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# IMPACT OF SERVICE QUALITY ON SATISFACTION AND LOYALTY OF TOURISTS IN RURAL TOURISM OF ŠUMADIJA AND WESTERN SERBIA

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## ARTICLE INFO

Original Article

Received: 06 March 2020

Accepted: 19 November 2020

doi:10.5937/ekoPolj2004071P

UDC 338.518:338.48-44(1-22)  
(497.11 Šumadija)

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### Keywords:

*rural tourism, quality, satisfaction, loyalty, Šumadija and Western Serbia*

**JEL:** Z32, Z33, M31

## ABSTRACT

The issue of rural tourism service quality does not retain a sufficiently important place in the existing domestic and foreign literature. The purpose of this research in service quality, which is an important initiator of tourist satisfaction and loyalty in rural tourism. The survey was conducted at the beginning of 2020 using a questionnaire-based survey method to 299 respondents. With the purpose of checking the impact of the service quality on the satisfaction and loyalty of tourists in rural tourism of Šumadija and Western Serbia, an analysis was performed using SEM - Structural Equation Modeling. The survey results point there is a direct correlation between service quality and satisfaction, and as well between loyalty and satisfaction. Between service quality and loyalty there is not a direct link, but there is a large indirect effect by satisfaction. The implications of this research, limitations and future research recommendations for are outlined.

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## Introduction

For a long time, tourism has been defined as economic catalyst for rural-economic development and renewal of rural areas (Sharpley, 2002). Each local rural community or wider rural area has certain characteristics that make it more or less capable of adapting to the constantly changing social conditions. Local potentials for the development of rural tourism is directly determined by social vitality, which also determines the contribution of rural tourism to the development of local community. Recognizing

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that rural space is much more than a place where agricultural production takes place, rural tourism is gaining new impetus (Irz et al., 2001). Rural tourism, as a significant segment of multifunctional agriculture, refers the fastest rural economy diversification, in particular by emphasizing the output of agri-food products in tourists quality nutrition (Cvijanovic & Mihailovic, 2016).

In last few years, rural tourism has been increasing owing to improved demand in the tourism market and measures implemented by countries to develop rural areas (Novakovic & Peric, 2018). Rural tourism is a key in the sustainable development of rural environments. Rural tourism has ability to create stable employment and the stability of tourist activity condition an acceptable level of profits (Martinez et al., 2019). It is a repercussion of the increasing urban population needs for recreational use of different, rural environment (Gašić, 2016). According to unofficial data and some estimates, about 25% of tourists in the world annually are keen for rural tourism (UNWTO, 2011; Radović, 2013). In the future this trend will continue, the research carried out by the World Tourism Organization (Gašić et al., 2014) supports this.

The regions of Šumadija and Western Serbia have great potential for rural tourism development. The region of Šumadija and Western Serbia is the largest in terms of surface area. Also, that is the most visited region in Serbia. Quality has become one of the most consequential elements in the business of rural tourism households (Gašić et al., 2015b), and thus has attracted our attention for research, bearing in mind that research of rural tourism quality is rare (Loureiro & González, 2008). This paper examines the impact of service quality on the satisfaction and loyalty of tourists in the rural tourism of Šumadija and Western Serbia.

### **Literature review**

Rural tourism, as the broadest term, includes all types of tourism and services that take place in rural environments (Roberts & Hall, 2008). Rural space is considered to be areas in which the present or recent past has been dominated by land use, most often through agriculture, dominated by small settlements with a strong connection between built and natural environment and which nurture a lifestyle built on the basis of environmental maintenance (Cizler, 2013). Rural tourism encompasses all types of tourism in rural spaces (Demonja & Ružić, 2010). Rural tourism represents tourism that happens in the countryside (Lane, 1994). Rural tourism includes a wide range of activities, services and additional facilities to attract tourists in order to generate additional income (Milićević et al., 2015).

