

## Service Quality and Customer Satisfaction: Empirical Evidence and Application of Strategic Tools

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### Abstract

The purpose of this study is to ascertain the influence of service quality delivered on the customer satisfaction of Y Restaurant in Shah Alam. Utilizing the survey approach, this study consisted of 162 respondents. This study has conducted correlation and multiple regression analysis to ascertain the determinants of service quality that impact customer satisfaction at the restaurant. The strategic tool of Competitive Profile Matrix (CPM) has been used in determining the competitive position of the restaurant relative to key competitive restaurants in Shah Alam. Besides, SWOT analysis also has been used as the basis to formulate strategies to improve the service quality and customer satisfaction. From the findings, it has been found that the dimension of 'empathy' emerged as the most critical indicator of SERVQUAL followed by 'assurance', 'tangibility' and 'responsiveness'. Therefore, recommended strategies include the improvement of empathy dimension at Y Restaurant

Shah Alam through training and development efforts. As one of the famous brands in Malaysia, it is vital that service quality at Y Restaurant is upheld in order to ensure profitability and long-term business wealth.

**Keyword:** SERVQUAL, Customer Satisfaction, Competitive Profile Matrix, Swot Analysis

### **Introduction**

The Malaysian economy has greatly accelerated in the past few years. The growth was supported by increases in domestic demand and also higher exports. In addition, the emerging countries like the United Kingdom and United States provided support to Malaysian industries and services to be in a good position (Department of Statistic, 2014). Recently, the Malaysia foodservice industry has experienced vigorous developments and transformation (Abdullah et.al, 2023). Research by Euromonitor International (2021) found that the Malaysian restaurant industry has experienced vital trends and challenges. The rising demand for convenience and novel eating experiences has led to a gradual growth of the market in the next coming years. The rising trend in the tourism sector has positively impacted the restaurant subsector in which it expanded 5.9% in the first half of 2014. The restaurant sub sector accounts for higher tourism related activities and restaurant dining. This is because the tourists not only want to see the scenery in Malaysia but also enjoy healthy, delicious and traditional food prepared by Malaysians. According to the Malaysian Ministry of Tourism, Arts and Culture, the uniqueness of the Malaysian cuisine also attracts tourists to come and visit Malaysia (Malaysian Ministry of Tourism, Arts and Culture, 2021).

Abdullah et al (2023), highlighted in their studies that, according to the Malaysia Ministry of Tourism, Arts and Culture (2019), currently there are over 200,000 establishments of food service consisting of restaurants, food trucks, cafes and others in Malaysia. These led to the employment opportunities to over 1.5 million job seekers, making it one of the largest employers in Malaysia. Besides that, the Department of Statistic Malaysia (2020), highlighted that in 2019, the sub sectors of the food and beverage services industry generated RM32.9 billion (USD 8.1 billion). This eventually led to a significant contribution to the overall country's gross domestic product that also supported a wide range of other industries such as agriculture as well as transportation and logistics (Abdullah et al, 2023).

Malaysia has established halal food industry which provides more opportunities for Malaysian manufacturers. Besides that, the changing lifestyle, growing customers and changing taste in foods make the restaurant a frequent place to visit. The existence of abundant food service outlets which operate early and close late make the customer prefer to dine at the restaurants. Furthermore, the food and beverage industry are booming because it is part of necessities. Malaysia food consumption has been growing rapidly since the 2000. The varieties of food that suit different moods become more intense competition among the restaurant providers. The fierce competition of the entrepreneur who has a high passion for food may be faced with many challenges including from the kitchen, finances, marketing, supplies, employees, decors, daily operations and others. The pressure from competitors also becomes an obstacle.

The competition becomes stiffer when the products offered by each restaurant are almost similar. Thus, the rapid growth of the restaurants in Malaysia has given consumers the

opportunity to make the best choice that satisfies them. Besides opting for a quick-casual, quick service and full service in restaurant selections, the customer also considers the price of the menu as well as brand reputation and word-of-mouth recommendation (Chua et.al, 2020). Because of these, the restaurants' owners and managers become more aggressive in delivering their best and high quality of services besides highlighting the specialty of their products. Y Restaurant, the selected restaurant for this study, is one such company. In which, the management of Y Restaurant is challenged on how they could satisfy their customers through the quality of their services.

According to the Outlet Manager of Y Restaurant, all branches have been provided with target sales and the Outlet Managers have to ensure that their targeted sales are consistently achieved. As for Y Restaurant in Shah Alam, the targeted sales were projected up to RM150,000 per month. However, they have consistently been below the targets for the last five years. The Outlet Manager disclosed that the average of the monthly targeted sales that could not be achieved is about 50% of the total targeted sales. Besides that, Y Restaurant received lots of complaints from the customers with an average of 4 to 5 complaints daily. Generally, the complaints are related to the poor service quality provided at the restaurant. Among them are dissatisfaction with the speed of the services, the accuracy of fulfilling the orders, the taste of the foods, the insufficient parking space, the staff performances and also including the situation where customers keep comparing this restaurant with the other restaurants that provide better services. Based on the nature of the complaint, the Outlet Manager said that the restaurant has allocated about the average of RM5000 per month to improve the service quality which include training of the new staffs, hiring qualified staffs, purchasing advance equipment for preparing foods, paying for the maintenance of the equipment's, upgrading the interior decoration of the outlet and etc. However, there still has been no improvement in the number of customer complaints and financial performance. Hence, commencing this study is necessary to ascertain the extent to which service quality delivered has been able to gain customer satisfaction at the restaurant. It is hopeful that the findings of the study would assist the management of the restaurant to formulate the strategies to increase the service quality delivered, customer satisfaction and ultimately improve the financial performance.

This study is expected to contribute in terms of understanding the service quality – customer satisfaction relationships and formulating the strategies through the application of several strategic tools. Firstly, the competitive position of the organization is determined by the Competitive Profile Matrix (CPM) then, SWOT analysis will be conducted in order to formulate strategies via TOWS matrix. Although service quality is theoretically proven as one of the important concepts to predict the customer satisfaction, empirical investigation will provide concrete reference for the management as well as academicians. In addition, the application of strategic tools in past studies is still scarce at number thus warrants for more studies to help the management in understanding the competitive position of their business as well as potential strategies that can be formulated.

**Literature Review***Customer Satisfaction*

Customer satisfaction can be referred to as a measure or tool to examine how the products or services are really compatible with the customers' needs and their perception. According to Siu et al (2013), customer satisfaction also can be perceived as the main ingredient in maintaining the long-term customer relationship in the cycle of relationship marketing. Whenever the customer found weaknesses in the service, it may give some nasty perception towards the company's image wholly in return. Therefore, the management will have to face some challenges in recovering the low quality of services in order to retain the customer satisfaction besides gaining customer's loyalty to keep purchasing their brand name products. Besides that, customer satisfaction is not just measured based on the restaurant itself but also based on the expected satisfaction from the closest rival (Rego et.al, 2013). According to Wicks and Roethlein (2009), satisfied customers will have a good perception about the businesses and it will lead to greater profitability and hence the customer loyalty will increase. When the customers have good perceptions about the service, they will always go for the service and in the future, they have the intention to return. This is because consumers will form their preferences based on their perceptions which is the judgment about the overall condition of the service delivered (Schiffman and Karun, 2004; Larreche, 1998, Zeithaml, 2006).

