SERVICE QUALITY, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF THE HOTEL INDUSTRY IN UNITED ARAB EMIRATES (UAE): A MEASUREMENT MODEL

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Abstract:
This study aimed at identifying the determining factors of service quality on customer satisfaction and loyalty towards hotel industry in UAE. For this research, primary data were used to identify the dimensions of service quality that impact customer satisfaction and customer loyalty. The use of primary data enabled the researcher to measure all the dimensions. This study is significant in the sense that it will allow the understanding of the concept and framework of the impact of service quality on customer satisfaction and customer loyalty that takes into account the comparative nature with conventional business. This will also support and enrich theory and model of service quality in UAE’s business environment. Finally, this will generate greater awareness among UAE hotel industry on the importance of service quality and its effectiveness, which might emphasis all the important aspects in order to determine the most appropriate decisions and actions to satisfy the customers.

Keywords: tangible, reliability, responsiveness, assurance, empathy, service quality, customer satisfaction, customer loyalty, UAE

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1. Introduction

In the past decade, tourism has contributed significantly to the economic development of a large number of Asian countries including UAE, Singapore, Indonesia, Thailand, Hong Kong, Vietnam, Cambodia, Philippines, India, UAE, and Middle East. Due to this growth in the tourism industry, the need for development of adequate hotels and infrastructure has also increased (Wu, Liao, Hung & Ho, 2012). On the other hand, service quality has been gathering a lot attention from the researchers because it is very important for a firm’s bottom line (Azam & Moha Asri; 2015; Tarofder et al., 2017). Although they a number of service quality models, the SERVQUAL is by far the most popular and most tested model. Many researchers agree that customers have expectations and they use their expectations to evaluate the performance of a service. However, not all researchers agree that expectations should be included as a determinant of service quality. This disagreement resulted in two conflicting school of taught (Robledo, 2001). The study of service quality has gained much interest among the researchers in recent decades (Parasuraman, Zeithaml & Berry, 1988; Zeithaml, Berry & Parasuraman, 1996; Baker & Crompton, 2000; Huseyin, Salime-Smachi & Turan, 2005).

Though, there are a good number of studies on customer satisfaction and service quality can be found in the academic literature (e.g. Allred & Adams, 2000; Al-Tamimi & Al-Amiri, 2003; Fornell, 1992; Gilbert, Veloutsou, Goode & Moutinho, 2014; Hossain, 2010; Mohsan, Nawaz & Khan, 2011; Oliva, Oliver & McMillan, 1992; Spreng & Mackoy, 1996), however, most of these studies are on the overall service industry. Hence, studies on the hotel industry which is also a part of the service industry have remained limited (e.g. Al Khattab & Aldehawayat, 2011; Andaleeb & Conway, 2006; Briggsa, Sutherlanda & Drummond, 2007; Crick & Spencer, 2011; Getty & Getty, 2003; Maria & Serrat, 2011; Mohsin & Lockyer, 2010). Therefore, this study aimed at identifying the determining factors of service quality on customer satisfaction and loyalty towards hotel industry in UAE.

Hotels of all types and sizes continually face changing situations (Boon-itt & Rompho, 2012). These changes may be minor or significant, but there is an urgent need to cope with changes. Being able to cope effectively with these uncertainties in the external and internal environments and achieve expected levels of performance is a real challenge. By systematically reviewing the customers’ feedbacks, decision makers might examine all the important aspects in order to determine the most appropriate decisions and actions to satisfy the customers with an aim to retain them. Hence, the deliberate structure of the management process forces hotel employees to examine
relevant variables in deciding what to do and how to do it. Thus, based on the problem statement and the background of the research, this study will examine the impact of service quality on customer satisfaction and customer loyalty in the UAE hotel industry. This study is designed to investigate the different dimensions of service quality that impact customer satisfaction and customer loyalty in UAE hotels. This study is important from several aspects of academic, governmental; society and the business sector themselves. Academically, this study will contribute towards increased knowledge. The findings from this study will also draw the basis and as starting point of reference to other researcher or be practiced by organizations.

