IDENTIFYING AND VALIDATING DIMENSIONS OF SERVICE QUALITY FOR THE ETHIOPIAN HOTEL INDUSTRY

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MARKETING MANAGEMENT GRADUATE PROGRAM

May, 2015

Addis Ababa

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Thesis Submitted to Addis Ababa University School of Commerce Marketing Management Graduate Program in Partial Fulfillment of the Requirements for The Degree of Master of Arts in Marketing Management

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May, 2015

Addis Ababa

APPROVAL

Addis Ababa University

School of Commerce

Marketing Management Graduate program

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Degree: Master of Arts (MA in Marketing Management)

Title of Thesis: Identifying & Validating dimensions of service quality for The Ethiopian hotel industry.

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External Examiner	Signature

Statement of Certification

This is to certify that Zelalem Addis has carried out his research work on the topic titled as "**Identifying & Validating Dimensions of Service Quality for the Ethiopian Hotel Industry**". The work is original in nature and is suitable for submission for award of Master Degree in Marketing Management.

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Date: _____

Declaration

I, Zelalem Addis, hereby declare that the thesis entitled Identifying & Validating Dimensions of service Quality for The Ethiopian hotel Industry, is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this university or any other university. It is offered for the partial fulfillment of the degree of MA in Marketing Management.

By: Zelalem Addis

Signature: _____

Date**:** _____

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Acknowledgements

Undoubtedly, may all praise be to God, for blessing me with good health and for giving me the strength, patience and guidance to endure and complete this thesis. Then I would like to thank my advisor ***Yitbarek Takele (PhD)*** *for his unreserved attention to correct my report and giving me constructive idea during the process of this Thesis.*

First and foremost, this thesis would never been accomplished without the cooperation of ministry of culture and tourism staff, hotel managers, hotel staffs and customers in order to collect the appropriate data. Therefore, I am deeply grateful to all of them. Second, I am very grateful to thank my family for their support and everything they have done for me up to this moment.

My special, thanks goes to ***Engedasew Agonafer****,* ***Solomon Addis, Kaleb Anannia*** *and* ***Aeydfer Negash*** *for their unwavering support during this study.*

Finally, I want to express my appreciation to my "biggest fan": my Mom you are just wonderful and a source of so much joy in my life.

Zelalem Addis

Acronyms

ASS --- Assurance
E --- Expectation
EMP --- Empathy
FOO --- Food and Amenities
HOLSERV --- Hotel Service Quality
LQI --- Loading Quality Index
P --- Perception
PRI --- Price
REL --- Reliability
RES --- Responsiveness
ROO --- Room and Amenities
SQ --- Service Quality
SERVPERF --- Service performance
SERVQUAL --- Service Quality
SPSS --- Statistical package for Social Sciences
TAN --- Tangibles

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Abstract

Quality service has become a serious issue among scholars in the hotel industry. This arises due to the fact that operators of the industry still find it difficult to understand what customer needs are at a particular time. The purpose of this study is to identify and validate dimensions of service quality for the Ethiopian hotel industry. The study used HOLSER, Gronroos's and Loading Quality Index and four additional dimensions added by the researcher which are room amenities, food and amenities, physical facility and price. As a foundation for questionnaire development each model and additional dimension was used. However, the items were deducted and modified after conducting pilot study to suit to the specific features of a hotel setting. The study was conducted in Addis Ababa with the participation of four star hotels because they are found abundantly and easily accessible. A total of 380 questionnaires were administered to twenty four star hotel customers out of whom 270 questionnaires were returned and used for a comprehensive empirical analysis. Inferential statistics have been used to test hypothesis and to investigate research problems and questions. It was identified that the eight dimensions are found critical to measure hotel service quality. The result of correlation analysis revealed that all service quality dimensions are correlated with overall service quality. From the regression result it has been found that all service quality dimensions have positive significant impact on service quality. Moreover, managers have moderate perception toward service quality dimensions also hotels don't have standardized service quality measurements. Thus, hotel operators must continuously provide more interactive service standards by using service quality dimensions as measuring service quality for hotel service.

Key words: Service Quality, Customer Perception, SERVQUAL, HOLSERV, Hotel

CHAPTER ONE

1. Introduction

This chapter presents an overview of the entire study. It includes background of the study, statement of the problem, research questions, objectives of the study, hypothesis of the study, significance of the study, delimitations of the study and organization of the thesis.

1.1 Background of the Study

In the highly competitive hotel industry, quality service becomes one of the most important elements for gaining a sustainable competitive advantage in the marketplace and it helps to differentiate their service among their competitors this makes them to retain the existing customers and to attract the new customers.

Any hotel cannot survive in this competitive environment, until it satisfies its customers with good quality service (Narangajavana and Hu, 2008). The service quality is basically the service corresponding to customer expectations and any hotel can win by satisfying those needs of customers. When new and improved quality services are developed for customers, then it is crucial to meet expectations of customers of different categories in this competitive environment. Many organizations are seeking quality improvement systems for competitive advantages (Hope & Wild, 1994). Every service company works only for the customer's demand and added value and provide pleasant customer's service to get the competitive advantage (Edvardsson, 1997) and some companies organized service department that gather information about customers and his/her interaction with products and quality (Petkova, Sande & Brombacher, 2000). Besides this, with new developments, the needs and expectations of customers are also changing rapidly.

However customers are likely to view services as a variety of attributes that may influence their choices in different ways starting from their purchase intentions and perceptions of service quality. Although researchers (Gronroos 1982; Parasuraman, Berry and Zeithaml 1985 & 1991) have focused on different aspects of service quality, they all agree that the emphasis should be given to customers. The most common definition of the concept is attitude, which

results from a comparison of customer's expectations with perceptions of performance (Parasuraman, Berry and Zeithaml 1985). What is more, customers perceive service quality as a multidimensional concept. Therefore the researcher tried to identify service quality dimensions for hotels by taking in to account current situations.

According to Ministry of Culture and Tourism Bureau as of July 2014, throughout Ethiopia there are 525 hotels from basic level to star category. Researcher believes that there should be customized service quality dimensions that measure service quality for Ethiopia hotel industry. Therefor the theme of the study is identifying and validating dimensions of service quality that are practical for Ethiopia hotels.

1.2 Statement of the Problem

Nowadays because of globalized and dynamic business environment many business face intensive competition. One of the business sectors which have intensive competition is the service sector. In order to remain competitive the service provider must deliver quality service to their customers.

Delivering quality service is recognized as the most important for business not only require it for success, but in some cases for survival. Over the past two decades, a great deal of research has addressed various aspect of service quality. Service quality is generally recognized as a key success factor. Consequently achieving and maintaining customer-perceived service quality is regard as an essential strategy for the successful provision of the overall customer satisfaction and customer retention (Taylor and Baker, 1994; Reichheld and Sasser, 1990). Hence, measuring perceived service quality is considered to be the fundamental in developing a customer-oriented strategy that ensures the long-term survival of the firm (Mac Stravic, 1997).

Hotels are one of the service providers that compete with each other in the country, the service sector as a whole contributes as the second highest share in GDP next to agriculture specifically on the growth performance of hotel industry, which had been increasing from 6.3% in 1991/92 to 17.9% in 2005/06, even though until today hotels measures their service qualities by preparing questioners to customers and through complaints made by guests

earlier. As well as the implementation of the existing model misses the core service quality dimensions that helps to measure a hotel service.

Therefore there should be a standard customized model that can be used as a service quality tool to measure quality of service here in Ethiopia. As service quality is becoming a major factor for the survival of the service firms, it has to be researched from a customer point of view not from questions developed by hotelier's perceptions and its effectiveness should be measured in a continuous basses.

1.3 Basic Research Questions

- ⇨ Does a demographic characteristic of hotel customers have effect on service quality?
- ⇨ What is the relationship between customer perception of service quality and each of service quality dimensions in four star hotels?
- ⇨ Does the service quality dimension clearly explain a hotel service quality?
- ⇨ Do managers clearly identify hotel service quality dimensions?
- ⇨ How managers perceive service quality dimensions?
- ⇨ Do managers use validated measurement to evaluate service quality?

1.4 Objectives of the Study

➢ Main objective of the study

The main focus of the study is to identify and validate dimensions of service quality that is developed by the researcher.

➢ Specific objective of the Study

1. To examine the effects of demographic factors on service quality.
2. To identify the relationship between service quality dimensions and overall service quality.
3. To ascertain service quality dimensions that clearly explains a hotel service quality.
4. To identify whether managers pinpoint service quality dimensions.
5. To verify whether the manager have perception on the level of service quality.
6. To signify managers uses standard level of service quality measurement.
7. To identify and validate dimensions of service quality for hotel industry.

1.5 Hypothesis

H0: Service quality dimensions have no impact on overall service quality.

H1: Service quality dimensions have impact on overall service quality.

1.6 Significance of the study

- The beneficiaries of the study are those who engage in service sector specially hotels managers, employees and customers. As well as the study will add up to the existing knowledge on the level of service quality in Ethiopia hotel sector.
- It enables the hotels to identify the dimensions which need critical attentions to find out short term solutions.
- The study will create awareness and initiate the interest of other researchers to carry out further study in a wider scale.

1.7 Delimitation of the study

Even though there are many hotels in Ethiopia, this study focused on four star hotels that are located in Addis Ababa. Since the hotels was chosen based up on operational experience and who were willing to help the researcher. Although data from the other hotels was useful for this study due to time and resource constraints the researcher was bound on the selected hotels, this study emphasizes on service quality dimensions that are more pertinent to hotel industry in Ethiopia.

1.8 Organization of the thesis

The remaining parts of this thesis are organized as follows. Chapter two presents concepts and definitions, theoretical and empirical review and theoretical and conceptual frame work of the study. In chapter three paradigm, research approach, research design, research method, Target Population and Sample of the study, unit of analysis, source of data and finally method of data analysis is presented. The empirical results with inferential statistics of the model are presented and analyzed in the fourth chapter. Lastly, in chapter five, conclusion, recommendations and further research implications are discussed.

CHAPTER TWO

2. Literature Review

This chapter exhibits the review of related literatures. It includes concepts and definitions, theoretical and empirical reviews with additional synthesis and reflection. Finally, theoretical and conceptual frameworks of the thesis are incorporated.

2.1 Concept and Definition

2.1.1 Definition of Concepts

- **Service quality**

Service Quality is a customer perception that occurs when the need of service is met above average, more than just adequate. In other words service quality is the ability of service that meets a customer's expectations for that specific service. It represents of the service valued by the customer.

Service quality has been defined in services marketing literature as an overall assessment of service by the customers. Perceived service quality is believed to be resulting from comparison between customers' prior expectations about the service and their perceptions after actual experience of service performance (Parasuraman et al., 1985). Service quality has been defined by the practitioners in terms of key dimensions that customers use while evaluating the services. Conceptualization of service quality should include both the service delivery process (Parasuraman et al., 1985) as well as the service outcomes (Gronroos, 1984) offered a service quality measurement instruments with dimensions of technical quality (what consumer gets), functional quality (how consumer gets the service) and corporate image (how consumers perceive the firm and its services)

- **The Hotel industry in Ethiopia**

History has proved that, the development of hotel industry is connected with traveling. Similarly the development of hotels in Ethiopia is also connected with the increasing number

of travelers both indigenous and foreigners. Development in Ethiopia's foreign relations, particularly during the reign of Menilik II had, relatively speaking an impressive impact on the country by implanting the seeds of modernization through the importation of European technology and institutions among which "Hotel" is one subject. Therefore, its appearance is related with opening of the society in to the western world.

Development of modern hotels in Ethiopia traces back to the 19th century. Itegue Taitu hotel, which was built in 1898 E.C in the middle of the city (piazza), is the first hotel in Ethiopia. Taitu Betul (1851-1918), an Ethiopian empress and the wife of emperor Menilik II, established this hotel to provide guests a place to rest and dine. From this time up to the Derg regime, our country had owned for about 50 hotels at national level and out of these only 19 hotels were star rated hotels according the report of Ethiopian tourism commission in 1994. Currently, with the emergence of new and modern hotels in the country, the number has grown considerable and there were 525 hotels from basic level to star category. And out of this 140 hotels are found in Addis Ababa, according to ministry of culture and tourism (2014). And out of 140 hotels 32 hotels are four stars rated hotels.

Hotel Service Quality

Hotel is a part of the hospitality industry which is an umbrella term for a broad variety of service industries including, but not limited to, hotels, restaurants and casinos. Hotel is often referred as a "Home away from home". If we consider meaning of hotel in the dictionary, a hotel is a building where you pay to have a room to sleep in and where you can eat meals (Cambridge dictionary) or a hotel is an establishment that provides paid lodging on a short-term basis. (Wikipedia)

A hotel is more than a place to eat and to stay. A customer in a restaurant wants more than a meal; as well guests in hotel want more than a room to stay and food to eat. Individuals may use a hotel service for family vacation, romantic gate away, business travel or even for simple dinning. In any of the cases mentioned, a given individual tends to expect a quality service to be delivered to them for the payment they made and get satisfied. Good service is a requirement of getting and maintaining customers. Truly, without customers it is impossible

to stay in business and without satisfied customers it is impossible to remain profitable. Everyone in the company benefits from good service, not just the customers. There are external services for customers, and internal services from one employee or department to another. Good service plays important role in all businesses (Afshan, Sadia and Khusro, 2011).

Hotel service process

The entire hotel service process consists of many services and different groups of service employees (Lewis, 2007). Initially a potential hotel guest will choose a hotel from a range of hotels within a specific location that offer relatively similar services and price ranges. When a hotel has been chosen, the potential guest will then make a reservation and receive directions to the hotel if necessary. When the time comes, the guest will then travel to the hotel, park the car or arrive by taxi, walk into the hotel and enter the service environment. This is where they will experience first impressions of the environment after all the pre-purchase effort of selecting and travelling to the hotel.

During purchase experience now begins with entering the lobby and being greeted by reception and/or porter staff. Then the guest will check in, have luggage taken to the room and will go to the room. At this point the first impressions of the room are important. The guest will look around the room in order to find everything he/she will possibly need during the stay. Often at this stage the guest may seek information from the brochure and promotional material in the room and may need some assistance from a hotel employee in room service, laundry service or information on how to use business or leisure facilities. Other services the guest may want to use include using the telephone system to call home, the hotel's business equipment or its workout facilities; or he/she may want to have a shower and/or get advice on restaurants. At the end of the stay, the guest will have breakfast, check out, and retrieve the car from parking or order a taxi, and travel home or to the airport. However, this should not be the end of the contact between hotel and guest. If sufficiently proactive, a hotel will provide some follow-up initiative to ensure the guest will consider staying in the same hotel again.

