Service Quality, Corporate Image, and Customer Trust: Revealing Interconnected Dynamics among Hotel Customers

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Abstract

This research aims to examine the relationship between service quality, corporate image, and customer trust using a quantitative method with a cross-sectional design and PLS 4 data analysis based on a survey of 121 hotel customers in Kendari, Indonesia. The findings indicate that customer trust has a significant positive impact on corporate image, and statistically, an increase in customer trust enhances the corporate image. Service quality also has a significant positive effect on both corporate image and customer trust, with partial mediation by customer trust. The practical implications suggest that hotel companies should focus on improving customer trust and service quality to strengthen their corporate image. The study's limitations include data solely from the hospitality sector and a cross-sectional design that restricts the assessment of causal relationships. Future research is recommended to expand the scope to other industry sectors, employ a longitudinal design, and explore additional variables such as customer satisfaction and loyalty, as well as qualitative methods for deeper insights.

Keywords: Service Quality, Corporate Image, Trust

Abstrak

Penelitian ini bertujuan untuk mengkaji hubungan antara kualitas layanan, citra perusahaan, dan kepercayaan pelanggan dengan menggunakan metode kuantitatif dengan desain cross-sectional dan analisis data PLS 4 berdasarkan survei terhadap 121 pelanggan hotel di Kendari, Indonesia. Temuan menunjukkan bahwa kepercayaan pelanggan memiliki dampak positif yang signifikan terhadap citra perusahaan, dan secara statistik, peningkatan kepercayaan pelanggan meningkatkan citra perusahaan. Kualitas layanan juga memiliki efek positif yang signifikan terhadap citra perusahaan dan kepercayaan pelanggan, dengan mediasi parsial oleh kepercayaan pelanggan. Implikasi praktisnya menunjukkan bahwa perusahaan hotel harus fokus pada peningkatan kepercayaan pelanggan dan kualitas layanan

untuk memperkuat citra perusahaan mereka. Keterbatasan studi ini meliputi data yang hanya berasal dari sektor perhotelan dan desain cross-sectional yang membatasi penilaian hubungan sebab-akibat. Penelitian mendatang disarankan untuk memperluas cakupan ke sektor industri lain, menggunakan desain longitudinal, dan mengeksplorasi variabel tambahan seperti kepuasan dan loyalitas pelanggan, serta metode kualitatif untuk wawasan yang lebih mendalam.

Kata kunci: *Kualitas Layanan, Citra Perusahaan, Kepercayaan*

Introduction

In the highly competitive hospitality industry, service quality is a crucial factor determining customer satisfaction and loyalty (Ali et al., 2021). This is increasingly relevant as customer expectations for the services provided by star-rated hotels continue to rise (Myo et al., 2019). According to several studies, service quality not only directly influences customer satisfaction but also plays a role in building a positive corporate image and enhancing customer trust in the hotel (Palacios-Florencio et al., 2020; Taolin et al., 2019). In this context, the hotel's corporate image and customer trust become essential variables that can mediate the relationship between service quality and other outcomes.

Moreover, corporate image plays a significant role in shaping customers' perceptions of the service quality provided (Song et al., 2019). Hotels that successfully build a positive image tend to have higher levels of customer trust, which in turn increases customer loyalty (Palacios-Florencio et al., 2020). Therefore, understanding how service quality, corporate image, and customer trust interact is essential for hotels to formulate effective strategies to retain and grow their customer base (Islam et al., 2021; Sürücü et al., 2019). Service quality holds a central role in the hospitality industry, serving as the foundation for distinguishing one hotel from another. Previous research indicates that high service quality can enhance customer satisfaction, ultimately driving customer loyalty. Additionally, good service quality can improve customers' perceptions of the value provided by the hotel, which is crucial in building customer trust (Uzir et al., 2021).