Consumer perception of the quality is used to assess the quality of a firm service and it is supported by Parasuraman, (Zeithaml et al., 1988). As mentioned by the Zeithaml (2006), perception is where the judgement from the consumer about the overall condition of the service delivered is either excellent or not. Here, the researcher defined perception as the form of attitude where the results from a comparison of the customer expectations with their perception. In addition, they made a comparison with what they believe the firm should offer to them. Specifically, if the perception from the customer exceeds expectation, then the customer is satisfied. In contrast, if the perception is below his or her expectations then the customer is dissatisfied (Namkung and Jang, 2007). Therefore, if a customer perceives the products as high quality, then the customer may have a high satisfaction level about the services delivered. Satisfied customers will indirectly tell others or make recommendations about the restaurant through the word – of – mouth. When the customer is satisfied the likelihood of telling others is high and thus it will result in increasing the profitability of the restaurant (Oh, 2000).

*Service Quality*

The work of Parasuraman et al (1988), has defined service quality into five dimensions which are tangibility, reliability, responsiveness, assurance, and empathy.

*Tangibility.* According to Munhurrun (2012), the service quality dimension of tangibility represents the restaurant's physical attributes that are commonly noticed by the customers at first when they enter into the restaurant. Relatively, as referred to Parasuraman et al (1985), the tangibility of service quality has included the physical facilities such as adequate parking areas and the decoration which reflects the image of the restaurant. Besides that, the current condition of the restaurant such as the attractiveness of the dining area, the arrangement of the dining area which makes the employees as well as the customer easily to

move around as well as the cleanliness of the dining areas and the rest room also define the tangibility of the service quality in a restaurant. In addition, the comfortableness of the seats in the restaurant has also been discussed as one of the items that reflect tangibility of the service quality (Stevens et al., 1995). The appearance of organization's personnel in terms of neat and appropriately dressed also was taken into consideration in defining the tangibility dimension (Parasuraman et al., 1985).

According to Sulek and Hensley (2004), the quality of food should be considered in measuring the quality of the service as it subsequently gives impact toward the customer satisfaction. This has been supported by the research conducted by Namkung and Jang (2007) which found that there is a positive relationship between the food and the customer satisfaction. The tangibility of the food can be defined as the tastiness of the food presented and the variety of the menu offered. Besides that, the menu should be easily readable and reflects the restaurant's image (Kivela et al., 2000). According to Raajpoot (2002), the tangibility aspects of the food cover in terms of food presentation, menu design and portion size as well as the healthy food options. In addition, according to Ahmad et.al (2013), besides choosing a healthy, wholesome and nutritious food, a Muslim tends to choose a food that is not only considered as hygiene and safe, but also halal.

*Reliability.* Basically, reliability can be meant as the consistency of the performance. Therefore, to ensure that the service of serving customers from the context of the dining area is consistently presented, they need to maintain the quality of service whether maintaining the environment of the restaurant as well as giving what the customers had expected or in promised time (Barringer, 2008). Reliability also can be described as the ability in performing the job or service dependably and accurately in the restaurant business especially while treating the customer's needs and wants (Stevens et.al, 1995; Kim, 2000). Based on other researchers, the service quality of reliability can be related to sincere interest in correcting anything that is wrong, providing accurate bills to customers, serving customers in the time promised and also serving customer's food exactly as it was ordered (Munhurrun, 2012).

*Responsiveness.* Responsiveness can be defined as willingness of employees to provide the service instantly (Barringer, 2008). Same goes to the previous dimension, responsiveness; it is one of the important dimensions that help the researchers in finding the right way in measuring the service quality in the dining area. Apart from that, responsiveness can be the main element in the model that includes vital pinpoints such as providing prompt and quick services and also giving extra efforts to handle customer's special requests (Munhurrun, 2012). As long as to make the customers satisfied with the service, the management of the restaurant also needs to ensure that they are able to fulfill the customer's request whether during peak hour or not. Therefore, shift workers will help to maintain the speed of service by helping each other's work. And in addition, the restaurant also has to put the ability of never too busy to respond the customer's requests as some of them have high uncertainty avoidance in frequent service situations; for all dimensions of service quality except for tangibles which is important to reduce uncertainties of service failure (Kueh and Voon, 2007).

*Assurance.* According to Zeithaml et.al (2006), assurance was defined as "the knowledge and courtesy of the employees and also the service provider's ability to inspire trust and

confidence. The element of assurance may not be so necessary to certain industries if there was a higher risk and the outcome of using the service is uncertain (Andaleeb and Conway, 2006). For example, like the medical and healthcare industry, assurance is a vital element that customers mind when assessing a hospital or a surgeon for an operation. Organizations or businesses who link to the customer must have the trust and confidence represented by both employer and employees. Assurance dimension reflecting employees' readiness to answer questions, to make extra effort for handling special requests, as well as the safety of the customers (Markovic et al, 2010). The aspects of assurance also include the server's knowledge of food and drink plus the ability to make a good recommendation to the customers (Zeithaml et al., 2006).

Good knowledge of food and the ability to suggest good food from the menu as one of the aspects of service will increase their satisfaction with the service quality of the restaurant. Assurance means that restaurant customers should be able to trust the recommendations of staff, feel confident that food is free from contamination and be able to say any concern without fear (Markovic et al., 2010). Besides that, assurance also refers to restaurants' employees, how well-trained they are, competent and experienced. When all elements of assurance exist, the customer feels that the restaurant makes them feel comfortable in dealings with them (Markovic et al., 2010). According to Parasuraman et al., (1998), assurance is primarily linked with human performance; the main focus is on service encounters. According to Tan et al (2014), service encounters have considerable potential for making a vital impression on consumers' perception of service attributes at the Chinese fast-food restaurants.

*Empathy.* According to Tripathi and Dave (2014), the employees of the restaurant should consider the need of being empathic with the restaurant's customers. This can be shown by understanding the customers differently from others thus addressing the special individual needs. For instance, the employees should let the customers choose their seats comfortably and avoid pushing them to sit at a particular location. This subsequently can retain the existing customers as well as improving the customer satisfaction. Plus, the restaurant should not hesitate in doing minor adjustments in the restaurant's policies and procedures in order to satisfy the customers. Empathy basically focuses on the feelings of caring and also individualized attention where it helps the dining area become one of the reasons why the customers should revisit the particular organization (Parasuraman et al., 1985).

According to Stevens et al (1995), empathy dimension is defined as the relative acts of the employee towards the customers such as being sensitive to the customer's orders rather than always relying on the restaurant's procedures, anticipates the customer's individual needs and also sympathetic if something is wrong to the customers. Besides that, empathy also can be defined as the sharing emotions between the service providers and the relative customers (Ha and Jang, 2010). This includes in which the restaurant always cares and treats the customers as the special person so that their empathy towards the customer can be delivered. According to Stevens et al. (1995), the empathy dimension also can be defined as the initiative of the restaurant itself in order to improve the understanding towards the customer such as having the customers; best interests at heart. Hence, it is very crucial for any businesses that are related to dining service to take a serious concern in giving intangible or service quality to

the customers. They will assist the organization to be a potential business to be run in the future as well (Stevens et.al, 1995). This kind of method also even had been used widely by other researchers where they had come out with the best explanation regarding customer's perceptions towards restaurant service quality (Markovic at.al, 2010). In fact, some of them also agreed that this revision of method could help those researchers to come out with expected results as it suits with the research study regarding overall service quality of a restaurant (Kim, 2000).