2.1.2. Operational Definition

Reliability: - the ability to perform the promised service dependably and accurately. It is regarded as the most important determinant of perceptions of service quality.

Responsiveness: – the willingness to help customers and to provide prompts service. This dimension is particularly prevalent where customers have requests, questions, Complaints and problems.

Assurance: – the employees' knowledge and courtesy, and the ability of the service to inspire trust and confidence.

Empathy: – caring, individualized attention the service provides its customers.

Tangibles: – the appearance of physical facilities, equipment, personnel image that will find favor with consumers.

2.2. Theoretical and Empirical Review

2.2.1. Theoretical Review

❖ Essential Methods of Measuring Service Quality

Different researchers have different views on the measurement of service quality. Several methods of measuring service quality have been developed and discussed over the last few years. Most of the methods are SERVQUAL, SERVPERF, Gronroos's, Important-Performance Analysis, HOLSER, and Loading Quality Index, LODGSERV and LODGQUAL.

❖ SERVQUAL

Parasmaman, Zeithaml, and Berry (1985) defined service quality 'as perceived by consumers, is the result of a comparison of expectations of a service they will receive and perceptions of the performance of the firms providing that service. In fact, service quality is an abstract and elusive construct because of three features unique to services: intangibility, heterogeneity, and

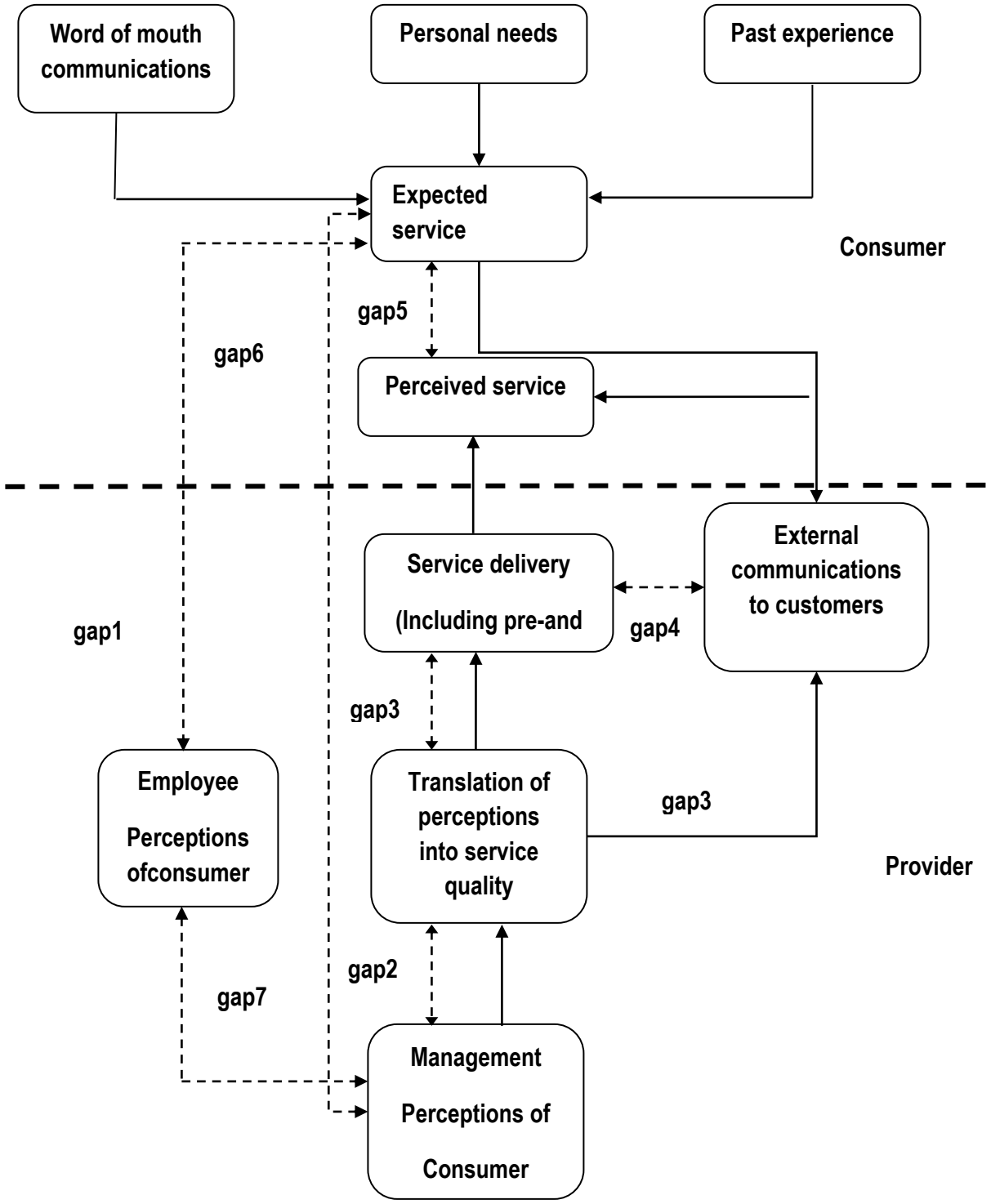
inseparability of production and consumption (Parasuraman et al., 1985). Therefore, it is difficult to evaluate as different customers have different perceptions of service quality (Bojanic and Rosen, 1994). Further research of Parasuraman et al, (1988) led to the deletion of certain items and the reassigning of other items, and resulted in the current SERVQUAL instrument that consists of five key dimensions of service quality:

- ✓ Tangibles
- ✓ Reliability
- ✓ Responsiveness
- ✓ Assurance
- ✓ Empathy.

The tangibility dimension includes physical aspects such as the physical appearance of hotel services including the neatness of front office staff and skilled of employees. Reliability is defined as the ability to deliver the promised service dependably and accurately. It is about keeping promises about delivery, pricing, complaint handling, etc. Responsiveness can be described as the willingness to help customers and provide prompt service. This dimension stresses service personnel's attitude to be attentive to customer requests, questions and complaints. Assurance is the service quality dimension that focuses on the ability to inspire trust and confidence. Empathy is the service aspect that stresses the treatment of customers as individuals. These five dimensions of service quality could be viewed as factors for consumers to consider when evaluating the overall performance of service.

SERVQUAL developed by Parasuramanet a1. (1985) is a multiple-item scale designed to measure consumers' expectations and perceptions concerning a service encounter. The SERVQUAL instrument has received considerable recognition in the general service marketing literature as a result of the pioneering work presented by Parasuramanet a1. (1988).

Figure 2.1 service quality models



Model of Service Quality Gaps (Parasuraman et al., 1985; Curry, 1999; Luk and Layton, 2002)

According to this model, levels of expectations higher than perceptions of performance will suggest lower level of quality. Conversely, expectations that have been met or exceed will result in higher quality levels. Thus, the theory underlying the SERVQUAL scale suggests that the service quality construct forms as the result of the following relationships: Service Quality = (performance - Expectations). Parasuraman et a1. (1990) further defined an additional series of items that captured the importance consumers placed on each service attribute captured by the SERVQUAL scale: Service Quality = (Perceptions - Expectations)*Importance. Since relative importance of variables is relevant in an evaluation of overall quality. Therefore, all dimensions should be weighted in terms of relative importance of the consumers attach to them.

The equation above shows that all three variables: importance, perceptions and expectations do play different roles in evaluating overall quality, and information should be collected on all these variables. While the SERVQUAL instrument has been widely used, it has also been widely criticized. A brief summary of the major criticisms is set out below which was identified by (Mudie and Pirrie, 2006, p.96):

Major criticisms on SERVQUAL

- It focuses on the functional aspects of the process (the 'how' of the service process), neglecting the outcome. Of course, services are by their very nature experiences, making the functional aspect of key importance. However services can and do deliver a tangible outcome.
- Its application across the service sector has been called into question. Services can vary in many respects, revealing quite different and unique dimensions.
- It is not clear how the evaluation of expectations and perceptions occurs i.e. as specific points on the scale. Equally, how do expectations and perceptions change over time?
- Following on from the last point, where a respondent scores perceptions at 3 marginally exceeding his/her score of 2 for expectations can it be concluded that this

customer is seen as having received good quality service? It has been argued that SERVQUAL predicts that:

- Customers will evaluate a service favorably as long as their expectations are met or exceeded, regardless of whether their prior expectations were high or low, and regardless of whether the absolute goodness of the (service) performance is high or low. This unyielding prediction according to some is illogical, arguing that 'absolute' levels (e.g. the prior standards) certainly must enter into a customer's evaluation.
- Is there a need to incorporate expectations into the measurement scale? The authors of SERVQUAL have argued in favor of its diagnostic value for management. Expectations serve as a kind of benchmark, anchor or reference point in the assessment of service performance. Others have argued for a perceptions-only measure of service quality.

However a number of questions have been raised concerning the gap model of SERVQUAL scale, there are still some authors of current research suggest that data captured using the SERVQUAL scale may still prove useful. Hemmasi et al. (2004) suggested that valuable information can be obtained from the proper use of the information derived from the importance and performance subscales. Specifically, the SERVQUAL scale items can be placed on an importance-performance (Martila and James, 1977) grid, which will then identify areas in which improvement should be made on service quality.

❖ Cronin's SERVPERF

SERVQUAL grounded in the Gap model, measures service quality as the calculated difference between customer expectations and performance perceptions of a service encounter (Parasuraman et al., 1988, 1991). Cronin and Taylor (1992) challenged this approach and developed the SERVPERF scale based on Parasuraman's SERVQUAL methodology which directly captures customers' performance perceptions in comparison to their expectations of the service encounter. SERVPERF only measures performance perceptions and operationalizes service quality as customers' evaluations of the service encounter. It uses only performance data because it assumes that respondents provide their ratings by automatically comparing performance perceptions with performance expectations. As a result, SERVPERF

uses only the performance items of the SERVQUAL scale (Brady et al., 2002; Cronin and Taylor, 1992, 1994). Arguments in favor of SERVPERF are based on the notion that performance perceptions are already the result of customers' comparison of the expected and actual service (Babakus and Boller, 1992). Therefore, performance only measures should be preferred to avoid redundancy. Thus, SERVPERF assumes that directly measuring performance expectations is unnecessary.

SERVEQUAL VS SERVPERF

SERVPERF differs from SERVQUAL in that SERVPERF does not assess gap scores because the expectations portion of the pairings is not included. The research of Cronin and Taylor (1992) suggested that although expectations can have unique effect on consumers' perception of service quality, the performance minus expectations is an inappropriate basis for use in the measurement of service quality. Moreover, there were many emerging literature supported the performance-based paradigm over the disconfirmation-based SERVQUAL paradigm. Babakus and Boller (1992); Churchill and Surprenant (1994).

All supported for the superiority of simple performance-based measures of service quality over gap measures of SERVQUAL. Cronin and Taylor (1992) indicated that SERVPERF was the superior measure of service quality over SERVQUAL. They also claimed that SERVPERF scale consistently outperformed any of the other competing models in service environments, and it also provided a useful tool for measuring overall service quality attitudes by service managers. However, Parasuraman, Zeithaml and Berry (1994) criticized the SERVPERF instrument that the marketing literature appears to offer considerable support for the superiority of simple performance-based measures of service quality was surprising and questionable. Parasuraman et al. (1994) also revealed that though the practice of measuring only perceptions was widespread, such a practice did not necessarily mean performance based measures were superior to discontinuation-based measures.

In fact, service quality measurements that incorporate customer expectations provided richer information than those that focus on perceptions only. In spite of the criticism of SERVPERF by Parasuraman et a1. (1994), Cronin and Taylor (1992) still revealed that SERVPERF was the superior measure of service quality over SERVQUAL. They also claimed that

SERVPERF scale consistently outperformed any of the other competing models in service environments, and it also provided a useful tool for measuring overall service quality attitudes by service managers.

❖ Gronroos's

Gronroos (1982) introduced a service oriented approach to quality with the concept of Perceived Service Quality and the model of Total Perceived Service Quality. This approach is based on research into consumer behavior and the effects of expectations concerning goods performance on post-consumption evaluations.

This measurement instrument suggests that the quality of a service as it is perceived by customers has two dimensions namely, a technical or outcome dimension i.e. what the customers get and a functional or process related dimension i.e. how the process and service encounter are perceived. These two have been termed as 'technical quality' and 'functional quality'. Technical quality refers to what the service provider delivers during the service provision while functional quality is how the service employee provides the service.

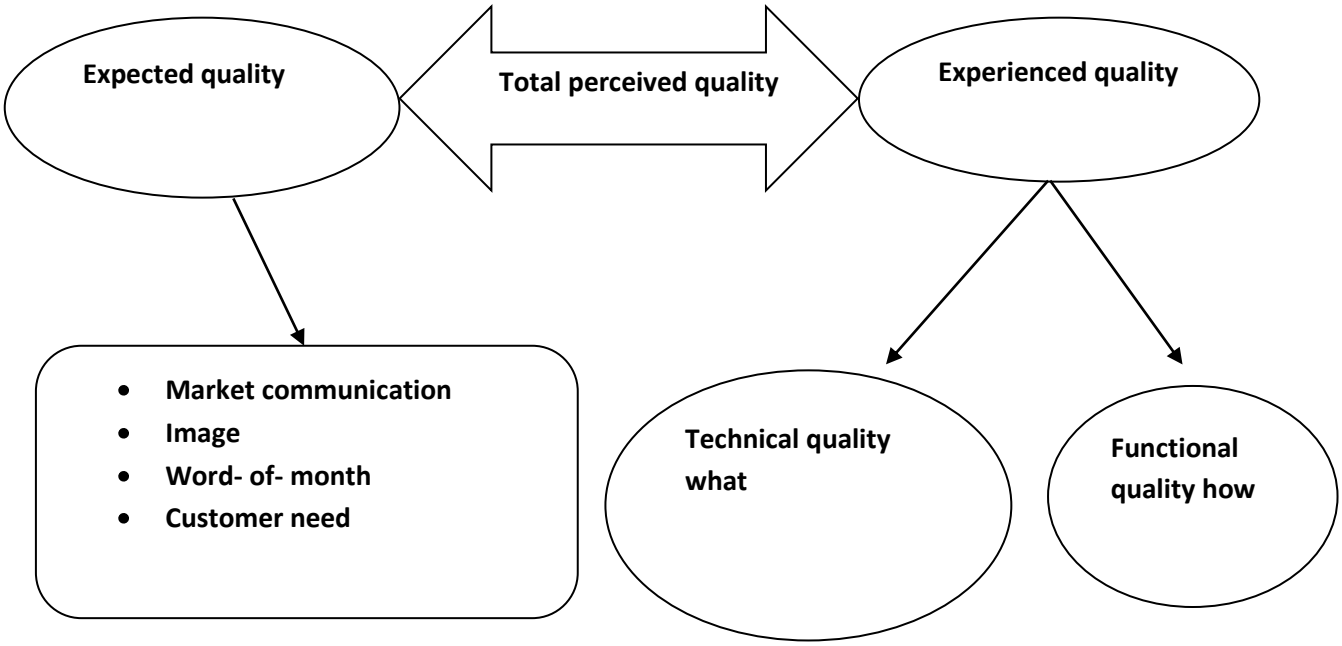
The two basic quality dimensions (what and how) in the minds of the customers has been discussed. However, the quality perception process is more complicated. It is not the experiences of the quality dimensions alone that determine whether quality is perceived as good, neutral or bad. Figure 2.2 illustrates how quality experiences are connected to traditional marketing activities resulting in a Perceived Service Quality.

