The Effects of Service Quality on Tourist Loyalty Towards Malaysian Budget Hotels

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Abstract. The hotel industry plays a vital role in tourism development by providing visitor accommodation facilities. This paper focuses on the effects of service quality on the budget hotel industry in Malaysia. Despite the increasing number of tourists opting for budget hotels in recent years, issues related to service quality have affected tourist satisfaction and loyalty, posing significant challenges for the budget hotel sector to maintain its business. The study analyzed the effects of service quality on tourist loyalty towards budget hotels and identified the most influential factor in service quality that affects tourist loyalty. A quantitative approach was employed in this study, and the findings indicate that the responsiveness quality dimension has the most significant effect on tourist loyalty. In contrast, assurance and reliability have no significant effects. Budget hotels must improve their service quality, specifically responsiveness, to enhance tourist loyalty and maintain their business in the highly competitive hotel industry.
Key words: SERQUAL, Tourist Loyalty, Budget hotels, Malaysia

1 Introduction

The tourism industry is a significant contributor to the global economy. In Malaysia, the National Tourism Policy (NTP) 2020-2030 has been launched as a ten-year transformation plan to make Malaysia one of the top ten tourist destinations for both arrival and receipt. The NTP emphasizes smart tourism as the primary strategy for remaining competitive in the global tourism market. Implementing the NTP has established the principles for planning, developing, and marketing the tourism industry in Malaysia, which is expected to attract more investors and benefit Malaysia's hospitality industry.

This study highlights the hotel industry, service quality, and tourist loyalty as critical elements for developing the tourism industry. Thus, understanding the concept of the tourism industry, particularly in the budget hotel sector, is crucial for proper planning and improvement of service quality that can cater to tourist loyalty.

The hotel industry in Malaysia is expanding due to the contribution of the tourism and hospitality sector. However, the competition in the hotel industry is proliferating as the

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number of establishments has increased significantly since 2015. Hotels play a vital role in developing the tourism industry as they serve as a place to stay for tourists. The major components that support events, business demands, and tourism needs are rooms and food services. Moreover, hotels are considered a social phenomenon due to their connection with various leisure activities of tourists.

In the hotel industry, hotel attributes play a significant role. The perception of hotel attributes is the degree to which tourists experience various services and facilities, which may lead to their satisfaction when staying at the hotels. Thus, hotel management must prioritize guest satisfaction by meeting their expectations and needs through high-quality services. The construction of new and enhanced hotels has resulted in better-quality consumer services. Therefore, the hotel industry must emphasize enhancing service quality to remain competitive. Hotel service quality is also an essential attribute that requires focus in the hotel industry. It provides tourist expectations; almost all hotels satisfy their guests by providing high-quality services. As such, the hotel industry must offer high-quality services to guests and demonstrate them in practice.

The tourism industry plays a crucial role in supporting the economic growth of many countries. In Malaysia, tourism is the second highest contributor to the country's GDP after manufacturing, with the hotel industry being a significant sector component. The number of hotel rooms has been increasing in Malaysia, with a 28.2% growth between 2013 and 2017, according to data from the National Real Estate Information Center (NAPIC) [1]. The budget hotel sector in Malaysia has seen significant growth in recent years, with a total of 2,590 budget hotels in operation as of 2021, according to the Malaysian Association of Hotels (MAH) [2]. This increase in budget hotels reflects the growing demand for affordable lodging options among tourists. Budget hotels' service quality, performance, and approaches should be highlighted to improve tourist satisfaction and loyalty. The hotel industry needs to focus on these factors to enhance the quality of the lodging sector and meet the changing demands of the travel and tourism sector.

The budget hotel sector has gained significant attention from tourists due to its robust approach and improved service quality, increasing tourist loyalty. In a competitive market, hotel managers strive to enhance the quality of service to remain competitive. Service quality is essential in meeting tourists' expectations and gaining satisfaction, leading to hotel industry loyalty. The hotel sector must establish and implement a level of service quality that meets tourists' expectations.