Rural areas are coming into the spotlight now (Milićević et al., 2015). Growth of rural areas is an essence for valoriation of sector of agriculture (Perić et al., 2020). In all developed countries rural tourism has potential for growing (Loureiro & González, 2008; Lee & Kim, 2009; Koster & Lemelin, 2009; Chuang, 2010). In order to revitalize the villages, inculcate money and offer different experience, rural and eco-tourism appeared (Blažević et al., 2018). For rural areas that have been or are still economically

underdeveloped, tourism plays an consequential part in evolvent (Podovac et al., 2019; Jurdana & Frleta, 2012). Consequently, the rural tourism development meliorate activity of the population of rural sector and economic position (Mandarić et al., 2017).

Rural tourism is often considered a good option for rural development and poverty reduction (Xue & Kerstetter, 2019). A sufficiently solid basis are households, the conservation, natural resources and their attractiveness and richness (Gašić et al., 2015a; Pavlović, 2016; Novaković & Perić, 2018). Even so, rural tourism has not been amply developing the opportunities it has. According to statistical data, the region of Šumadija and western Serbia is one of the five largest regions in terms of population and area, and that is the most frequented by tourists and generates 17.18% of arrivals and 42.1% of overnights in terms of total tourist traffic in the Republic of Serbia (Statistical Yearbook, 2019). Rural tourism has been considered as a means of achieving economic and social development and regeneration that can benefit to local people (Fang, 2020).

In Serbia rural tourism is associated with rural environments that represent the basic receptive areas of rural tourism, while the main emitting areas of rural tourism are precisely large urban agglomerations and highly urbanized environments. Through rural tourism of Serbia, quality products and services of various activities are presented (catering, rural, food processing, entrepreneurial, cultural-artistic, sports-recreational offer) (Simonović & Ćurčić, 2020). Rural tourism of the Republic of Serbia relies primarily on domestic demand from urban areas, so that its more intensive development could contribute to the transfer of income from economically developed urban regions to underdeveloped rural areas. Thus, tourism would contribute to faster economic development of rural areas, which would reduce the existing gap in the development of rural and urban areas (Vuković, 2017). The development of rural tourism is based on enriching the supply of family rural households, primarily through the establishment of local and regional human-created attractions such as wine cellars, recreational facilities, viewpoints, theme parks and the like. Priority is given to thematizing supply by grouping rural households according to different topics (family, organic farming, riding programs, cyclotourism) (Dašić et al., 2020).

The delivery of high quality services to customers is recognized as a essence factor who has an effect on the company performance (Vujić et al., 2019). Consumer satisfaction, loyalty and service quality and their connection are among the most popular topics for researchers (Zabkar et al., 2010), while rare research has been applied in rural tourism (Loureiro & González, 2008). Tourism as a service industry requires an understanding of the needs, attitudes, expectations and preferences of service users (Topalović & Marinković, 2020). Rural tourist destinations are increasingly dependent on quality. Quality has become the most important element of rural tourist households (Gašić et al., 2015b). Service quality in rural tourism is created by the processes of service delivery (friendliness, courtesy, efficiency, reliability, staff competence) and outcomes of services (accommodation, food, leisure facilities) (Žabkar et al., 2010). Service quality in rural tourism is conceived as evaluation of performance (Su et al., 2016).

It is not easy to define and determine service quality, unlike product quality, primarily because of features such as intangibility, heterogeneity, inseparability, and sustainability (Lee et al., 2011). Service quality has two dimension (technical and functional quality), and Grönroos (1984) was the first to define them. The difference between consumer expectations and the perception of service delivered is a service quality (Parasuraman et al., 1985). Those authors have envolved a as SERVQUAL (service quality measurement model), within which they identified five dimensions of service quality: tangibility, reliability, accountability, safety and empathy (Parasuraman et al., 1988). The SERVQUAL model makes it possible to crossbreed consumers' perceptions with their expectations and thus to distinguish between the expected and the delivered service. Cronin and Taylor were criticized SERVQUAL model (1992, 1994), so they developed the SERVPERF model. Those authors did not attach significance to expectations. Accordingly, Lourerio (2006) developed a RURALQUAL model. This model is used in measurement of service quality in rural tourism, and it identifies six dimensions of rural tourism service quality: complementary benefits, core benefits, professionalism, reservation rural and cultural environment and tangibility (Loureiro & Kastenholz, 2011; Loureiro 2012). By this model service quality is a multidimensional construct (Maestro et al., 2007; Grubor & Milićević, 2019).

