THE RELATIONSHIP BETWEEN EFFECTIVE COMMUNICATION AND CUSTOMERS' SATISFACTION: A STUDY IN FOUR AND FIVE STAR HOTELS IN KUCHING

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THE RELATIONSHIP BETWEEN EFFECTIVE COMMUNICATION AND CUSTOMERS’ SATISFACTION: A STUDY IN FOUR AND FIVE STAR HOTELS IN KUCHING

By

Aniza Baizura binti Ariffin

A Research Paper Submitted in Partial Fulfilment of the Requirement for the degree of Corporate Master in Business Administration

Faculty of Economics and Business
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2012
APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a research paper for the degree of Corporate Master in Business Administration.

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This research paper was submitted to the Faculty of Economics and Business, UNIMAS and is accepted as partial fulfilment of the requirements for the degree of Corporate Master in Business Administration.

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DECLARATION AND COPYRIGHT

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I hereby declare that this research is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by footnotes giving explicit references and a bibliography is appended.

Signature
Date : 12/07/2013

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ABSTRAK


Keputusan dianalisis dengan menggunakan analisis faktor, analisis korelasi Pearson dan analisis regresi berganda. Analisis faktor telah diekstrak tiga penyelesaian faktor menjadi keputusan yang senang untuk ditafsir keputusannya; kemahiran komunikasi asas, kejelasan komunikasi dan akses maklumat. Ia telah didapati bahawa ketiga-tiga dimensi komunikasi yang berkesan mempunyai hubungan yang positif dengan kepuasan pelanggan, masing-masing dengan beta 0.32, 0.22 dan 0.19. Secara keseluruhannya, keputusan kajian ini adalah konsisten dengan kajian-kajian sebelumnya (Bitner et al., 1994; Heskett et al., 1997; Hokanson, 1995; Webster, 1991 dan Kahle, 2002), bahawa terdapat hubungan yang positif antara komunikasi berkesan dan kepuasan pelanggan.

Kata Kunci: Komunikasi Berkesan, Kepuasan Pelanggan, Industri Perhotelan
ABSTRACT

In hospitality industry, revenues are driven by guest satisfaction. Therefore, in order to satisfy the customers, the service providers must ensure that the needs and wants of the customers are met. Many researchers agreed that effective communication skills greatly influence customers' satisfaction. The purpose of this paper is to examine the relationship between effective communication and customers' satisfaction in four and five star hotels in Kuching. 125 respondents have been chosen randomly as a sample. The chosen respondents consist of 47 male and 78 female. Respondents are strictly those who have ever stayed in the four and five star hotels in Kuching city. The instrument of this study was a set of questionnaire which consist 3 parts; respondents' background, effective communication and customer satisfaction. Data we collected and then were analyzed by using SPSS version 17.0.

Results were analyzed with factor analysis, Pearson correlation analysis and multiple regression analysis. Factor analysis has extracted three factor solutions to be the most interpretable results; basic communication skills, communication clarity and information accessibility. It was found that all these three effective communication dimensions have a positive relationship with customers' satisfaction, with a beta of 0.32, 0.22 and 0.19 respectively. Overall, the finding of this study is consistent with the previous literatures (Bitner et al., 1994; Heskett et al., 1997; Hokanson, 1995; Webster, 1991 and Kahle, 2002), that there is a positive relationship between effective communication and customer satisfaction.

Keywords: Effective Communication, Customer Satisfaction, Hotel Industry
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

During the past decades, tourism industry has become one of the most important players of economies worldwide (Shahin & Dabestani, 2010). Malaysian government has been promoting Malaysia tourism aggressively in both locally and overseas. It has been regarded as one of the world famous holiday and investment destination. Hotel industry in Malaysia has contributed tremendously to the development in Malaysian tourism industry to cater for more foreign visitors and provide better services. Since 1980, the number of hotel rooms had increases from time to time to cater the needs of travellers (Goldsmith & Mohd Zahari, 1994).

Providing high quality service and enhancing customer satisfaction are widely recognized as important factors leading to the success of companies in the hotels, catering and tourism industries (LeBlanc, 1992 & Stevens et al., 1995). Quality is the cornerstone for success in any business including the hotel industry, and is perceived as a key factor in acquiring and sustaining competitive advantage (Hampton, 1993 & Shearden, 1988). Due to stiff competition and changing in customer expectations, it is crucial for organizational to recognize and to anticipate customers' needs and to be able to satisfy them (Gruen et al., 2000). Headley & Choi (1992) believes that communication between the customer and the employee greatly influences customer satisfaction.

