Perceived Value and Satisfaction towards Shariah-Compliant Hotel

Nurul Azhani, M. A.[1]*, Zainab, K.[2] and Hairul, N. I.[1]

[1]*Faculty of Built Environment, Universiti Teknologi Malaysia (UTM), 81310 Skudai, Johor, Malaysia*
[2]*Faculty of Management, Universiti Teknologi Malaysia (UTM), 81310 Skudai, Johor, Malaysia*

ABSTRACT

In Malaysia, some businesses have introduced Shariah-Compliant Hotel to cater to the needs of Muslim travellers. However, only a limited number of empirical researches have examined the perceived value of Muslim tourists vis a vis Shariah-Compliant Hotel in Malaysia. Delivering value is very important to hotel operators, as it has been proven as a competitive advantage and could influence customers in making decisions. Therefore, this study examined the interrelationship between the perceived value of Muslim tourists and the effect of this value in their satisfaction. Six hypotheses were developed and tested using a sample of 136 Muslim tourists who have experienced staying at Shariah-Compliant Hotel. Data was analysed using the Partial Least Square algorithm (PLS-SEM). The finding reveals six dimensions of Muslim tourist perceived value (quality, price, emotional value, social value, Islamic physical attribute's value and Islamic non-physical attribute's value) that have positive effects on their satisfaction. These findings are useful to stakeholders, especially hoteliers, to gain a better understanding of how to increase Muslim tourist satisfaction as well as develop effective marketing strategies for Shariah-Compliant Hotel.

Keywords: Muslim tourist, perceived value, satisfaction, shariah-compliant hotel

INTRODUCTION

In today's highly competitive hospitality industry, hoteliers must be aware of customers' changing needs and demands. According to Woodruff and Gardial (1996), hotels must focus on increasing customer value in order to sustain their business. Gale (1994) suggested that every company must identify their customer value in regard to their products or services. Evaluation of these factors can be guide to improve

existing products and services and in turn increase customer satisfaction and loyalty (Ravald & Grönroos, 1996).

The construct of perceived value has been widely employed in the hospitality and tourism literature (Bajs, 2015). However, none of these studies has discovered the perceived value of purchase from an Islamic viewpoint (Eid, 2013). A review of previous literature points to a dearth of studies on the perceived value of Muslim tourists towards Shariah-Compliant Hotel. It is critical the tourism industry and hospitality providers understand and recognize the preferred products or services of Muslim tourists.

As the competition to attract Muslim traveller intensifies, it will become increasingly important for industry operators, especially hoteliers, to identify the variables that will attract Muslim travellers. Hoteliers thus need to fulfil the religious needs of their customers (Delener, 1990; Nazlida & Mizerski, 2010; Weidenfeld, 2005). Thus, the present study explores the perceived value among Muslim tourists towards Shariah-Compliant Hotel in Malaysia, and the effect of this value on their satisfaction.

LITERATURE REVIEW

Shariah-Compliant Hotel

The concept of Shariah compliant hotel was initiated by Islamic countries such as Kuwait and Saudi Arabia, as most Muslim travellers originate from these regions, and influence the potential growth (Stephenson, Russell, & Edgar, 2010). Muhammad (2009) defined a Shariah-Compliant Hotel

as "a hotel that not only serves halal foods and drinks, but also abides with all health, environment, and safety parameters that are suitable for mankind, such as faith, race, and culture". Steinmetz (2008) noted in UAE (United Arab Emirates), there are only a few hotels that follow this concept. The Shariah-compliant hotel concept is similar to the Islamic Banking concept formulated in 1970, which had slowly gained strength over the years to fully abide by Shariah-based principles.