1.2 Problem Statement

Tourist loyalty is a crucial aspect of the hotel industry, and service quality plays a significant role in determining it. Geronikolas [3] identified five primary factors that may lead to dissatisfaction among tourists concerning service quality in hotels. These factors include untrained and impolite staff, inadequate cleanliness in the hotel's rooms or restaurants, substandard service quality, and reliability issues such as failing to deliver services accurately and consistently. These concerns are often highlighted in the budget hotel industry. Additionally, some studies have identified other factors contributing to low tourist satisfaction and loyalty, such as limited facilities, no 24-hour room service, the absence of safe deposit boxes, minibars, and inadequate parking spaces [4].

Despite the low prices offered by budget hotels, tourist expectations can still be met by providing quality services. The hotel industry needs to deliver high-quality services as it leads to tourist satisfaction and loyalty. However, the challenge lies in matching the service and quality with the lower prices that budget hotels typically offer to attract more tourists. Furthermore, different types of tourists have diverse expectations and demands. The management of budget hotels needs to understand tourist behaviour patterns and cater to their

specific needs and requirements to ensure their satisfaction, which can lead to tourist loyalty towards the budget hotel industry.

These research questions are formulated; what are the effects of service quality towards tourist loyalty on budget hotels, and which are the most significant attributes influencing tourist loyalty towards budget hotels? This study aims to analyze the effect of service quality dimensions on tourist loyalty towards budget hotels. This study also examines the most significant dimensions of service quality impacting tourist loyalty towards budget hotels in Selangor.

The study provides valuable insights for the hotel industry in Malaysia, particularly the budget hotel segment, regarding their customers' preferences for service quality. The findings could contribute to understanding tourist loyalty in the budget hotel industry based on the five critical elements of service quality: tangibles, reliability, responsiveness, assurance, and empathy.

2 Materials and Methods

2.1 SERQUAL Theoretical Framework

The SERVQUAL model is widely adopted in the hotel industry to measure service quality. It is a survey-based approach that evaluates consumer expectations and perceptions of service quality. The model comprises two sections: the first evaluates tourist expectations of service quality, and the second measures their perceptions of the service provided. The model includes five primary elements: tangibility, reliability, responsiveness, assurance, and empathy, which are measured by 22 different items.

2.2 Service Quality

Service quality is a term that combines two words, service and quality, which refer to practical activities that an individual provides to another and an instrument for improving efficiency and performance, respectively. Service quality is defined as both technical and functional, with the former referring to what the consumer receives and the latter to how the consumer experiences the service. Service quality is an organization's ability to maximize tourist satisfaction and efficiency. High service quality can improve consumer behaviour and reduce harmful intentions in the hotel industry. Service quality is evaluated using five dimensions: tangibles, reliability, responsiveness, assurance, and empathy.

2.2.1 Tangibility

Tangibility is an essential factor that affects tourists' decision-making. Physical facilities, equipment, personnel, and communication materials are among the components that represent tangibles. The appearance and cleanliness of the hotel rooms, restaurants, and staff uniforms are critical aspects influencing tourists' evaluations of the hotel's quality. The tangibility dimension is especially crucial for new consumers, as it physically represents the services provided. Many organizations, including the hotel industry, use tangibles to establish their reputations, ensure consistency, and signal quality, thereby enhancing the service quality technique for the company.

2.2.2 Reliability

Reliability is a critical aspect of service quality, which refers to a service provider's ability to deliver accurate services to tourists or consumers consistently. Tourists need to receive the right services the first time, as they prefer organizations that keep their promises. Reliability dimensions in the hotel industry have been linked to tourist loyalty and hotel revenues, emphasizing its significance for hoteliers [5]. Literature suggests that reliability is a significant factor that needs to be highlighted in academic and practical tasks. As such, reliability is essential in determining tourist loyalty in the hotel industry.