Satisfaction of toursits can be understood as an assessment of the customer experience of the services offered, wherein for the satisfaction of tourists it is necessary that the service be rated at least as expectedly good (Singh, 1991). When the customer uses the service and liken the experience with the expected one, customer obtain satisfaction/dissatisfaction as a result (Heung & Cheng, 2000). Consumer satisfaction is a replication that can be emotional or cognitive, with a exacting focus, and associated with a particular moment (before and after consuming the service) (Giese & Cote, 2000). Thus, in tourism, tourists' satisfaction rely on their experience and their observation of provided service quality (Perić et al., 2018).

Loyalty is the prospect that consumers will use a certain type of brand in the coming period, regardless of the market opportunities and efforts of competitors offering the same or similar products and services (Veljković & Djordjevic, 2010). According to Pike (2009), the highest level of loyalty to a destination is manifested by the plan of tourists to see destination, stay in destination, come again, as well as making recommendations to their friends to visit the destination. Image and quality of destination are an essential element for the loyalty and repetition of tourists' visits to the destination, as confirmed by numerous previous studies (Hosany et al., 2006; Chen & Tsai, 2007; Bigovic, 2016).

### **Research Hypotheses and Model Construction**

Chen and Tsai (2007) state that quality, as an assessment of a standard related to the process of consumption or consumption of services, and in relation to experience gained, is recognized as a predictor of satisfaction. Numerous previous studies confirm this link (Bigovic, 2016; Zabkar et al., 2010; Hi & Song, 2009; Hu et al., 2009; Nowacki, 2009; Loureiro & González, 2008) and it is possible to find that perceived quality has a

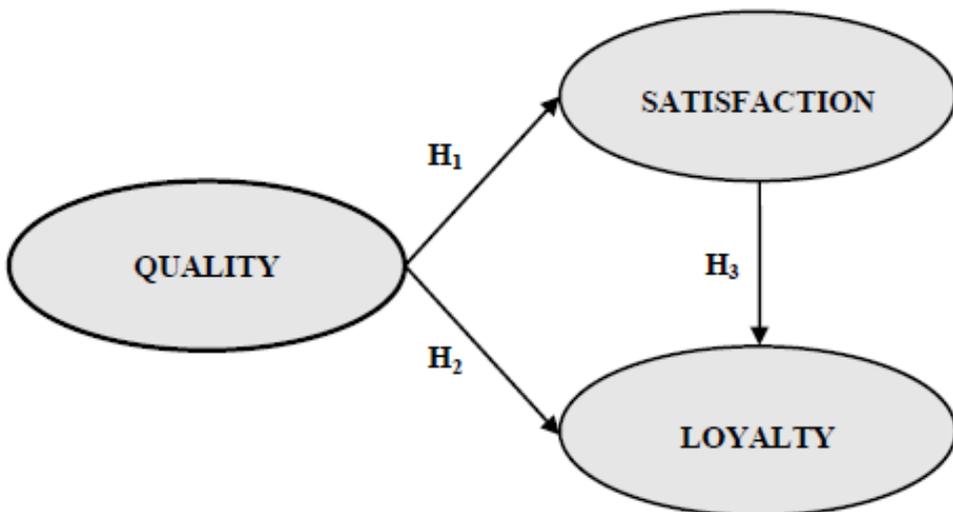
positive impact on tourists' satisfaction. Accordingly, the first hypothesis is formulated:  $H_1$  Rural tourism service quality has a positive impact on tourists' satisfaction.