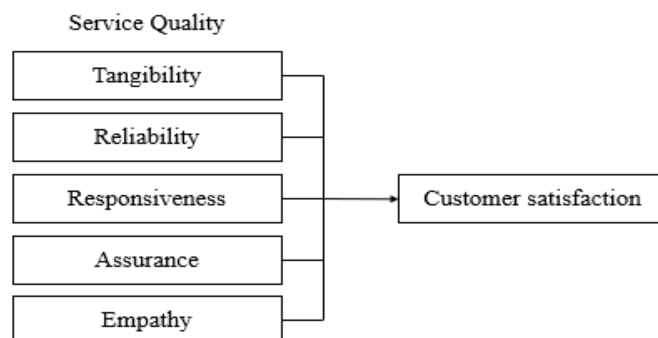


Figure 1: SERVQUAL management framework adopted from Parasuraman et al. (1985)

### Strategic Tools

#### *Competitive Profile Matrix*

According to Norman, et al (2009), the greatest challenge for cottage industries is competition. Thus, in this study, it is relevant for the company to study about their possible close competitors. Competitive Profiles Matrix is one of the best tools that can be used to measure the company competitors. This tool will help to determine the position of the company and the position of the competitors in the market share. Based on the information that gathers from this tool, the company is able to identify their own position and compare it with their competitors. There are several steps taken by the researchers to conduct the process of Competitive Profile Matrix or CPM strategy. First, this research study will be initiated first by identifying the critical success factors that will be retrieved from secondary data. Then, the ratings and weight of CSFs will be given and rated by the representatives of the companies in this case study which include representatives from Y Restaurant and also representatives from competitors which are Fried Chicken House and Uncle Jack Fried Chicken Restaurant. Once, it has been collected, and then the accumulated scores will be calculated by multiplying the scores of weighted scores with ratings given. And next, the total weighted score will be put accordingly for each firm for a comparison and making decisions for any action that needs to be taken.

*Advantages of CPM.* In addition, CPM also has its own advantages or benefits towards this research. CPM can be used for comparison between firms which results in a more accurate way. Therefore, the comparison can be judged better. While CPM also may assist researchers in terms of displaying the information in matrix shape, making the presentation of results of comparison can be explained more clearly. Hence, the result of the matrix will facilitate the researchers in the decision-making process. The companies also can easily make decisions to perceive which areas they need to strengthen and enhance based on various strategies that are suitable to solve the problems investigated.

*Limitations of CPM.* However, CPM also may appear in some difficulties that need to be aware of. The limitations of CPM can be traced when the differences of overall scores of two firms do not reveal much on which firm is in a better condition through comparison. CPM also creates a few possible errors in factor weightage which means it can result in false decisions. Other than that, CPM may not give an exact number regarding every critical success factor such as in terms of weaknesses of the company. Therefore, they might also have some difficulties in making decisions whether the company needs some major improvement or not. And the other reason why CPM has some adverse impact is that the result of critical success factors cannot be a substitute for an intuitive judgment in certain cases.

*Application of CPM.* Competitive profile matrix is applicable when the businesses want to compare their own organization with the major players within the industry. This tool is used to show a clear picture about the strong points relative to the competitors. Nowadays, the restaurant industry has rapidly grown because of changing customer preferences in foods. Variety of unique and delicious food is served to the customers. Some element that has been applied within the businesses will be a success factor to the restaurant. Y Restaurant is one of the restaurants which customers will choose as a place to dine. CPM will help the businesses to visualize and communicate which side of their service is competitive. This will help Y Restaurant to compete with other competitors for development and preservation of their positions.

#### *SWOT Analysis*

SWOT Analysis is a general tool that has been conducted by companies in order to identify their own strength, weakness, opportunity, and threat. According to Longenecker, et al. (2010), it is important for company management to have a clear understanding of their organization's strong points, drawbacks, market opportunities, and threats to the company's operating environment (social, technological, economic, political, and other environmental variables). Thus, in this study, SWOT Analysis will be conducted to identify the current situation of the company. This SWOT Analysis will identify the internal strength and weakness of the company and external opportunity and threat of the company.

*Advantages of SWOT Analysis.* This SWOT analysis also came with its own benefits where it helps the researchers and others to understand the business better. Apart from it, this method can bring the solution for the companies to address any weaknesses of the organization and deter some threats that can be recognized besides helping in capitalizing the opportunities from the external environment and also taking advantage of its business strengths too. Most importantly, SWOT analysis may help the managers to make better decision making by developing strategic business goals and strategies for achieving those goals respectively.

*Limitation of SWOT Analysis.* Instead of advantages that SWOT analysis may have, this kind of method also can incur some difficulties while conducting it, for example it does not prioritize the related issues. For instance, the business may not take some heavy considerations towards some issues of the business while using SWOT analysis. This method also does not provide some solutions or offer alternative decisions which can lead to high-risk decisions to be taken. SWOT analysis further, can generate too many ideas but not help in choosing which



one is the best. Therefore, it may cause some disputes while making decisions too. Moreover, SWOT analysis can produce a lot of information which is not all of it is useful. So, it becomes harder for the researchers or managers to make an accurate final decision.

*Application of SWOT Analysis.* SWOT analysis is an effective tool to help businesses run smoothly. In the restaurant context, SWOT analysis can be applied when dealing with changes from the competitors' operations. Besides that, the analysis with a specific objective can help the business to decide and respond to the new trends and customer trust. In fact, SWOT analysis will help to identify which of the businesses that are performing well and thus as support to create competitive advantage. In helping Y Restaurant to correctly identify which elements are their strengths, opportunities, weaknesses and threats in performing their businesses, a thorough literature survey and analysis is done. Identifying these elements will make sure Y Restaurant maintains their competitive advantage. As a result, it will grow the restaurant business. When applying SWOT analysis, it is important to be realistic about the analysis so that it can be dealt adequately later. Hence, Y Restaurant can close the sales gap that exists and arose as the crucial part to achieve profit.

#### *TOWS Matrix*

TOWS matrix is a variant of SWOT analysis. The TOWS Matrix will be guidance for a company to set up their own strategy. The strategies that are developed will help the company to solve their current problem and will help the company to achieve their strategic goals. According to Wehrich (1982 and 1998) TOWS matrix is used to match the external threats and opportunities with internal weaknesses and strengths of the organization or program. Using the TOWS matrix enables strategic planners at various levels of the organization to use strengths to take advantage of opportunities (strength opportunity strategies); to minimize weaknesses by pursuing opportunities (weakness opportunity strategies); to use strengths to reduce the organization's vulnerability to threats (strength threat strategies); and to develop plans to prevent weaknesses from making the program susceptible to threats (weakness threat strategies).

#### **Academic Construct**

Figure 1 in the literature review above shows the relationship between the dependent variable of customer satisfaction and the independent variable of service quality. The theoretical framework will determine the relationship of service quality at Y Restaurant towards the customer satisfaction. This helped the company to measure the level of customer satisfaction with their current service quality. The company can use the information given by the customer in order to improve their service quality. Meanwhile, the strategic tools that have been used are the CPM, SWOT and TOWS analysis. Thus, based on the theoretical framework and tools that have been used in the study, the academic construct has been developed. Figure 2 below shows the academic construct for this study.

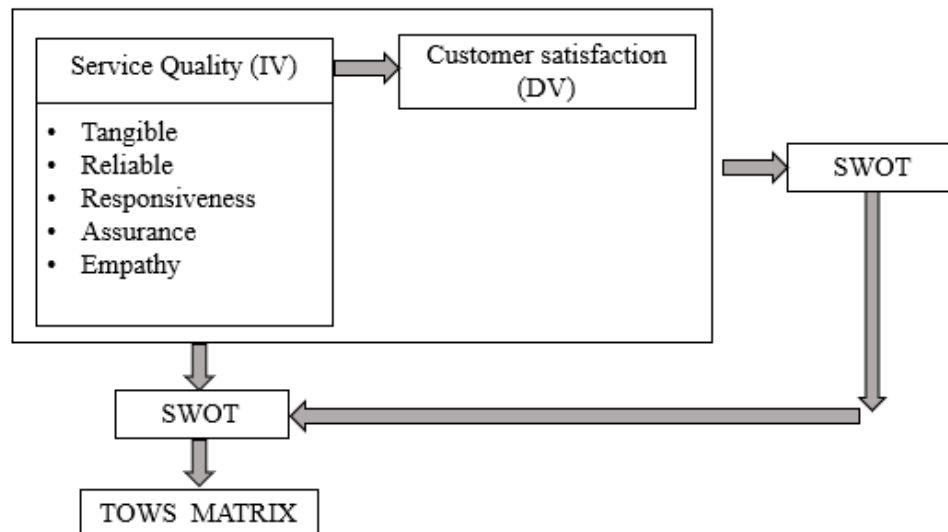


Figure 2: Academic Construct

## Methodology

### Research Design

This is a descriptive study as elements of service quality are investigated to ascertain their implication on customer satisfaction when dining at Y Restaurant Shah Alam. A deep investigation was pursued to understand the effect of the service quality on customer satisfaction at Y Restaurant. This research is categorized under the causal study as the main purpose is to determine the magnitude of influence that service quality has on customer satisfaction at Y restaurant. This study focused on the individuals as the unit of analysis. The data has been collected from the customers that dine in at Y restaurant in Shah Alam so that the customer satisfaction pertaining to service quality can be ascertained. This study is the cross-sectional studies in which the data has been distributed and collected among the customers of Y restaurant.