Effective communication is the key to organizational accomplishment. It is important for the creation of a successful company (Spaho, 2011). Therefore, communication should have been located by organizations in their strategic planning process (Hargie et al., 2002 &
Azhar, 2006). If communication is good, organization's performance will also be good, however if communication is bad, organization is likely to have problems (Goldhaber, 1979). As defined by Duncan & Moriarty (1998), communication is a human activity that links people together and create relationship. It is a process of transferring meaning in the form of ideas or information from one person to another (Megginson, 1983). Communication involves language that is important to serve as a major medium to communicate and understand customer's wants and needs (Che Mat et al., 2009). According to Keyton (2011), there are two elements in communication; the sender and the receiver. The sender is the one who initiates the communication and the receiver is the individual to whom the message is sent. Any problems arises from these two elements can reduce communication effectiveness. Many problems in an organization occur due to inadequate and imperfect communication. If organizational communication is inadequate, it will result to low productivity (Hargie et al., 2002). Chang (1993) added that ineffective communication will also cause chaos, failure to achieve goals and damage to the image of the organization. Another study by Maxfield et al. (2005) illustrates that lack of effective communication may lead to lack of information and misunderstanding.

In today's business world, customer satisfaction is very important because it is the leading factor towards company's competitiveness and success (Hennig-Thurau & Klee, 1997) as well as for product differentiation and to develop strong relationship with customers (Deng et al., 2009). Satisfaction is the customer's evaluation of a product or service in terms of whether that product or service has met their needs and expectations (Zeithaml & Bitner, 2003). Knowing of customers' satisfaction level and their requirements will also help in finding out the best direction in which company needs to go on (Hayes, 2008).
1.2 Problem Statement

In the hospitality industry, in order to promote customers’ satisfaction, hotel attributes should be considered as an important determinant because it could lead towards customers’ selection process (Lewis, 1983). A number of authors have studied the importance of hotel attributes as important components of customer satisfaction. Those factors are such as; room quality, reputation of hotel, helpfulness of the staff (LeBlanc & Nguyen, 1996), cleanliness (Callan, 1996 & Lockyer, 2002), friendliness of the staff, spacious room, comfortable bed, convenient parking, interior decor (Salleh & Ryan, 1992), convenient location and prompt service (Cadotte & Turgeon, 1988). In this research paper, the hotel attribute that the researcher would like to focus on is the hotel staff communication effectiveness. Bitner et al. (1994) study found that effective communication is also one of the key features in determining customer's satisfaction. Since customers' satisfaction may lead to business performance, therefore, it is crucial to discover if effective communication does have an influence on customers’ satisfaction in four and five star hotels in Kuching.

1.3 Objective of the Study

The main objective of this study is to identify the relationship between effective communication and customer satisfaction in four and five star hotels in Kuching. Communication is a process of transferring ideas or information from one person to another person (Megginson, 1983). The communication will be effective if the information is received accurately by the receiver, in terms of content and meaning as intended by the sender (Rouse & Rouse, 2002). Customers satisfaction is the level of outcome of an experienced from a service provided whereby customer rated it as meeting their expectation or not. If the experience has met the customers’ satisfaction, they are said to be satisfied, but if it is not,
they customer will be dissatisfied (Kotler, 2001). Bitner et al. (1994) study found that in hospitality industry, the quality of communication between customer and employees influences customer satisfaction. Therefore, below conceptual framework in figure 1 were developed to reveals the relationship between effective communication and customer satisfaction in four and five star hotels in Kuching.

![Diagram](image)

Figure 1: Relationship between effective communication and customers' satisfaction.

