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The Relationship between Internal Satisfaction and External Satisfaction amongst Hotel Customers in Malaysia

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Abstract

This paper is focused on hotel customers' internal and external satisfaction. Some previous studies had only focused on the customers' external satisfaction and only a few studies had managed to link between the two variables. The study also looked into factors which may act as internal variables such as the employer-employee relationship, employee relationship as well as employee- customer relationship. As for the external variables, these may involve looking into other aspects of satisfaction, such as customer satisfaction towards the service and facilities provided by the hotel. The main focus of the study was to view the relationship between the customers' intrinsic satisfaction with the customers' external satisfaction and the factors which may influence the customers. The data had been randomly gathered from 120 samples by questionnaire distribution among hotel guests and employees in Kuala Lumpur, Port Dickson, Penang, Trengganu and Kota Kinabalu. Overall, this study had managed to uncover the factors which influenced customers' internal and external satisfaction and also discovered possible relationship between the two types of satisfaction.

Keywords: Employee Satisfaction, Customer Satisfaction, Service Quality, Service, Hotel Industry, Internal Factors, External Factors.

1. Introduction

The hotel industry in Malaysia has shown a tremendous growth due to the increasing number of tourists visiting the country each year. The service provided by the hotels should fulfill certain criteria and provide facilities which enable tourists to get the best experience for their money. As such, there is a need for the organisation to increase their service quality, especially in terms of the staff performance. This is because the factors which motivate the customers to spend do not only centre on the product quality but also on the service quality and staff performance as these will influence the customers' motivation to use the particular service. This study is trying to look into the relationship between internal and external variables in order to determine whether the relationship is linear or non-linear.

1.1 Internal satisfaction

Job satisfaction refers to an individual's attitude towards his career. According to William and Hazer (1986), job satisfaction refers to an employee's emotional condition and it is also defined as an effective response towards a specific employee aspect (Terry Lam, Tom Baum & Ray Pine, 2001). Greenberg and Baron (2003) explained job satisfaction as an individual's positive or negative attitude towards his line of work.

1.2 External satisfaction

The word 'satisfaction' is derived from the Latin words '*satis*' which means good or enough and '*facio*' which means the act of doing something. Satisfaction can be defined as the ability to fulfill something or to do something in order to fulfill a requirement. According to the 4th Edition of Kamus Dewan (2005), satisfaction can be defined as the situation of feeling satisfied, contented, blissful and comfortable. Generally, satisfaction can be understood as a good or happy feeling which emerges when

we are able to get something that we need. Nevertheless, when it is mentioned in the management context, the meaning could become quite varied or complex.

1.3 Relationship between customer satisfaction and internal satisfaction and external satisfaction

Internal customer satisfaction is an important factor which may, in a negative or positive way, influence external customer satisfaction. According to Gibson (2000) in his study, job satisfaction is an attitude shared by employees about their career. An individual with a high level of job satisfaction would show a positive attitude towards his work. On the other hand, a person who is unsatisfied with his work will show a negative attitude towards his career.

In the eyes of the customer, service perfection is achieved when the customer is satisfied with the service given and not according to a strict or rigid service standard. If the service is unsatisfactory, the hotel may be liable to bear certain costs like losing their customers, decrease in staff morale, negative and unproductive talk and also having to pay certain costs due to the mistakes which may have occurred in the unsatisfactory service.

2. Literature Review

Many organisations these days, especially service-based organisations, would try their best to fulfill employee satisfaction. According to Greenberg and Baron (2003), job satisfaction may refer to an individual's positive or negative attitude towards his career. Gibson (2000) stated job satisfaction as the employee's attitude towards their line of work. Satisfied employees would give full commitment to their organization and they also have a high esprit de corps (Kohli & Jaworski, 1990). Schlesinger and Heskett (1991) believed that an increase in staff incentive, training and front-line choice in a particular organization may help in increasing the staff's level of satisfaction. Shore and Tetrick (1991) in their study suggested that there exists a positive relationship towards job satisfaction if there is encouragement from the management. Oshagbemi's findings (2000) showed that there is a positive and significant relationship between period of work experience and job satisfaction. However, if a person has remained in a particular job for too long, he might feel bored and his job satisfaction would understandably become low (Shah Jalal Sarker, Alf Crossman, Parkpoom Chinmeteeputuck, 2003). Ronen (1978) stated that a high level of job satisfaction is influenced by a high status or high position at the workplace (Titus Oshagbemi, 2003). Miles *et al.*, (1996), discovered that a high position in the workplace is significant in influencing job satisfaction among employees.