The questionnaires will be personally distributed to the customers that have been dining-in at Y Restaurant. As this research used the convenience sampling and there is no information regarding the total population, the sample size is taken based on the considerations of the estimated customers per week. According to the outlet manager, the daily transaction is estimated to 40 customers. So, roughly, there are 280 transactions done per week. So, considering this information, according to Krejcie and Morgan (1970) table, the appropriate sample size would be 162 (Sekaran and Bougie, 2011). This sample size is also satisfied with the rules of thumbs by Roscoe (1975) which said that the sample sizes which are larger than 30 and less than 500 are suitable and seems to be appropriate for most of the research. Plus, Roscoe (1975) also added that, within the range of 30 to 500 of sample sizes, the researchers can use about 10% of the whole population. In reference to this study, if the approximate population in a month is 1120 (280 X 4 weeks) were taken, and multiplied with 10%, to derive 112 subjects that made up the sample. Thus, taking 162 of sample size out of 280 transactions per week as suggested by Krejcie and Morgan (1970) seems acceptable.

### Data Collection

In order to complete this study, the data have been retrieved from two main sources which are primary data and secondary data. The primary data were obtained during the interview with the outlet manager in clarifying the issues and problems that induce in conducting this research. Besides that, there were also interviews that have been carried out in getting the information regarding the CPM and SWOT analysis. These interviews have involved the representatives from Y Restaurant, Fried Chicken House and Uncle Jack Fried Chicken Restaurant. The interviews that have taken place are basically classified as the unstructured interview. Apart from that, questionnaires that have been distributed to the respondents also were considered as one of the primary data sources. Meanwhile, the secondary data used in completing this research included those from external sources such as books as well as articles and journals that have been retrieved from the online databases.

### *Measures and Analytical Procedures.*

Basically, the scales that are used in the survey are the nominal scale and interval scale. The nominal scale is used in order to assign the respondents in certain categories such as gender, age and how frequently they have visited Y Restaurant. On the other hand, the interval scales are also being used in this research. The items have been measured using five points of Likert Scale from 1 to 5 ranging from strongly disagree, disagree, neutral, agree and strongly agree. The service quality questionnaire has been adapted from "DINESERV" developed by Stevens, Knutson and Patton (1995), while the measurement for customer satisfaction in terms of perception has been adapted from a survey developed by (Andaleeb and Conway 2006). The items have been amended in terms of wording and suitability with the study that is currently made.

The questionnaire for this study consists of two sections namely Section A and B. Section A of the survey covers the demographic information that includes gender, race, age, occupation, income, marital status and frequent visiting to Y Restaurant. Meanwhile, section B measures all items involved in measuring the customer satisfaction with the service quality offered by Y Restaurant. There are 33 items that measure the five dimensions of service quality that consist of tangibility, reliability, responsiveness, assurance and empathy respectively. Tangibility dimension will be measured by items number 1 to 15 for example, *the restaurant has adequate parking areas* and *the dining area at Y restaurant is visually attractive*; reliability dimension will be measured by items number 16 to 20 for example, *the restaurant provides accurate billing* and *the restaurant serves your food exactly as ordered.*; responsiveness dimension will be measured by items number 21 to 24 which are *during peak hour the restaurant has sufficient employees so that the speed of service can be maintained* and *the restaurant provides prompt service*; assurance dimensions will be measured by items number 25 to 29 that are *the restaurant has employees who can answer customers' questions adequately* and *the restaurant has personnel who are willing to give customer's information about menu items*; while empathy dimension will be measured by the items number 30 to 33 of the questionnaire for example, *the restaurant's employees are sensitive to the need of each customer* and *Y Restaurant makes customers feel special*. The dependent variable of customer satisfaction in terms of perception has been measured by items number 34 to 37. The respective items are: *I am satisfied with the dining experience*, *I have intention to return to*

*the restaurant in the future, I will recommend this restaurant to others, and this restaurant delivers excellent quality of service.*

As all of the 162 questionnaires have been successfully responded to by the samples, the data were then coded in the software of IBM® Statistical Package for Social Science® (SPSS) Version 20. The purpose of the coding was mainly to measure the reliability of the items constructed as well as to carry out the correlation and multiple regression analysis so that the association and relationship between the independent variable of service quality and dependent variable of customer satisfaction can be figured out. All of the findings will be discussed and explained in the Result section.

#### *Pilot Study*

Pilot study has been carried out prior to the actual research to test the development and adequacy of the questionnaires that have been constructed. It was found that all of the items that represent the variables have a high Cronbach's Alpha value which is greater than 0.70. Higher value of Cronbach's Alpha indicates that all of the items have high consistency and stability. Thus, there is no deleted item for this study. Besides that, good feedback that has been received from the respondents strengthen the fact that items have been well-developed and adequate.

Table 1

#### *Pilot Testing Reliability Result*

<b>Variables</b>	<b>No. of Items</b>	<b>Cronbach's Alpha</b>
All variables	40	.956
Customer satisfaction	4	.916
Tangibility	16	.869
Reliability	5	.794
Responsiveness	4	.817
Assurance	7	.892
Empathy	4	.901

#### *Application of Strategic Tools*

*Competitive Profile Matrix.* In conducting the CPM, the first step was identifying the Critical Success Factors (CSFs). For this research, the CSFs have been retrieved and adopted from the secondary data which are from the research done by Parsa et.al (2011); Camillo et.al (2008); and Brotherton (2004). According to the Outlet Manager of Y Restaurant, the two closest competitors of the restaurant are Fried Chicken House and Uncle Jack Fried Chicken Restaurant which are located nearby. In assigning the weights and ratings, the representatives for each company; Y Restaurant, Fried Chicken House and Uncle Jack Fried Chicken

Restaurant; were interviewed to facilitate the assignment of weights and ratings for each critical success factor suggested.

The ratings vary from 4 (major strength), 3 (minor strength), 2 (minor weakness) and 1 (major weakness). Meanwhile, for the weights of the CSFs, all of the representatives were asked to assign the weights as relative to their restaurant. Then, the weights assigned by each representative have been summed in order to get the average value. After the weight and ratings have been assigned by each company, the researchers then calculate the weighted scores for each CSF in which the weights for each CSF will be multiplied with the respective ratings. Then, the weighted scores have been summed up in order to get the total weighted score for each company. The company with the highest total weighted score will be considered as the strongest player in the industry compared to the other two competitors.

