INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

IJRCM

CONTENTS

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT ii

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

http://ijrcm.org.in/

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT   iv

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

http://ijrcm.org.in/

CALL FOR MANUSCRIPTS

Weinvite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Education, Insurance, Corporate Governance and emerging paradigms in allied subjects like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email address: **infoijrcm@gmail.com**.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION**:

                                                                                                              DATED: _____

   THE EDITOR
   IJRCM

   Subject: **SUBMISSION OF MANUSCRIPT IN THE AREA OF.**

   (e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

   DEAR SIR/MADAM

   Please find my submission of manuscript entitled '_____' for possible publication in your journals.

   I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

   I affirm that all the author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name (s) as co-author (s).

   Also, if my/our manuscript is accepted, I/We agree to comply with the formalities as given on the website of the journal & you are free to publish our contribution in any of your journals.

   NAME OF CORRESPONDING AUTHOR:
   Designation:
   Affiliation with full address, contact numbers & Pin Code:
   Residential address with Pin Code:
   Mobile Number (s):
   Landline Number (s):
   E-mail Address:
   Alternate E-mail Address:

   NOTES:
   a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
   b) The sender is required to mentionthe following in the **SUBJECT COLUMN** of the mail:
      New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
   c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
   d) The total size of the file containing the manuscript is required to be below **500 KB**.
   e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
   f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name**, **designation**, **affiliation** (s), **address**, **mobile/landline numbers**, and **email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5.   **KEYWORDS**: Abstract must be followed by a list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

6.   **MANUSCRIPT**: Manuscript must be in ***BRITISH ENGLISH*** prepared on a standard A4 size ***PORTRAIT SETTING PAPER***. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.

7.   **HEADINGS**: All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.

8.   **SUB-HEADINGS**: All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.

9.   **MAIN TEXT**: The main text should follow the following sequence:

     INTRODUCTION

     REVIEW OF LITERATURE

     NEED/IMPORTANCE OF THE STUDY

     STATEMENT OF THE PROBLEM

     OBJECTIVES

     HYPOTHESES

     RESEARCH METHODOLOGY

     RESULTS & DISCUSSION

     FINDINGS

     RECOMMENDATIONS/SUGGESTIONS

     CONCLUSIONS

     SCOPE FOR FURTHER RESEARCH

     ACKNOWLEDGMENTS

     REFERENCES

     APPENDIX/ANNEXURE

     It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10.   **FIGURES &TABLES**: These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **Sources of data should be mentioned below the table/figure**. It should be ensured that the tables/figures are referred to from the main text.

11.   **EQUATIONS**:These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.

12.   **REFERENCES**: The list of all references should be alphabetically arranged. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per the following:

- All works cited in the text (including sources for tables and figures) should be listed alphabetically.
- Use (**ed.**) for one editor, and (**ed.s**) for multiple editors.
- When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
- Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
- The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
- For titles in a language other than English, provide an English translation in parentheses.
- The location of endnotes within the text should be indicated by superscript numbers.

<div align="center">

PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:

</div>

BOOKS
- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS
- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES
- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS
- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES
- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES
- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES
- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

<div align="center">

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

http://ijrcm.org.in/

</div>

vi

IMPACT OF SERVICE QUALITY ON SATISFACTION AND LOYALTY: CASE OF SINJAY RESTAURANT

PRIBANUS WANTARA
SR. LECTURER
MANAGEMENT DEPARTEMENT
TRUNOJOYO UNIVERSITY
BANGKALAN

ABSTRACT

This study focuses on the relationship between service quality, customer satisfaction and customer loyalty of Sinjay Restaurant in Bangkalan, Indonesia. Service quality and customer satisfaction are key dimensions identified as important antecedents to loyalty. Particularly in the service industry such as restaurant, where intangibility is dominant, service quality is no longer sufficient as the sole source of competitive advantage. Customer satisfaction and service quality is identified as another sources of competitive advantage. This study analysed the antecedent factors that influence loyalty in the restaurant business. A questionnaire was designed and survey was conducted to collect the data from 147 customers. The research concluded that service quality has significant impact on customer satisfaction and customer loyalty, and customer satisfaction has stronger influence on loyalty. Theoretical contribution of this study is the nature of simultaneous model tested in developing world, which link all the antecedents variables of loyalty in the restaurant business. Practical contribution is for the managers to better understand what need to be emphasised in the service industry and to achieving customer loyalty. People aspect of service quality is found more important than physical evidence and process through technology aspect of service quality.