Corporate image is another key variable influencing customers' decisions to return to a hotel. A positive image not only helps attract new customers but also retains existing ones (Le, 2022). Broader studies have found that corporate image significantly contributes to customer trust, which is essential in building long-term relationships with customers (Islam et al., 2021). Therefore, enhancing corporate image through effective marketing strategies and prompt responses to customer complaints can increase trust. Although much research has explored the relationships between service quality and corporate image, there is still a gap in the literature regarding the mediating role of customer trust in this relationship (Kaur & Soch, 2018). Most studies tend to focus on the direct effects of service quality and corporate image, neglecting the potential role of trust as a significant mediating variable. Additionally, existing research often overlooks how these factors interact in different contexts, such as hotels with various star ratings or different geographical locations. Commonly researched solutions include improving service quality through employee training and enhancing hotel facilities, as well as marketing

strategies to strengthen corporate image (Lai et al., 2018; Lai, 2019). However, few studies have comprehensively examined how customer trust can mediate the relationship between service quality, corporate image, and customer loyalty (Abdel Fattah et al., 2021; Abdur Rehman et al., 2020). Therefore, this research aims to fill this gap by examining the mediating role of customer trust in these relationships.

This study was conducted in hotels located in Kendari, Indonesia, an area with a rapidly growing tourism industry and diverse types of accommodations. In this context, service quality and corporate image are important factors influencing customers' decisions to choose and return to a particular hotel. The main objective of this study is to examine the relationships between service quality, corporate image, and customer trust. The expected contribution of this research is to provide new insights into the importance of customer trust as a mediating variable in enhancing customer loyalty through service quality and corporate image. Furthermore, the findings of this study are expected to offer practical guidance for hotel management in formulating effective strategies to improve customer satisfaction and loyalty.

Method

This study employs a quantitative approach to examine the relationship between service quality, customer trust, and corporate image. The research sample consists of 121 hotel customers. Data were collected through a survey using a questionnaire adapted from validated instruments and distributed directly to respondents. The service quality variable has 5 items (Yilmaz, 2009), customer trust has 4 items, and corporate image has 5 items (Chen et al., 2021), using a Likert scale. Data analysis was conducted using Structural Equation Modeling - Partial Least Squares (SEM-PLS) due to its flexibility in handling complex models and small sample-based data, testing hypothetical models involving mediating relationships between variables.

Result and Discussion

Result

Table 1. Profile of Respondents

	Characteristic	Frequency	Percentage
Gender	Male	67	55,37
	Female	54	44,63
		121	100
Education	Postgraduate	4	3,31
	Undergraduate	67	55,37
	Associate's Degree	46	38,02
	High School	4	3,31
		121	100
Age	19-30	65	53,72
	31-40	51	42,15
	41-50	5	4,13
		121	100
Gross Income/Month	< 5 million	33	27,27

		49	40,50
		25	20,66
6-10 million		49	40,50
11-15 million		25	20,66
16-20 million		9	7,44
> 21 million		5	4,13
		121	100

Table 2. Convergent validity

Variable	Items	Factor Loading	Cronbach's Alpha	Composite Reliability	Average Variance Extracted
Service Quality (SQ)	SQ1	0,928	0,853	0,820	0,808
	SQ2	0,906			
	SQ3	0,871			
	SQ4	0,896			
	SQ5	0,893			
Customer Trust (CT)	CT1	0,921	0,957	0,930	0,942
	CT2	0,892			
	CT3	0,907			
	CT4	0,902			
Corporate Image (CI)	CI1	0,930	0,957	0,927	0,941
	CI2	0,925			
	CI3	0,905			
	CI4	0,928			
	CI5	0,930			

The table presents the analysis results of three main variables: Service Quality, Customer Trust, and Corporate Image. Each variable is measured using several items with high factor loading values, indicating that each item significantly contributes to the variable being measured. The Cronbach's Alpha values for all three variables are above 0.8, demonstrating excellent internal reliability. Additionally, the Composite Reliability and Average Variance Extracted (AVE) values are also high, indicating strong consistency and convergent validity of the constructs measured. Overall, these results suggest that the instruments used to measure these three variables are reliable and valid for further research.