2.2.3 Responsiveness

Responsiveness is an essential element of service quality that measures the hotel industry's ability to provide fast and prompt services to tourists and customers. The service provider must assist the tourists efficiently and effectively since delayed responses may result in dissatisfaction and complaints [6]. Staff responsiveness, including front-line employees such as receptionists, servers, and guest relations, is critical for enhancing tourist loyalty and satisfaction [5,7]. Moreover, responsiveness significantly influences customer loyalty in the hospitality industry and healthcare services [8]. Therefore, service providers in the hotel industry should focus on improving their responsiveness to provide better service quality and enhance tourist satisfaction and loyalty.

2.2.4 Assurance

The assurance dimension in the hotel industry refers to the employees' ability to build trust with tourists, making them feel safe and secure during their stay and ensuring that they receive polite and knowledgeable responses to their queries [6, 9]. This dimension encompasses various factors, such as staff consistency, timeliness, quick error resolution, training, and knowledge, all aimed at making tourists feel comfortable and safe. Additionally, the assurance dimension emphasizes the importance of trustworthy transactions during the tourists' stay in the hotel. Therefore, the assurance dimension is crucial to service quality and is vital for the hotel industry's success.

2.2.5 Empathy

The empathy dimension in the hotel industry can be defined as the personalized attention and care that a company provides to its customers by understanding and considering their needs (Pakurár et al., 2019). This dimension is vital as it enables customers to feel valued and treated as partners by the organization. Empathy also refers to the staff's ability to understand the customers' needs, solve their problems, and treat them as individuals [6,9]. Previous research has established a positive and significant relationship between empathy and customer loyalty in the tourism industry [10]. Hence, improving empathy skills towards tourists is crucial in enhancing their loyalty towards the hotel industry.

2.3 Budget Hotel Industry

In developing countries, budget tourists are defined as international backpackers or domestic tourists with limited income who seek the lowest possible price in all aspects of the tourism value chain, including accommodation services such as budget hotels. The small budget hotels are represented by independent enterprises owned and managed by local or national entrepreneurs [11]. Budget hotels, also known as one or two-plus-star hotels, provide cost-

effective services that satisfy the current trend and enhance tourist satisfaction and loyalty. These hotels have low construction and operating costs, simple designs, strategic locations, small room sizes, fixed room rates, limited services, and easy access. Past research has established a direct relationship between service quality and tourist loyalty in the budget hotel industry. However, inadequate service levels provided by budget hotels have negatively impacted tourist satisfaction and loyalty. Nonetheless, budget hotels have been maturing and improving their performance, associated with solid strategies and good service quality that may lead to tourist loyalty.

2.4 Tourist Loyalty Towards Budget Hotel

Tourist loyalty is a crucial aspect of the hospitality industry, with its significance for a hotel's success widely acknowledged [12]. Tourist loyalty is defined as a tourist's intention to repeat their purchasing behaviour from a service provider, their favourable attitude towards the provider, and their preference to engage only with this provider when demand for the service arises [12]. Tourist loyalty may also be evaluated based on their willingness to repurchase in the future or recommend the service to others. It is essential to recognize the determinants of client loyalty as it has numerous benefits, such as reducing operational and promotional costs, increasing profit, and receiving positive word-of-mouth recommendations [13]. Service quality is a vital factor in creating tourist loyalty, and the hotel industry must provide competitive services to satisfy tourists and improve their loyalty towards the services provided. Hence, service quality is a critical strategy for the hotel industry to improve tourist loyalty in the marketplace. It is important to note that tourist satisfaction is distinct from tourist loyalty, as satisfaction focuses on fulfilling expectations. In contrast, loyalty reflects a tourist's likelihood of repurchasing the service.

2.5 The Relationship Between Service Quality And Tourist Loyalty

The literature has consistently demonstrated the direct relationship between service quality and tourist loyalty [14]. Improving service quality has been identified as a significant contributor to enhancing tourist loyalty [14]. On the other hand, failing to maintain consistent service quality standards may jeopardize the achievement of the hotel industry's primary objective of gaining tourist loyalty [15]. Therefore, it is vital for the hotel industry to provide efficient and consistent service quality to satisfy tourists' needs and demands and gain their loyalty. Dissatisfaction due to poor quality services can result in a loss of sales for hotels [14,16]. Hotels must maintain high-quality services and consistently meet or exceed customer expectations to ensure loyalty.

