

# Profitability determinants of five-star hotels in Yogyakarta

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## Abstract

**Purpose:** This study aimed to investigate how customers' satisfaction, employee satisfaction, and service quality affect profitability.

**Research methodology:** A total of 450 questionnaires were distributed, 424 were returned and a Partial Least Square (PLS) modeling technique was used to test the hypotheses.

**Results:** The results of this study explain that customers' satisfaction and employee satisfaction play essential roles in enhancing profitability, service quality on customers' satisfaction, and employee satisfaction on customer satisfaction. Finally, there are no essential roles between service quality on profitability.

**Limitations:** This study only used customer satisfaction, service quality, and employee satisfaction as the determinant of profitability. There may be other factors that affect profitability, such as perceived value and customer loyalty, that can be considered to determine which marketing strategy should be used as a practical contribution.

**Contribution:** Therefore, based on the research, hotel management should build a favorable image on a long-term basis using identification and efficient management in terms of promise, positioning, personality, and people. This research implies that the hotel manager should continuously improve service quality and employee satisfaction, thus increasing customers' satisfaction, which will lead to profitability.

**Keywords:** *Employee satisfaction, Service quality, Customer satisfaction, Profitability, Partial Least Square*

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## 1. Introduction

In this period of modernity and globalization, the tourist sector is quickly developing. Many hotels have popped up both domestically and globally in a short period. These hotels provide not only products but also services and staff that must be able to satisfy customers. Businesses that can identify and meet the requirements of their consumers quickly generate more money than those that are unable to do so (Barsky & Nash, 2003). The ambition to grow drives the firm to compete by delivering the greatest service to its consumers, particularly its workers, to increase profits. Employees are intangible assets in the firm since they may create value by delivering more advantages to the organization as compared to tangible asset investments. Potential workers are a reflection of the organization where they work and have the potential to contribute. As a large city, Yogyakarta has developed into one of Indonesia's hotel industry's business canters. Several five-star hotels offer many diverse facilities for their customers.

A strong relationship between employee happiness and customer satisfaction with service quality is seen as very necessary for a management strategy that focuses on a comprehensive approach to managing service quality. Customers gain from the existence of employee job satisfaction toward the

company. Employees that are happy in their employment will demonstrate loyalty and give the highest quality service to clients, ensuring that the product or service they get meets their expectations. According to [Kotler \(2005\)](#), satisfaction is the degree to which a consumer believes he has obtained the outcomes of a product comparison with what he expected.

Employee happiness, client satisfaction, and service quality are three of the most crucial factors in a service business ([Lam, Zhang, & Baum, 2001](#)). The implicit assumption behind the link between customer and staff happiness is that greater service quality would boost customer satisfaction. The majority of prior studies ([Schlesinger & Zernitsky, 1991](#); [Schlesinger & Heskett, 1991](#); [Yee et al., 2008](#)) has shown a positive link between staff happiness and customer satisfaction ([Schlesinger & Zernitsky, 1991](#); [Schlesinger & Heskett, 1991](#); [Yee et al., 2008](#)). According to the balanced scorecard methodology, employee happiness is the most important element in determining service quality for customers. Service quality, on the other hand, has an impact on staff satisfaction, while customer satisfaction has an impact on profitability. In the balanced scorecard framework, [Kaplan et al. \(2004\)](#) created this approach. There is a financial viewpoint in the form of profitability, as well as a non-financial perspective in the form of learning and growth, internal company processes, and customer perspectives. Employee happiness, service quality, and customer satisfaction are all affected by these three non-financial factors. Because it contributes to determining the market worth of a company organization, this non-financial perspective becomes essential. Previous studies have discovered a link between staff happiness and consumer satisfaction.

[Schmit and Allscheid \(1995\)](#) discovered, however, that more conceptual and empirical data is needed to understand the link between employee and consumer satisfaction. Employee and consumer satisfaction have been shown to have a beneficial link. However, investigations of the connection that are founded on theory and empirical study are relatively uncommon ([Homburg & Stock, 2004](#)). This study will evaluate the relevant literature and build a conceptual model of the link between employee happiness and service quality, as well as establish relevant hypotheses, based on a range of exposure in previous studies. The technique is then described, after which the data from empirical investigations are used to test the research hypothesis. Finally, this article will address the theoretical and empirical findings of the research, as well as the study's limits and practical implications for researchers and managers. Satisfied consumers will certainly be interested in using the services of the hotel again and also promoting the hotel to their colleagues so that it will affect the profitability of the hotel and improve its performance in the hospitality industry in Indonesia.