A Shariah compliant hotel acknowledges Islamic attributes in the hospitality industry (Stephenson, 2014). According to Salleh, Hamid, Hashim and Omain (2014), this hotel stresses on fulfilling the customer's religious needs, which focuses on family and health. Rosenberg and Choufany (2009) examined three major aspects as guidelines for Shariah compliant hotel operation: operations, design and interiors, and financial aspect. Most researchers, industry analysts, and practitioners agree with these set of attributes regarding hotel operations introduced by Henderson (2010), which include:

- The hotel should be able to provide or serve halal and non-alcoholic drinks.
- The Holy Quran and prayer mats are readily available with a Qiblah indicator in all rooms of the hotel.
- The placement of beds and the design of toilets should be in the opposite direction of the Qiblah.
- A prayer room is available for customers.

- The hotel must not have dancing clubs or any sort of unsuitable forms of entertainment.
- The Muslim staff must have a proper dress code.
- Separate recreational facilities should be available for men and women, such as swimming pools, gyms, etc.
- Separate rooms/floors should be available for unmarried couples.
- The hotel has an appropriate tourist dress code.
- Alcoholic drinks and gambling should not be allowed in the restaurant and hotel lobby.
- No alcoholic beverages and prohibited foods in the refrigerator.

Stephenson (2014) added that Shariah compliant hotel must deliver their products and services according to Islamic principles, including their cosmetics and toiletries, which must contain halal products that are free from animal extracts. A Shariah compliant hotel will provide a halal environment, which offers a safe and healthy environment for the tourists. In addition, the financial operation for Shariah compliant hotels must also comply with Shariah regulations where a portion of the revenue must be contributed as *Zakat* (Samori & Rahman, 2013; Stephenson, 2014).

Malaysia is known as a country that is serious in establishing itself as a Muslim tourist destination. In addition, it has been recognised as the top 2015 Mastercard-Crescent Rating Global Muslim Travel Index (GMTI) for the fifth year in a row. Due to it being a potential hub for Islamic tourism, Malaysia has introduced a comprehensive standard for Muslim-friendly hospitality services through MS2610:2015 (Muslim Friendly Hospitality Services – Requirements). The Muslim-Friendly Hospitality Services Standard was launched in December 2015, which clearly indicates the Government's commitment to formulate precise and clear guidelines for Islamic hospitality services.

The Concept of Perceived Value

Studies show there is no clear definition of consumer's perceived value (McDougall & Levesque, 2000; Zeithaml, 1988). The meaning of the concept varies according to the research context and depends on numerous interpretations (Oliver, 1996; Sweeney, 1999). As an example, from the economic perspective, *value* refers to utility or desirability, while for the industrial sector, *value* is associated with minimising cost and at the same time maintaining quality. In addition, value also refers to human behaviour, such as emotional and instrumental values.

Previous studies divided perceived value into two parts: (1) benefits received; and (2) sacrifices made (Cronin, Brady, & Hult, 2000; Oh, 2003). Zeithaml (1988) proposed perceived value as an overall evaluation of product or services depends on a comparison between what is received and what is given. Thaler (1985) showed that perceived value involved evaluating various pricing, for example, advertised

selling price, advertised reference price, and internal reference price.

Perceived value can also be defined as a subjective and dynamic construct where it can be experienced before, during, and after purchase (Sanchez, Callarisa, Rodriguez, & Moliner, 2006). Different groups of people have different definitions of perceived value They are researchers (Lai, 1995), consumers (Holbrook, 1994; Zeithaml, 1988), and practitioners (Woodruff & Gardial, 1996). Besides that, the dimensions of perceived value also vary between cultures at any point in time (Assael, 1995; Ravald & Gronroos, 1996). Studies pointed to two types of operationalisation perceived value i.e. (1) the uni-dimensional approach and (2) the multi-dimensional approach (Sànchez-Fernàndez & Iniesta-Bonillo, 2007). Figure 1 illustrates the two research streams on perceived value.