2.6 Conceptual Framework

The present study examines the relationship between service quality and tourist loyalty in budget hotels in Selangor. As shown in Figure 2.1, the conceptual framework consists of two main variables: service quality and tourist loyalty. Service quality is further defined by five main attributes, namely tangibles, reliability, responsiveness, empathy, and assurance, based on the model by Parasuraman et al. [9]. This conceptual framework is derived from the review of related literature and has been modified to suit the specific research objectives of this study.

2.7 Research Methodology

Selangor is a significant state in Malaysia known for its diverse and vibrant tourism industry, making it an ideal location to research budget hotels. As per the Malaysia Tourism Statistics 2020 report [17], Selangor received 12.56 million inbound tourists, making it Malaysia's second most visited state, after Kuala Lumpur, the neighbouring state. Moreover, Selangor is home to various tourist attractions such as the Batu Caves, Sunway Lagoon Theme Park, i-City Shah Alam, and Sepang International Circuit, as well as shopping destinations like the Empire Shopping Gallery and One Utama Shopping Centre [18]. In addition to these attractions, Selangor also offers a range of nature-based tourism options. For example, tourists can explore the Kanching Rainforest Waterfall, Bukit Gasing Forest Reserve, and Sky Mirror. In this unique natural phenomenon, a sandbar emerges at low tide in the middle of the sea, creating a mirror-like reflection of the sky [18].

The state's economy heavily relies on the tourism industry, contributing RM 15.8 billion (USD 3.9 billion) to the state's GDP in 2019 [19]. According to the same report, Selangor ranks second among the top five states in terms of tourism receipts, with RM 17.5 billion (USD 4.2 billion) in 2020. Despite Selangor's position as a prominent tourist destination in Malaysia, there needs to be more research on budget hotels, which are essential to catering to the needs of budget-conscious tourists.

2.8 Data Collection Procedure

A comprehensive plan is necessary to ensure a systematic and efficient data collection process. For this study, survey data were collected using an online questionnaire through Google Forms. This approach aligns with the emerging use of the Internet as a distribution channel that has enabled tourism providers to gain valuable consumer insights. The target population for this study were Malaysians who had visited and experienced budget hotels in Selangor. Data collection took place over one month, from November 7 to December 8, 2022. The collected data were analyzed using IBM Statistical Package for Social Science (SPSS) version 26.

To collect data for this study, a questionnaire method was employed. This method was deemed appropriate due to its efficiency in terms of time and cost, as well as its ability to gather information from a large number of respondents. The questionnaire was designed to assess service quality, including the five dimensions and tourist loyalty. To reach a bigger audience, the questionnaire was distributed via popular social media platforms such as Facebook, Twitter, Instagram, and WhatsApp [20].

2.9 Research Instruments

The primary data in this study was collected through a questionnaire survey, which served as the primary research instrument. The questionnaire was developed based on previous studies and divided into three parts. Part A covered the respondents' demographic details: age, gender, employment status, education, and monthly salary. Part B measured all of the SERQUAL dimensions [5]; tangibility with five items, reliability with five items, responsiveness with four items, assurance with four items, and empathy with five items. Lastly, Part C dealt with tourist loyalty [21]. Excluding respondents' demographic, all items in Part B and C were measured by a seven-point Likert-type scale from 1 (strongly disagree) to 5 (strongly agree) to gauge the respondents' level of agreement with the statements presented in the questionnaire.

2.10 Sampling And Data Collection

Following previous studies, a non-probability convenience sampling technique was used, and the data was collected online. The online questionnaire was distributed via WhatsApp, Instagram, and Twitter from early November to the end of the month. The study received responses from 205 participants who had experienced budget hotels in Selangor within the one-month period. To ensure adequate sample size, this research follows the recommendation that suggests that the required sample size is based on the formula: $N > 50 + 8m$ (where m = the number of independent variables) [22]. The study required a minimum of 90 responses; however, the responses obtained surpassed by a 227% response rate.

