



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

**EFFECTS OF SERVICE QUALITY ON CUSTOMER SATISFACTION: THE CASE
OF SHERATON ADDIS**

BY

**FESEHA KEBEDE
SGS/0077/2011A**

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF GRADUATE
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Dedication

I dedicate this thesis as an excellent achievement of my educational life to all members of my family, especially to my wife who is always caring.

ACKNOWLEDGEMENT

First of all, I would like to give the credit to God, who is the master of my life. I would also like to thank my advisor, **Mohamed Mohamednure (Asst. Professor)**, not only for his guidance and support, but also for his friendly approach. I am truly and deeply indebted to his guidance, patience, and constant faith and confidence in me as a student. Successful accomplishment of this research would have been very difficult without his generous time devotion from the early design of the proposal, questionnaire to the final write-up of the thesis. I would also like to thank the customers of Sheraton Addis for their participation. Last but not least, I would like to extend my deepest love, respect and appreciation to my families and friends for their support, understanding and encouragement.

ABBREVIATIONS

A	Assurance
B2C	Business to Customer
CS	Customer Service
E	Empathy
MIDROC	Mohammed International Development and Research companies
PLC	Private Limited Company
R	Reliability
Rs	Responsiveness
T	Tangibility

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ABSTRACT

*The study was to investigate the effect of service quality on customer satisfaction in reference to Sheraton Addis. And the researcher applied cross sectional research design. The study was conducted on 384 customers. The sampling technique used in this study is the probability sampling method which is covenant sampling. This study applied mainly the following information gathering tool, i.e. survey questionnaire. Data Analysis was done by inferential statistics, Pearson's correlation & multiple regressions. As of the result of the study the service quality dimension with the highest mean score is tangibility followed by responsiveness and assurance. This indicates Sheraton Addis is performing at satisfactory level in possessing good looking equipment's, visually appealing materials and neat appearing employees. In addition the customer perceived that Sheraton Addis is performing better in having knowledgeable and courteous employees and providing secure and trustworthy service. Moreover, Sheraton Addis is performing at satisfactory level in answering customers' questions and responded quickly to solve customers' problems. The correlation between T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service & CS (customer satisfaction) was strong with $r = .594^{**}, p < 0.01; .628^{**}, p < 0.01; .661^{**}, p < 0.01, .625^{**}, p < 0.01$ and $.630^{**}, p < 0.01$ respectively. The coefficient of determination specified that 55.5% of the deviation in customer satisfaction for the 369 responded employees explained by variations in T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service while 44.5% remains unexplained. Based on the above findings, the study concluded that the model shows the real practice of customer satisfaction which is affected by T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service. Empathy of the service has highly significant effect on customer satisfaction in contrast with other dimensions. Next reliability and responsiveness have significant effects on customer satisfaction. Finally, based on the findings and the conclusions made before, the following recommendations are provided: in limited resource setting it is better to put effort on empathy, reliability and responsiveness of the service.*

Key words: *service quality, customer satisfaction, SERVQUAL, Tangibility, Reliability, Responsiveness, Assurance, Empathy.*

CHAPTER ONE

INTRODUCTION

This chapter presents an overview of the entire study. It includes the background of the study, statement of the problem, research questions, and objective of the study, significance of the study, scope of the study, limitation of the study and operational definition of the study

1.1. Background of the Study

Customers have great significance in every business. For the business to be carried on in long term effect it needs to satisfy its existing customers and attract new customers (Selvakumar, 2015). Oliver defined satisfaction as an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they change actually did receive (CharanSahu and Rao,2013). Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance or outcome in relation to his or her expectation.

Furthermore customer satisfaction is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service (Maria and Zaman, 2014). Here there are different terms in association with satisfaction. Transaction-specific satisfaction can be referred to the customer's assessment of the service encounter he has and the resultant reaction because of this encounter (Fazlzad and Mohamadi, 2011). Whereas cumulative satisfaction according to Cook can be defined as customer's assessment of the overall service experience to the date (Maria and Zaman, 2014).

Satisfaction of customer is so basic that, it cannot be considered as a separate function in business. In contrary it is common to deny the power of customers in selling process. Meanwhile Kotler stated, selling process should go beyond the delivery of goods and services and there should be "follow – up" step that a company should apply to ensure customer satisfaction and repeat business to make sure that there was proper installation, instruction and service (Muriithi, 2011). Imagine there is difference between what the principle says and the reality in every business. From service quality aspect most business organizations are also at distant prospect. Parasuraman et al. defined service quality as a function of the differences between expectation

and performance along ten major dimensions (CharanSahu and Rao, 2013). Actually service quality is imperative to achieve competitive advantage. Poor quality places a firm at a competitive disadvantage (Akalu , 2015).

Especially in hotel industry it creates problems for them as the market is extremely competitive and continuously becomes more so. It is obvious supply of and demand for hotel industry services have boost up the growth for travellers and competition goes in tensed in this market. And now a day's hotel organization is going through the greatest challenge that is ever growing volume and rapidity of competition (Raja, 2014).And it is time critically to define the very construct of the hotel service quality and set the dimensions on which it is perceived and evaluated by business- to-customer (B2C) services (Benazić,2012). And this study tried to investigate the effect of service quality dimensions on customer satisfaction in reference to Sheraton Addis as the nation which has economic figure in service industry.

Sheraton Addis is owned by Sheik Mohamed Hussein Al-Amoudi under a MIDROC Ethiopia P.L.C. MIDROC is in charge of the owner's investment activities in Ethiopia. There is hardly any economic sector in which MIDROC Ethiopia is not involved. The investments are constriction, industries, health, real- estate, and agriculture and hospitality industries.

Sheraton Addis is the first five-star luxury collection hotels in Africa. As mounted in the wall of the lobby, Sheraton Addis was established in February 28, 1998 G.C. It is located in the heart of the town surrounded by government offices, financial institutions, at the top The castle of Menelik II adjacent to the hotel the National palace, next to the Ministry of Foreign Affairs, and near the UN Economic Commission for Africa. The hotel architecture is a Neo classical it combines the old and modern design. The hotel has 295 guestrooms, four disability rooms, one executive room, nine junior suites 20 classic suites 4 deluxe suites 4 villas, and Business centre with secretarial service.

1.2. Statement of the Research Problem

Customers are becoming increasingly aware of their expectations, and demand higher standards of services, as technology is enabling them to make comparisons quickly and accurately. Their perceptions and expectations are continually evolving, making it difficult for service providers to measure and manage services effectively. Actually, satisfied customers share their experiences

with other people to the order of perhaps five or six people. On the contrary, dissatisfied customers are more likely to tell another ten people of their experience with product or service (Qadri, 2016). And nowadays all companies are realizing the significance of delivering and managing service quality, which leads to customer satisfaction; because, service quality that is delivered can meet or exceed customers' expectations are mainly influenced by customer's prior expectations (Wahjudi, 2018).

So, in today's marketing environment, an increasingly important source of competitive advantage is the way we serve customers (Shaikh U.A.,2011). And in recent years, more and more organizations focus their attention on retaining existing customers and attracting new ones also. So the quest for investigating the effect of service quality on customer satisfaction was high on the priority list for all sectors. In align with this so far empirical literatures are not sient.

For instance, (Yalew, 2017)conducted the study on the effect of service quality on customer satisfaction in Addis Ababa: experience from selected 3 and 4 star hotels. Using correlation analysis the findings of the analyses suggested that there is a moderate positive and significant relationship between employee, behaviour and appearance, reliability and tangibility& satisfaction.

And employee's behaviour and appearance are found to have the highest correlation with customer satisfaction followed by tangibility and reliability which had go moderate correlation with the overall satisfaction. In addition the three service quality dimension had a positive effect on customer satisfaction with the overall brand equity of the customers, Pearson correlation and multiple linear regressions approved.

