terms of income of the respondents, it is observable that the income groups of 1,000-1,999 (42.9%) and 0-999 (41.9%) shared a very close rating which may imply that, based on affordability these chosen restaurants offer the food with prices that are within the ability of the customers to pay aside from food quality and good service.

Statements	Weighted Mean	Standard Verbal Deviation Description
1. Presence of good physical facilities and equipment like cooking area, cooking equipment, and others.	3.99	0.85 Agree
2. Availability of staffs when needed.	4.04	0.76 Agree
3. Presence of full culinary clothing required for cooking.	3.85	0.83 Agree
4. Evidence of available seats and tables for customers.	3.82	0.84 Agree
5. Availability of parking for customers.	3.50	1.11 Agree
Grand Mean	3.84	Agree

Table 4: Level of Agreement of Respondents on Service Quality: Tangibles

Table 4 depicts the level of agreement of the respondents based on tangibles that the chosen restaurants are offering. Results revealed that on the average, the respondents "agree" with the service quality in terms of tangibles with (3.84) rating. Specifically, the highest rating of (4.04) with "agree" response on the availability of the staffs when needed. In second place, the respondents also agreed on the presence of good facilities with (3.99) rating. The rest of the items were unanimously "agreed" in the areas on the "presence of culinary clothing, evidence of available seats and tables, and availability of parking" with ratings of (3.85), (3.82), and (3.50) respectively. From the findings it can be interpreted that customer's preference is more on the availability of the staffs when needed over and above other aspects. This can be because many restaurants are understaffed and that it takes time to find them serving many customers especially when there are immediate concerns by customers. Also, many customers also observed how the food is prepared and even to the extent that they want to see the facilities and the place of the food preparation, the sanity and other aspects. Further, customers don't find difficulty in looking for parking and availability of seats and tables during their dinner with the restaurants.

Statements	Weighted Mean	Standard Deviation	Verbal Description
1. Delivery of services were made as promised.	3.90	0.93	Agree
2. Food prices based on food quality and service.	3.84	0.89	Agree
3. Accuracy of services even on peak hours.	3.89	0.84	Agree
4. Staff services meets quality standards.	3.82	0.98	Agree
5. Reliable staff services.	3.91	0.89	Agree
Grand Mean	3.87		Agree

Table 5: Level of Agreement of Respondents on Service Quality: Reliability

When assessed according to service quality in terms of reliability, Table 5 shows the grand mean rating of (3.87) where they "agree" generally that the restaurants meet the criteria on reliability that should be addressed in delivering their services. Most considerations are on reliability of staff services with (3.91) rating and "delivery of services as promised" with (3.90). Moreover, respondents also agree (3.89) that the restaurants are accurate on service delivery even on peak hours. The customers also "agree" (3.82) that the restaurants served with food quality and set prices based on the quality of both food and service. The least priority however is on meeting of quality standards by staffs in terms of service with only (3.82). These results may entail that, employees in this respective restaurants should consider the importance of reliability in serving the customers and should realize that customers can trust them in the way they deal with them as well as deliver the needed services as promised. There can be no way to fail the expectations of the customers by delivering accurate service and meeting quality standards.

Statements	Weighted Mean	Standard Deviation	Verbal Description
1. The staffs are willing to respond to customer needs.	4.02	0.92	Agree
2. Quick response to complaints, if any.	3.81	0.95	Agree
3. Timely delivery of food and services.	3.92	0.84	Agree
4. The staffs are able to attain to customers even during peak hours.	3.89	0.81	Agree
Grand Mean	3.91		Agree

Table 6: Level of Agreement of Respondents on Service Quality: Responsiveness

Table 6 examines the level of agreement of customers in the aspect of responsiveness. The results revealed that customers in general “agree” with the ability of the restaurants to respond to needs of the customers. Specifically, the highest rating of (4.02) reflects the staff’s willingness to customer needs and followed by (3.92) that focuses on the “timely delivery of food and services”. The ability of the staffs to attain to customer needs during peak hours is evident with (3.89) as well as their quickness to respond to complaints and queries (3.81). This outcome implies that the restaurant staffs consider responsiveness as part of service delivery and in attaining service quality.