2.11 Data Analysis Techniques

The data were analyzed using IBM SPSS Statistics version 26.0. The analyses were divided into three parts, and the descriptive statistics for all variables were evaluated. The factor analysis and Cronbach's alpha are then used to test the scales' reliability. The final portion included multiple regression analysis to examine the relationship between and effects of tangibility, reliability, responsiveness, assurance, and empathy on tourist loyalty.

3 Data Analysis And Results

3.1 Tourist's Profile

This section presents the demographic profile of the 205 respondents who participated in the survey. The questions covered the respondents' gender, age, education qualification, monthly salary, and employment status. The findings reveal that 55.1% of the respondents were male, and 44.9% were female. Most respondents (48%) were between the ages of 25-34, indicating that this age range prefers budget or low-cost hotels. The data show that 45.9% of the respondents held a bachelor's degree, and 35.6% had STPM/Foundation/Diploma qualifications. The largest proportion of respondents were students (34.1%), followed by public sector employees (32.2%). As for income, 36% of respondents had a monthly salary range of RM0- RM1000 (The exchange rate in November 2022 is approximately USD 1 = RM 4.7348.), followed by 30% with a monthly salary range of RM1001- RM2000.

Table 1. Demographic Profile

Demographic	Item	Frequency	Valid Percentage
Gender	Male	113	55.1%
	Female	92	44.9%
Age	18-24 years old	77	38%
	25-34 years old	98	48%
	35-44 years old	22	10%
	45 and above	8	4%
Education Qualification	SPM	27	13.2%
	STPM/Foundation/ Diploma	73	35.6%
	Bachelor's degree	94	45.8%
	Master	11	5.4%
Monthly Salary	RM 0-RM 1000	72	36%
	RM 1001-RM 2000	62	30%
	RM 2001-RM 3000	44	21%

	RM 3001 and above	27	13%
Employment Status	Student	70	34.1%
	Public Sector Employee	66	32.2%
	Private Sector Employee	53	25.9%
	Businessman/Entrepreneurs	6	2.9%
	Unemployment	10	4.9%

Based on the socio-demographic profiles of the respondents, several main elements have been observed, including gender, age, education qualification, monthly salary, and employment status. Gender, as the first element, can significantly influence people's thinking. The results show that 55.1% of the respondents are male, while 44.9% are female. As the second element, age can also make a significant difference in surveys, where different age groups have different ideas and perceptions. According to the results, most respondents are between 25-34 years old, comprising 48% of the sample, suggesting that this age group prefers to stay at budget hotels when travelling to Selangor.

The highest percentage of education qualifications is a bachelor's degree, comprising 45.8% of the sample. Regarding monthly salary, most of the respondents earn RM 0-RM 1,000, corresponding to their education level, predominantly a bachelor's degree. Finally, the employment status of most respondents is students, comprising 34.1% of the sample, followed by public sector employees. Table 1 presents the demographic profile of the respondents.

3.2 Factor Analysis

The statistical factor analysis method determines the underlying components or dimensions that account for the correlation between a group of observable data. Based on our results, a total of 11 items were removed. For tangibility, three (3) items were removed; reliability, three (3) were removed; whereas for assurance, all five (5) items were removed. Refer to Table 2.

Table 2. Rotated Component Matrix

Items	Components					
	1	2	3	4	5	6
EMP5	0.764					
EMP1	0.749					
EMP2	0.747					
EMP4	0.721					
EMP3	0.706					
TL5		0.798				
TL4		0.788				
TL3		0.748				
TL2		0.734				
TL1		0.666				
RES2			0.689			
RES4			0.668			
RES1			0.648			
RES3			0.567			
T1				0.880		
T5				0.807		
REL4					0.761	
REL5					0.730	
Extraction Method: Principal Component Analysis.						
Rotation Method: Varimax with Kaiser Normalization.						

a. Rotation converged in 6 iterations.

3.3 Reliability Analysis

Cronbach's alpha was used to measure the internal consistency of the scales. The minimum Cronbach's alpha of 0.70 is considered acceptable [23]. In this study, the Cronbach's alpha estimated for tangibility was 0.862 (two items), reliability was 0.912 (two items), responsiveness was 0.943 (four items), empathy was 0.967 (five items), and tourist loyalty was 0.968 (five items). All constructs were deemed to have reliability. Refer to Table 3.