*SWOT Analysis.* In analyzing the strengths, weaknesses, opportunities and threats for Y Restaurant, the researchers have prepared a SWOT analysis data form. In addition, the outlet manager of Y Restaurant has been interviewed so that the strengths, weaknesses, opportunities and threats of the company can be confirmed. After the SWOT analysis has been conducted, the TOWS matrix was then designed. TOWS matrix was used in order to match the external threats and opportunities with internal weaknesses and strengths of the organization. The strategies have been generated by comparing the strengths and opportunities (SO strategies), the weaknesses and the opportunities (WO strategies), the strengths and the threats (ST strategies) and the weaknesses and the threats (WT strategies). SO strategies were generated in order to use the strengths to take advantage of opportunities; whereas, WO strategies were generated in order to take advantage of opportunities by overcoming weaknesses. Meanwhile, ST strategies were generated in order to use the strengths to avoid threats whereas, WT strategies were generated in order to minimize the weaknesses and avoid threats.

## **Results**

All of 162 distributed questionnaires have been returned and completed thus indicating the response rate of 100%. The reliability test has been conducted in order to test the consistency and stability of the measurement. The value for Cronbach's Alpha for all variables was 0.940 that is near 1 thus indicating that all of the variables have a high level of consistency and stability. Customer satisfaction has the cronbach's alpha value of 0.911 while the tangibility, reliability, responsiveness, assurance and empathy recorded the cronbach's alpha value of 0.784, 0.776, 0.859, 0.904 and 0.938 respectively.

### *Demographic Profile*

Most of the respondents are female which is 72.8% (118 respondents) and the other 27.2% (44 respondents) are male. The majority of the respondents are Malay which indicates 85.2% that is 138 respondents while the other 9.3% (15 respondents) are Chinese and 5.6% (9 respondents) are Indians. Most of the respondents are ranging from age 20-29 years old which represent 58% (94 respondents) of the total respondents. Meanwhile, the other 22.2% (36 respondents) and 12.3% (20 respondents) came from those who were between 30-39 years and 40-49 years old respectively. This was followed by those in the first category (below 20 years) and second last category (50-59 years) which represented 5.6% (9 respondents) and

1.9% (3 respondents) respectively and none of them were from the category of 60 years old and above which constituted zero percent in the sample. For the number of previous visits to Y Restaurant, most of the respondents had their experiences come to Y Restaurant only for once which indicated by 83.3% (135 respondents). And the other 16.7% (27 respondents) had claimed that they had come to this restaurant twice or more.

#### *Descriptive Statistic*

*Frequency Analysis for Customer Satisfaction.* Overall response for the customer satisfaction items are disagree because the mean is in the range of 2. The item that had the highest meaning was “*I am satisfied with the dining experience*”. Meanwhile, the item that has the lowest mean was “*this restaurant delivers excellent quality of services*”. This indicates that, overall, the customers did not agree that Y Restaurant has successfully delivered excellent service to the customers.

*Frequency for Tangibility.* The overall response from the respondents is disagree, neutral and agree because the average mean is in the range of 2, 3 and 4. The item that has the highest mean was “*Y restaurant serves Halal foods*” while the lowest average mean was “*inadequate parking areas*”. This analysis indicates that, although Y Restaurant has satisfied their customers by their tangibles, the customers were still dissatisfied with some of the tangibles such as the taste of food, options for healthier food as well as the parking space.

*Frequency for Reliability.* The overall response for reliability dimension is disagree because the average mean is in the range of 2. The item that has the highest mean was “*The restaurant provides accurate billing*” while the item that has the lowest mean was “*The restaurant is consistent in the service delivery*”. This result indicates that the restaurants should be consistent in their accuracy of the service as the majority of the lower mean items are referring to the accuracy of the staff.

*Frequency for Responsiveness.* It is reported that overall response from the respondent for responsiveness items is disagree because the mean is in the range of 2. The item that has the highest mean was “*The restaurant’s service includes providing extra effort to handle customer’s special requests*”. Meanwhile, the item that has the lowest mean was about *the promptness of the service provided*. Overall, these results indicate that the customers seem to be dissatisfied with the speed of the staff at Y Restaurant.

*Frequency for Assurance.* The overall response from the respondent is disagree because the mean is in the range of 2. The item that has the highest mean was “*Y Restaurant makes you feel safe*” while the item with the lowest mean was “*comfortable when dealing with Y Restaurant*”. This result indicates that the staff of Y Restaurant do not warmly entertain the customers as the customers are dissatisfied with the entire assurance dimension.

*Frequency for Empathy.* The overall response from the respondent for empathy items is disagree because the mean is in the range of 2. The item that has the highest mean was “*the restaurant has employees who are sympathetic if something goes wrong*”. Meanwhile, there are two items that have the lowest means which are “*the restaurant has customers’ best interest at heart*” and “*the restaurant makes customers feel special*”. This indicates that the

staff do not put the customers at the highest position when dealing with them thus making the customers dissatisfied.

*Correlation and Multiple Regression Analysis*

The relationship between service quality dimensions with customer satisfaction was investigated using Pearson product-moment correlation coefficient. As such, the correlation in Table 2 below shows the correlations between all of the variables that were involved in this research.

Table 2(a)  
*Correlations*

		Correlations		
		DV_CustSatis	IV_Tangibility	IV_Reliability
DV_CustSatis	Pearson Correlation	1	.338**	.575**
	Sig. (2-tailed)		.000	.000
	N	162	162	162
IV_Tangibility	Pearson Correlation	.338**	1	.612**
	Sig. (2-tailed)	.000		.000
	N	162	162	162
IV_Reliability	Pearson Correlation	.575**	.612**	1
	Sig. (2-tailed)	.000	.000	
	N	162	162	162
IV_Responsiveness	Pearson Correlation	.667**	.329**	.467**
	Sig. (2-tailed)	.000	.000	.000
	N	162	162	162
IV_Assurance	Pearson Correlation	.842**	.377**	.508**
	Sig. (2-tailed)	.000	.000	.000
	N	162	162	162
IV_Empathy	Pearson Correlation	.870**	.483**	.644**
	Sig. (2-tailed)	.000	.000	.000
	N	162	162	162

Table 2(b)  
*Correlations (continued)*

		Correlations		
		IV_Responsiveness	IV_Assurance	IV_Empathy
DV_CustSatis	Pearson Correlation	.667	.842**	.870**
	Sig. (2-tailed)	.000	.000	.000
	N	162	162	162
IV_Tangibility	Pearson Correlation	.329**	.377	.483**
	Sig. (2-tailed)	.000	.000	.000
	N	162	162	162
IV_Reliability	Pearson Correlation	.467**	.508**	.644
	Sig. (2-tailed)	.000	.000	.000
	N	162	162	162
IV_Responsiveness	Pearson Correlation	1**	.649**	.637**
	Sig. (2-tailed)		.000	.000
	N	162	162	162
IV_Assurance	Pearson Correlation	.649**	1**	.795**
	Sig. (2-tailed)	.000		.000
	N	162	162	162
IV_Empathy	Pearson Correlation	.637**	.795**	1**
	Sig. (2-tailed)	.000	.000	
	N	162	162	162

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

Table 2 (a) and (b) depicts customer satisfaction has the strongest correlation with dimension of empathy (r = 0.87, p<0.01) meanwhile, the lowest correlation was obtained for tangibility (r = 0.34, p<0.01). However, it is still in the moderate degree of correlation strength classification. The degree of correlation strength of customer satisfaction with dimension of

reliability, responsiveness and assurance were all strong and have high degree of correlation strength too ( $r = 0.58, 0.67, 0.84, p < 0.01$ ). Table 2 (a) and (b) indicates that all of the variables have the significant values. This means that the variables involve in this study have the association with each other. Overall, the correlation coefficient is ranging from  $r = 0.34$  to  $r = 0.87$ .

The result of the regression analysis was shown in Table 3(a) and (b). A summary of Multiple Regression for all service quality dimensions (tangibility, reliability, responsiveness, assurance and empathy) towards dependent variable (customer satisfaction) is displayed in Table 3(c).