From the government perspective, since the UAE government aimed to improve the economic from the hospitality sector, this study will help to achieve UAE’s development plans in increasing management and employee’s commitment and performance in UAE hotel industry sector and other UAE organizations.

2. Literature Review

The literature review is basically conducted to support the research topic, contents and theories used in earlier academic works. This section clarifies the research and is organized in an effective manner to produce the best work of prospects and sources that are readily available. The literature review will also give a clear picture on that model and provide rationale why there is a need to develop a customer service model for UAE’s hotel sectors and what are the key elements are associated with it in the UAE context.

There have been many theories of several stages of service quality over the past decades. The field has been constantly developing and evolving at a rapid rate over the past decades, which necessitated the emergence of views widely, reported in the literature (Dahari et al., 2011; Azam et al., 2014; Tham et al., 2017).

According to Shahin and Dabestani (2010) service quality is an integral and vital element towards the success of an organization. Seth et al. (2005), states that service quality’s impact on the outcomes of the service process such as loyalty, relationship, satisfaction, image and trust has made it very popular among scholars. Zeithaml and Bitner (2003), agrees that consumers’ judgment of the service encounter is directly proportional to the level of services provided.

The SERVQUAL model has been tested for validity and reliability in many different industries and cultural settings. This model has produced promising results and is widely adopted by researchers (Gibson, 2009). Other researchers such as Ladhari (2008) also have described SERVQUAL as the most appropriate model to measure
service quality. This model is often used by researchers worldwide to gauge customer’s satisfaction with a service. Ramseook-munhurrun, Naidoo, & Lukea-Bhiwajee (2009) stated that researcher of SERVQUAL added expectation section to improve the usefulness of the SERVQUAL scale as a diagnostic tool. They also cited Parasuraman et al. (1991, 1994) and stated that SERVQUAL model with an expectation section better than any other models. Baksi & Parida (2011) stated that Parasuraman et al. (1985) developed the conceptual framework for the SERVQUAL model was developed in 1985. This framework was further refined in 1988, 1991, 1993 and 1994. Gibson (2009) stated that five dimensions in the SERVQUAL model. The dimensions are as listed as Tangibles, Reliability, Responsiveness, Assurance and Empathy.

However, Baksi & Parida (2011) also stated that SERVQUAL framework is not perfect and has some limitations in some industries. For example, Stevens et al. (1995) developed DINESERV to measure the service quality in restaurants. (Shi, Yang, & Yang (2015) also stated that Parasuraman, Zeithaml and Malhotra (2005) have proposed E-RECSQUAL to measure the service quality in electronic service industries. Since the year 2000, the mobile phone usage has increased tremendously around the world. Naturally, this situation encouraged researchers to investigate the service quality level in mobile phone companies. For example, Malhotra & Malhotra (2013) used m-SERVQUAL to investigate the switching behaviour among mobile phone customers in the United States of America. The researchers modified the standard SERVQUAL model and determined that the factors that affect the mobile phone service provider’s service quality are: (a) Technical reliability, (b) In store responsiveness, (c) On phone responsiveness, (e) Online service facilitation, and (f) Flexibility of service. However, Laukkanen (2007) investigated the relationship between the phone display size and service quality of a bill payment service. The researcher found that mobile phone with a small display is not suitable for fund transfer and customers complained that they are not able to carry out the transaction efficiently. Researchers such as Carlson and O’Cass (2011) tried to extend or modify the existing e- Service quality model for service industry. As described above, some researchers did not find the positive relationship between mobile phone service quality and mobile phone device quality. This is probably because they did not consider the correct dimensions for their research. Therefore, there may be a gap in this area that should be investigated further.

