



**THE EFFECT OF SERVICE QUALITY ON CUSTOMER  
SATISFACTION IN NEW RATED FIVE STAR HOTELS  
IN ADDIS ABABA.**

**BY**

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**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE  
MARKETING MANAGEMENT POST GRADUATE PROGRAM**

**JUNE, 2016**

**ADDIS ABABA, ETHIOPIA**



**The effect of service quality on customer satisfaction in new rated five star hotels in Addis Ababa.**

**A Research Thesis Submitted in Partial Fulfillment of the Requirements for the Award of Master of Arts Degree in Marketing Management.**

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MARKETING MANAGEMENT POST GRADUATE PROGRAM**

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# Approval

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**Master of Arts (MA in Marketing Management)**

The effect of service quality on customer satisfaction in new rated five star hotels in Addis Ababa.

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# Statement of Declaration

I Shimelis Nigussie , the undersigned person declare that the thesis entitled “The effect of service quality On customer satisfaction in new rated five star hotels in Addis Ababa” is my original and submitted for the award of master of arts in marketing management at Addis Ababa University school of commerce and it hasn't been presented for the award of any other degree.

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# Certification

This is to certify that Mr. Shimelis Nigussie has properly completed his research work entitled “The effect of service quality on customer satisfaction in five star hotels in Addis Ababa” with my guidance through the time. In my suggestion, his task is appropriate to be submitted as a partial fulfillment for the award of Degree in Masters of Marketing Management.

Getie Andualem(Phd)

Research Advisor

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Signature and Date

# Acronyms

AA:	Addis Ababa
AAFDMTA:	Addis Ababa Food and Drugs Monitoring and Treatment Authority
AAHPA:	Addis Ababa Hotel Proprietors' Association
FDRE:	Federal Democratic Republic of Ethiopia
GTP:	Growth and Transformation Plan
MCT:	Ministry of Culture and Tourism
MoU:	Memorandum of Understanding
SPSS:	Statistical Packages for Social Sciences
WB:	World Bank
UNESCO:	United Nation Education Science Culture Organization
WTO:	World Tourism Organization

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## **Abstract**

*The main objective of this study was to examine the effect of service quality on customer's satisfaction towards the services provided by five star hotels in Addis Ababa, Ethiopia. A researcher used a probability technique which is systematic for the study. A total of 281 questionnaires were distributed to customers of the four international hotels which rated as five stars in Addis Ababa. The response rate of 248 participants was collected and out of these 235 respondents representing a response rate of 83.6% is achieved and descriptive statistics were used firstly to illustrate the main features of a data set in quantitative terms: the mean value for all variables ranged from 3.65 to 4.33, the standard deviation ranged from 0.6 to 1.1, Kurtosis and Skewness test demonstrated as the distribution was normal. The correlation analysis illustrated the relation between assurance and overall service satisfaction was strongly correlated ( $r=0.551$ ); the relation between responsiveness, and overall service satisfaction is moderately correlated ( $r=0.498$ ); the relation between reliability and overall service satisfaction was less correlated ( $r=0.259$ ); the relation between empathy and overall service satisfaction was moderately correlated ( $r=0.494$ ); the relation between tangibility and customer satisfaction was moderately correlated ( $r=0.425$ ); the relation between recovery and overall service satisfaction was strongly correlated ( $r=0.532$ ) and all were tested as statistically significant (Sig. (2-tailed) = 0.000). The final test was done by regression analysis: the result indicated that the effect of reliability and tangibility on overall service satisfactions were insignificant (Sig. 0.713 and 0.755 respectively); the effect of responsiveness (Sig. 0.042), assurance (Sig. 0.020), and empathy (Sig. 0.011), and recovery (Sig. 0.000) on overall service satisfactions were significant. It should be noted that the rated hotels should achieve and maintain customer-perceived service quality as an essential strategy for the successful provision of the overall customer satisfaction and customer retention. It should be important to measure perceived service quality on continues base as it is considered to be the fundamental in developing a customer-oriented strategy that ensures the long-term survival of the firms*

**Key words: Service Quality, Customer Satisfaction, Service Management, Marketing Management.**

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# CHAPTER ONE

## Introduction

*This chapter presents overview of the entire study under this content. It includes the background of the Study, statement of the problem, research questions, and objective of the study, hypothesis of the Study, definition of terms, significance of the study, delimitations of the study and organization of the paper.*

### Background of the Study

Hospitality industry has become one of the most profitable industries in the world and customer satisfaction has been identified as a key performance indicator in hotel industry. At current time, service quality is becoming a key success factor in order to remain in any business competitive environment. This helps to attract new customers and to retain the existing ones by delivering superior service quality. As a result, this all enables the company to obtain a sustainable market share in the industry.

From hospitality progress, everyone can understand that the revenue of organizations is depending on the satisfaction level of customers who are the sources of for finance of that particular organization. Designing services for the purpose improvement in quality service is a crucial issue to meet expectations of customers from diversified areas and in the global world. Many organizations are seeking quality improvement systems for competitive advantages (Hope & Wild, 1994). Most service companies perform their excellence to fulfill only 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 comments and suggestions about customers and interaction with products and quality for improvement (Petkova, Sander & Brombacher, 2000). From time to time , the needs and expectations of customers are also changing rapidly as a result of intense competition that may have direct impact on a given service quality.