KEYWORDS

Service quality, Satisfaction, Loyalty, Sinjay Restaurant.

1. INTRODUCTION

ubsector culinary to contribute the largest revenue to the creative industry in Indonesia, or about 32.2% of the total contribution of the creative industries to GDP in 2011, or about Rp169, 62 trillion. "Now culinary sector is the biggest contributing to the creative industries, then followed by the fashion and handicraft," said Minister of Tourism and Creative Economy (Menparekraf), Mari Elka Pangestu in Jakarta on Wednesday, in a press conference when Indonesia Creative Products Week (PPKI) in 2012 in Epiwalk Kuningan, Jakarta. "We recognize the importance of support measures for the culinary industry," he said. The culinary industry, she said, has become one of the five sub-sectors that will be taken seriously in Indonesia given its potential is still huge. Even so, it will continue to support the development of other sub-sectors of creative industries http://www.investor.co.id/tradeandservices.

The restaurant industry has an important role as a job creator in the Indonesia economy in addition to its social impact on communities nationwide. Service quality of restaurant is recognized as an essential component of the customer satisfaction and therefore it is a cornerstone of the success of the fine dining restaurants. Downs and Haynes (1984) pointed out the relationship between the restaurant success and the effectiveness of its image management. A fine dining restaurant, therefore, must focus on its image using increased upgrades and improvements in décor, ambiance and interior design to attract customers and to differentiate itself from its competitors.

Restaurant industry are facing challenges of intense competition and increased customers' expectations over the last few years (Cheng et al., 1996). Increasing competition and continuously evolving customer demands have led restaurant to identify drivers of customer satisfaction and loyalty (Lenka, Suar and Mohapatra, 2009). Customer satisfaction leads to retention of customer. This is important since cost of acquiring a new customer is much more than cost of retaining the customer. Restaurants give top priority to providing better service quality to satisfy the customer. New marketing concepts and strategies (Ennew et al., 1993) paying greater attention to identifying customer needs and expectations (Morgan, 1989), and offering high service quality to customers (Thwaites and Vere, 1995; Lewis, 1993) have become important topics of research. The interest is largely driven by the realization that high service quality results in customer satisfaction and loyalty with the product or service, greater willingness to recommend someone else, reduction in complaints and improved customer retention (Zeithaml et. al., 1996). This paper examines whether service quality influences customers satisfaction and customer loyalty and whether customer satisfaction influences customers' loyalty. The study is conducted in Sinjay Restaurant in Bangkalan of Indonesia.

1.1. PROBLEM STATEMENT & OBJECTIVES OF THE STUDY

Customer loyalty is critical to the success of any restaurant that wants to gain and maintain market share. The restaurant is in need of an appropriate measure of customer satisfaction that will lead to customer loyalty from its primary source of customers. This suggests that management may wish to seek attributes that are responsible for customers' return business.

Customers who receive poor service will typically relate their dissatisfaction of the restaurant service to 15 - 20 others customers (Griffin, 1995). Gitomer (1998) reported that the cost of gaining a new customer is ten times greater than the cost of keeping a satisfied customer. In addition, if the service is particularly poor, 91% of customers will not return to the restaurant. Satisfied customers improve business and dissatisfied customers ruin business (Anderson & Zemke, 1998; Leland & Bailey, 1995). Therefore, customer satisfaction is important to be monitored and managed continually in the restaurants.