On the other hand, the management that focuses on customer satisfaction can improve loyalty and at the same time it will help in building positive image of their company (Kheng et al., 2010; Haque et al., 2014; Moha Asri & Azam, 2015; Haur et al., 2017). In contrast, the management that ignores the customer satisfaction will bring to negative image of their company as long as will bring to losses in their profit (Hafeez &
Muhammad, 2012). To maintain the customer satisfaction is not only in term of bringing good quality of products but also include serve a good services in service’s company (Akhbar & Parvez, 2009). To increase customer satisfaction not only build positive image of the company and increased profit, but also customer satisfaction also important in order to compete with competitors (Gilbert & Veloutsou, 2006). It will help them to develop competitive advantage. Most customer will looking for good company rather than stay on bad company. Customer will always find something that only will satisfy their needs and wants (Li & Green, 2011). It is that, customer have their purchasing power. They have their power to choose which company they like. So that, in order to compete to other company that offer the same products, marketer must looking for something that will maintain customer satisfaction. Customer will spend more if company can offer good satisfaction and will decline their consumption on company that gives them bad satisfaction (Hafeez & Muhammad, 2012).

Expectation is another indicator that can be used to measure customer satisfaction (Sephton, 2013). The product quality, services, price and other tools play a vital role to determine customer satisfaction and if those tools meet the customer expectation, the loyalty rate will be higher (Moha Asri et al., 2014a; Moha Asri et al., 2014b; Ullah et al., 2014). Every customer has their own expectation towards a product or services depending on the environment, taste, preference, purchasing power and so on (Voon, 2011). Besides that, customer will buy over and over again and loyal with the products or services if it is worthy for them. It means customer will only pay what they think worth to buy. Moreover, the value that the customers get from the product is also play an important role. When the value is lesser from the expectation, the customers may have the intention to change to other products or services. It is a natural behavior of human being to retain with the same products or services for a certain period. Besides that, brand preference also reflects the customer satisfaction (Bond & Fink, 2003). This is because branded products have better quality.

Even though, there is imitation of products with the same brand name but with lower quality, the customer loyalty will still be higher. This is because of the mindset and perception towards the products. Furthermore, recommendations or oral communication is also important tools to determine customer satisfaction. This is because, consumer will inform others about the characteristics and other good side of the products. This is due to the past experienced and this will lead them to retain with the product. It was clear that, “future customer behavior can be predicted by using past customer behavior” (Timothy, Bruce, Lerzan et al., 2007, p. 365). Basically, customers that have good experience will encourage others to purchase it in order to share the experience. Moreover, there is a correlation among customer perceptions, behavioral
intentions and customer behavior (Gilbert & Veloutsou, 2006; Karna et al., 2009; Hafeez & Muhammad, 2012). Besides that, focusing on share of spending and customer loyalty can lead to value added to the firm rather than focusing on the customer loyalty alone. Besides that, every industry has different type of services (Akbar & Parvez, 2009; Bond & Fink, 2003; Kheng et al., 2010; Tucker & Pitt, 2010). Therefore, it requires different level of customer satisfaction and expectation.

Customer satisfaction plays an important role in hospitality products and services. Customer satisfaction is very important to the success of hotel marketing because it influences the choice of hotel and the decision of the customers to return to the same hotel (Yoon & Uysal, 2005). Many researchers attempted to define customer satisfaction in the hospitality industry. Pizam et al. (1978) has defined customer satisfaction as the result of the communication between a customer's experience at the specific hotel and the expectations he has about that same hotel. Hui et al. (2007) states that customer satisfaction is simply the result of a comparison between previous images of the hotel and what customers actually see, feel, and achieve at the same hotel. Joaquin and Magdalena (2009) explains that customer satisfaction is the result of a customer’s perception about different points of a specific hotel. Adding to this, Chen and Chen (2010) defined as customer satisfaction is formed by the comparison between customer expectations and post-visit experiences to the hotel. In other words, when current experiences of a customer are compared to the past expectation it results in the feeling of gratification, and also, satisfaction is created (Sadeh, Asgari, Mousavi, & Sadeh, 2012). According to Oliver (1980), customer satisfaction refers to the perceived discrepancy between prior expectation and perceived performance after consumption that is when performance differs from expectation, dissatisfaction happens. However, the meaning of satisfaction in the hospitality industry is that satisfaction levels are “maximized when aspiration (desirability) equals perception but only when the desirability is high for that condition” (Christopher & Hans, 2012).

