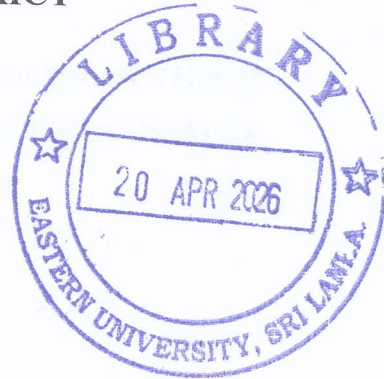


**THE EFFECT OF SERVICE QUALITY ON CUSTOMER
SATISFACTION IN HOTEL INDUSTRY WITH REFERENCE TO
HOTELS IN TRINCOMALEE DISTRICT**



By

WEERAKONDA ARACHCHIGE AVISHKA IMALSHANA

REG. NO: EU/IS/2019/MS/098

INDEX NO: MS 2278



FCM3040

**Project Report
Main Library, Eastern University, Sri Lanka**

A Project report submitted to the Faculty of Commerce and Management, Eastern University, Sri Lanka, as a partial fulfillment of the requirement for the Degree of Bachelor of Business Administration

**DEPARTMENT OF MANAGEMENT
FACULTY OF COMMERCE AND MANAGEMENT
EASTERN UNIVERSITY, SRI LANKA.**

2025

ABSTRACT

The hotel industry plays a vital role in the economic and tourism development of Sri Lanka, especially in emerging destinations like the Trincomalee District. This study investigates the effect of service quality on customer satisfaction in selected 3-star hotels within this region. With the increasing competition and evolving expectations of modern travelers, service quality has become a key differentiator in customer decision-making and loyalty.

This research adopted a quantitative approach using primary data collected through structured questionnaires, and secondary data from academic articles and reports. The SERVQUAL model, encompassing five dimensions—tangibility, reliability, responsiveness, assurance, and empathy—was employed to evaluate service quality. A sample was drawn from hotel guests in Trincomalee, and data analysis was conducted using SPSS to assess relationships between service quality dimensions and customer satisfaction.

The findings reveal that all five service quality dimensions significantly influence customer satisfaction, with responsiveness, assurance, and empathy emerging as the most impactful factors. The study further highlights the importance of tailoring service standards to both local cultural expectations and international hospitality benchmarks to enhance customer experiences.

The results suggest that hotels in Trincomalee should prioritize staff training, personalized service, and infrastructural improvements to meet rising tourist expectations. Furthermore, aligning service delivery with sustainable and responsible tourism practices can enhance competitiveness and promote long-term customer loyalty. This study provides valuable insights for hotel managers, policymakers, and tourism stakeholders seeking to elevate service quality and build a sustainable hospitality sector in Sri Lanka's Eastern Province.

Keywords: *Service Quality, Customer Satisfaction, Hotel Industry, Hospitality Management*

TABLE OF CONTENTS

ACKNOWLEDGEMENT.....	i
ABSTRACT.....	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	ix
LIST OF FIGURES	xi
LIST OF EQUATION	xii
LIST OF ABBREVIATION.....	xiii
CHAPTER 1	1
INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Problem Statement	3
1.3 Research Questions	3
1.4 Research Objectives	4
1.5 Significance of the Study	5
1.6 Scope of the Study.....	6
1.7 Chapter Framework.....	7
1.8 Chapter Summary.....	7
CHAPTER 2	8
LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Theoretical Review	8
2.2.1 Service Quality	8
2.2.1.1 Reliability.....	9
2.2.1.2 Responsiveness	10
2.2.1.3 Assurance	10
2.2.1.4 Tangible	10

2.2.1.5 Empathy	11
2.2.2 Customer Satisfaction.....	11
2.2.3 Nature of the Tourist Hotels	12
2.3 Theoretical Foundation	12
2.3.1 SERVQUAL Model	13
2.4 Hypotheses Development.....	13
2.4.1 Impact of Reliability on Customer Satisfaction	13
2.4.2 Impact of Responsiveness on Customer Satisfaction	14
2.4.3 Impact of Assurance on Customer Satisfaction.....	14
2.4.4 Impact of Tangible on Customer Satisfaction	15
2.4.5 Impact of Empathy on Customer Satisfaction.....	16
2.4 Chapter summery	16
CHAPTER 3.....	17
CONCEPTUALIZATION AND OPERATIONALIZATION	17
3.1 Introduction	17
3.2 Conceptualization.....	17
3.3 Conceptual Framework	18
3.3 Introduction of Selected Variables	18
3.3.1 Customer Satisfaction.....	18
3.3.2 Service Quality	19
3.3.2.1 Reliability.....	19
3.3.2.2 Responsiveness	19
3.3.2.3 Assurance	19
3.3.2.4 Tangibility.....	20
3.3.2.5 Empathy	20
3.4 Operationalization	20
3.5 Hypotheses Development.....	22

