

**A STUDY OF TOURIST SATISFACTION USING
SERVICE QUALITY DIMENSIONS FOR
HOMESTAY VENTURES IN LABUAN**

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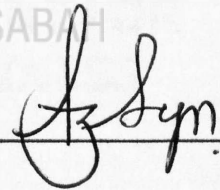
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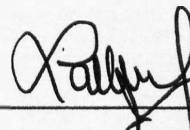
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DECLARATION

I hereby declare that the material in this thesis is my own except for quotations, excerpts, summaries and references, which have been duly acknowledged.

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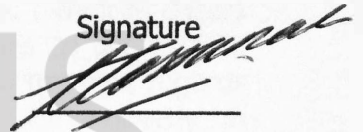
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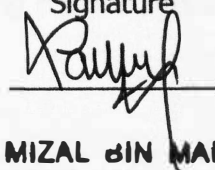
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ABSTRACT

A STUDY OF TOURIST SATISFACTION USING SERVICE QUALITY DIMENSIONS FOR HOMESTAY VENTURES IN LABUAN

Service quality is important to the service providers. However, the service provider faces lots of problem when they want to deliver quality services to their customer. In Homestay Labuan, they did not know either their guests are satisfied or not with their service quality. Therefore, this study has identified the satisfaction levels and examined the significantly influence of the service quality on customer satisfaction of the guests at Homestay Labuan. In conducting this study, there were five dimensions of service quality that will be observed which included tangible, reliability, responsiveness, assurance, and empathy that might convince the up and down of reputation of the homestay programme in Homestay Labuan. This study has employed quantitative approach and the descriptive study has been undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation. The researcher used correlational investigation because this research is about to observe the influence among the variables. Besides, individual level used as the unit of analysis for this research. For the time horizon of this study, a cross sectional study was the appropriate technique and the respondents were the guests which can be divided into two groups which are domestic and foreign guests. To gain response and information from particular respondents which afterwards the data has been used to been analyzed and tested in order to achieve the research objective, the questionnaire and the survey has been used to complete this study. All the dimensions (tangibility, responsiveness, assurance, and empathy) are significantly influence on customer satisfaction except for perceived reliability. It is important for the service providers to satisfy their customers which can be resulted the repeat purchase from their customers. It was also found out that by providing better service quality would lead to customer satisfaction.

ABSTRAK

Kualiti perkhidmatan adalah penting kepada para penyedia perkhidmatan. Walau bagaimanapun, penyedia perkhidmatan menghadapi pelbagai masalah apabila mereka ingin menyalurkan kualiti perkhidmatan kepada pelanggan mereka. Di Homestay Labuan, mereka tidak tahu sama ada tetamu mereka berpuas hati ataupun tidak terhadap kualiti perkhidmatan mereka. Oleh itu, kajian ini telah mengenal pasti tahap kepuasan dan menganalisis pengaruh ketara kualiti perkhidmatan pada kepuasan pelanggan daripada tetamu di Labuan Homestay. Dalam menjalankan kajian ini, terdapat lima dimensi kualiti perkhidmatan yang telah diperhatikan termasuk tangibility, reliability, responsiveness, assurance, dan empathy yang akan mempengaruhi turun naiknya reputasi program homestay di Labuan Homestay. Kajian ini telah menggunakan pendekatan kuantitatif dan kajian deskriptif telah diambil untuk menentukan dan dapat menggambarkan ciri-ciri pembolehubah kepentingan dalam situasi. Penyelidik menggunakan siasatan correlational kerana penyelidikan ini ialah kira-kira untuk melihat pengaruh antara pembolehubah. Selain itu, tahap individu akan menjadi unit analisis untuk kajian ini. Untuk tempoh masa kajian ini, kajian keratan rentas adalah teknik yang sesuai dan responden akan menjadi tetamu yang boleh dibahagikan kepada dua kumpulan iaitu tetamu dalam dan luar negara. Untuk mendapatkan maklum balas dan maklumat daripada responden tertentu yang kemudian data tersebut digunakan untuk dianalisa dan diuji untuk mencapai objektif penyelidikan, kajian dan soal selidik telah digunakan untuk melengkapkan kajian ini. Semua dimensi adalah ketara pengaruh ke atas kepuasan pelanggan kecuali dimensi reliability. Adalah penting untuk para penyedia perkhidmatan untuk memuaskan pelanggan mereka yang boleh menghasilkan pembelian ulangan daripada pelanggan mereka. Ia juga didapati bahawa dengan memberikan perkhidmatan yang lebih berkualiti akan membawa kepada kepuasan pelanggan.