Cronin and Taylor (1992) found a significant relationship between the satisfaction gained by customers and intention to purchase. When applied within the context of hotel industry, this may relate to service quality and customer satisfaction. If a hotel provides better services that satisfy the needs of the customer, it is likely that the customer will continue to use the services. Customer satisfaction is important for the long term survival of a company. In a service industry such as the telecommunications industry, customer satisfaction can be determined by measuring the service quality of the delivered service. A loyal customer is also more likely to make repeat purchases and this in turn will lead to higher revenue for the company. The customer often will compare the performance of the delivered services with his or her expectations. Negi
(2009) stated that measuring service quality in a service industry is difficult because service is intangible, heterogeneous, and inseparable. Kang (2006) cited Gronroos (1982; 1990) and stated that service has technical and functional quality dimensions. Technical quality is defined as the ability of a firm to do things according to accepted industry standard. It also includes interactions between the customer contact staff and the customer. Other researchers such as Negi (2009) cited Sachdev & Varma (2004) and described there are internal and external perspectives in service quality. Internal perspective is similar to technical quality and it is related to conformance to requirements. On the other hand, external perspective is related to perceived service quality. Sohail (2003) cited Donabedian (1982) and stated that customers do not know how to compare the organization’s technical aspects against the industry standard. Therefore, the customer is likely to rely on the “how the service is delivered” to measure the service quality. Rust & Oliver (1994) described that service quality is cannot be easily measured and it is in the mind of the customers. We need to communicate with the customers to determine their perceived service quality level (Deng, Lu, Wei, & Zhang, 2010).

Zeithaml et al (1996) stated that high level of customer satisfaction may affect the customers’ loyalty positively. (Gibson, 2009) cited Peter Hernon, Danuta Nitecki & Ellen Altman (1990) and stated that customer satisfaction can be divided into two types. They are transaction specific satisfaction and non-transactional satisfaction. Transaction specific refers to the customer’s satisfaction after the service has been delivered. On the other hand, non-transactional satisfaction is the combination of all previous transaction-specific satisfaction. Since mobile cellular service is used by the customers on a daily basis, the customers’ satisfaction for this service can be categorized as non-transactional satisfaction (Deng et al., 2010). Santouridis & Trivellas (2010) cited Egan (2004) and stated that customer loyalty is usually described as number of repeat purchases. Customer loyalty is also sometimes described as repeat purchases from the same merchant over a specific period of time. Customer loyalty is the primary objective of customer satisfaction measurement. Loyal customers are less likely to be swayed by negative news or information about the services (Deng et al., 2010) Therefore, it can be concluded that retaining existing customers is crucial for mobile cellular service providers. Higher customer satisfaction will lead to higher customer loyalty and eventually better bottom line for the organization. Hutchinson, Lai and Wang (2009) found that both satisfaction and the number of previous visits have a positive influence on the intention to revisit.

The literature discussed above indicates that service quality is an important area of research particularly for business (Parasuraman, 1985) such as the hotel industry
(Grzinic, 2007), airline industry (Baker, 2013), postal services (Roopchund & Boojhawon, 2014), banking services (Saghier & Nathan, 2013). Service quality research may be done by distributing questionnaires to respondents (Akhtar & Zaheer, 2014) or by quantitative analysis of data taken from the appropriate authorities (Baker, 2013). The quality of service would lead to customer satisfaction and customer loyalty (Amiruddin, 2013). However non-profitable organisation such as library organisation may apply the service quality measure in order to give excellent services to consumers (Wang & Shieh, 2006). The service quality dimensions also may be modified to suit other type of service such as the e-service (Li & Suomi, 2009) and the Islamic banking services (Abedniya & Zaeim, 2011). When it comes to Islamic banking, religious belief is considered a dimension which should be measured (Shafie, Azmi & Haron, 2004). In most of the literature discussed above reliability appears to be the first priority demanded by customers in service quality studies compared to assurance, tangibility, empathy, responsiveness.