1.4 **Significance of the Study**

Most of the studies done by previous researchers found out that cleanliness and comfort, safety and security, convenience of location, prompt service, value for money, friendliness and courtesy of the staff are the major factors that determine customer satisfaction (Atkinson, 1988; Knutson, 1988; Barsky & Labagh, 1992; Akan, 1995 and Choi & Chu, 2001). However, limited research has focused on the importance of effective communication in determining customer satisfaction. Bitner et al. (1994) study found that in hospitality industry, the quality of communication between customer and employees influences customer satisfaction. Therefore, researcher is interested to discover the relationship between effective communication and customer satisfaction.
1.5 Scope of the Study

The scope of this study is in Kuching, Sarawak. Sarawak is widely regarded as one of the world's top 'adventure' destination in this region because it is considered to be one of the hidden paradise of Borneo. The advancement of air access to Sarawak has made Sarawak to be one of the chosen destinations for tourist. Especially during major events such as the Rainforest World Music Festival and Jazz Festival, almost every hotel in Kuching city is fully booked. Listed in Table 1 are the 4 and 5 star hotels in Kuching based on Sarawak Tourism Board data as of year 2012 (http://www.sarawaktourism.com).

Table 1: List of Four and Five Star Hotels in Kuching

<table>
<thead>
<tr>
<th>No.</th>
<th>List of Hotels</th>
<th>Star rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Merdeka Palace Hotel and Suites</td>
<td>5-star</td>
</tr>
<tr>
<td>2.</td>
<td>Crowne Plaza Riverside</td>
<td>5-star</td>
</tr>
<tr>
<td>3.</td>
<td>Hilton Kuching</td>
<td>5-star</td>
</tr>
<tr>
<td>4.</td>
<td>Pullman Kuching</td>
<td>5-star</td>
</tr>
<tr>
<td>5.</td>
<td>Batang Ai Longhouse Resort Managed by Hilton</td>
<td>5-star</td>
</tr>
<tr>
<td>6.</td>
<td>360 Urban Resort</td>
<td>5-star</td>
</tr>
<tr>
<td>7.</td>
<td>Four Points by Sheraton</td>
<td>4-star</td>
</tr>
<tr>
<td>8.</td>
<td>Damai Puri Hotels and Resorts</td>
<td>4-star</td>
</tr>
<tr>
<td>9.</td>
<td>Damai Beach Resort</td>
<td>4-star</td>
</tr>
<tr>
<td>10.</td>
<td>Ariva Gateway</td>
<td>4-star</td>
</tr>
</tbody>
</table>
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature that is related to this study. The literature review contains; effective communication literature and customer satisfaction literature, as well the relationship between effective communication and customer satisfaction.

2.2 Effective Communication

The expression “communication effectiveness” is often replaced by, “effective communication” (Gudykunst, 1993). Communication is considered to be effective when the receiver ends up with the same message that the source intended to send (Robock & Simmonds, 1989) because the message that the recipient received may not always be the message which the sender intended due to incidents that may occur during the communication process which will confuse the meaning of the message transmitted. Ezeanya (2001) defined effective communication as essentially messages sent and received and confirmation of their receipt and interpretation is returned from a sender, to ensure a two-way process. According to George & Jones (2006), communication is effective when people share information with each other and all those involved understand the information clearly. Kreitner and Kinicki (2002) indicate that effective communication occurs when the medium is neither too rich nor insufficiently rich for the intricacy of the problem or situation.

Effective communication is an important factor in everyday life especially at workplace, in relationship and trading, however it is the most that is difficult to attain (Fisher, 1999). According to Erikson (1992), there are numbers of criteria to be followed in order for
communication to be effective. There are objective, trustworthy, and instilling confidences. Engquist (1992) stated that there is only one method to measure the effectiveness of communication. The communicator can measure the effectiveness according to his or her subjective opinion as to how well the message was received.

2.3 Customer Satisfaction

Customer satisfaction is a complex construct. It has been defined in various ways (Kanji & Moura, 2002 and Fecikova, 2004). If the customer’s expectations are met, then he is satisfied, if the expectations are surpassed, then he is delighted, but in the event that they are not met, the customer is dissatisfied (Kotler, 2001). Customer satisfaction is the result of comparison between customers’ expectations and customers’ perceptions (Minazzi, 2008 and Tse & Wilton, 1988). Gustafsson, Johnson & Roos (2005) defined customer satisfaction as how customer evaluates the ongoing performance.