In addition customers are likely to view services as a variety of attributes that may, in different ways, contribute to 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 on customers. The specific nature of services makes it difficult to provide measure and maintain their quality. However, Parasuraman, Zeithaml and Berry (1985, 1988) presented the Servperf model, which became the most popular instrument for measuring service quality.

Furthermore, many researchers conceptualize customer satisfaction as an individual's feeling of pleasure (or disappointment) resulting from comparing the perceived Performance or outcome in relation to the expectation (Oliver, 1981; Brandy and Robertson, 2001; Lovelock, Patterson and Walker, 2001). However customers might be judge that quality as `low` if performance does not meet their expectations and quality as `high` when performance exceeds expectations.

The perceived service quality emphasizes that how Customers perceive the ongoing service during the process. Customer satisfaction is a function of service performance relative to the customer expectation. For this reason, it is important to understand how customer expectation is formed in order to identify the factors of service satisfaction in the hotel industry. As different customers have different expectations, based on their knowledge of a product or service, they may estimate what the service performance will be or may think what the performance out to be. If the service performance meets or exceeds customers' expectation, the customers will be satisfied (Reisig&Chandek (2001). Then the general objective of this research is to investigate the effect of service quality on customer satisfaction in the hotel industry by taking rated five star hotels that are located in Addis Ababa.

## **Background of the hotel industry in Ethiopia**

Under tourism sector, one can't fathom movement of tourists outside the merits of service institutions; and particularly outside the amenities of hotels. In Ethiopia the on setting of hotel service dates very long years back to the reign of the then emperor of Ethiopia, Menillik-II; concurrently with the expansion of the city of Addis Ababa, followed by the opening up of embassy and consulate offices within the metropolis, as well as in alignment with a range of governmental offices that went operational back then; as testified unequivocally by various historical literature outputs. Empress Tayetu Hotel, established in the city of Addis Ababa, at a place called Piazza in the year of 1898 was the first of its kind being a landmark Edifice for both

the seat of power and for the nation of well. Amongst other similar ones that followed suit Ras Hotel (1940), Bekelle Molla Hotel (1941) and also Ghion Hotel (1943) are at the forefront worthy of mentioning (Adefris Taye ,2015).

Even though the hotel sector gets expanded at a very slow pace, it needs to be noted the Industry had for so many years been sluggish as its pace was compromised owing to the Command Economic System (Model) adopted by the Dergue regime. This being the case, in the wake of the overthrow of the Dergue and coming into the political limelight of power of the EPRDF led government since the year of 1983 E.c; investors ventured to invest in hotel sector upon duly seizing the best business opportunity being ushered in towards their turf bushed by the new political under current thanks to the newly introduced free Market Economic System. Consequently, these groups of investors succeeded in raising the number of Hotels currently existing in the country to 621 from where it had been condemned to get stalked at 51 during the final stages of the Derge era. Presently, the already existing number of hotels in the country coupled with the number of prospective new entrants adding their tallies into the pool, had a ripple effect in increasing the number of world class hotels at the tourists disposal (Adefris Taye ,2015).

In light of the efforts exerted so far by these hotels and still being underway while meeting the needs of tourists flocking into our country on tour for sightseeing and on some other plans; the hotels are proved to be having indispensable role towards the Tourism sector as well as in favor of the overall national growth. The task of implementing the envisaged hotels' Stellar Labeling is regarded as key issue in terms of building the hotels capacity that paves the road into an environment where they can potentially develop competitive edge and contribution in revenue generating and creating job opportunity. Pursuant to the Act 691/2003, article 31, sub article 11 proclaimed to determine the power and duties of the Executive Organs of the FDRE; Ministry of Culture and Tourism is thereby granted with power to determine Tourist service providers level and hence to monitor its ultimate implementation. Accordingly, the ministry heralded commencement of a milestone activity upon assigning stellar levels to about 400 hotels having tourist service grading, sparsely distributed throughout Addis Ababa City Government; Oromia, South N/N/P, Tigray and Amhara Regional States; in collaboration with the World Tourism

Organization by making use of financial assistance obtained from the World Bank (WB) during the year 2014.

### **Major significances of hotels stellar label grading activity**

Hotels' stellar labeling major objective: upon putting in place sustainable system for hotels' stellar labeling system in the country, thereby allowing the hotels' service quality level to grow up towards a higher stage; in order to create enabling environment for international tourists, trade troupes and for others whereby they shall enjoy the benefit of passing informed decision in connection with where to lodge/camp and where to stay/spend time whenever they desire to drop by to our country. On the other hand, the first round hotels stellar label grading has another merit as it is a phase where in extensive transfer of technology, operational technique and best kept industry specific experience.