In conclusion, customer’s satisfaction is depending on the mentioned indicators above. Each of the indicators plays a vital role to increase the firm’s sale. But, it is not easy to translate customer loyalty towards a products or services. Besides that, the customers’ loyalty might not lead to the customers’ loyalty purchasing behaviour and may not increase the profit of the firm. Therefore, it is important for the firm to conduct a survey or research after the establishment of their products or services. Furthermore, based on different model and literature review in the preceding in the earlier sections presented, the hypothesized research model and the key relationships to be tested in this study is demonstrated in Figure 1.

![Figure 1: Conceptual Model](image-url)
Based on the literature review, the following hypotheses are to be tested in this study:

H1a: There is a significant positive relationship between reliability and service quality in UAE hotels.

H1b: There is a significant positive relationship between assurance and service quality in UAE hotels.

H1c: There is a significant positive relationship between tangibility and service quality in UAE hotels.

H1d: There is a significant positive relationship between empathy and service quality in UAE hotels.

H1e: There is a significant positive relationship between responsiveness and service quality in UAE hotels.

H2: There is a significant positive impact of service quality on customer satisfaction in UAE hotels.

H3: There is a significant positive impact of customer satisfaction on customer loyalty in UAE hotels.

H4: There is a significant positive impact of service quality on customer loyalty in UAE hotels.

H5: There is a significant positive impact of service quality on customer loyalty mediated by customer satisfaction in UAE hotels.

3. Research Methodology

A deductive research approach selected for this particular study, which is deemed to be more appropriate as the identification of key concepts is derived from the existing theory. More specifically, this study begins with linking up the theory about the topic of interest from where the study logically constructs the relationship among concepts and formed hypotheses. This study is also casual in nature; which is aimed at discovering the causal relationships between service quality and customer satisfaction in the UAE hotels. Further analysis will be conducted on what theory holds on the research topic and then compare it against the practice. Therefore, the deductive research approach seems to be the most appropriate approach for this study.

According to Kothari (2004), the primary data is considered as raw data as these are collected for the first time. The author further elaborated that the researcher need to select carefully which sort of data is needed for the study and accordingly they have to decide the data collection method.
For this research, primary data were used to identify the dimensions of service quality that impact customer satisfaction and customer loyalty. The use of primary data enabled the researcher to measure all the dimensions (subjective as well as objective), hence, measures the phenomenon of the selection criteria (Davis & Cosenza, 1988).

In research, population defines the entire group which will be studied as specified by the research objective. Since the objective of this study is to investigate the impact of service quality on customer satisfaction, hence, the target population for this study consists of the customers who stay at least one night in any hotels in UAE. Specifically, the target population includes the customers who stay in hotels in UAE. Hence, this study will consider both the locals as well as the foreign tourists who come to UAE for different purposes.

Moreover, due to the huge costs and unavoidable time constraints that may arise from this study and the attendant difficulties to get the required respondents as they are scattered in many areas of the destination, this study will only consider the customers who are available within Dubai.

Determining the sample size largely depends on many factors such as population size, time and cost. As this study is going to use SEM, thus, this study will only consider the sample size which is needed to run the Structural Equation Modelling (SEM) software program. Thus, a total sample size of 300 will be adequate for this study. The samples or the unit of analysis for this study will be the customers who stay at least one night are hotels in. Besides, to fulfil the purpose of this study regarding information on the customers’ satisfaction towards the hotels in UAE, a self-administered closed-ended questionnaire will be used.