The uni-dimensional approach determines value based on a limited number of variables, which represent the total value of perception. This approach believes that all consumers have the same value, but the determinants of value are different. Due to this, the uni-dimensional approach has been argued as lacking in reliability and validity (Jayanti & Ghosh, 1996; Woodruff & Gardial, 1996). The multi-dimensional approach analyses value based on multiple variables. As an example, Petrick (2002) identified five dimensions to this approach: quality, monetary price, non-monetary price, reputation, and emotional response while Sweeney, Soutar and Johnson (1999) proposed five constructs to evaluate the retail purchase environment: social value (acceptability), emotional value, functional value (price/value for money), functional value (performance/quality) and functional value (versatility).
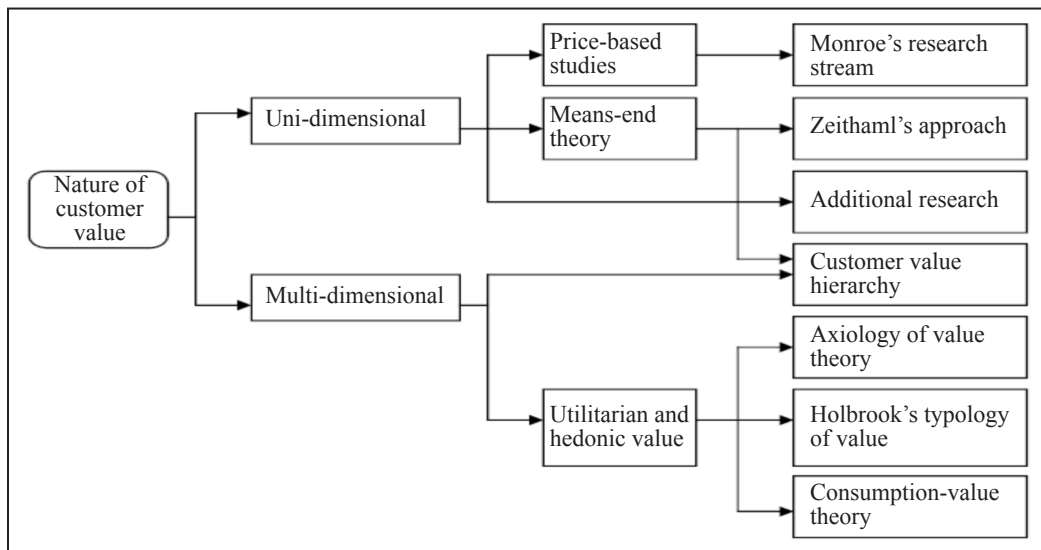

Figure 1. Research streams on perceived value
Source: Sànchez-Fernàndez and Iniesta-Bonillo (2007)

Despite many perspectives commonly used to measure customer value, the Islamic aspect of value has not been as widely addressed (Eid, 2013). Religious identity is seen as playing a key role in influencing consumption choices among Muslim customers including in the Hospitality and Tourism sector. In Islam, all Muslims are compulsory to consume products or services that are compliant with Shariah or Islamic principles, as stated in the Qur'an. Islamic attributes influence the decision of Muslim tourists to travel to certain destinations (The World Travel Market Global Trend Reports, 2007). Islamic attributes relate to Islamic norms and the extent to which they are practised at a particular destination (Battour, Battor & Bhatti, 2014). According to Weidenfeld (2005), services that factor in religious provisions may attract new markets and increase hotel rates.

Relationship between Perceived Value and Satisfaction

The concept of perceived value and satisfaction has been studied for several decades, but there are still uncertainties among researchers and practitioners as to whether they are actually of the same construct. Woodruff and Gardial (1996) defined perceived value as a natural relationship between the consumer and products or services while consumer satisfaction was described as consumer reaction resulting from a particular product or service. Most researchers believe that perceived value is a different construct from satisfaction because perceived value can exist at different stages of the purchasing process. However, satisfaction is a reaction of the value received. In other words, perceived value can be generated without experience or using the particular product or services, while satisfaction can be gained based on the experience of the product or services (Woodruff, 1997). Satisfaction was proven to be a good predictor of post-purchase intention (Anderson & Sullivan, 1993; Cronin & Taylor, 1992). Tourist satisfaction is also an important element in the selection of destination and decisions to revisit (Yoon & Uysal, 2005). According to Chi and Qu (2007), a satisfied tourist is more willing to revisit the same destination and would be more likely to share his/her experience with relatives and friends. In tourism marketing, word of mouth is considered the most dependable information source for potential tourists (Yoon & Uysal, 2005).