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CHAPTER 1

INTRODUCTION

1.1 Background of study

Service quality is important to the service providers. This is because the customer's evaluation of service quality is believed to determine the repeat purchase. This is also because of the resulting level of the customer satisfaction that can be ultimately affecting the bottom-line measures of the business success (Iacobucci *et al.*, 1994). According to Zainuddin Zakaria *et al.* (2005), the understanding of what the service quality consists of, its definition, and how it can be measured is important for the management. Meaning, a clear conception of quality is a great value if the management want to take action to improve their quality.

However, the service provider faces lots of problems when they want to deliver quality services to their customer. According to Roslina Ab Wahid (2004), much of the problem arises from poor understanding of what customers want or need from the service or in other word, the characteristics that make up quality in the services provided. This is because of the nature of the service which is intangible. Meaning, the service cannot be seen, touched, smelled, heard, or tasted prior to the purchase (Kurtz and Clow, 1998). So that, the customers only can judge the quality of service after they have an experienced on the service delivered.

Lovelock and Wright (1999) defined perceived quality as the customer's long-term, cognitive evaluations of a company's service delivery, and customer satisfaction as a short-term emotional reaction to a specific service performance. Since customers evaluate their levels of satisfaction or dissatisfaction after each service encounter, they argue that satisfaction is by default experience-dependent. In turn, this information is used to update customer perceptions of quality. It is satisfaction which determines quality and not vice-versa. This is because quality

attitudes are not necessarily experience-dependent. For example, they can be based on word of mouth or advertising.

That is why it is very important to the service provider to deeply understand and knowing how to satisfy their customers and deliver the services. This is because when the customers satisfied with the service delivery, the customers will repeat purchase. Thus, it will give a good image of the organization and the positive reputation of the organization. When the customers satisfy, the service is said to be a good quality service.

Refers to this study, the researcher was focused on a study of tourist satisfaction using service quality dimensions for Homestay ventures in Labuan.

1.2 Background of the homestay programme

1.2.1 Homestay tourism

According to Hatton (1999), homestay was one pattern of tourism in which the tourists have to stay with the host in a community. In homestay, they will be involved in activities such as cooking, wedding ceremonies and seeing the community's performance. Homestay or participatory rest houses within the community have the several objectives such as it is an activity where the community and people in the community is the owner of the project and who receive benefits from these tourism activities. Homestay tourism is the conservation of environment and cultural preservation and an important driver of learning, exchange and strengthening value of community.

The Ministry of Tourism Malaysia (MOTOUR, 2011) defined homestay as a form of accommodation where the tourist can stay with the optional host family and has the chance to interact and communicate as well as experience the routine way of life of the family and culture directly. This homestay tourism is a new form of tourism based on ecotourism such as trekking and it is responds to the tourists' needs properly and emphasizes quality more than quantity. Trough homestay tourism, it also develops cultural value and ecosystems (Phonwiset *et al.*, 2008).

Bunchan (2001) stated that homestay is the rest-house based on community participation which is that the tourists have to stay with the host and the price of staying is low. The homestay guests are interested in locals' life styles and they are able to spend time in this area. In the same time, the tourists will learn about culture, local ways of life and they are able to stay more than one night. The hosts have to treat the visitors as members of the family and involve them in activities and share experiences and will develop their houses, based on indigenous culture and serve tourists with activities as cleaning the toilets and bedrooms.

As pointed out by other researches, homestay was a pattern of ecotourism that focuses on tourists learning locals' life style in the community, study and stay with villagers in the community (Buahapakdee, 1999).

Based on MOTOUR's definition, Malaysia's Homestay Programme is an experience where tourists stay with selected families, interact and experience the daily life of these families whilst experiencing the Malaysian culture. Malaysia's Homestay is not classified as an accommodation facility because the homestay concept is focused on lifestyle and experiential tourism. The main attractions and offers unique experience to the tourists compared to the experience in the city is the uniqueness of the traditional songs, dances, cuisines and sports as well as rural economic activities.

The main objectives of the Malaysia's Homestay Programme are to fulfill the needs of the:

- a) Tourists:
 - To offer a unique experience of rural lifestyle and culture; and
 - To develop internationally recognized rural hospitality packages at a competitive price.

b) Rural Community:

- To share the benefits of the tourism industry with the rural community and encourage their participation in the tourism sector;
- To boost household income and improves living standards of the rural community, which contribute to the reduction of poverty; and
- To develop rural tourism entrepreneurs and provide job opportunities.