Although this study reported interesting results, the findings seem somehow spurious and illusory, because reported results were confined to limited service quality dimensions which suffer from, at least with acute shortcomings: parsimony, rationality problems and external validity threats. On the other hand so far done research undertakings are in reference to star 3 and 4 hotel level; but nothing in specific to star 5 hotels like Sheraton Addis (Addis Ababa Culture and Tourism Bureau, 2015). So, this study was aimed to fill this gap by answering the following research questions listed below

1.3. Research Questions

1. What is the effect of tangibility on customer satisfaction in Sheraton Addis?
2. What is the effect of reliability on customer satisfaction in Sheraton Addis?
3. What is the effect of responsiveness on customer satisfaction in Sheraton Addis?
4. What is the effect of assurance on customer satisfaction in Sheraton Addis?
5. What is the effect of empathy on customer satisfaction in Sheraton Addis?

1.4. Objectives of the Study

1.4.1. General objective

The general objective of this study is to investigate the effect of service quality on customer satisfaction in reference to Sheraton Addis

1.4.2. Specific Objectives

1. To analyse the effect of tangibility on customer satisfaction in Sheraton Addis;
2. To examine effect of reliability on customer satisfaction in Sheraton Addis;
3. To investigate effect of responsiveness on customer satisfaction in Sheraton Addis;
4. To examine effect of assurance on customer satisfaction in Sheraton Addis;
5. To investigate effect of empathy on customer satisfaction in Sheraton Addis.

1.5. Hypothesis

As defined by (Ormrod, 2010), “a hypothesis is a logical supposition, reasonable guess, an educated conjecture” (Binyam,2015).The research hypotheses are tentative propositions identified to guide the investigation of the problem/sub problems. They also mentioned that because we never really prove the hypotheses, null hypothesis is formed that takes there will no differences between groups, no consistent relationships between variables or no patterns in the data. It is often symbolized as

- ✚ H₁.Tangibility of the service has significant positive effect on customer satisfaction.

- ✚ H₂.Reliability of the service has significant positive effect on customer satisfaction.
- ✚ H₃.Responsiveness of the service has significant positive effect on customer satisfaction.
- ✚ H₄.Assurance of the service has significant positive effect on customer satisfaction.
- ✚ H₅.Empathy of the service has significant positive effect on customer satisfaction.

1.6. Significance of Study

It is believed that this paper contributed to the body of existing knowledge and as well make up for the paucity of scholarly paper in Ethiopia on service quality and customer satisfaction. The quest for investigating the effect of service quality on customer satisfaction was high on the priority list in hotel industry.

So this study was important to bridge this gap for instance Sheraton Addis would be well informed about what it's priority should be from among service quality dimensions to redress dissatisfaction of the customers. In addition Sheraton Addis would be well informed about the model that shows the real practice of customer satisfaction which is affected by service quality dimensions.

Moreover, it broadens the orientation of existing reviews on service quality and customer satisfaction. The findings of this thesis are believed to initiate further researches on development of the model. It meant the study served as the source of empirical literature review to the researcher in the future.

1.7. Scope of the Study

The scope of this study was restricted to the particular topical and spatial areas. Having objective of investigating the effect of service quality on customer satisfaction, the spatial scope of the study was delimited to Sheraton Addis, Addis Ababa. Besides, the study covered the time period from July, 2020 to December, 2020. This study used cross sectional research design to study to examine the effect of quality service on customer satisfaction in Sheraton Addis within a specified time interval. The unit of observation of the study comprised customers of Sheraton Addis.

1.8. Limitation of the Study

The central theme of this investigation is investigating the effect of service quality on customer satisfaction. Basically, issues related to model are multifaceted. However, this investigation

concentrates on own synthesis from literature review on Parasuraman, Zeithaml and Berry (1995), Ennew et al. (2013) and Gronroos (1978, 1982). On the other hand the study focused on Sheraton Addis. This may limit the representativeness of the study while intending to use it at all five star hotels.

1.9. Organization of the Thesis

This study was organized in to five chapters. Chapter one was dedicated for introduction. Under this chapter, background of the study, statement of the problem, objective of the study, scope of the study, limitation of the study are discussed. Chapter two was dedicated for review of related literature. This chapter embarks on reviewing theoretical and empirical literatures. Under conceptual review the study reviewed on such topics as the concept and definition of customer satisfaction and service quality.

Further, for the consumption of theoretical review the study reviewed on such topic as service quality measurement in hotel industry, importance of customer satisfaction and theories on service quality dimensions and customer satisfaction to construct theoretical frame work.

And the study also incorporates empirical review on such topics as empirical evidence on the effect of service quality on customer satisfaction. Lastly the study summarized literature review by identifying the research gap. Research design and methodology was embedded in chapter three. Chapter four consists of data presentation, analysis and discussion. Lastly chapter five embraces conclusion and recommendation

1.10. Operational Definition of Terms

Tangible: the appearance of hotel and hotel staff, physical facilities at hotel/rooms, visual materials for customers.

Reliability: hotel's ability to perform services accurately and on time right at the first time.

Responsiveness: hotel's willingness and flexible to serve and help customers.

Assurance: hotel's ability to build trust in customers about hotel services, hotel staff's knowledge and skills.

Empathy: giving individual attention to customer.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Introduction

This chapter embarks on reviewing theoretical and empirical literatures. Under conceptual review the study reviewed on such topics as the concept and definition of customer satisfaction and service quality. Further, for the consumption of theoretical review the study reviewed on such topic as service quality measurement in hotel industry, importance of customer satisfaction and theories on service quality dimensions and customer satisfaction to construct theoretical frame work. And the study also incorporates empirical review on such topics as empirical evidence on the effect of service quality on customer satisfaction. Lastly the study summarized literature review by identifying the research gap

2.2. Theoretical Literature Review

2.2.1. Conceptual Review

The core concepts used in this study including customer satisfaction and service quality

2.2.1.1. The Concept and Definition of Customer Satisfaction

Satisfaction is a concept that has appeared in many fields such as in office evaluation by employee satisfaction, hospital evaluation by patient satisfaction, and site evaluation by visitor satisfaction amongst others. However, satisfaction has been fundamental to the marketing concept for over three decades; as the most extensive use of satisfaction has been in literature concerned with customer satisfaction (Clinton, 2013).

According to Rigopoulou et al. customer satisfaction is the state of mind that customers have about a company when their expectations have been met or exceeded over the lifetime of the product or service (Muriithi, 2011). Defining customer satisfaction is the most difficult concept that many scholars have different argument in defining it. Most agreed definition of customer satisfaction can be categorized and better for understanding in dividing it into two dichotomies customer satisfaction as an outcome and process.

According to Howard and Sheth (1969) customer satisfaction as outcome refers to cognitive state of being adequately or inadequately rewarded for the sacrifices the customer has undergone (Benazić, 2012). As mentioned by Westbrook and Reilly (1983) customer satisfaction as outcome indicates an emotional response to the experience provided by (or associated with) particular products or services purchased, retail outlets, or even moral patterns of behaviour, as well as the overall marketplace (Wahjudi, 2018). Moreover, according to Churchill and Suprenant (1982) customer satisfaction as outcome refers to an outcome of purchase and use resulting from the buyer's comparison of the rewards and the costs of the purchase in relation to the anticipated consequences (Yadav, 2017). On the other hand according to Hunt (1977) customer satisfaction as a process refers to an evaluation rendered that the experience was at least as good as it was supposed to be. In addition Engel and Blackwell (1982) pointed customer satisfaction as a process as an evaluation that the chosen alternative is consistent with prior beliefs with respect to that alternative (et.al Oláh, 2019).

Quality delivered by the service providers which determined by the customer's cumulative experiences at all of the points of contact with service organization (Hong, 2014). It means first, customers would form expectations prior to purchasing a product or service. Second, consumption of or experience with the product or service produces a level of perceived quality that is influenced by expectations. If perceived performance is only slightly less than expected performance, assimilation will occur, perceived performance will be adjusted upward to equal expectations (Ograjensek, 2011).