Statements	Weighted Mean	Standard Deviation	Verbal Description
1. The staffs know their jobs well.	3.94	0.91	Agree
2. The staffs deal with their customers politely.	3.96	0.84	Agree
3. Money spent by customers worth the food quality and service.	3.97	0.87	Agree
4. The food are healthy and free from diseases.	3.92	0.87	Agree
5. The way the foods are prepared both clean and safe.	3.98	0.88	Agree
Grand Mean	3.95		Agree

Table 7: Level of Agreement of Respondents on Service Quality: Assurance

In the above table, the level of agreement on service quality in terms of assurance were evaluated. The findings depicts that the food prepared from these restaurants are both clean and safe as evidenced by the rating (3.98) and customers’ money are worth for the quality of food and service offered (3.97). Furthermore, restaurant staffs were evaluated as polite in dealing with customers (3.96) and know their jobs well (3.94). Lastly, there is also assurance that the food prepared are both healthy and free from diseases (3.92). To summarize, the grand mean indicates the rating of (3.95) that shows they agree with the service quality of these restaurants.

Statements	Weighted Mean	Standard Deviation	Verbal Description
1. Convenient operating hours.	3.50	0.89	Agree
2. Convenient location.	3.68	0.81	Agree
3. Highly customized service.	3.52	1.07	Agree
4. Food offering in complete package.	3.56	1.02	Agree
Grand Mean	3.57		Agree

Table 8: Level of Agreement of Respondents on Service Quality: Empathy

Table 8 reflects the level of agreement of respondents in the aspect of empathy. It shows that convenient location is more important over other factors to consider with (3.68) and offering of food with complete package (3.56) as second priority. Third in rank is the offering of customized service (3.52) while last but not the least is the convenience of operating hours (3.50). The level of agreement which is “agree” in totality indicates that the services provided by these restaurants caters to the needs of the customers in terms of convenience, customization of service and with complete package.

Statements	Weighted Mean	Standard Deviation	Verbal Description
1. Less waiting time.		1.00	Neutral
2. Customer-friendly environment.	3.43		
3. Food freshness and delicious.	3.77	0.91	Agree
4. Promptness of service.	3.70	0.92	Agree
5. Food quality and service according to customer preferences.	3.80		
Grand Mean	3.68	1.00	Agree

Table 9: Level of Agreement of Respondents on Customer Satisfaction

When assessed in terms of customer satisfaction on the food and services provided by these restaurants, Table 9 depicts that on the average, the respondents “agree” with the way they are showing satisfaction of their services. Most noticed is the promptness of service by the staffs with (3.80) rating and followed by the customer-friendly environment (3.77). Moreover, customer preferences were also observed in the way they served with emphasis on food and service quality (3.71) and at the same time with food freshness and delicious taste (3.70). However, the customers’ responses were neutral when asked about the waiting time which imply that, they are not convinced that orders are served to them on-time. This can be one of the areas that these restaurants should improve and take closer consideration.

Statements	Weighted Mean	Standard Deviation	Verbal Description
1. Customer loyalty to the restaurant.	3.39	1.09	Neutral
2. Customer food preferences over other restaurants.	3.60	1.01	Agree
3. Repeat purchases.	3.70	1.08	Agree
4. Increased frequency of buying to the restaurant.	3.81	1.02	Agree
5. Word-of-mouth about the good services provided by the restaurant.	3.68	1.03	Agree
Grand Mean	3.64		Agree

Table 10: Level of Agreement of Respondents on Customer Retention

Table 10 showcases the level of agreement of customers in the aspect of customer retention. The general response is that they “agree” on the restaurants’ emphasis on customer retention being part of the operations. Customers’ responses specifically dealt on the increased frequency of buying (3.81); repeat purchases (3.70); word of mouth with regards to the pleasant services provided (3.68); and evidence of customers’ preference over other restaurants (3.60). But responses were neutral when asked about whether customers show loyalty to the restaurant (3.39) which means that customers are satisfied as long as restaurants can cater to their needs and their basic considerations rest on any restaurants that can offer quality food and services.