3.6 Chapter Summary.....	22
CHAPTER 4.....	24
RESEARCH METHODOLOGY	24
4.1. Introduction	24
4.2. Research Design.....	24
4.3. Research philosophy	24
4.4. Research Approach	24
4.5. Research Strategies	25
4.6. Time Horizon	25
4.7. Sample Design.....	25
4.7.1 Population.....	25
4.7.2 Sample and Sampling Frame.....	25
4.7.3 Sample Technique	25
4.7.4 Sampling Procedure.....	26
4.8. Data Collection Methods and procedures	26
4.8.1. Questionnaire Development	26
4.8.2. Reliability analysis	26
4.8.3. Univariate Analysis (Descriptive Statistics).....	27
4.8.4 Bivariate Analysis (Inferential Statistics).....	28
4.8.4.1 Correlation Analysis	28
4.8.4.2 Multiple Regression Analysis	29
4.8.5 Method of Hypothesis Testing	29
4.9. Chapter Summary.....	30
CHAPTER 5.....	31
DATA PRESENTATION AND ANALYSIS.....	31
5.1 Introduction	31
5.2 Analysis of Reliability.....	31

5.3 Data Presentation.....	32
5.3.1 Data Presentation of Personal Information.....	32
5.3.1.1 Gender.....	32
5.3.1.2 Age.....	33
5.3.1.3 Educational Level.....	33
5.3.1.4 Hotel.....	34
5.3.2 Data Presentation and Analysis of Research Information.....	34
5.3.2.1 Univariate Analysis.....	34
5.3.2.1.1 Identify the Level of Tangible.....	35
5.3.2.1.2 Identify the Level of Reliability.....	35
5.3.2.1.3 Identify the Level of Responsiveness.....	36
5.3.2.1.4 Identify the Level of Assurance.....	37
5.3.2.1.5 Identify the Level of Empathy.....	37
5.3.2.1.6 Identify the Level of Customer Satisfaction.....	38
5.3.2.2 Bivariate analysis.....	38
5.3.2.2.1 Pearson's Correlation Analysis.....	39
5.3.2.2.1.1 Relationship between the Service Quality and Customer Satisfaction.....	39
5.3.2.2.1.2 Relationship between the Tangible, Empathy, Reliability, Assurance, Responsiveness and Customer Satisfaction.....	39
5.3.2.2.1 Simple Regression Analysis.....	40
5.3.2.2.2 Multiple Regression Analysis.....	42
5.3.3 Testing Hypotheses.....	45
5.3.3.1 Testing Hypotheses 1.....	45
5.3.3.2 Testing Hypotheses 2.....	45
5.3.3.3 Testing Hypotheses 3.....	45
5.3.3.4 Testing Hypotheses 4.....	45
5.3.3.5 Testing Hypotheses 5.....	46

5.4 Chapter Summary.....	46
CHAPTER 6.....	47
DISCUSSION	47
6.1 Introduction	47
6.2 Research Information	47
6.2.1 Univariate analysis	47
6.2.1.1 The Level of Tangible.....	47
6.2.1.2 The Level of Reliability	48
6.2.1.3 The Level of Responsiveness.....	48
6.2.1.4 The Level of Assurance	48
6.2.1.5 The Level of Empathy	49
6.2.1.6 The Level of Customer Satisfaction	49
6.2.2 Pearson Correlation Analysis	49
6.2.2.1. Relationship between the Service Quality and Customer Satisfaction	49
6.2.2.2. Relationship between the Tangible, Empathy, Reliability Assurance, Responsiveness and Customer Satisfaction	50
6.2.4 Simple Regression analysis	50
6.2.4.1 The Impact of Service Quality on Customer Satisfaction	50
6.2.5 Multiple Regression Analysis.....	51
6.2.5.1 The Impact of Tangible, Empathy, Reliability, Assurance, Responsiveness on customer satisfaction	51
6.3 Discussion of Hypotheses Testing	52
6.4 Chapter Summary.....	53
CHAPTER 7.....	54
CONCLUSION AND RECOMMENDATIONS.....	54
7.1 Introduction	54
7.2 Conclusion.....	54
7.2.1 Univariate Analysis	54

7.2.2 Pearson Correlation Analysis	54
7.2.3. Simple Regression Analysis	55
7.2.3. Multiple Regression Analysis.....	55
7.3 Contributions of the Study	55
7.4 Recommendations	56
7.5 Limitations of the Study	56
7.6 Directions for Future Study	57
LIST OF REFERENCES	59
APPENDIX 1: RESEARCH QUESTIONNAIRE	65