It has been theoretically observed and empirically ratified that service quality has a positive impact on loyalty, which is manifested through repurchase, that is, with the intention of conducting positive word-of-mouth propaganda (Chi et al., 2020; Bigović, 2016; Casidy, 2014; Žabkar et al., 2010; Hi & Song, 2009; Loureiro & González, 2008; Hennessey et al., 2007; Tsiotsou, 2006; Petrick, 2004). Consequently, we formulate a second hypothesis, which reads:  $H_2$  Rural tourism service quality has a positive impact on tourists' loyalty.

Satisfaction is the overall emotional response of varying intensity and limited duration and represents the level of overall satisfaction that results in satisfying desires, expectations and needs (Chen & Tsai, 2007; Giese & Cote, 2000). Wang and Hsu (2010) state that it is generally accepted that loyalty is directly conditioned by satisfaction as confirmed by numerous previous studies (Bigović, 2016; Chen & Kao, 2010; Žabkar et al., 2010; Loureiro & González, 2008; Chen & Tsai, 2007; Kozak & Beaman, 2006). In accordance with the above, we formulate a hypothesis that reads:  $H_3$  Satisfaction significantly affects the loyalty of tourists in rural tourism.

The relevant theoretical and empirical research concepts were base for research model (Figure 1) that illustrates the relationship among quality, satisfaction and loyalty of tourists in rural tourism in Šumadija and Western Serbia.

**Figure 1.** Research model



*Source:* Constructed from a literature review

## Methodology

### *Sample and Data Collection*

Primary data were collected with a questionnaire-based survey method. The survey was conducted at the beginning of 2020, which was distributed via the social networks Facebook and Twitter, as well as on the official profile of the Western Serbia Tourism Organization, using the non-probability sampling method, i.e. the convenience sample. The sample has 299 respondents. According to the sample male are most of the respondents (169 respondents). When it comes to education, the respondents are generally highly educated, given that the majority of respondents (43.5%) belong to the category of college and university education. Postgraduate studies have 30.8% of respondents, 24.1% secondary school and 1.7% primary school. About half of the respondents 42.1% are between 25 and 44 years old. The largest number of respondents are from the Belgrade region (36.5%), 28% from regions of South and East Serbia and 26.8% from Vojvodina. The smallest number of respondents came from the Šumadija region and Western Serbia (6%) and 2.7% are from a foreign country.

### *Variables and Measurement*

The RURALQUAL model is developed by Lourerio (2006). This model was used to measure the perceived rural tourism service quality. Evaluation of service quality is based on the observation of the service actually provided or experienced (Kang, 2006). Respondents rated perceived service quality based on 22 questions (see appendix 1). 4 questions were used to measure tourists' satisfaction (Loureiro & González, 2008), while tourists' loyalty was measured through 3 questions (Kim & Lee, 2018; Pan et al., 2017) (see appendix 1). Responses were measured using a five-point Likert scale (from strongly disagree to strongly agree). SEM analysis was used to test the link between service quality, satisfaction and loyalty of tourists in rural tourism of Šumadija and Western Serbia and to test the hypotheses. Cronbach's alpha values range from 0 to 1, with values greater than 0.7 being considered to indicate adequate reliability. The results presented in the table below show good reliability and very good reliability.