According to Day (1994); Day and Wesley (1988); Drucker (1954); Hooley *et al.*, (1990); Kotler (1977), the main objective of a market-based organisation is to create and fulfill the needs of customers. As stated by Peter and Jan (1994), customers have made the decision to believe that the total of services acquired have been evaluated by the customers themselves.

Many of the studies conducted would usually focus on the relationship between customer satisfaction and other variables like quality and loyalty (Athanasopoulos, 2000; Colgate & Stewart, 1998; Lee *et al.*, 2000). The concept of loyalty which is comprised of behaviour and attitude can be further divided into two dimensions (Julander *et al.*, 1997). Previous studies have shown that an increase of 5% of loyal customers would enable a particular organisation to enjoy an increase of about 25% to 85% in profit (Reichheld & Sasser, 1990). Besides that, quality also plays an important role in fulfilling customer satisfaction. According to Oliver (1996), the relationship between quality and customer satisfaction is important as both help to emphasize the comparison between customer expectation and customer perception.

Wilson and Frimpong (2004) via the findings of Isen (Isen & Levin 1972; Isen *et al.*, 1978) mainly focused on the relationship between employee satisfaction and customer satisfaction. Employees who are in a positive mood would be more focused on helping each other, which in turn would give an impact on service quality and customer satisfaction. Morris and Feldman's study (1996) using Hochschild's findings (1983) found the same findings as the study carried out by Ulrich (1992) and Ulrich *et al.*, (1991) regarding satisfied employees who would give their commitment and follow the ethics of service. This in turn would contribute to an understanding of customer expectations and a determination for the employees to fulfill customer needs. According to Band (1988) and George (1990), employee satisfaction is a strategic weapon for achieving service quality and high customer satisfaction. This is because as stated by Ulrich (1992) and Ulrich *et al.*, (1991), a satisfied employee would be committed towards his career. Eisenberger *et al.*, (1986) in their study found that employees would apply their perception of being appreciated and being taken care of by the organization to become more productive at work. Furthermore, past studies have shown that satisfied employees would

demonstrate a more helpful attitude towards the customers (Locke & Latham, 1990; Weatherly & Tansik, 1993). Schneider (1980) in his study found evidence regarding job satisfaction as a major cause for employees to provide quality service. Bitner *et al.*, (1990); Estelami, (2000); Estelami and DeMaeyer, (2002); Keaveney, (1995) stated that employee attitude played an important role in customer satisfaction.

3. Research questions

The Malaysian tourism industry has grown tremendously since 10 years ago. This development has resulted in the construction of many hotels in Malaysian towns. This study attempts to focus on the relationship between internal satisfaction which is hotel employees with external satisfaction which is attributed with hotel customers in the Malaysian tourism industry. To succeed in this industry, hotels need to provide service according to customers' demanding needs. Satisfied customers would undoubtedly return and inform other potential customers and this would open up business opportunities for the hotel. As such, employees actually play a very important role. A satisfied employee would give full commitment to his job. This high commitment would result in the employee giving quality service to the hotel customers.

This study had been conducted with a specific focus on the factors which contributed towards customer satisfaction. The researcher had looked into a few of these factors, such as facilities and service. The researcher also reviewed the factors which contributed towards employee satisfaction, like employee relations, salary, holidays and allowances. This study can be considered as the first step in viewing possible relationships between employees and customers and the effect on the organization's performance.

4. Theoretical framework and Hypothesis

The theoretical framework for the discussion of the issue is presented in figure 1 and 2. Based on the literature reviewed, the following hypotheses for this study were developed:

H1 : there is a positive significant relationship between internal factors and job satisfaction.

H2 : there is a positive significant relationship between external factors and job satisfaction.

H3 : there is a positive significant relationship between service and job satisfaction

H4 : there is a positive significant relationship between facilities and job satisfaction.

5. Methodology

This study had examined the relationship between internal customer satisfaction and external customer satisfaction of a few hotels selected at random. To achieve the study objectives, data had been collected using questionnaires which were randomly distributed to employees and customers of hotels in major cities i.e. Kuala Lumpur, Penang, Port Dickson, Kuala Trengganu dan Kota Kinabalu .