This study will employ SEM for further data analysis. The use of SEM in this study is justified for multiple reasons. At the outset, to better understand the scientific inquiry. Here, the need for using multiple observed variables is of growing concern (Schumacker & Lomax, 2004). They further added that basic statistical methods are incapable of dealing with sophisticated theories as these utilize only a limited number of variables. However, Byrne (2010) stated that, SEM employs a confirmatory approach rather than an exploratory approach for data analysis. Moreover, various types of models are employed to show the patterns of inter-variable relationships among observed variables (Schumacker & Lomax, 2004). Thus, various theoretical models can be tested in SEM that hypothesizes the constructs among variables and shows how these constructs are related to each other. Hence, judging on these highly desirable characteristics, the use of SEM in this study is justified as it can address numerous research problems particularly for this type of non-experimental research.
3.1 Data Analysis

In this study, data analysis will be done in four stages. In the first stage, the collected data will be coded and entered into SPSS worksheet. Stage two involves testing validity, reliability and exploratory factor analysis (EFA) using SPSS. In stage three, further statistical tests will be conducted; such as confirmatory factor analysis (CFA), reliability, and validity using Amos. Last stage will employ SEM for the model and hypotheses testing.

A series of goodness-of-fit indexes that reflect the fitness of the model will be used in this study. However, there is no universal agreement among the researchers regarding which fitness indexes should be used (Zainudin, 2012). Hair, Black, Babin and Anderson (2010) and Holmes-Smith, Coote and Cunningham (2006) recommended using at least three fit indexes including at least one index from each category of fit model.

From the total respondents, 67.3 percent of respondents were male while female respondents were 32.7 percent of the questionnaires. The result showed the distribution between male and female respondents. Base on the question answered, 11.5 percent of the respondents come from respondents aged between 19 to 24 years old. Another 43.1 percent come from people aged between 25 to 30 years old. Rest 45.4 percent respondents fall in age of 31 and above. The demographic part also shows that, the respondents’ breakdown according to their highest educational level achievement. 33 percent of the total respondents have a diploma qualification while 30.7 percent claim to have bachelor degree. Another 27.1 percent have master degree while the rest 9.1 percent have PhD or other qualifications. Monthly income level among respondents also varies. The income range in the questionnaire was divided into three major scales. The first scale refers to those with monthly income level of 2,000 and less, and they are contributing 9.4% of the total population. The second class refers to the income group that ranges from 2,001 to 5,000 and their percent rate is 49.6% which is held the highest rate among the respondent groups. The final class refers to respondents with monthly income of more than 5,001 and above which the rate of that is 41%. The questionnaire in this study had been distributed among the locals as well as to the foreigners who came to Dubai, UAE for various purposes. The majority of the respondents are foreigners. Out of the 339 respondents, 79.4 percent of them are foreigners from many different countries. Locals consist of only 20.6 percent. This reflects the popularity of UAE to the foreigners as a preferred location for many purposes.

After conducting Exploratory Factor Analysis (EFA), the measuring modelling was done by taking into account all the variables concurrently in order to verify the appropriateness of the overall model. Under this model, the covariance structure of all
the concerned latent variables were studied at the same time. Thus, the overall measurement model was tested through combining all the latent variables together. Initially, all the items derived from EFA were included in the measurement model. Figure 2 shows that the fitness level for the measurement model for this study is achieved [Incremental fit (CFI) = .960, (GFI) = .942; Parsimonious fit (CMINDF) = 2.873; and Absolute fit (RMSEA) = .041)]. Hence, this study assumes that the undimensionality for the measurement model has been achieved (Kline, 2011; Zainudin, 2012). No further modification was needed for this model.

![Figure 2: Measurement Model of the Study](image-url)

After the fitness of the measurement model has been attained it is important to report the parameter estimates. According to Zainudin (2012), every researcher must observe
the unidimensionality, validity and reliability. Hence, to achieve the discriminant validity, measurement modelling for the constructs are combined to check inters variable correlation value. If the path value between two constructs are higher than 0.85, this proofs that the discriminant validity has failed to achieve the required value (Byrne, 2010). Thus, the model is wrong. Figure 2 and Table 1 shows the correlation among the study constructs and none of the path value is higher than 0.85. As a result, this certifies the discriminant validity of the measurement model.

**Table 1: Inter Item Correlations**

<table>
<thead>
<tr>
<th>Construct Correlations</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Quality &lt;-&gt; Customer Satisfaction</td>
<td>.624</td>
</tr>
<tr>
<td>Service Quality &lt;-&gt; Customer Loyalty</td>
<td>.441</td>
</tr>
<tr>
<td>Customer Satisfaction &lt;-&gt; Customer Loyalty</td>
<td>.370</td>
</tr>
</tbody>
</table>

The CFA results are presented below. Yet, it is important to mention that the AVE and CR were calculated manually as AMOS cannot calculate it. Table 2 shows the entire CFA results.