Good perceived quality is obtained when the experienced quality meets the expectations of the customers i.e. the expected quality. If expectations are unrealistic, the total perceived quality is low, irrespective of the experienced quality measured in an objective way being good. As illustrated in figure 2.2, the expected quality is a function of factors, namely, marketing communication, word of mouth, company/local image, price, customer needs and values. Marketing communication includes advertising, direct mail, sales promotion, websites, internet communication and sales campaigns. These are directly under the control of the company unlike the image and word of mouth factors which are indirectly controlled by the company.

Image of the company plays a central role in customer perception of service quality. Thus, it is imperative that image be properly managed. External impact on these factors could possibly occur, but they are a basically a function of the previous performance of the firm, supported by for instance advertising.

Lastly, the needs of the customers as well as the values that determine the choice of customers also impact on their expectations. Thus, the level of total perceived quality is not determined simply by the level of technical and functional quality dimensions, but rather by the gap between the expected and experienced quality.

Figure 2.2 Gronroos service quality



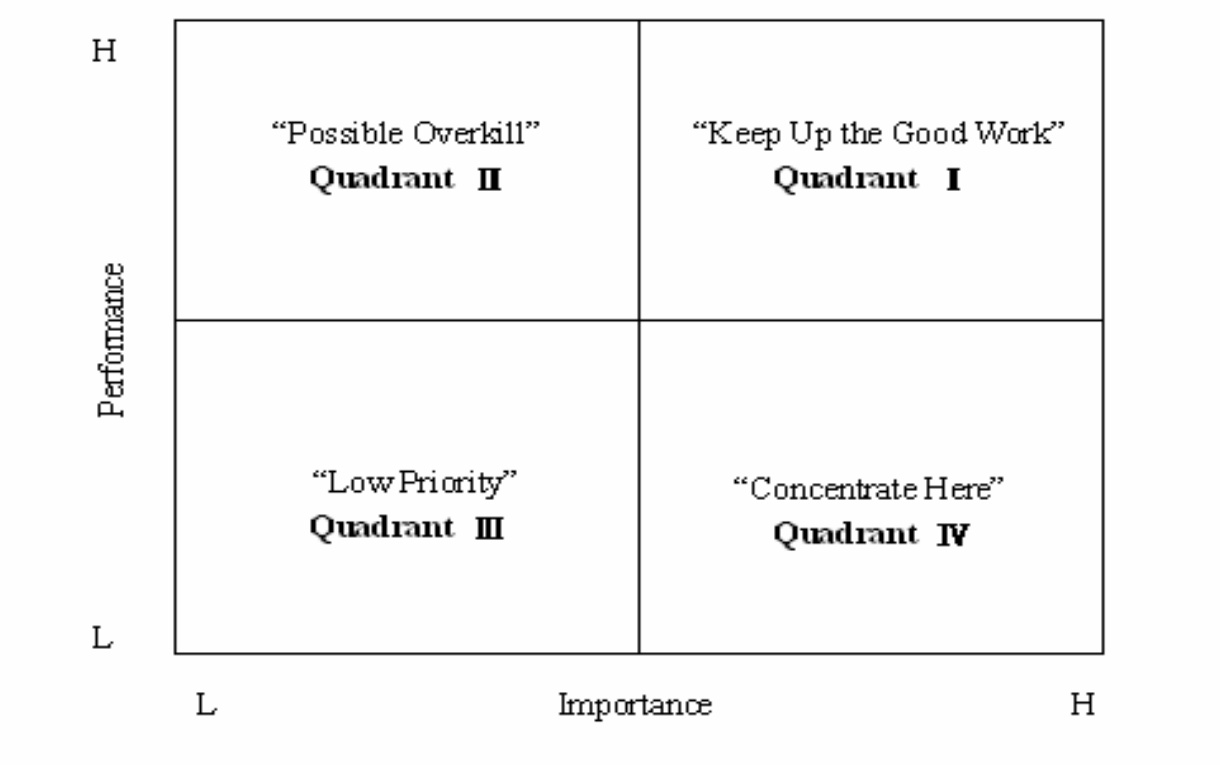
Source: Gronoroos,(1988:12)

❖ Important-Performance Analysis

Important-Performance Analysis (IPA), which is designed for measuring the service quality, acts as a framework for overcoming many of the identified difficulties implicit with the SERVQUAL and SERVPERF scale. Carman (1990) claimed that a complete attitude model service quality must measure the effects of the importance of individual attributes on perceptions of quality.

Important-Performance Analysis, like SERVQUAL, maintains the quality is a function of customer perceptions of performance and the importance of the attribute. However, customer expectations are not included in importance-performance analysis, because customers "expect" uniformly high levels of service (Brown et al., 1993). Besides, expectations as a concept of measurement turned out to be problematic as they deal with different meanings of the expression such as ideal, predictive, product type oriented or minimal expectations. Therefore, the importance a customer places on any given service attribute is a principle dimension of importance-performance analysis rather than expectations. The interpretation of the IPA is graphically presented on a grid divided into four quadrants. The X-axis reports the respondents' perceived importance of selected attributes, and the Y-axis shows the service attributes performance. The four identifiable quadrants are: Concentrate Here, Keep up the good work, Low priority and possible overkill.

Figure 2.3 Important-Performance Analysis Model



Source: Martilla, J. and James J. (1977), 'Importance- Performance Analysis', *Journal of Marketing*, 14 (January): pp. 77-79.

In the concentrate here quadrant (Quadrant IV), attributes are perceived to be very important to respondents, but performance levels are fairly low. The implication to management is that improvement efforts should concentrate here. In the keep up the good work quadrant (Quadrant I), attributes are perceived to be very important, and at the same time, performance on these service attributes seems at a high level. The message here is to keep up the good work. In the low priority quadrant (Quadrant III), attributes are with low importance and low performance. Although performance levels may be low in this cell, managers need not be overly concerned since the attribute in this cell is not perceived to be very important. Limited resources should be expended on this low priority cell. Lastly, the possible overkill quadrant (Quadrant II) contains attributes of low importance, but relatively high performance. Respondents are satisfied with the performance of the organizations, but managers should consider present efforts on the attributes of this cell as being over-utilized. (Martina and James, 1977).

Since the seminal work by Martilla and James (1977), the IPA framework has gained popularity among researchers in service quality. It has been proved by many researchers as an effective quantitative research tool for policy and evaluation research and it is a proper technique for identify service quality areas requiring remedial strategic action.

The importance-performance analysis model (see Figure 2.3) has been used in hospitality and tourism research for years. Sethna (2004) proposed that the importance-performance assessment provided a clear direction for action, identifying areas where scare resources should be concentrated. Lewis (1985) used the IPA as a competitive analysis technique to identify tourists' perceptions of the hotel industry. Lewis and Chambers (1989) reported the effective use of the importance-performance technique by the Sheraton hotel company in the monitoring of customer satisfaction.

While Evans and Chon (1989) used the IPA to formulate tourism policy, Keyt et al. (2004) adopted the IPA technique in restaurant positioning. Almanza, Jaffe and Lin (2006) used the IPA matrix to determine means for improving customer satisfaction. Martin (2005) examined service quality service in the hotel industry using the IPA technique. Hemmasi et a1. (2004) conducted a study to investigate the efficacy of importance-performance maps as managerially relevant way to use service quality data derived from the SERVQUAL scale, and the result of their study suggested that service quality, at least from strategic management perspective, appears more appropriately identified through the type of importance-performance analysis which based on the SERVPERF scale and SERVQUAL. Haller (2005) also stated that since final tabulated results can be presented in a two-dimensional grid to show the strengths and weaknesses of the service variables being studied, the presentation of the results in the importance-performance analysis diagram is an adequate instrument to identify strengths and weaknesses and helps to set priorities for improvements in the service quality process. Anecdotal evidence also suggests that studies applying IPA are frequently presented at various hospitality and tourism conferences. As Martilla and James (1977) emphasized, ease of application and the appealing methods of presenting both data and strategic suggestions seem to be the factors, among others, that contribute to wide acceptance of the technique.

The study of Hemmasi et a1. (2004) suggested that service quality assessment using importance performance analysis may be a more useful strategic management tool than the gap measures recommended by the authors of the SERVQUAI scale. The evidence of their study suggests that the gap measure does not appear to be an appropriate conceptualization or operationalization of the service quality construct.

The primary reason is the inadequacy of the expectations/performance gap model which underlies the conceptual development of the SERVQUAL scale. Service quality seems more appropriately identified through the type of importance performance analysis that has been demonstrated in the study. Specifically, the SERVQUAL scale items can be placed on an importance-performance grid (Martilla and James, 1977), which will then identify areas in which strategic redeployment of resources may be warranted to improve service quality. This suggestion forms the basis for this study.

❖ HOLSERV

To overcome some problem related to SERVQUAL in accessing service quality and customer satisfaction in hotel industry, Amy Wong Ooi Mei, Alison M. Dean and Christopher J. White (1999) come up with modified form of SERVQUAL model which called HOLSERV model and it's used only for hotel or hospitality industry**.**

HOLSERV is the one-column format questionnaire that has produced a reliable instrument specifically for the hotel industry. In HOLSERV, eight items of the original SERVQUAL scale were either modified or added and three items were deleted, leaving a total of 27 items in final scale. The HOLSERV scale is a shorter, more user friendly compared to SERVQUAL scale.

Using the approach of Hunter and Gerbing cited in Amy, Alison and Christopher (1999), confirmatory analysis is performed to establish reliability. In the confirmatory process, the authors outline three tests that must be conducted to accomplish this task: internal consistency, parallelism and reliability. To test for uni-dimensionality internal consistency, the individual items and their respective SERVQUAL dimensions are correlated. Next, to test for parallelism, each of the five SERVQUAL dimensions is correlated with the other dimensions. Finally, the coefficient alpha of each SERVQUAL dimension was tested separately to assess the reliability of the scale. The

reliability and correlation coefficients for the extended SERVQUAL (HOLSERV) scale using the established generic dimensions.

The item-dimension correlations for each of the five dimensions are relatively tight as required by the uni-dimensionality test (Hunter and Gerbing cited in Amy, Alison and Christopher, 1999). With the exception of tangibles, the other four dimensions pass the parallelism criterion, based on the average correlation among them. Finally, the alpha value for the total index is high, while the reliability coefficients (alpha levels) for the five dimensions exceed the 0.70 cut-off recommended. The high alpha values indicate good internal consistency among the items, and the high alpha value for the overall scale indicates that the convergent validity of HOLSERV is met (Parasuraman et al., 1991).

This study has contributed to knowledge about the service quality construct in the hospitality industry by refining and developing the existing SERVQUAL scale. The findings suggest that there are three dimensions of service quality: employees; (Responsiveness, Empathy and Assurance is included in the employee section), tangibles and reliability. And that the employees dimension emerged as the best predictor of overall service quality. Additionally, these findings have demonstrated that the HOLSERV instrument is suitable for use by managers in the hospitality industry, so that they can confidently design service strategies that meet guests' expectations.

Figure 2.4 Modification of SERVQUAL

No.	Basic wording	Origin	Grouping
REL1	Promises to provide a service and does so	SERVQUAL	Reliability
REL2	Shows dependability in handling service problems	SERVQUAL	Reliability
REL3	Performs the service right the first time	SERVQUAL	Reliability
REL4	Provides services at the time it promises to do so	SERVQUAL	Reliability
RES1	Tells guests exactly the services performed	SERVQUAL	Responsiveness
RES2	Gives prompt service	SERVQUAL	Responsiveness
RES3	Always willing to help	SERVQUAL	Responsiveness
RES4	Never too busy to respond to guests' requests	SERVQUAL	Responsiveness

ASS1	instills confidence in guests	SERVQUAL	Assurance
ASS2	Guests feel safe in the delivery of services	Customized	Assurance
ASS3	Guests feel safe and secure in their stay	New	Assurance
ASS4	Polite and courteous employees	SERVQUAL	Assurance
ASS5	Have the knowledge to answer questions	SERVQUAL	Assurance
ASS6	Have the skill to perform the service	New	Assurance
EM1	Gives individual attention	SERVQUAL	Empathy
EM2	Deals with guests in a caring fashion	SERVQUAL	Empathy
EM3	Has guests best interests at heart	SERVQUAL	Empathy
EM4	Understands guests' specific needs	SERVQUAL	Empathy
TAN1	Equipment, fixture and fittings are modern looking	SERVQUAL	Tangibles
TAN2	Facilities are visually appealing	Customized	Tangibles
TAN3	Neat and professional employees	SERVQUAL	Tangibles
TAN4	Materials are visually appealing	SERVQUAL	Tangibles
TAN5	Fixture and fittings are comfortable	New	Tangibles
TAN6	Equipment and facilities are easy to use	New	Tangibles
TAN7	Equipment and facilities are generally clean	New	Tangibles
TAN8	Varity of food and beverages meet guests' needs	New	Tangibles
TAN9	Series are operated at a convenient time	SERVQUAL	Tangibles

Source: Amy, Alison and Christopher (1999)

❖ Loading Quality Index (LIQ)

Getty and Thompson (1994) originally presented a procedure for developing quality scales. However it's not final product. And M. Getty and L. Getty (2003) develop a quantitative measurement tool known as LODGING QUALITY INDEX (LQI) which was built based on SERVQUAL (Parasuraman, 1988). In order to develop the instrument the researchers follow Churchill's (1979) procedure and utilized to illustrate its usefulness in developing a Loading Quality Scales (Getty and Thompson, 1994a) because its widely adopted that is particularly appropriate for developing reliable and valid multi-item instruments. And the steps are as follows: specify the domain of quality, generate sample of item, collect first data set, purify measure, collect second data set, assess reliability, assess validity and develop norms.