## **2. Literature review**

### **2.1. Customer satisfaction**

Specific product or service attributes, as well as quality perceptions, impact customer satisfaction. Customers' emotional responses, attributions, and perceptions of equality all have an impact on customer satisfaction ([Zeithal & Bitner](#)). In addition, [Kotler and Keller \(2006\)](#) found that customer satisfaction plays an important role in affecting the intention behaviour of the customer. Increased customer satisfaction may help a company by increasing customer loyalty, prolonging a customer's life cycle, extending the life of products purchased by the consumer, and increasing positive word of mouth communication among customers. When clients are pleased with a company's product or service, they are more likely to make repeat purchases and suggest items or services to others. If a company ignores or disregards the demands of its consumers, it will not be able to expand ([Tao, 2014](#)). Customer satisfaction is an important component in generating customer loyalty, and it is also the key to future purchasing behaviour. Based on prior experiences, repurchase intention reflects a person's readiness to make another purchase from the same company. Customers that are happy with a service provider's service will increase their usage and want to use the service again in the future.

### **2.2. Employee satisfaction**

The learning and growth viewpoint (learning and growth) is represented by the employee satisfaction component since it provides the foundation for the achievement of the other three views as well as long-term growth and improvement. Employment satisfaction refers to how an employee feels about his or

her job, according to [Wexley & Yulk \(1977\)](#). Employment satisfaction is defined as a person's sentiments about their job. Then, according to [Munandar \(2006\)](#), job satisfaction is a broad attitude that is the outcome of some unique attitudes toward work aspects, self-adjustment, and individual social connections outside of work. According to some experts, job satisfaction is a good attitude that incorporates employees' healthy adjustment to work conditions and situations, including issues of pay, social conditions, physical conditions, and psychological factors. Job satisfaction represents a person's sentiments about their employment and the challenges they confront in the workplace. Employee satisfaction refers to how workers feel about their jobs. Employee satisfaction may also be seen of as a general assessment of the company's work. Employee satisfaction may be regarded as a machine that causes a change in the internal environment, resulting in improved employee performance and service quality.

## **2.2. Service quality**

The notion of service quality is becoming more popular in the literature, according to [Gee et al \(2008\)](#), in an attempt to identify the elements that promote customer pleasure. Consumer happiness has a substantial impact on client loyalty, which in turn has a considerable impact on business profitability, according to studies. The term "service quality" refers to both the quality of the procedures and the quality of the final product. Consumers accept quality along the process when it comes to service quality. The output quality is the quality that the client perceives after receiving the service. The service quality is pretty excellent if the customer service obtained is comparable to what is expected. First and foremost, service quality refers to a service's ability to fulfil the customer's demands or expectations ([Dotchin & Oakland, 1994](#); [Lewis & Mitchell, 1990](#)). Second, service quality may be described as the difference between what the consumer expects from the service and how the customer perceives or receives it ([Parasuraman, Zeithaml, & Berry, 1985](#)). Service quality evaluation carried out during the service delivery process, which typically necessitates the existence of a connection between consumers and service providers. [Priyathanalai & Moenjohn \(2012\)](#) found a positive and substantial link between employee satisfaction and service quality in their investigation. This implies that work happiness and employee performance are linked in some way.

## **2.3. Profitability**

The profitability component represents the perspective of the financial perspective because this perspective is driven by the previous perspective of the customer. Therefore, if the success of the customer satisfaction component has been achieved, it will certainly create success for the component of profitability as well. Signaling theory is a theory related to the perspective of profitability in the framework of the balanced scorecard. According to the signaling hypothesis, a good quality firm would purposefully send a signal to the market, allowing the market to discern between excellent and bad quality enterprises ([Hartono, 2005](#)). [Michael \(2000\)](#) argues that by having one side transmit a signal that reveals certain parts of the relevant information to the other, both parties can receive a solution to the problem of asymmetric information. The signal will be interpreted by the second party, who will then alter the data. From the opinion of the experts regarding signaling theory, it can be concluded that measuring the profitability component of a company it can be done by looking at and analyzing the signals sent by the company to employees, consumers, and the surrounding environment ([Herdiyana et al., 2021](#)).

## **2.4. Relationship between customer satisfaction and profitability**

Consumer satisfaction benefits the business since it promotes customer loyalty and readiness to pay higher pricing ([Yee et al., 2008](#)). [Kurniawan \(2013\)](#) discovered evidence of the influence of employee happiness on profitability in Yogyakarta's five-star hotels. Changes in customer satisfaction have a direct impact on the company's finances and capacity to produce revenue, according to [Kurniawan](#). Customer satisfaction is likely to have a big influence on a business's financial performance, even if many activities of a firm are beyond the purview of customer happiness and may have a substantial impact on earnings. Furthermore, a variety of variables may obscure the real connection between these categories. For example, if a company tries to improve customer satisfaction, it may spend a significant amount of money. A company may be able to enhance customer satisfaction by investing in various variables such as training, facility renovations, and so on. However, this may result in a reduced profit

margin. Customer satisfaction is likely to have a big influence on a business's financial performance, even if many activities of a firm are beyond the purview of customer happiness and may have a substantial impact on earnings. As a result, this research hypothesizes a strong positive link between customer satisfaction and financial performance. Based on these studies, the first hypothesis is proposed:

**Hypothesis 1.** Customer satisfaction has a positive and significant effect on profitability

### ***2.6. Relationship between employee satisfaction and profitability***

Customers will be happy with the services given by employees who have a high degree of job satisfaction, which will have a good impact on customer satisfaction ([Yee et al., 2008](#)). The study conducted by [Dominici \(2010\)](#) shows that organizations that do not have good customer relationship management, will not be able to trigger customer satisfaction. This argument is based on the idea that if a firm looks after its employees, the staff would look after the consumers. Customers do have a better experience with companies that have greater employee satisfaction and engagement levels. Employee care may be characterized as giving higher compensation, continuing training, and a sense of security to employees ([Gursoy et al., 2007](#)). Employees who are satisfied are more likely to be motivated and work harder than those who are unhappy. Despite the fact that employees who are willing to collaborate, who are able to go above and beyond, and who put themselves in the shoes of the manager work more efficiently, provide better services, and thus create higher customer satisfaction, they also work more efficiently, provide better services, and thus create higher customer satisfaction. For example, there is a persistent negative link between employee happiness (as measured by things like salary and perks) and financial performance. The majority of other research, on the other hand, shows that there is no substantial link between employee happiness and financial performance. Based on the research, the following hypothesis is proposed:

**Hypothesis 2.** Employee satisfaction has a positive and significant effect on profitability.

### ***2.7. Relationship between service quality and profitability***

Companies who provide greater levels of service quality, according to [Devie et al \(2011\)](#), will be better equipped to attain higher levels of profitability growth, as defined in the balanced scorecard framework. According to research, a firm that delivers high-quality service will be able to grow in the stock market more quickly than a company that does not ([Anderson et al., 1997](#)). This is because quality enhancement helps companies to gain revenues and market share by charging greater prices than their competitors ([Shahnia et al. 2020](#)). Due to rising rivalry and spread reductions, corporate profitability levels have been squeezed in the business environment. Consumers used to be on the sidelines as firms depended on products to generate a profit margin in a highly regulated sector. However, today's companies are driven by customers who want high-quality service. Companies trying to maximize profits have realized that excellent quality helps them acquire and retain consumers, while bad quality causes them to leave. Recognizing the need to establish the practice of service by all of the company's workers is one thing; executing the practice and persuading the company's employees of the importance of the practice is another. Numerous studies have demonstrated the relevance of service quality. Through their investigation, they discovered that the advantage was easily apparent. The fifth hypothesis is offered based on these findings:

**Hypothesis 3.** Service quality has a positive and significant effect on profitability

### ***2.8. Relationship between service quality and customer satisfaction***

The results of the study show that it is proven that service quality will sustain customer satisfaction and have a close and positive and constructive relationship ([Yee et al., 2008](#); [Rita et al. 2019](#)). The dimensions of good service quality from employees will also encourage the level of satisfaction from consumers. According to the previous studies, if someone's appraisal of activity reveals that achieved the desired outcome, the fulfillment of the intended result is achieved. Then, a reaction toward satisfaction follows ([Wang et al., 2006](#); [Brady & Robertson, 2010](#)). According to the findings, customer satisfaction is influenced by service quality. The findings revealed that, depending on one's cultural

background, there was a link between service quality and customer happiness. Companies and organizations work hard to attain high customer satisfaction, particularly those that see long-term client relationships as an advantage. Understanding the components of service quality, on the other hand, continues to be a source of debate and disagreement. Furthermore, the quality of service has a significant influence on consumer satisfaction (Lee and Lin, 2005). Based on the research, the hypothesis can be drawn:

**Hypothesis 4.** Service quality has a positive and significant effect on customer satisfaction.

### 2.9. Relationship between employee satisfaction and customer satisfaction

Customers will be happy with the services given by employees who have a high degree of job satisfaction, which will have a good impact on customer satisfaction (Yee et al., 2008). The study conducted by Dominici (2010) shows that organizations that do not have good customer relationship management will not be able to trigger customer satisfaction. One component of the internal business process perspective is that employee happiness will impact the service quality delivered. The only link that does not produce contradictory results is between customer happiness and staff contentment. According to the service-profit chain, creating a better internal working environment will result in satisfied workers who are loyal to the business and capable of giving good customer service, resulting in satisfied consumers. The overall purpose of this research is to identify the link between service quality and customer satisfaction and look at how a company can offer excellent service quality and customer satisfaction through customer service. The essay closes with a qualification of the study, some practical and theoretical consequences, and recommendations for future research. The following hypothesis may be formed based on the research:

**Hypothesis 5.** Employee satisfaction has a positive and significant effect on customer satisfaction.

Based on the hypothesis that has been developed, the research model is proposed as follows.

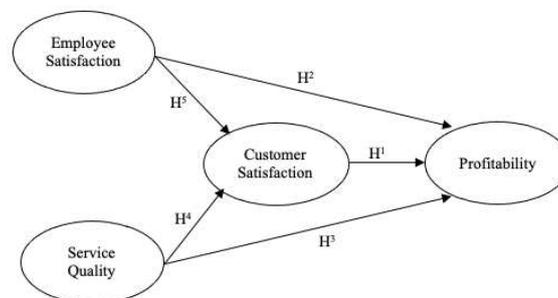


Figure 1. Research Model

### 3. Methodology

The population of this study was conducted on employees and customers of 10 five-star hotels. From these 10 samples of hotels, each hotel will be represented by a minimum of 15 hotel customers and 15 hotel employees. Furthermore, purposive sampling is used in the sampling procedure. There are a total of 424 staff and consumer respondents in this study. Validity tests, reliability tests, and other analyses utilizing Partial Least Squares (PLS) are all part of the data analysis and data validation process. There will be two types of questionnaires used in this study. The first one is given to the customers, which comprises the questions that are related to service quality and customer satisfaction. The second one is given to the employees, which comprises the questions that are related to the employee satisfaction and profitability variable. The participants should meet III criteria; (I) above 18 years old; (II) for employees, should work at least one year in the division who interact directly with the customer, (III) for the customer, guests that have stayed at the hotel. Respondents were asked to complete a questionnaire with five Likert scale evaluations ranging from 1 to 5, with 1 indicating severe disagreement and 5 indicating strong agreement.

#### 4. Results

The total number of respondents in this survey is 424, which character is described in table 1. About half of the respondents were male, with the majority of the respondents were in the range 18-29 years old. The majority of the respondents (51.9%) had above 500 monthly income. In addition, the majority of the respondents' education (58.2%) was Bachelor's degree. As expected, the majority of respondents (58%) have the private sector as their occupation.

Table 1. Respondent Characteristics

Characteristic	Distribution of Respondent
Gender	Male: 59.2%; Female: 41.8%
Age	18-29: 44.7%; 30-44: 32.4%; >45: 22.9%
Education	High School: 22.7%; Bachelor's Degree: 58.2%; Postgraduate: 19.1%
Occupation	Private Sector: 58.3%; Public Sector: 13.3%; Government: 12.3%; Student: 12.3%; Entrepreneur: 3.8%
Income	Below the US \$ 500: 51.9%; The US \$ 500-1000: 32.2%; The US \$ 1000-1500: 15.9%

Evaluation of the outer model is an evaluation of the measurement model (confirmation model), which confirms the measurement of variables based on indicators of predetermined questions. In evaluating the outer model, three measurements were taken: convergent validity evaluation, discriminant evaluation validity, and composite reliability evaluation. Convergent validity confirms the ability of an indicator to make variable measurements. If the value of the outer loading generated is greater than the criterion of 0.50 (Hair et al., 1998), it is concluded that it has met convergent validity. Convergent validity results for each indicator utilized for each research variable are as follows:

Table 2. Outer Loading Value for Each Variable Indicator

	ES	SQ	P	CS
ES 1	0,739			
ES 2	0,645			
ES 3	0,763			
ES 4	0,709			
ES 5	0,832			
SQ 1		0,780		
SQ 2		0,759		
SQ 3		0,725		
SQ 4		0,679		
SQ 5		0,759		
P 1			0,883	
P 2			0,733	
P 3			0,756	
P 4			0,783	
CS 1				0,883
CS 2				0,864
CS 3				0,763
CS 4				0,796

From the convergent validity test table, the measurement model for all the variables is concluded that all indicators have a greater outer loading value (> 0.50) according to Hair et al. (1998), thus evaluating convergent validity on all variables is appropriate. Discriminant validity is the evaluation of validity for a variable that is associated with validity for other variables. Evaluation of discriminant validity is done by providing a comparison of AVE root values and correlations between variables. According to Hair et al. (1998) the criteria used are the AVE value must be greater than 0.50 and the smallest root value

must be greater than the value of the correlation that occurs between variables. The following are the results of discriminant evaluation:

Table 3. AVE and CR

	CR	$\alpha$	AVE	AVE Root	ES	QS	P	CS
ES	0,847	0.81	0,465	0,735	1			
QS	0,883	0.86	0,598	0,760	0,467	1		
P	0,878	0.84	0,645	0,745	0,265	0,249	1	
CS	0,897	0.75	0,696	0,838	0,487	0,637	0,483	1

From the results of the comparison between the AVE root value and the correlation in table 2, it is known that the smallest root value is 0,735, while the largest correlation value is 0,637. Thus, because the smallest value of AVE roots is still greater than the largest correlation that occurs between variables, the measurement of employee satisfaction, service quality, profitability, and customer satisfaction variables already have good discriminant validity. Measurement of the last outer model is testing composite reliability. The results of the composite reliability output from PLS can be seen in table 2. Based on the table above, the composite reliability value for all variables in each division is greater than 0.70. Thus the measurement of employee satisfaction, service quality, profitability, and customer satisfaction variables has good composite reliability. Cronbach's Alpha, whose output yields the findings presented in table 3, can also be used to improve the reliability test. They all have a rating of greater than 0.70, indicating that all instruments are trustworthy.

#### 4.1. PLS analysis

Evaluate the inner model inside partial least square analysis is carried out to determine the suitability of the structural models that have been prepared. In evaluating the inner model, the value of R square ( $R^2$ ) and the hypothesis testing of the study are described. The coefficient of determination (R-square) is calculated based on data processing with PLS in the following way:

Table 4. R-square Model

	R-Square
Employee Satisfaction	
Service Quality	0,180
Profitability	0,262
Customer Satisfaction	0,470

From the table above, the R square value of service quality variables is 0.180, which means that simultaneously employee satisfaction with service quality can be explained in the model by 18% and has a positive correlation. In comparison, the other 82% is explained by other factors not included in the model. The value of R square on the variable customer satisfaction obtained a value of 0.470 which means that simultaneously employee satisfaction with customer satisfaction can be explained in the model by 40,7% and positively correlated. While the value of R square for the variable profitability is 0.262, which can explain the meaning simultaneously, employee satisfaction with profitability can be explained in the model amounting to 26.2% and has a positive correlation. The value of  $Q^2$ , which is the same as the coefficient of determination (R-square /  $R^2$ ) in regression analysis, is used to determine the overall quality of the PLS structural model. The greater the  $Q^2$ , the more closely the model matches the data. Following is the calculation of  $Q^2$  on the structural model:

$$\begin{aligned}
 Q^2 &= 1 - \{(1 - 0.180) * (1 - 0.470) * (1 - 0.262)\} \\
 &= 1 - \{0.320\} \\
 &= 0.68 \qquad \qquad \qquad (4.1)
 \end{aligned}$$

From the results of the Q square calculation, the value is 0.68. The Q square value indicates that the model has predictive relevance of 68%. This percentage is a parameter estimate of how well the

observation value produced by the model means that this research framework has a relevance level of 68%.

#### 4.2. Hypotheses testing

Hypothesis testing results can be obtained by running the program with Bootstrapping. The hypothesis is accepted if it has an at-statistic value of more than 1.64. The table below is presented the results of the path coefficient values in table 5 and the structural model in figure 2.

Table 5. Path Coefficient Results

Hypothesis	Construct	Original Sample	T Statistics	Result
H1	CS $\square$ P	0,476	3,197	Supported
H2	ES $\square$ P	0,243	2,684	Supported
H3	SQ $\square$ CS	0,597	7,839	Supported
H4	SQ $\square$ P	0,068	0,268	Rejected
H5	ES $\square$ CS	0,189	2,288	Supported

### 5. Discussion

Figure 2 depicts the findings of the study as well as the outer loading values for each variable.

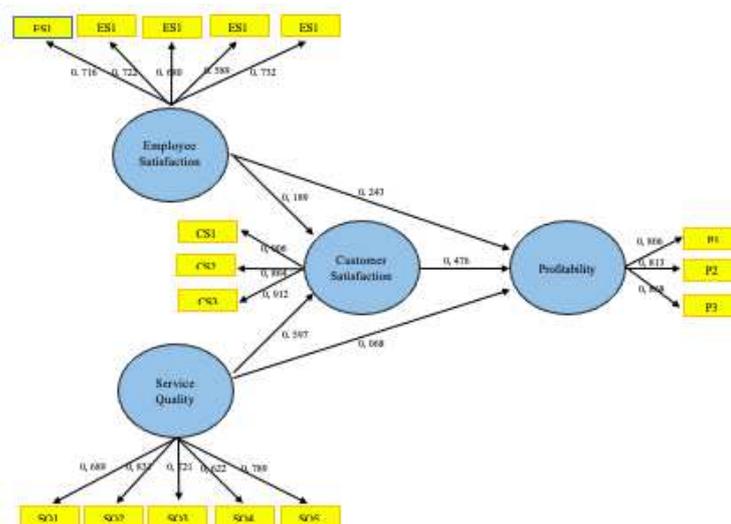


Figure 2. Path Diagram

Figure 2 illustrates that customer satisfaction has a favorable impact on profitability as a consequence of route analysis. This is because consumers who have had their expectations met are more likely to repurchase and promote the hotel's services to others. Customers who are satisfied with a product find it tough to change their minds. According to a prior study, customers' pleasure has a beneficial influence on customers' loyalty, according to a prior study (Ryu et al., 2012; Wu, 2011). Consumer satisfaction a crucial factor in customer perception. Customers that are satisfied with the level of service will be more loyal to the company. This will boost the company's profits. One component of the financial viewpoint is company profitability (Kaplan et al., 2004). The first hypothesis is supported by these findings.

According to a study, companies that provide high-quality service will be able to develop faster in the stock market than ordinary companies (Anderson et al., 1997). This is due to quality improvement, allowing businesses to increase profits and market share by setting higher prices than their competitors. This is because a satisfied employee will remain loyal to the company. A good service will entice them to utilize the same service supplied by the same company, repurchase the service, and suggest it to

others. Current studies back up this finding by [Chung et al. \(2015\)](#), which shows that pleasure is the most important factor in determining loyalty. It proves the finding of the second hypothesis.

The link between service quality and customer pleasure has been studied extensively, according to [Wang \(2006\)](#) and [Brady \(2010\)](#). According to the research, if a person's appraisal of activity indicates that he got the anticipated result, the intended goal is fulfilled, and a reaction toward satisfaction follows. Customers' satisfaction will increase if they have a good impression of service quality. Customers will be loyal as well if they are satisfied with the quality of the company's service. Furthermore, this relationship has evolved into a major signal for differentiating a company from its competitors or rivals to become the most successful. As a result, it's feasible to deduce that customer loyalty and service quality are linked. Client loyalty grows in direct proportion to the level of service provided. The third hypothesis is supported by these findings.

Some previous studies have found if customers receive good service, they will be willing to pay a higher price to this company, repeat purchases for the same services more frequently, try the company's new products and services, and spread the company's brand name to others, all of which will directly increase the company's turnovers and shrink the company's operating costs ([Min & Min, 2011](#); [Kheng et al., 2010](#); [DiPietro et al., 2011](#)). Opposite with their finds, hypothesis fourth in this study showed that service quality does not have a significant relationship toward profitability. However, if consumers receive bad service, they will be dissatisfied, and they will communicate their dissatisfaction to others, but this will have no substantial influence on the company's future profitability. As a result, in every type of business, maintaining a high degree of service quality is critical. If companies give satisfaction to their consumers, they must improve the quality of their service offerings.

Employee satisfaction has a positive effect on customer satisfaction, according to the final hypothesis. This may be stated as a customer receiving outstanding service, as measured by the quality of the amenities, the hoteliers' rapid and exact service, and a clear and easy administrative service, which would enhance the hotel's customer happiness. Employees that are satisfied with their work will make consumers happy, which will improve customer satisfaction. According to [Wansoo \(2009\)](#) and [Brandford \(2009\)](#), dissatisfied staff are more likely to express their discontent to customers (2009). As a result, employee satisfaction will always have a positive impact on consumer happiness.

### ***5.1. Limitations and recommendations for future research***

This study investigated the link between service quality, employee and customer satisfaction, as well as the influence on a hotel's profitability. As previously stated, the study provides a framework for determining how a company's operational investments in service operations affect customer perceptions and behaviors, as well as how these affect profitability ([Endri et al., 2020](#)). Only the relationships between employee satisfaction, customer satisfaction, service quality, and profitability were evaluated due to the complexity of the framework and the objective of this study. In other words, additional constructs/variables mentioned in the framework, such as internal service quality, were not investigated in this study, customer value and loyalty, as well as the productive actions of service personnel. It's likely that those constructs will have a substantial impact on the connections between the variables studied in this study, changing the direction and size of the correlations. Unlikely to have an impact on the connections investigated in this study. One of the study's major flaws is that both consumer and employee satisfactions were assessed as single-dimensional variables. Other research, on the other hand, shows that both consumer and staff satisfaction are multidimensional entities. Measuring them as a single-dimensional concept is likely to restrict the findings' generalizability. To understand the relationship between employee and customers' satisfaction, future research should use multidimensional notions. Furthermore, numerous elements, including contentment, might impact a profitable hotel. However, other elements that may affect a profitable company's performance were not examined in this study.

## 6. Conclusion

Customer satisfaction, service quality, staff satisfaction, and profitability were all highlighted as important dimensions in this research. This research adds to five scholarly publications. We may infer that there is a strong link between employee satisfaction and profitability, service quality and customer satisfaction, and customer satisfaction and profitability based on the results of the PLS analysis. Finally, there is little evidence that service quality has an influence on profitability. There is a limitation of this study because it only uses customer satisfaction, service quality, employee satisfaction as the determinant of profitability. There may be other factors that affect profitability, such as perceived value and customer loyalty. Based on the findings, several factors determine customers' satisfaction and profitability that can be considered to determine which marketing strategy should be used as a practical contribution. Therefore, based on the research, hotel management should build a favorable image on a long-term basis using identification and efficient management in terms of promise, positioning, personality, and people. Therefore, it can be a brand that closes to its customers' characteristics. Moreover, hotel managers should do continuous innovation on the facilities and services available to anticipate the future needs and expectations of the customers.

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