5.1 Instrument

The data had been collected using the questionnaire method. According to Aaker *et al.*, (1988) and Ruys & Wei (1998), the questionnaire method is extremely suitable due to its advantages. Two sets of questionnaires had been constructed and one focused on internal customer satisfaction while another focused on external customer satisfaction. The questionnaires which investigated into customer satisfaction was divided into 3 personality sections : employee -employer personality, employee personality and employee - customer personality. As for the questionnaire which looked into external customer satisfaction, this was divided into two sections : customer satisfaction about the hotel facilities and the hotel service. The questionnaire which was adapted from Wiersma (1995) utilised the standard Likert scale, from 1 (very unsatisfied), 2 (Unsatisfied), 3 (Moderately satisfied), 4 (Satisfied) and 5 (Very satisfied). The Likert scale used for this type of study was attitude-based (Wiersma, 1995). The respondents were asked to ascertain whether they agreed or disagreed with the statements given.

5.2 Sample

In this study, internal customers would refer to the hotel employees in Malaysia, while external employees are the hotel customers in Malaysia. Using a systematic random sampling method, 120 respondents were involved, including 60 respondents for the employee satisfaction study (A) and another 60 respondents for the customer satisfaction study (B). The questionnaire had been distributed to hotels guests and hotels customers in Kuala Lumpur, Penang, Port Dickson, Kuala Trengganu and Kota Kinabalu. Out of the 120 respondents, only 90 (75%) of them returned the forms. About 53 forms

(88.33%) had been returned from respondents in the A category. As for the respondents in the B category, only 45 (75%) of them returned the forms. Out of the 53 forms which had been returned in category A, only 47 (88.68%) of them could be used for the study. As for the respondents in category B, only 43 (95.56%) of the forms could be used.

6. Analysis and findings

Out of the 120 respondents, only 98 (81.67%) of them returned the questionnaire forms. 53 respondents (54.08%) took part in the customer satisfaction survey and only 47 (88.67%) of the questionnaires could be used for the study. As for the external customer satisfaction survey, 45 (45.92%) respondents had returned the questionnaire but only 43 (95.56%) of the questionnaires were utilized.

For the external customer satisfaction survey, the 43 respondents comprised of 28 males (65.1%) and 15 females (34.9%). 21 (48.8%) of the respondents were in the 20 – 30 age group while another 14 (32.6%) of the respondents were in the 31 – 40 age group. Eight respondents (18.6%) were from the 41 years old and above age group. Seven respondents (16.3%) were civil servants, 16 respondents (37.2%) were private sector workers, 15 respondents were students and the remaining five respondents (11.6%) were from other professional groups. Out of the 43 respondents, two of them (4.7%) had stayed at one-star hotels, Six of them (14%) had stayed at two-star hotels, 17 of them (39.5%) had stayed at three-star hotels, 15 of them (34.9%) had stayed at four-star hotels and the rest (3 respondents or 7%) had stayed at five-star hotels.

As for the 47 respondents in the internal customer satisfaction survey, the sample comprised of 20 (42.6%) male respondents and 27 (57.4%) female respondents. 29 respondents (61.7%) were from the 20-30 age group while another 15 (31.9%) were from the 31-40 age group. The remaining 3 respondents (6.4%) were in the age group of 41 years and above. 44 respondents (93.6%) were permanent workers while 3 workers (6.4%) were contract workers. 25 of the respondents (53.2%) had 1-5 years of job experience while 15 respondents (31.9%) had 6-10 years of job experience. Another 6 respondents (12.8%) had 11-15 years of job experience while only 1 respondent (2.1%) had spent approximately 16-20 years of work experience.

The data from the questionnaires had been analyzed using the SPSS for Windows Version 16.0 software. The reliability for the scale and sub-scales internal validity had been tested using Cronbach's Alpha co-efficient. The Cronbach's Alpha co-efficient used for measuring customer satisfaction and employee satisfaction is shown below in Tables 1 and 2.

The test findings and relationship between internal factors and external factors with employee satisfaction (shown in Table 3)

Test findings and relationship between facilities and service with customer satisfaction (shown in the Table 4 below)

Based on Table 5, the regression analysis result showed that the R regression co-efficient = 0.382 with R square = 0.146 or only 14.6% contributed towards the internal and external factors for employee satisfaction. This means that in the analysis, the P value = 0.031 < 0.05 which is significant.

Meanwhile in Table 6, the results of the regression analysis showed that the R regression co-efficient = 0.863 with R square = 0.745 or only 74.5% contributed towards the facilities and service for customer satisfaction. This means that in the analysis, the P value = 0.000 < 0.01 which is significant.