**Table 1.** Cronbach's alpha analysis

Latent variables	$\alpha$
Quality	0.938
Satisfaction	0.941
Loyalty	0.883

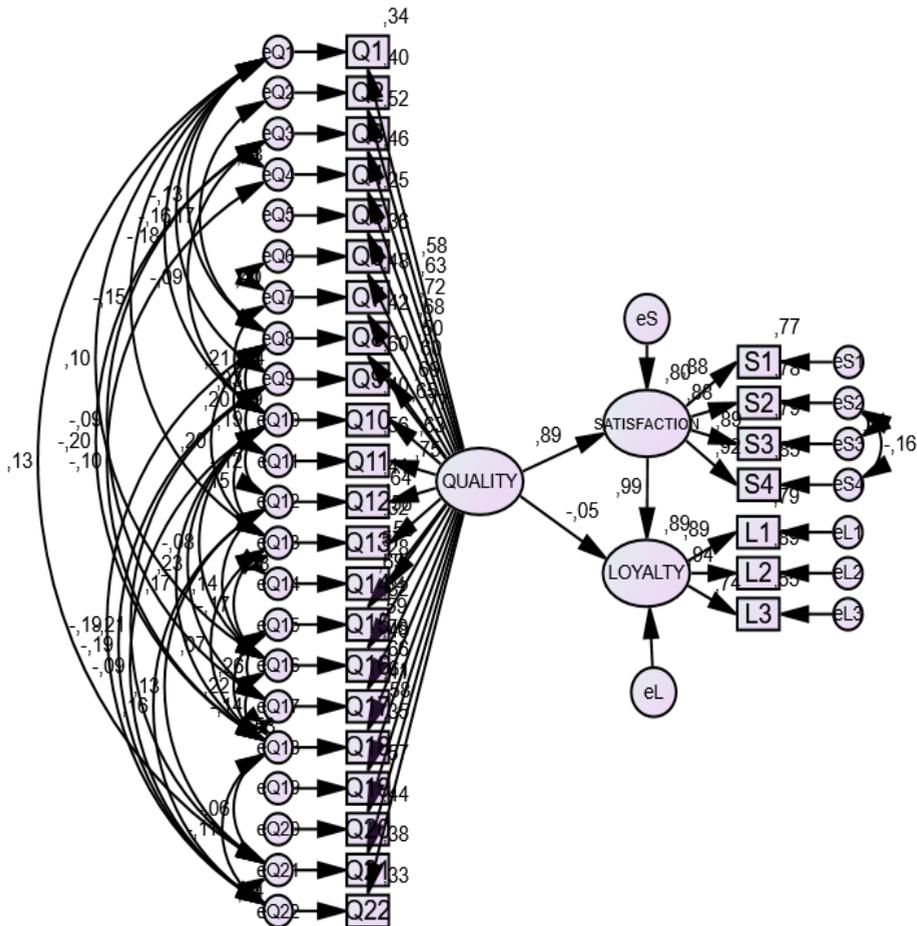
Source: Calculation based on SPSS 21.0.

## Results and discussions

### Model specification

The input to the analysis were original data, and for the evaluation of the model parameters was used AMOS v.21. The initial model showed poor performance, so its specification was performed. On this occasion, particular care was taken not to change the theoretical assumptions, but only to obtain better model measures. No new latent variables were added nor were the relationships among them that were theoretically based deleted on model respecification, on the contrary, the model suggested parameters based on the values of the modification indicator and the matrix. The final model is demonstratived in the following figure.

Figure 2. Final research model with results



Source: Constructed based on AMOS v.21

*Model estimation*

The model measures were evaluated based on the  $\chi^2$  test and the RMSEA indicator and its 90% confidence interval, CMIN / df and CFI. A model is acceptable if the values of these indicators are within the following limits (Brown, 2015; Kline, 2016):  $\chi^2$  - should be insignificant, ie.  $p > 0.05$  RMSEA  $\leq 0.08$ ; 90% CI RMSEA  $\leq 0.08$ ; CMIN / DF between 1 and 3; CFI ( $\geq 0.90$ ). The following indicator values were obtained:  $\chi^2$  (483) = 587.67;  $p = 0.00$ ; RMSEA = 0.051; LO 90 = 0.044; HI 90 = 0.058; CMIN / DF = 1.78; CFI = 0.957. From the obtained values it can be seen that the general indicator  $\chi^2$  is statistically significant, which indicates that the model does not fit. However, with such a large number of degrees of freedom,  $\chi^2$  is not reliable, so it is better to rely on other indicators. The RMSEA indicator is below the limit indicating an excellent model (0.06). The same applies to the confidence interval of this indicator, which is completely below the critical value of 0.08. The CMIN / DF indicator is within the boundaries that indicate a good model and the CFI is above the lower limit of model acceptance. This means that the model fits the population reasonably well. There are no locally problematic sites in the model after respecification (Figure 2). It can be stated that the model reproduces well the original variance/covariance matrix and is acceptable. The following table shows the percentage of explained variance of indicators and statistical significance.

