THE MEDIATING EFFECTS OF VALUE ON SERVICE QUALITY-SATISFACTION RELATIONSHIP IN MALAYSIAN TOURISM INDUSTRY

See-Ying Kwok*  
Universiti Tunku Abdul Rahman

Ahmad Jusoh  
Universiti Teknologi Malaysia

Zainab Khalifah  
Universiti Teknologi Malaysia

ABSTRACT

The ways to maintain and increase customer satisfaction are always the concern of business providers because high satisfaction is closely related to the customers’ positive word of mouth, revisit intentions, and loyalty; which are the key for the success of long term businesses in today’s customer-focused industry. For that reason, more satisfaction studies, especially on the elements that contribute to higher satisfaction level are needed. Previous researches discovered several explanatory predictors to satisfaction. Nevertheless, in this study, only two variables, i.e. service quality and value were chosen as the antecedent variables associated to satisfaction among international tourists in the context of Malaysian tourism. This study further focused on examining whether service quality has an indirect impact on satisfaction through value, i.e. the mediator effect. The relationships proposed were analysed with structural equation modelling (SEM) analysis using the data gathered from 301 international tourists that have travelled to Malaysia. The findings indicated that both service quality and value are the significant predictors that influence tourist satisfaction. Additionally, the results also indicated that value plays a mediator role in the service quality-satisfaction relationship in the tourism context.

Keywords: Satisfaction; Value; Service Quality; Tourist.

1. INTRODUCTION

The tourism industry in Malaysia is continuously developing. The statistical data shows that international tourist arrivals in Malaysia has increased from 16.43 million in year 2005 to 25.70 million in year 2015, while the tourist receipts of the same period has increased from RM32.0 billion to RM69.1 billion (Tourism Malaysia, 2017). A successful tourism business will deliver greater revenues to the host country, especially for the countries with abundant tourism resources. For instance, in year 2012 alone, tourist receipts contributed 12.5% of Malaysia's Gross Domestic Product, making it the second largest foreign exchange earners in the country (Prime Minister's Department, 2014). Even though the industry achieves great success, merely maintaining things as they are insufficient for long term development. Additional efforts should be taken to sustain and further grow the tourism business in Malaysia. There would be no tourism without tourists, and hence the tourism industry stakeholders should focus more on the tourist's perspective.

*Corresponding author: Faculty of Business and Finance, Universiti Tunku Abdul Rahman, 31900 Kampar Perak. Malaysia. Email: s.ying0525@yahoo.com
Often, the survival or even the success of an organization depends on the extent the organization is able to meet the customers’ needs and requirements, that is whether the service provider has managed to satisfy its customer or not. A satisfied customer is found to reward the company through repurchase, sharing positive word-of-mouth and will eventually lead to loyalty in the long run (Bruwer, 2014; Hoffman & Bateson, 2011). On the contrary, a dissatisfied customer is more likely to be found sharing their bad experiences with others (Hoffman & Bateson, 2011; Hoyer & Maclnnis, 2010), which will discourage new customers. Subsequently, how to satisfy the customers turn out to be the key concern of all business operators and the tourism business operators are not an exemption. Hence, instilling better understanding of related factors that create tourist satisfaction from the tourist’s point of view is essential.

Past researches have shown that both service quality (e.g. González, Comesaña, & Brea, 2007; Ngo & Nguyen 2016; Subrahmanyam & Raja, 2016; Spreng & Mackoy, 1996) and value (e.g. Andreassen & Lindestad, 1998; Bolton & Drew, 1991; Patterson & Spreng, 1997; Woodruff, 1997) are positively related to customer satisfaction. Besides that, a number of past researches (e.g. Chang & Wang, 2011; Gallarza, Saura, & Moreno, 2013; Gera, 2013; Jen, Tu, & Lu, 2011; Lai & Chen, 2011; Yu et al., 2014) have also revealed that service quality and value are positively correlated. Accordingly, instead of merely assuming that service quality has only the direct influence on customer satisfaction, the indirect effects, i.e. the mediator effects through value may take place as well. This means that the relationships between service quality, value, and satisfaction could be more complex and might consist of intermediate interactions such as the mediating effects and thus warrant further examination. For that reason, the main purpose of this study is to examine whether value mediates the service quality-satisfaction relationship, particularly in the Malaysian tourism context.