Table 3(a)

*Model Summary of the Investigated Variables*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.914 <sup>a</sup>	.836	.831	1.363	1.751

a. Predictors: (Constant), IV\_Empathy, IV\_Tangibility, IV\_Responsiveness, IV\_Reliability, IV\_Assurance  
 b. Dependent Variable: DV\_CustSatis

Table 3(b)

*ANOVA*

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1477.860	5	295.572	159.097	.000 <sup>b</sup>
	Residual	289.819	156	1.858		
	Total	1767.679	161			

a. Dependent Variable: DV\_CustSatis  
 b. Predictors: (Constant), IV\_Empathy, IV\_Tangibility, IV\_Responsiveness, IV\_Reliability, IV\_Assurance

The multiple correlation coefficient <sup>®</sup>, using all the predictors simultaneously is .914. Note that the adjusted R2 is lower than the R-Square (83.6%) which means that 83.6 percent of variance in customer satisfaction was explained by the service quality dimensions that are tangibility, reliability, responsiveness, assurance and empathy, while the other 16.4% of dependent variables was explained by other factors. Durbin Watson statistic is 1.751 which is close to 2. This reflects there is no autocorrelation problem. Furthermore, F shows 159.097 and is statistically significant (Sig. V = 0.000).



Table 3(c)  
Multiple Linear Regressions

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	-1.058	.956		-1.107	.270
	IV_Tangibility	-.073	.021	-.142	-3.421	.001
	IV_Reliability	.101	.052	.092	1.920	.057
	IV_Responsiveness	.131	.060	.097	2.184	.030
	IV_Assurance	.287	.044	.369	6.580	.000
	IV_Empathy	.601	.071	.524	8.492	.000

a. Dependent Variable: DV\_CustSatis

Further analysis through regression, produced standardized measures (Beta Weights) of the strength of each dimension’s related to service quality. Among all the independent variables; assurance and empathy ( $\beta$  IV\_Assurance = 0.369,  $\beta$  IV\_Empathy = 0.524,  $p < 0.05$ ) were the main contributors of customer satisfaction. While, for the tangibility dimension, it has a significant inverse relationship towards customer satisfaction ( $\beta = -0.142$ ). This means that, although Y Restaurant offers good tangibles, customers would still be dissatisfied because other dimensions of service quality such as empathy, assurance and responsiveness that are important to them and cumulatively would contribute to their satisfaction of dining at Y Restaurant.

*Competitive Profile Matrix Results*

In order to analyze the competitive position of Y Restaurant, the researchers have selected the two closest competitors which are Fried Chicken House and Uncle Jack Fried Chicken based on the feedback from the Outlet Manager of Y Restaurant. The analysis of the matrix was presented in Table 4.

Table 4  
Competitive Profile Matrix Analysis

Critical Success Factors (CSFs)	Weighted Average	Fried Chicken House		Y Restaurant		Uncle Jack Fried Chicken	
		Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score
Clear vision and mission, amend strategies as situation changes	0.17	4	0.69	3	0.52	4	0.69
Follow industry and technology trends	0.16	4	0.63	2.5	0.39	3	0.47
Effective and regular communication with employees	0.21	4	0.84	4	0.84	4	0.84
All decisions should make long term economic sense	0.21	4	0.83	3	0.62	4	0.83
Generous portion size	0.22	4	0.87	4	0.87	2	0.43
Manage cost not only revenues.	0.21	4	0.83	4	0.83	3	0.62
Staff training	0.2	3	0.6	4	0.8	2	0.4
Customer surveys/feedback	0.19	4	0.75	3	0.56	3	0.56
Staff Recruitment and selection	0.20	3	0.59	4	0.79	2	0.39
Hygiene and cleanliness	0.33	4	1.33	4	1.33	4	1.33
Staff empowerment.	0.25	4	0.99	4	0.99	3	0.74
<b>Total</b>	<b>1.00</b>		<b>8.94</b>		<b>8.53</b>		<b>7.31</b>

From Table 4, it was clearly shown the detailed analysis on the competitive profile matrix. It was found that Fried Chicken House successfully overcame Y Restaurant and Uncle Jack Fried Chicken. Currently, Fried Chicken House, Y Restaurant and Uncle Jack Fried Chicken placed a lot of attention on hygiene and cleanliness. It was determined by the weighted score that has the highest score. Next, the second factor was the staff empowerment. Both Fried Chicken House and Y Restaurant have chosen staff empowerment as the second most important factor that should be considered. It is contrary to Uncle Jack Fried Chicken where they pay more attention to effective and regular communication with employees which has the second highest weighted score. Therefore, it indicated that all of the three businesses have good hygiene and cleanliness since they put a lot of effort into it. Besides that, it is also necessary to create work conditions that make the employees feel more appreciated.

**SWOT Analysis**

The analysis on the internal (strengths and weaknesses) and external (opportunities and threats) environment of Y Restaurant, Shah Alam is shown in Table 5.

Table 5  
*SWOT Analysis Summary of Y Restaurant Shah Alam*

<p><b>STRENGTHS</b></p> <ol style="list-style-type: none"> <li>1. Wide range of customers which includes the children as well as the adults.</li> <li>2. Brand awareness</li> <li>3. Variety of Foods (Western, Traditional) prepared</li> <li>4. Unique, elegant and stylish decoration based on famous cartoon characters</li> </ol>	<p><b>WEAKNESSES</b></p> <ol style="list-style-type: none"> <li>1. Have to compete with the others restaurants that serve similar menu</li> <li>2. Lack of experienced staff</li> <li>3. No improvement for the theme and culture of the restaurant</li> <li>4. Suppliers are not consistent in delivering the ingredients to be cooked which results in the menu items not being available.</li> <li>5. Limited parking space</li> </ol>
<p><b>OPPORTUNITIES</b></p> <ol style="list-style-type: none"> <li>1. Variety of promotions held by the headquarters</li> <li>2. Collaborating with other business</li> <li>3. Located at the commercial centre (centre of attraction)</li> <li>4. Having new branch in Kuala Lumpur International Airport 2</li> </ol>	<p><b>THREATS</b></p> <ol style="list-style-type: none"> <li>1. Low entry barriers to the industry</li> <li>2. Tight competition between the other restaurants chiefly in Shah Alam</li> <li>3. Changing customer lifestyle which prefers to eat healthier foods.</li> <li>4. Minimum wage legislation</li> </ol>

**TOWS Matrix**

TOWS matrix has been derived from SWOT analysis and is shown in Table 6.