**Table 2.** Structural model loadings

Variables	Loadings	S.E.	low 95%	high 95%	t-Value	p
<i>Quality</i>						
Q1	0.59	0.10	0.39	0.78	9.416	***
Q2	0.63	0.13	0.38	0.89	9.311	***
Q3	0.72	0.12	0.50	0.95	10.393	***
Q4	0.68	0.14	0.41	0.94	9.861	***
Q5	0.50	0.13	0.24	0.76	7.702	***
Q6	0.60	0.14	0.33	0.86	8.909	***
Q7	0.69	0.15	0.40	0.99	10.022	***
Q8	0.65	0.14	0.37	0.93	9.458	***
Q9	0.77	0.16	0.47	1.08	9.92	***
Q10	0.63	0.16	0.32	0.94	9.171	***
Q11	0.75	0.13	0.49	1.01	10.581	***
Q12	0.64	0.12	0.41	0.87	10.107	***
Q13	0.56	0.16	0.25	0.88	8.455	***
Q14	0.53	0.14	0.26	0.80	8.059	***
Q15	0.57	0.14	0.30	0.84	8.611	***
Q16	0.69	0.12	0.46	0.93	10.059	***
Q17	0.64	0.15	0.34	0.94	9.37	***
Q18	0.59	0.16	0.29	0.89	8.537	***
Q19	0.76	0.15	0.47	1.04	10.744	***
Q20	0.67	0.13	0.40	0.93	9.744	***
Q21	0.61					***
Q22	0.74	0.09	0.39	0.76	10.646	***
<i>Satisfaction</i>						

Variables	Loadings	S.E.	low 95%	high 95%	t-Value	p
S1	0.88					***
S2	0.89	0.05	0.78	0.99	21.642	***
S3	0.89	0.05	0.79	0.99	22.235	***
S4	0.92	0.05	0.83	1.01	23.771	***
<b>Loyalty</b>						
L1	0.89					***
L2	0.94	0.04	0.86	1.02	25.916	***
L3	0.74	0.06	0.62	0.86	16.131	***

Source: Calculation based on Amos v.21

The previous table shows that all indicators are statistically significant (\*\*\*)  $p < .001$ . The existence of a method effect on identifiers affected by the latent quality variable was identified. This effect is small, so it has not been further explored.

The following table shows the results of testing the hypotheses, i.e. the significance of the path.

**Table 3.** Hypothesis testing results

Hypothesized path (from → to)	Standardized path coefficients	t-Value	Hypothesis test
H <sub>1</sub> : Quality → Satisfaction	0.893	11,141	Supported
H <sub>2</sub> : Quality → Loyalty	-0.050	-0,571	Not Supported
H <sub>3</sub> : Satisfaction → Loyalty	0.987	10,294	Supported

Source: Calculation based on Amos v.21

Based on the obtained results, hypotheses H1 and H3 are accepted, while hypothesis H2 cannot be accepted. The results shows that the Quality → Loyalty path is not statistically significant, while the other paths are. This result coincides with similar research in the field of rural tourism (Su & Fan, 2011; Loureiro & González, 2008). An additional analysis was made by removing the path from satisfaction to loyalty in the model. In this case, the direct effect of the quality of services on the loyalty of tourists in rural tourism of Sumadija and Western Serbia has been identified ( $\beta = 0.899$ ;  $p < 0.001$ ), which means that satisfaction is a mediating variable between quality and loyalty. The direct impact of quality on tourist satisfaction is relatively strong, statistically significant (0.893) and this is moving in a theoretically determined direction, while the link among tourists' satisfaction and their loyalty is very strong and statistically significant (0.893), that is moving in the direction hypothetically presented. The results obtained are in agreement with similar research in this area (Rajaratnam et al., 2014; Osman & Sentosa, 2013; Loureiro & González, 2008).