1.2.2 Malaysia homestay programme

The Ministry of Tourism Malaysia (MOTOUR, 2011) defined homestay as is an experience where tourists stay with selected families, interact and experience the daily life of these families as well as experiencing Malaysian culture. Homestay is not classified as an accommodation facility, but it is focuses more on lifestyle and experience, which include culture and economic activities.

MOTOUR has introduced the homestay programme in 1988 as one of efforts to diversify the products of tourism through the determination of an alternative accommodation for tourists. It was officially launched in 1995 at several locations including Desa Murni, Kerdau, Temerloh, Pahang, by the Minister of Culture, Arts, and Tourism (MOCAT).

According to MOTOUR, this programme certainly gives tourists the opportunity to enjoy a relatively cheap vacation that is quite different. Somehow, it also gives the opportunity for the tourists to stay with a host family that participates in this programme, and experience how the host family members live their daily lives thus enhancing their knowledge on the life style and culture of local residents at the destinations that they visit. The homestay programme is also a strategy taken by the government to improve and develop the standard of living of the rural community through their involvement in the planning and development of tourism. Therefore, the homestay programme can also be considered to be a community project that can instill unity among its members and at the same time drive toward the advancement of the community.

There are several participation rules that were highlighted by MOTOUR (2009):

a) House location

- The location should be in the appropriate area in terms of transport relations
- The area should be free from environmental pollution.
- The area should be able to portray the Malaysian lifestyle

b) Basic amenities

- The house size is suitable and the guests should be stay in separate rooms.
- To ensure the comfort of families and tourists, the maximum number permitted to rent rooms to tourists are confined to three rooms with an area of suitable space.
- Guest travelers need to be addressed include providing bathrooms, toilets, dining room and living room and other amenities that fit.
- Preparation and supply of food / drink, towels, mosquito coils, nets and cloth sheets / batik on demand by tourists and it will be charged.
- Maintenance of close to all basic amenities should be made to ensure environmental hygiene and comfort of tourists.

c) Cleanliness

- The home environment should be clean and free of rubbish a breeding ground for mosquitoes and flies.
- Water drainage system and good drainage should be provided to prevent bad odors.

d) Comfort

- To protect the safety of the parties involved, especially travel, insurance coverage is necessary. To ensure that all parties involved

will be protected, if there is any form of accident, the following is required, namely:

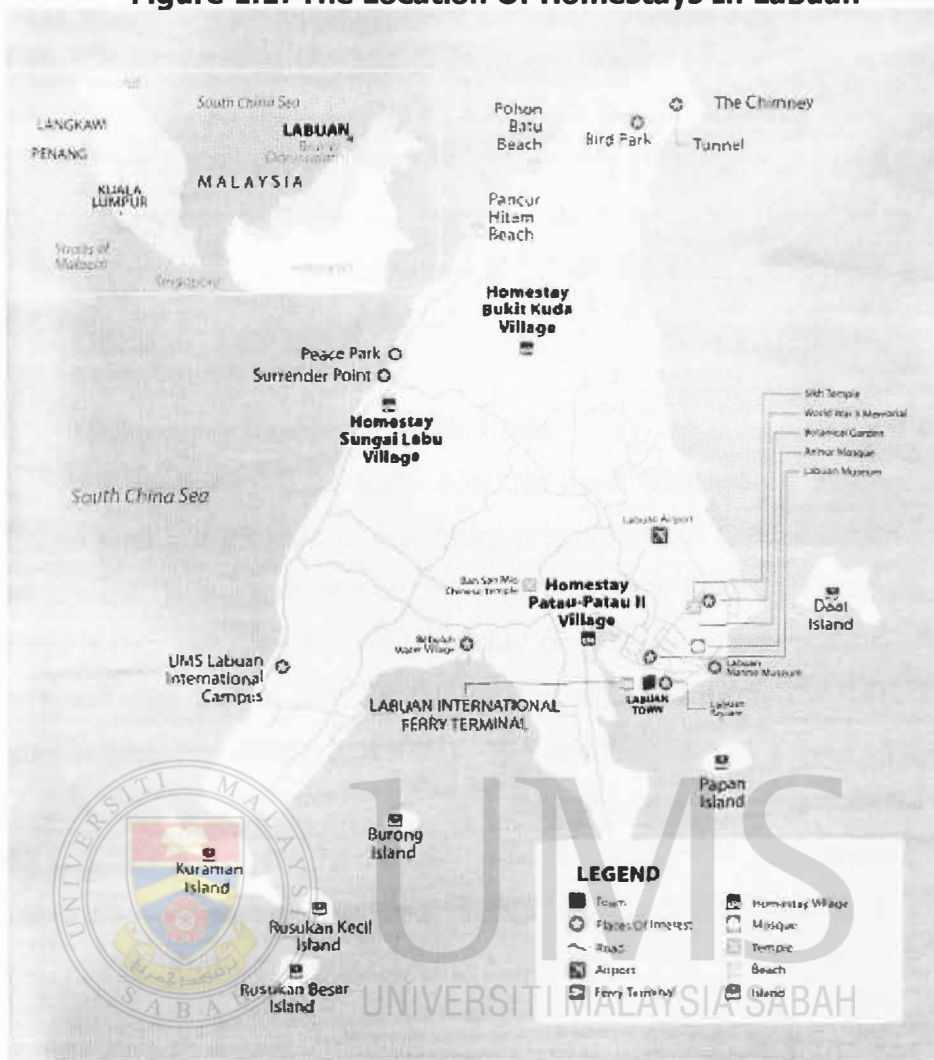
- (i) For travel in groups and run by tour companies, insurance coverage should be dealt with by the tour company.
- (ii) For individual travelers (FIT) house owner is advised to take insurances from any insurance company registered.
- In addition, security measures such as fire prevention should be taken into account by the owner of the house.