Generally, the regression equation could be shown as below:

$$Y = a + (b_1 \cdot x_1) + (b_2 \cdot x_2) + (b_3 \cdot x_3) + (b_4 \cdot x_4) + e$$

Where a = constant, b = coefficients and x_1 - x_2 = independent variables

$$\text{Employee satisfaction} = 0.566 + 0.365 (\text{Internal}) + 0.514 (\text{External}) + 1.172$$

Based on the formula above, we can conclude that both factors, either internal or external play an important part in creating employee satisfaction. If we compare between the two factors, the external factor does seem to play a bigger role in creating employee satisfaction. Y would refer to the satisfaction level achieved by the hotel employees. The constant for this formula was "a" at a permanent value of 0.566 and this would not change although the coefficient for employee satisfaction factors may change. As for the coefficient for internal factor (D), valued at 0.365, this was positive as there was a significant relationship between internal factors with employee satisfaction. As for the external factor coefficient (L), it showed a positive value of 0.514. This would show a significant

relationship between internal factor and employee satisfaction. As for the constant 'e', the value of 1.172 would indicate that there might be a constant standard error for the formula.

$$\text{Customer satisfaction} = 0.957 + 1.085 (\text{Facilities}) - 0.317 (\text{Service}) + 0.381$$

From the formula above, we can assume that the customer would appreciate the facilities at the hotel more than the service provided. Y would refer to the satisfaction achieved based on the facilities and services provided at the hotels. The constant for the formula was « a » at 0.957 and would not change even though other coefficient might change. As for the coefficient for facilities (F), its value at 1.085 or positive indicated there was a significant relationship between facilities and customer satisfaction. The service value coefficient (S) which was negative, pointed towards a non-significant relationship between service and customer satisfaction. This would mean that the customers did not value service in their satisfaction. As for « e », the value of 0.381 would indicate a constant standard error for the formula.

7. Discussion

This discussion is divided into 3 sections based on the data analysis and the findings. Firstly, we will touch on the relationship between internal factors and external factors with internal satisfaction (employee) in the Malaysian hotel industry. The independent variables identified were the internal and external factors. The dependent variable was the internal customer satisfaction (employee). The first objective in the study was to identify whether there existed a relationship between internal factors with employee satisfaction. The second objective was to identify whether there was any relationship between external satisfaction and customer satisfaction. The Pearson correlation analysis was used to ascertain whether there was any relationship between independent variable and dependent variable.

It was found that the relationship between internal factors and employee satisfaction was not significant based on the data analysis acquired which was $r = 0.185$, $p < 0.05$. These findings were not consistent with the hypothesis predicted by the researcher, which was H1 = significant positive relationship between internal factors and employee satisfaction. On the other hand, it was found that the relationship between external factors with employee satisfaction was significant based on the data analysis acquired which was $r = 0.026$, $p < 0.05$. These findings were consistent with the hypothesis predicted by the researcher which was H2 = no significant positive relationship between external factors and employee satisfaction.

As for the third objective, the researcher wanted to ascertain whether there was a relationship between service and external customer satisfaction. The independent variable identified was service. It was found that the relationship between service and customer satisfaction was significant based on the data analysis acquired, which was $r = 0.000$, $p < 0.01$. These findings were consistent with the hypothesis predicted by the researcher, which was H3 = significant positive relationship between service and customer satisfaction.

As for the fourth objective, the researcher wanted to find out if there was a relationship between facilities with external customer satisfaction. The independent variable identified was the facilities. It was found that the relationship between facilities and customer satisfaction was significant based on the data analysis acquired which was $r = 0.000$, $p < 0.01$. These findings were consistent with the hypothesis predicted by the researcher, which was H4 = significant positive relationship between facilities and customer satisfaction.

Based on the study objective, the main objective was to determine the relationship between internal customer satisfaction and external customers in the Malaysian hotel industry. The data analysis showed that, we could conclude that no such relationship exists between internal customer satisfaction and external customers of the hotel industry in Malaysia. Using the R square analysis, the study findings showed that only 14.6% of the internal customers were satisfied compared to 74.5% of external customers who were satisfied. This may point towards a non-existent relationship between internal customer satisfaction and external customer satisfaction in the Malaysian hotel industry. Nevertheless, this study does indeed show that there exists a low internal customer satisfaction which could contribute towards external customer satisfaction, but for reasons yet to be identified.