	Service Quality	Customer Satisfaction	Customer Retention
Service Quality			
Pearson Correlation	1	.696	.598
Sig. (2-tailed)		.013	.010
N	105	105	105
Customer Satisfaction			
Pearson Correlation	.696	1	.674
Sig. (2-tailed)	.013	.048	
N	105	105	105
Customer Retention			
Pearson Correlation	.598	.674	1
Sig. (2-tailed)	.010	.048	
N	105	105	105

Table 11: Correlation Coefficient between three variables: Service Quality, Customer Satisfaction & Customer Retention

* Correlation is significant at the 0.05 level of significance

Table 11 reflects the computation of correlation coefficient to determine the relationship between the three variables namely the service quality, customer satisfaction and customer retention. The outcome clearly revealed that there is significant relationship between the three variables when tested at 0.05 level of significance. This has been confirmed in the study of Ahmad and Buttle (2002) who have proven the relationship of service quality, customer satisfaction and customer retention. Specifically, there is significant relationship between service quality and customer satisfaction with p-value of 0.013 less than 0.05 level of significance; service quality and customer retention with p-value of 0.010 and significant relationship between customer satisfaction and customer satisfaction at p-value of 0.048. This means that the null hypotheses of the three variables are rejected. These findings are consistent with the customers’ perception on service quality, customer satisfaction and customer retention with their “agree” ratings and responses. The relationship between service quality and customer satisfaction is consistent with many studies as applied in different settings (Parasuraman, et. al., 1988; Caruana, 2002; Linier, 2013; and, Nathan &Elsaghier, 2012). Moreover, customer satisfaction directly links with service quality that will lead to customer retention that further establish the strong connectivity of these three variables (Barksdale and Johnson, 1997; Barnes and Howlett, 1998; Moira, 1997; Gittel, 2002).

Regression analysis				
Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715 ^a	.511	.487	.586

a. Predictors: (Constant), Tangibles, Reliability, Responsiveness, Assurance, and Empathy

b. Dependent Variable: Customer Satisfaction

ANOVA ^b						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	35.718	5	7.144	20.73653	.000 ^a
	Residual	34.105	99	0.344		
	Total	69.823	104			

Coefficients ^a						
Model		Unstandardized Coefficients		T	Sig.	Statistical Decisions
		B	Std. Error			
1	(Constant)	-0.159	.396	-0.401	.689	
	Tangibles	0.244	.109	2.222	.029	Rejected
	Reliability	0.013	.088	0.153	.879	Supported
	Responsiveness	0.229	.094	2.444	.016	Rejected
	Assurance	0.259	.098	2.649	.009	Rejected
	Empathy	0.263	.077	3.400	.001	Rejected

a. Predictors: (Constant), Tangibles, Reliability, Responsiveness, Assurance, and Empathy

b. Dependent Variable: Customer Satisfaction

Table 12: Result from Regression Analysis between 5-Dimension of Service Quality and Customer Satisfaction

The results in table 12 dictates the extent of relationship between the 5-dimension of service quality and customer satisfaction. The results of regression model shows r-square of 51.1% which means that the variation of the dependent variable namely the customer satisfaction can be explained by independent variables at this percentage. The ANOVA regression results indicate that the model is good test of fit with $F=20.736$ and significant at 0.000. Moreover; the regression shows that, of the 5-dimensions of service quality, only reliability is not significantly correlated to customer satisfaction with p-value of 0.879 more than 0.05 level of significance. In order of priority, empathy is the most significant with p-value equals 0.001 followed by assurance, responsiveness, and tangibles sharing with p-values of 0.009, 0.016, and 0.029 respectively. In many studies the reliability posed a strong significant relationship to customer satisfaction but in this study, this variable has no significant relationship although the respondents unanimously agree with the rating “agree” on reliability as a factor to consider in attaining customer satisfaction. Among others, the other four variables have been confirmed by many authors to have relationship with customer satisfaction (Zeithaml and Bitner, 2000; Juwaheer and Ross, 2003; Jonsson, Kvist and Klefsjö, 2006; Chowdhary and Prakash, 2007; Zopiatis and Pribic, 2007). However, the result on reliability is in contrast to many researchers conducted that show reliability as strong predictor of customer satisfaction where it is positively correlated (Siddiqi, 2010; Stevens, et. al., 1995; Lee & Heng, 1995; Arasli, Smadi and Katircioglu, 2005).