Table 3. Discriminant Validity Assessment

	CI	CT	SQ
CI			
CT	0,040		
SQ	0,877	0,201	

The displayed HTMT (Heterotrait-Monotrait Ratio) table measures the discriminant validity among three variables: Service Quality (SQ), Customer Trust (CT), and Corporate Image (CI). The HTMT value between CI and CT is 0.040, between CI and SQ is 0.877, and between CT and SQ is 0.201. These values indicate the extent to which these constructs differ from each other. HTMT values below 0.90 suggest adequate discriminant validity. In this case, all three constructs exhibit good discriminant validity, meaning they are sufficiently distinct from one another in the measurements conducted.
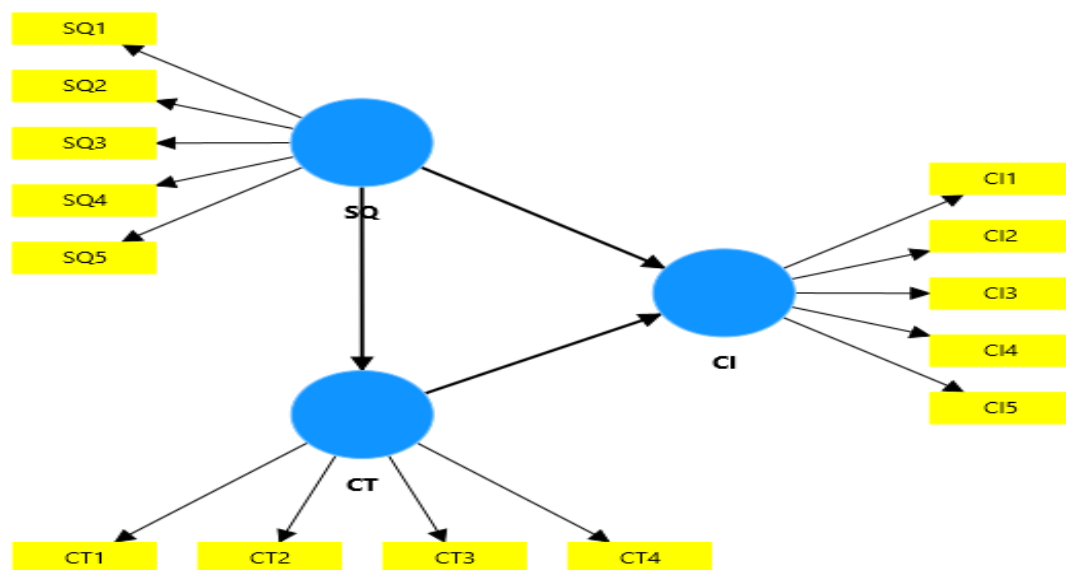
Figure 1. SEM analysis result

Table 4. R-square and Q^2

	R-square	Q^2
CI	0,563	0,637
CT	0,168	

The table shows the R-square (R²) values for two variables: Corporate Image (CI) and Customer Trust (CT). The R² value for CI is 0.563, meaning that 56.3% of the variability in Corporate Image can be explained by the model used. Meanwhile, the R² value for CT is 0.168, indicating that 16.8% of the variability in Customer Trust can be explained by the model. The table does not display any Q² values. These R² values indicate how well the model explains the variability in the data. A higher R² value means the model is better at explaining the dependent variable. In this case, the model explains the variability in Corporate Image better than it does for Customer Trust.

Based on the Stone-Geisser Q² test, the Q² value is calculated from the R-square values of the endogenous variables in the model. With an R-square of 0.563 for Corporate Image (CI) and 0.168 for Customer Trust (CT), the Q² value is calculated to be 0.637. This Q² value indicates that the model has fairly good predictive validity, meaning that most of the variability in the endogenous variables can be explained by the model. This suggests that the model is effective in predicting changes in the variables studied.