Restaurants must be aware of customer preferences and develop their services in line with targeted market needs and must effectively know how to manage quality to increase the restaurant chance for success. The demographic profile of customers may also affect their satisfaction and loyalty towards the restaurant. This suggests that restaurant may need to consider the demographic behavior of customers when developing service quality of the restaurant. This study focuses on fine dining restaurant middle scale segment. This study will help to identify factors contributing to the success or failure of fine dining restaurant positioning efforts. Those factors can be used by management to reposition the restaurant to improve or change the restaurant image in the respective target market. The purpose of this study is to examine the relationship between customer loyalty and two perquisites: customer satisfaction and the service quality of the fine dining restaurant segment from the point of view of customers. The data was collected from a cross-sectional survey of customers' satisfaction at a fine dinning restaurant segment to examine their overall satisfaction and their likelihood to return back and recommending the restaurant.

2. LITERATURE REVIEW

2.1. SERVICE QUALITY

Service is kind of performance that is offered by one party to another and in corporeality is a must part of it (Kotler & keller, 2006). Lewis and Mitchell, (1990); Dotchin and Oakland, (1994); Asubonteng, P.,McCleary, K.J. and Swan, (1996); Ducker (1991) defines service quality as "what the customer gets out and is willing to pay for" rather than "what the supplier (of the service) puts in". Customer expectations are beliefs about service delivery that function as standard or reference points against which performance is judged (Zeithaml and Bitner, 2003).

Parasuraman et al. (1988) have developed the famous scale of service quality – SERVQUAL – to quantitatively measure sinvice quality, which has 22-items to assess service quality on five dimensions. The dimensions of SERVQUAL model were:

- Tangibles – physical attributes, physical facilities, equipment (for example, interior design), and appearance of personnel (for example, the appearance of employees).

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

http://ijrcm.org.in/

69

- Reliability – : the service provider's ability to provide accurate and dependable services..
- Responsiveness – willingness to to assist its customers by providing fast and efficient service performances.
- Assurance – knowledge and courtesy of employees and their ability to inspire trust and confidence;
- Empathy – caring, the individualized attention the firm provides its customers. (Parasuraman et al., 1988).

The service quality dimensions that play a significant role in customer loyalty are reliability, empathy, and assurance. (Kheng et al., 2010). Research also proved that tangibles and assurance has the most significant effect while empathy has the least significant effect on customer satisfaction. (Ahmed et al., 2010) In all aspects, customers' perceptions are comparatively higher than of their expectations of the Restaurant's operation, and in fact the quality of offered services is low. The research findings also show that in the effects of service quality on service loyalty, customer satisfaction plays the role of a mediator. In addition there is a meaningful and positive relation between all dimensions of service quality with customer's satisfaction and loyalty, which in both cases assurance and tangibles have the most and the least relation with satisfaction and loyalty. (Mosahab et al., 2010). Service quality has also been defined as the result of a comparison between the received service and the expected service (Gronroos, 1984).

2.2. CUSTOMER SATISFACTION
Zeithaml and Bitner, (2000) defines customer satisfaction is the customers' evaluation of a product or service in terms of whether that service has met their needs and expectations. Satisfaction is often measured as the gap between expectations to a product or a service, and how the actual performance of the service corresponds to these expectations. That is, satisfaction is an evaluation of a service and is associated with to what extent a consumer likes or dislikes a service (Baker & Crompton, 2000; Bosque & Martín, 2008; Truong & Foster, 2006; Zeithaml et al., 2009; Parasuraman et al., 1985). This is in accordance with Bosque & Martín (2008, p. 553) who define satisfaction as "the consumer's response to the congruence between performance and comparison standard". Satisfaction is described as "an evaluation of an emotion" (Hunt, 1977, pp. 459-460). A satisfied customer is six times more likely to repurchase a product and share his experience with five or six other people (Grönroos, 2000; Zairi, 2000).

2.3. CUSTOMER LOYALTY
The concept of Loyalty may be understood as the consumer expectations or the predisposition to repurchase a product or service (Auh and Johnson, 2005). Customer loyalty is defined as repeated purchasing and referring a company to other customers (Heskett et al., 1997) and generating positive and measurable financial results (Duffy, 2003). Customer loyalty is concerned with the likelihood of customer returning, making business referrals, providing strong word-of-mouth references and publicity (Bowen and Shoemaker, 1998).