Demographic Profile	T-Stat	Critical T-Value (2-Tailed)	P-Value	Decision
Age	-9.661	1.983	.863	Ho3, accepted
Gender	-5.468	1.983	.091	Ho4, accepted
Nationality	-4.356	1.983	.283	Ho5, accepted
Source of Income	-14.258	1.983	.365	Ho6, accepted
Income	-8.478	1.983	.168	Ho7, accepted

Table 13: Summary Results of T-Test on Service Quality According to Demographic Profile

(Age, Gender, Nationality, Source of Income, Income)

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

Table 13 depicts the summary results of the t-test on service quality and the respondents' demographic profile. Generally, the results revealed that there is no significant difference on the perception of respondents on service quality when they are classified according to age, gender, nationality, source of income and income, hence; the null hypotheses are accepted. This clearly indicates that service quality do not vary on demographic profile of the respondents as they have more or less the same view on defining service quality.

5. Conclusions and Recommendations

Key findings of the study revealed that the respondents expressed agreement on the three variables namely service quality, customer satisfaction and customer retention. In other words, the “agree” response are evident which can be assumed that the restaurants have performed service quality that may lead to customer satisfaction and customer retention. In determining the relationship between these

three variables, the results have shown that the null hypothesis is rejected thereby reflecting the significant relationship of service quality and customer satisfaction ($p=0.696$); service quality and customer retention ($p=0.598$); and, customer satisfaction and customer retention ($p=0.674$). It can be safely assumed from this point that, when the service provided has quality then it follows that the customers will be satisfied and eventually urged them to increase buying or repeat purchases thereby signaling customer retention. Such results have been supported by several studies (Linier, 2013; Nathan & Elsaghier, 2012; Parasuraman, et. al., 1988; Ahmad and Buttle, 2002; Barnes and Howlett, 1998; Barksdale and Johnson; 1997). In assessing the significant relationship between the 5-dimensions of service quality and customer satisfaction, the outcome specifically noted that all the elements namely tangibles, responsiveness, assurance and empathy significantly correlates to customer satisfaction except reliability who had been proven to be non-significant. In order of priority, empathy is the most significant and followed by assurance; responsiveness, and tangibles. This outcome contradicts with the previous where tangibles has the highest significance (Zeithaml and Bitner, 2000; Juwaheer and Ross, 2003; Jonsson, Kvist and Klefsjö, 2006; Chowdhary and Prakash, 2007; Zopiatis and Pribic, 2007). However, when evaluated in terms of the significant difference of the customers' perception on service quality according to their demographic profile, the results depicts that the variables such as age, gender, nationality, source of income and income do not significantly differs. This means that their level of agreement by responding with "agree" on the 5-dimensions of service quality are the same regardless of demographic variables. Based on these findings, it can be recommended that restaurants should try to improve their current services to achieve better results. The level of agreement by the customers about the current services can be elevated to strong agreement that may require excellent performance. Trainings and programs relative to enhancing service quality can be a good suggestion and if possible, these restaurants can perform benchmarking to assess their present performance with other restaurants who may have excellent services as starting point of improvement. Furthermore, it is also important for these restaurants to prioritize what should be given importance on the elements of service quality since the results for example revealed that empathy is more significant in dealing with the customers although the results from previous studies cannot be underestimated. Knowing the preference of the customers should be considered by the management and the staffs to make sure that their needs and wants can be addressed properly. Above all, the management should strive to strike a balance between service quality, customer satisfaction and customer retention to achieve competitive advantage.

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