While conducting the research, there were quite a few limitations faced by the researcher. One limitation was that the questionnaire did not contain enough validity. Another limitation would be that the answers given by some respondents were out of the researcher's control. Financial constraint was another hindrance. As such, the researcher only managed to gather the required sample in one

particular area which was Port Dickson. Therefore, there might be a possibility that the findings did not quite fulfill the main objectives of the study.

For future studies, perhaps other researchers could use other independent variables towards the employees so that the study findings could bring together the relationship between internal customer satisfactions with external customer satisfaction.

From the findings, perhaps we can conclude that internal customer satisfaction, which refers to the employees, is not directly related to external customer satisfaction, which refers to hotel customers. Based on the multiple regression analysis (R square), the study has shown that only 14.6% of the internal customers were satisfied, as compared to 74.5% of external customers who were satisfied. This does indeed showed that an extreme contrast and this could also indicate that internal customer satisfaction does not affect external customer satisfaction.

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Figure-1: Model of relationship between internal and external factors in determining the internal customer satisfaction

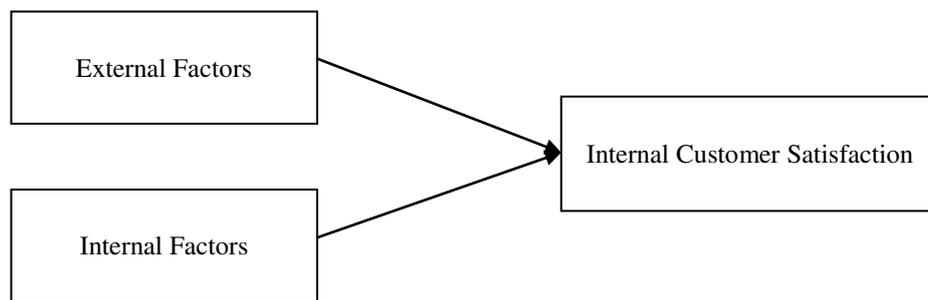


Figure -2: Model of relationship between facilities and service in determining external customer satisfaction

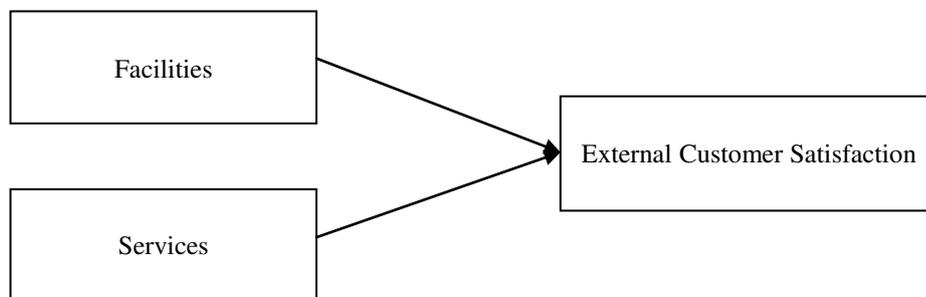


Table 1: Reliability of Customer Satisfaction Scale (n = 43)

Item	Cronbach's Alpha
Customer Satisfaction	0.926
Facilities	0.883
Service	0.773

Table 2: Reliability for Employee Satisfaction Scale(n =47)

Item	Cronbach's Alpha
Employee satisfaction	0.596
Internal factor	0.710
External factor	0.708

Table 3: Test results showing relationship between internal factors and external factors with employee satisfaction (n=47)

<i>Pearson Correlation</i>	Internal factors	External factors
<i>Significant</i>	0.197	0.325*
Employee satisfaction	0.185	0.026

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

Table 4 : Inference from test findings - relationship between facilities service with customer satisfaction (n=43)

<i>Pearson Correlation</i>	Facilities (F)	Service (S)
<i>Customer Satisfaction</i>	0.847**	0.552**
<i>Significant</i>	0.000	0.000

** *Correlation is significant at the 0.01 level (2-tailed).*

Table 5: Regression Analysis for Employee Satisfaction

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.382(a)	.146	.107	.37629	.146	3.757	2	44	.031

a *Predictors: (Constant), External, Internal*

b *Dependent Variable: Employee satisfaction*

Table 6 : Regression Analysis for Customer satisfaction

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
				R Square Change	F Change	df1	df2	Sig. F Change
.863(a)	.745	.732	.31148	.745	58.469	2	40	.000

a *Predictors: (Constant), service, facilities*

b *Dependent Variable: customer satisfaction*