Table 6

*TOWS Matrix*

	<p><b>STRENGTHS</b></p> <p><b>S1:</b> Wide range of customers which includes the children as well as the adults.  <b>S2:</b> Brand awareness  <b>S3:</b> Variety of Foods (Western, Traditional) prepared  <b>S4:</b> Unique, elegant and stylish decoration based on famous cartoon characters</p>	<p><b>WEAKNESSES</b></p> <p><b>W1:</b> Have to compete with the others restaurants that serve similar menus  <b>W2:</b> Lack of experienced staff  <b>W3:</b> No improvement for the theme and culture of the restaurant  <b>W4:</b> Suppliers are not consistent in delivering the ingredients to be cooked which results in the menu items not being available to the customers.  <b>W5:</b> Limited parking at the commercial centre.</p>
<p><b>OPPORTUNITIES</b></p> <p><b>O1:</b> Variety of promotions held  <b>O2:</b> Collaborating with other business  <b>O3:</b> Located at the commercial centre  <b>O4:</b> Having new branch in Kuala Lumpur International Airport 2</p>	<p><b>SO STRATEGIES</b></p> <p><b>S1O3:</b> Offering different promotions to different market segments patronizing the commercial centre.  <b>S1S3O3:</b> Offer food catering service to the nearby companies and organizations for different occasions or celebrations.  <b>S1S3O3:</b> Offering free delivery service to the workaholics that do not have time to dine out during lunch hour.</p>	<p><b>WO STRATEGIES</b></p> <p><b>W4O2:</b> Pursuing backward integration strategy such as collaborating with poultry farm entrepreneurs.  <b>W1O1:</b> Offering additional side dishes in the menu with a special price.</p>
<p><b>THREATS</b></p> <p><b>T1:</b> Low entry barriers to the industry  <b>T2:</b> Tight competition between the other restaurants chiefly in Shah Alam  <b>T3:</b> Changing customer lifestyle which prefers to eat healthier foods.  <b>T4:</b> Minimum wage legislation</p>	<p><b>ST STRATEGIES</b></p> <p><b>S1T2:</b> Starting a food truck in the neighbourhood at Shah Alam.  <b>S2T1:</b> Create catchy advertisements on television, radios and other mass media.  <b>S3T3:</b> Providing healthier food options in the menu.</p>	<p><b>WT STRATEGIES</b></p> <p><b>W2T4:</b> Improve on staff's training.  <b>W3T1:</b> Always follow the industry and technological trend.  <b>W3T2:</b> Develop a new culture of a strong service.</p>

### **Strength - Opportunity (SO) Strategy**

*Offering Different Promotions to Different Market Segments.* In operating restaurants, food is the main aspect that needs to be taken care of because it will affect the numbers of customers. Here, by looking at the strength and opportunities presented in the TOWs matrix, Y Restaurant can do food promotion on selected days such as on weekends in order to increase their sales volume and profit. They may offer different promotions to the different market segments for example Ladies Night Promotion, Student's Promotion, Happy Family Promotion, etc.

*Offering Food Catering Service.* Businesses who have more business activities will earn more profits. Y Restaurant can start serving their customers in catering bases especially to the nearby businesses and corporations in Shah Alam for any occasions such as official company events and programs etc. By offering catering services, Y Restaurant can reach larger potential customers. Thus, in the future the restaurant will be recognized as the catering server in the area.

*Offering Free Delivery Service to the Workaholics during Lunch Hour.* Workaholics basically do not care much about dining out during lunch hour. They prefer to have a simple meal with little preparation time and that's why Y Restaurant should take this opportunity by offering free delivery service to this type of customer. In addition, Y Restaurant should specify a selected menu for the delivery service so that they can lessen the time consuming for preparing and delivering the food. This consequently will improve their quality of service in terms of responsiveness. Offering delivery service with no charge will please those workaholics to purchase the food. Yet, their closest rivals do not provide the delivery service to their customers, so this is a great opportunity.

### **Weakness - Opportunity (WO) Strategy**

*Pursuing Backward Integration Strategy.* This strategy suggests that Y Restaurant expand their collaboration with other businesses not limited to pump stations. For mitigating the problems that come from the suppliers, the restaurant should collaborate with other poultry farm entrepreneurs so that they can take over their suppliers. Pursuing this strategy enables them to maintain their quality standard for their main menu of fried chicken. As a result, they will improve their service quality in terms of empathy in which they will satisfy their customers' needs.

*Offering Additional Side Dishes with a Special Price.* Y Restaurant can offer additional side dishes to the menu that are similar with the competitors. For example, for their chicken rice, they might offer side dishes such as French fries or Fried Spring rolls at a cheaper rate. This eventually can beat the competitors of the similar menu. This can improve the service quality of empathy dimension as the restaurant makes the customers feel special. As empathy is the strongest predictor of customer satisfaction, improving the empathy dimension will result in customer satisfaction to be improved.

### **Strength - Threat (ST) Strategy**

*Food Truck Strategy.* By starting a food truck, the restaurant may be able to reach a wide range of customers who have difficulty reaching their restaurant due to the lack of parking. The food truck may reach the customers at the nearest neighbourhood around Shah Alam such as targeting those who live in the apartments and flats. Therefore, this also may result in achieving the targeted customers and increase the quality of service in terms of responsiveness and empathy.

*Extensive Advertisements.* Currently, Y Restaurant only advertised their products on their official Facebook page. However, that seems to be not enough as there are still lots of people that do not know about the existence of the restaurant under Z Production. So, Z Production should invest in the advertisement so that people will be aware of Y Restaurants' existence.

*Providing Healthier Food Options in the Menu.* By providing healthier food options in the menu, the restaurant may capture certain customers who are looking for healthy food as their choices to eat at Y restaurant. Relating to the result of analysis, this could help to improve the service quality of the restaurant in terms of responsiveness, empathy and also assurance.

### **Weakness - Threat (WT) Strategy**

*Improve on Staff Training.* In other ways, for this kind of strategy, the restaurant should organise or send their staff for special training or courses where they can learn how to respond to the customer quickly and properly. This is because; as the restaurant has to pay minimum wage of RM900 to the staff, they have to improve the training of the existing staff so that they can deliver their service successfully and gain utmost satisfaction from the customers. Y Restaurant should invest more money in their employees by conducting regular training for them. The training provided will ensure that the employees can make the customer satisfied and they will repeatedly dine at the restaurant. The training content should emphasize more on the context of assurance and empathy to ensure that the element was not left out. Hence, it will help to reduce the customer dissatisfaction towards the service quality.

*Always Follow the Industry and Technological Trend.* The restaurant needs to always follow and keep pace with the industry and technological trends and changes in order to compete with other competitors. Or else, it can be so far behind from the competitors and lose the customers due to lack of exposure towards changes in technology. This also may assist the restaurant to reduce any weaknesses of service quality itself.

*Developing a New Culture of a Strong Service.* For this kind of strategy, the restaurant can be recommended to offer the bonus for every outstanding performance of the staff where they need to be retained as well as helping the management to reduce the complaints that came from the customers too after visiting the restaurant. Consequently, the service delivered will be improved and a new culture of a strong service will emerge.

**Conclusion and Recommendations**

The multiple regression results indicated that the independent variables of empathy and assurance have significant positive relationship with customer satisfaction while tangibility has negative significant relationship with the customer satisfaction. This study seems to be consistent with the previous study in which the researchers had claimed that food quality (tangibility) is indeed one of the most important indicators which affect the restaurant image or its service quality (Ryu et.al, 2012). However, this study finding seems to be not consistent with the findings that have been conducted by Shafiq et. al (2013) and Bojanic and Rosen (1994) which showed the non-significant relationship between the tangibility dimension and customer satisfaction.

As for reliability dimension, the research finding was not consistent to the previous researches that have been conducted by Bojanic and Rosen (1994); Lee and Hing (1995), Shafiq et.al (2013) and etc. which found that reliability dimension has positive significant relationship with customer satisfaction. Meanwhile, for the dimensions of empathy and assurance, this research finding seems to be supported with the research findings conducted by Harr (2008), which found that these two dimensions are the most important dimensions that contribute to the excellence of service quality. As for responsiveness dimension, this research finding is not consistent with the research conducted by Bojanic and Rosen (1994) which found that this dimension has a non-significant relationship with customer satisfaction. However, this research finding is consistent with the findings of the research conducted by Shafiq et.al (2013) which found that responsiveness is one of the dimensions that have a positive significant relationship towards customer satisfaction.

In addition, from the overall analysis and findings, empathy, assurance, tangibility and responsiveness results reflect the weaknesses of the restaurant and need to be improved as the restaurant failed to encourage those customers who refuse to come again for the second time. In fact, this could also give the opportunity to the competitors to go against Y Restaurant regarding their poor service quality.

**Recommendation for Management**

Regarding the findings of correlation, regression, competitive profile matrix and SWOT analysis, there are several recommendations that can be proposed to Y Restaurant Shah Alam. Among the strategies that have been proposed in TOWS matrix are conducting food promotion's day, reviewing training methods and modules as well as following industry and technological change.

