



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF SERVICE QUALITY ON CUSTOMER  
SATISFACTION  
(IN SELECTED FOUR STAR HOTELS IN ADDIS ABABA)**

**BY  
LEWI KELBESSA**

**MAY 2018  
ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF  
GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR THE MASTER OF ART DEGREE OF IN MARKETING MANAGEMENT**

**MAY 2018  
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**APPROVED BY BOARD OF EXAMINERS**

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## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, school of graduate studies for examination with my approval as a university advisor.

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Advisor

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Signature & Date

## Declaration

I, Lewi Kelbessa declare that this research work entitled as “The effect of service quality on customer satisfaction”, is the outcome of my own effort under the consultancy of Pro. Mulugeta G/medihenandstudy and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted on the past in partial or as a whole to any type of academic award for any institution. It is offered for the partial fulfillment of the degree of MA in Marketing Management.

By: Lewi Kelbessa

Signature \_\_\_\_\_

Date \_\_\_\_\_

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Last but not list, thank you for being my real friends' weather on harsh or relaxing times you are the same,I owe you guys for your unconditional supports in all progress for this past two years (GROUP SIX)you are the best!

Lately, I really thank for the operation and duty mangers of the selected hotels helped me throughthe questioner progress and their time by the means of a source to conduct my thesis.

May 2018

## **Acronyms**

LQI: Loading Quality Index

SOP: Standard Operational Procedure

ANOVA: Analysis of Variance

SPSS: Statistical Package for Social Science.

CS: Customer Satisfaction

SQ: Service Quality

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## ***Abstract***

*The Tourism and hospitality industry investment is rapidly increasing in Ethiopia. A reflection is the establishment of many modern Hotels, Lodges, Resorts, Safaris and other recreational spots had grown on vast amount in the capital of Addis Ababa, Ethiopia. Pursuing this progress the number of tourists, business colleagues and different international customers' traveling to Ethiopia. The effect of hotel service quality on customer satisfaction needs to examine. The main objective of this research is to examine the effect of service quality and customer satisfaction of four star hotels in Addis Ababa. To achieve this objective, descriptive study design were used to analyze the data collected through questionnaire from a sample of 384 hotel guests. These respondents were selected using Convenience sampling method and hotels were selected purposively. The data collected through a questionnaire were analyzed using statistical tools such as mean, standard deviation, correlation and regression analysis by applying a modified version of the LQI (LODGING QUALITY INDEX) model. The major finding of the study indicates that the hotel guests' were not satisfied on the provided service by four star hotels in Addis Ababa. Based on the findings of the study, the researcher recommended that the owners and to level managements like operation and human resource managers are advised to implement and apply the standard operation procedures {SOP} guide lines to improve the quality service to be provided by the hotel. So the operation and human resource managers should give attention on the SOP guideline by giving training and giving the guidelines to the employees, because employees are the first contact personnel with the customer to provide a service so the top level managers should emphasize on the guidelines weather applied or not because it's a blue print for providing a quality service and a means of giving customer satisfaction. In addition, the top level managers are recommended to provide continuous training to the employees on major keys like Responsiveness, Reliable, Confidence and communication skills while dealing with customers is of immense importance.*

***Key words:*** *Service quality, Service quality dimension, Customer Satisfaction, lodging quality index.*

## **CHAPTER ONE**

### **INTRODUCTION**

This chapter contains the background of the study, background of the organization, Statement of the problem, research questions, objective of the study, hypothesis, definition of terms, significance of the study, delimitation/scope of the study and organization of the paper.

#### **1.1 Background of the Study**

The concept of service quality has been the subject of many research studies in variety of service industries; even the research attention towards hospitality industry has been growing. This concept has been the subject of many conceptual and empirical studies, and it is generally accepted that quality has positive implications for an organization's performance and competitive position.

Service Quality has multiple perspectives and has been defined differently under different conditions. Evans (2000) states that some of the best-known proponents of the importance of quality are Deming (1950). Crosby (1970s), Feigenbaum (1961), Kaom Ishikawa (1962), and Juran (1951). These researchers provided definitions of quality based on different attributes such as "Value", "Excellence" and "Conformance to specifications".

Evans and Lindsay (2004) provide a more comprehensive customer-based definition of quality that is "Quality is meeting or exceeding customer expectations". This definition is quite popular today and based on the phenomenon that customers are the ultimate judge of quality, and no other patrons are involved in determining quality. Customers' perceptions and expectations were acknowledged to be important in defining quality. In order to provide higher quality services users' perceptions should be higher than expectations. However, if perceptions are quite lower than expectations low quality services will be there.

Customers became very vital in business during the marketing era of the 1950s when companies could produce what they can sell and not just selling. What are the qualities of these services provided to customers? Are the customers satisfied with these services? Thus, this research originated from the fact that customer/consumer is the key to business. In fact, their satisfaction is the most important tool that helps to increase sales and generate profits in the business environment. Moreover, the importance of service quality and customer satisfaction has been proven relevant to help improve the overall performance of organizations (Julander, 1996).

Globally, customers in the hospitality industry are increasingly becoming more sophisticated and demanding (Sharp, 2001). In such an environment the quality of service has become vital (Qu, Ryan, & Chu, 2000). Perry (2003) suggests that facilities and services look increasingly alike and delivery often falls short of the published star ratings. This complicates the problem of competition since competitive advantage may no longer be achieved by product differentiation. The hospitality industry is a multi-billion dollar industry that mostly depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or even an amusement park consists of multiple groups such as facility maintenance, accounting, procurement, direct operations (such as servers, housekeepers, porters, kitchen workers and bartenders), management, marketing, and human resources (Research Emphasis). The hospitality industry covers a wide range of organizations offering food service and accommodation. Hospitality outlets supplying food and drink range in size from self-employed street vendors to multi-international restaurant chains, like McDonalds. The industry includes hotels, motels, hospitals, nursing homes, prisons, camping sites, restaurants, cafes, take-away shops, public houses, bars, clubs, canteens, coffee shops/bars, sandwich bars and contractors. In fact, included within the definition is any establishment serving food to customers for immediate consumption, normally away from home, as either a commercial or non-commercial venture (Oliver, 1981)

According to Sheela 1983, the author of the book “Economics of Hotel Management”, hotel is the place where the tourist stops being the traveler and become a guest. Hotels usually offer a full range of accommodations and services, which may include suites, public dining, banquet facilities, lounges and entertainment facilities. It is considered as an industry whose main aim is also to make profits for the hoteliers, though this may change at times.

According to Ethiopian Ministry of Culture and Tourism quality standards to the hotels grading requirements and classification evaluation criteria states that to obtain a higher star rating a progressively higher quality and range of services and physical facilities should be provided across all areas with particular emphasis in five key areas: cleanliness, service, food, bedrooms and bathrooms (Culture, 2015).

The tourism and hospitality sector has been growing fast in Ethiopia, and this industry gets the revenue from the customers that spend their time in the hotel, those customers can be tourists, business travelers, ambassadors, governmental representatives, secretaries, scholars and soon. Addis Ababa is the capital city of Ethiopia and sit of the Africa union, in the city there are so many hotels stated from the luxury branded till non star graded. As service quality is becoming a major part of business practice, it

is important to be able to measure and identify its effectiveness to maintain and provide the quality service because it is the key factor to sustain the length of stay of potential customers and make revenue from it.

Therefore, service quality has a significant and positive effect on customer satisfaction, because Service is everything for hospitality industry. Providing service starts from the arrival till departure progress, check in and check out, billing, up on stay requests, room services, housekeeping and laundries and lots. Providing quality service with good efficiency is a very mandatory issue. So it is not an alternative to do or don't for hospitality industry, there should be always giving training on how to provide customized service and improve on serving quality service to customers for the entire employees from top level management till the line stuffs and make an SOP (Standard Operational Procedures) models and make a check list to control their activities in efficient and professional manner for both service provider firm and employees. So, this study emphasis that the effect of service quality on customer satisfaction with all the five aspects of quality dimensions Tangibility, Reliability, Responsiveness, Confidence and Communication on hotel industries and specifically four star hotels in Addis Ababa.

## **1.2 Background of the Company**

Hotel and tourism are inseparable sectors. To boast of a developed tourism and hospitality sector, a country needs to own modern hotels, lodges and other recreational centers. When we trace back to the history of hospitality sector in Ethiopia, we get Itegue Taitu hotel, built in the early 1990s, believed to be the first modern hotel in Ethiopia.

It was named after its founder empress Taitu Betul, the wife of Emperor Minlik II. It was built mainly for the purpose of providing service to foreigners as a cozy place to rest and din. Taitu hotel is found in the middle of Addis Ababa commonly known as piazza. The ancient hotel has 264 historic bedrooms, equipped with various important facilities. It's famous in the west as the setting for Evelyn Waugh's 1938 satirical novel *Scoop* is based on it.

According to the Ethiopian Tourism Organization (ETO), the Ethiopian tourism sector has shown tremendous success over the last few years. The direct contribution of tourism and hospitality service to GDP was 51.3 billion birr (USD 2.26 billion) which is 4.1 per cent of the total GDP in 2015. In the same year, the sector had contributed 8.4 percent of the total

employment by creating 2,326,500 jobs. The hotels, restaurants, leisure industries, travel agents and airlines have enhanced the sector significantly.

According to Ministry of Culture and Tourism, 2017 there are 140 hotels in Addis Ababa, 60 in Amhara, 5 in Afar, 13 in Benshangul Gumuz, 16 in Dire Dawa, 16 in Gambela, 3 in Harar, 75 in Oromia, 14 in Somalia, 41 in Southern Nation Nationality and Peoples, and 31 in Tigray. But the focus of this research concerned only the four star hotels in Addis Ababa, Ethiopia.

Currently, with the emergence of new, brand and modern hotels in the country, the number of the hotels had grown considerably and there were 500 star rated hotels in Ethiopia, And out of these 140 hotels are found in Addis Ababa. Ministry of culture and tourism (2018), in addition, 80 star rated hotels, 5 international chain hotels, 7 five star rated hotels, 14 four star rated hotels, 29 three star rated hotels, 21 two star rated hotels and 7 one star rated hotels. In addition to this there are 29 new hotels which can be branded from 5 to 1 star rated, so those the mentioned hotels on the above founded in Addis Ababa, Ethiopia.

### **1.3 Statement of the Problem**

The evaluation of customer satisfaction is a primary goal for any service firm that would like to survive in this increasingly competitive market. The existing trend of complete quality management in hotel industry ensures the achievement of competitive advantage of hotels. It is very essential to examine the service quality provided to the customer on professional manner and at efficient time of deliverance. In Ethiopia there is always talking about services, service quality and customer satisfaction issues but still there is an absence of providing quality service (Abraham G/egizabher, 2015). There are different factors we can mention for the lack of service quality to be provided. The research problems are known from customers review, comments and feedbacks taken and gathered from trip advisor and explore through selected hotels. Those basic research problems are:-

- Absence of knowledge about the service
- Behavioral characteristics of service providers/the employees
- Carelessness
- Lack of ethical attitudes
- Lack of implementation the Standard Operation Procedures (SOP)

As per the information that the researcher got through interview to human resource and operation managers of selected hotels some of them doesn't have the standard operation procedures and the others already have the procedure but they doesn't applied properly. These seem to exist portly a result of failing to know and/or guided with SOP which in turn seem to affect the service quality dimensions, this leads to argue that failing to implement SOP is expecting the consequence in relation to service quality in the hotels. This study, therefore, examine the effect of service quality on customer satisfaction in the selected four star hotels in Addis Ababa.

## **1.4 Basic Research Questions**

Based on the identified research problems, the study tried to answer the following questions.

1. How does Tangibility affect customer satisfaction on four star hotels in Addis Ababa?
2. To what extent does Reliability affect customer satisfaction on four star hotels in Addis Ababa?
3. How does Responsiveness affect customer satisfaction on four star hotels in Addis Ababa?
4. To what extent does Confidence affect customer satisfaction on four star hotels in Addis Ababa?
5. How does Communication affect customer satisfaction on four star hotels in Addis Ababa?

## **1.5 Objectives of the Study**

### **1.5.1 General Objective of the Study**

The general objective of this study is to examine the effect of hotel service quality on customer satisfaction in selected four star hotels in Addis Ababa, Ethiopia.

### **1.5.2 Specific Objective of the Study**

- To examine the effect of Tangibility dimension on hotel service quality in selected four star hotels in Addis Ababa.
- To examine the effect of Reliability dimension on hotel service quality in selected four star hotels in Addis Ababa.

- To examine the effect of Responsiveness dimension on hotel service quality in selected four star hotels in Addis Ababa.
- To examine the effect of Confidence dimension on hotel service quality in selected four star hotels in Addis Ababa.
- To examine the effect of Communication dimension on hotel service quality in selected four star hotels in Addis Ababa.

## 1.6 Research Hypothesis

- H1 Tangibility has a significant and positive effect on customer satisfaction.
- H2 Reliability has a significant and positive effect on customer satisfaction.
- H3 Responsiveness has a significant and positive effect on customer satisfaction.
- H4 Confidence has a significant and positive effect on customer satisfaction.
- H5 Communication has a significant and positive effect on customer satisfaction.

## 1.7 Conceptual Definition of Terms

- **Hotel Customer:** is a customer who under the care provided by hotels to guests before, during, and after their stay. Because hotels rely heavily on loyal customers and good word-of-mouth marketing, hotel customer training is an integral part of a hotel's customer service strategy. (Researcher emphasis).
- **Service Quality:** is the measurement of subjective aspects of customer service depends on the conformity of the expected benefit with the perceived result. This in turns depends upon the customer's expectation in terms of service, they might receive and the service provider's ability and talent to present this expected service. Successful companies add benefits to their offering that not only satisfy the customers but also surprise and delight them. Delighting customers is a matter of exceeding their expectations. (Kotler & Keller, 2009)
- **Service quality dimensions:** A customer's expectation of a particular service is determined by factors such as recommendations, personal needs and past experiences. The expected service and the perceived service sometimes may not be equal, thus leaving a gap. The service quality model or the 'GAP model' developed in 1985 highlights the main requirements for delivering high service quality.