**Table 2: The CFA Results**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Loadings</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>Excellent banking companies will have modern looking equipment</td>
<td>.787</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The physical facilities at excellent hotels will be visually appealing.</td>
<td>.775</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees at excellent hotels will be neat in their appearance.</td>
<td>.817</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Materials associated with the service (pamphlets or statements) will be visually appealing at an excellent bank.</td>
<td>.770</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td>When excellent hotels promise to do something by a certain time, they do.</td>
<td>.786</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>When a customer has a problem, excellent hotels will show a sincere interest in solving it.</td>
<td>.772</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Excellent hotels will perform the service right the first time.</td>
<td>.807</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Excellent hotels will provide the service at the time they promise to do so.</td>
<td>.815</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reliability</td>
<td>Excellent hotels will insist on error free records.</td>
<td>.876</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees of excellent hotels will tell customers exactly when services will be performed.</td>
<td>.918</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees of excellent hotels will give prompt service to customers.</td>
<td>.859</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees of excellent hotels will never be too busy to respond to customers' requests.</td>
<td>.745</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assurance</td>
<td>The behaviour of employees in excellent hotels will instil confidence in customers</td>
<td>.747</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Customers of excellent hotels will feel safe in transactions.  .842
Employees of excellent hotels will be consistently courteous with customers.  .797
Employees of excellent hotels will have the knowledge to answer customers’ questions.  .815

Excellent hotels will give customers individual attention.  .811
Excellent hotels will have operating hours convenient to all their customers.  .803
Excellent hotels will have employees who give customers personal service.  .824  .791  .586
Excellent hotels will have their customers’ best interest at heart.  .841
The employees of excellent hotels will understand the specific needs of their customers.  .688

Customer satisfaction aspects in terms of Rooms  .815
Customer satisfaction aspects in terms of Staff  .757
Customer satisfaction aspects in terms of Value for money  .728
Customer satisfaction aspects in terms of Range of facilities  .685  .721  .564
Customer satisfaction aspects in terms of Location  .828
Availability of utilities (parking, waiting places and public conveniences…etc.)  .776

Overall, I am very happy that I stayed in this hotel  .589
I will continue to use this hotel in the future  .754
I will speak highly about this hotel and their quality of service  .746  .789  .585
I will recommend this hotel to my relatives and close friends  .579
This hotel will be my first choice for my future stay  .732

Therefore, this study concludes that all the CFA results conducted passed the unidimensionality, validity as well as reliability for further analysis. Table 2 summarizes the findings of the CFA results.

All the hypotheses of this study have been tested through the application of SEM. For the overall model as a whole, the statistical result indicates a good fit. The complete model inclusive of the nine hypothesized paths is illustrated in Figure 2 and Table 1. From the model, it can be seen that all the variables uphold a positive value.

| Table 3: Hypothesis Testing |
|-----------------------------|----------------|----------------|-----|
|                            | Estimate       | S.E.          | C.R. | P   |
| Tangibles                  | <--            | Service Quality | 0.312 | 0.310 | 1.006 | *** |
| Reliability                | <--            | Service Quality | 0.234 | 0.234 | 1.000 | *** |
| Responsiveness             | <--            | Service Quality | 0.250 | 0.252 | 0.992 | *** |
| Assurance                  | <--            | Service Quality | 0.445 | 0.453 | 0.982 | *** |
| Empathy                    | <--            | Service Quality | 0.591 | 0.592 | 0.998 | *** |
| Customer Satisfaction      | <--            | Service Quality | 0.611 | 0.508 | 1.203 | *** |
After this, by looking at the values presented in Table 3, the summary of the main findings of the study can be presented in Table 4.