2.2.1.2. The Concept and Definition of Service Quality

According to Solomon (2009) defines quality as is one of the things that consumers look for in an offer, which service happens to be one (Quality can also be defined as the totality of features and characteristics of a product or services that bear on its ability to satisfy stated or implied needs (Abriham G/Egziabher, 2015). It is evident that quality is also related to the value of an offer, which could evoke satisfaction or dissatisfaction on the part of the user.

Parasuraman et. al. (1985) defined service quality as “the global evaluation or attitude of overall excellence of services”. Therefore, service quality is the difference between customers' expectation and perceptions of services delivered by service firms. Service quality is a complex construct, which has been the focus of a number of studies in the services marketing literature

schools of thought dominate this literature(Nomnga and Mhlanga, 2015). Service quality as the discrepancy between customers' expectations and perceptions and to identify 10 general dimensions that represent the evaluative criteria customers use to assess service quality. The researchers named these dimensions as “tangibles”, “reliability”, “responsiveness”, “competence”, “courtesy”, “credibility” ’security”, “convenience”, “communication” and “understanding the customer (Parasuraman and V. A. and Berry, 1985). .

According Parasuraman and Berry (1995) among ten dimensions' researchers select the major criteria that best evaluate service quality and their definitions are as follows: 1) tangibles: physical facilities, equipment, and appearance of personnel; reliability: ability to perform the promised service dependably and accurately; responsiveness: Willingness to help customers and provide prompt service; assurance: knowledge and courtesy of employees and their ability to inspire trust and confidence & empathy: Caring, individualized attention the firm provides its customers(Nomnga and Mhlanga, 2015). Service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis (Burböck, 2014).

2.2.2. Service Quality Measurement in Hotel Industry

According to Johns and Howard (1998), quality measurements only have operational value if they are able to indicate the ways in which service was or was not satisfactory (Abriham G/Egziabher, 2015). For service providers, the assessment of service quality is made during the actual delivery of the service.

The measurement of service quality scale was developed by Parasuraman et al. This Service quality scale is also known as SERVQUAL. It includes five service quality dimensions. According to Zeithaml et al. (1990) this service quality measurement tool has been used by many researchers in the field of hotel tourism, retailing, hospital, automobile etc. (i) tangibility: it covers Physical facility, equipment, personnel and written material; (ii) reliability: it includes ability to perform the promised service dependably and accurately; (iii) responsiveness: it is the willingness to help customer and provide prompt service; (iv) assurance: it includes knowledge of employee and civility and their capability to motivate trust and confidence& (v) Empathy: means caring, good/communication, easy access, customer understanding and individualized awareness given to customers (Yadav & Joseph, 2017).

A number of service quality models have been developed, including a widely accepted and often used SERVQUAL service quality model (Benazić, 2012). Carrillat et al (2007) found that SERVQUAL was a well-known instrument, and became a proper measurement tool for the hotel business, one of the service businesses focusing on customer satisfaction. Salazar et al. (2010) also developed a service quality evaluation scale for the hospitality sector.

2.2.3. Importance of Customer Satisfaction

Customer satisfaction measurement is one of the most important issues concerning business organizations of all types, which is justified by the customer orientation philosophy and the main principles of continuous improvement of modern enterprises. In the recent decades, the importance of customer satisfaction for business organizations has been increased. Thus, customer satisfaction measurement is now considered as the most reliable feedback, taking into account that it provides in an effective, direct, meaningful and objective way the customers' preferences and expectations. In this way, customer satisfaction is a baseline standard of performance and a possible standard of excellence for any business organization (Grigoroudis, 2010).

To reinforce customer orientation on a day-to-day basis, a growing number of companies choose customer satisfaction as their main performance indicator. It is almost impossible, however, to keep an entire company permanently motivated by a notion as abstract and intangible as customer satisfaction. Therefore, customer satisfaction must be translated into a number of measurable parameters directly linked to people's job, i.e. factors that people can understand and influence. Moreover, customer satisfaction measurement provides a sense of achievement and accomplishment for all employees involved in any stage of the customer service process. In this way, satisfaction measurement motivates people to perform and achieve higher levels of productivity (Grigoroudis, 2010).

Referring a number of authors Grigoroudis and Siskos, (2010) summarized reasons for measuring customer satisfaction. First, customer satisfaction constitutes the most reliable market information. This way, a business organization is able to evaluate its current position against competition, and accordingly design its future plans. Second, a large number of customers avoid expressing their complaints or their dissatisfaction from the product or service provided. Third, customer satisfaction measurement is able to identify potential market opportunities.

The main principles of continuous improvement require the development of a specific customer satisfaction measurement process. This way, any improvement action is based on standards that take into account customer expectations and needs. Fifth, customer satisfaction measurement may help business organizations to understand customer behaviour, and particularly to identify and analyse customer expectations, needs, and desires. Last but not least, the application of a customer satisfaction measurement program may reveal potential differences in the service quality perceptions between the customer and the management of the business organization

2.2.4. Theories on Service Quality Dimensions and Customer Satisfaction

To build and support this study, and also provides the structure to define how the researcher will approach the dissertation as a whole; SERVQUAL model is seen as part of foundation (Cynthia , 2010). In addition expectancy–disconfirmation theory also incorporated. Much current research on service quality is rooted in expectancy–disconfirmation theory, which holds that customers perceive service quality as the difference between when the actual service performances exceeds expectations and negative when the opposite is the case (Nomnga and Mhlanga, 2015).

Parker and Mathews (2001) found that many studies supported the disconfirmation paradigm but others did not, for example, Churchill and Surprenant (1982) found that neither disconfirmation nor expectations had any effect on customer satisfaction with durable products.

Expectancy disconfirmation theory was developed by (Oliver, 1980), who proposed that a user's satisfaction level is a result of the difference “between expected and perceived product performance, and expectations as predictions of future performance”. The inclusion of expectations proposes that products satisfying high expectations are predicted to generate greater customer satisfaction than products that meet low expectations.

Service is generally utilized in a hotel industry. Hotel industry strives to meet customer needs with service design. So, service quality is reported to have a strong influence on customer loyalty, either directly or indirectly through customer satisfaction (Wahjudi, 2018). This study has used SERVQUAL model. It is widely used in measuring service quality.

Five dimensions of SERVQUAL model: Tangibles, Reliability, Responsiveness, Assurance and Empathy, are analysed in terms of Expectation and Perception and the gap range is analysed for

the conclusion (Rana, 2019). The SERVQUAL scale which is also known as the gap model by Parasuraman, et al. (1988) has been proven to be one of the best ways to measure the quality of services provided to customers. One of the pioneers was Gronroos (1978, 1982) who recognized the need and usefulness of developing valid and distinct measures of service quality (Fazlzadeh, Bagherzadeh , & Mohamadi, 2011).

According to Parasuraman, Zeithaml and Berry (1995) the responsiveness dimension of service quality is related to the organization's willingness and ability to help customers, and to provide quick service with proper timeliness.

Parasuraman, Berry and Zeithaml (1991) defined responsiveness as the willingness of employees to provide the required service at any time without any inconvenience will have an impact on customer satisfaction (Oláh et.al, 2019).