METHOD

A quantitative method was used in this study with the objective to determine the perceived value of Muslim tourists and their satisfaction based on their stay in a Shariah-Compliant Hotel. In this study, Muslim tourists who have experienced staying at SCH/Muslim-friendly hotels are considered the target population. As the research aim is to examine Muslim tourists' perception on value and satisfaction, all tourists over 18 years of age were considered as targeted respondents. This study utilised convenient sampling technique due to the unidentified sample population and sampling frame as

well as the nature of the study. Non-random sampling method was chosen due to a non-existing list of all the tourist populations that have stayed at a Shariah-Compliant Hotel in Malaysia. Thus, a non-random sample was the only option left for the researcher.

Convenient sampling is a method where every individual in the population have an equal chance of being selected and only involves individuals who agree to participate. A deliberate approach was adopted to encourage respondents to participate in this survey. The sample includes domestic and international Muslim tourists. According to Roscoe (1975), a sample size larger than 30 and less than 500 is appropriate for most researches. Based on this rule, 150 respondents were chosen to participate in this study. A total of 136 questionnaires were completed returned and 14 questionnaires were excluded due to excessive missing values. The 7-point Likert type response scale, which ranges from 1-Strongly disagree to 7-Strongly agree, was used due to its utility in assessing tourist experience of a destination and its efficiency in evaluating respondent attitudes (Echtner & Ritchie, 1991).

RESULT AND ANALYSIS

Descriptive Analysis

From Table 1, most of the respondents in this study were male (61%) and between 30 and 39 years of age (42.6%). The largest group of respondents were Malaysians (91.9%). The accompanying parties were likely to be family members (44.9%). The purpose of travel for the majority of the respondents was for holiday (64%). For international respondents, the average length of stay in Malaysia was between one and three nights (45%).

Table 1
Summary profile of respondents

Description	Frequency	Percentage (%)
Gender		
Male	83	61
Female	53	39
Age		
Below 20 years	1	7
20-29 years	55	40.4
30-39 years	58	42.6
40-49 years	10	7.4
50-59 years	12	8.8
Country of Origin		
Malaysia	125	91.9
Others	11	8.1
Travel Party		
Solo	19	14
Spouse	34	25
Family Members	61	44.9
Friends	22	16.2
Purpose of Visit		
Holiday	87	64
Visit Friends and Relatives	8	5.9
Business Conferences	11	8.1
Official Missions	30	22.1
Length of Stay		
1-3 nights	5	45.5
4-6 nights	3	27.3
1-2 weeks	1	9.1
More than 2 weeks	2	18.2

Assessment of Measurement Model

The PLS analysis can be divided into two stages, namely the Measurement model, and Structural model. The Measurement model process evaluates validity and reliability of the items, while the Structural model entails an examination of the relationship between latent constructs whereby research hypotheses are tested (Chin, 2010; Hair, Hult, Ringle, & Sarstedt, 2014). A reflective measurement model evaluates, assesses, and emphasises convergent validity and discriminant validity. Convergent validity is the extent to which the same construct is correlated with the other. According to Hair et al. (2014), the recommended values for loadings are set at > 0.5, the average variance extracted (AVE) should be > 0.5, and the composite reliability (CR) should be > 0.7. Table 2 shows that the measurement model's convergent validity is highly acceptable.

Subsequently, the discriminant validity, which is the degree to which items are distinct from other constructs, was assessed. The criteria for assessment is that the item value should be higher than its own constructs in the model, and the average variance shared between each construct and its measurement should be greater than the variance shared between the construct and other constructs (Fornell & Larcker, 1981). Table 3 shows the comparison of the square root of the AVE for each construct with the correlation of the remaining constructs . The acceptability of the discriminate validity for all of the constructs in this framework is also indicated.