Table 5. Hypotheses Results

Path	Original sample	P values
CT -> CI	0,145	0,026
SQ -> CI	0,679	0,000
SQ -> CT	0,409	0,000
SQ -> CT -> CI	0,060	0,042

The study's findings indicate that customer trust has a significant positive impact on corporate image, with a path coefficient (b) of 0.145 and a p-value of 0.026. This means that an increase in customer trust will enhance the corporate image, and this result is statistically

significant as the p-value is less than 0.05. Furthermore, service quality has a significant positive impact on corporate image with a path coefficient of 0.679 and a p-value of less than 0.001, and on customer trust with a path coefficient of 0.409 and a p-value of less than 0.001. These results suggest that substantial improvements in service quality will significantly enhance both corporate image and customer trust, with highly statistically significant results.

Additionally, service quality through customer trust has a significant positive impact on corporate image with a path coefficient of 0.060 and a p-value of 0.042. This indicates that customer trust partially mediates the relationship between service quality and corporate image, and this result is also statistically significant with a p-value of less than 0.05. Overall, these statistical results support the hypotheses that customer trust positively influences corporate image, service quality positively influences corporate image and customer trust, and service quality positively influences corporate image through customer trust. These findings indicate that the model used has good predictive validity in the context of hotel customers.

Discussion

This research shows that customer trust has a significant positive influence on corporate image. The findings are consistent with previous studies exploring the relationship between service quality, corporate image, and customer trust in the hotel industry. For instance, Fachmi et al. (2020) highlighted the mediating role of customer satisfaction in the relationship between service quality, trust, corporate image, and customer loyalty (Islam et al., 2021). This study demonstrates that improving service quality, trust, and corporate image will enhance customer loyalty with customer satisfaction as an intervening variable. Chen et al. (2021) explored the mediating role of customer trust between corporate social responsibility (CSR) and corporate image. Their findings showed that customer trust fully mediates the relationship between economic and legal CSR and corporate image, while it partially mediates the relationship for ethical and philanthropic CSR.

Ashraf et al. (2018) discussed how service quality, corporate image, and perceived value affect brand loyalty, with customer satisfaction playing a mediating role. This research underscores the importance of customer satisfaction in enhancing brand loyalty by considering the impact of service quality and corporate image (Langat et al., 2021). Liat et al. (2017) explored how corporate image partially mediates the relationship between customer satisfaction and long-term loyalty in the hotel industry. This study highlights the intermediary role of corporate image in translating customer satisfaction into long-term loyalty (Ahmad et al., 2019; Gazi et al., 2024). Song et al. (2019) examined the effects of service quality, corporate image, and customer trust on corporate reputation in the airline industry. Their research revealed that service quality positively influences customer trust, emphasizing the importance of meeting customer expectations to reduce uncertainty and increase trust (Haron et al., 2020; Uzir et al., 2021)

Conclusion

This study demonstrates that customer trust has a significant positive impact on corporate image. An increase in customer trust significantly enhances corporate image statistically. Additionally, service quality is shown to have a significant positive impact on both corporate image and customer trust. Service quality through customer trust has a significant positive impact on corporate image, indicating partial mediation in this relationship. These overall results support the hypotheses that customer trust and service quality play crucial roles in shaping the corporate image in the hospitality sector. The practical implications of this research suggest that hotel companies should focus on improving customer trust and service quality to strengthen their corporate image. Enhancing service quality not only directly improves the corporate image but also boosts customer trust, which in turn fortifies the corporate image. Hotel managers can use these findings to develop more effective strategies in building strong relationships with customers through enhanced service quality and customer trust management.

This research has several limitations. First, the data used comes solely from one industry sector, the hospitality industry, which may limit the generalizability of the findings to other sectors. Second, the research uses a cross-sectional design, limiting the ability to deeply assess causal relationships. Third, the study only considers certain variables (customer trust and service quality), while other factors that may influence corporate image are not examined. Future research is recommended to expand the scope of industry sectors studied to test the validity of these findings across different contexts. Longitudinal studies are also necessary to address the limitations of cross-sectional design and provide a better understanding of causal relationships. Additionally, future research could explore additional variables such as customer satisfaction, customer loyalty, and other external factors that might influence corporate image. Including qualitative methods could also provide deeper insights into how customer trust and service quality impact corporate image.

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