2.4. THE CONCEPTUAL MODEL OF THE RESEARCH
An literature review pointed out that service quality, customer satisfaction and customer loyalty are related to each other. Service quality is positively related to customer satisfaction and to customer loyalty. Besides there is a positive relationship between customer satisfaction and customer loyalty (Cavana et al, 2007; Garland & Gendall, 2004; Henkel et al, 2006; Heskett et al, 1997).
The following conceptual model has been used in this article

FIGURE 1: PROPOSED MODEL OF THE CUSTOMER SATISFACTION MEDIATION OF CUSTOMER LOYALTY
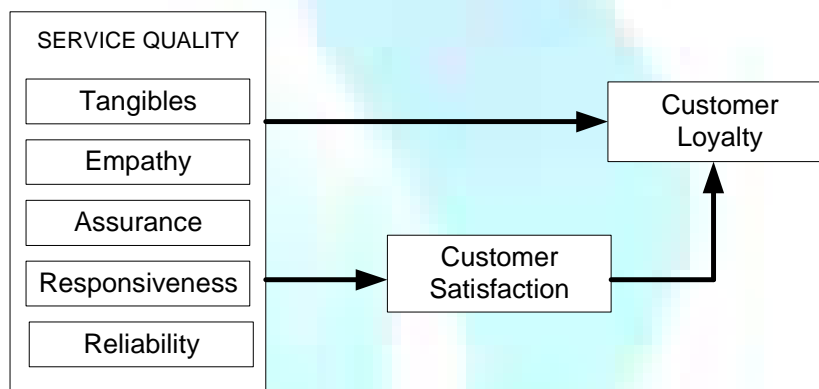
2.5. RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER SATISFACTION
Researchers have studied the relationship between service quality and satisfaction. Customer satisfaction is a key consequence of service quality and can determine the long-term success of a service organization (Parasuraman, Zeithaml, and Berry 1994). Parasuraman et al. (1988) specifically suggested that service quality is an antecedent of customer satisfaction. However, there is much debate whether customer satisfaction is an antecedent of service quality judgments (Parasuraman et al., 1985) or the other way round (Anderson and Sullivan, 1993; Taylor and Baker, 1994).
Some the relevant literature on service quality, we discovered that many scholars agree on the notion that a positive correlation exists between service quality and customer satisfaction and identified service quality to be the primary factor that affects customer satisfaction (Zeithaml and Bitner, 1996; de Ruyter et al., 1997). Thus,
H1: Service quality has a positive influence on customer satisfaction.

2.6. RELATIONSHIP BETWEEN CUSTOMER SATISFACTION AND CUSTOMER LOYALTY
Prerequisite of loyalty is satisfaction. A dissatisfied customer is more likely to search for information on alternatives and more likely to yield to competitor overtures than a satisfied customer (Anderson and Srinivasan, 2003). However, satisfaction is not sufficient on its own to automatically lead to repeat purchases or brand loyalty (Bloenier and Kasper, 1995). Shoemaker and Lewis (1999) found a weak link between customer satisfaction and brand loyalty in the casino industry. Fornell, Johnson, Anderson, Cha, and Bryant (1996) stated that increased customers satisfaction also increases brand loyalty in terms of repurchase likelihood and price tolerance given repurchase. According to Heskett et al. (1997) only 100% of satisfied customers become truly brand loyal and have relatively high repurchase rates. In addition, Bowen and Chen (2001) stated that customers must be extremely satisfied to show brand loyalty.
Loverlock (1996) identified customer satisfaction as an important driving force for customer loyalty and demonstrated a marked positive correlation between the two. Moreover, numerous studies conducted by several scholars have came to the same conclusion that customer satisfaction has direct influence over customer loyalty and it is one of the key variables that determines customer loyalty (Anderson and Sullivan, 1993; Oliver, 1999). Thus,
H2: Satisfaction has a positive influence on customer loyalty.