2. MAJOR CONCEPTS DEFINITION

2.1. Satisfaction

Oliver (1997, p. 13) defined customer satisfaction as “the consumer fulfilment response. It is a judgment that a product or service feature, or the product or service itself; provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfilment”. Thus, satisfaction pertains to one’s comparison between the perceived performance of the products and/or services in relation to his or her expectations (Ooi, Lin, Tan, & Chong, 2011). According to the expectancy disconfirmation theory, the customer is satisfied when the actual performance meets or exceeds their expectation. If not, when expectation is higher than the actual performance, it brings to a negative disconfirmation; a dissatisfied customer. Subsequently, this study defined satisfaction as the tourist’s feelings in terms of their liking and disliking on their visit to Malaysia based on their comparison of expectation to the actual trip's experience.

2.2. Service quality

Generally, it is widely accepted that service quality depends on the degree of the actual service performance in meeting the customer’s needs and expectations (Asher, 1996; Grönroos, 1990; Presbury, Fitzgerald, & Chapman, 2005); hence, service quality can be understood as the conformance of the customer’s requirements to the service received (Chakrabarty, Whitten, & Green, 2007). The customer is the key evaluator of the service quality where they determine the success of a product or service (Kelesbayev, Kalykulov, Yermankulova, Dandayeva, & Aymurzayeva, 2015; Peter & Donnelly, 2013a, 2013b; Swarbrooke & Horner, 2007). Subsequently, customer surveys are the most used tools in measuring
service quality thus far (Homburg, Kuster, & Krohmer, 2013). In a nutshell, service quality in this study is best defined as the tourist’s assessment on the overall quality of services they perceived throughout their visit to Malaysia.

2.3. Value

McDougall and Levesque (2000, p.393) suggested that value is the “benefits received relative to costs”, which is consistent with Zeithaml’s viewpoint who defined value as “consumer’s overall assessment of the utility of a product (or service) based on perceptions of what is received and what is given” (1988, p.14). Accordingly, value can be comprehended as the monetary prices and/or non-monetary costs, i.e. time, energy, effort, search, and psychological costs that one has to sacrifice in acquiring the beneficial components, i.e. product or service quality, brand and functions from the services or products (Bajs, 2015; Jen, et al., 2011; Lien, Wen, & Wu, 2011). Hence, value can be understood as the trade-off between total benefits gained and total sacrifices or costs (Holbrook, 1994; Peter & Donnelly, 2013a) to obtain a service or product (Eid & El-Gohary, 2015; Hu, Kandampully, & Juwaheer, 2009; Mahrokh Mokhtaran & Mohebi, 2015). In short, value is viewed as the overall sacrifices incurred in comparison to the benefits received by the international travellers during their visit to Malaysia.

3. HYPOTHESES DEVELOPMENT

According Parasuraman, Zeithaml, and Berry’s (1985) perspective, satisfaction level is influenced by the gap between service perception and expectation. For instance, a better fit between service perceptions with service performance will reduce the gap, leading to higher perceived service quality, and consequently higher satisfaction level (Asher, 1996; Ekinci, 2004; Parasuraman, et al., 1985; Parasuraman, Zeithaml, & Berry, 1994). The disconfirmation theory supports the gap’s view, meaning that when perceptions meet or exceed quality expectation, positive disconfirmation is formed and the customer is satisfied. Otherwise, the customer is dissatisfied, suggesting a negative disconfirmation when perceived quality is lower than expectation. In previous researches, a positive relationship between service quality and satisfaction is supported (e.g. Cheng & Rashid 2015; Ekinci, 2004; Ngo & Nguyen 2016; Subrahmanyam & Raja, 2016). Therefore, it is rational to accept that higher service quality will lead to higher satisfaction level and hence, the first hypothesis is proposed as following:

H1: Service Quality is positively associated to Satisfaction.