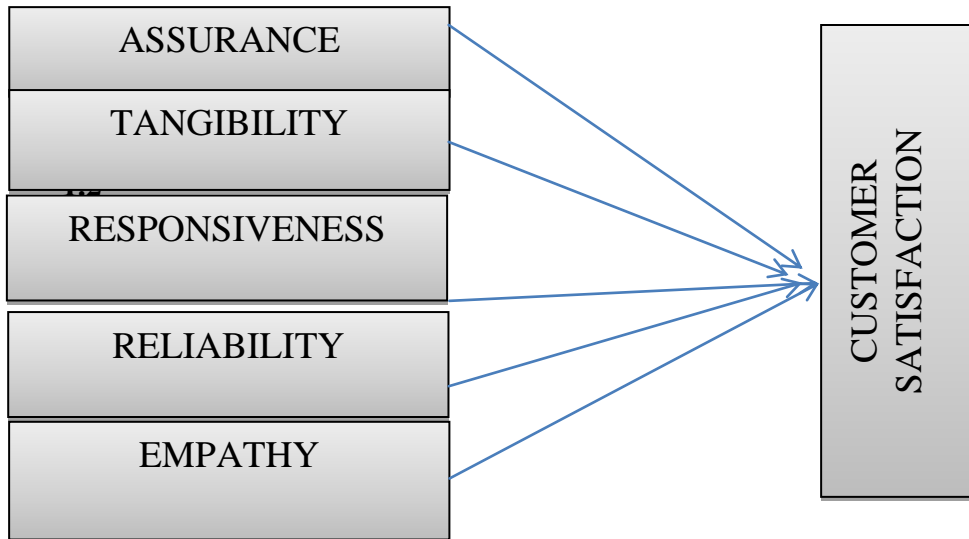
Responsiveness is primarily concerned with how service firms respond to customers via their personnel. Individual attention will increase the customer's satisfaction and so will the attention paid by employees to the problems that face customers; when this happens, a radical shift occurs in their satisfaction.

Regarding to empathy Ennew et al. (2013) point out that the empathy dimension of service quality means being attentive in communicative situations, understanding customer needs, showing friendly behaviour, and taking care of a customer's needs individually. Navaratnaseel and Periyathampy (2014) defined empathy as the ability to take care of customers and pay attention to them individually, especially while providing services.

2.3. Theoretical Frame Work

A theoretical framework of this thesis comprises the aforementioned issues expressed by theorists: Parasuraman, Zeithaml and Berry (1995), Ennew et al. (2013) and Gronroos (1978, 1982) in the field into which this study plan to research, which the study draws upon to provide a theoretical coat hanger for its data analysis and interpretation of results. And the theoretical frame work is graphically presented below

Figure 2. 1 Theoretical Framework



Source: Own Synthesis from Literature Review on Parasuraman, Zeithaml and Berry (1995), Ennew et al. (2013) and Gronroos (1978, 1982)

2.4. Review of Empirical Studies

2.4.1. Empirical Evidence on the effect of service quality on customer satisfaction

Yalew (2017) conducted the study on the effect of service quality on customer satisfaction in Addis Ababa: experience from selected 3 and 4 star hotels. Using correlation analysis the findings of the analyses suggested that there is a moderate positive and significant relationship between employee, behaviour and appearance, reliability and tangibility and satisfaction.

Besides employee's behaviour and appearance are found to have the highest correlation with customer satisfaction followed by tangibility and reliability which had got moderate correlation with the overall satisfaction. In addition the three service quality dimension had a positive effect on customer satisfaction with the overall brand equity of the customers, Pearson correlation and multiple linear regressions approved.

2.5. Summary of Literature Review and Research Gap

Although this study reported interesting results, the findings seem somehow spurious and illusory, because reported results were confined to limited service quality dimensions which suffer from, at least with acute shortcomings: parsimony, rationality problems and external validity threats. On the other hand so far done research undertakings are in reference to star 3 and 4 hotel level; but nothing in specific to 5 star hotels like Sheraton Addis. So, this study was aimed to fill this gap.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter of the study discusses the methodological underpinnings through which the objective of the inquest was achieved. It incorporates the setting of the research and methods employed

3.1. Description of the Study Area

3.1.1. Location of the Study Area

To describe the study area the study focused on the location of Sheraton Addis relation to the topic of the study. Locating the study site helps the researcher to focus on relevant data for the validation of the study. This further assists investigator to take an appropriate measure and make the necessary preparations. The study was carried out from July, 2020 to December, 2020 at Sheraton Addis. Sheraton Addis is Located in the heart of the Ethiopian capital, Addis Ababa city, safely nestled between the National Palace and the Prime Minister's residence, the Sheraton Addis sits on a hilltop overlooking the city with plunging views and acres of space just 20 minutes from Bole International Airport (Addis Ababa Culture and Tourism Bureau, 2015). According to Addis Ababa Culture and Tourism Bureau (2015) Sheraton Addis is about 1.2km south east of the Municipality of Addis Ababa.

3.2. Research Design

Research design is a framework that serves as a plan to study the research problem. The role of a research design is to manage the collection of relevant data with minimal consumption of effort, time and money considering the research objectives (Kothari, 2004). This study applied cross sectional research design. The purpose of adopting cross sectional research design for the study was to study and describe the association between service quality dimensions and customer satisfaction within a specified time interval.

This study was conducted from July, 2020 to December, 2020 at Sheraton Addis. Quantitative approach was used in the study design in order to produce a comprehensive analysis of the study. The information crucial for this study was collected in the form of quantitative ways from

primary source by preparing structured questionnaires. In the assessment and analysis of data for Sheraton Addis the quantitative approach was used. Using this approach the study can entertain more options to investigate the effect of service quality on customer satisfaction on empirical method.

The quantitative approach was used to describe the service quality dimensions and their correlation with customer satisfaction. Survey was carried out to collect data on general profile of respondents, tangibility, reliability, responsiveness, assurance and empathy of the service including overall customer satisfaction.

3.3. Population, Sample Size Determination and Sampling Techniques

3.3.1. Population

Target population as defined by Frederic (2010), is a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result (Parveen , 2015). Meanwhile, the entire guest of Sheraton Addis is unknown; so, the population was unknown.

3.3.2. Sample Size Determination

The ever increasing demand for research has created a need for an efficient method of determining the sample size needed to be representative (Fazlzad and Mohamadi, 2011) of a given population. The sample size representative of the employees in this study was 384. It was determined by using the estimation formula developed by Cochran (1963) cited by Yalew (2017).

The reason for choosing this formula is that; it is mostly used by other researchers to measure service quality and the total number of the population of this inquiry is also unknown.

$$n = Z^2 (pq)/e^2$$

Where n = required sample size

Z = Degree of confidence (i.e. 1.96)²

P = Probability of positive response (0.5)

q = Probability of negative response (0.5)

e= Tolerable error (0.05)²

$$(1.96)^2 (0.5*0.5) / (0.05)^2 = 384.16$$

Therefore, it is equivalent to 384

3.3.3. Sampling Procedures

The careful design of the sample size and the right selection of sampling techniques are important to ensure the representativeness of the sample that can be dependable to generalize the information obtained from the sample to the whole population of the study. The sampling technique used in this study is the probability sampling method which is random sampling. A probability sampling define as one in which every unit in the population has a chance ($0 < x < 1$) of being selected in the sample which can be accurately determined.

3.4. Data Source and Collection Method

According to Wimmer and Dominick (2011), method is a specific data collection process in accordance with the assumption of the selected methodology. Primary data are those which are collected a fresh and for the first time and thus happen to be original in character (Kothari, 2004). For this study primary information sources were customers of Sheraton Addis. Quantitative data collection method was employed in order to obtain detail and reliable data for analysis. Thus this study applied mainly the following information gathering tool, i.e. questionnaire survey

3.4.1. Survey

“Survey is a quantitative research strategy that involves the structured collection of data from a predetermined sample”. It involves three methods from which this study chose only one method which was questionnaire. “Questionnaire is a pre-formulated written set of questions to which respondents record their answers”. It is a self-explanatory, read and answered by respondents by themselves. Questionnaire is further divided in to three type’s form which again the study chose only one type which was self-administered structure questionnaires.

“Those type of questionnaires in which interviewee answers the question by him/her” Thus this study employed survey using self-administered structure questionnaires. The survey has seven general parts. Part one includes general profile of the respondents. Part two consists of questionnaires about tangibility of the service. Part three embraces questionnaires about reliability of the service. Part four incorporates questionnaires about responsiveness of the service. Part five consists of assurance of the service. Part six embraces questionnaires about empathy of the service. Lastly, part seven embraces questionnaires about customer satisfaction. The survey was done on 384 customers in Sheraton Addis. The researcher was unlikely to have preconceived notions or prejudices about the customers.