Yi (1990) defined customer satisfaction as a collective outcome of perception, evaluation, and psychological reaction to the consumption expectation with a product or services. Hunt (1975) also agrees that satisfaction as an evaluation on which the customers have experienced with the services is at least as good as it is supposed to be. Day (1980) suggests satisfaction as a response of a customer to an evaluation of the difference between expectations and the actual performance of the product perceived after its consumption. Oliver (1980) argued that customer satisfaction implies a comprehensive mental state derived from a combination of emotions caused by a customer’s actual experience and disconfirmation of expectation and emotions prior to the buying experience. According to Gundersen, Heide & Olsson (1996), customer satisfaction is a post-consumption evaluative judgement concerning a specific product or service.
There are many factors that affect customer satisfaction. According to Hokanson (1995), these factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service. Salleh & Ryan's (1992) study found that the factors in determining the customers' selection of hotels were found to be friendly staff and efficient services. Knutson (1988) and Cadotte & Turgeon (1988) recognized that prompt and courteous service as one of the important components of customer satisfaction. Therefore, in order to achieve customer satisfaction, organisations must be able to satisfy their customers needs and wants (La Barbera & Mazursky, 1983).

2.4 Relationship between Effective Communication and Customer Satisfaction

The relationship between communication and satisfaction has been investigated by many communication scholars (Faicione, McCroskey & Daly, 1977; Pettit et al., 1997; Pincus, 1986; Richmond & McCroskey, 1979; Wheeless, Wheeless and Howard, 1984). Employee effective communication becomes very important because the quality of employee communication is a reflection of the quality of corporate communications to its customers. Mehmet (2011) study found that effective communication has a positive effect on building customer attachment. Without effective communication it is impossible to establish and develop healthy relations with customers. The best means for consumers to achieve quality is through the communication between the service provider (hotel staff) and the recipient of the service (hotel customer) (Headley & Choi, 1992). Research by Bitner et al. (1994) has also shown that, in hospitality industry, the quality of the interpersonal communication between the customer and the employee greatly influences customer satisfaction. Many services require personal communications between customers and the firm’s employees, and these
communications strongly influence the customers’ perception of the service quality (Rust, Zahorik, & Keiningham, 1996). Campbell & Finch (2004) claimed that effective communication is an intricate set of exchange processes which also influences customer satisfaction. One of the key factors towards service success is the effectiveness in handling customer complaints (Homburg & Fürst, 2005). Ahn, Han & Lee (2006) study shows that when the customers do not get their complaints handled properly, they will start looking for other hotel brands.

Communication skill is important for staff in dealing with customers. Information or messages should be clear and need to be communicated in a right way (Webster, 1991). Cook’s (2000) study found that customers want to deal with people whom they can trust, are knowledgeable, technically able and at the same time friendly and polite to customers. Kahle (2002) findings found that employees who are knowledgeable of guests’ needs will satisfy the customers. Friendly attitude and courteous behaviour of the service workers at service firms leaves a positive impression on the customer which lead towards customer satisfaction (Soderlund & Rosengren, 2008). Similar to Wall and Berry’s (2007) finding indicates that lowest customer satisfaction occurred when there are unfriendly and unresponsive staffs.

H1= There is a positive significant relation between effective communication and customer satisfaction on customer satisfaction.

This chapter has provided an overview of the variables and its definition, which are effective communication and customer satisfaction, as well as the past research on the relationship between effective communication and customer satisfaction. The literature
review had a significant impact in supporting and influencing the purpose of this research.

The next chapter focuses on the research design and method used to execute the research.
CHAPTER THREE

3.0 RESEARCH DESIGN

3.1 Introduction

This study is carried out to determine the relationship between effective communication and customer satisfaction. Therefore in this chapter, it explains the population and sample of the study, how the data were collected and how the data was analysed.

3.2 Research Method

The researcher chose a survey research method because it best served to answer the questions and the purposes of the study. The questionnaire development criteria are also explained in this section as well as their validity and reliability.

3.3 Population and Sample

Collis & Hussey (2003) defined target population as “A population is any precisely defined set of people or collection of items which is under consideration”. The population in this research refers to residences in Kuching city. To analyze the relationship between effective communication and customer satisfaction in the leading 4 and 5 star hotels in Kuching city, this paper utilizes survey data collected from customers who have ever stayed in the leading 4 and 5 star hotels in Kuching city. 250 questionnaires were distributed.

3.4 Questionnaire Development

Questionnaires are easily distributed, have less room for bias, increased likelihood of confidentiality and require much less time and money than one-on-one interviews (Pedhazur