Value and satisfaction are two closely related but distinct concepts (Ferrell & Hartline, 2014; Raza, Siddiquei, Awan, & Bukhari, 2012; Woodruff, 1997). The level of satisfaction of a service or product is claimed to be relative to one’s expectation, and one can hold expectation about quality or value or both at the same time (Ferrell & Hartline, 2011, 2014). Accordingly, the concept of satisfaction is difficult to separate from quality and value to some extent. The positive and direct relationship between value and customer satisfaction is supported in past researches. (Chang & Wang, 2011; Chen & Chen, 2010; Clemes, et al., 2011; Gallarza, et al., 2013; Malik, 2012; Wu & Li, 2014). This means that rather than service quality alone, satisfaction can be assessed through the value construct as well (Chang & Wang, 2011; Clemes, Gan, & Ren, 2011; Jen, et al., 2011; Lai & Chen, 2011; Minghetti & Celotto, 2013; Raza, et al., 2012). Therefore, the second hypothesis is proposed:

H2: Value is positively associated to Satisfaction.
Both service quality and value are two important antecedent factors to satisfaction (Ferrell & Hartline, 2014; Minghetti & Celotto, 2013). In addition, these two constructs are correlated, in which service quality is associated with value (Jen, et al., 2011; Lai & Chen, 2011). A positive relationship between service quality and value has been revealed in previous studies (e.g. Chang & Wang, 2011; Cronin, Brady, & Hult, 2000; Gallarza, et al., 2013; Gera, 2013; Kang & Wang, 2009; Lai & Chen, 2011; Yu, et al., 2014). Subsequently, the third hypothesis is proposed:

**H3**: Service Quality is positively associated to Value.

The findings from past researches indicate that service quality has the major influence over satisfaction, while value is an alternative that leads to satisfaction as well (Chang & Wang, 2011; Fornell, Johnson, Anderson, Cha, & Bryant, 1996; Razavi, Safari, Shafie, & Khoram, 2012; Wang, Zhang, Gu, & Zhen, 2009). In addition, value also equals to perceived service quality relative to price (Kashyap & Bojanic, 2000; Oh, 2000), and hence, it is sensible to believe that service quality may be one of the many factors that influence “value” and that it is value that determines the overall satisfaction level (Bolton & Drew, 1991; Sweeney, Soutar, & Johnson, 1997; Woodruff, 1997). This means that service quality influences value prior to having an impact on the satisfaction level later (Baines, Fill, & Page, 2011; McDougall & Levesque, 2000).

Sheth, Newman, and Gross (1991) further suggested that regardless of the dimensions in the value construct, value functions as a mediator between service quality and satisfaction, and this perspective is supported by other researchers (e.g. Cronin, et al., 2000; Lai, 2015; Malik, 2012; Murray & Howat, 2002; Sheth, et al., 1991). For instance, a partial mediator role of value between service quality and satisfaction has been evidenced in Malik’s (2012) study in which the sample comprised of respondents from the banking, transport, courier, and telecommunication sectors. Furthermore, a recent study conducted by Lai (2015) has empirically evidenced the mediator role of value in the relationship between service quality and satisfaction at Hong Kong–style tea restaurants. Accordingly, value is proposed as a mediator variable in the relationship between service quality and satisfaction in this paper.

**H4**: Value mediates the relationship between Service Quality and Satisfaction.

4. THE METHODOLOGY AND DATA ANALYSIS

The tourists that travelled to Malaysia made up the population of this study. A representative sample was drawn from the international tourist groups travelling to Malaysia, utilising the multistage sampling technique due to the large population. First, the samples were stratified based on ASEAN tourists and non-ASEAN tourists. Secondly, the convenience sampling technique was used to draw the samples at selected tourism destinations in Malaysia. A set of questionnaire was used as the instrument for data collection. Service quality was measured with 22 items in a 5-point Likert scale adapted from SERVQUAL. Meanwhile, Value (10 items) and Satisfaction (5 items) were measured with the 5-point Likert scale. The demographic background of the respondents was also assessed.

400 self-administrated questionnaires were distributed to willing respondents during on-site surveys after a few screening questions. This was done in order to ensure that the respondents were qualified to provide usable and accurate data for this research. The qualified respondents were then requested to answer and return the questionnaires on the spot. 301 completed questionnaires were analysed with SPSS and AMOS software upon removing 3 incomplete questionnaire.
4.1. Respondents’ Profile

The respondents’ profile provided a basic concept of the respondents engaged in the survey (refer to Table 1). A total of 198 respondents from non-ASEAN countries and 103 respondents from ASEAN countries participated in this research. Besides that, 56.8% of the respondents were female (n=171) and 43.2% were male respondents (n=130). The results also indicated that 47.8% or 144 respondents were married. Other than that, tourists aged 40 and below made up the majority of the tourist groups. Based on the statistical results, most of the tourists visited Malaysia for vacation purposes, which was accounted by 238 out of 301 respondents (79.1% of the respondents). Moreover, the statistical results showed that the tourists preferred to travel on their own (86.4%) rather than travelling with a tour package (13.6%).