<table>
<thead>
<tr>
<th>H(x)</th>
<th>Hypothesis</th>
<th>Finding</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a</td>
<td>There is a significant positive relationship between reliability and service quality in UAE hotels</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1b</td>
<td>There is a significant positive relationship between assurance and service quality in UAE hotels</td>
<td>Accepted</td>
</tr>
<tr>
<td>H1c</td>
<td>There is a significant positive relationship between tangibility and service quality in UAE hotels</td>
<td>Accepted</td>
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<tr>
<td>H1d</td>
<td>There is a significant positive relationship between empathy and service quality in UAE hotels</td>
<td>Accepted</td>
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<tr>
<td>H1e</td>
<td>There is a significant positive relationship between responsiveness and service quality in UAE hotels</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2</td>
<td>There is a significant positive impact of service quality on customer satisfaction in UAE hotels</td>
<td>Accepted</td>
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<tr>
<td>H3</td>
<td>There is a significant positive impact of customer satisfaction on customer loyalty in UAE hotels</td>
<td>Accepted</td>
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<tr>
<td>H4</td>
<td>There is a significant positive impact of service quality on customer loyalty in UAE hotels</td>
<td>Accepted</td>
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<tr>
<td>H5</td>
<td>There is a significant positive impact of service quality on customer loyalty mediated by customer satisfaction in UAE hotels</td>
<td>Accepted</td>
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</table>

4. Conclusion and Recommendation

This study has investigated the different dimensions of service quality that impact customer satisfaction and customer loyalty in UAE hotels. This study is very important from several aspects of academic, governmental; society and the business sector themselves. Finding of this research will add value to the knowledge and understanding of the impact service of quality on customer satisfaction and customer loyalty. This study is significant in the sense that it will allow the understanding of the concept and framework of the impact of service quality on customer satisfaction and customer loyalty that takes into account the comparative nature with conventional business. This will also support and enrich theory and model of service quality in UAE’s business environment. Ultimately, this will generate greater awareness among UAE hotel industry on the importance of service quality and its effectiveness.
By providing good quality of services, hotel industry in UAE can reach customer satisfaction as well as increased customer loyalty. This will play an important role for the country to attract as well as motivate more investors to invest in the hotel industry which will positively impact on the overall economy through revenue generation and providing employment. No doubt UAE is one of the leading countries in hotel industry but still there is lack and gap which they need to fulfil by doing many workshop as well as by proper training to the employee which will result in achieving customer satisfaction. In order to satisfy the customer need and expectation strong initiative to be taken by hotel management in order to reach in customer satisfaction.

From the practical standpoint, these study findings will contribute towards increased knowledge. The findings from this study will also draw the basis and as starting point of reference to other researcher or be practiced by organizations. From the government perspective, since the UAE government aimed to improve the economic from the hospitality sector, this study will help to achieve UAE’s development plans in increasing management and employee’s commitment and performance in UAE hotel industry sector and other UAE organizations.

Moreover, systematically reviewing the customers’ feedbacks, decision makers might examine all the important aspects in order to determine the most appropriate decisions and actions to satisfy the customers with an aim to retain them. Hence, the deliberate structure of the management process will force hotel employees to examine relevant variables in deciding what to do and how to do it.

Like every other research, the current research is also not without limitations. The current study comprises of several limitations that deserve to be addressed. The first limitation of the present study arises from the limitation of resources, particularly time and money. If the researcher did not face time and financial constraints then it would be possible to generate data from a larger sample by providing respondents incentives that would increase their willingness to participate in the survey as well as reduce response error. At the same time, it would also enable the researcher to employ a more advanced methodological approach such as a combination of qualitative and quantitative method whereby, the methodology would not solely be based on quantitative method but qualitative method could have also been employed.
References


Employees’ Courtesy in Malaysia and New Zealand”, *European Journal of Social Sciences Education and Research, Special Edition: August*.


SERVICE QUALITY, CUSTOMER SATISFACTION AND CUSTOMER LOYALTY OF THE HOTEL INDUSTRY IN UNITED ARAB EMIRATES (UAE): A MEASUREMENT MODEL