Based on the ten dimension of SERQUAL scale the researchers interviewed travelers and executives of both luxury and economic hotels. In this way, the result was a pool of 63 scale items. Then the coefficient alpha which is a measure of reliability of items was computed (Cronbach, 1951). As a result, only 43 items were kept. With the appearance and appreciation of SERVQUAL scale of Parasuraman in 1988 with five dimensions, researchers one more time collected data and computed again all the items and coefficient based on the new SERVQUAL scale.

In the end, the final lodging quality index with 5 dimensions and 26 items was born. Five dimensions are tangible, reliability (includes original reliability and credibility dimensions), responsiveness, confidence (includes original competence, courtesy, security and access dimensions) and communication (includes original communication and understanding dimensions).

Figure 2.5 Final LQI Items

Dimension	Scale item
Tangibility	
	The front desk was visually appealing The employees had clean, neat uniforms The restaurant's atmosphere was inviting The shops were pleasant and attractive The outdoor surroundings were visually attractive The hotel was bright and well lighted The hotel's interior and exterior were well maintained The hotel was clean
Reliability (includes original reliability and credibility dimensions)	
	My reservation was handled efficiently My guestroom was ready as promised TV, radio, A/C, lights, and other mechanical equipment worked properly I got what I paid for
Responsiveness	
	Employees responded promptly to my requests Informative literature about the hotel was provided Employees were willing to answer my questions Employees responded quickly to solve my problems Room service was prompt
Confidence (includes original competence, courtesy, security, and access dimensions)	
	Employees knew about local places of interest Employees treated me with respect Employees were polite when answering my questions The hotel provided a safe environment The facilities were conveniently located
Communication (includes original communication and understanding dimensions)	
	Charges on my account were clearly explained I received undivided attention at the front desk Reservationists tried to find out my particular needs Employees anticipated my needs

Source: M. Getty and L. Getty (2003)

The extent that an instrument actually measures what it is intended to measure it's considered to be construct validity (Churchill, 1978). Construct validity can be established in numerous ways and the three indicator of construct validity employed in this study. Those are face validity (it was examined in step to of the scale development process and a group of "judges" read the instrument and subjectively evaluated the degree to which items reflected the quality construct), trait validity (the high the reliabilities and well-defined factors provide support for the instruments ability to define the specific dimensions of the quality construct) and predictive validity was established in two ways;

method one a measure of global quality perception was regressed on the composite LQI scale to determine the degree to which LQI predicted values of the global quality measure and it consists of single item measure "how would you rate the overall quality of the property?" and the result suggested that LQI does a good job at predicting perceptions of overall quality.

Method two an index constructed from responses to three questions assessing dimensions of satisfaction with the service experience was cross tabulated with composite LQI scales.

The questions were:

1. Would you recommend the property to a friend?
2. Did you experience a problem during your stay?
3. If yes, was it handled satisfactorily?

One index was constructed from responses of these questionnaires, and then it was translated into "satisfy".

Figure 2.6 Measuring SATISFY based on recommendation of property, experiencing a problem, and handling of a problem

Recommended property		Experienced a problem		Problem handled well		Score Satisfaction level	
Yes	+	No	+	–	=	6	High
Yes	+	Yes	+	Yes	=	5	High
Yes	+	Yes	+	No	=	4	Moderate
No	+	No	+	–	=	3	Moderate
No	+	Yes	+	Yes	=	2	Low
No	+	Yes	+	No	=	1	Low

Source: M. Getty and L. Getty (2003)

To Getty and Thompson (1994), guests were more satisfied if they didn't experience any problem than when they experienced one problem which had been solved well. However, in case that even guests didn't experience any problem but they didn't recommend the property for their friends means they were less satisfied than when their problems during the stay were not solved but they still recommended to others. According to statistic data, the guests who recommended property to others also gave high LQI scores and vice versa guests who didn't recommended property to anyone else gave low LQI scores.

❖ LODGQUAL

LODGQUAL has been regarded as a specific application for the hotel industry (Getty and Thompson, 1994). Indicate that LODGQUAL was developed a derivative of SERVQUAL and has applied dimensions similar to SERVQUAL. LODGQUAL was a measure used to assess service quality based customer perceptions of a service provider performance in the lodging industry (Getty& Thompson, 1994). Designed the LODGQUAL instrument from customer perception of the SERVQUAL measure, but also consider the dimensions of tangibles, reliability and "contact" which include attributes associated with response capacity, safety and empathy. However, Wilkins (2005) found that the dimensions of the LODGQUAL

measure left many aspects of hotel performance unanswered despite this measure having been linked with research on customer satisfaction.

❖ LODGSERV

Because of a lot of criticism associated with SERVQUAL measurement, Knutson, Stevens, Wullaert, patton and Yokoyama (1991) developed another instrument, LODGSERV, which was designed to measure customer expectation of service quality in the hotel industry through the application of SERVQUAL as a foundation. Knutson et al. (1991) made an effort to apply LODGSERV to improve what a generic instrument could do when a service quality was defined and measured for lodging properties. In Knutson et al.'s (1991) study, five service quality dimensions emerged. Among these five dimensions, "reliability" was ranked as the first order hierarchy of importance for the evaluations of service quality, followed by "assurance" "responsiveness" "tangibles" and "empathy" (Knutson et al., 1991) alternatively Patton, Stevens and Knutson (1994) found support for LODSERV, an adaptations of SERVQUAL in the context of hotels, consisting of 26 items. Patton et al. (1994) attempted to validate the LODGSERV measure in the United States, Japan, Taiwan, Hong Kong, Australia and the United Kingdom. However the superiority of LODSERV over SERVQUAL remained questionable when LODGSERV was applied to the measurement of hotels service quality (Ekinci, 1999).

Finally, in addition to the above measurement instruments there are many other measurement instruments created by different scholars in order to know the level of service quality and in addition to the different measurement instruments from SERVQUAL there are also different modifications made to the original SERVQUAL measurement instruments for different industries. For example for hospital PubHosQual (Jayesh and Renuka, 2010), for bank BSQ (Bank Service Quality) (Bahia and Nantel 2000) and etc.

Most models mentioned above attempted to use SERVQUAL model as a foundation for their model, although there is no distinct boundary between the original SERVQUAL model and newly developed ones. For example some of the models namely HOLSERV, LQI, LODGQUAL, LODGSERV tried to develop Service quality dimensions which are not

entirely different from the original SERQUAL model though they attempted to add few dimensions. In the other extreme some of the models excluded customers' expectations and focused on perception of performance on a given service. For instance SERVPREF exclude expectation and IPQ model believes that customers expect high level of service which is irrelevant to the fact that individuals have different expectations based on prior experience, views and attitude for this reason the researcher doesn't believe excluding customers expectation. To sum up all the models have their own advantages and also some dimensions are used repeatedly used by the original SERVQUAL. In order to eliminate redundancy the researcher used some models that measure customer expectation and perception of performance and added some dimension that are most relevant to the hotel industry in Ethiopia.

2.2.2 Empirical Review

Service quality dimensions are studies in different industries by different author mostly adopted the five dimensional SERVQUAL measurement instruments (Parasuraman et al. 1985, 1988)/SERVPERF (Cronin and Taylor, 1992) approach or some customized version of it. As this thesis paper concentrates in the hotel industries the researcher review some empirical studies in the area and described below:

Wael Hassan El-garaihy (2013) studies developing and validating a hospitality service quality scale in Saudi Arabia. The study conducted at Saudi Arabia eastern province, by taking a sample of 26 hotels and 500 respondents the researcher develop a list of items that measuring service quality 90 items formed each items paraphrased in two statement, one to scale expectation and scale perception for better understanding about list of item the researcher used interview and questionaries' the finale result settled by developing and validating seven factors i.e. creditability, empathy, competence, tangibles, security, courtesy and responsiveness with consist of 27 items, the research process went smoothly and the respondent rate is quite high. I could not say for sure the result is unbiased because some of the items were crossed out with no clear cut.

In 2011 Afshan, Sadia and Khusro (2011) examined the aspects of service quality in hotels that influence the satisfaction of customers and their intention to revisit. In this research paper, both qualitative and quantitative studies were used. The data was collected through questionnaire which contained multiple choice questions. Results of different correlations, T-test and sequence graphs revealed a great deal of existing services with customer satisfaction. Mainly courtesy of attendants, comfort in guestroom, cleanliness and environment of hotel have played vital role in creating serenity and subsequent contentment among customers. The study confirms direct relationship between organizational success and customer satisfaction. It seems judicious to believe that understanding important dimensions are can serve as a source of customer satisfaction is extremely significant as it appears key factor in the success of modern hotel industry.

In 2011 Sajeeb Kumar Shrestha reviews on service quality dimension. In this review the central idea is the modified SERVQUAL that had been researched at the early stage, the study conclude that the dimension are important for service industry however the study doesn't incorporate which service quality dimension are important to which service sector as well the dimensions focus only the functional aspect of the process rather than the procedural aspect besides it is difficult to generalize.

Dr. Arashshahin 2012, SERVQUAL and model of service quality Gaps: a framework for determine and prioritizing a critical factor in delivering quality service. The researcher were reviewed service quality and its models of gaps by using SERVQUAL methodology as an analytical approach using 22 statement measure, the study carried out there are a number of things that should be done to confirm the demonstrated methodologies as well as to expand the use of SERVEQUAL in design and improvement of quality service although SERVQUAL instrument found that helpful to assess external service quality however the researcher doesn't emphasize about the internal service that need to be modified because it is very critical to contact employees regularly and assess their service experience for the reason that it's directly related specially with four service quality dimensions.

In 2014 Ching-Hsu Huang, reconsidering the measurement of service quality in the hotel sector, the aim of the study was to compare the difference perspectives with regard to service

quality between leisure travelers and hoteliers in Taiwan the study took a sample of 1084 leisure travelers and 186 hotels also the study identified seven service quality factor the data analysis done with the help of descriptive statistics, exploratory factor analysis, cluster analysis, analysis of variance (ANOVA) and independent sample t-test have been utilized to analyze the data, the study reviled that leisure travelers perspectives regarding hotel service quality differ from the hoteliers, however most of the customers evaluated the service quality and determined their level of satisfaction during interactions with service personnel rather than management. All the results are reliable and are provided to the partner of the study.

In spite of the fact that empirical review shows that researches are done on service quality dimensions, thought accepting the results of the study is difficult due to conditions of countries the research is conducted, cultures and standard of hotels, therefore in order to customize service quality dimensions for Ethiopian hotels it is found necessary to conduct research on Ethiopian hotel industry context.

2.3. Theoretical & Conceptual Framework

2.3.1. Theoretical Framework

By critically reviewing different measurement instruments those are used to measure service quality; in this study the researcher adapted, HOLSERV, LQI and Gronroos's measurement instruments in order to identify and validate dimension of service quality for the Ethiopian hotel industry.

The major reason of adapting these models are as its describe in the theoretical review part those models are widely used specially HOLSERV and LQI are customized for the hotel industry also the researcher use four additional dimensions that was found at interview sessions conducted with the hotelier are room amenities, food & beverage, physical facility and price. In order to come up with pertinent and customized service quality dimensions it would be best to incorporate important dimensions because the thesis tries to see from two different directions first of all from the hotel point of view to know the key differences between customers' and their own perspectives of service quality. Secondly from customers those are the one the hotels

carry about their satisfaction and retention as long as they are critical for the success, it should be necessary to know how they evaluate and measure a given service quality that is provided by the hotel. So both points of view provide for the hotel as service quality blueprint to understand customer perception of service quality as well as there is no standardized service quality measurement that is customized for Ethiopian hotels. The researcher used additional dimensions which was found to be relevant during interview sessions with hotelier's, the additional dimensions are the following:

Room amenities: - is something of premium nature provided in addition to the room and its basics when renting a room at a hotel: kitchen facilities, microwave, coffee maker, refrigerator (half size and full size, Television, internet access (Wi-Fi), personal items (iron, ironing board, hair dryers, soap, shampoo, mouthwash, shower caps, towels, room service, international dialing phone lines, modern conveniences like plug and play.

Food and amenities: - testy of food with variety, delicious and cultural food serve as the need of individual also dinning some hotels offer a continental breakfast that is often complimentary to guest, vending machines: machines that usually sell soft drinks, snacks, ice dispensers.

Physical facilities: - building, service, or piece of equipment provided for a particular purpose. Exercise (fitness centres), Recreation (Golf, Tennis and other popular sports), Swimming pools (indoor or outdoor), parking lots. Material the building is made of like cultural decorations in order to promote culture and tourism

Price: - The pricing aspect of the hotel service needs to take account of a combination of tangible and intangible aspects of service delivery. It will include convenience, hotel location, and quality of the room, availability, choice of facilities and overall image of the hotel. Pricing tends to capture the value of the product in the customer's mind (Atilgan, Akinci and Aksay, 2003).

Value/price = benefit – cost

However, the overall aim is to provide the tangible and intangible dimensions expected the service at a price that reflects the image of the hotel and is competitive in that context.