Empirically to measure service quality dimensions and customer satisfaction study outlined in the measurement section a five point likert scale. Within the scale, participants were asked to put their degree of agreement between one and five onto their attitudes/beliefs /think/know/feel about service quality and customer satisfaction. The scales were adopted from previous studies

3.5. Method of Data Analysis

Descriptive statistics, one of the techniques, which was used to summarize data, collected from the respondents. In this study the value of the dependent variable is customer satisfaction. And the value of the dependent variable is continuous variable and independent variables are more than two; so, the study applied multiple regression analysis

3.6. Reliability and Validity

For ensuring the consistency of the research findings and the accuracy with which a method measures what it is intended to measure; the study implemented the following way of instrument reliability and validity.

Fraenken and Wallen (2003) reported that reliability indicates the consistency of the scores obtained between different respondents or within the responses of the same subjects' overtime (Reimann , Filzmoser , Garrett , & Dutter, 2018).

So, reliability of the items to the variables was measured by using Crobach's alpha method by the help of SPSS version 24. The consistency of each item with the scale as a whole to

tangibility, reliability, responsiveness, assurance and empathy was presented in table 3.1 with Cronbach's alpha 0.918, 0.864, 0.908, 0.894 and 0.811 respectively.

Table 3. 1 Reliability test

Reliability Statistics to Tangibility	
Cronbach's Alpha	N of Items
0.918	8
Reliability Statistics to Reliability	
Cronbach's Alpha	N of Items
0.864	4
Reliability Statistics to Responsiveness	
Cronbach's Alpha	N of Items
0.908	6
Reliability Statistics to Assurance	
Cronbach's Alpha	N of Items
0.894	5
Reliability Statistics to Empathy	
Cronbach's Alpha	N of Items
0.811	4

Source: own survey SPSS V24 (2020)

3.7. Ethical Consideration

To collect data support letter was taken from St. Mary' University by official letter. The respondents were asked respectfully to receive the required information based on their willingness. The responses of respondents were remained anonymous and only used for the study purpose. The researcher did not disclose the privacy of respondents and was kept secretly the information collected from respondents. Confidentiality was considered in all levels of the study during information gathering.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1. Introduction

This chapter attempted to analyze and interpret the data collected and summarized. The results are made to relate to the key considerations discussed in the literature review sections. At the same time, the data is analyzed in association with the research questions raised in chapter one. Basically, this study tried to investigate the effect of service quality on customer satisfaction in reference to Sheraton Addis. The data collected were analyzed using SPSS version 24.

4.2. Response Rate

Out of a total of 384 respondents, 96.09% of the surveyed participants return the questionnaires.

4.3. General Profile of the Respondents

General profile of respondents was collected from customers of Sheraton Addis. It includes sex, age, education, career, nationality, intention visit, hotel selection as presented in Table 4.1 below.

Table 4. 1 General Profile of the Respondents

		Sex			
		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	Male	213	55.5	57.7	57.7
	Female	156	40.6	42.3	100
	Total	369	96.1	100	
	Missing	15	3.9		
Total		384	100		

		Age			
		Frequency	Per cent	Valid per cent	Cumulative per cent
Valid	18-25	48	12.5	13	13
	26-35	98	25.5	26.6	39.6
	36-45	119	31	32.2	71.8
	46-55	80	20.8	21.7	93.5
	above 55	24	6.3	6.5	100
	Total	369	96.1	100	
Missing		15	3.9		

Education					
Valid	High school	47	12.2	12.7	12.7
	Diploma	75	19.5	20.3	33.1
	Degree	137	35.7	37.1	70.2
	MA	91	23.7	24.7	94.9
	Above	19	4.9	5.1	100
	Total	369	96.1	100	
	Missing	15	3.9		

Career					
Valid	Student	47	12.2	12.7	12.7
	Retire	14	3.6	3.8	16.5
	Business owner	122	31.8	33.1	49.6
	Employee	137	35.7	37.1	86.7
	Others	49	12.8	13.3	100
	Total	369	96.1	100	
	Missing	15	3.9		
Total		384	100		

Nationality					
		Frequency	per cent	Valid per cent	Cumulative per cent
Valid	Ethiopian	129	35	35	35
	Foreigner	240	65	65	100
	Total	369	96.1	100	
	Missing	15	3.9		

Intention of the visit					
Valid	Pleasure	65	16.9	17.6	17.6
	Business	80	20.8	21.7	39.3
	Visiting Relative	66	17.2	17.9	57.2
	Conference	82	21.4	22.2	79.4
	Others	76	19.8	20.6	100
	Total	369	96.1	100	
Missing		15	3.9		

Hotel selection					
Valid	Government Placement	49	12.8	13.3	13.3
	Internet Search	114	29.7	30.9	44.2
	Travel Agency	75	19.5	20.3	64.5
	Word of Mouth	131	34.1	35.5	100
	Total	369	96.1	100	
	Missing	15	3.9		
Total		384	100		

Source: own survey SPSS V24 (2020)

Accordingly, table 4.1 presents the age categories of respondents who took part in the completion of the questionnaire. Out of 384 respondents 119 (31.0%) were in the age category of 36-45. 98 (25.5%) were in the age group of 26-35.80 (20.846-55%) of the respondents are aged 45 to 54 years old, while 48 (12.5%) are aged 18-25 years old. The rest 24 (6.3%) respondents are aged >55 years old. Sex distribution among the respondents who took part in the completion of the questionnaire is almost representative. The table also shows that 213 (55.5%) of respondents are men, while 156 (40.6%) of the respondents are women.

The study also sought to find out the nationality of the respondents; Ethiopian respondents constituted the highest percentage of the respondents at 129 (35%) while respondents from other destinations in Africa, Europe, Middle East, Asia and America constituted 240 (65%). Previous survey also complied with this finding. Previous studies complied with this finding. World News/Africa (2014) pointed out that over the last ten years Ethiopians arrived at international hotels for entertainment increased in number. On the other “The total number of international tourists arriving in Ethiopia is steadily increasing.

As a gateway to all international inbound, outbound and transit tourists/passengers, Sheraton Addis has been taking the lion’s share in the country’s tourist arrivals hosting an estimated proportion of the total international tourist arrivals; because, it is among very few 5 star level hotels. The study also captured the purpose of visit and the findings were as follows; 82 (21.4%) of the respondents were part of conference. 65 (16.9%) of respondents were in the country for pleasure while another 66 (17.2%) of respondents were in country to visit their relatives. 80 (20.8%) of respondents were in the country for business related issues.

4.4. Descriptive Statistics

Within the scale, participants were asked to describe tangibility, reliability, responsiveness, assurance and empathy of the service including overall satisfaction in degree of agreement and the descriptive statistics was presented below

Table 4. 2 Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
T	369	1	5	4.01	0.807
R	369	1	5	3.95	0.84
Rs	369	1	5	3.99	0.849
A	369	1	5	3.99	0.878
E	369	1	5	3.85	0.836
CS	369	1	5	3.91	0.924
Valid N (leastwise)	369				

Source: own survey SPSS V24 (2020)

The information obtained from the table above describes T (tangibility), R (reliability), R (responsiveness), A (assurance) and E (empathy) of the service including overall satisfaction. The participants described T (tangibility), R (reliability), Rs (responsiveness), A (assurance) and E (empathy) of the service with the mean value and a standard deviation of 4.01(0.807), 3.95 (0.840), 3.99 (0.849), 3.99 (0.878) and 3.85 (0.836) respectively. They rate also the overall satisfaction of the hotel with mean value of 3.91 and a standard deviation of 0.924. Since the standard deviation value was not more than 1 indicating that the finding was normally distributed and the responses from the participants were very close to the mean value.

The service quality dimension with the highest mean score is tangibility followed by responsiveness and assurance. This indicates Sheraton Addis is performing at satisfactory level in possessing good looking equipment's, visually appealing materials and neat appearing employees. In addition the customer perceived that Sheraton Addis is performing better in having knowledgeable and courteous employees and providing secure and trustworthy service. Moreover, Sheraton Addis is performing at satisfactory level in answering customers' questions and responded quickly to solve customers' problems.