## Conclusion

In recent years, rural tourism has recorded a constant rate of increase in tourist demand and has influenced the development of rural areas through their conservation, stopping the displacement of people from rural areas, creating opportunities to generate income from tourism services and strengthening local agriculture.

Rural tourism destinations are increasingly dependent on quality. Service quality is vital element of rural tourism households, given that quality as an assessment of standards related to the process of consuming services, and in relation to experience gained, is a significant predictor of satisfaction that further leads to loyalty.

This research investigates the effect of service quality on tourists' satisfaction and loyalty in rural tourism of Šumadija and Western Serbia. Based on the results obtained, the conclusion is that there is a direct influence of service quality on satisfaction, as well as the influence of satisfaction on the loyalty of tourists in rural tourism of Šumadija and Western Serbia. However, research findings did not confirm the direct effect of service quality on loyalty, with quality indirectly affecting guest loyalty through satisfaction. Accordingly, it can be concluded that there is mediation, that is, satisfaction is a mediating variable in the link among the service quality and the tourists' loyalty.

As the quality of services directly affects the tourists' satisfaction and indirectly their loyalty, measuring the service quality in rural tourism of Šumadija and Western Serbia and its continuous improvement are important for the business of rural lodging.

The survey conducted may also have implications for other rural tourism destinations, given that the RURALQUAL model developed by Lourerio (2006) was used to measure service quality, which can assist rural lodging as well as destination management in receiving feedback of provided service quality, in order to introduce an appropriate strategy for improving service quality, and as a consequence tourists will be satisfied with the quality of the service, which further leads to loyalty and profitability.

This research identifies certain limitations that offer the basis for some future research. For future research, the proposed model can be prolonged to other latent variables, such as image, which is an essential element for satisfaction and loyalty of tourists. Also, can be researched the impact of demographic characteristics (domestic and foreign tourists), on the link between service quality, satisfaction and loyalty of tourists.

### **Conflict of interests**

The authors declare no conflict of interest.

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### Appendix 1 Measurement items of quality, satisfaction and loyalty

Q1	The rural households food is well presented and tasteful.
Q2	The rural households employees have a clean and tidy appearance.
Q3	The clients are treated warmly and kindly.
Q4	A personalized care is provided to each guest.
Q5	The arrival schedules are determined, but they are quite flexible.
Q6	The reservations of rooms are easily performed.
Q7	The reservations are confirmed on the easiest way for guest, other informations of interest are sent also.
Q8	The rural households facilities are in good condition.
Q9	The rural households facilities and rooms have cozy furniture.
Q10	The rural household is well acclimated.
Q11	The rural household facilities and rooms are clean.
Q12	The decoration materials and objects are from local tradition.
Q13	The rural household access is easy.
Q14	The household offers easy parking.
Q15	The guests are included in rural life of region.
Q16	The typical region gastronomy is included on household menu.
Q17	The access to cultural, recreation, and/or sport activities is enabled.
Q18	Fairs, special parties and other aspects of cultural interest exist in the region enviroment.
Q19	The household employees know the job they are doing.
Q20	The household architecture has a style of a region.
Q21	The place where household is located has a beautiful natural prettiness.
Q22	The household is located in a peaceful place.
S1	I am satisfied with my stay in the rural household.
S2	The rural household provided the service I looked for.
S3	I am pleased with the services delivered by the rural household.
S4	In general, my experience is very positive.
L1	I will visit this rural household again.
L2	I will be happy to recommend this rural household to relatives and friends..
L3	I will visit this rural household in case of increased service prices.

Source: Kim & Lee, 2018; Pan et al., 2017; Loureiro & González, 2008.