Table 3. Descriptive Statistics

	Mean	Std. Dev.	Cronbach's Alpha	Number of Items
Tangibility	4.8359	1.1704	0.862	2
Reliability	5.3564	0.9844	0.912	2
Responsiveness	5.2987	1.0230	0.943	4
Empathy	5.3744	1.0116	0.967	5
Tourist Loyalty	5.1764	1.1536	0.968	5

3.4 Correlations

The correlation analysis was used to describe the strength and direction of the linear relationship between five variables: tangibility, reliability, responsiveness, empathy and tourist loyalty. Tourist loyalty is strongly positive and significantly correlated ($p < .000$) with all variables. Refer to Table 4.

Table 4. Correlation Analysis

	Responsiveness	Empathy	Tourist Loyalty	Tangibility	Reliability
Responsiveness	1	0.861**	0.821**	0.599**	0.822**
Empathy	0.861**	1	0.828**	0.572**	0.790**
Tourist Loyalty	0.821**	0.828**	1	0.648**	0.729**
Tangibility	0.599**	0.572**	0.648**	1	0.542**
Reliability	0.822**	0.790**	0.729**	0.542**	1

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

3.5 Multiple Regression Analysis

Multiple regression analysis was conducted to test if tangibility, reliability, responsiveness, and empathy predicted tourist loyalty. On our first attempt, we identified eight (8) cases with Mahalanobis distance values exceeding their critical value of 20.52. These cases were removed. The result of the regression indicated that the four variables explained 75.3% of the variance ($R^2 = .753$, $F (4,190) = 148.502$, $p<.000$).

3.6 Hypotheses Testing

The causal relationship of the variables was assessed using regression analysis are summarized below:
H_1: Tangibility has a positive relationship with Tourist Loyalty

The results of this study show that the relationship between Tangibility and Tourist Loyalty is supported. It shows that tangibility has a beta value of 0.205 with a significant p-value of .000. H_1 is supported and accepted.

H_2: Reliability has a positive relationship with Tourist Loyalty

The results suggest that the relationship between Reliability and Tourist Loyalty is unsupported, as the beta value obtained for reliability is 0.030 with a p-value of .649. H_2 is not supported and is rejected.

H_3: Responsiveness has a positive relationship with Tourist Loyalty

The results of this study show that the relationship between Responsiveness and Tourist Loyalty is supported. It shows that responsiveness has a beta value of 0.318 with a significant p-value of .000. H_3 is supported and accepted.

H_4: Empathy has a positive relationship with Tourist Loyalty

The results of this study show that the relationship between Empathy and Tourist Loyalty is supported. It shows empathy has a beta value of 0.414 with a significant p-value of .000. H_4 is supported and accepted.

In the regression analysis, the beta coefficients are used to explain the relative importance of the three variables in terms of contribution to the variance in Tourist Loyalty. Based on the results, Empathy (B = 0.414, p =0.000) carried the heaviest weight, followed by Tangibility (B =0.205, 0.000) and Responsiveness (B = 0.318, p =0.000). Refer to Table 3.5.

Table 5. Regression analysis results

Hypotheses	Standardized Coefficients (B)	t-values	Sig.	Decision
H_1: Tangibility has a positive relationship with Tourist Loyalty	0.205	4.534	0.000	Supported
H_2: Reliability has a positive relationship with Tourist Loyalty	0.030	0.456	0.649	Rejected
H_3: Responsiveness has a positive relationship with Tourist Loyalty	0.318	3.949	0.000	Supported
H_4: Empathy has a positive relationship with Tourist Loyalty	0.414	5.611	0.000	Supported

4 Discussion

Using multiple regression analysis, this study examined the significance of the SERQUAL dimensions, tangibility, reliability, responsiveness, assurance, and empathy, affecting tourist loyalty towards budget hotels in Selangor. The findings showed that only three elements, tangibility, responsiveness, and empathy, had a significant relationship with tourist loyalty. In contrast, assurance and reliability showed no significant relationship to tourist loyalty. These findings are supported by previous literature, which suggests that responsiveness, followed by empathy and tangibility, are the most critical factors in predicting service quality evaluation.