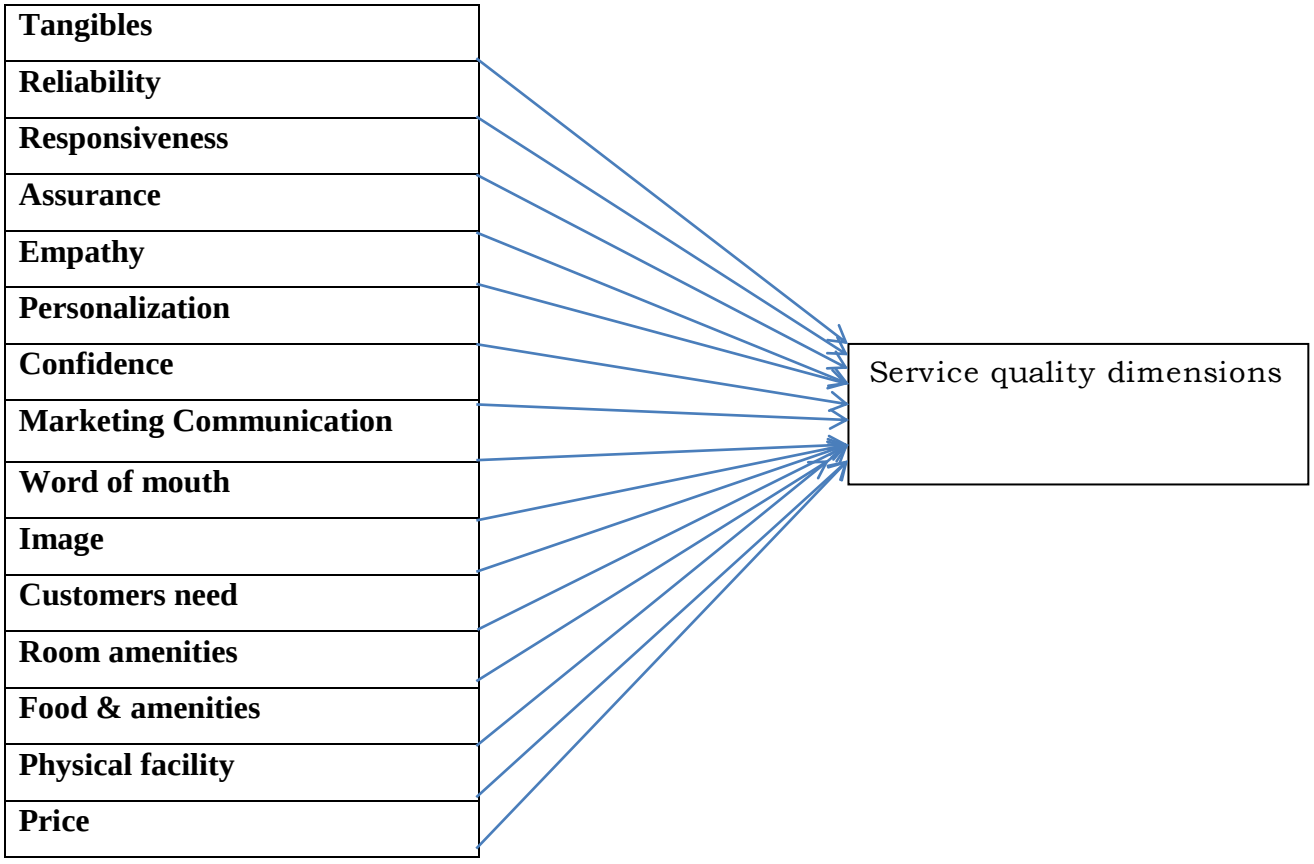
There are many measurements to evaluate service quality however some of them are related one to the other, as a result of this HOLSERV and LODING QUALTIY INDEX is the modified version of SERVQUAL so there is no need of using the original SERVQUAL model. Also, Gronroo's measurement instrument is inclusive because the model attempted to include both technical and functional part of the service however in order to evaluate expected quality i.e. corporate image (how consumers perceive the firm and its services) the researcher used Gronroo's expected quality dimension. The additional dimensions like room amenities and food and amenities dimension help the researcher to identify the technical part of the service which is what the service provider delivers during the service provision and the original HOLSERV and LQI dimensions plus price include the functional part of the given service.

As a final point, both SERVPERF and Importance-Performance analysis exclude customer expectation in order to know the quality of the service. And the researcher did not agree with totally avoiding the customer expectation and use only perception of the performance of a hotel. Because what the customer gets is highly affected by what the customers expects as well it can serve as a benchmark in the assessment of service performance therefore in order to satisfy and get the place the hotel desires in the customers mind, any hotel must know what the customer expects in order to improve a given service. In addition to the above mentioned reason all the instruments have their own gaps. Therefore the researcher believes that rather than using instruments as the original one it would be better to combine different methods in order to fill the gaps and get proper information that are valuable for the hotel industry as a whole.

2.3.2 Conceptual framework

Based on the above analysis and decision to use HOLSERV, LQI, Gronroos' and additional dimensions instrument, a conceptual model has been designed by the researcher to portray elements of the service quality dimensions for the hotel industry.

Figure 2.7 – Conceptual Framework of the Study



CHAPTER THREE

3. Research Design and Methodology

This chapter introduces the research method and its elements which include paradigm, research approach, research design, target population and sample of the study, unit of analysis, source of data and methods of data analysis are part of this chapter.

3.1. Paradigm

The researcher follows the positivist philosophy in order to identify and validate dimensions of service quality for hotel industry. In the positivist paradigm, the object of study is independent of researchers; knowledge is discovered and verified through direct observations or measurements of phenomena; facts are established by taking apart a phenomenon to examine its component parts (Anol, 2012).

3.2 Research Approach

The researcher used quantitative and qualitative research methods in the study in order to identify and validate dimensions of service quality. According to C.R. Kothari, (2004) Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be expressed in terms of quantity. The purpose of quantitative research is to gather, analyze, and measure statistical data. In a quantitative research approach a number of objects are selected and studied in order to increase the ability to draw general conclusions. And qualitative research used to explore the nature of the problem, issue or phenomena. Main objective is to describe the variation in a phenomenon, situation or attitude. Based on this, the researcher used questionnaire and semi structured interview to know the relationship between each of service quality dimensions and customers perception of service quality.

3.3 Research Design

In order to answer the problem statement and meet the research objectives, the design of the study were descriptive and explanatory type. Descriptive research studies are those studies which are

concerned with describing the characteristics of a particular individual, or of a group. The main characteristic of this method is that the researcher has no control over the variables; he/she can only report what has happened or what is happening (Kothari, 2004).

Explanatory designs seek to establish cause-and-effect relationships. The primary purpose of this research design is to determine how events occur and which ones may influence particular outcomes (Dawson & Bob 2006). Explanatory studies are characterized by research hypotheses that specify the nature and direction of the relationships between or among variables being studied. The reason of using this method is to study the relationship between dependent and independent variables.

3.4 Target Population and Sample of the study

3.4.1 Target Population

The target populations of this study are customers and managers of the selected hotels. According to Ministry of Culture and Tourism bureau there are 525 hotels found in Ethiopia. The primary difference between star hotels are :

No Category Hotels:

These hotels include motels, cottages, bungalows and others with limited services. However, these hotels represent 73% of the total hotel in Ethiopia.

One Star Hotel:

Low budget hotels; inexpensive; may not have maid service or room service, this hotels contribute to 4.19% of the total hotel in Ethiopia.

Two Star Hotel:

Budget hotels; slightly more expensive; usually has maid service daily, this hotels contribute to 5.7% of the total hotel in Ethiopia.

Three Star Hotel:

Middle class hotels; moderately priced; has daily maid service, room service, and may have dry-cleaning and internet access, this hotels contribute to 9.9% of the total hotel in Ethiopia.

Four Star Hotels

Four Star Hotel's expectations at this level include a degree of luxury as well as quality in the furnishings, decor and equipment, in every area of the hotel. Bedrooms will also usually offer more space than at the lower star levels, and well designed, coordinated furnishings and decor. The en-suite bathrooms will have both bath and fixed shower. There will be a high enough ratio of qualified staff to guests to provide services like porter age, 24-hour room service, laundry and dry-cleaning. The restaurant will demonstrate a high level of technical skill, producing dishes to the highest international standards; this hotel contributes to 6% of the total hotel in Ethiopia.

Five Star Hotels

Five Star Hotels here you should find spacious and luxurious accommodation throughout the hotel, matching the best international standards. Interior design should impress with its quality and attention to detail, comfort and elegance. Furnishings should be immaculate. Services should be formal, well supervised and flawless in attention to guests' needs, without being intrusive. Staff will be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy; these hotels contribute to 1% of the total hotel in Ethiopia.

Even though as it can be seen from the data above the majority contributors are hotels under three star this manifests from the perspectives of service quality dimension attributes are beyond their horizon so this makes it difficult to measure service quality in those star hotels, however they can use the model as measuring service quality because they are engaged in hotel service. Five star hotels are few in numbers and not interested to be part of the study. In order to develop a standard model for hotels in Ethiopia it was found possible to conduct the research on four star hotels located in Addis Ababa, since the hotels are found abundantly and easily accessible for the researcher besides they were willing to help the researcher.

3.4.2 Sampling Method

The study was used non-probability sampling techniques which are purposive & convenience that are used to select the sampled hotels and the willing customers from the selected hotels respectively. Purposive sampling involves selection of particular units of the universe for constituting a sample which represents the universe (Anol 2012). Basically the researcher considered it is better of getting information from experienced hotels in the industry than the recently emerged ones in order to have a reliable and rational data. Because of the large number of the sample unit, time and cost constraint, the sample was drawn from the targeted population by using convenience-sampling technique.

3.4.3 Sample Size

The researcher used purposive sampling method to select sampled hotels from the total population. Therefore, out of the total population the researcher took sample size of 20 hotels that have a better experience in the industry and also who was willing to participate in the study. In the case of non-probability samples, the choice of sample size will determined by the insight, judgment, experience or financial resource of the researcher. Thus, the researcher considered available fund and time, sample size used by similar past studies and own judgment to determine the sample size. Roscoe (2001) also proposes that the appropriate sample sizes for most research to be greater than 30 and less than 500. Taking into considerations these guidelines, with sample of 19 customers' from each selected hotels a total of 380 questionnaires are distributed.

3.5 Units of Analysis

The unit of analysis in this study was individual respondents who are the customers of the hotels who receive the service as well as managers.

3.6 Sources of Data

Data can be collected from both primary and secondary sources. Primary data is a type of data, which is collected and accumulated specifically for the research project at hand. This can be collected from sources such as questionnaire and interviews. Secondary data involves the collection of information from studies that other researchers have conducted on a given

issues or phenomenon (Catherine, 2007). Therefore, to achieve the objectives of this study both primary and secondary sources of data have been gathered. Based on the research objectives, questionnaires were distributed to identified service quality dimensions on hotels service and semi-structured interview questions were also prepared to get information about how hotelier perceive service quality dimensions. The questionnaire consists of two types open-ended and closed ended.

3.7 Data Analysis methods

The data that was obtained from the questionnaires were analyzed and interpreted using statistical package for social science (SPSS) version 20 and SPSS (AMOS) version 20. As a result inferential analyses were conducted by employing different methods. From the inferential statistics multiple regression and correlation were employed as well as different measurement techniques has been used for model validation.

CHAPTER FOUR

4. Results and Discussions

This chapter contains pilot test reliability, Reliability study, Multivariate test normality, Factor analysis, Casual analysis, Multicollinearity Analysis, Homoscedasticity, Anova, Correlation analysis, Multiple regression and Management analysis, all of this tries to identify and validate dimensions of service quality.

4.1. Pilot Test Reliability Study

A pilot test was conducted before conducting the survey, the researcher administered 50 questionnaires, which consists of fifteen service quality dimensions then the reliability test was used to assess consistency in measurement items (Cerri, 2012). Cronbach's alpha was used to measure the internal consistency of the measurement items. Higher Alpha coefficients indicate higher scale reliability and lower Alpha coefficients was dropped in order to assure the consistence of the model. Specifically, Nunnally as cited in Eze et al., 2008 suggests that scales with 0.60 Alpha coefficients and above are considered acceptable.

Table 4.1 Result Showing pilot Reliability Statistics

No	Service quality dimensions	Cronbach's Alpha	N of Items
1	Tangibles	.800	5
2	Reliability	.728	5
3	Responsiveness	.604	4
4	Assurance	.681	5
5	Empathy	.754	4
6	communication	.133	3
7	Confidence	.035	5
8	Food and amenities	.707	4

9	Room amnesties	.683	5
10	Marketing communication	.289	2
11	Word of mouth	.066	2
12	Image	.178	2
13	Customers need	.286	2
14	Price	.862	3
15	Physical facility	.221	4

Source: questionaries'

As shown table 4.1 out of fifteen service quality dimensions seven dimensions have scored below the acceptable limits as a result of this the remaining hotel service quality dimensions were selected for full scale survey.

After a pilot study was conducted total of 380 questionnaires were administered and data was collected from four star hotels found in Addis Ababa, Ethiopia. From 380 questionnaires distributed only 270 (71%) have been collected. In order to determine non response rate the researcher took 10% of initially distributed questionnaires and also took 10% of questionnaire that have been collected at the end of collection period so as to run T-test. The results showed that p (significant level) of this two tailed t-test was greater than 0.05, this implied that there was no difference in the mean of the two group as a result of this non response doesn't have effect. Therefore the reaming questioner was analyzed using descriptive and inferential statistics.

4.2 Reliability and validity tests

4.2.1 Reliability

As shown in the table 4.2 below the result of the survey to measure the scale of reliability with cronbach Alpha coefficients for service quality items range from 0.614 to 0.833. The new dimension of service quality food and amenities, room amenities and price developed in

this study also demonstrate moderate internal consistency, with a cronbach coefficient of 0.761, 0.681 and 0.685 respectively. And the overall cronbach alpha coefficient for expected scale item is 0.729. Therefore, the expected scales used in this study demonstrate high reliability.

Table 4.2 Result showing Reliability Statistic

Dimensions	**Cronbach Alpha**	**N of Items**
Tangibility	0.831	5
Reliability	0.614	5
Responsiveness	0.768	4
Assurance	0.833	5
Empathy	0.716	4
Food and amenities	0.761	4
Room Amenities	0.681	5
Price	0.685	3
Reliability of total scale	**0.729**	**35**

Source: Questionnaires

4.2.2 Validity Study

Validity refers to the extent to which a measure adequately represents the underlying construct that it is supposed to measure (Anol, 2012). In relation to the study five validity measurements are used Those are:

- **Content validity** - is the extent to which a measuring instrument provides adequate coverage of the topic under study (Kothari, 2004). In this case the study used pertinent service quality dimensions that were customized for hotel industry such as, HOLSERV, LQI and Gronroos's as well as used four additional dimensions measurement instrument which is most appropriate tool that is used to measure service quality for a hotel service.

- **Statistical Conclusion validity** - examines the extent to which conclusions derived using a statistical procedure is valid. The right statistical tools are going to be used in order to test the hypothesis and also to conclude the study. Therefore the study used anova, correlation and regression analysis to conclude.