Table 2
Results of the measurement model

Construct	Item	Loadings	AVE	CR
Satisfaction	SAT1	0.873	0.834	0.962
	SAT2	0.883		
	SAT3	0.956		
	SAT4	0.918		
	SAT5	0.935		
Emotional	e1	0.911	0.724	0.887
	e2	0.907		
Non-physical attribute	npa1	0.8	0.635	0.874
	npa2	0.794		
	npa3	0.796		
	npa4	0.751		
Price	p1	0.778	0.677	0.807
	p2	0.865		
Physical attribute	pa1	0.797	0.649	0.905
	pa2	0.809		
	pa3	0.879		
	pa4	0.758		
	pa5	0.743		
Service Quality	q1	0.803	0.635	0.924
	q2	0.773		
	q3	0.821		
	q4	0.836		
	q5	0.799		
	q6	0.752		
	q7	0.772		
Social	s1	0.891	0.826	0.905
	s2	0.816		
	s3	0.845		

Table 3
Result of discriminant validity

	Emotional	Non-Physical Attribute	Physical Attribute	Price	Satisfaction	Service Quality	Social
Emotional	**0.851**						
Non-Physical Attribute	0.396	**0.797**					
Physical Attribute	0.45	0.559	**0.806**				
Price	0.541	0.411	0.427	**0.823**			
Satisfaction	0.386	0.444	0.428	0.539	**0.913**		
Service Quality	0.551	0.52	0.494	0.698	0.47	**0.797**	
Social	0.59	0.297	0.72	0.405	0.435	0.455	**0.909**

This section discusses the path analysis to show if the hypotheses of this study are supported. According to findings, the R^2 value is 0.394, which indicates that 39.4% of the variance in Muslim tourist satisfaction upon staying at Shariah-Compliant Hotel can be explained by the dimensions of service such as Quality, Price, Emotional, Social, Islamic Physical attributes, and non-Physical attributes. It is also critical to evaluate the predictive capacity of the R^2 of the research model. Chin (1998) suggested that the R^2 value of 0.67, 0.33, and 0.19 for the endogenous latent variable are considered substantial, moderate, and weak respectively. Thus, from the findings, the R^2 value for this study can be described as moderate. Table 3 indicates that all the hypotheses in this research are supported with t-values ranging from 2.335 to 3.879. According to Chin (1998), the t-value of the path coefficients evaluate the relationship of each hypothesis. Table 4 presents a summary of the hypotheses proposed in this study.

Table 4
Result of hypothesis testing

Hypothesis		std. beta	std. error	T-value	Decisions
H1	price -> satisfaction	0.372	0.096	3.879	Supported
H2	service quality -> satisfaction	0.11	0.031	3.471	Supported
H3	emotional -> satisfaction	0.11	0.031	3.471	Supported
H4	social -> satisfaction	0.278	0.119	2.335	Supported
H5	physical attribute -> satisfaction	0.08	0.033	2.333	Supported
H6	non-physical attribute -> satisfaction	0.258	0.087	2.976	Supported

DISCUSSION AND CONCLUSION

The analysis of this study supports the research model and the hypothesis. The main contribution of this finding is the importance of value in driving Muslim tourist satisfaction. Tourism providers should consider the importance of value in influencing tourist evaluations of their services and experiences, which will influence their future behavioural intentions (Gill, Byslma, & Ouschan, 2007). The current finding substantially adds to the understanding on customer value from the perspective of the Muslim tourist. It is irrelevant to expect that the dimensions of value are similar to different customers and cultures. Thus, hotel providers need to acknowledge the importance of the numerous value dimensions, for an effective positioning strategy and to promote this type of hotel. Our finding also addressed the importance of Islamic physical attribute and non-physical attribute values on Muslim tourist satisfaction. Therefore, hotel providers should provide a service that represents the Islamic elements and these would influence Muslim tourist choice of hotels.

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