The results also showed that perceived responsiveness had a significant relationship with tourist loyalty, supported by previous research [5–7]. Tourists felt they received good quality service in Selangor's budget hotels, where staff responded to their needs and provided prompt service. Failure to respond to tourists' requests may lead to complaints [5]. Empathy was the following attribute that significantly influenced tourist loyalty in budget hotels, consistent with previous research [10], indicating that budget hotel staff provide personalized attention to tourists, understanding and considering their needs, as tourists want to feel important and treated as partners [9].

Tangibility was the third attribute significantly influencing tourist loyalty in budget hotels [10, 24]. This is because tourists prefer clean hotels with comfortable rooms and good service. The study found that tourists were neutral and felt comfortable with the tangible elements of budget hotels, as these hotels only provide basic amenities.

In contrast, assurance and reliability had no significant effects on tourist loyalty. This is consistent with previous research [25,26], although it is in a different context and setting. Tourists felt less courtesy, trust, and confidence towards the services offered in budget hotels, leading to lower satisfaction levels as hotels could not fulfil tourists' expectations of consistent and accurate services. Tourists prefer doing business with organizations that keep their promises about services and outcomes [9].

4.1 Practical Implications

Several factors of service quality in hotels, such as room size, the external appearance of hotel buildings, and cleanliness, significantly impact tourists' perception of service quality [27]. Different literature reviews come to different conclusions regarding service quality in the hotel industry. For example, the previous study suggests that room service, hygiene, reassurance, and complaint handling are the most important attributes to focus on based on tourists' ratings [28].

4.2 Limitations and Future Directions

This study has several limitations. First, this study examined the effects of service quality on tourist loyalty in budget hotels in Selangor. Future research should investigate additional factors influencing budget hotel tourist loyalty, such as pricing, location, brand image, accessibility, and other related services. Second, respondents might provide erroneous answers due to time limits or recall bias. Future research should examine different data collection methods, such as interviews or focus group sessions, to gain greater depth and insights. Third, future studies could incorporate additional non-student samples. Attention should be given to business travellers who use budget accommodation for business visits.

Finally, when evaluating the suitability of items for a particular context or population, it may be necessary to revise or create new items. Using fewer items to compute a variable may also result in a less reliable or valid measure of the construct. The minimum number of elements recommended for measuring a construct depends on several factors, including the construct's complexity, the instrument's reliability, and the variable's intended application. In addition, it is essential to consider the psychometric properties of the items and the scale, especially in terms of factor loadings and cross-loadings. While it is possible to use only two items to compute a variable using factor analysis, the implications and limitations must be carefully considered. Future research could examine further to address these limitations.

5 Conclusion

The study collected data from 205 respondents through online surveys distributed on social media platforms like WhatsApp, Instagram, Twitter, and Facebook. The research aimed to determine the impact of service quality on tourist loyalty in budget hotels in Selangor and identify the most significant service quality factor influencing tourist loyalty. Descriptive analysis revealed that all service quality attributes positively correlate with tourist loyalty in budget hotels [29]. Regression analysis supported the hypothesis, with responsiveness quality having the most significant impact on tourist loyalty, followed by empathy, tangibility, reliability, and assurance [7, 30]. Assurance and reliability had no significant impact on

tourist loyalty [7]. Improving tangibility, responsiveness, assurance, empathy, and reliability can enhance tourist loyalty [30]. Hotel managers can enhance tangibility by offering modern, comfortable rooms and furniture. Reliability and quality can be improved by providing consistent, accurate services [30]. Enhancing responsiveness quality involves providing rapid services and a willingness to help. Assurance quality can be improved by ensuring employees express trust and confidence to tourists [7]. Empathy quality can be improved by providing personal attention and considering the tourists' needs. Improving service quality can increase tourist loyalty and lead to successful business performance [29-41].

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