Since December 2008, National Homestay Programme has involving with 3,034 participants from 146 villages all around Malaysia. In Labuan, there are 65 participants involved from 3 villages (MOTOUR, 2009).

1.2.3 Labuan homestay programme

According to Labuan Tourism Action Council, homestay in Labuan has unique concepts of accommodation which is the live with the way of traditional Brunei-Malay and Kedayan do. The "kampung" (traditional village) that is involved in this programme is very committed towards the programme. This is in order to ensure that the guests can get the total experience of living in a "kampung". For instance, the food and the activities that the guest participates in are all authentically Brunei-Malay and Kedayan. The guests can get a chance to be "Brunei-Malay and Kedayan" for the duration of their stay. In order words, they can know more about Brunei-Malay and Kedayan life and culture. Besides that, the uniquely of this among homestays are their lifestyle and activities. This is because during the homestay programme, the guests will be able to observe and participate in the activities organized by the villagers, such as handicraft, farming, fishing, planting, and others.

Figure 1.1: The Location Of Homestays In Labuan



Source: Labuan Tourism Action Council (2008)

In Labuan's homestay programme, the guests are encouraged to wear sarong and traditional clothes at home and sitting at the old wooden verandah while eating local dishes like "ambuyat." It is a traditional Brunei-Malay meal of sago (palm starch) that will be eaten with steamed fresh crabs, paha-paha (green vegetables), and a variety of others local fares. Besides that, "kausar" which is an aromatic fruit punch is served to accentuate the flavor of the meal. Some places offers to walk at beach and the guests can feel the open air breeze and wet their feet at the white sandy beach. Besides that, the guests also having the lunch with the Malay style which is sit cross legged with no spoon or fork.

According to MOTOUR (2009), the homestay concept is to offers the tourist to stay with their foster families of resident from any homestay that they choose at the choosable villages. As refer to Figure 1.1, in Labuan's homestay programme, currently there are 3 villages involved which are Homestay at Kampung Sungai Labu with 25 participants, Kampung Patau-Patau 2 with 10 participants, and Kampung Bukit Kuda with 30 participants which had the most participant among those three villages (MOTOUR, 2009).

a) Homestay Kampung Bukit Kuda

Homestay Kampung Bukit Kuda has the most participants among three villages who participated in homestay programme in Labuan which is 30 participants. The uniqueness of Homestay Kampung Bukit Kuda compare to others is they are the only one homestay programme in Malaysia that has a Chinese family as the host family. So that, the researcher can collect the data for customer satisfaction levels not only for Muslim host family but also for Chinese host family. Besides that, they also had won "One Area, One Industry" for Malaysian Homestay given by Ministry of Entrepreneur and Cooperative Development (MECD). This makes them become a model village for the homestay programme in Labuan.

According to Labuan Tourism Action Council, Kampung Bukit Kuda Village is situated in the middle of Labuan Island and located next to Labuan's largest natural reservoir which is the Bukit Kuda dam. It is the place which supplies the island with most of its fresh drinking water. It is located at 8 kilometers from Labuan Town center and 7 kilometers from Labuan Airport (refer to Figure 1.1).

As refer to Table 1.1 below, there are 672 villagers in Kampung Bukit Kuda which consist of 325 male and 347 female. There are 129 houses, 30 of them are participated in Labuan's Homestay Programme.

Table 1.1: Statistic of population in Kampung Bukit Kuda, Labuan
Statistic Of Population In Kampung Bukit Kuda, Labuan.