It identifies five 'gaps' that cause unsuccessful delivery. Customers generally have a tendency to compare the service they 'experience' with the service they 'expect'. If the experience does not match the expectation, there arises a gap. Ten determinants that may influence the appearance of a gap were described by Parasuraman, Zeithaml and Berry. (Parasuraman, Zeithaml, 1985)

- **Customer Satisfaction:** is the degree of satisfaction provided by the goods or services of a company as measured by the number of repeat customers. Customer satisfaction indicates the fulfillment that customers derive from doing business with a firm. In other words, it's how happy the customers are with their transaction and overall experience with the company. (WTO, 1985)
- **Hospitality Industry:** is a multibillion-dollar industry that depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or an amusement park consists of multiple groups such as facility maintenance and direct operations (servers, housekeepers, porters, kitchen workers, bartenders, management, marketing, and human resources etc.) (Reichhelid,1996)

## 1.8 Significance of the Study

This study was contributing the knowledge on service quality and customer satisfaction, the relationship between service quality dimensions, service quality and customer satisfaction in the hotel industry. This study had a practical significance and benefit to hotel managers, employees and customer service agents through providing clear information about service quality and customer satisfaction with regard to the standard quality service and dimensions that influence the service quality in hotel industry. The study may benefit researchers' undertaking further study on a related topic.

## 1.9 Scope of the Study

This research focused on the effect of hotel service quality and customer satisfaction through service quality dimensions of the lodging quality index /LQI/ model. In Addis Ababa there are different kinds of star standardized hotels in Addis Ababa but due to interest and eagerness to explore. Furthermore, the study focused only on four star hotels found in Addis Ababa. This is due to the effect of quality service serving for different customers. Moreover four star hotels dispersedly located in and outside of Addis Ababa, so it's not manageable to the student

researcher. Therefore the study is limited to Ten (10) four star hotels found in Addis Ababa, Hence, the scope of this study under;

- ✚ Geographically, Addis Ababa, then to four star hotels and
- ✚ Conceptually, hotel service quality and customer satisfaction

### **1.10 Limitation of the Study**

The research was geographically delimited to four star hotels in Addis Ababa; the outcome of the study mainly depends on the individual responses of the respondents who participate in this study. So the result may not be generalizable beyond the specific population. The limitation of this study was:

- Sampling frame is taken as the residents of the city of Addis Ababa only, which will have a limitation on the generalizability of the findings to other hotels in similar star rate due to geographical context.
- Due to time frame of universities, the researcher was highly limited to focus on users and areas that could be done with the works. Thus, the researcher is limited to conduct.
- The Hotel policy may not disclose some sensitive data and information which was an obstacle to conduct document analysis.
- Four star hotels in Ethiopia exist in different provinces (state) so it's very wide to reach out all and collect adequate information.

### **1.11 Organization of the paper**

This study was organized under five chapters. Chapter one is the introduction part of the study which contains; background of the study, background of the organization, problem statement, research questions, hypothesis of the study, objective of the study, significance of the study and scope of the study. Chapter two mainly focused on existing literatures which covers conceptual and theoretical frame work related to the study; finally developed conceptual frame work from the theories and empirical studies. Chapter three discussed on the methodology of the study. It includes research design, research methods, as well as data collection instruments and data analysis techniques. Chapter four is analysis of the study and its interpretation. Chapter five includes conclusion, recommendation and direction for further studies.

## CHAPTER TWO

### 2 REVIEW OF RELATED LITRATURE

#### 2.1 Overview/ Introduction

The main contents of this chapter are review of theories and empirical studies related to service, service quality, service quality dimensions, customers and customer satisfaction in hotel industries and other service provider sectors. After critical reviews, the conceptual frame work of the study is drawn.

#### 2.2 Theoretical review

##### 2.2.1 Concept of Service

Definitions of terms have been used for services, in relation with intangibility and immediate consumption. Here are some definitions for service: example, services are attitudes, process and functions. Service is an act or activity, necessary immovable and intangible, suggested by one transaction party to another one that would lead to the ownership of no external object. (Zethaml & Bitner, 1996)

Service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production. Services are economic activities that crate value and provide benefits for customers at specific times and places as a result of bringing about a desired change in the recipient of the service (Lovelock, 2001). At all, Services are all around us as consumers we use services every day. The growth in service economy is widely recognized and increasingly contributes to the economic development many regions. Although the service sector accounts for most of the new job growth in developed countries the dominance of the service sector is not limited to highly developed nations. Many service such as those in the tourism sector contribute very heavily to developing economies also. (Lovelock, 2001).

Service in the hotel industry is even more important and in this post, we dare to use hotel industry as a service prototype of the hospitality industry. This is due to the facts that service in the hotel industry is the most visible one for evaluation. Simply put, service in the hospitality industry is the level of assistance provided by a hotel staff to facilitate the purchase by the client. (Lovelock, 2001).

It also encompasses a raft of efforts hotels makes to achieve pleasant customer experience for guests. Of more importance, however, is the fact that customer experience goes hand in hand with customer service. In principle, customer experience can be negative, indifferent or positive. Needless to say, everyone in the hospitality industry is gunning for a positive one. (Lovelock, 2001).

Service in the hospitality industry is the level of assistance provided by a hotel staff to facilitate the purchase by the client. It also encompasses a raft of efforts hotels makes to achieve pleasant customer experience for guests. Nowadays, service in the hospitality industry goes beyond a smile or a simple “thank you”; you need to create a dynamic, ambient and unforgettable experience for your customers to stay ahead on competition in the hotel sector. (Lovelock, 2001).

Also, Service in hospitality industry might mean more than customer service. Services also include back of the house and non-customer facing activities but they all contribute to the overall experience of customers. Customers again are both external and internal with external customers as guests and internal as staff and stakeholders. (Lovelock, 2001).

### **2.2.2 Defining Service in the Hotel Industry**

It’s undeniable that competition in the hospitality industry is as cut-throat as ever, making high-quality customer service indispensable. Largest Hotel Chains across the globe would agree that it is the customer service that has helped them gain the competitive advantages they hold. (www.soegjobs.com)

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### **2.2.3 The Role of Service in the Hospitality Industry and main purpose** *Measure Customer Mood*

A recent study by industry’s bigwigs shows that the clients aren’t impressed by what you can offer or even what you know until they see that you actually care. So, personable service is a sure way to improve your client’s mood. (Stephen F. Austin 2010)

#### ***Judging the Customer’s Needs***

This is similar to point one or a subset of point one but deserves a special mention. It is very important to judge the needs of your customers without their asking. For instance, if a family staying at your hotel has children then you should provide them children supplies without a need of them chasing you for everything. It is important to ask yourself the question as well. Service is an act of respect, kindness and love. Service is the heart of hospitality industry. This will help them get comfortable as they will feel more respected. (Stephen F. Austin 2010)

### ***Improve Customer Loyalty***

An excellent customer service goes the extra mile to ensure that customers are happy and well taken care of. Remember that a satisfied customer is a loyal customer. And, customers are a vital part of the business in the hospitality industry. So, make them your center of attention – at all times – and they will certainly be happy. (Stephen F. Austin 2010)

### ***Feedback as a crucial part of customer service in the hospitality industry***

Sure your business model is water-tight. Sure your staff is top-notch. But, without general feedback from the customers, you wouldn't know if your business approach is actually working.

A famous Quote of Bill Gates would set things up here. “Your most unhappy customers are your greatest source of learning”.

Customer Service, however, offers you an opportunity to measure how you are performing. It allows customers to communicate their experience – both bad and good. With this feedback, you will know what to fix. Maintaining an updated information book helps you improve the quality of customer service in the hospitality industry. You should know about the time of their stay, so you could help them plan their stay in a better way. You should recommend them good restaurants and guide them about other entertainment options. (Stephen F. Austin 2010)

### ***On Time Services are crucial in hotels and in overall hospitality industry***

Time is the key to success when you're running a hospitality business. If you aren't able to provide on-time services to your valued customers then this will hurt your business. Individual priority to each customer. If you set customer satisfaction as your basic priority then you will be able to develop a loyal customer base. Resultantly, your customers will not only come back again but will suggest your services to their friends and family members as well. (Stephen F. Austin 2010)

### ***Following the Etiquette of Service in the Hospitality industry***

Apart from ensuring that every service is being supplied on time, it is important to make sure that etiquettes of the service sector are also met. This includes both on-call and in-person services. While conversing with customers it is important to maintain a level of respect.

Moreover, provide proper follow-up to make sure they are enjoying their stay at the hotel. If they have any complaints, get them sorted out at the earliest. (Stephen F. Austin 2010)

### ***Meeting Customer Expectations***

Hotel customers are always seeking an energetic service and memorable experience. And, excellent service will enable you to do exactly that. “On the whole, service in the hospitality industry allows hoteliers to meet – and possibly surpass – customer expectations.” (hubspot.com)

Positive endings are extremely important in the hospitality industry as they are like fresh beginning that ensures patronage of a lifetime. Always end things on a positive note. Always smile and greet when you see them. Call them by their name and maintain a good sense of humor when talking to them. These are some of the things which must be ensured to understand and improve customer service in the hospitality business. If you don't pay much-needed heed to the improvement of customer service then levels of customer satisfaction will fall as well. (Stephen F. Austin 2010)

In contemporary times, the hospitality industry has emerged as one of the largest business domains in the world. With more people travelling around the globe, this industry is expected to grow in future as well. To succeed in hospitality industry customer service is the key and thus focus should be on the customers. (www.nicereplay.com)

The Hospitality industry in future would be more inclined towards technology but service would still hold the key to success within the hospitality industry. While all customers are not the same it is one thing that makes them all happy, superior service. So if they get something without asking, it makes them feel special. When properly ensured, these services help businesses maintain a good environment. As a result, they are able to develop a loyal customer base which is essential for the growth and expansion of the business. (www.nicereplay.com)

### **2.2.4 Concepts of Service Quality**

Service quality in the hospitality industry becomes one of the most important factors for gaining a sustainable competitive advantage and customers' confidence in the highly competitive market place, and therefore service quality can give the hospitality industry a great chance to create competitive differentiation for organizations. It is thus considered as a significant core concept

and a critical success factor in the hospitality industry. A successful hotel delivers excellent quality service to customers, and service quality is considered the life of hotel. (Business dictionary.com)

Many benefits can be achieved by service quality such as establishing customer satisfaction, contributing to business image, establishing customer loyalty, and providing a competitive advantage to a business. Service quality performance can mean different to different people, for example, employees may show higher perceptions of service quality than customers perceived, and thus managers and their employees never like to identify deficiencies in service quality. (Business dictionary.com)

In some earlier studies, service quality can be defined as the extent to which the service fulfills the needs or expectations of the customers or conceptualized it as the overall impression of customers as regards the weakness or excellence of the service. However, service quality is defined as “what the customer gets out and is willing to pay for” rather than “what the supplier puts in”. Therefore, service quality can be seen as the gap as the between the expected service and the actual perceived service. (Teo, 2006)

Service quality is generally defined as the difference between expected service and perceived service (*et al*, 1991). The conceptualization of service quality has its roots in the expectancy disconfirmation theory (*et al*, 1991), so the evaluation of service quality results from comparing the perception of service received to prior expectations of what that service should provide. Today the internet has become a critical channel for the sale of most goods and services (Teo, 2006), but the traditional service quality dimensions cannot directly be applied to internet retailing, because they represent a different and unique service delivery process.

Service quality is a customer perception of how well a service meets or exceeds their expectations and it is considered as a key factor for enhancing customer satisfaction. Service quality not only play vital role to satisfy customers (Grzanic, 2007) but also considered as a value driven for consumers and a way to position product in a dynamic environment (Kaul, 2005). Understanding the customers' requirement about the service quality and catering the need in this regard is beneficial in many ways.



The survival of hotels in the current competitive environment where most hotels have quite similar luxurious physical facilities much depends on delivery of service quality aiming to result in customer delight. Pallet et al. (2003) suggests that quality has to be visualized, initiated, planned, delivered, monitored and sustained. They propose that quality problems and key staff issues in hotels often can be solved with a common “People and Quality” strategy which involves placing customer needs in the heart of the whole process; seeking suggestions from staff; developing corporate quality and people philosophy; training and empowering staff; benchmarking and reviewing (Pallet et al., 2003)

### **2.2.5 Dimensions of Service Quality**

Service quality consists of three dimensions: physical facilities, staff and materials. It also divided into two aspects: functional quality and technical quality. A similar approach argued that service quality includes three dimensions: functional quality, environment and technical quality. Another approach confirmed that service quality has five dimensions namely: assurance, reliability, empathy, tangibility and responsiveness. (Parasuramane, 1994)

Theoretical constructs for measuring service quality have been suggested by (Zeithmal, 1988). Further proposed and tested a multi-item instrument, known as Servqual, to evaluate service quality from customers’ points of view. According to (Parasuramane, 1988) five aggregate factors can be identified from Servqual studies. The five factors are discussed in turn below.

The first factor is *Tangibles*. This refers to the appearance of the physical facilities, equipment, personnel and communication materials. According to Brink and Bemdt (2005) this dimension refers to organization’s physical facilities, their equipment’s, and material which must reflect positively on the organization. The dimension also includes the appearance of their personnel and appearance of communication materials used to promote their products services. Facilities like well-furnished reception desk with trained personnel have influence customer perceptions of the tangible service qualities. Accessible information on the website may be of added advantage not to mention easy accessible location and able parking lots for customer vehicles. Brochures and other communication materials to inform customers of new developments on the service offered are visually appealing. (Bemdt, 2005)

The second factor is *Responsiveness*. This refers to the willingness to help and respond to customer need or willingness of organizations staff to help customers and provide them with prompt service” this refers to timeliness and promptness in providing the service. Dale et al., (2007) define responsiveness as the willingness to assist customers and to provide prompt service on a continuous basis. It involves quick problem solving of the service and personnel to create opportunity to impress the customers. A courteous and friendly attitude by the service personnel makes the customer feel respected and definitely enhance customer’s appraisal of the service organization. Employees provide service on a timely manner and they are approachable and easy to conduct. This service sometimes may be done out of the normal operating hours. This dimension focuses on attentiveness and willingness in dealing with customer requests, queries and prompt complaint resolution. (Bemdt, 2005)

The third factor is *Reliability*. This is the ability to perform the promised service dependably and accurately or ability of the organization to perform the promised service dependably and accurately. It means that organization performs the service right the first time and honors all its commitments. Generally customers place emphases on the service and promised collection and delivery times, safety and privacy of their parcels. (Bemdt, 2005)

The fourth factor is *Assurance* which refers to the knowledge, competence and courtesy of employees and their ability to convey trust and confidence in the customer towards the service firm. A competence refers to the possession of required skills and knowledge to perform the service. Courtesy involves politeness, respect, friendliness, honesty and trust worthiness of contact personnel. This includes convenient ways of providing service such as on-line payments, which increases satisfaction and enhances service quality. (Bemdt, 2005)

The fifth factor is *Empathy*. This is defined as caring individualized attention the firm provides to its customers. It includes the approachability, ease of conduct of service providers and making of efforts to understand the customer needs. According to Brink and Bemdt (2005), the organization and its employees must try to understand the customers’ problems and strive to execute activities with the customers’ best interests in mind. Empathy includes special needs to allow the customers with limited budgets to also enjoy the service offered. (Bemdt, 2005)

Furthermore, Al-Sabbahy, Ekinici and Riley (2004) suggested the Q-sort technique to evaluate service quality in hotels and validate dimensions of service quality models measuring tool called *Lodging Quality Index " (LQI)*, was developed to measure service quality in hotel industry by using (Tangibility, Reliability Responsiveness, Confidence and Communication) dimensions which is a modified version of SERVQUAL dimensions (*Getty and Getty, 2003*).