2.7. RELATIONSHIP BETWEEN SERVICE QUALITY AND CUSTOMER LOYALTY
Customer satisfaction or dissatisfaction is a well-known and established concept in several sciences. In marketing and consumer research, customer satisfaction has been used in order to describe differences between specific alternatives and brands Yi (1989).
Boulding et al. (1993) found positive relationship between service quality and repurchase intentions and willingness to recommend. Lenka et al. (2009) also found that service quality has positive impact on customer loyalty. Thus,
H3: Service quality has a positive influence on customer loyalty.

3. METHODOLOGY

This study uses convenience sampling. Customers were contacted through personal interview method. Variables for the study were service quality, customer satisfaction and customer loyalty.

3.1. RESEARCH METHODOLOGY

The objective of this research is to clarify the relationship between three variables of service quality, customer satisfaction, and customer loyalty. This research can be categorized as descriptive research based on the method of obtaining the considered data.

3.2. STATISTICAL POPULATION AND SAMPLE

The statistical population of this research is customers of a Sinjay Restaurant in Bangkalan, Indonesia. Since the statistical population was unlimited, therefore the following formula was used to get the size of the sample:

$$N = \frac{Z^2 \alpha /2 \; \delta^2}{E^2}$$

The variance of the obtained answers from the primary sample was 880.87, and by putting it in the above mentioned formula, the reliability level (α) was 95 percent, and estimate accuracy (E) was 5, and the sample size was 150. A total of 150 questionnaires were distributed by the researcher and 147 filled questionnaires were received which shows 98.0 % response rate.

4. DATA ANALYSIS

4.1. RELIABILITY

Reliability is defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials (Babbie, 2004). Of course validity is more critical to research. 'Validating that something is measured properly makes more sense than relying on that something is measured properly' (Field, 2009). A good measure must not only be reliable, but also valid. So a measure cannot be valid unless it is reliable, but a reliable measure may not be valid. Nevertheless, to be complete, the reliability of the answers is measures by studying the Cronbach's alpha (α).

The Cronbach's alpha ranges from zero to one, with zero indicating complete unreliability and a value of one indicating perfect reliability. According Gay (1992), scale's reliability coefficient is above 0.90, which shows that scale's reliability is very well; 0.80 is the minimum acceptable reliability coefficient. Other scholars, such as Nunnally (1978) believe that above 0.7 is acceptable reliability, if the research tools' reliability is too low, below 0.6, which should be reconsidered The Cronbach's Alpha for the three constructs are mentioned in table 1.

TABLE 1: RELIABILITY STATISTICS

Construct	Number of items	Cronbach's Alpha
Service Quality	15	0,915
Customer Satisfaction	5	0,859
Customer Loyalty	4	0,890

All dimensions' Cronbach's α coefficients are greater than 0.8. As a result, overall, the study's variables internal stability and consistency are better, reliability is higher, which shows the study's variables corresponding measure indicators have strong relationship, that is to say the questionnaire in this study has good reliability.

4.2. DESCRIPTIVE STATISTICS OF CONSTRUCTS

As we have seen, service quality is positively related to customer loyalty and customer satisfaction. There is a significant correlation between service quality and customer satisfaction (H1) with a correlation coefficient r = .917, between customer satisfaction and customer loyalty with a correlation coefficient r = .919 (H2) and between service quality and customer loyalty (H3) with a correlation coefficient r = .937.

TABLE 2: CORRELATIONS

Variables		Customer Loyalty	Service Quality	Customer Satisfaction
Customer Loyalty	Pearson Correlation Sig. (2-tailed) N	1 . 147	.937** .000 147	.917** .000 147
Service Quality	Pearson Correlation Sig. (2-tailed) N	.937*** .000 147	1 .000 377	.919** .000 147
Customer Satisfaction	Pearson Correlation Sig. (2-tailed) N	.917** .000 147	.919** .000 147	1 .000 147