*Food Promotion's Day.* First and foremost, based on the strengths – opportunity strategy, the restaurant should do food promotion on selected days so that they can attract more customers and introduce the uniqueness of their menu items. For the short-term strategy, the first thing that they have to do is to improve the taste of the food offered so that the food promotion will be successfully conducted. Plus, they also should train their staff well in order to improve the quality of service delivered. This is because, according to the research findings, the customers seem to be dissatisfied with the service provided rather than the tangible aspects of the restaurant. Relatively, the dimensions that have higher beta value, which indicates the strongest predictors for the customer satisfaction, are empathy and assurance.

So, the management should ensure that their staff are well trained with all of those aspects related to being empathy and assurance.

For the mid-term strategy, the restaurant can start to do the food promotion's day by offering price cuts and discounts for the selected menu on the selected day of the week. For example, the management can offer the promotion of "spend RM50 and above, get a special meal for free before 6 p.m.". Plus, the restaurant may offer ladies night promotion on the selected day such as on Wednesday in which all of the ladies that wear pink will get a discount of 15%. For the children, the restaurant may promote a free ice cream day for the kids below 9 years old. Other than that, Y Restaurant can also offer discounts to those dine-in students who bring their student cards. Besides that, during special occasions such as Eid celebration, Chinese New Year and etc., the restaurant can offer an e-coupon on their Facebook page so that people can claim free meals or discounts at the restaurant. Along the promotion day, the management can distribute the survey to get the customers' feedback on their restaurant so that they can clearly identify what they are lacking and improve their weaknesses. Thus, this could improve the customers' satisfaction and boost their sales. Meanwhile, for the long-term strategy, the restaurant can continue this food promotion's day if it has successfully improved their financial performance. Otherwise, if this kind of strategy meets failure, the management should consider other strategy alternatives.

*Reviewing Training Methods and Modules.* The next strategy of weakness – threat, the management of Y Restaurant should find ways on how the restaurant can improve their service quality in terms of assurance and empathy of the employees. Regarding the findings of multiple regression, empathy and assurance are the top two highest standardized beta values that are 0.524 and 0.369 respectively. This can be seen as the major flaws of their service quality as the other service quality dimension of responsiveness reported less than 0.1 standardized beta value. Meanwhile, the restaurant has achieved the average standard of the reliability aspects as this dimension does not have a significant relationship with the customer satisfaction as regards Y Restaurant.

For the short-term strategy, it cannot be denied that one of the ways to improve the skills of dealing with customers with empathy and assurance is by conducting effective training. Successfulness of the training will be resulted in improving the service delivered thus improving the customer satisfaction. Plus, the rating of 4 that the Outlet Manager of Y Restaurant has been assigned for the critical success factor of staff training has shown that the restaurant has done well in delivering the training to their staff. Basically, there are two types of training methods that the restaurant can practise which are on-the-job training and off-the-job training. Giving the budget constraints, the restaurant can choose wisely either they want to conduct on-the-job training or off-the-job training. Regarding the module of the training, the management can refer to the descriptive statistics of the empathy and assurance so that they can figure out what aspects the customers are not satisfied with and come out with a module to improve all of the aforesaid aspects.

Besides, the management can also hire "secret shoppers" who can assess their staffs' service quality performance. This basically could assist the management in constructing the modules which can improve the empathy and assurance dimensions as both relate most with the

customer satisfaction. To avoid bias, the “secret shoppers” must be unknown people to the staff and the restaurant. Besides, the training activities should be constructed creatively. For example, instead of just lecturing, the management can design the activity of ‘role-modelling’ in which the staff will be given specific situations and they have to act and show how they would solve the problems. The situations can be specifically designed according to the empathy and assurance dimensions. For instance, referring to the descriptive statistical analysis for empathy, the customers seem to be dissatisfied in terms of making them feel special and having their best interest at heart. This means that the customers do not find that the staff treat them well. Thus, the situation should be on how the staff would solve these problems.

Meanwhile, for the mid-term strategy, the management should review the effectiveness of the training and plan how to retain their trained staff. According to the Outlet Manager of Y Restaurant, previously the restaurant did conduct off-the-job training to their new staff. Unfortunately, they cannot retain the trained staff longer as the trained staff jumped for the other organizations thus this situation has been considered as a waste to the management. Plus, this is one of the reasons why the current staff are not well-trained. Hence, in response to this situation, the management can offer attractive pay packages to those staff that have completed the training so that they can remain with the restaurant and apply all of the skills that they have learned in dealing with the customers in daily transactions.

*Follow Industry and Technological Trend.* The third strategy that Y Restaurant can apply is under weakness – threat strategy which is always keeping pace with the latest industry and technological trend. Referring to the competitive profile matrix result, Y Restaurant has a relatively lower rating of 2.5 compared to the other competitors of Fried Chicken House and Uncle Jack Fried Chicken which have the rating of 4 and 3 respectively. For the short-term strategy, the management should identify what are the latest trends of the customers as well as the technology. This is because keeping pace and following the industry as well as technological trends can result in improving the service delivered thus improving the overall customer satisfaction. For example, one of the latest technologies used in most successful restaurants is by taking the order virtually. In which, the staff that take the customers’ orders will only tick in a tablet listing all the menu in that particular restaurant and consequently, the order directly delivered to the kitchen operator. This subsequently impressed the customers with the quick delivery of the meals ordered as well as the service delivered. Thus, this method can help the management of Y Restaurant to improve their service quality in terms of responsiveness as the average mean of the respondents’ responses is 2 which means they disagree with all of the items listed under responsiveness dimension. Subsequently, the customers will be satisfied with the responsiveness of the restaurant’s staff.

Besides, Y Restaurant can improve their business by looking at the empathy dimension. This is because; empathy dimension is the strongest predictor for customer satisfaction. By referring to the frequency analysis for empathy, the average mean is 2 which means that the respondents feel that they disagree with all of the items proposed in the questionnaire under this dimension. Thus, by keeping pace with the industry trends, the service delivered can be more empathy towards the customers. For instance, the restaurant can improve the empathy dimension by having the customers’ best interests at heart and making them feel special. This



is because, as refer to the frequency analysis, these two items were ranked lowest. If the customers demand healthier foods, which is the current trend in the food and restaurant industry, the restaurant should serve with an open heart. This will make them competitive in the industry. Consequently, in the long term, the restaurant could pursue mini research to improve their understanding of how the industry will evolve in future and keep up with latest market trends while remaining close to competitors.

### **Limitation and Suggestion for Future Research**

The first limitation of the study is to get cooperation from the company. Since the restaurant operates from 11.30 am to 10.00 pm, it's hard for researchers to make an appointment with the outlet manager. Plus, with the shortage of the employees of the restaurant, it makes the discussion with the manager become more difficult. Because of this problem, it's hard for the manager to provide relevant info due to the management time constraint. There is also an issue regarding the confidentiality of information given to the researcher. According to the manager, all of the data has been provided using the average amount. This means that there is no absolute figure that can assist the researchers. This also means the result and the research finding will only be based on an average amount and not exact amount. For example, the financial data, sales and profit figures, the target sales for everyday and every month and lastly an exact amount of complaints that the restaurant received for everyday and every month. This is due to the policy of the restaurant, not to provide an exact amount for third parties as a privacy factor and maintain their good image. Besides that, this research only carried out on an outlet instead of all outlets under the Y Restaurant chain. Thus, future research should include all outlets in order to increase the generalizability of the findings. Besides that, the same research should also be carried out towards the same or different organisations and industries using the other strategic tools such as PESTLE analysis, Balanced Scorecard and other strategic tools that can improve the strategy formulations and implementations.

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