Population	672 villages	Male = 325 person Female = 347 person
Houses	129 houses	Participated in Labuan's Homestay Programme = 30 houses.

Source: (Profile of Kampung Bukit Kuda, 2009)

There are 30 houses participated in the homestay programme at Homestay Kampung Bukit Kuda and the villagers of Kampung Bukit Kuda are mainly Kedayan Muslims. They are modern farmers and they produce the island's very own 'Lidi' noodles and Virgin Coconut Oil. Besides that, the Oyster-Mushroom farming is a common activity among villagers at Kampung Bukit Kuda.

There are several activities implemented in Homestay Kampung Bukit Kuda such as making traditional food or cake, bird watching, cycling around the village, round island tour, making "ambuyat", traditional culture performance, learn Malay language, traditional games, and barbeque dinner.

b) Homestay Kampung Sungai Labu

As refer to Figure 1.1, Kampung Sungai Labu is located at 12 kilometers from Labuan Town center and 11 kilometers from Labuan Airport. The uniqueness of Kampung Sungai Labu is it is quiet and peaceful coastal village. Besides that, it is lies on the west coast of Labuan Island and this picturesque village fringes pristine beach cove and white sandy beaches.

It spreads across 872 acres of fertile lowlands and gentle hill locks and the quaint village houses with their distinctive architecture and beautiful curtain-laced windows sit spaciouly apart amidst tall coconut trees. Those houses are facing the South China Sea.

By distributing the questionnaire at Homestay Kampung Sungai Labu, the researcher can collect the data for customer satisfaction levels of Kedayan host family which involve of 25 participants. In additional, they are just about half of Labuan's Muslim population and those community steeped in tradition and local customs. Besides, they are also known for their intimate knowledge of medical plants which are used to treat a wide range of ailments and antidotes.

c) Homestay Kampung Patau-Patau 2

As refer to Figure 1.1, Kampung Patau-Patau 2 is located 3 kilometers from Victoria Town. The uniqueness of Kampung Patau-Patau 2 is it is one of the last remaining traditional water villages in Malaysia. That is mean, it can be reached by road or by water taxi.

The villagers of Kampung Patau-Patau 2 are mostly Brunei-Malays who make up about half of Labuan's Muslim population and as traditionally, these people were fishermen, sailors and traders from neighboring Brunei. They continued their traditional lifestyle of living in stilt houses over the sea. They speak in a distinctive Brunei-Malay dialect. They also observe the elaborate Brunei tradition in their daily lives. Their houses are brightly colored and linked to each other by wooden boardwalk. It is complete with water and power supplies and sewage lines. The amenities include streetlights, water taxi jetty, telephone, shops, handicraft shops clinics, schools and "surau" which mean a place of worship for Muslims. This "surau" is smaller than a mosque.

Besides that, guests who come to Kampung Patau-Patau 2 are feted to a sit-on-the-floor feast of "ambuyat" which is a traditional Brunei-Malay meal of sago (Palm starch) that will be eaten with steamed fresh crabs, paha-paha (green vegetables), and a variety of delicious local fares. Besides that, "kausar" which is an aromatic fruit punch is served to accentuate the flavor of the meal. So that, the researcher can collect the data of customer

satisfaction levels for those services provided by the host family from Homestay Kampung Patau-Patau 2.

1.3 Problem statement

As refer to Table 1.2 below, there are 400 domestic guests and only 62 foreign guests participated the homestay programme in Labuan in 2008. The year before, there are 392 domestic guests and 169 foreign guests. Through this figure, it showed that there is decreasing percentage in statistic for foreign tourist and only a little percentage of increasing for domestic guests that participated in homestay programme in Homestay Labuan. Due to this scenario, it directly gives impact to decreasing in income for host family which is from RM76,840 in 2007 to RM64,190 in 2008.

Table 1.2: Statistic for guests of Labuan’s homestay and the income of the host family

	Year	
	2007	2008
Domestic guests	392	400
Foreign guests	169	62
Income of host family	RM76,840	RM64,190

Source: MOTOUR (2009)

According to Phonwiset *et al.* (2008), the homestay programme will distributes income to local residents. Through this income, it can improve their living standards. Because of that, it is important to the host families to identify the problem of why above situation happen in order to attract more guests and to increase their income. One of the reasons of that problem is the customer satisfaction factor. As mentioned by Kozark and Rimmington (2000), satisfaction of tourists is important because it can influence the consumption of products and services and the decision to return. Thus, it is important for the researcher to study the satisfaction level of the guests in Homestay Labuan.