### **2.2.6 Measurements of service quality**

Although there is disagreement among researchers about the measurements of service quality, several instruments or measurements have been developed to do so, such as SERVQUAL, SERVPERF, INTSERVQUAL, LOADING QUALITY INDEX and INSQPLUS. Many measurements have been developed in the tourism industry for evaluating service quality such as HOLSERV, DINESERV, CASERV and LODGSERV. More specifically, DINESERV is used in restaurants; LOADING QUALITY INDEX was developed to measure service quality in the hotel industry by using (Tangibility, Reliability Responsiveness, Confidence and Communication) dimensions which is a modified version of SERVQUAL dimensions; CASERV is used in the casino sector; while LODGSERV and HOLSERV are used in the accommodation sector. Other measurements such as INTQUAL and INTERSERVQUAL are used to measure employees' perceptions of service quality. Due to the specificities of services in the hospitality industry (i.e. impossibility of storage, inseparability, and impalpability), and thus a specific Model (Services Quality) called SERVQUAL was introduced for measuring service quality. The SERVQUAL scale has become the most popular instrument for measuring service quality. ([www.emeraldinsight.com](http://www.emeraldinsight.com))

The model has been applied in various service industries including tourism and hospitality. The SERVQUAL model consists of five dimensions, namely: empathy, reliability, assurance, responsiveness and tangibility. It evaluates customer's perceptions of service quality and that based on the gap between customers' expectations and their perceptions. Since service quality is a multidimensional construct, and therefore each dimension of SERVQUAL has different features for evaluating customer perceptions and expectations regarding service quality in the hospitality industry. ([www.emeraldinsight.com](http://www.emeraldinsight.com))

### **2.2.7 Loading Quality Index /LQI/**

The lodging quality index (LQI) is a multidimensional scale developed on the basis of SERVQUAL model. The process of the LQI scale began with ten dimensions that were originally in the first version of SERVQUAL (Parasuraman et al, 1988) and claimed that the LQI is a generic measure of hotel service quality (Na, 2010) with the modified five dimensions by using (Tangibility, Reliability Responsiveness, Confidence and Communication).

“Lodging quality index (LQI): assessing customers’ perceptions of quality delivery”, Juliet M. Getty and Robert L. Getty, International Journal of Contemporary Hospitality Management 15/2 [2003]

### **2.2.8 Customer**

Clients who habitually return to a seller develop customs that allow for regular, sustained commerce that allows the seller to develop statistical models to optimize production processes (which change the nature or form of goods or services) and supply chains (which changes the location or formalizes the changes of ownership or entitlement transactions). (Juran 1988)

A customer may or may not also be a consumer, but the two notions are distinct, even though the terms are commonly confused. A customer *purchases* goods; a consumer *uses* them. An ultimate customer *may* be a consumer as well, but just as equally may have purchased items for someone else to consume. An intermediate customer is not a consumer at all. The situation is somewhat complicated in that ultimate customers of so-called *industrial* goods and services (who are entities such as government bodies, manufacturers, and educational and medical institutions) either themselves use up the goods and services that they buy, or incorporate them into other finished products, and so are technically consumers, too. (Juran 1988)

However, they are rarely called that, but are rather called industrial customers or business-to-business customers. Similarly, customers who buy services rather than goods are rarely called consumers. Six Sigma doctrine places (active) customers in opposition to two other classes of people: Those peoples are *Not-customers* and *Non-customers*: (Juran 1988)

Customers of a given business have actively dealt with that business within a particular recent period that depends on the product sold

- *Not-customers* are either past customers who are no longer customers or potential customers who choose to interact with the competition.
- *Non-customers* are people who are active in a different market segment entirely.

(Geoff Tennant, 1972), a Six Sigma consultant from the United Kingdom, uses the following analogy to explain the difference: A supermarket's customer is the person buying milk at that supermarket; a not-customer buys milk from a competing supermarket, whereas a non-customer doesn't buy milk from supermarkets at all but rather "has milk delivered to the door in the traditional British way".

Tennant also categorizes customers in another way that is employed out with the fields of marketing. While marketers, market regulation, and economists use the intermediate/ultimate categorization, the field of customer service more often categorizes customers into two classes:

- *An external customer* of an organization is a customer who is not directly connected to that organization.
- *An internal customer* is a customer who is directly connected to an organization, and is usually (but not necessarily) internal to the organization.

Internal customers are usually stockholders, employees, or shareholders but the definition also encompasses creditors and external regulators.

Before the introduction of the notion of an internal customer, external customers were, simply, customers. Quality-management writer Joseph M. Juran popularized the concept, introducing it in 1988 in the fourth edition of his *Quality Control Handbook* (Juran 1988). The idea has since gained wide acceptance in the literature on total quality management and service marketing; and many organizations as of 2016 recognize the customer satisfaction of internal customers as a precursor to, and a prerequisite for, external customer satisfaction, with authors such as Tansuhaj, Randall & McCullough 1991 regarding service organizations which design products for internal customer satisfaction as better able to satisfy the needs of external customers.

Research on the theory and practice of managing the internal customer continues as of 2016 in a variety of service-sector industries.

### **2.2.9 Customer Satisfaction**

Tse and Wilton, 1988 defined satisfaction as the assessment of the perceived discrepancy between expectations and the actual Performance of the product. When we discuss the subject satisfaction, it is found that there are number of and diverse definitions of satisfaction. Though it is an advantage to have such diversity of definitions, it also makes it complex to exactly word it. Therefore Giese and Cote have suggested that the researcher should choose an appropriate definition in given context and may develop the measure to interpret and compare it. Satisfaction may be termed as an individual's reaction in the form of sequence of an information processing, valuation of the degree to fulfill the functions which a good service should possess. It also includes the feeling of happiness or joy of matching the expectation and having pleasure while consuming the service. A section of literature assumes it as result of cognitive dispensation of the information through comparison of expectations with the delivery of service.

Whereas literature also shows that it is just not cognitive processing but also implicit component of consumption which simply means that linking the thinking phenomenon during or before purchase to emotions and state of mind on consumption as Hunt and Keith has correctly posited that satisfaction is considered as an evaluation of the experienced emotions. It is believed that satisfaction is the result of evaluation of a service through comparison against the expectations of the consumer with the perceptions of services delivered. This means perceptions becomes important component in service delivery and when in customers opinion.

As per Johnston and Clarke (1997) when the perception meet the expectations what so ever nature then customers is satisfied with the service. This satisfaction would lead to repeat business and improve referrals to other customers. As stated by Howard and Sheth satisfaction is defined as end result of cost and profit analysis of a transaction. In psychological words, satisfaction arises from the disconfirmation theory.

Many of the researchers such as Oliver, LaBarbera and Mazursky, Woodruff, Cadotte and Jenkins have echoed to utility of the discrepancy between certain standard of comparison like experience and expectations with yield professed of a service. Researchers including Oliver,

Halstead and Hartman and Schmidt have agreed concept of considering satisfaction as evaluative judgment and also a phenomenon with a strong affective component.

Crompton and Law have successfully tried to conceptualization the relationship between the constructs of quality and satisfaction in tourism and Parasuram, Ziethmal and Berry have shown that these constructs of quality and satisfaction are interchangeably used whereas Taylor and Baker have opined that these two construct form a combination influencing customers purchase decisions.

Tonge and Moore (1992) posited that the theoretical magnitude of fulfillment service has been built in various words which were based on different perspectives and this ambiguity and stymie caused interchangeable use of performance measures and satisfaction. However in absence of any universal scale for estimate of satisfaction, the meaning of satisfaction becomes unclear and ambiguous, but the in business terms customer satisfaction is an important factor sustaining the business and its further development.

According to (Briggs, 2006), a global phenomenon increasingly influencing hotel selection, is the development of feedback websites (Tripadvisor.com, igougo.com and hotelchatter.com) where customers post reviews of their experiences. These websites give customers the opportunity to share their experiences of the 23,000 featured destinations and comment on their experience of service delivery. Smith (2006) reasons that the rapid switch to broadband has precipitated this phenomenon to a tipping point, whereby information which was predominantly a one-way 'read only' medium has now become a two-way participatory, collaborative and interconnected medium.

Customer satisfaction is the outcome of customer's perception of the value received in a transaction or relationship, where value equals perceived service quality, compared to the value expected from transactions or relationships with competing vendors (WTO, 1985)

Commitment towards quality improves the guest's level of satisfaction and increases profits and consequently the benefits gained by the guest and the employee. On the opposite, mistakes in service provision cost the hotel money and its reputation may suffer. This is the "non-quality cost" concept. The scenario created by non-quality service can be daunting for any hotel

manager. An unhappy guest does not usually express his/her unhappiness to the management of a hotel, but will on average, inform at least nine other people about poor service experiences. In order to achieve customer satisfaction, it is important to recognize and to anticipate customers' needs and to be able to satisfy them. Companies which are able to rapidly understand and satisfy customers' needs, make greater profits than those which fail to understand and satisfy them (Almsalam, 2014).

### **2.2.10 Service quality and Customer Satisfaction**

Service quality and customer satisfaction is critical for the service survival. Both of them are intangible but the exact definition is still a controversial issue. Customer satisfaction is a psychological concept that involves the feeling of well-being and pleasure that results from obtaining what one hopes for and expects from an appealing product and/or service (WTO, 1985).

Oliver (1980), customer satisfaction definition is based on the expectation disconfirmation point of view. Before purchasing or using the product or service, customers always have their personal expectation about product or service performance. After buying or using product or service, if the result is equal or better than expectation, it means the expectation has positive confirmation. In the opposite case, if the result is lower than expectation, we have negative confirmation.

Customers are said to be satisfied only if there are positive confirmations of expectation. However, in any case, the level of customer satisfaction is different between different customers because each of them owns their personal needs, demands as well as experiences. Quality and satisfaction has been widely discussed in various literatures from long back, especially in service industry it is found that there is good amount of interest is shown by managers having a strong sentiment that profit is derived by customer satisfaction and improvement in quality would lead to satisfaction which results in retention of customer with enhanced profits. It is widely observed that there seems to be a relationship between service quality and customer satisfaction as increased quality improves customer satisfaction and contributes to success of the organization. This adds to the image component of the organization and improves profitability through repeat business, loyalty and positive word of mouth. It also attracts new customers to



the firm and increased reputation for quality experience. Although a considerable literature can be found in this area, there is relatively less comments on performance quality and customer satisfaction and its further impact. Service quality has also been discussed by many researchers in marketing; however the nature of the relationship and interdependence if so is rarely debated constructively. Oliver (1980)

### **2.2.11 Hospitality Industry**

The hospitality industry is a broad category of fields within the service industry that includes lodging, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry. (Wikipedia.org)

The hospitality industry is a multibillion-dollar industry that depends on the availability of leisure time and disposable income. A hospitality unit such as a restaurant, hotel, or an amusement park consists of multiple groups such as facility maintenance and direct operations (servers, housekeepers, porters, kitchen workers, bartenders, management, marketing, and human resources etc.). (www.besthospitalitydegrees.com)

Usage rate, or its inverse "vacancy rate", is an important variable for the hospitality industry. Just as a factory owner would wish a productive asset to be in use as much as possible (as opposed to having to pay fixed costs while the factory is not producing), so do restaurants, hotels, and theme parks seek to maximize the number of customers they "process" in all sectors. This led to formation of services with the aim to increase usage rate provided by hotel consolidators. Information about required or offered products is brokered on business networks used by vendors as well as purchasers. (Wikipedia.org)

In looking at various industries, "[barriers to entry]" by newcomers and competitive advantages between current players are very important. Among other things, hospitality industry players find advantage in old classics (location), initial and ongoing investment support (reflected in the material upkeep of facilities and the luxuries located there in), and particular themes adopted by the marketing arm of the organization in question (for example at [theme restaurant]). Also very important are the characteristics of the personnel working in direct contact with the customers. The authenticity, professionalism, and actual concern for the happiness and well-being of the customers that is communicated by successful organizations are a clear competitive advantage.

The hospitality industry refers to everything from short term sofa bed to star rated hotel & restaurant establishments. The industry provides many services like accommodation, restaurant and bar, travel and tourism service, bank service, beauty salons, recreational and so many more. (www.besthospitalitydegrees.com)

### **2.2.12 Standards of Hotel Classification and Rating**

The European Hotel stars Union system is based on the earlier German hotel stars system that had widely influenced the hotel classifications in central Europe, with five stars and a Superior mark to flag extras. Instead of a strict minimum in room size and required shower facilities (e.g. a bath tub in a four-star hotel) there is a catalogue of criteria with 21 qualifications encompassing 270 elements, where some are mandatory for a star and others optional. The main criteria are in quality management, wellness and sleeping accommodation. In the catalogue of criteria each entry is associated with a number of points – each Hotel stars level requires a minimal sum of points besides some criteria being obligatory for the level. The minimum requirement for the Superior flag requires the same sum of points as for the next Hotel stars level which however was not awarded due to at least one obligatory requirement being left out. For hotels with three to five stars, the Hotel stars Union will use "mystery guests" to check the service quality regularly. (www.vault.com)

### **2.2.13 SOP**

A standard operating procedure (SOP), is a set of step by step instructions complied by an organization to help workers carry out complex routine operations. SOP aim to achieve efficiency, quality output and uniformity of performance, while reducing miscommunication and failure to comply with industries regulations. (Wikipedia.org)

An important aspect of any quality system is to work according to clear cut standard operating procedures (SOPs). An SOP is a policy and procedure document which describes the regular recurring activities appropriate to quality operations. If it's critical to quality (CTQ) then it's a candidate for a standard operating procedures, consistency is the goal or purpose of an SOP, to carry out all operations correctly and always in the same manner. (www.bizmanualz.com)

### **2.2.14 Four Star Hotels**

First class hotels; expensive (by middle-class standards); has all of the previously mentioned services; has many "luxury" services, for example, massages or a health spa. ("Hotel Glossary of Terms", Marsh)

Service is all important at four star hotels. The staff is judged on courtesy, knowledge, efficiency, promptness, comportment and anticipation of guests' needs. Beds should have high-quality linens, including either washable duvets or triple sheeting. Pillows are luxurious and numerous. Turndown service is provided. Showers do not have plastic curtains, and fine toiletries are beautifully displayed. The space should more than adequate for two people, with plenty of storage. Robes and towels are plush. An on-site restaurant should offer a full breakfast, lunch and dinner menu. Room service arrives within 30 minutes, and within five minutes of the promised delivery time. A four-star hotel should offer a fitness center with televisions. It has a concierge desk and at least two complimentary newspapers for guests. Same-day laundry or dry cleaning service should be available. The lobby and public restrooms should richly appointed, with fresh flowers or live plants. ([www.hotels.com/4-star](http://www.hotels.com/4-star))

**According to Forbes/Mobil ratings use well-established criteria. Four-star properties are generally considered to be bellow's average in the terms of amenities and service.**

#### **Guest Rooms**

Four-star hotels usually have upscale furnishings, luxury bedding and other amenities, including hair dryers, high-end bath products, flat-screen televisions, state-of-the-art electronic devices and high-quality towels. The size of the room may vary based on the location.