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

Table 2 shows the correlation between the independent and dependent variables. The table shows that all variables are significant at the level of 1%. 0.937 is the correlation coefficient of service quality for customer's loyalty which is significant so we conclude that there is a large (r=0.937) positive relationship between service quality and customer's loyalty. The table also shows that the p-value is 0.000 which is less than 0.01 thus H2 is rejected i.e. there is a no relationship between service quality and customer's satisfaction in Sinjay Restaurant. 0.919 is the correlation coefficient of customer's loyalty for Customer satisfaction which is significant so we conclude that there is a medium (r=0.919) positive relationship between customer satisfaction and customer's loyalty. The table also shows that the p-value is 0.000 which is less than 0.01 thus H3 is rejected i.e. there is a no relationship between customer satisfaction and customer's loyalty in Sinjay Restaurant. 0.917 is the correlation coefficient of customer's satisfaction for customer's loyalty which is significant so we conclude that there is a medium (r=0.917) positive relationship between loyalty programs and customer's loyalty.

To dig deeper into the variable service quality, there is made a regression analysis between all the components of it, and customers satisfaction and loyalty (table 3). Results show that there are only positive correlations coefficients. Nevertheless, there is a clear difference visible in the strength of the correlation and R square scores. Some service quality components (tangibles, empathy and assurance) have a lower correlation coefficient and explain less variance of customer satisfaction and loyalty, than others (responsiveness and reliability). But, Field (2009) suggest, a correlation above 0,7 is normally indicated as a strong correlation.

TABLE 3: PEARSON'S CORRELATIONS DIMENSIONS (N=147)

	Customer Satisfaction	R square	Customer Loyalty	R square
Tangibles	0.736	0.542	0.713	0.508
Empathy	0.782	0.578	0.743	0.711
Responsiveness	0.894	0.799	0.868	0.753
Reliability	0.903	0.815	0.916	0.839
Assurance	0.799	0.638	0.784	0.615

* Significant at the 0.01 level (2-tailed)

There still is a change for a mediation effect as stated in the conceptual framework and suggested by other researchers. In several industries the direct relationship between service quality and customer loyalty is caused by customer satisfaction. If a mediation effect is found in this research, so the business model by focusing on creating satisfied customers instead.

The mediation effect is calculated by the different steps Verboon (2010) suggested. First, a regression analysis of service quality on customer satisfaction indicates a positive regression coefficient of 0.195 (p < .000). So hypothesis 1 is confirmed.

TABLE 4: LINEAR REGRESSION SERVICE QUALITY AND CUSTOMER SATISFACTION

	Unstandardized		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	.387	.147		1.956	.047
Service Quality*	.187	.046	.195	4.024	.000

* Dependent Variable: Customer Satisfaction

The second step tests is a prediction of service quality on customer loyalty. The prediction of service quality on customer loyalty is high (0.358) and significant. So hypothesis 2 is confirmed. While, the prediction of customer satisfaction on customer loyalty is 0.150 and significant. So hypothesis 3 is confirmed.

TABLE 5: LINEAR REGRESSION SERVICE QUALITY (MODEL 1) AND CUSTOMER SATISFACTION (MODEL 2) CUSTOMER LOYALTY

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.475	.243		1.952	.052
Model 1	Service Quality	.530	.095	.358	5.608	.000
Model 2	Customer satisfaction	.168	.073	.150	2.287	.023

* Dependent Variable: Customer Loyalty

5. DISCUSSIONS AND CONCLUSIONS

This research study was conducted to find the impact of service quality and customer satisfaction on customer's loyalty in Sinjay Restaurant. Research indicates that service quality, and customer satisfaction are the important factors that can increase the loyalty of a customer towards its restaurant but customers are slightly satisfied with the services of restaurant operating in Bangkalan, Indonesia. Hence in order to be successful, restaurants should focus on building customer loyalty by offering quality products and by treating people how they want to be treated for better and greater customer satisfaction. For that reason restaurants should offer loyalty programs to retain customers because loyalty programs helps in developing strong relationships with all the customers that could directly or indirectly affect the success of restaurants.