4.5. Correlation Analysis

Correlation analysis shows the degree of association between variables and indicates the direction in which the variables associate - positively or negatively

The correlation coefficient is a measure of this relationship and depends on the variability of each of the two variables. Because of covariance, correlation coefficient can take a number with + or – sign (Reimann , Filzmoser , Garrett , & Dutter, 2018).

One of the widely used methods to calculate a correlation coefficient is the Pearson product moment correlation. According to Dutter et.al. (2018) this method results in a number between –1 and +1 that expresses how closely the two variables are related, ± 1 shows a perfect 1:1 relationship (positive or negative) and 0 indicates that no systematic relationship exists between the two variables. In relation to the magnitude of correlation coefficient, Evans (1996) stated that a correlation coefficient (0.00 - 0.19) can be considered as very weak, (0.2 - 0.39) small or weak, (0.4 - 0.59) moderate and (0.6 - 0.79) strong and (0.8 - 1.0) large or very strong (yalew , 2017).

Table 4.3 Pearson correlation

Correlations			
		T	CS
T	Pearson Correlation	1	.594**
	Sig. (2-tailed)		0
	N	369	369
		R	CS
R	Pearson Correlation	1	.628**
	Sig. (2-tailed)		0
	N	369	369
		Rs	CS
Rs	Pearson Correlation	1	.661**
	Sig. (2-tailed)		0
	N	369	369
		A	CS
A	Pearson Correlation	1	.625**
	Sig. (2-tailed)		0
	N	369	369
		E	CS
E	Pearson Correlation	1	.630**
	Sig. (2-tailed)		0
	N	369	369
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: own survey SPSS V24 (2020)

The above table 4.3 shows correlation between dependent and independent variables. As indicated in this table, there was a statistically significant positive correlation between T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service & CS (customer satisfaction).

The correlation between T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service & CS (customer satisfaction) was strong with $r = .594^{**}$, $p < 0.01$; $.628^{**}$, $p < 0.01$; $.661^{**}$, $p < 0.01$, $.625^{**}$, $p < 0.01$ and $.630^{**}$, $p < 0.01$ respectively. This implies that as the effect of T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service is more positive in given hotel industry, the level of customer satisfaction also increases positively.

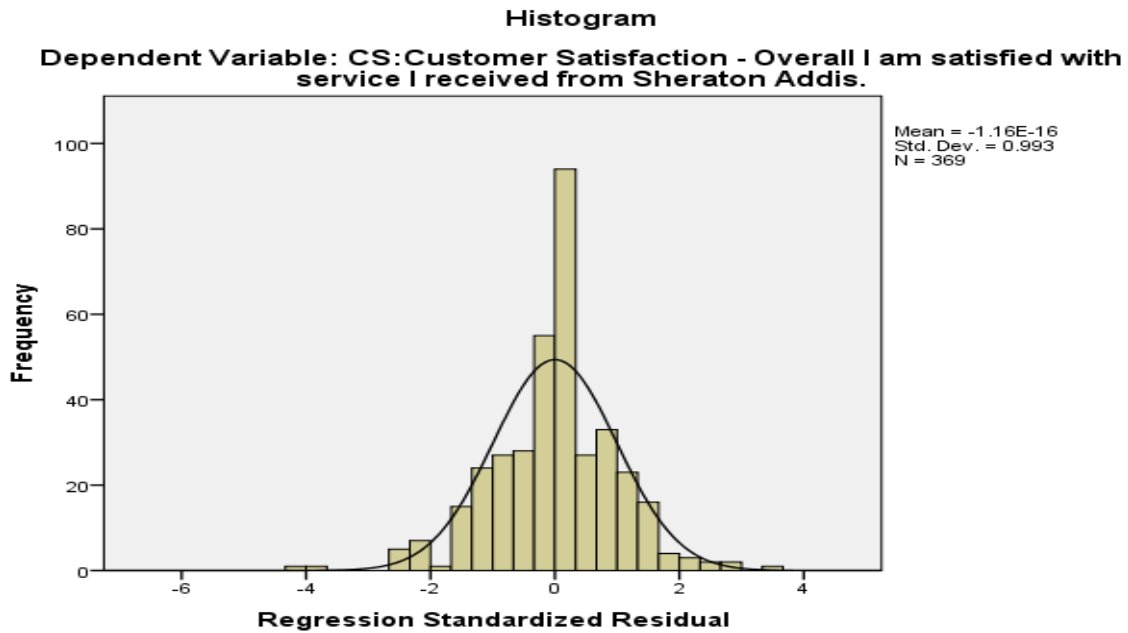
4.6. Diagnostics of Assumptions in Regression

Prior to conducting a regression analysis, the basic assumptions concerning the original data must be carried out. This is a compulsory precondition in explaining the relationships between dependent and explanatory variables. So, normality, linearity, homoscedastic, autocorrelation and multi collinearity has been checked

4.6.1. Normality

The study could make valid inference from the regression; because, the residuals of the regression follow normal distribution as shown below.

Table 4. 4 Normality Test



So

urce: own survey SPSS V24 (2020)

4.6.2. Linearity

The data is normal because, the little circles follow the normality line, as shown in the figure below

Table 4. 5 Linearity Test

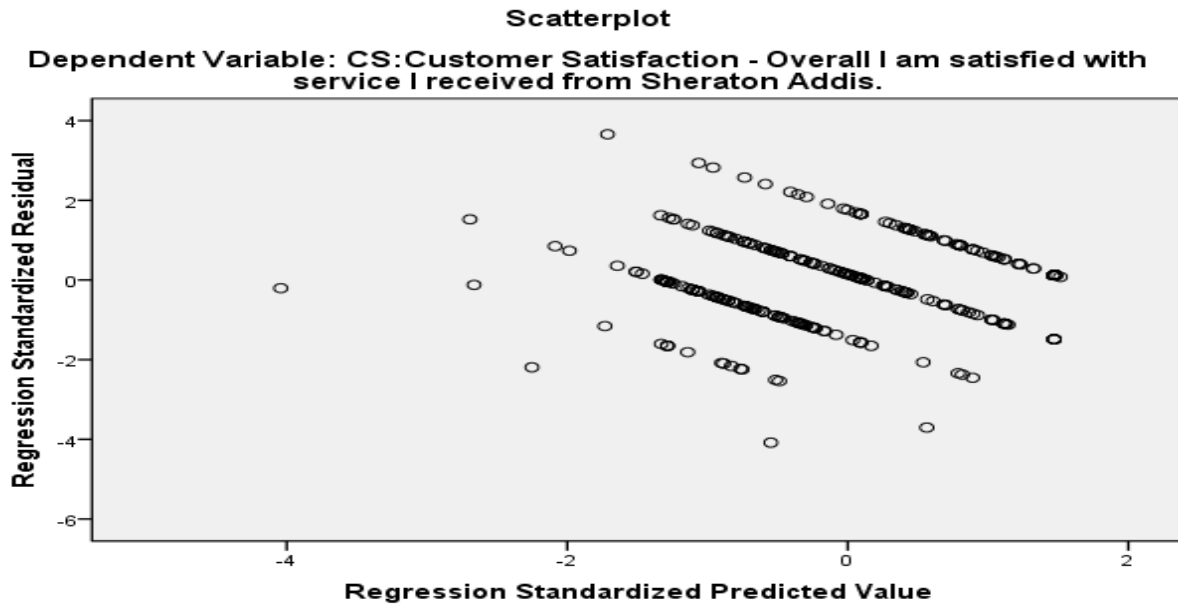


Source: own survey SPSS V24 (2020)

4.6.3. Homoscedastic

Since the data is homoscedastic, it looks something like the plot below. There are points equally distributed above and below zero on the X axis, and to the left and right of zero on the Y axis.

Table 4. 6 Linearity Test



Source: own survey SPSS V24 (2020)

4.6.4. Multicollinearity

Strong relationship between explanatory variables is a problem of multicollinearity and not acceptable for ordinary list square regression analyses. The assumption of multicollinearity can also be assessed using SPSS as part of multiple regression procedure. In the Collinearity statistics section, Tolerance and VIF values are given.

Tolerance is an indicator of how much of the variability of the specified independent 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 small (less than 0.10) it indicates that the multiple correlation which other variables is high, suggesting the possibility of multicollinearity.

In the present study the tolerance value for each independent variable was not less than 0.10 therefore, this also suggests that the assumption of multicollinearity was not violated (see table 4.7).

Table 4. 7 Collinearity Test

S/N	Variable	Collinearity Statistics	
		Tolerance	VIF
1	T	0.323	3.098
2	R	0.406	2.461
3	Rs	0.292	3.43
4	A	0.421	2.375
5	E	0.529	1.89

Source: own survey SPSS V24 (2020)

Variance-inflation factor (VIF) has also been checked and values are found smaller, which supports that multicollinearity is not a problem. Moreover, tolerance statistics in regression analysis helps to detect collinearity problem. Tolerance value runs from 0 to 1 and values closer to 1 indicates no multicollinearity problem (Keith, 2006). In this study all the tolerances are above 0.292 and, therefore, the amount of variation in that construct is not explained by other predictors. The two tests indicated that there is no multicollinearity problem (see table 4.4).

4.6.5. Autocorrelation

According to Stevens (2009), autocorrelation or independence of errors refers to the assumption that errors are independent of one another, implying that subjects are responding independently. Durbin-Watson statistic can be used to test the assumption that our residuals are independent (or uncorrelated). This statistic can vary from 0 to 4. For this assumption to be met, the DW value needs to be close to 2. Values below 1 and above 3 are problematic and causes for concern. So, in this study errors are responding independently, and autocorrelation is not a concern with DW of 1.873.

4.7. Model Estimation

It is common practice to evaluate the appropriateness of a single descriptive model for the problem under study with the help of the coefficient determination, R^2 . According to Reisinger (1997) in empirical studies, the most important benefit of R^2 is that it serves as a fast and easily interpretable measure for the goodness of fit of the estimated model. In the table below the coefficient of determination specified that 55.5% of the deviation in customer satisfaction for the 369 responded employees explained by variations in T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the servicewhile 44.5% remains

unexplained. According to Singh (2007), an adjusted R square beyond 50 percent is good. Therefore, the adjusted R square of this study is 54.9% which is in the range of good but it approaches to the range of very good. Moreover, adjusted R square value for the model shows that 54.9% of goodness of fit of the model is good.

Table 4.8 Model Estimation

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.745 ^a	0.555	0.549	0.62
a. Predictors: (Constant), E, R, A, T, Rs				
b. Dependent Variable: CS				

Source: own survey SPSS V24 (2020)

4.8. ANOVA test

On the other hand, ANOVA test compares the means between more than two unrelated groups on the same continuous, dependent variable. Table 4.8 shown below provides the actual results from the ANOVA test.

Table 4.9 ANOVA test

ANOVA^a						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	174.396	5	34.879	90.662	.000 ^b
	Residual	139.653	363	0.385		
	Total	314.049	368			
a. Dependent Variable: CS						
b. Predictors: (Constant), E, R, A, T, Rs						

Source: own survey SPSS V24 (2020)

The ANOVA table above reveals that the summary of analysis of deviation and F-statistics, which discloses the value of $F(5, 363) = 90.662$, $p < .0005$ which represents significant at 0.0001. The result for F value is large because $F_{\text{Calculated}}$ is greater than table value of $F(5, 363)$ it can be concluded that the set of independent variables (T, R, Rs, A and E) as a whole affecting

the variance of customer satisfaction and consequently, the model shows the real practice of customer satisfaction for the study.

4.9. Regression Analyses and Hypotheses Testing

4.9.1. Regression Analyses

Multiple regressions were employed to investigate the effect of tangibility, reliability, responsiveness, assurance and empathy) of the service on customer satisfaction. All independent variables in the study were statistically interrelated with effectiveness of customer satisfaction which shows that the data was appropriately associated with the dependent variable for investigation via multiple linear regressions. Let us see the coefficient table and interpret our hypothesis one by one in section 4.9.2

Table 4.10 Coefficient table

		Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.179	0.182		0.981	0.327		
	T	0.020	0.071	0.018	0.287	0.774	0.323	3.098
	R	0.246	0.06	0.223	4.068	0	0.406	2.461
	Rs	0.242	0.071	0.223	3.435	0.001	0.292	3.43
	A	0.174	0.057	0.166	3.068	0.002	0.421	2.375
	E	0.307	0.053	0.277	5.767	0	0.529	1.89
a. Dependent Variable: CS								

Source: own survey SPSS V24 (2020)

4.9.2 Hypothesis Testing

4.9.2.1. Empathy of the service

$H_5 =$ Empathy of the service has significant positive effect on customer satisfaction.

As it has been revealed table labelled coefficient, empathy of the service has positive effect on customer satisfaction with ($r=0.277$, $p= 0.000$), thus, expected hypothesis was strongly supported in the study. The result indicates when other predictors (tangibility, responsiveness, assurance and assurance of the service) were constant, for every increase of empathy of the service, the level of customer satisfaction increases by $=0.277$. Previous studies also complied with this finding.

H₂= Reliability of the service has significant positive effect on customer satisfaction.

As it has been revealed table labelled coefficient, reliability of the service has positive effect on customer satisfaction with ($r=0.223$, $p= 0.000$), thus, expected hypothesis was strongly supported in the study. The result indicates when other predictors (tangibility, responsiveness, assurance and empathy of the service) were constant, for every increase of reliability of the service, the level of customer satisfaction increases by $=0.223$. Previous studies also complied with this finding.

H₂ = Responsiveness of the service has significant positive effect on customer satisfaction.

The result also indicates when other predictors (tangibility, reliability, assurance and empathy of the service) were constant, for every increase of responsiveness of the service, the level of satisfaction increases by $=0.223$.

H₄ = Assurance of the service has significant positive effect on customer satisfaction.

The result also indicates when other predictors (tangibility, reliability, responsiveness and empathy of the service) were constant, for every increase of responsiveness of the service, the level of satisfaction increases by $=0.166$.

H₁ = Tangibility of the service has significant positive effect on customer satisfaction.

The result also indicates when other predictors (assurance, reliability, responsiveness and empathy of the service) were constant, for every increase of responsiveness of the service, the level of satisfaction increases by $=0.018$.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter presents findings, conclusion and some relevant recommendations to practice as well as for future researchers based on objective of the study mentioned in Chapter One.

5.1 Summary of Findings

In this thesis work, the study investigated the effect of service quality on customer satisfaction. The study has used cross sectional research design to describe the association between service quality dimensions and customer satisfaction within a specified time interval. In particular, inferential statistics helped in generating various tests. Pearson's correlation analysis was adopted for the assessment of the relationship between the independent variables and dependent variable. And the value of the dependent variable is continuous variable and independent variables are more than two; so, the study applied multiple regression analysis and the findings are summarized as follows.

- ✚ The participants described T (tangibility), R (reliability), Rs (responsiveness), A (assurance) and E (empathy) of the service with the mean value and a standard deviation of 4.01(0.807), 3.95 (0.840), 3.99 (0.849), 3.99 (0.878) and 3.85 (0.836) respectively. They rate also the overall satisfaction of the hotel with mean value of 3.91 and a standard deviation of 0.924. Since the standard deviation value was not more than 1 indicating that the finding was normally distributed and the responses from the participants were very close to the mean value.
- ✚ The service quality dimension with the highest mean score is tangibility followed by responsiveness and assurance. This indicates Sheraton Addis is performing at satisfactory level in possessing good looking equipment's, visually appealing materials and neat appearing employees. In addition the customer perceived that Sheraton Addis is performing better in having knowledgeable and courteous employees and providing secure and trustworthy service. Moreover, Sheraton Addis is performing at satisfactory level in answering customers' questions and responded quickly to solve customers' problems.

- ✚ The correlation between T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service & CS (customer satisfaction) was strong with $r = .594^{**}, p < 0.01; .628^{**}, p < 0.01; .661^{**}, p < 0.01, .625^{**}, p < 0.01$ and $.630^{**}, p < 0.01$ respectively. This implies that as the effect of T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service is more positive in given hotel industry, the level of customer satisfaction also increases positively.
- ✚ The coefficient of determination specified that 55.5% of the deviation in customer satisfaction for the 369 responded employees explained by variations in T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service while 44.5% remains unexplained. According to Singh (2007), an adjusted R square beyond 50 percent is good. Therefore, the adjusted R square of this study is 54.9% which is in the range of good but it approaches to the range of very good. Moreover, adjusted R square value for the model shows that 54.9% of goodness of fit of the model is good.
- ✚ The result for F value is large because $F_{\text{Calculated}}$ is greater than table value of F (5, 363) it can be concluded that the set of independent variables (T, R, Rs, A and E) as a whole affecting the variance of customer satisfaction and consequently, the model shows the real practice of customer satisfaction for the study.
- ✚ Empathy of the service has positive effect on customer satisfaction with ($r=0.277, p=0.000$), thus, expected hypothesis was strongly supported in the study. The result indicates when other predictors (tangibility, responsiveness, assurance and tangibility of the service) were constant, for every increase of empathy of the service, the level of customer satisfaction increases by $=0.277$. Previous studies also complied with this finding.
- ✚ Reliability of the service has positive effect on customer satisfaction with ($r=0.223, p=0.000$), thus, expected hypothesis was strongly supported in the study. The result indicates when other predictors (tangibility, responsiveness, assurance and empathy of the service) were constant, for every increase of reliability of the service, the level of customer satisfaction increases by $=0.223$. Previous studies also complied with this finding.
- ✚ The result also indicates when other predictors (tangibility, reliability, assurance and empathy of the service) were constant, for every increase of responsiveness of the service, the level of satisfaction increases by $=0.223$.

5.2. Conclusion

The large numbers of studies have been conducted by various research scholars and academicians across the globe, to examine the effect of service quality on customer satisfaction. This research work was an attempt to examine this issue in reference to Sheraton Addis. The study was conducted on 384 customers. Relying on existing literature; issues were considered and offered to respondents in the form of a closed ended questionnaire to mark their responses. The collected data was analyzed with the help of statistical package for social science (SPSS 24).

Based on the aforementioned findings the study led to the following conclusion i.e. tangibility, responsiveness, assurance, reliability and empathy of the service is good in Sheraton Addis. The correlation between T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service & CS (customer satisfaction) was strong. The model shows the real practice of customer satisfaction which is affected by T (tangibility), R (reliability), Re (responsiveness), A (assurance) and E (empathy) of the service. Empathy of the service has highly significant effect on customer satisfaction in contrast with other dimensions. Next reliability and responsiveness have significant effects on customer satisfaction. Tangibility and assurance of the service are less empathetic when we compare with other service dimension.

5.3. Recommendation

Based on the findings and the conclusions made before, the following recommendations are provided.

- ✚ In limited resource setting it is better to put effort on empathy, reliability and responsiveness of the service.
- ✚ So far Sheraton Addis is well performed in tangibility of the service; meanwhile, it should also put more effort on other areas of dimensions

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APPENDIX A: SELF ADMINISTERED STRUCTURE QUESTIONNAIRES
St. Mary's University

School of Graduate Studies

Dear survey participants,

This study is conducted in partial fulfillment for the Masters of Art in Business Administration at St. Mary's University. It is conducted to investigate the effect of service quality on customer satisfaction in reference to Sheraton Addis. To this end, questionnaire survey is used to collect pertinent data from respondents. The survey has seven general parts. general profile of the respondents. Part two consists of questionnaires about tangibility of the service. Part three embraces questionnaires about reliability of the service. Part four incorporates questionnaires about responsiveness of the service. Part five consists of assurance of the service. Part six embraces questionnaires about empathy of the service. Lastly, part seven embraces questionnaires about customer satisfaction.

The survey will take 30 minutes to complete. The information you provided will be used only for academic purposes and hence remain confidential. Thus, you are not required to give information about your name, address and other personal information. Given the importance of the topic covered in the study, your genuine responses are vital for the success of this study. So, you are kindly requested to give information honestly and responsibly. Thank you in advance for your willingness to participate in this survey by sparing your precious time. If you have questions, please don't hesitate to contact the researcher via the following contact address:

Phone: +251923922121

Phone: +251911650587

E-mail: Kebfish@gmail.com

Part I: General Information about the survey respondents

Please tick in the boxes applicable to you.

1. Gender: Male Female

2. Age group: 18-25 26-35 36-45 46-55 above 55

3. Educational Level

High School Diploma Degree MA above

4. Occupation: Student Retire Business owner Employed others

5. Nationality: Ethiopian Foreigner

6. Purpose of visit

Pleasure Business Visiting Relatives Conference Others

7. Hotel Selection: Gov't Placement Internet search Travel agency Word of Mouth

Part II: Tangibility Related Questions in Degree of Agreement

S. N	Questionnaire Items	Degree of agreement				
		1 (SD)	2 (D)	3 (N)	4 (A)	5 (SA)
1	The front desk was visually appealing					
2	The employees had clean, neat uniforms					
3	The restaurant's atmosphere was inviting					
4	The shops were pleasant and attractive					
5	The outdoor surroundings were visually attractive					
6	The hotel was bright and well lighted					
7	The hotel's interior and exterior were well maintained and clean TV, radio, A/C, lights, and other mechanical					
8	TV, radio, A/C, lights, and other mechanical equipment worked properly					

Part III: Reliability Related Questions in Degree of Agreement

S.N	Questionnaire Items	Degree of agreement				
		1(S D)	2 (D)	3 (N)	4 (A)	5(S A)
9	My reservation was handled efficiently					
10	My guest room was ready as promised.					
11	I got all what I paid for.					
12	Employees responded promptly to my requests					

Part IV: Responsiveness Related Questions in Degree of Agreement

S. N	Questionnaire Items	Degree of agreement				
		1(SD)	2 (D)	3 (N)	4 (A)	5 (SA)
13	Employees were willing to answer my questions					
14	Employees responded quickly to solve my problems					
15	Room service was prompt					
16	Employees knew about local places of interest					
17	Employees treated me with respect					
18	Employees were polite when answering my questions					

Part V: Assurance Related Questions in Degree of Agreement

Sir No	Questionnaire Items	Degree of agreement				
		1(SD)	2 (D)	3 (N)	4 (A)	5(SA)
19	The hotel provided a safe and secure environment					
20	The facilities were conveniently located					
21	Employee's at the hotel helps to build the confidence of the customer					
22	The staff has product knowledge of the hotel.					
23	The staff have good rapport.					

Part VI: Empathy Related Questions in Degree of Agreement

Sir No	Questionnaire Items	Degree of agreement				
		1(S D)	2 (D)	3 (N)	4 (A)	5(SA)
24	The hotel give individual attention for the guest					
25	The hotel provides convenient service when the customer demands					
26	Employees give for the guests personalize service					
27	Employees anticipate guest need					

Part VII: Customer Satisfaction Related Questions in Degree of Agreement

Sir No	Questionnaire Items	Degree of agreement				
		1(S D)	2 (D)	3 (N)	4 (A)	5(SA)
1	Overall I am satisfied with the service I received from Sheraton Addis.					

Thank you!!!!

Declaration

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Mohamed Mohamednur (Asst. Prof.). All sources of material used for thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any higher learning institutions for the purpose of earning any degree.

Feseha Kebede

Name

Signature

St. Mary's University, Addis Ababa

December, 2020

Endorsement

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

Mohamed Mohamednur (Asst. Prof.)

Advisor
St. Mary's University, Addis Ababa

Signature
December, 2020