#### **Service**

Any four-star hotel should offer a knowledgeable concierge, a bell desk and valet parking. The concierge at this level property should be able provide information as well as help with planning by making reservations. Front-desk service should be above average.

## **Food**

Getting food at four-star hotel should be easy. This level hotel should have a sit-down dining restaurant, a lounge and room service with extended hours. It is likely that the on-site restaurant offers fine dining, while lighter fare is available in the lounge. Many higher-end properties now also have coffee carts or specialty snack kiosks in their lobbies.

## **Amenities**

A four-star hotel should have a pool and fitness center, and many also have full-service spas. If these services are not available on-site, many four-star hotels have exchange programs with local gyms and/or spas. A high-end gift shop is also often available.

## **Business Services**

Not every four-star hotel offers a full range of business services, but each should have current technology and a business center available for guest use. Larger hotels will also have state-of-the-art conference space.

### **2.2.15 Factors Influencing Customer's Expectations**

Recognition of factors, which influence customer's expectations, will help the suppliers applying appropriate procedures to modify customer's expectations and to provide customers with service proportion to thereof.

During their study on customer's comments, "Parauraman et al, (1990) have mentioned four key factors in shaping customers' expectations.

- ***Word-of-mouth:*** The first factor, which potentially determines customer's expectations, is the word he or she has heard from other customers and is referred to as "word-of-mouth".
- ***Personal needs:*** The second factor that to a certain extent modifies consumer's expectations is obtained as a result of particular situations and requirements and is called "personal needs. These needs are customer's particular physical, moral and mental situations or states, which greatly affect other, people and are oriented by the latter.

- ***Prior experiences:*** is the third factor influencing on customers' expectations. For instance, by interviewing the customers of negotiable paper offering enterprises it appeared that customers with higher experience have lower expectations about agents' modes of behavior, i.e. polite and close attitude; but instead, they have higher expectation on their efficiency, mastery and competence.
- ***Advertisement and external communications:*** The fourth factor playing a key role in shaping customer expectations is called external communications. These communications contain all direct and indirect messages sent from supplying organization to customer, for instance a publicity poster of a bank illustrating the friendly attitude of cashiers and/or a publicity brochure assuring the transcendental services of an enterprise are regarded as examples for these kinds of messages.

One of the most important factors which of course belong to supplier's external communications collection is service cost or price. This factor plays a significant role in shaping customer's expectations and especially those of organization future customers.

### **2.2.16 Trip Advisor**

**Trip Advisor, Inc.** is an American travel and restaurant website company providing hotel and restaurant reviews, accommodation bookings and other travel-related content. It is the world's most visited travel website and also includes interactive travel forums. Trip Advisor was an early adopter of user-generated content. The website services are free to users, who provide most of the content, and the website is supported by a hotel booking facility and an advertising business model. ([www.tripadvisor.com](http://www.tripadvisor.com))

With over 500 million reviews and opinions by travelers, Trip Advisor makes it easy to find the lowest airfare, best hotels, great restaurants, and fun things to do, wherever you go. And booking options for hotels, restaurants and flights are just a tap away. The Trip Advisor mobile app is free and easy to use. "User reviews have become a critical aspect of the travel research process, as evidenced by Trip Advisor having over 350 million unique monthly visitors," says Anderson. "In this report we show via a simple series of before-and-after tests with Revinate that the encouragement of reviews via post-stay surveys not only increases the number of reviews posted

to Trip Advisor, but also the hotel's actual review scores (relative to their competitive sets).”  
([www.tripadvisor.com](http://www.tripadvisor.com))

For hotels in the study, occupancy also increased by 1%. “This goes to show that integrated publishing with Revinate Surveys drives significant Trip Advisor benefits and even increased occupancy. While hotels may not immediately see performance impact, they have a huge opportunity to evaluate whether they can increase ADR or capture additional on-property spend, resulting in improved RevPAR and profitability,” says Marc Heyneker, CEO of Revinate.  
([www.tripadvisor.com](http://www.tripadvisor.com))

As a Trip Advisor Platinum Partner, Revinate has also been recognized by Trip Advisor for best-in-class performance with respect to data integration, mobile-friendliness, and review conversion. Through this integration partnership, hotels access the “best of both worlds” by capturing private feedback to improve operations and guest satisfaction, while also driving a large volume of new reviews to stimulate demand on Trip Advisor.([www.tripadvisorsuport.com](http://www.tripadvisorsuport.com))

### **2.3 Empirical Review**

Pettijohn et al. (1997) found that quality, cleanliness and value to be the three most important attributes informing customer satisfaction in fast food restaurants, while atmosphere and menu variety were relatively unimportant. Clark and Wood (1998) commented that the available evidence suggests food quality and value to be the most significant restaurant attributes, and question the assumption of classic texts such as that of Campbell-Smith (1967) that the total package of attributes making up the “meal experience” determines consumer behavior. Anderson and Mossberg (2004) found that factors that influenced a guest's dining experience include, service, cuisine, the restaurant's interior and the restaurant itself. Clark and Wood (1998) reported that the order of attribute importance is somewhat different in different styles of restaurants.

According to Lovelock & Wright (2002), after making a purchase, customers compare the service expected to what is actually received. Customers decide how satisfied they are with service delivery and outcomes, and they also make judgments about quality. Managing a business to optimize customer satisfaction is a strategic imperative at many organizations, since the cost of mediocre service quality may be high as forty percent of revenues in some service

organizations. Most organizations realize that, by improving performance on service attributes, customer satisfaction should increase. This increase should, in turn, lead to greater customer retention and improved quality (Lovelock & Wright, 2002).

According to Hasan (2014), in his study entitled measuring service quality and customer satisfaction of the Hotels guests in Bangladesh, a guest states that “the hotel guests’ perceptions of service quality provided by the hotel industry were lower than their expectations. The lowest expectations and perceptions were given by Bangladesh guests towards the hotels and domestic and international hotel guests the results showed that the overall customer satisfaction level towards the hotel stay is not satisfactory.”

Likewise, Kariru (2014) has made a research on the customers’ perceptions and expectations of service quality in hotels in Western tourism circuit, in Kenya indicated that the hotels have room to improve their service quality and adapt to customers’ expectations, so as to generate increased customer satisfaction and the resultant competitiveness. It is evident that a gap exists between customers’ perceived and expected service quality standards of hotels.

Andargie (2013) conducted a study on foreign customer satisfaction in Ethiopian five star hotels Sheraton Addis and Hilton intercontinental hotels reported that foreign customers are not satisfied by the services of the hotels, more over all services quality dimensions created a gap in their expectation and perception of guests.

Furthermore, Abrham G/egziabher (2015) examined the service quality and customer’s satisfaction in hotel industry in Addis Ababa, Ethiopia on three star hotels stated that the combination of tangibility, reliability, responsiveness, confidence and communication together has significant and positive effect on customer satisfaction. And also the hotel guests’ perceptions of service quality provided by the hotel industry were lower than their expectations.

Thus, the measurement of service quality in specific service industries still remains a challenge (Babakus and Boiler, 1992). Most definitions of service quality are customer- centered Galloway and Veam (1998), with customer satisfaction being seen as a function of perceived quality Anderson and Sullivan (1993), or perceived quality being a function of customer satisfaction

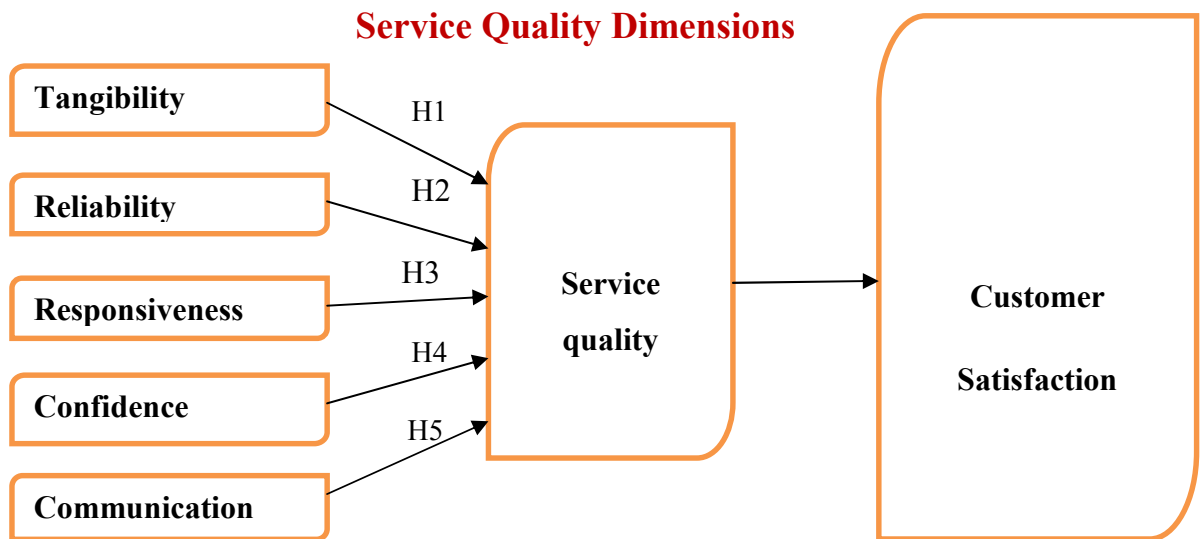
(Parasuramane/et al., 1988). Service quality, as perceived by customers, involves a comparison of what they feel the service should be (expectation) with their judgment of the service they received perceptions (Gronroos, 1984; Parasuramant et al., 1985)

## 2.4 Conceptual Framework

After critical review of both theories and empirical studies on service quality and customer satisfaction related to service industries sectors, the following conceptual framework is drawn.

The conceptual frame work is drawn by combining service quality dimensions of Loading Quality Index derived from the original of Servqual model with (Anton, 1997) revised service quality model of hotel industry service. As mentioned on the above, the LQI model is more suitable for measuring service quality and customer satisfaction in hotel service sector industry by using the service quality dimensions.

‘Is there a significant positive relationship between Service qualities dimensions of LQI model and customer satisfaction?’



*Figure 2.1 - loading quality index model dimensions*



**Tangibility:** Appearance of physical facilities, equipment, personnel and communications materials. Therefore, tangibility dimension has an effect on customer satisfaction based on the physical facilities and equipment regards.

***H1: tangibility has a significant and positive effect on customer satisfaction.***

**Reliability:** It is consistently shown that it is the most important determinant of perceptions of service quality. It is the ability to perform the promised service dependably and accurately. The promise may include delivery, service provision, problem resolution and pricing. Therefore, reliability dimension has an effect on customer satisfaction that held in four star hotels on the regard of service deliverance and performance of employees.

***H2: reliability has a significant and positive effect on customer satisfaction.***

**Responsiveness:** Is the willingness to help customers and provide prompt service. This dimension emphasizes attentiveness and promptness in dealing with customer request, questions, complaints and problems. It is all about length of time they have to wait for assistance, answers to questions or attention to problems. Therefore, responsiveness dimension has an effect on customer satisfaction that helded at four star hotels on regarding dealing and assistance of employees with customer's requests.

***H3: responsiveness has a significant and positive effect on customer satisfaction.***

**Confidence:** self – assurance, a feeling of trust in someone or something and belief in yourself and your abilities. Therefore, confidence dimension has an effect on customer satisfaction on regarding of knowing the soluble products of the hotel by employees to the customers.

***H4: confidence has a significant and positive effect on customer satisfaction.***

**Communication:** The ability of employees to keep customers informed. Good Communication implies good listening skills and using language and terms that all customers can understand. Therefore, communication has an effect on customer satisfaction regarding on good information exchange between the hotel employees and customers.

***H5: communication has a significant and positive effect on customer satisfaction.***

## CHAPTER THREE

### 3 RESEARCH DESIGN AND METHODOLOGY

This chapter presents the methods that were applied to analyze on data collection. Research design, sample and sampling technique, instrument of data collection, data collection procedure and finally data analyses is method discussed as follows.

#### 3.1 Research design

A research design provides a frame work for the collection and analysis of data. An Explanatory research design was used in this study.

The emphases of Explanatory research design on studying a problem or a phenomenon in order establish causal relationship among variables (Saunders et al, 2000). Explanatory research is sometimes referred to as casual research (Zikmund, 2000). Normally descriptive research is conducted first and then explanatory research tries to establish and explained patterns related to phenomenon of interest (Saunders et al, 2000).

To understand the relationship between service quality and customer satisfaction as well as the effect of service quality dimensions over all on customer satisfaction. Explanatory research design to get more elaborated relationship between service quality and satisfaction.

The starting point of the research purpose is the research problem, the effect of service quality on customer satisfaction in four star hotels of Addis Ababa, depending on research problem literature review has been conducted in order to specify research question and construct frame work. The research purpose and research question reveal that this study is primarily descriptive.

#### 3.2 Research approach

This study used Quantitative methods. Quantitative research approach involves numerical representation and manipulation observation for the purpose of describing and explaining the phenomena that those observations reflect. The variables and relationships are the central

ideas (Nueman, 2003); therefore, the researcher going to analyze the data collected from sample customers and generalizes the data to population. So this theory was tested by using quantitative method.

### 3.3 Population and Sampling

#### 3.3.1 Target Population

On this research the samples were customers of four star hotels found in Addis Ababa, among the type of sampling technique the research used non probability sampling by using convenience sampling methods. The data gathered from Ministry of Culture and Tourism of Ethiopia (April 2018) depicts that there are total number of 14 four star hotels officially star graded in Addis Ababa. Ten (10) four star hotels were selected by target based on trip advisor by their service providing large amount of customers rather than newly emerged hotels. The selected hotels were listed below in Table 3.1. Thus, this study examined service quality of the hotels from the customers point of view on their level of satisfaction.

**Table 3.1-Lists of Selected Hotels**

No.	Name of the Hotel	Location	No. of Rooms	No. of Beds	Email
1	Dreamliner Hotel	Meskel flower	96	110	marketingmanager@dreamlinerhotel.com
2	Friendship hotel	Bole, Medhanilem	104	104	marketing@friendshiphotel.com.et
3	Harmony Hotel	Bole, Medhanilem	150	176	info@harmonyhotelethiopia.com
4	Intercontinental Hotel	Kasanchies	190	210	reservation@intercontinentaladdis.com
5	Jupiter int. Hotel	Kasanchies	102	112	info@jupiterinternationalhotel.com
6	Momona Hotel	Bole, Alem Cinema	60	80	reservation@momonahotel.com
7	Nexus hotel	megenagn	120	145	Info@nexusaddis.com
					Nexusaddis2@reservation.com
8	Saromaria hotel	Bole, Medhanilem	87	92	info@saromariahoteladdis.com
9	Sarem International Hotel	Adisugebeya	43	62	reservation@saremhotel.com
10	Washington hotel	Bole, Atlas	70	85	info@washingtonaddis.com

### **3.3.2 Sample Design**

A sample design is a definite plan for obtaining a sample from a given target population and it refers to the techniques or procedures the researcher would adopt in selecting items for sample (Kothari, 2004). It involves selecting participants from the part of the population which is close to hand. This strategy was chosen for this study because sampling participants using list of customers who have been using the service of the hotel was a challenge for the researcher. Therefore, researcher use a this sampling technique to get the required data from the required respondents in the hotel.

### **3.3.3 Sampling Technique**

Non probability sampling technique with Convenience sampling methods was applied to get respond from respondents based on their experience about the service quality in terms of satisfaction. So, this research focused on only the Non probability sampling method.

*Non probability sampling:* Non probability sampling provides a range of alternatives technique based on researcher subjective judgment (Saunders et al, 2000). In non-probability sampling the selection of elements for the sample is not necessarily with the aim of being statistically representative of population. Rather the researcher uses the subjective method such as personal experience, convenience, expert judgment and soon to select the elements in the sample. As a result the probability of any element of the population being chosen is not known (Samuel et al, 2003)

*Convenience sampling:* Convenience sampling involves select sample member who can provide required information and who are more available to participate in the study. Convenience sampling enable to the researcher to complete a large number of interviews and questioners cost effectively and quickly but they suffer from selection bias because of difference of target population. (Hair et al, 2003).

The researcher use convenience sampling method because of the availability of respondents by their time and willingness to participate on this research.

### 3.3.4 Sample Size

In principle, accurate information about given population could be obtained only from census study. However, due to time and cost constraint, in many cases, a complete coverage of population is not possible; thus sampling is one of the methods, which allow the researcher to study relatively small number of units representing the whole population (Sartnakos,1998). Out of major customers 384 (customers who had a chance to use different services at four star hotels in Addis Ababa) of them were selected. In determining the sample the researcher use sample size determination formula.

The researcher used the target respondents that customers in Addis Ababa who had an access to use different services in four star hotels so the researcher took total number of 384 individuals, the sample size of the study was determined by using the formula developed by Cochran (1963). Since the population for this study is infinite, the sample size ( $n_0$ ) can be adjusted as follows;

$$n = \frac{Z^2 (pq)}{e^2}$$
$$\frac{(1.96)^2 (0.5 \times 0.5)}{(0.05)^2} = 384.16$$

Where,  $n_0$ =the sample size

$Z^2$ =the abscissa of the normal curve that cuts off an area

$e$ =the desired level of precision

$p$ = the estimated proportion (standard deviation) of an attribute that is present in the population, and  $q$  is  $1-p$  the value of  $Z$  is found in statistical tables which contain the area under the normal curve. The above sample size is the representative sample proportion at 95% confidence level and  $\pm 5\%$  precession when population is large and unknown. From all those guests 384 of them were selected by using the above formula and respondents who fill in the questionnaire were selected using convenience sampling method.

The distribution mechanism of the questioners to those hotels distributed equally with the number of 33 for each.

### **3.4 Instruments of Data collection**

#### *Questionnaires'*

After extended literature review questioner was developed and the questioner was in English language because the selected types of customers are mostly foreigners and also the local customers are able to answer the questions because they are more or less on top level business class guests. The questionnaire was a complete survey of 33 questions covering mostly hotel services, including the first division with 7 items based on general information about customer's demographics like gender, age, occupation, educational level, and soon. The second part with 23 items based on LODGING QUALITY INDEX dimensions and the third part with 3 items on the level of Customer Satisfaction. The five points Likert Scale, which has five levels, section ranging from 1 for "Strongly Disagree", 2 for "Disagree", 3 for "Neutral", 4 for "Agree" and 5 for "Strongly Agree" (Changing Mindsorg.,2010).

### **3.5 Source of Data**

#### **3.5.1 Primary Data**

The primary data are those which are collected a fresh and for the first time (Kothari, 2002). For the purpose of gathering primary data, structured questionnaire was developed and administered with the selected sample respondents (hotel guests). In this survey, self-completion questionnaire with closed ended questions was developed.

#### **3.5.2 Secondary Data**

Secondary data are data that are already available and refer to data that have already been collected and analyzed by someone (Kothari, 2005). Secondary data were obtained through documentary review, which included published and unpublished documents, guest feedback trumpets, trip advisors and somehow from the suggestion boxes. This type of data helped the researcher to understand the nature of current customer satisfaction.

### **3.6 Data Analysis Methods**

SPSS is used first the responses of the participants were coded in Excel spreadsheet and then exported to SPSS to analyze the findings. After exporting to SPSS, the raw data concerning the respondents' demographic and organizational variables were depicted using different tables.

After the respondents profile was presented, the Service quality dimensions were processed using descriptive statistics and inferential.

**Descriptive analysis** consists of central tendency measurements (frequency and frequency distribution, percentage, valid & cumulative percentages and comparison of mean). In addition to this, with the help of SPSS, figures and tabular explanations are used.

**Inferential statistical tools** like; ANOVA, correlation and multiple linear regressions also was used so as to analyze data of this particular study with the help of statistical package for social sciences (SPSS) software. For analyzing the data collected from the respondents, each 5 dimensions was summed individually and converted into the average response of each dimensions.

### 3.7 Validity and Reliability

In order to reducing the possibility of getting the answer wrong, attention need to be paid to two particular research design; validity and reliability Saunders et ai. (2003).

#### 3.7.1 Reliability

Reliability can be defined as the degree to which measures free from error and, therefore, yield consistent results. Operationally, reliability is defined as the internal consistency of a scale, which assesses the degree to which the items are homogeneous. Reliability can be assessed by the following question East by-Smith et al. (1991)

1. Will the measures yield the same results on the other occasions?
2. Will similar observation be reached by other observers?
3. Is there transparency in how sense was made from row data?

The reliability of a measure indicates the stability and consistency with which the instrument. Measures the concept and helps to assess the ‘goodness’ of a measure as (Cavana, Delahaye & Sekaran 2001). According to Sekaran (2003), the closer the reliability coefficient gets to 1.0, the better it is, and those values over .80 are considered as good. Those values in the .70 are considered as acceptable and those reliability values less than .60 is considered to be poor Sekaran (2003). All the constructs will be tested for the consistency reliability of the items

within the constructs by using Cronbach's alpha reliability analysis as the above researchers stated. Arokiasamy (2013). Therefore, the researcher ensures the reliability through the above stated methods.

### **3.7.2 Validity**

Validity is concerned with whether findings are really about what they appear to be Saunders et al. (2003). It is defined as the extent to what data collection method or methods accurately measure what they were intended to measure Saunders et al. (2003). According to Cooper and Schindler (2003) believe that validity refers to the extent to which attest measure what we actually wish to measure. There are two major forms, external and internal validity. The external validity of research findings refers to the data's ability to be generalized across persons, settings and times. Internal validity is ability to the research instrument to measure what is proposed to measure Schindler (2003). Steps were taken to ensure validity.

**Face validity** is the extent to which a test is subjectively viewed as covering the concept it purports to measure. It refers to the transparency or relevance of a test as it appears to test participants. (Wikipedia)

### **Pretesting**

Pre testing refers to the testing of the questionnaire on a small sample of respondents to identify and eliminate potential problems. In generally, a questionnaire should not be carried out before pretesting it in order to improve the questionnaire. All aspects of the questionnaire should be pretested, such as word formulation, lay out and instructions. The respondent of the pre-test should be similar to those who will be included in the actual survey (Malhotra, 2010).

In order to eliminate misunderstandings of the questionnaire and to strengthen the study's validity two outside sources reviewed the questionnaire with some expertise in the field. Twenty typical respondents were also used in a pilot study to validate that respondents understood the formulation of the questions and instructions of the questionnaire. By letting others read through the questionnaire, there were a possibility to correct errors before carrying out the questionnaire and the risk for misunderstandings is reduced and questions validated.



### ***3.8 Ethical consideration***

Any information provided from the survey is treated with the strictest confidence it deserves. The researcher was taking care of for the issues related with plagiarism to do his own work. In addition to this, at the time of data collection, researcher did not force the respondents to fill the questionnaire rather communicate politely. In general researchers should have to avoid cheating, copying the work of others as it is, instead of putting things in clear for the readers. The techniques employed by the researcher were voluntary participation and harmlessness, anonymity and confidentiality, disclosure and analysis and reporting.

## CHAPTER FOUR

### 4.1 RESULTS AND DISCUSSIONS

The major objective of this chapter is to analyze and interpret the data collected from the questionnaire. The data obtained from the questionnaire that were distributed to respondents were analyzed by using Statistical Package of the Social Sciences (SPSS) version 20. It consists of the customers profile, dimensions of service quality and level of customer satisfaction, Descriptive statistics of the Variable and Regression Analysis. Then, a hypothesis test has been conducted to find out the relationships between each of the variables of this study. The result was evaluated based on the proposed hypothesis that was formed in the previous chapter. Finally, this section concludes with the summary of findings related to the hypotheses concerning the effect of service quality on customer satisfaction.

#### *General information about the Respondents*

A total of 384 questionnaires were conveniently handed out to customers who had a chance to stay and get service provided by four star hotels in Addis Ababa. Out of 384, total 330 survey questionnaires were returned without missing and omitting. On this progress of the questioners the researcher didn't faced missing and omitting questions from questioners, because it's clearly organized and use of the words that service provided in hotels so it's very convenient by its instructions, cloth headedness and easily understandable.

### 4.2 Descriptive Analysis

#### **4.2.1 Demographic profile of Respondents**

Since the general characteristics of the respondents are vital to get insights to the overall study we shall start by seeing the demographic nature of the respondents. It is believed in many extant literatures that demographic variables like Gender/Sex, Age group, Educational level, Occupation, Nationality, Purpose of visit and Hotel selection do investigate the effect of service quality on customer satisfaction in the hotel industry targeting four star hotels in Addis Ababa.

**Table 4.1 - Demographic Profile of Respondents**

<b>Variables</b>	<b>Categories</b>	<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	Male	240	72.7
	Female	90	27.3
<b>Age</b>	26-35	166	50.3
	36-45	114	34.5
	46-55	30	9.1
	Above 56	20	6.1
<b>Education Level</b>	High School	4	1.2
	Diploma	82	24.8
	Degree	125	37.9
	Master's Degree	100	30.3
	PHD	19	5.8
<b>Occupation</b>	Retire	10	3
	Business Owner	201	60.9
	Employed	119	36.1
<b>Nationality</b>	Ethiopian	61	18.5
	Foreigner	269	81.5
<b>Purpose to Visit</b>	Pleasure	47	14.2
	Business	159	48.2
	Visiting Relatives	15	4.5
	Conference	109	33
<b>Hotel Selection</b>	Internet Search	55	16.7
	Gov't Placement	62	18.8
	Travel Agency	192	58.2
	Word of Mouth	21	6.4

### ***Hotel guests by Gender/Sex***

The gender of the hotel guests enquired to understand which gender constitutes the majority by staying at four star hotels in Addis Ababa. Figure 4.1 shows that among the hotel customers, Males constitute the major proportion of 240 (72.7 %) and the females constitute by 90 (27.3%). From this study, we can conclude that Males have more experiences on staying in the hotel.

### ***Hotel guests by Age Group***

Hotel guests in the study are under different age groups. The first age group was under 26-35 (50.3%), second under the group of 36-45(34.5%), third under the group of 46-55 (9.1%) and the fourth, under the group of above 56 (6.1%). This study shows that customers who were staying in the hotel under the group of age 26-35.

### ***Hotel guests by Educational level***

The highest educational level of the customers were Degree on 37.9%, where as 30.3 % of them have Masters. 24.8% of the respondents have Diploma, 5.8% of respondents have PHD and 1.2% respondents have high school level. So the study implies that the customers who were staying in the hotel were highly educated people and they have enough knowledge to judge the service quality regarding on their staying.

### ***Hotel guests by Occupation***

The finding implies that the hotel guests (respondents) occupation leads by 201(60.9 %) of them are business owner, 119 (36.1%) of the mare employed and the rest 10(3.0%) are retirees. Due to various reasons, the result implies that most of the hotel guests are business owners.

### ***Hotel guests by Nationality***

The finding implies that most of the hotel guests were foreigners (81.5%) and (18.5%) are Ethiopians/ locals. So depend on the result we can conclude that the foreigners are the most loyal customers of the hotel because of various reasons.

### ***Hotel guests by Purpose of Visit***

The finding implies that the hotel guests greatest purpose to visit were for business 159 (48.2%), for conference 109 (33.0%), for pleasure 47 (14.2%) and the last purpose of visit is visiting relatives 15(4.5%). So this result confirms most of the customers came for the sake of business purpose.

### ***Hotel guests by Hotel Selection***

The finding implies that guests used to select hotels through the means of Travel agency 192 (58.2%), Governmental placement 62(18.8%), Internet search 55(16.7%) and Word of Mouth 21(6.4%). So the result indicates that most customers use travel agencies to choose or to select the hotel.

## **Reliability Test**

### **Cronbach's alpha Reliability**

The variables were tested for reliability by Using Cronbach's Coefficient Alpha which results that all factors have a Cronbach's Coefficient Alpha greater than 0.80, which indicates all the constructs are reliable. The study used Cronbach alpha to examine the internal consistency of the research instrument. Cronbach's  $\alpha$  (alpha) is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. The reliability in this study as assessed by coefficient alpha was found to be **.856**, as indication of Good acceptability of the scale for further analysis.

George and Mallery (2003) provide the following rules of thumb: —  $> .9$  Excellent,  $> .8$  – Good,  $> .7$  Acceptable,  $> .6$  Questionable,  $\_ > .5$  Poor, and  $< .5$  Unacceptable □ p.231 (as cited in Gleam & Rosemary, 2003). If correlations between items are too low, it is likely that they are measuring different traits and therefore should not all be included in a test that is supposed to measure one trait. So in this case research based on the rule the result is under Good categories.

**Figure 4.1 Reliability Statistics**

<b>Cronbach's Alpha</b>	<b>N of Items</b>
<b>.856</b>	<b>23</b>

**Table 4.2 - Reliability Statistics**

<b>Reliability test of Dimensions using cronbach's Alpha</b>				
<b>No</b>	<b>Dimensions</b>	<b>Cronbach's Alpha</b>	<b>No of Item</b>	<b>Reliability of range(<math>\alpha</math>)</b>
<b>1</b>	<b>Tangibility</b>	<b>0.844</b>	<b>5</b>	<b>Good</b>
<b>2</b>	<b>Reliability</b>	<b>0.849</b>	<b>5</b>	<b>Good</b>
<b>3</b>	<b>Responsiveness</b>	<b>0.825</b>	<b>4</b>	<b>Good</b>
<b>4</b>	<b>Confidence</b>	<b>0.837</b>	<b>4</b>	<b>Good</b>
<b>5</b>	<b>Communication</b>	<b>0.825</b>	<b>5</b>	<b>Good</b>
<b>6</b>	<b>Customer Satisfaction</b>	<b>0.817</b>	<b>3</b>	<b>Good</b>
<b>7</b>	<b>Overall value of Alpha</b>	<b>.856</b>	<b>6</b>	<b>Good</b>

Source: Survey SPSS data (2018)

The lowest Alpha registered is 0.817 (Customer Satisfaction) and

The highest is 0.849 (Reliability).

Therefore, all the five dimensions of service quality (Tangibility, Reliability, Responsiveness, Confidence and Communication) are consistent internally.

### ***Descriptive Statistics of the Dimensions***

To answer the research questions several statistical techniques were used. Descriptive statistics is the quantification of data in a way that helps patterns to emerge. The shortcoming of descriptive statistics is that the data may not be useful in making conclusions. It's simply a way to describe our data (Loo, Salmiah & Nor, 2015). Similarly (Kassim 2001; Sekaran, 2000; Zikmund, 2000) descriptive analysis refers to the transformation of raw data into a form that would provide information to describe a set of factors in a situation that will make them easy to understand and interpret (Kassim 2001; Sekaran, 2000; Zikmund, 2000). This analysis gives a meaning to data through mean, Std deviation and others.

A high mean score, higher than the benchmark of 3.5 implied that there were higher levels of agreement among the respondents concerning various research questions. Mean score between 2.0 and 3.5 implied that there were average levels of agreement among the respondents. Besides, means score below 2.0 revealed the existence of below average levels of consensus among the respondents (Verzuh, 2010). A standard deviation of zero implied absolute consensus among respondents (Verzuh, 2010)

***Table 4.3 - Service Quality Tangibility Dimension***

<b><i>Tangibility Dimension</i></b>	<b><i>Mean</i></b>	<b><i>Std. Deviation</i></b>
The hotel has a serene environment With great ambiance	1.7091	.59397
the physical facilities at the hotel are visually appealing	1.4818	.63913
The menu offer a wide variety of food and drink to choose from	1.7091	.49946
The concierge desk is available for any information	1.3515	.47817
The guest rooms are well equipped	1.6788	.61873
Valid N(listwise) 330		

As indicated on the table 4.3, the weighted mean value is 1.586. The two variables from tangibility dimension the ambiance environment of the hotel and menu varieties' has the same mean value at the point of (1.70), the guest room equipment is on the point of (1.67) mean value. The visually appealing of hotel (1.48) and the concierge desk availability for the

information (1.35) has the lowest Mean value from all. For instance, Tangibility dimension implies *below average level* of agreement among respondents in service quality.

**Table 4.4 - Service Quality Reliability Dimension**

<b>Reliability Dimension</b>	<b>Mean</b>	<b>Std. Deviation</b>
Orders served on a time manner	2.6758	.47524
The hotel stuffs respond to customer requests promptly	2.2424	.42920
The hotel stuffs treat customers so friendly	2.1273	.54760
The guest room amenities kept properly	2.2394	1.28599
The security system of the hotel is secured	2.3061	.52906
Valid N(listwise) 330		

Table 4.4, the weighted mean value is 2.312. The variable of order served on a time manner (2.67) has a high score on Mean value from Reliability dimension, the security system of the hotel has (2.30) mean value. Stuffs respond to customer requests promptly (2.24) and the guest room amenities kept properly (2.23) Mean scored respectively. The hotel stuffs treat customers so friendly (2.12) has the least Mean value score. Therefore, Reliability dimension implies *below average level* of agreement among respondents in service quality.



**Table 4.5 - Service Quality Responsiveness Dimension**

<b>Responsiveness Dimension</b>	<b>Mean</b>	<b>Std. Deviation</b>
The employees are so called professionals	2.3879	0.7996
Personnel's are willing to help customers	2.3879	0.81888
The employees treat customers in professional manner	2.0879	2.0879
Stuff of hotel are never too busy to respond customer request	2.5545	0.86737
Valid N(listwise) 330		

Table 4.5, the weighted mean value is 2.347. The hotel stuffs never busy to respond customer request has an average mean value on (2.55). The two variables of employees so called professionals and personnel' willingness to help has equal Mean value on (2.38) and the employee's professionalism has an average Mean value on (2.08). So, Responsiveness dimension implies *below average level* of agreement among respondents in service quality.

**Table 4.6- Service Quality Confidence Dimension**

<b>Confidence Dimension</b>	<b>Mean</b>	<b>Std. Deviation</b>
The employees have professional ethics	2.3606	0.98636
The hotel facilities are well organized and eye catching	2.0697	0.4974
The employees are well mannered	2.4818	0.50043
The employees can explain the hotel's facilities	2.197	0.78395
Valid N(listwise) 330		

Table 4.6, the weighted mean value is 2.272. The variable on employees being well-mannered has high score on Mean value (2.48) from Confidence dimension; the professional ethics of employees has the next high score of Mean value on (2.36). The ability of explanation on facilities of employees and the facilities of the hotel eye catchiness has (2.19) and (2.06) an average Mean score values respectively. Therefore, Confidence dimensions implies *below average level* of agreement among respondents in service quality.

**Table 4.7 - Service Quality Communication Dimension**

<i>Communication Dimension</i>	<i>Mean</i>	<i>Std. Deviation</i>
The employees have a welcoming expression	1.8303	0.70279
The reservation agents try to fulfill the guest particular needs	1.8182	0.86662
The guest relation agents are multilingual	1.8879	0.79675
Employees are polite when answering requested questions	2.1091	1.21799
Customer service agents are well organized regarding on billing	1.9364	1.36574
Valid N(listwise) 330		

Table 4.7, the weighted mean value of Communication is 1.91. The variable on employee's kindness has the only Mean average level of agreement score (2.10). the rest variables of Communication dimensions lies on below an average level on (1.93) customer service agents on billing, employees multilingualism(1.88), the welcoming expression of employees (1.83)and the commitment of reservation agents to fulfill customer particular need has the lowest Mean value on (1.81). Therefore, Communication dimension implies *below average level* of agreement among respondents in service quality.

## 4.3 Inferential Analysis

### 4.3.1 Correlation

Correlation shows how the strength, magnitude and direction of the variable relationship with each other. The linear relationship between variables can be measured by correlation coefficient (R), which is commonly called as Pearson product moment correlation. Person's "R" mainly measures the data from the interval or ratio level and used to measure based on the deviation from the mean (Muluadam, 2015).

#### *Pearson's Correlation*

Pearson's correlation coefficient (r) is a measure of the strength of the association between the two variables. According to Sekaran (2003), in research studies that includes several variables, beyond knowing the means and standard deviations of the dependent and independent variables, the researcher would often like to know how one variable is related to another. While correlation could range between -1.0 (perfect negative correlation) and +1.0 (perfect positive correlation), the researcher need to know if any correlation found between two variables is significant or not (i.e.; if it has occurred solely by chance or if there is a high probability of its actual existence).

*Table - 4.8 Measures of Associations and Descriptive Adjectives*

<b>Measure of Association</b>	<b>Descriptive Adjective</b>
<b>&gt; 0.00 to 0.20 ; &lt; -0.00 to – 0.20</b>	<b>Very weak or very low</b>
<b>&gt; 0.20 to 0.40; &lt; -0.20 to – 0.40</b>	<b>Weak or low</b>
<b>&gt; 0.40 to 0.60; &lt; -0.40 to – 0.60</b>	<b>Moderate</b>
<b>&gt; 0.60 to 0.80; &lt; -0.60 to – 0.80</b>	<b>Strong or high</b>
<b>&gt; 0.80 to 1.0; &lt; -0.80 to – 1.0</b>	<b>Very high or very strong</b>

Source: (MacEachron, 1982)

The below Table 4.9 shows the measures of association and descriptive adjectives between the predictors variables, which was originally developed by MacEachron (1982).

*Table 4.9 - Correlations matrix*

		Correlations					
		1	2	3	4	5	6
<b>Tangibility</b>	<b>Pearson Correlation</b>						
<b>Reliability</b>	<b>Pearson Correlation</b>	382**					
<b>Responsiveness</b>	<b>Pearson Correlation</b>	485**	484**				
<b>Confidence</b>	<b>Pearson Correlation</b>	303**	576**	499**			
<b>Communication</b>	<b>Pearson Correlation</b>	629**	437**	562**	460**		
<b>Customer Satisfaction</b>	<b>Pearson Correlation</b>	560**	580**	721**	643**	686**	
** Correlation is significant at the 0.01 level (2-tailed).							
** Correlation is significant at the 0.00 level (2-tailed).							
List Wise N=330							

Source: SPSS output of Survey 2018

***Tangibility and Customer Satisfaction***

The correlation between Tangibility and customer satisfaction was ( $r=0.560^{**}$ ,  $p < 0.01$ ), as statistically significant with a positive relationship and effect. With respect to the magnitude of the relationship, as MacEachron (1982) stated, there is a ***Moderate level*** of association.

***Reliability and Customer Satisfaction***

The correlation between Reliability and customer satisfaction was ( $r =0.580^{**}$ ,  $P < 0.01$ ), as statistically significant with a positive relationship and effect. With respect to the magnitude of the relationship, as MacEachron (1982) stated, there is a ***Moderate level*** of association.

### ***Responsiveness and Customer Satisfaction***

The correlation between Responsiveness and customer satisfaction was ( $r=0.721^{**}$ ,  $P < 0.01$ ), as statistically significant with a positive relationship and effect. With respect to the magnitude of the relationship, as MacEachron (1982) stated, there is a ***Moderate level*** of association.

### ***Confidence and Customer Satisfaction***

The correlation between Confidence and customer satisfaction was ( $r = 0.643^{**}$ ,  $p < 0.01$ ), as statistically significant with a positive relationship and effect. With respect to the magnitude of the relationship, as MacEachron (1982) stated, there is a ***Moderate level*** of association.

### ***Communication and Customer Satisfaction***

The correlation between Communications and customer Satisfaction was ( $r=0.686^{**}$ ,  $P < 0.01$ ), as statistically significant with a positive relationship and effect. With respect to the magnitude of the relationship, as MacEachron (1982) stated, there is a ***Moderate level*** of association.

Therefore, According to the finding improve that all the five dimensions of loading quality index (service quality dimensions) has a positive and significant effect on customer satisfaction respectively.

### **4.3.2 Multiple Regression analysis**

Regression analysis is the relationship between a dependent variable together with one or more independent variables. In order to see if there exists a relationship between the variables as well as to what extent of strength the relationship has. The relationship can only be measured to its mathematical relationship as no causality can be assumed in its measurement, (Malhotra, 2010).

The researcher used multiple regression analysis to examine the independent dimensions (Tangibility, Reliability, Responsiveness, Confidence, and Communications) on the dependent variable (customer's satisfaction). Multiple regression analysis is defined as "a statistical technique which analyzes the linear relationships between a dependent variable and multiple

independent variables by estimating coefficients for the equation for a straight line” (Hair *et al.*, 2004).

## Test of Multiple Regression Assumption

### *Assumption 1 - Multicollinearity of the Variables*

**Table 4.10 – Collinearity Statistics**

**Coefficients <sup>a</sup>**

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Tangibility	0.568	.76
Reliability	0.595	.68
Responsiveness	0.567	.764
Confidence	0.581	.72
Communication	0.486	.058

Collinearity diagnostics was performed on the variables as part of the multiple regression procedure. This can pick up on problems with multicollinearity that may not be evident in the correlation matrix. The results are presented in table of 4.10 Collinearity Statistics. Two values are given: Tolerance and VIF.

Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model and is calculated using the formula  $1-R^2$  for each variable. If this value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. Therefore, the result value of tolerance show that less than 0.10 so there is no error on this model.

The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern here, indicating multicollinearity (Julie Pallant, 2005).

The multicollinearity statistics revealed the Tolerance value greater than 0.1 and VIF value significantly below 10. The result shows that there was no multicollinearity problem with in the model.

**Assumption 2 - Independence of Residuals**

**Table 4.11 – Residuals**

<b>Model Summary<sup>b</sup></b>					
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>	<b>Durbin-Watson</b>
<b>1</b>	<b>0.845<sup>a</sup></b>	<b>0.714</b>	<b>0.71</b>	<b>0.5885</b>	<b>2.37</b>

a. Predictors: (Constant), Communication, Reliability, Confidence, Tangibility, Responsiveness

b. Dependent Variable: Customer Satisfaction

The one assumption for multiple regressions is the independence of residuals. The independence of the residuals can be measured by Durbin-Watson statistics. The value of the Durbin-Watson statistic ranges from 0 to 4. As a general rule, the residuals are independent (not correlated from one observation to the other one) if the Durbin-Watson statistic is approximately 2, and an acceptable range is 1.50 - 2.50 (Muluadam, 2015). For this see Table 4.11, the output value of Durbin-Watson is **2.370.**, indicating that there is no correlation among the residuals.

### *Assumption 3 Normality*

**Table 4.12–Table of normality**

	Descriptive Statistics				
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Tangibility	330	0.124	0.134	0.157	.268
Reliability	330	0.014	0.134	0.918	.268
Responsiveness	330	0.288	0.134	0.735	.268
Confidence	330	0.215	0.134	0.268	.268
Communication	330	0.397	0.134	0.389	.268
Customer Satisfaction	330	0.599	0.134	0.201	.268
Valid N (listwise)	330				

### *Test of Normality*

Hair et al. (2006) noted that normality relates to the shape of the data distribution for an individual metric variable and its relationship to the normal distribution. Assessment of the variables ‘level of skewness and kurtosis is one of the method that will determine Normality 186 (Hair et al, 2006). In fact, Skewness provides an indication of the symmetry of the distribution (Hair et al., 2006). Kurtosis turns to the peakedness or flatness of the distribution relative to the normal distribution (Hair et al., 2006). For determining skewness and kurtosis values, if the calculated z value for skewness and kurtosis goes beyond the critical values of  $\pm 2.58$  at 0.01 significance level or  $\pm 1.96$  at 0.05 significance level, the distribution of data is considered non normal (Hair et al., 2006). The result of the analysis shows that none of the variables falls outside the  $\pm 2.58$  range of skewness and kurtosis in this study. Thus, the data



for this study is normal in relation to Skewness and kurtosis (Hair et al., 2006). Table 4.12, summarizes the variables of skewness and kurtosis for the study is normally distributed.

**Model Summery**

Table 4.13, The Model summary include the R Square value, which serves as the proportions of the variation in dependent variable (customers’ satisfactions) being explained by the variation on independent variable service quality dimensions, this means that the R Square depicts how good the regression model is at explaining the variance in Customer Satisfaction in hotels’ industry. It can be observed that the coefficient of determination (R<sup>2</sup>) was 0.714, representing that 71.4% of customer satisfaction can be explained by the five dimensions of service quality (LODGING QUALITYINDEX).

**Table 4.13 - Model Summary**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.845 <sup>a</sup>	.714	.710	.58850

- a. Predictors: (Constant), Communication, Reliability, Confidence, Tangibility, Responsiveness
- b. Dependent Variable: Customer Satisfaction

On the above Table 4.13, the Model Summary,

- The multiple correlation coefficients, R, indicate 0.854 correlation of between customer’s satisfaction and service quality dimensions.
- From the R square (R<sup>2</sup> = 0.714) the model fits accounts of the variation in the customers satisfaction explained by the fitted model linear combination of all the (predictors) determinants.

## Beta Coefficients

**Table 4.14 – Beta Unstandardized Coefficients**

Regression model for Coefficients'

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error				Beta	Tolerance
(Constant)	9.908	0.247		40.115	0.000		
Tangibility	0.081	0.028	0.112	2.849	0.005	0.568	1.76
Reliability	0.059	0.02	0.113	2.925	0.004	0.595	1.68
Responsiveness	0.208	0.024	0.34	8.63	0.000	0.567	1.764
Confidence	0.186	0.028	0.256	6.568	0.000	0.581	1.72
Communication	0.185	0.031	0.257	6.041	0.000	0.486	2.058

a. Customer Satisfaction

The unstandardized coefficients (β1 up to β5) are the coefficients of the estimated regression model. The service quality dimensions of beta's can be present and interpreted from the above beta coefficient Table 4.14 as follows:-

X1= Tangibility

X2= Reliability

X3= Responsiveness

X4= Confidence

X5= Communications

Overall Customer Satisfaction(y) =  $\beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + e$

Where:  $\beta_0$  is the intercept

$\beta_1 \dots \beta_5$  are coefficients/parameters associated with  $X_1, X_2 \dots X_5$

y – Response variable

$X_1 X_2 \dots X_5$  are known constants/explanatory variables

e –is random error

Table 4.14 on the above, implies all the independent variables (Service quality dimensions) were regressed against the dependent variable (Customer Satisfaction). The regression equation,  $Y_i = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5$  Y, is the dependent variable as is y intercept, i.e., the value of y when X=0.  $\beta_1, \beta_2, \beta_3, \beta_4, \& \beta_5$  is the regression coefficient of Tangibility, Reliability, Confidence, Responsiveness and Communications ( **$Y = 9.908 + 0.081 \text{Tangibility} + 0.059 \text{Reliability} + 0.208 \text{Responsiveness} + 0.186 \text{Confidences} + 0.185 \text{Communications} + e$** ), which indicates the amount of change in  $Y_i$  given a unit change in  $X_i$  and finally X is the value of dependent variable. In other words, for each 1-unit change in X, Y will change by  $\beta$  units. The result was all the loading quality index dimensions have a positive and significant effect on customers' satisfactions.

### ***Beta Standardized Coefficients***

The standardized coefficients / beta coefficients are estimate resulting from a regression analysis that have been standardized so that the variance of the dependent and independent variables. Therefore, standardize coefficients refer to how many standard deviations a dependent variable will change, per standard deviation increase in the predictor variable.

## **ANOVA MODEL**

The ANOVA table 4.4 shows the results from the analysis of the variance and determines if the R Square value is significant or not.

**Table 4.15 - ANOVA**

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sign.
Regression	280.711	5	56.142	162.104	.000 <sup>b</sup>
Residual	112.213	324	.346		
Total	392.924	329			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Communication, Reliability, Confidence, Tangibility, Responsiveness

ANOVA Table 4.15 implies that the finding is significant because the p-value is less than significance level 0.1%. To sum up the five dimensions of the lodging quality index (LQI) those generic measures of hotel industries' service have significant and positive relationships with customers' satisfactions at 95% confidence level. The regression sum of the squares is the difference between total sum of the squares and residual sum of the squares which is (TSS-RSS). So,  $392.92 - 112.21 = 280.71$  and the total degree of freedom is  $330 - 1 = 329$ , one class less than the number of observation. The regression model has sums of the mean square of  $280.71 / 5 = 56.14$  and residual mean square is  $112.21 / 324 = .346$ . The proposed model was adequate as the F-static = 162.10 was significant level of .000, so The result indicates that the overall model was fit on average and there was a statistically significant relation between service quality dimensions and customer satisfaction.

## Test of the Hypotheses

The following hypotheses were tested to answer the problem statement and consequently address the objective of the study.

***H1: There is a significant and positive effect between Tangibility and Customer Satisfaction.***

***H0: There no is a significant and positive effect between Tangibility and Customer Satisfaction***

The result of the multiple regression analysis found that the Tangibility dimension had a beta value 0.081 and that it was significant at a 0.005 significance level, as shown on Table 4.14. These findings indicate that the researcher has very strong evidence to reject the null hypothesis and support the research hypothesis. The positive relationship between Tangibility and customer Satisfaction was strengthened by the moderate correlated correlation between the two variables, a Pearson coefficient of  $r=.560^{**}$  with a p-value 0.000 significant level as shown on Table 4.8. So, there is a significant and positive effect between Tangibility and customer Satisfaction. Thus, H1 is acceptable based on the finding.

***H2: There is a significant and positive effect between Reliability and customer satisfaction.***

***H0: There is no a significant and positive effect between Reliability and customer satisfaction.***

The finding on the data analysis presented in Table 4.14, shows that the dimension Reliability had a beta value of 0.059 and the p-value was 0.004 level of significance. It means that the dimension Reliability was the significant contributor to customer Satisfaction. The data analysis also found that reliability was moderate correlated to customer Satisfaction with a significant Pearson coefficient of  $.580^{**}$ . So, the alternative hypothesis (H2) can be supported by the data because contribution to the customer satisfaction has taken positive value and very strong evidence to reject null hypothesis. Thus it can be concluded that there is a significant and positive relationship between Reliability and customer satisfaction. Thus, H2 is acceptable based on the finding.

***H3: There is a significant and positive effect between Responsiveness and customer satisfaction.***

***H0: There is no a significant and positive effect between Responsiveness and customer satisfaction.***

The regression analysis showed that responsiveness had a beta value of 0.208, which was the highest of all the variables and p-value 0.000 sig. levels. The data analysis also found that responsiveness was moderate correlated to customer satisfaction with a significant Pearson coefficient of .721\*\* with p- value 0.00 significant level. With this data we can support the developed alternative hypothesis (H3) and we have very strong evidence to reject the null hypothesis. So the finding concludes that there is a significant and positive effect between responsiveness and Customer Satisfaction. Thus, H3 is acceptable based on the finding.

***H4: There is a significant and positive effect between Confidence and customer satisfaction.***

***H0: There is no a significant and positive effect between Confidence and customer satisfaction.***

The regression analysis showed that Confidence had a beta value of 0.186 and p-value 0.000 sig. levels. The data analysis also found that Confidence was moderate correlated to customer satisfaction with a significant Pearson coefficient of .643\*\* with p- value 0.00 significant level. With this data we can support the developed alternative hypothesis (H4) and we have very strong evidence to reject the null hypothesis. So the finding concludes that there is a significant and positive effect between confidence and Customer Satisfaction. Thus, H4 is acceptable based on the finding.

***H5: there is a significance and positive effect between Communication and customer satisfaction.***

***H0: There is no a significant and positive effect between Communication and customer satisfaction.***

The regression analysis showed that Communication had a beta value of 0.185 and p-value 0.000 sig. levels. The data analysis also found that Communication was moderate correlated to customer satisfaction with a significant Pearson coefficient of .686\*\* with p- value 0.00 significant level. With this data we can support the developed alternative hypothesis (H5) and we have very strong evidence to reject the null hypothesis. So the finding concludes that there is a significant and positive effect between Communication and Customer Satisfaction. Thus, H5 is acceptable based on the finding.

#### **4.4 Discussion of the Study**

The concept of service quality is the key term for customer satisfaction. And when we refer the finding of this study, the customers who used a service in four star hotels of Addis Ababa faced the absence of satisfaction, the study measures the means of qualities on service provided by those four star hotels, the research used a LOADING QUALITY INDEX MODEL dimensions because the model used the most services that were been applied in the hotel industry.

When we come to the finding on descriptive statistics part of demographics, it imply that males are many in number by using the services of four star hotels in Addis (72.7%) in terms of gender. Degree holders lead on (37.9%) and Master's degree holders followed by (24.8%) under the group of educational level. Most of the customers are foreigners on (81.5%) when compares to the local citizens (18.5%), the main purpose of visit on customers recorded under the group of business (48.2%), for conference (33.0%) and (14.2%) for pleasure. Travel agencies (58.2%) are the first means of hotel selection for the customers. According to descriptive statistics of the finding, the five loading quality index dimensions have different mean value among Customer Satisfaction regarding on service quality.

Tangibility has a positive and significant effect ( $\beta = 0.081$ ) on Satisfaction among four star hotels in Addis Ababa services and it affect the customer Satisfaction in this study afterward the Service quality dimensions. Customers always have either a positive or negative expectations among the service form the dimensions tangibility is the one. It has terms like the hotel scene ambiance and environment of the hotel, the appealing facilities, variety rang of the menu, the availability of information desk and personnel and so many terms. So, in this study the researcher find out tangibility factor had received lowest weighted mean scores (1.58) and it imply that it's below average level of agreement among service quality.

To improve this dimension there should be alert to provide standard service and well organized the products and facilities to be ambiance and attractive to catch Customer eyes. This result supported by (Gundersen, Heide & Olsson, 1996), the importance of being able to offer hotel customers a high quality experience was unquestionable.

The second dimension with the list weighted mean value was Communication (1.91), According to (Verzuh, 2010) means score below 2.0 revealed the existence of below average levels of agreement among the respondents. So it's below average level of agreement among respondents. Communication is the central term and factor in the hospitality industry because it's all about giving and taking orders between employees and potential customers. So there should be always being alert to provide quality service and make customer satisfaction. Pizamand Ellis (1999) pointed out; satisfaction of customers can be the cheapest means of promotion, so communication is key term on service quality dimensions.

The regression table implies that all the five service quality dimensions have statistically significant and positive effect on customer satisfaction. Tangibility (.560''), Reliability (.580''), Responsiveness (.721''which is the highest), Confidence (.643'') and Communication (.686''). This result supported by Mey, Akbar & Fie (2006), Kessler (1996) and Juwaheer & Ross (2003).To bring customer satisfaction, the hotel should maintain and apply Standard Operation Procedures/SOP/ if the company has a plan to succeed in the business for long run and make profit otherwise it is meaningless weather produce products and provides services, so standard operational procedure policies should implement and give dips train for the employees. Satisfied customers would return and they promote the hotel by the means of word of mouth to their relatives.



## CHAPTER FIVE

### 5 SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary of the Findings

- ✚ The total sample size was 384 questionnaires were distributed within 10 four star hotels in Addis Ababa. Out of which, 330 questionnaires were returned.
- ✚ The sum of the independent variables average Cronbach's alpha value is ( $\alpha = 0.856$ ) and the reliability test of the study is located on "Acceptable" range.
- ✚ Out of 384 respondents, 72.7% (240) of the respondents are Males whereas the remaining 27.3% (90) are Female.
- ✚ The majority of the respondents age under the category from (26-35) years accounted for the cumulative percentage of 166(50.3%), whereas, under the group of 36-45, 46-55 and above 56 ages were 114 (34.5%), 30(9.1%) and 20(6.1%), respectively.
- ✚ 125(37.9%) of the respondents were Degree holder, 100(30.3%) were Master's Degree, 82(24.8%) were Diploma and 4(1.2%) were High School.
- ✚ The weighted mean value of Tangibility (1.58), Reliability (2.31), Responsiveness (2.34), Confidence (2.27) and Communication (1.91) below average level of agreement among respondents.
- ✚ The correlation between Customer Satisfaction and Tangibility is positive and significantly correlated at ( $R = .560^{**}$ ), ( $P < 0.01$ ) with strong magnitude of correlation regarding on service quality.
- ✚ The correlation between Customer Satisfaction and Reliability is positive and significantly correlated at ( $R = .580^{**}$ ), ( $P < 0.01$ ) with strong magnitude of correlation regarding on service quality.
- ✚ The correlation between Customer Satisfaction and Responsiveness is positive and significantly correlated at ( $R = .721^{**}$ ), ( $P < 0.01$ ) with strong magnitude of correlation regarding on service quality.
- ✚ The correlation between Customer Satisfaction and Confidence is positive and significantly correlated at ( $R = .643^{**}$ ), ( $P < 0.01$ ) with strong magnitude of correlation regarding on service quality.

- ✚ The correlation between Customer Satisfaction and Communication is positive and significantly correlated at ( $R = .686^{**}$ ), ( $P < 0.01$ ) with strong magnitude of correlation regarding on service quality.
- ✚ The results of correlation analysis supported the hypotheses is H1,H2,H3,H4and H5 proved that there is a positive relationship the “service quality dimensions and customer satisfaction”
- ✚ The pre-model fitting three assumptions (i.e., Normality, Multicollinearity and Independence of Residuals) of multiple regressions are met accordingly.
- ✚ The model summary results showed that, a linear combination of all the independent variables considered under the study predicts ( $R^2=.714$ ), of the variance in the dependent variable Customer Satisfaction.
- ✚ The ANOVA test result showed that, the value of **R** and **R<sup>2</sup>** obtained under the model summary part was statistically significant at ( $F=162.1$ ), ( $P<0.001$ ).

## 5.2 Conclusion

Customers are very crucial part of the success of any company. Their satisfaction with a purchased product or service influences their decision to purchase it again. This holds true for the companies in the hotels industry satisfied customers prefer to return to the same hotel or restaurant if they really liked it. Therefore, customer satisfaction plays a very crucial role in the hotel industry and should be seen as one of the first management’s priorities at all hospitality companies. The findings of the study could be summarized right below:

- Tangibility has a positive and significant relationship with the customer satisfaction in hotel services. The difference between customer’s expectation and the service provided in regarding on tangibility factors like the ambiance of the hotel, the physical facilities appealing, the means of availability for information and related issues below average level of agreement among respondents regarding on service quality.

- Reliability has a positive and significant relationship with the customers' satisfactions. And also the factors of reliability like the security system of the hotel, the alertness of employees to take orders and to deliver the order, the time frame manner of the employees, the standard of the rooms and related points were not match satisfactory below average level of agreement among respondents regarding on service quality.
- Responsiveness has a positive and significant relationship with the customer satisfaction on hotel services. The elements of responsiveness like the willingness of employees to help, take caring of customers, the professional manner of employees and other related points were not much satisfactory below average level of agreement among respondents regarding on service quality.
- Confidence has a positive and significant relationship with the customer satisfaction in hotel services. And also the studied hotels failed by fulfilling customer's satisfaction in all elements of confidence dimensions like unprofessionalism of employees without ethics, employees can't handle prompt inquires and orders, over act and unprofessional attitude and many more issues has below average level of agreement among respondents regarding on service quality.
- Communication has a positive and significant relationship with the customer satisfaction in hotel services. Factors that has effect on communication dimensions like: lack of welcoming face of employees, the dalliance of orders, absence of professional language, unprofessional dressing Coad, theft on billing and others issues implies that below an average level of agreement among respondents regarding on service quality.
- The correlation between the dependent variable Customer Satisfaction and the independent variables (Tangibility, Reliability, Responsiveness, Confidence and communication) were with magnitude ranges on Moderate level of correlations.
- The multiple regression assumptions (Multicollinearity, Normality and Independence of Residuals) of multiple regressions are met accordingly. The model summary results showed that, a linear combination of all the independent variables considered under the

study predicts 70.9% of the variance in the dependent variable Customer Satisfaction. The ANOVA test result showed that, the value of R and R<sup>2</sup> obtained under the model summary part was statistically significant.

- The multiple linear regression analysis of the independent variables and dependent variables shows that, all the five variables (Tangibility, Reliability, Responsiveness, Confidence and communication) have a statistically positive and significant relationship with Customer Satisfaction.

### **5.3 Recommendation**

This research has showed to examine the effect of service quality on customer satisfaction on four star hotels in Addis Ababa. The results obtained confirm that all the independent variables (Tangibility, Reliability, Responsiveness, Confidence and communication) have a positive and significant correlation with dependent variable (Customer Satisfaction). Based on the finding and conclusion of the study, the following recommendation was forwarded to the hospitality industries, specifically for the hotel sectors.

- ✓ The top level of managers or owners of the hotels all advised to maintain and develop the tangibility attribute of service dimensions to the ambiance level, because tangibility includes the physical feature of the hotel and to attract and to catch the customers eye and mind the physical ambiance of the hotel should be very attractive and holds different unique features like the lobby area, the business centers, the health club, the front desk, fine dining restaurants and related should be visually appealing to attract and to give satisfaction for the customers.
- ✓ Give a reliable service for the customer to create satisfaction and repeated transaction by providing reliable service. To give reliable service the firm should treat its employees at the first place in a professional manner and give training on the

deliverance and handling the customer request and complain handling system then the employees can trust the firm and respect the potential customers.

- ✓ To improve the problem related on responsiveness dimensions, motivating, giving incentives, training, coaching, make a field trip/ vacations to the employees are very essential points to the top level managers and owners of the hotels. To succeed in business every firm should handle its employees, because the employees are the key role to make revenue or not, because customers always look different alternatives and choices so when the employees well treat and provide quality service will retain again and again.
- ✓ Confidence is everything especially in the hospitality industry, because hospitality and hotel industries is very large by its nature, it's all about worldwide transaction of people so the employees should very aware about every information regarding on related with the industry, the products they would sold, the service they would provide. So To solve the problems regarding on confidence the firm or the hotel should recruiting staffs that have adequate knowledge about the industry especially in tourism and hotel management, give short and long term training and orientations concerning about customers handling system and soon. Well-trained employees can deliver quality service which helps the image of the company and attracts more customers to the company.
- ✓ Communication is at the heart of all business relationships. Managers must give instructions, feedback, encouragement, carry-out discipline, and solve problems using interpersonal communication. There must be constant and clear communication down as well up within the company. Communication is probably the most important step to achieve improved satisfaction among employees that consequently leads to increased customer satisfaction.

- ✓ In addition to this the hotel industry or the hospitality firm should focused on the use and applicable of the standard operation procedures to provide a quality service to the potential customers. In brand or star hood international hotel the applicable of SOP is a very mandatory issue because all the brands or star hood international hotels guided through it and it's their first policy to apply. Customers, who had a chance to be provided a service from them, are very satisfied and delighted on the service that they provided and they gave different comments about the service on the trip advisor web so we can refer and informed that the application of standard operational procedures are the blue print of providing quality service. So the local hotels weather they are four or one stars should start implement the application of standard operational procedure guide lines. The owners and top level of managers should set the procedure and applied on the line staff employees and give detail training about SOP, because the line stuffs are the first responsible persons that serve or provide a service to the potential customers, so they have to be aware and trained about the SOP guide line after this procured take place the customer will be satisfied and the employees also be confident, professional, reliable and responsible for their duty.

#### **5.4 Implication of the study (further research)**

- Comparison between foreigner and local respondents.
- Comparison the service quality dimensions versus the criteria towards the grade level.
- Include others from star hotels in and out of Addis Ababa.
- Use their results and compare with the five and three star hotel service quality dimensions.

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Hotel Star		Excerpt of the Catalogue of Criteria
*	<i>Tourist</i>	<ul style="list-style-type: none"> <li>• 100% of the rooms with shower/WC or bath tub/WC</li> <li>• Daily room cleaning</li> <li>• 100% of the rooms with color-TV together with remote control</li> <li>• Table and chair</li> <li>• Soap or body wash</li> <li>• Reception service</li> <li>• <u>Facsimile</u> at the reception</li> <li>• Publicly available telephone for guests</li> <li>• Extended breakfast</li> <li>• Beverage offer in the hotel</li> <li>• Deposit possibility</li> </ul>
*S	<i>Superior Tourist</i>	The Superior flag is provided when the additional service and accommodation provisions are not sufficient for the next Hotel star. The bathroom facilities are usually at the same level as for two stars hotels but built from cheaper materials. The cost for regular inspection by independent associations is waived as well.
**	<i>Standard</i>	<p>In addition to the single star (*) hotels:</p> <ul style="list-style-type: none"> <li>• Breakfast buffet</li> <li>• Reading light next to the bed</li> <li>• Bath essence or shower gel</li> <li>• Bath towels</li> <li>• Linen shelves</li> <li>• Offer of sanitary products (e.g. toothbrush, toothpaste, shaving kit)</li> <li>• Credit Cards</li> </ul>
**S	<i>Superior Standard</i>	The Superior flag is provided when the additional service and accommodation provisions are not sufficient for the next Hotel star. The Standard-Superior does usually offer the same service level as three-star hotels but the interiors of the hotel are smaller and cheaper so that the three stars were not to be awarded by the inspection body. A two-star superior does not require mystery gusting.
***	<i>Comfort</i>	In addition to the standard star (**) hotels:

		<ul style="list-style-type: none"> <li>• Reception opened 14 hours, accessible by phone 24 hours from inside and outside, bilingual staff (e.g. German/English)</li> <li>• Three piece suite at the reception, luggage service</li> <li>• Beverage offer in the room</li> <li>• Telephone in the room</li> <li>• Internet access in the room or in the public area</li> <li>• Heating facility in the bathroom, hair-dryer, cleansing tissue</li> <li>• Dressing mirror, place to put the luggage/suitcase</li> <li>• Sewing kit, shoe polish utensils, laundry and ironing service</li> <li>• Additional pillow and additional blanket on demand</li> <li>• Systematic complaint management system</li> </ul>
***S	<i>Superior Comfort</i>	The Superior flag is provided when the additional service and accommodation provisions are not sufficient for the next Hotel star. The accommodation facilities for a superior hotel need to be on a modern level and fully renovated which is checked regularly.
****	<i>First Class</i>	<p>In addition to the comfort star (***) hotels:</p> <ul style="list-style-type: none"> <li>• Reception opened 18 hours, accessible by phone 24 hours from inside and outside</li> <li>• Lobby with seats and beverage service</li> <li>• Breakfast buffet or breakfast menu card via room service</li> <li>• Minibar or 24 hours beverages via room service</li> <li>• Upholstered chair/couch with side table</li> <li>• Bath robe and slippers on demand</li> <li>• Cosmetic products (e.g. shower cap, nail file, cotton swabs), vanity mirror, tray of a large scale in the bathroom</li> <li>• Internet access and internet terminal</li> <li>• "<u>À la carte</u>"-restaurant</li> </ul>
****S	<i>First Class Superior</i>	The Superior flag is provided when the first class hotel has a proven high quality not only in the rooms. The superior hotels provide for additional facilities in the hotel like a sauna or a workout room. The quality is checked regularly by mystery guesting of an external inspection service.

*****	<i>Luxury</i>	<p>In addition to the first class (****) hotels:</p> <ul style="list-style-type: none"> <li>• Reception opened 24 hours, multilingual staff</li> <li>• Doorman-service or valet parking</li> <li>• Concierge, page boy</li> <li>• Spacious reception hall with several seats and beverage service</li> <li>• Personalized greeting for each guest with fresh flowers or a present in the room</li> <li>• Minibar and food and beverage offer via room service during 24 hours</li> <li>• Personal care products in flacons</li> <li>• Internet-PC in the room</li> <li>• Safe in the room</li> <li>• Ironing service (return within 1 hour), shoe polish service</li> <li>• <u>Turndown service</u> in the evening</li> <li>• Mystery guesting</li> </ul>
*****S	<i>Superior Luxury</i>	<p>The Luxury star hotels need to attain high expectations of an international guest service. The Superior Luxury star is only awarded with a system of intensive guest care.</p>

## Annex A

### Hotel star rating

## Appendix A



### ST. MARY'S UNIVERSITY

### SCHOOL OF GRADUATE STUDIES

### MARKETING MANAGEMENT GRADUATE PROGRAM

#### Questionnaire

**Dear respondent,** I am a post graduate student at St. Mary University. The purpose of this study is to examine the effect of service quality on customer satisfaction on four star hotels in Addis Ababa. Your kindly cooperation will help in getting reliable data and I want to assure that it will be used only for this study. Please try to answer all stated questions. If you have any questions, please contact me through

***Lewi kelbessa***

***Email: lewi\_kel@yahoo.com***

***Phone number: +251-940-320-090***

***Thank you very much for your cooperation!***



## Part One:

### General Information about Respondent's Personal Demography

#### 1. Gender/Sex

Male       Female

#### 2. Age group

18-25    26-35    36-45    46-55    above55

#### 3. Education level

High School    Diploma    Degree  
 Master's degree    Post graduate

#### 4. Occupation

Student    Retire    Business owner    employed    others

#### 5. Nationality

Ethiopian    Foreigner

#### 6. Purpose of visit

Pleasure    Business    Visiting Relatives  
 Conference    Study    Others

#### 7. Hotel selection

Internet search    Gov't Placement  
 Travel agency    Word of Mouth

## Part Two:

### Service Quality Dimensions

The statements deal with the effect of service quality in four star hotels in Addis Ababa. Please show the extent to which these statements reflect your expectation of service in four star hotels in Addis Ababa. Please circle a number that shows your level of agreement with the following statements where (1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, 5-Strongly Agree)

s/n	Service quality dimensions	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I	<b>Tangibility</b>					
1	The hotel has a serene environment with great ambiance	1	2	3	4	5
2	The physical facilities at the hotel are visually appealing	1	2	3	4	5
3	The menu offer a wide variety of food and drinks to choose from	1	2	3	4	5
4	The concierge desk is available for the information	1	2	3	4	5
5	The guest rooms are well equipped	1	2	3	4	5
II	<b>Reliability</b>					
6	Orders served on a time manner	1	2	3	4	5
7	The hotel stuffs respond to customer request promptly	1	2	3	4	5
8	The hotel stuffs treat customer so friendly	1	2	3	4	5
9	The guest room amenities kept properly	1	2	3	4	5
10	The security system of the hotel is secured	1	2	3	4	5

III	<b>Responsiveness</b>					
11	The employees are so called professionals	1	2	3	4	5
12	Personnel's are willing to help customers	1	2	3	4	5
13	The employees treat customer in professional manner	1	2	3	4	5
14	Stuffs of the hotel are never too busy to respond customer request	1	2	3	4	5
IV	<b>Confidence</b>					
15	The employees have professional ethics	1	2	3	4	5
16	The hotel facilities are well organized and eye catching	1	2	3	4	5
17	The employees are well mannered	1	2	3	4	5
18	The employees can explain the hotel's facility	1	2	3	4	5
V	<b>Communication</b>					
19	The employees have a welcoming expression	1	2	3	4	5
20	The reservation agents try to fill the guest particular needs	1	2	3	4	5
21	The guest relation agents are multilingual	1	2	3	4	5
22	Employees are polite when answering requested questions	1	2	3	4	5
23	Customer service agents are well organized regarding on billing	1	2	3	4	5

### Part Three:

#### Level of service quality and customer satisfaction

This part indicates overall level of service quality and your overall level of satisfaction on four star hotels in Addis Ababa. Please circle a number that shows overall the quality of service and your level of satisfaction with the following statements.

(1-Highly Dissatisfied, 2-Dissatisfied, 3-Neutral, 4-Satisfied, 5-highlysatisfied)

VI	Overall level of Customer Satisfaction	Strongly dissatisfied	Dissatisfied	Neutral	Satisfied	Strongly Satisfied
24	Overall, the service quality of the hotel service is good	1	2	3	4	5
25	I can say I am satisfied with the services of four star hotel in Addis Ababa	1	2	3	4	5
26	In general, the service is good and I got what I paid for	1	2	3	4	5