In addition, findings of this research show that there is a positive and meaningful relation among all fivefold dimensions of service quality with satisfaction and loyalty, which in both cases assurance and tangibles have the most and the least relation with satisfaction and loyalty. In other words, it sees that tangibles can be considered as health factors, and assurance as motivational factor. In addition, the fivefold dimensions of service quality can be observed from another point of view. In fact, these dimensions can be divided into two more general dimensions of resulted and processed. The resulted dimension includes reliability dimension, and the processed dimension includes other dimensions (tangibles, responsiveness, assurance, and empathy). Findings of this part too, show that both resulted and processed dimensions have a positive and meaningful relation with satisfaction and loyalty. But the important point is that there is significant relation between the processed dimensions and satisfaction and loyalty.

6. LIMITATION

This research was conducted in one restaurant in Bangkalan-Indonesia, thus may not be generalizable to other restaurant. Therefore, more restaurants need to be investigated. It is also suggested that other related factors of service quality such as internal marketing, HR, organizational behavior and leadership to be included in the future researches.

7. REFERENCES

1. Ahmed, I., Nawaz, M. M., Usman, A., Shaukat, Z. M., Ahmad, N. and Iqbal, H. (2010). Impact of service quality on customer's satisfaction: Empirical evidence from telecom sector of Pakistan. Interdisciplinary Journal of Contemporary research in Business, 1(12): 98-113.
2. Anderson, E., and Sullivan, M. (1993) 'The antecedents and consequences of customer satisfaction for firms', Marketing Science, 12, 2: 125–43.
3. Auh, S. and Johnson, M.D. (2005), "Compatibility effects in evaluations of satisfaction and loyalty", JournalofEconomicPsychology, Vol. 26, pp. 35-57.
4. Baker, D. A., & Crompton, J. L. (2000). Quality, Satisfaction and Behavioral Intentions. Annals of Tourism Research, 27, 785-804
5. Bloenier, J.M. and Hans, Kasper (1995) 'The complex relationship between consumer satisfaction and brand loyalty', Journal of Economic Psychology. Vol(16), 311 -329
6. Bosque, I. R. del, & San Martín, H. (2008). Tourist Satisfaction: A Cognitive-Affective Model. Annals of Tourism Research, 35 (2), 551-573.
7. Boulding, W., Kalra, A., Staelin, R. and Zeithaml, V. A. (1993) 'A dynamic process model of service quality: from expectations to behavioral intentions', Journal of Marketing Research, 30 (February), 7-27.
8. Bowen, J. T., and Chen, S. (2001) 'The relationship between customer loyalty and customer Satisfaction', International Journal of Contemporary Hospitality Management, 13, 213- 317.
9. Deruyter, K., Bloemer, J. and Peeters, P. (1997), ``Merging service quality and service satisfaction: an empirical test of an integrative model'', Journal of Economic Psychology, Vol. 18 No. 4, pp. 387-406.
10. Duffy D.L. (2003) 'Internal and external factors which affect customer loyalty', Journal of Consumer Marketing, Volume 20, Number 5, pp. 480-485(6).
11. Ennew, C.T., M. Wright and D. Thwaites (1993) 'Strategic Marketing in Financial Services: retrospect and prospect', International Journal of Bank Marketing, 11:6, 12-18.
12. Fornell, C., Johnson, M. D., Anderson, E.W., Cha, J.,and Bryant, B. E. (1996) 'The American Customer Satisfaction Index: Nature, purpose, and findings' Journal of Marketing, 60, 7-18.
13. Gronroos, C. (1984), "A service quality model and its marketing implications", European Journal of Marketing, Vol. 18 No. 4, pp. 36-44.
14. Gronroos, Christian (2000). Service Management and Marketing: A Customer Relationship Approach. Chichester: John Wiley.
15. Heskett J L, Sasser W E and Schlesinger L A (1997), The Service Profit Chain, The Free Press,New York
16. Hunt, H. Keith (1977) CS/D- Overview and Future Directions, Conceptualization and measurement of customer satisfaction and dissatisfaction, Cambridge, MA: Marketing Science Institute, pp 459-460.
17. Kheng, L.L., Mahamad, O., Ramayah, T., M. & Rahim, Mosahab, R. (2010). The impact of service quality on customer loyalty: a study of banks in Penang. Malaysia. International Journal of Marketing Studies, 2(2): 57-66
18. Kotler, P., & Keller, K. L. (2006). Marketing Management (pp. 402). New Delhi, India: Prentice-Hall.
19. Lenka Usha, Suar Damodar and Mohapatra Pratap K.J. (2009) 'Service Quality, Customer Satisfaction, and Customer Loyalty in Indian Commercial Banks', Journal of Entrepreneurship 18, 1: 47–64
20. Lewis, B.R. (1993) 'Service Quality: Recent developments in financial services', International Journal of Bank Marketing, 11:6, 19-25.