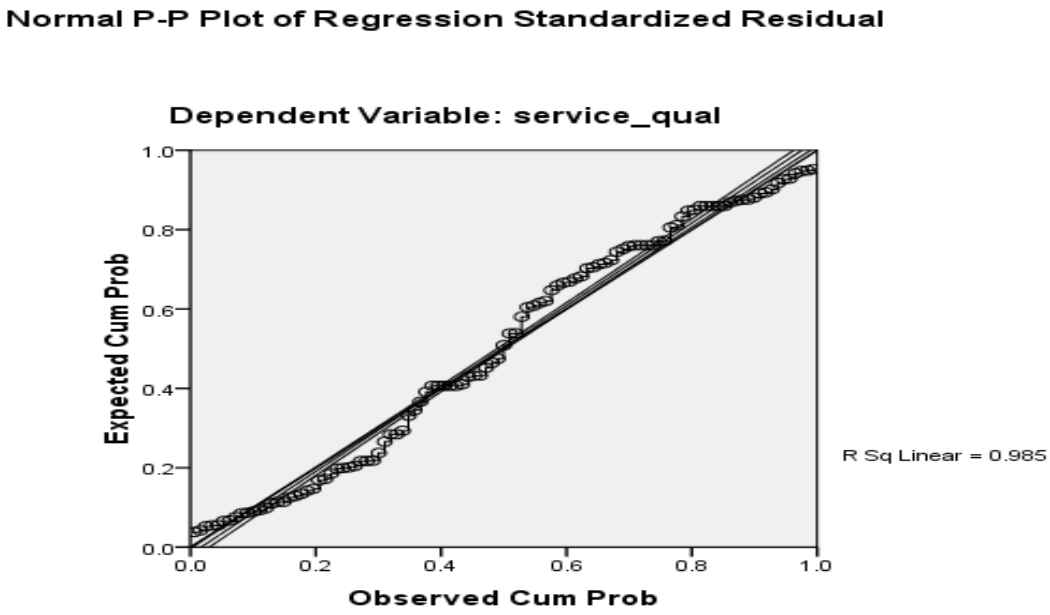
- **Construct (factor analysis) validity** - examines how well a given measurement scale is measuring the theoretical construct that it is expected to measure. Construct validity is assessed in quantitative research based on correlation or factor analysis of data. The study used factor analysis teqnique.

- **Internal validity**- is also called causality, examines whether the observed change in a dependent variable is indeed caused by a corresponding change in hypothesized independent variable, and not by variables extraneous to the research context.

- **External (generalizability)** - External validity or generalizability refers to whether the observed associations can be generalized from the sample to the population (population validity), or to other people, organizations, contexts, or time. Survey research, where data is sourced from a wide variety of individuals, firms, or other units of analysis, tends to have broader generalizability (Anol 2012). Considering the sample size and relatedness of hotel services the result of this research could be generalized for measuring hotel service quality.

4.3 Multivariate Test of Normality

To check for meeting the assumption that the residuals or error term are normally distributed, the Normal p-p plot of regression standardized residual are used as shown below.



For normal distribution is the degree to which the plot for the actual values coincides with the straight line of expected values, in this senior, the plot of residual fits at R2=0.985, the expected pattern well enough to support a conclusion that the residuals are normally distributed.

4.4 Exploratory Factor Analysis

The purpose of conducting Exploratory Factor Analysis was to come out with the minimum number of factor that will explain the covariation among the observed variables. All 35 items were subjected for exploratory factor analysis, utilizing the maximum likelihood procedure which was followed by varimax rotation. The decision to include a variable in a factors was based on factor loading greater than 0.5 (Hair et al. 1995), and all factor whose eigenvalues was greater than 1.0 were retained in the factor solution (Tabachnick & Fidell 1989). The

patterns of manifestations of variables on the factor are above the acceptable limits thus it's not found necessarily to extract.

Table 4.3 Exploratory factor analysis

	Factors						
	1	2	3	4	5	6	7
Tangibility							
The hotel has visually appealing buildings and facilities	.738						
The hotel staffs dress properly	.760						
The hotel staffs uniform is clean	.805						
The staffs provide the service with smiling	.538						
The staffs have attractive appearance	.723						
Reliability							
The hotel completes tasks of what has been promised to guests		.649					
The hotel performs the right service first time		.600					
The hotel has error free bills		.640					
The hotels reservation system is reliable		.664					
The hotel has efficient check-in and check-out services		.688					
Responsiveness							
The staffs tells you exactly when service will be provided			.648				
The staffs deliver prompt service			.744				
The hotel staffs that are ever willing to help			.708				
Staffs respond to requests quickly			.714				
Assurance							
The employees of the hotel has in-depth knowledge of the hotel				.510			
The staffs have the skill required to perform the service				.736			
The staffs speak with you by using appropriate forms				.632			
The staffs are trustworthy				.737			
The staffs makes you feel safe when staying at the hotel				.703			
Empathy							
The hotel has staffs who are able to communicate with you effectively					.635		
Hotel staffs give individualized attention to guests					.666		
Hotel staffs understand the specific needs of guests					.720		
The hotel have operating hours convenient to all guests					.719		
Food and amenities							
The hotels menu item variety was excellent						.782	
The contents of the menu were readable and understandable						.771	
The food is served hot and fresh						.742	
The order was correct and complete						.692	
Room Amenities							.698

The hotel has clean and hygienic bedrooms	.735
The hotel has attractive bedrooms	.814
The hotel has clean and comfortable bathrooms	.665
The hotel has Wi-Fi or internet connection provided in bedrooms	.791
The hotel has an appealing décor	
Price	
Pricing at the hotel's restaurant is reasonable	.743
pricing at the hotel's bar is reasonable	.744
Overall, the price I paid is reasonable compared to the value of services being received from the hotel.	.661

Extraction Method: Principal Component Analysis.

Source: Questionnaires

4.5 Application of Structural Equation Modeling

4.5.1 Proposed Causal Relationship Model:

Another survey was conducted for hotel customers for the application of the scale proposed to measure service quality in hotels; the data are converted to AMOS 20 used in the analysis, to conduct the statistical analysis depending on the sample. Therefore figure 4.1 shows the proposed diagram and path of relationships assumed in this study.

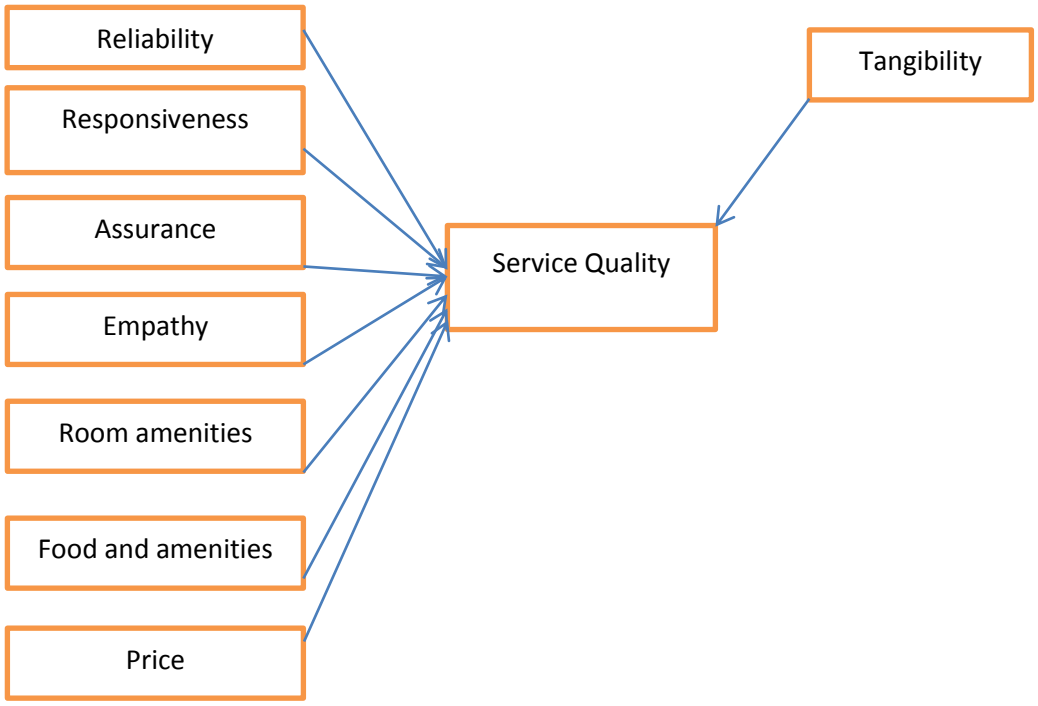


Figure 4.1 Casual Relationship Model
Source: questionaries'

4.5.2 Formulating Causal Relationships Hypotheses:

The table below demonstrates the various hypotheses formulated by the researcher.

Table 4.4 Path and Hypotheses of the conceptual Model

Path	Hypotheses
Tangibility ← Service quality	The physical and tangible aspects of the hotel has no impact on overall service quality.
Responsiveness←Service quality	The speed of the response of the hotel's manager's and its staff has no impact on overall service quality.
Reliability ← Service quality	The hotels keeping promise and reliable service has no impact on overall service quality.
Assurance ← Service quality	Feelings of safety and security of the Hotel's customers in their dealings with the Hotel has no impact on overall service quality.
Empathy ← Service quality	Empathy of Hotel's management and its staff with its customers has no impact on overall service quality.
Food and amenities ← Service quality	The hotels menu items and served hot and fresh food has no impact on overall service quality.
Room amenities ← Service quality	The room of the hotels with its additional service has no impact on overall service quality.
Price ← Service quality	The tangible and intangibles aspect of price of the hotels has no impact on overall service quality.

4.5.3 The Validity Tests for Proposed Model

It is necessary to move to the last stage of testing the validity of this model: table 4.5 shows the final experiment result

Table 4.5 Final Experiment Results

Paths	**Hypothesis**	**Hypothesis number**	**CR**	**P**	**S.E**
Tangibility <---service_qual	Rejected	(1)	279.560	***	.001
Reliability <--- service_qual	Rejected	(2)	201.609	***	.001
Responsiveness <---service_qual	Rejected	(3)	149.051	***	.001
Assurance <---service_qual	Rejected	(4)	185.027	***	.001
Empathy <---service_qual	Rejected	(5)	169.144	***	.001
Food <---service_qual	Rejected	(6)	159.931	***	.001
room <---service_qual	Rejected	(7)	215.472	***	.001
Price <---service_qual	Rejected	(8)	155.646	***	.001

1. The standard error of all paths is less than 0.1.
2. The critical values of all paths are greater than 1.96 with the level of significance 0.000.

Based on the result of the validity test the null hypotheses are rejected and the alternative hypothesis is accepted. Therefore the final format of the network diagram is presented as below.

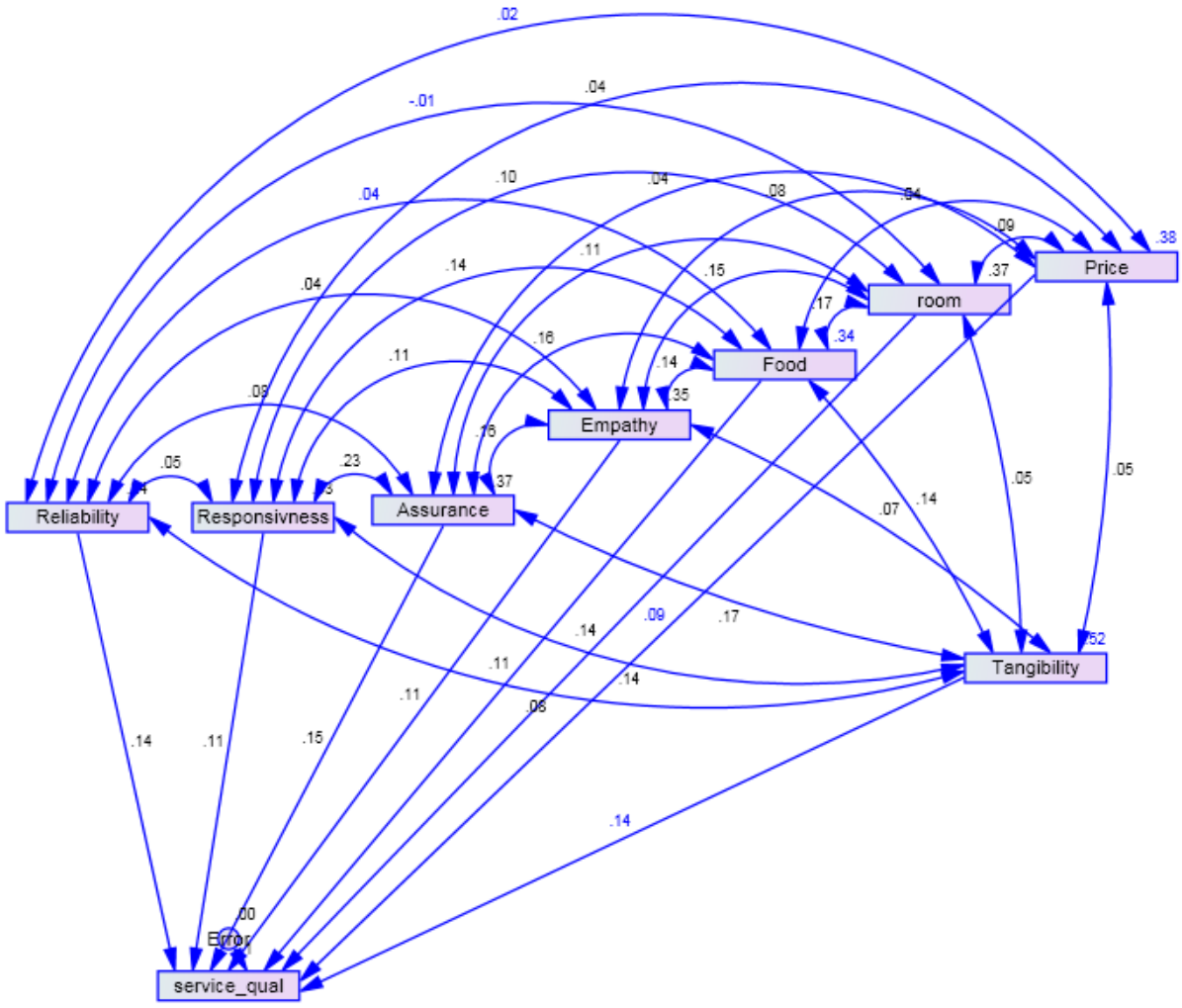


Figure 4.2 Final Diagrams for Measuring Hotel Service Quality

Source: Questionnaires

These diagrams are fundamental to SEM because they allow the researcher to diagram the hypothesized set of relationships the model. The diagrams are helpful in clarifying a researcher's ideas about the relationships among variables.

Relationships between variables are indicated by lines; lack of a line connecting variables implies that no direct relationship has been hypothesized. Lines have either one or two arrows. A line with one arrow represents a hypothesized direct relationship between two variables, and the variable with the arrow pointing to it is the dependent variable. A line with

an arrow on both ends indicates an unanalyzed relationship, simply a covariance between the two variables with no implied direction of effect.

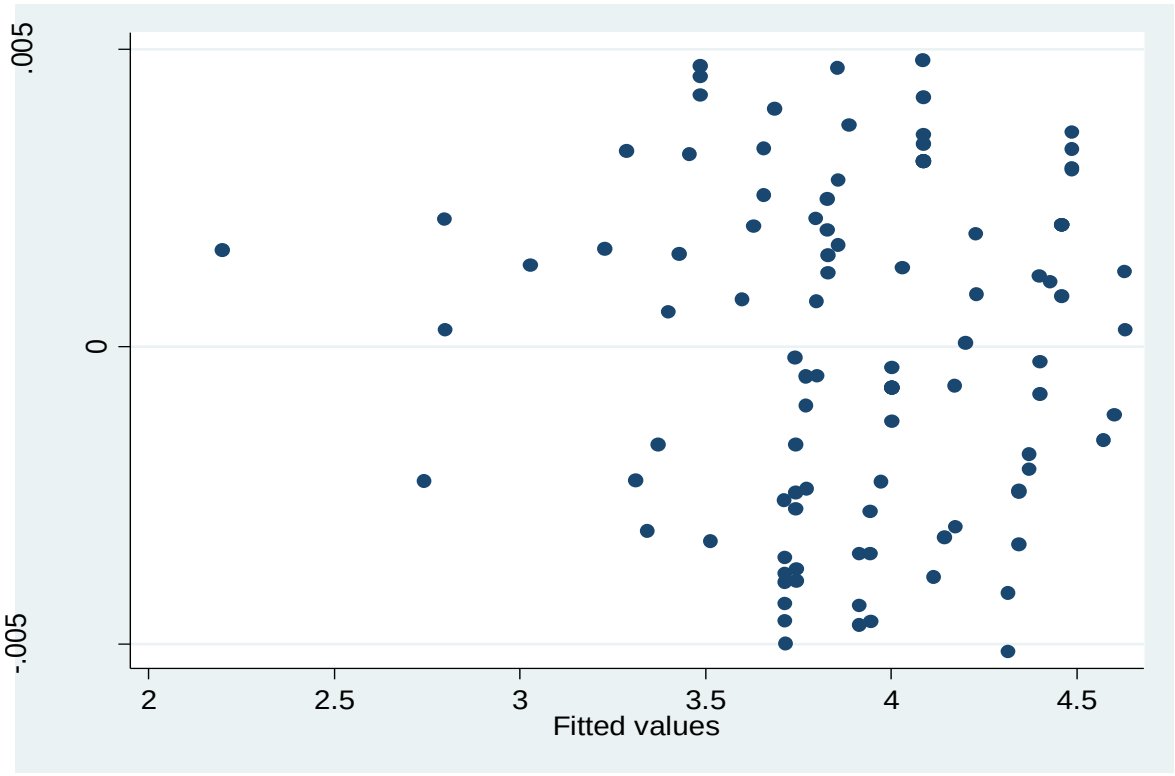
As it can be seen from the casual relationship diagram assurance, empathy, room amenities and price have impact on each other. For instance a person who thinks the hotel charges higher than other hotels might not be motivated to book a room. On the contrary if a hotel has well designed, attractive and additional in room services like broadband internet and so on he/she might not mind what they charge for the services available.

4.6 Multicollinearity Analysis

The effect of multicollinearity was examined by using the variance inflation factor (VIF) values for each of the regression coefficients. A small tolerance value and a large VIF value implying there exist multicollinearity. In this study, tolerance value between 0.362 and 0.847, and VIF between 1.180 and 2.763 from the multiple regression analysis were in the acceptable threshold. Consequently the results show that multicollinearity is trifling in this study.

4.7 Homoscedasticity

Homoscedasticity refers to the assumption that that the dependent variable exhibits similar amounts of variance across the range of values for an independent variable.



Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of service_qual

chi2(1) = 0.09

Prob > chi2 = 0.7588

The null hypothesis for the test of homogeneity of variance states that the variance of the dependent variable is equal across groups defined by the independent variable, i.e., the variance is homogeneous.

Analysis and Interpretation for Answering the Main Research Question

RQ1. Does a demographic characteristic of hotel customers have effect on service quality?

Gender

Table 4.6 Independent sample t test result between gender and service quality

Group Statistics						t-test for Equality of Means		
	Gender	N	Mean	Std. Deviation	Std. Error Mean	t	df	Sig. (2-tailed)
service_qual	Male	160	3.886	0.46732	0.05935	-0.694	268	0.489
	Female	110	3.946	0.38589	0.05885			

Source: Questionnaire

Table 4.6 shows that the above table shows that the male customers who responded the questioners are 59.3% and the female's respondents are 40.7%. A one-way between subjects ANOVA was conducted to compare the effect of gender on service quality; there was no significant difference between genders on service quality. These results suggest that four star hotels around the globe provide international service which can be effortlessly understood by customers expect the types of service the hotels provide such as prompt service, clean bed rooms, attractive interior and exterior design and additional services such as bed and breakfast, fitness centers and the like makes customer expectation = perception because customer expect high level of service, however the hotel provide the service based on what the customers expect rather than considering their gender this in turn leads to customers to have the same or related preferences in choosing or evaluating a given service.

Age Group

Table 4.7 ANOVA Result between age group and service quality

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.439	3	.110	.570	.685
Within Groups	19.229	266	.192		
Total	19.668	269			

Source: Questionnaires

Table 4.7 Shows that the age group of the respondents, 22.9%, 53.3%, 22.2% and 1.5% of the respondents are included in the 21-30, 31-45, & 46-60, years range respectively the rest of 1.5% of the respondent is categorized in the age of above 60 years. And it show that the majority of the respondents are mature to respond by rational mind and it helps to get a reasonable and rational response to the question. However ANOVA was conducted to compare the effect of age group on service quality; and it was discovered that there was no significant difference which implies that hotels serve their customers on the basis of individual needs the environment much enough for different customers who are in different age group, for example the standard of any four star hotel at least requires the hotels to have suit rooms this room are booked either by newly married or older couples.

Education

Table 4.8 ANOVA Result between education and service quality

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.858	4	.286	1.536	.210
Within Groups	18.810	265	.186		
Total	19.668	269			

Source: Questionnaires

Table 4.8 shows that the education background of the respondent and 45.7% of the respondent are degree holder. 20.9% of the respondents have diploma, 1.9% of the respondent are high school graduate, 27.6% of them are master's degree holder and the last 3.8% of them have an educational background above master's degree. Majority of the respondent are literate to understand and answer the questioner. Also ANOVA was conducted to compare the educational background of hotels customers and service quality the result shows that there was no significance difference between the two groups. By taking in to account the respondents educational background it is possible to say that the respondent knew about quality service during their stay in the hotels this implies they have similar perception toward quality service.

Purpose of visit

Table 4.9 ANOVA Result between purpose of visit and service quality

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.481	3	.160	.845	.472
Within Groups	19.186	266	.190		
Total	19.668	269			

Source: Questionnaires

Table 4.9 clarifies the purpose of visit of the customer and 45.7% of them came for business, 33.3% of them use the hotel for leisure time, 11.4% of them used the hotels in time of transit and the other 9.5% of the respondent have personal reasons. However ANOVA was conducted to compare purpose of visit and service quality the result reviles that there was no significance difference between the two groups. This shows that regardless of purpose of visit they have the similar stand towards service quality.

Continent

Table 4.10 Results of respondent home country in terms of continent

Continent	**% of response**
Africa	28%
North American	18%
Europe	39%
Asia	15%

Source: Questionnaires

Table 4.10 indicate that 39% of the respondents came from developed countries and 28% of the respondents are African tourists and the reaming came from north America and Asia with the percentage rate 18% and 15% respectively. This implies that most of the respondent came from developed countries which signify that their expectations are less when they came to Africa. This is why there is no difference in their choice regardless of age, gender, educational level and previous hotel experience.

RQ2. What is the relationship between customer perception of service quality and each of service quality dimensions?

The correlation analysis result was performed to see the relationship between service quality dimensions and overall service quality. Therefore, the correlation analysis revealed the relationship between Tangibility, Reliability, Responsiveness, Assurance, Empathy, Food and amenities, Room amenities and Price with overall service quality. If the correlation results of the two variables les between -1 and 0, the two variables are negatively related. But if correlation result of the two variables lies between 0 and 1, the two variables are positively related. Furthermore, according to Field (2005) general guidelines correlations of 0.1 - 0.29 are considered small, correlations of 0.30 – 0.49 are considered moderate and correlation above = > 0.5 are considered large.

The correlations of the variables are shown in Table 4.12 however, each variable correlates perfectly with itself, as evidence by the coefficients of +1.00 as the intersection of a particular variables' row and column. Correlation coefficients say nothing about which variable causes the other to change. Although it cannot make direct conclusion about causality, we can take the correlation coefficient a step further by squaring it (Field, 2005). The correlation coefficient squared (known as the coefficients of determination, R2) is a measure of the amount of variability in one variable that is explained by the other.

Table 4.11 Simplified Results of Pearson Correlations

	TAN	REL	RES	ASS	EMP	FOO	ROO	PRI	SQ
TAN	1								
REL	.345**	1							
RES	.393**	.274**	1						
ASS	.459**	.358**	.728**	1					
EMP	.331**	.347**	.510**	.601**	1				
FOO	.419**	.204*	.420**	.401**	.371**	1			
ROO	.205	.055	.332**	.413**	.397**	456**	1		
PRI	.154	.118	.151	.205*	.218*	.127	.357**	1	
SQ	.676**	.510**	.738**	.821**	.718**	.664**	.624**	.400**	1

** Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Questionnaires

The above Pearson correlation matrix shows that assurance has positive and highest associations with overall service quality with the value of ($r=0.821$, $p<0.01$). The other seven dimensions have positive and highest associations which are Responsiveness ($r=0.738$, $p<0.01$), Empathy, Tangibility and Food and amenities with value of ($r=0.718$, $p<0.01$), ($r=0.676$, $p<0.01$), and ($r=0.0664$, $p<0.01$) respectively. Also association between Room amenities and with overall service quality with value of ($r=0.624$, $p<0.01$), Reliability score with the value ($r=0.510$, $p<0.01$), finally association between price and overall service quality score moderate correlation as compared to other dimensions with the value ($r=0.400$, $p<0.01$).

RQ3. Does the service quality dimension clearly explain a hotel service quality?

Regression was conducted to determine the overall effect of the eight service quality dimensions in order to assess how well explain service quality as well as to indicate which service quality dimensions are important to hotel customers. The result of regression analysis based on eight independent variables (Tangibility, Reliability, Responsiveness, Assurance, Empathy, Food and amenities, Room amenities and Price) is presented in the Table 4.15 the service quality dimensions of the factor (independent variables) in contributing to the variance of overall service quality (dependent variable) were explained by the standardized Beta coefficient.

Table 12 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.737[a]	.543	.515	.508

a. Predictors: (Constant), Price, Reliability, Assurance, Tangibility, Empathy, Food, Responsiveness, room

Source: Questionnaires

The regression model presents how much of the variance in the measure of service quality is explained by the underlying factors of service quality (the model). The model or the predictor variables have accounted for 54.3% (adjusted R square of 51.5% with estimated standard deviation 0.508) of the variance in the criterion variable (service quality). The remaining 45.7% are explained by other variables out of this model.

Table 13 ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.270	8	5.039	19.537	.000[a]
	Residual	29.657	261	.258		
	Total	64.927	269			

a. Predictors: (Constant), Price, Reliability, Assurance, Tangibility, Empathy, Food, Responsiveness, room

b. Dependent Variable: service_qual

The ANOVA table shows the overall significance/acceptability of the model from a statistical perspective. As the significance value of F statistics shows a value (.000), which is less than $p<0.05$, the model is significant. This indicates that the variation explained by the model is not due to chance.

Tangibility of service quality dimensions that include, the hotel has visually appealing buildings and facilities, the hotel staffs dress properly and the hotel staffs uniform is clean and so forth the first highest standardized coefficient $\beta=0.248$, $p<0.05$ and it has positive significant relationship with overall service quality this implies that the hotel tangibility service quality dimension is the best predictor in this study context. The second highest standard coefficient is goes to assurance service quality dimensions that includes employees in-depth knowledge of the hotels and makes feel safe when staying the hotel and the like has standardized coefficient $\beta=0.233$, $p<0.05$ and room amenities is the third highest predictor with value of $\beta=0.213$, $p<0.05$ have a positive significant effect on service quality dimensions.

The fourth dimension are food and amenities this includes the hotels menu item variety was excellent, the food is served hot and fresh, the order was correct and complete and the like, with the value of $\beta= 0.186$, $p<0.05$. Consequently empathy dimension are follow that include the hotel has staffs who are able to communicate with you effectively, hotel staffs give individualized attention to guests, hotel staffs understand the specific needs of guests and the hotel have operating hours convenient to all guests with the value of $\beta= 0.169$, $p<0.05$. Lastly

reliability, responsiveness and price dimensions score with the value of β= 0.173, p<0.05, β= 0.172, p<0.05 and β= 0.134, p<0.05 respectively

Table 4.14 Service Dimensions Affecting Perceptions of Service quality

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.002	.003		-.530	.597		
	Tangibility	.143	.000	.248	316.661	.000	.694	1.442
	Reliability	.142	.001	.173	235.809	.000	.790	1.266
	Responsiveness	.114	.001	.172	173.850	.000	.432	2.314
	Assurance	.144	.001	.233	215.011	.000	.362	2.763
	Empathy	.114	.001	.169	198.698	.000	.584	1.712
	Food	.114	.000	.186	229.841	.000	.649	1.541
	room	.142	.001	.213	259.505	.000	.630	1.587
	Price	.086	.000	.134	189.873	.000	.847	1.180

a Dependent Variable: service_qual

Source: Questionnaires

As shown in Table 4.15 all of the eight dimensions appeared as significant independent variables in the regression model. The model written as follows

$$\mathbf{Y = (\beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \text{----------} + \beta nXn) + Ei}$$

Where: ***Y*** =the outcome variable

β0=the coefficient of the constant predictor *(Xi)*

β1=the coefficient of the first predictor *(X1)*

βn=the coefficient of the nth predictor *(Xn)*

Ei = the difference between the predicted and observed value of *y* for the *ith* participant.

Thus, to find the impact of predictors on dependent variable, the specified regression equation in this study takes the following form:

$$SQ = (\beta 0 + \beta 1(TAN) + \beta 2(REL) + \beta 3(RES) + \beta 4(ASS) + \beta 5(EMP) + \beta 6(FOD) + \beta 7(ROM) + \beta 8(P)$$

Where,

SQ – Customer Overall Perception of Service Quality

TAN – Tangibility

REL – Reliability

RES – Responsiveness

ASS – Assurance

EMP – Empathy

FOD – *Food and amenities*

ROM **-** Room amenities

P – Price

Therefore, the equation comes as,

Customer Overall Perception of Service Quality = -0.002 + 0.248 (TAN) + 0.173 (REL) + 0.172(RES) + 0.233 (ASS) + 0 .169 (EMP) +0.186 (FOD) +0 .213 (ROM) + 0.134(P)

The result of the regression analysis shows that there was a positive relationship between the eight independent variables and the dependent variable "customer overall perception of service quality" as the eight coefficient carried positive signs. This indicated that the customer' overall perception of service quality depended largely on these eight variables. In other words, when there was a higher performance level in these dimensions, the customer' overall perception of quality level increases.

4.8 Analysis of Data Collected From Hotel Managers through Interview

Under this section, results of personal interviews with hotel managers are presented. Content analysis to identify patterns and commonalities of responses were used to analyze the data collected and produce meaningful themes. The resultant themes were cross-examined to establish an agreed set of themes that were thought to appropriately represent hotel managers' views.

1. In your opinion for which service qualities is your hotel best known?

Customers will have their own reasons to choose a particular hotel the primary reasons may be excellent service quality, outstanding style, brand name, reasonable price, convenient location or for any other factors. From the data collected, it emerged that majority of hotel mangers' believes that hotel customers accommodate in their hotel because they provide prompt service, attractive bedrooms, well organized facilities and international standard menu at a reasonable price with free of transportation from hotel to airport.

2. How do you perceive the level of service quality?

Measuring management perceptions of service quality is important as measuring consumers' perceptions, because management perceptions directly affect service quality standards. In addition, measurement of the management perceptions of service quality could help to know whether managers' perceptions of quality of the hotel's services are consistent with those of guests. It was identified that, managers have moderate perception toward service quality dimensions. Although managers apply some of service quality dimensions attribute as measuring service quality.

3. Is there any specific technique to evaluate service quality in your hotel? If yes what are they, if not why?

Measuring service quality in the hotel industry is important in order to know guests opinions. Each guest has different belief about the experienced hospitality services, thus, it is important to know their impressions not only by aggregated statistics but also singularly. Hotels have several possibilities to assess their service quality. In room comment cards, own telephone survey of guests, suggestion box, focus group, market research survey could be used for this purpose. According to the answers received, all of the hotels managers heavily rely on suggestion box that is made available near the reception desk based on this the hotel evaluate their service quality.

CHAPTER FIVE

5. Conclusion and Recommendation

5.1 Conclusion

This study originated to identify and validate dimensions of service quality for Ethiopian hotel industry. In this study in addition to HOLSERV, LQI, Gronroos's service quality measurement the researcher added four additional dimensions, out of this only eight service quality dimensions were above the scale for further analysis. That is five dimensions from HOLSERV and three dimensions from the additional dimensions. And different measurement has been applied in order to construct the model and to answer the research questions finally the conclusion is stated below:-

The actual values of the performance mean were relatively high. However based on the t-test results, the comparisons between importance and perceptions of hotel's actual performance rated by customer's on all eight service quality dimensions indicates a significant difference in responsiveness, food amenities, room amenities and price.

ANOVA analysis revealed that there was no statistical difference with service quality this implies generally the respondents have the same test or preference toward service quality as well their expectation was less. According to the correlation result assurance, responsiveness, empathy, tangibility, food and amenities, room amenities and reliability have positive relationship with service quality also price have moderate relationship with service quality.

The result of the regression analysis shows a positive relationship between independent variables and the dependent variable as the coefficient of independent variables carried positive signs.

The relative importance of hotel service factors to customer's overall evaluation of service quality is determined by looking at the standardized beta coefficient. The factor which had the

greatest impact on the overall service quality has been tangibility with a beta coefficient of 0.248. This indicates tangibility explain 24.8 percent of variance in hotel guests rating of overall service quality received from the hotels.

Even though hotels this day uses in room comment cards, own telephone surveys, suggestion boxes and market research survey's this are not adequate to measure service quality because for one thing the in rooms comment cards are not properly analyzed, own telephone surveys are not handled serviceably and last but not least the market research surveys are not made frequently which makes the data collected this way to be unworkable. To overcome this challenge the development of new model is vital.

Nevertheless, the researcher was able to conclude that the management did not have clear perception of the level of service quality. For the most part, management overestimates their organization's service delivery.

5.2 Recommendation

The study confirmed that eight dimensions of service quality are positively correlated with overall service quality perception, hence the hotels should give strong emphasis to all service quality dimensions in maintaining and improving the service quality of the hotel. Up on this, the following recommendations are forwarded for those who engaged in hotel service sector by the researcher.

- The demographic variables shows that there was no significant difference toward service quality this implies that other type of segmentation can be used if there is a need for segmentation which are Psychographic and Behavioral segmentation can be considered as an alternative regarding segmentation.

- In this study among these service quality dimensions, assurance shows the highest significance positives correlation with service quality followed by responsiveness. The core concept of assurance is trustworthy, in-depth knowledge and makes customer to

feel safe when staying at the hotel assuring customers safety is vital because of customers evaluated the service quality and determined their level of satisfaction during interactions with service personnel.

- Responsiveness is also the other factor that is significant as well as high correlated in determining overall service quality. It is related with the willingness of employee to help customers and to provide prompt service. This dimension prevalent where customers have request, questions, complaints and problems. As it is also cited in Parasuraman, Zeithaml and Berry (1988), keeping customers waiting particularly for no apparent reason creates unnecessary negative perceptions of quality. If a service failure occurs, the ability to recover quickly and with professionalism can create very positive perceptions of quality. So, the hotelier is advised to pay special attention to responsiveness dimensions by developing appropriate programs and providing ongoing training on the various attributes of responsiveness to increase employee's responsiveness as well as to advance their service quality.

- Empathy shows positives correlations followed by responsiveness, the core concept of empathy is carrying, individualized attentions to customer or empathy is treating customers as individuals than their larger, Empathy includes the following features: approachability, sensitivity and effort to understand the customer's need. So the hoteliers should try to give individual attention, have customer's best interest at heart, convenient operating hour. And its personnel particularly those working in customers service counters need to understand the specific requirements of the customers, since these quality features are highest determinates of hotel customer satisfaction. Hence focus should be directed to enhancing the performance of front line staff, and emphasis should be placed on selection and training of frontline personnel.

- Tangibility also emerged to be another important factor that determines hotel service quality. hoteliers should give customer information material such as brochures provided should be well composed, and attractive, frontline personnel providing service should be neat, clean, and well dressed and give pleasing look and

professionally appealing, its facility and other equipment at around encounter should be modern and up-to-date.

- Food and amenities found a determinate factor on service quality, accordingly hotels should give attention to this new dimension in order to satisfy guests to be able to prepare menus to customers' needs and also bear in mind the importance of vending machine.

- Room amenities hoteliers shall consider putting the best technologies to their rooms to make accommodations of guests satisfying.

- Reliability bearing in mind the importance of giving a service that was promised to customers consistently and effectively is most critical factor in determining perception of service quality; hoteliers should consider the significance of this dimension.

- Customer's might be sensitive to price, meaning they should be satisfied enough for what they are charged for; hoteliers should consider this when making a decision about pricing.

- In addition to this as per respondent's comments and also researcher's observation the development of new model is vital in measuring hotel service quality by doing so the hotels can improve their service quality by organizing both the tangible and intangibles aspects of service to improve their service quality as well as to succeed in a hotel industry.

5.3 Further Research Implication

Customer's perception may be changed rapidly from time to time. Thus future researcher may use more time, resource and sample size in order to make all-round assessment in this area.

The measurement of hotel customer's perceptions was limited to thirty five attributes. Even though these attributes could be included in future studies as well, there could be other relevant hotel attributes that are likely to influence customers' perceptions. Therefore, future survey should try to identify and include relevant hotel attributes that were not examined in this study.

This study has been limited to one service sector only namely hotels. The proposed model could be modified to allow measurement of customer perception across different sectors of hospitality such as restaurants, tour operators, car rent services, travel agencies and so on. This would enable a direct comparison of results across different types of supply-side stakeholders.

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APPENDIX

APPENDIX 1

Addis Ababa University

School of commerce

Marketing Management Post Graduate study

Questioner to be filled by hotel customers

Dear Respondents:

This questionnaire is, developed by post graduate student of the Addis Ababa University school of Commerce in order to identify and validate dimensions of service quality for Ethiopian hotels. The data will be used only for academic purpose and your response is not forwarded to other 3rd party and it is kept confidential, please answer each questionnaire with no fear of consequence. No need of writing your name.

Thank you very much for your cooperation in advance.

Please feel free to contact me @ any time for further clarification if any!

Zelalem Addis

Phone – +2519 12 21 48 49 Email: zelalemaddis@yahoo.com

Part I. Personal Information

1. Gender A. Male B. Female

2. Age Group A. 21-30 B. 31-45 C. 46-60 D. Above 60

3. Education A. High school B. Diploma C. Degree
D. Masters E. above Masters

4. Purpose of visit A. Business B. Leisure C. Transit D. Personal

5. Nationality: _____

Column A (Importance)					Hotels Service Quality Dimensions and Attributes	Column B (Performance)				
5	**4**	**3**	**2**	**1**	**Tangibility**	**5**	**4**	**3**	**2**	**1**
					The hotel has visually appealing buildings and facilities					
					The hotel staffs dress properly					
					The hotel staffs uniform is clean					
					The staffs provide the service with smiling					
					The staffs have attractive appearance					
5	**4**	**3**	**2**	**1**	**Reliability**	**5**	**4**	**3**	**2**	**1**
					The hotel completes tasks of what has been promised to guests					
					The hotel performs the right service first time					
					The hotel has error free bills					
					The hotels reservation system is reliable					
					The hotel has efficient check-in and check-out services					
5	**4**	**3**	**2**	**1**	**Responsiveness**	**5**	**4**	**3**	**2**	**1**
					The staffs tells you exactly when service will be provided					
					The staffs deliver prompt service					
					The hotel has staffs that are ever willing to help					
					Staffs respond to requests quickly					
5	**4**	**3**	**2**	**1**	**Assurance**	**5**	**4**	**3**	**2**	**1**
					The employees of the hotel has in-depth knowledge of the hotel					
					The staffs have the skill required to perform the service					
					The staffs speak with you by using appropriate forms					
					The staffs are trustworthy					
					The staffs makes you feel safe when staying at the hotel					
5	**4**	**3**	**2**	**1**	**Empathy**	**5**	**4**	**3**	**2**	**1**
					The hotel has staffs who are able to communicate with you effectively					
					Hotel staffs give individualized attention to guests					
					Hotel staffs understand the specific needs of guests					
					The hotel have operating hours convenient to all guests					

Part II. Guest's Opinion on their Hotel Service Experience

Note: Please Rate the Level of Importance and Performance of Each of the Attributes of the Hotel services.

- How important to you are each one of the following attributes in order to evaluate a given service provided by the hotels.

Column A

1= Not important
2= Less important
3= Neutral
4= Important
5= Very important

- How effectively does the hotel perform in comparison to your importance.

Column B

1= Very poor
2= poor
3= Neutral
4= Good
5= Very good

5	4	3	2	1	**Food and amenities**	5	4	3	2	1
					The hotels menu item variety was excellent					
					The contents of the menu were readable and Understandable					
					The food is served hot and fresh					
					The order was correct and complete					
5	**4**	**3**	**2**	**1**	**Room Amenities**	**5**	**4**	**3**	**2**	**1**
					The hotel has clean and hygienic bedrooms					
					The hotel has attractive bedrooms					
					The hotel has clean and comfortable bathrooms					
					The hotel has Wi-Fi or internet connection provided in bedrooms					
					The hotel has an appealing décor					
5	**4**	**3**	**2**	**1**	**Price**	**5**	**4**	**3**	**2**	**1**
					Pricing at the hotel's restaurant is reasonable					
					pricing at the hotel's bar is reasonable					
					Overall, the price I paid is reasonable compared to the value of serv received from the hotel.					

Part III

A. Rate your overall perception of service quality?

Excellent	**Good**	**Fair**	**Bad**	**Very Bad**
5	**4**	**3**	**2**	**1**

B. What can be added in existing hotel service quality dimensions to better serve hotel customers? List down those dimensions that you believe.

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Thank you very much!!

Appendix 2

Hotels Managers Perception of Hotels Service Quality

1. In your opinion for which service qualities is your hotel best known?

2. How do you perceive the level of service quality?

3. Is there any specific technique to evaluate service quality in your hotel? If yes what are they, if not why?

Appendix 3

Hotels which the study were conducted

No	Hotels	Questionnaire returned	Questionnaire returned in %
1	Churchill Hotel	19	0.05
2	Desalegne Hotel No.2	14	0.04
3	Friendship hotel	16	0.04
4	Sareim international	18	0.05
5	Ambassador Hotel	10	0.03
6	Kaleb Hotel	9	0.02
7	Dreamliner Hotel	11	0.03
8	Edena Addis Hotel	8	0.02
9	SGS Hotel	15	0.04
10	Haile hotel	9	0.02
11	Jupiter Int. Hotel (Bole)	15	0.04
12	Kaleb Hotel	14	0.04
13	Kenenisa Hotel	11	0.03
14	Panorama Hotel	7	0.02
15	Ellele international hotel	14	0.04
16	Saromaria hotel	14	0.04
17	Seyonat hotel	18	0.05
18	Soramba Hotel	19	0.05
19	Addis view hotel	13	0.03
20	Bole international Hotel	16	0.04

Source: Ministry of Culture and Tourism bureau