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Frequency</th>
<th>Percent, %</th>
<th>Major Purpose of Visit</th>
<th>Items</th>
<th>Frequency</th>
<th>Percent, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASEAN</td>
<td>103</td>
<td>34.2</td>
<td>Holiday</td>
<td>Holiday</td>
<td>238</td>
<td>79.1</td>
</tr>
<tr>
<td>Non-ASEAN</td>
<td>198</td>
<td>65.8</td>
<td>Business</td>
<td>Business</td>
<td>11</td>
<td>3.7</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>130</td>
<td>43.2</td>
<td>Official Mission</td>
<td>Official Mission</td>
<td>11</td>
<td>3.7</td>
</tr>
<tr>
<td>Female</td>
<td>171</td>
<td>56.8</td>
<td>Visiting Friends and Relatives</td>
<td>22</td>
<td>7.3</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td>Conference</td>
<td>Conference</td>
<td>2</td>
<td>0.7</td>
</tr>
<tr>
<td>30 years old and below</td>
<td>137</td>
<td>45.5</td>
<td>Others</td>
<td>Others</td>
<td>17</td>
<td>5.6</td>
</tr>
<tr>
<td>31 years old – 40 years old</td>
<td>107</td>
<td>35.5</td>
<td>Mode of Visit</td>
<td>Tour Package</td>
<td>41</td>
<td>13.6</td>
</tr>
<tr>
<td>41 years old – 50 years old</td>
<td>36</td>
<td>12.0</td>
<td></td>
<td>Self-guided Tour</td>
<td>260</td>
<td>86.4</td>
</tr>
<tr>
<td>51 years old – 60 years old</td>
<td>12</td>
<td>4.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>61 years old and above</td>
<td>9</td>
<td>3.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>119</td>
<td>39.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>144</td>
<td>47.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>38</td>
<td>12.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.2. Exploratory and Confirmatory Factor Analysis

The Exploratory Factor Analysis (EFA) was firstly conducted using the Principal Component Analysis with Varimax rotation. The questionnaire items were successfully extracted into six components (factor loading ≥ 0.4). Out of the six components extracted, four components are Service Quality dimension, a component for Value and Satisfaction respectively. The model was acceptable with initial eigenvalues above 1.0, KMO >0.7, Bartlett’s test value of p < 0.01 and explained a total of 69.05% variance (> 60%). Afterward, Confirmatory Factor Analysis (CFA) was conducted based on the EFA results. The final measurement model provided a good fit to the sample data ($\chi^2 = 497.656$, df = 221, $\chi^2$/df = 2.252) upon the deletion of the poor load items and minor modification. The GFI was .877, AGFI = .847, CFI= .938, TLI = .929 and RMSEA = .065. The composite reliability (CR) values exceeded the required value of 0.7, and

<table>
<thead>
<tr>
<th>Discriminant Validity</th>
<th>Convergent Validity, AVE &gt;0.5</th>
<th>Composite Reliability, CR&gt;0.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.797</td>
<td>0.635</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.610</td>
<td>0.671</td>
</tr>
<tr>
<td>Service Quality</td>
<td>0.460</td>
<td>0.549</td>
</tr>
</tbody>
</table>
the AVE value of the latent factors ranged from 0.549 to 0.671 (> 0.5) as shown in Table 2, which indicated that both reliability and convergent validity were achieved. Similarly, the discriminant validity was supported with the squared root of AVE values, which were greater than the inter-correlation coefficients among the constructs.

4.3. Structural Analyses

The relationship between Service Quality and Satisfaction was examined using structural analysis. Service Quality (a second-order factor with four first-order factors) was first regressed to Satisfaction (a first-order factor). The goodness-of-fit indices showed that Model 1 fitted the data adequately. The chi-square/df was 2.051 ($\chi^2 = 264.634$, df = 129). The GFI was .913, AGFI = .885, CF = .957, TLI = .948, and RMSEA = .059. The model that fitted the criteria for the path model was satisfactory, thus Model 1 was accepted to fit the data. A positive and significant relationship ($r_c = 0.44$, CR = 5.72) was found between Service Quality and Satisfaction (as shown in Table 3: Model 1).