21. Lewis, B.R. and Mitchell, V.W. (1990) 'Defining and measuring the quality of customer service', Marketing Intelligence and Planning, 8(6), pp. 11–17.
22. Morgan, N.A. (1989) 'Developing Information Strategies in the Financial Services Sector', Marketing Intelligence and Planning, 7:7/8, 24-28.
23. Mosahab, R., Mahamad, O., Ramayah, T. (2010). Service quality, customer satisfaction and loyalty: A test of mediation. International Business Research, 3(4): 72–80.
24. Nunnally, J. C. (1978). Psychometric theory (2nded.). New York: McGraw-Hill.
25. Oliver, R.L. (1997) Satisfaction: A Behavioral Perspective on the Customer, New York: McGraw-Hill.
26. Parasuraman A., Zeithaml V. A. and Berry L. L. (1994) 'Reassessment of Expectations as a Comparison Standard in Measuring Service Quality: Implications for Future Research, Journal of Marketing, Vol. 58, pp. 111-124.
27. Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985) 'A conceptual model of service quality and its implications for future research', Journal of Marketing, 49, Fall: 41–50.
28. Shoemaker, S.,&Lewis, R. C. (1999) 'Customer loyalty: The future of hospitality marketing', International Journal of Hospitality Management, 18, 345-370.
29. Shoemaker, S.,&Lewis, R. C. (1999) 'Customer loyalty: The future of hospitality marketing', International Journal of Hospitality Management, 18, 345-370.
30. Taylor, S. and T. Baker (1994) 'An Assessment of the Relationship between Service Quality and Customer Satisfaction in the Formation of Consumer's Purchase Intentions', Journal of Retailing, 70:2, 163-178.
31. Thwaites, D. and I. Vere (1995) 'Bank Selection Criteria-Student Perspective', Journal of Marketing Management, 11, 133-149.
32. Truong, T-H., & Foster, D. (2006). Using HOLSAT to evaluate tourist satisfaction at destinations: The case of Australian holidaymakers in Vietnam. Tourism Management, 27, 842-855.
33. Yi, Y., "A Critical Review of Customer Satisfaction", in Zeithaml, V.A. (Ed.), Review of Marketing, American Marketing Association, Chicago, IL, 1989, pp. 68-123.
34. Zairi M (2000). Managing Customer Dissatisfaction Through Effective Complaint Management Systems. The TQM Magazine, 12(5): 331-335.
35. Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1996). The behavioral consequences of service quality. Journal of Marketing, 60(2): 31-46.
36. Zeithaml, V. A., Bitner M. J., & Gremler, D. D. (2006). Services Marketing, Integrating Customer Focus Across the Firm, 4th edition. Boston: Mc Graw-Hill International Edition.
37. Zeithaml, V.A., and J.M. Bitner (1996) Services Marketing, New York, Mc Graw-Hill.

WEBSITE
38. http://www.investor.co.id/tradeandservices/kuliner-beri-pendapatan-terbesar-bagi-industri-kreatif/49205

REQUEST FOR FEEDBACK

Dear Readers

At the very outset, International Journal of Research in Commerce, IT and Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail i.e. **infoijrcm@gmail.com** for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail **infoijrcm@gmail.com**.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT 74

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

http://ijrcm.org.in/

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals