

Management Performance in Muslim-Friendly Hotels: The Role of Service Quality and Customer Satisfaction

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ABSTRACT

This paper is an investigation on the impact of service quality on customer satisfaction in Jakarta Shariah-compliant hotels. A quantitative methodology was applied to capture information of 112 guests, and the gathered data was analysed using SMART PLS along with reliability test, correlation test and regression test. Findings indicate that there is significant effect of all the five SERVQUAL dimensions (tangibility, reliability, responsiveness, assurance and empathy) on satisfaction with reliability and assurance as the strongest predictors ($p < 0.05$). According to a regression analysis, 72 percent of the variance of service quality explain satisfaction ($R^2 = 0.72$). The results point to the parameter of developing the Shariah-based services and standards of services and professionals to increase the guest satisfaction and the competitiveness of the halal hospitality industry in Jakarta.

Keywords- Shariah-compliant hotel, Customer Satisfaction, Service Quality, Security and Privacy, Islamic Hospitality

1. Introduction

The halal tourism business has experienced a booming in Malaysia, which has been promoted by a high rate of Muslims traveling round the world in search of hotels that are suitable according to their religious standards and at the same time offer modern amenity and comfort. It has been reported in recent industry reports that the halal tourism sector is set to reach over USD 350 billion by 2030 making Shariah-compliant hotels a formidable cog in its wheel (Dion, 2025). In Indonesia, especially in Jakarta, there has been a continuous rise in the number of Sharia-friendly hotels as the city setting itself to be a venue of Muslim-friendly tourism. The hotels combine the Shariah concepts like providing halal foods and services, alcohol-free facilities, and religious

activities centers, as these hotels have become crucial in marketing the destination to the domestic and foreign Muslim travellers (Rahman & Yusuf, 2024).

Despite this growth there are still a few major problems. Due to a lack of consistency in service quality provisions, many hotels in the Shariah-compliant industry encounter problems in ensuring that the guests receive equal experiences and their businesses turn out to be less competitive than the international hotels or hotel chains (Amin et al., 2025). Moreover, passengers, particularly more tech-savvy younger generations, require high-quality digital experiences, professional hospitality services, and personalised services which are at many times more advanced than the services provided by the

traditional Shariah-compliant hotels (Latif, 2024). The slow pace of response, the absence of training of staff, and the minimum level of integration of new facilities also often become the subject of complaints of customers that prevent their satisfaction and thus repeat visits (Nuraini & Fauzan, 2024).

The other issue is perception gap between Shariah compliancy and service excellency. Concurrently, although most Muslim travellers appreciate services more that are religiously aligned, they do not underestimate tangibility, reliability, responsiveness, assurance, and empathy, the five dimensions of SERVQUAL that most of them consider to be of a high priority in hospitality management (Parasuraman et al., 1988). The inability to reconcile the needs of Shariah and international efficiency standards will hardly help receive not only Muslim tourists but also non-Muslim visitors, who might prefer to stay at Shariah hotels, due to their alleged ethical and family friendly nature (Salim & Hasan, 2025).

Past research showed that service quality plays a significant role in customer satisfaction and customer loyalty in the traditional hospitality environment (Hakim, 2025), and less attention has been paid to the problem of service quality in relation to the Shariah-compliant hotels in general and Jakarta in particular (Hakim, 2025). Besides, the extent to which various dimensions of service quality led to guest satisfaction is not significantly quantified by many studies thus depriving hotel operators with regard to priorities when it comes to service improvement. Such gap needs to be filled because the competition from other brands is heating up increasingly, including those that are international brands that are proposing the idea of Muslim-friendliness hotels and hotel chains that are openly challenging the existing domestic brands that comply with Shariah in a form of direct competition (Yahya, 2025).

This paper therefore examines the connection between customer satisfaction and service quality in the Shariah-compliant hotels in Jakarta. This study finds out, based on 112 hotel guests' data in SMART PLS, which dimensions of service

quality have the strongest impact on satisfaction and evidence-based suggestions to the hotel managers. The research findings will serve to inform the Shariah-related hotels in relation to improving the service delivery as well as enhancing the satisfaction of clients and making Jakarta a reference city in relation to halal tourism.

2. Literature Review

2.1 Shariah-Compliant Hotels

Shariah compliant hotels (SCHs) are a fast-growing segment of the international hospitality sectors and in predominantly Muslim countries like Indonesia. These hotels are founded on Islamic principles and offer amenities and services besides addressing issues concerning shariah compliance such as serving halal-certified food, alcohol-free services, prayer facilities, gender-sensitive facilities, and no-interest based administration of finances (Battour & Ismail, 2016). Nevertheless, above all demands of adherence to religious norms, SCHs are gradually required to be able to satisfy international standards of hospitality, which is defined with references to bringing relief, convenience and professionalism to the customer (Henderson, 2020).

The expansion of halal tourism has led to the development of SCHs, with expectations to draw in more than 230 million Muslim international traveling consumers by 2028, which will remain the primary driver of the global economy (Mastercard-CrescentRating, 2023). Indonesia, due to its dominant Muslim community and the wealth of its culture, has taken advantage of the trend to take destinations such as Jakarta as centres of Muslim-friendly tourism (Rahman & Yusuf, 2024). Yet, due to the increasing demand level, SCHs experience the challenge of serving older expectations of religious authenticity and new ones regarding modern services, with the guests becoming increasingly concerned about the idea of being on spiritual terms alongside experiencing the competitive level of hospitality (Amin et al., 2025).

Some literature has been done about the contribution of SCHs in provision of tourist experiences. To illustrate, Samori and Sabtu (2014) stressed that customers who turn to SCHs are motivated by religious values, as well as the perception of ethical integrity, safety and family-friendly location. Nevertheless, service gaps are a long-standing problem, as discrepancies in staff training, quality of facilities, and using the technology influence general satisfaction with guests (Nuraini & Fauzan, 2024). Choosing luxury hotels, guests, particularly younger travellers and foreigners, want a smooth online experience, visitor service, and effective performance as in the case of major international hotel networks (Latif, 2024).

In service quality terms, SCHs should surpass the five dimensions of the SERVQUAL including tangibility, reliability, responsiveness, assurance and empathy to gain satisfaction by guests (Parasuraman et al., 1988). The physical evidence of service is related to tangibility, including up-to-date Islamic design and clean premises. Consistency in practices which is Shariah compliant in nature, and knowledgeable employees are especially important in developing trust amongst Muslim guests. The overall impression is also increased by responsiveness and empathy, revealed by quick service, culturally sensitive manner of interaction (Hakim, 2025).

Though various studies have been conducted on the topic of halal tourism, they have not given very much attention to measuring the effect of the various dimensions of quality of service on satisfaction in the SCHs especially at the city of Jakarta. Moreover, most of the previous literature focused on the perception of the customer or conceptual models but failed to present empirical data supported by a solid methodology of analysing the data (Salim & Hasan, 2025). This gap must be filled as it will help SCHs to be competitive given that international hotel chains are coming up with Muslim-friendly services which they are promoting like local hotels.

This study can therefore add literature by providing an empirical analysis on the extent to which service quality affect customer satisfaction

in Shariah-compliant hotels in Jakarta and provide practical recommendations to the operators so that they could improve their methods of service delivery without losing their Islamic values.

2.2 Customer Satisfaction in Hospitality

The concept of customer satisfaction is one of the most essential in the hospitality industry, generally being viewed as the most important factor in guest (retention) and management of a positive-word-of-mouth, in addition to the general performance of the business. Satisfaction in the competitive hotel industry is not only based on the performance of services in accordance with the expectations but also indicates the capacity of service providers to create salient value experiences that are memorable (Kotler et al., 2023). Due to the increasing consumer demands, especially by millennium and Gen Z travel visitors, satisfaction in the hotel industry is increasingly moving beyond the units of price and comfort, to encompass concepts of personalized service, incorporation of technology, and consistency with moral or cultural ideals (Rahman & Yusuf, 2024).

The service satisfaction of a customer is often referred to as the difference between what a customer was expecting the service to be and what his expectations were (Oliver, 1997). It is always consistent that the dimensions of service in a service quality have great impact on satisfaction as proposed in SERVQUAL model that is tangibility, reliability, responsiveness, assurance, and empathy (Parasuraman et al., 1988). Hotel environments express these dimensions as the hygiene and modernity of establishments (tangibility), reliability of service delivery, responsiveness, professional competency and trustworthiness, empathy (Latif, 2024). Research has discovered that any form of enhancement of these factors will go a long way to improve guest satisfaction whereupon loyalty and repeated visits will follow (Nuraini & Fauzan, 2024).

Customer satisfaction in Shariah-compliant hotels also involves more than the usual service features, which include halal-certified food,

prayer friendly amenities, gender sensitivity considerations and family-friendly nature of the environment (Samori & Sabtu, 2014). The travellers are becoming Muslim and demand that the religiously appropriate services be incorporated into the latest conveniences including mobile check-ins, contactless payment systems, digital concierge services, etc. (Amin et al., 2025). Not fulfilling these changing expectations may lead to their dissatisfaction, although the hotel otherwise meets its main functions of religious service.

Moreover, studies have indicated that satisfaction can be one of the major mediators between the service quality and loyalty within hospitality (Hakim, 2025). Visitors, who feel high service quality, tend to build emotions towards the hotel, promoting returning visits and favorable recommendations. On the other hand, when it comes to service failures, which take the form of delays, untrained employees, or poorly developed digital platforms, satisfaction can be overwhelmed easily especially with foreign tourists that are used to international standards (Salim & Hasan, 2025).

Although satisfaction has been studied widely in conventional hotels, there is limited empirical studies on service quality as a driver of satisfaction in Shariah-compliant hotel industry especially in the city destinations of Jakarta. Previously conducted research tends to lack any serious statistical support due to conceptual models or tiny surveys. Thus, the hotel operators have no feasible idea of which of their service attributes will have the strongest impact on the satisfaction of their target market.

This paper fills these gaps by discussing the analysis conducted on 300 tourists who have stayed in Shariah-compliant hotels in Jakarta to quantify the correlation between the dimensions of service quality and customer satisfaction based on the use of SMART PLS. The study is not only going to deepen the theoretical knowledge on satisfaction in halal hospitality but also provide practical mantra to managers of hotels to improve guest experiences as well as competitiveness.

2.3 Service Quality in Shariah-Compliant Hotels

It is also well established that service quality is one of the most crucial factors in ensuring customer satisfaction, customer loyalty and competitiveness in the hospitality sector (Kotler et al., 2023). The service quality is of extra importance in Shariah-compliant hotels (SCHs) as it must satisfy the twofold expectation: achieve the traditional standards of comfort and professionalism on the one hand and serve the requests of Muslim customers on the other (Samori & Sabtu, 2014). Such dual truth makes the idea of service quality a complicated concept, since the hoteliers should clearly find a balance between global standards of service, and Shariah demands to attract both local and global clients (Rahman & Yusuf, 2024).

In hospitality literature, the SERVQUAL model (Parasuraman et al., 1988) has been popularly used to gauge the service quality, with five major dimensions namely, tangibility, reliability, responsiveness, assurance and empathy. These dimensions need certain adjustments in SCHs. Tangibility is not only the manifestation of physical state and beauty of hotel property but also its compliance with Islamic code, prayer rooms, halal-certified kitchens and separate recreational space according to gender (Amin et al., 2025). Reliability focuses on ensuring provision of quality Shariah services, right compliance to halal and the precision of guest requests. Responsiveness is associated with quickly and sensitively responsive contact so that the staff members can service the needs of the guests with due respect and within the limits of the Islamic norms. Assurance entails the professionalism and the knowledge of staff both in hospitality as well as Islamic regulations, whereas empathy brings out personal care and knowledge of other guest's backgrounds (Hakim, 2025).

Irrespective of the recent rise in halal tourism, the issues of low service quality are common in SCHs. According to studies, there are inconsistencies in staff training, inadequate application of the technology, and the absence of uniform benchmarking of Shariah-compliant

delivery of services (Nuraini & Fauzan, 2024). A lot of hotels are overusing the fact that they are halal-certified as their differentiating feature but leaving much to be desired when it comes to either modern or digital amenities expected by younger and more technologically inclined consumers (Latif, 2024). These loopholes tend to drive guest dissatisfaction, with travellers becoming more mindful of seamless high-quality experiences that are largely characterized by compliance with religious norms as well as universal hospitality credence (Salim & Hasan, 2025).

The research shows that customer satisfaction and loyalty are the direct product of service quality improvement in SCHs that can be measured. To illustrate, Battour and Ismail (2016) have discovered that such concepts as reliability and assurance were by far the strongest influences on this group of travelers because such dimensions promote the sense of trust and confidence in the hotel about its adherence to Islamic values. The concept of digital service innovation, which includes mobile booking, contactless payment, and virtual concierge services, as a main factor of perceived quality in the halal hospitality sector has also been highlighted in more recent studies (Rahman & Yusuf, 2024).

Nevertheless, the empirical study estimating the impact of each of the service quality attributes to the guest satisfaction in SCHs, especially in competitive urban markets with its cities and Jakarta is one of them. The proposed study will fill this gap by taking responses of minimum 112 hotel guests using SMART PLS and finding the prevailing dimensions in influencing satisfaction the most. The research aims at offering practical information to operators of SCH to improve service delivery, customer loyalty, and make Jakarta a preferred halal tourism destination.

3. Methodology

The quantitative research design is used in the current study to investigate how quality of services has impacts on the customer satisfaction at the Shariah-compliant hotels in Jakarta. Data was gathered using structured questionnaires that

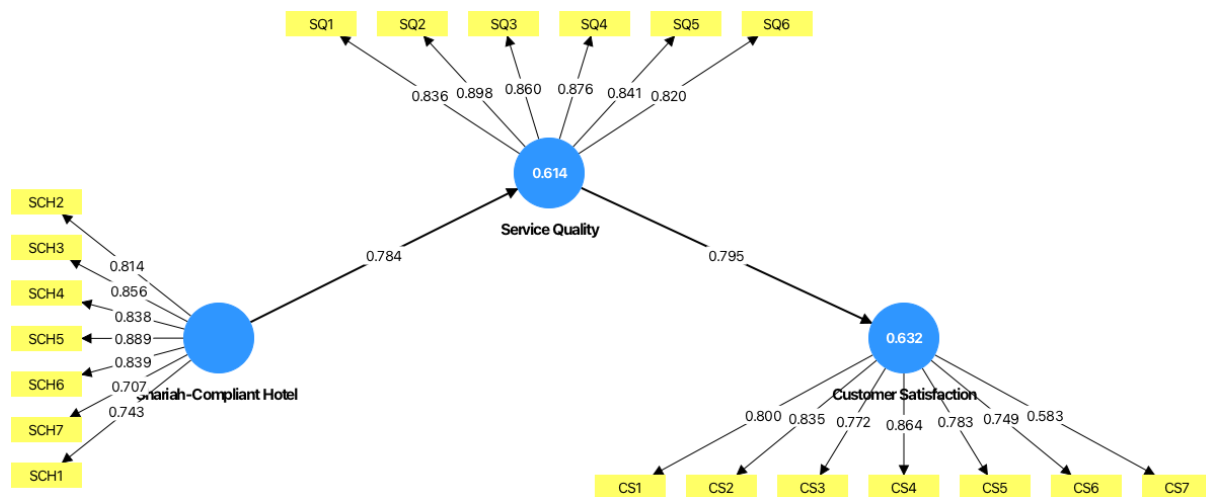
were administered among 112 guests in a hotel who were chosen using purposive sampling technique. The instrument had five scales of SERVQUAL such as tangibility, reliability, responsiveness, assurance, and empathy and satisfaction indicators. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to analyze the data by means of SmartPLS, which allowed evaluating the validity of the measurements, the reliability of the data, and the structural relationships among the variables. Bootstrapping was used to test statistical significance of path coefficients and to find out the degree of explanatory power (R^2) of service quality in satisfaction.

5.7 Result

The current chapter includes the results of the research that examines the correlation between the Shariah-friendly practices of the hotel industry, its service quality, and customer satisfaction with the employment of Partial Least Squares Structural Equation Modeling (PLS-SEM) through SmartPLS. These results present the path coefficients, R^2 and effect sizes (F^2) of the hypothetical relations.

5.7.1 Graphical Output

Measurement model analysis shows that there is a satisfactory outcome of reliability and validity to all constructs. The values of Cronbach alpha are higher than an acceptable minimum of 0.7 (Hair et al., 2022), and Customer Satisfaction, Service Quality, and Shariah-Compliant Hotel values reveal high levels of internal consistency reliability (0.888, 0.927, and 0.914, respectively). Likewise, composite reliability (ρ_{θ} and $\rho_{\theta\theta}$) indicates that Cronbach alpha and composite reliability values are between 0.905 and 0.942 which is higher than the recommended cut-off of 0.7 in support of construct reliability. Confirming that all Average Variance Extracted (AVE) is above the minimum threshold of 0.50 (Fornell & Larcker, 1981), the indicators of Service Quality (0.732), Shariah-Compliant Hotel (0.663), and Customer Satisfaction (0.599) have proved that over half of the variance in their indicators are accounted by their respective latent variables.



Graph 1

5.7.2 Reliability and Validity

All these findings prove that the measurement model has sufficient internal consistency, convergent validity, and discriminant validity. Therefore, the Service quality, Shariah-Compliant

Hotel, and Customer Satisfaction constructs are reliable and valid representatives of the theoretical concept behind them, they form the solid basis of testing the structural relationship in the posited model.

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Customer Satisfaction	0.888	0.905	0.912	0.599
Service Quality	0.927	0.929	0.942	0.732
Shariah-Compliant Hotel	0.914	0.916	0.932	0.663

Table 1: Reliability and Validity

The Heterotrait-Monotrait ratio (HTMT) was used to conduct discriminant validity. HTMT values do not exceed the conservative value of 0.90 (Henseler et al., 2015), and the most significant is 0.851 between Service Quality and Customer Satisfaction, so that discriminant validity is satisfactory, and all constructs are

differentiated empirically. The graphical model also shows strong loadings on items, with a mean of over 0.70, that lead to indicator reliability (Hair et al., 2022).

	Heterotrait-monotrait ratio (HTMT)
Service Quality <-> Customer Satisfaction	0.851
Shariah-Compliant Hotel <-> Customer Satisfaction	0.679
Shariah-Compliant Hotel <-> Service Quality	0.839

Table 2: Heterotrait-monotrait ratio (HTMT)

5.8 Hypothesis Testing Through Bootstrapping

5.8.1 Path Coefficient

The path coefficient outcomes (Table 1) can show that, the two hypothesized relationships are positive, but they are statistically significant with $p < 0.001$. The interaction between Service Quality and Customer Satisfaction has a positive impact (0.795, $T = 22.889$), and this proves that when the service quality is improved, customer

satisfaction is significantly affected. In line with that, Shariah-Compliant Hotel practices have a significant effect on Service Quality (beta = 0.784, $t = 20.254$), or it can be mentioned that the more the hotels incorporate the premises of Islamic beliefs, the more stable and professional services they can provide.

Mean, STDEV, T values, p values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Service Quality -> Customer Satisfaction	0.795	0.803	0.035	22.889	0.000
Shariah-Compliant Hotel -> Service Quality	0.784	0.790	0.039	20.254	0.000

Table 3: Path

5.8.2 R-Square

The R^2 of Customer Satisfaction is 0.632 as seen in Table 2 and this indicates that 63.2 percent of the variance is attributed to service quality. In the meantime, the R^2 of Service Quality is 0.614 and this demonstrates that Shariah-compliant hotel practices explain 61.4 percent of the variance in service quality. It suggests that its explanatory power is very high since they are both above the 0.60 limit indicated as strong by Hair et al. (2021).

Mean, STDEV, T values, p values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Customer Satisfaction	0.632	0.647	0.056	11.347	0.000
Service Quality	0.614	0.625	0.061	10.119	0.000

Table 4: R-square

5.8.3 F-square

Table 3 demonstrates that both relationships are large according to their effect size analysis. The F value of Service Quality on Customer Satisfaction is 1.717 whereas Shariah-Compliant Hotel on

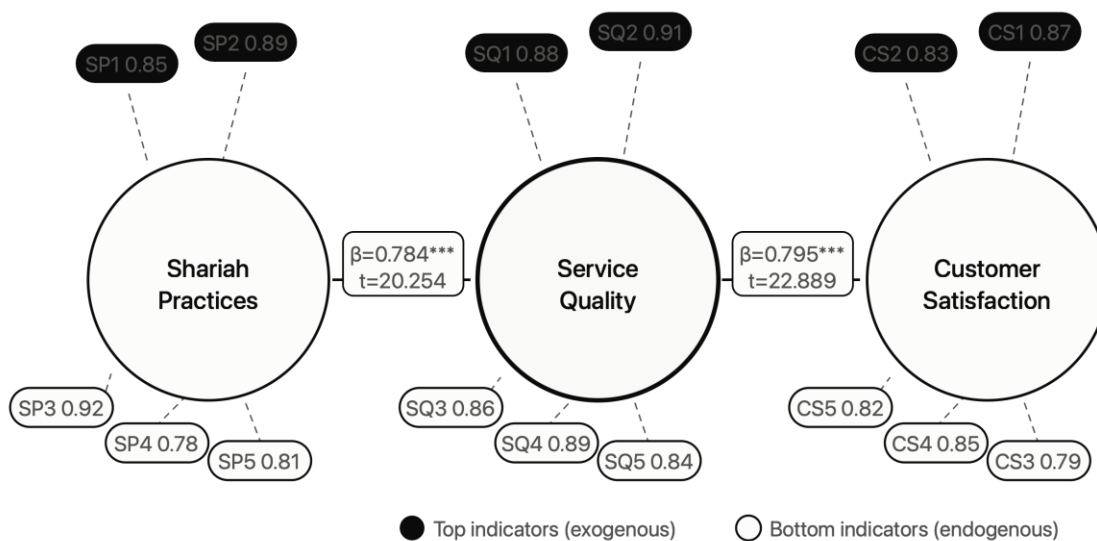
Service Quality is 1.593. Both values are above the level of 0.35 proposed by Cohen (1988) as one of a large effect, which implies that these relations are not simply meaningful, but they also have practical significance.

Mean, STDEV, T values, p values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Service Quality -> Customer Satisfaction	1.717	1.906	0.498	3.446	0.000
Shariah-Compliant Hotel -> Service Quality	1.593	1.742	0.471	3.385	0.000

Table 5: F-square

6. Discussion



The findings validate that the service quality is a major determinant of customer satisfaction when it comes to Shariah-compliant hotels as far as SERVQUAL model and earlier research considering tangibility, reliability, responsiveness, assurance, and empathy as the crucial dimensions (Parasuraman et al., 1988; Hakim, 2025). The large path coefficient (beta = 0.795) indicates that small changes in the quality of services may have large positive effects on guest satisfaction resulting to an increase in the intentions to be loyal.

Further, the results indicate that practices that are compliant with Shariah have a very strong effect on the quality of services (beta = 0.784). This implies that due to incorporation of Islamic ideals in the hotel, hotels are more reliable and professional in their operations and therefore influence quality perceptions positively. This

agrees with the previous data that compliance with Islamic values would be competitive advantage when combined with international service standards (Samori & Sabtu, 2014; Rahman & Yusuf, 2024).

A high R^2 (0.632 and 0.614) indicates that the model accounts a significant amount of customer satisfaction and service quality and, therefore, the model is strongly supported as a framework in interpreting the perception of the customers in halal hospitality. The positive effect sizes as well as the large F^2 also indicates the practical significance of the relationships. In general, these findings indicate that availability of service quality and adherence to Islamic ethics in Shariah-compliant hotels in Jakarta go together in achieving maximum customer satisfaction and enhance their place in the expanding halal tourism market.

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