<table>
<thead>
<tr>
<th>Model</th>
<th>Relationships</th>
<th>Standardised Estimate (Rc)</th>
<th>Cr</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Service Quality - Satisfaction</td>
<td>.44**</td>
<td>5.72</td>
<td>Supported</td>
</tr>
<tr>
<td>2</td>
<td>Service Quality - Value</td>
<td>.46**</td>
<td>6.30</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>Service Quality - Satisfaction</td>
<td>.20**</td>
<td>2.96</td>
<td>Supported</td>
</tr>
<tr>
<td></td>
<td>Value - Satisfaction</td>
<td>.51**</td>
<td>7.62</td>
<td>Supported</td>
</tr>
</tbody>
</table>

Note: *p<0.05; **p<0.01 (one-tailed test)

Next, the construct of Value (a first-order factor) was included as the mediator variable between Service Quality and Satisfaction in Model 2. The goodness-of-fit indices for the model indicated a good fit to the data ($\chi^2/df = 2.252$, $\chi^2 = 497.656$, GFI = .877, AGFI = .847, TLI = .929, CFI = .938, and RMSEA = .065). The association between Service Quality and Satisfaction was reduced but remained significant when the “Value” construct was added which denoted a partial mediator effect (as shown in Table 3). Thus, it is reasonable to conclude that Value mediates the relationship between Service Quality and Satisfaction. Subsequently, all four hypotheses proposed are supported.

5. DISCUSSION AND IMPLICATIONS

The descriptive analysis on the profile of the respondents’ background showed that the tourists in the group age of 40 years old and below were the majority of the tourists in this study. The results also indicated a significant number of respondents visiting Malaysia mainly for vacation purposes and they prefer to travel on their own rather than follow scheduled tours arranged by tour agencies. Overall, these results indicated that the respondents of this research were basically young tourists who prefer to plan the itinerary on their own for their holiday visit to Malaysia.
The Structural Equation Modelling (SEM) analysis showed that “value” played a mediator role in the relationship between service quality and tourist satisfaction. The results suggested that a simple and one-to-one relationship in the past was insufficient in illustrating the interactions of these variables. There is empirical evidence that the inclusion of value into the model will reduce the association between service quality and satisfaction. Note that the indirect effect of service quality on satisfaction via value ($r_c = 0.23$) was higher than the direct effect of service quality on satisfaction ($r_c = 0.20$). Hence, instead of the role as a direct antecedent to satisfaction creation, service quality had an indirect influence on satisfaction through value as well, which demonstrated a mediator effect. The research findings in this study have thus provided further empirical evidence to support and validate the role of “value” as a mediator in the relationship between service quality and satisfaction which is discovered in previous researches (e.g. Lai, 2015; Malik, 2012 and etc.).

In other words, this study provided implications to the tourism service providers through clarifying the impacts of both service quality and value as the contributors of tourist satisfaction. The empirical findings in this study suggested that in order to improve tourists’ satisfaction, tourism service providers have to start by improving the quality of services provided. Supplementary to the direct impact on tourists’ satisfaction level, an enhancement of the quality of the services delivered was found to be able to increase the customers’ (or tourists) satisfaction level indirectly through the improved tourists’ perceived value. Consequently, the tourism service providers are urged to pay more attention in the aspect of controlling the quality of services delivered. In addition to that, consistent monitoring and evaluation of customer-related measures can help tourism service providers to deliver the products/services which satisfy tourists the most.

Besides that, the empirical findings of this research suggested that the service personnel are the primary element that determines the perceived service quality among the tourists. As a service-oriented industry, the service crews play relatively important role in satisfying the customers. Therefore, the tourism service providers must first content their internal customer (or staff) which will subsequently result in a better job performance that eventually leads to higher customer satisfaction level. Accordingly, the process of service personnel recruitment and training alongside designing appropriate reward system are thus essentially important to the management in producing well-performed staff.

6. LIMITATIONS SUGGESTION FOR FUTURE RESEARCH

This study only focus on the tourism industry in Malaysia. Each country varies from geographical, cultural and other aspects and the outcomes of the study may vary and may not be applicable for other countries. Similarly, each industry has their own characteristics that make it unique from other industries and hence the study in a specific industry is insufficient. Subsequently, further studies have to be carried out in other countries and/or industries to validate the role of “value” as a mediator in the relationship between service quality and satisfaction.

REFERENCES