In particular, owing to the capacity building activity parallel with the grading assessment activities being conducted by the World Tourism Organization; the event laid a rock-solid foundation which enables the assessment to continue in our country as sustainable system. Mainly, 53 individual members potentially capable of conducting the assessment using indigenous capability/expertise once the specified World Organization leaves off upon winding-up its mission; had been made to take both practical and theoretical trainings subjected under strict discipline through those international advisors appointed by the World Tourism Organization, as having extensively broad-based experience on Hotels' Stellar Label Assessment Profession. On top of that, the trainees are made to take on-job-training (OJT) by working on site together with Assessors of the Organization. As such, this capacity building work becomes Grand National level capacity approved by the International Organization (Adefris Taye, 2015).

### **Beginning stage and stages the sector went through so far**

Based on the resolutely committed managerial administration by the top level officials of the ministry by taking into perspective the recurrent complaints and suggestions forwarded by hotel clients; and pertinent to the ministry's action taken to keep the task/work in its priority list, it becomes a success story. Accordingly, the stellar Labeling system becomes reality at the present time upon going through quite a range of vicissitudes thanks to the ministry's action taken to work in collaboration with government offices. Thanks to the fruitful diplomacy work

undertaken by Culture and tourism Ministry Pertinent to the task of Hotels Stellar Labeling being incorporated as an integral part of the first phase of Growth and Transformation Plan GTP-I ; UNESCO. World tourism Organization President, Dr. Tallib Raffay landed in our country during the month of July/2014 for official visit. Thereby, his Excellency endorsed seven Memorandum of Understanding (Mou) reflective of His Excellency’s sincere desire to work with Ethiopia in the area of Tourism. Amongst these agreements, one of and the main issue had been Hotels; Stellar Labeling System.

The fact that Ethiopian Hotels had been rated/evaluated by eminent Assessors having extensive experience to their credit having record of conducting Assessment on more than thirty thousand international hotels; it is believed that the result shall have indispensable role in terms of upholding the approval rate of the assessment process, and hence towards the national image building mission. Under this first round of Assessment round, out of the total 400 Hotels maintained at national level among the 136 hotels in the city of Addis Ababa, 123 Hotels have been assessed. And out of these only 68 hotels are star rated. According to ministry of culture and tourism (2015) out of 68 hotels 4 hotels are five star rated hotels those are: Sheraton Addis, Elilly, Capital and Radisson blu hotels. The hotels were rated by Ministry of Culture and Tourism based on the rating requirements and classification prepared by Ethiopian Standards Agency. Specific requirement used to classify star hotels are:

Figure 1.1 Specific requirement

CATEGORY-1:	EXTERIOR
CATEGORY-2:	BEDROOMS
CATEGORY-3:	BATHROOM
CATEGORY-4:	PUBLIC AREAS
CATEGORY-5:	BAR AND DINING FACILITIES
CATEGORY-6:	GENERAL SERVICES
CATEGORY-7:	HOUSEKEEPING & MAINTENANCE
CATEGORY-8:	ADDITIONAL FACILITIES
CATEGORY-9:	SUSTAINABILITY
CATEGORY-10:	KITCHEN

CATEGORY-11:	SAFETY AND SECURITY
CATEGORY-12:	STAFF FACILITIES AND TRAINING

### **1.3 Statement of the problem**

Providing quality service is recognized as the most important factor not only for business success but also for survival in some cases. Over the past two decades, a great deal of research has addressed various aspect of service quality. Parasuraman, Zeithaml& Berry (1991) and other scholars argued that delivering high quality in the service industry has been recognized as the most effective means of being positioned in the market. Similarly, other studies support this idea. In recognition of the role of achieving and maintaining customer-perceived quality service, Taylor and Baker (1994) and Reichheld and Sasser (1990) mentioned it an essential strategy for the successful provision of the overall customer satisfaction and customer retention. The situation becomes more demanding in hospitality industries such as hotels, as these industries operate in a very competitive business environment. It, therefore, becomes desirable for service providers to understand what attributes customers utilize in their assessment of overall service quality and satisfaction (Gilmore, 2003). This usually is due to the fact that whenever customers fail to get the service they perceive in terms of quality and value they will not be happy or become dissatisfied. Once the customers are dissatisfied, it would be very difficult to gain their trust back (Lovelock and Wright, 1999). As Poul (2001) stated the cost of lost customers can be many times the simple loss of revenue from what they no longer buy.

The level of expectation rises more as the level in terms of star rating increases. The service customers expect from a 5 star hotel is different from what the same customer expects from a 4 or a 3 star hotel. In the context of our country, new and modern hotels are emerging. According to the Ministry of Culture and Tourism (2015), there were about 525 hotels from basic level to star category. The Ministry rated these hotels based on the rating requirements and classification prepared by Ethiopian Standards Agency. According to these rating standard only 68 hotels were categorized as rated. Surprisingly enough, the rating process identified only 4 among these hotels as 5 star rated.

The tough rating process based on internationally recognized parameters is an indication that the industry demands serious consideration in quality service delivery. The already 5 star rated hotels have been given the witness of the Ministry as satisfying the minimum requirements for the level. However, the beneficiaries of the service (the clients of the hotels) are the ones to give firsthand information about the quality of service they receive from the hotels. This research is not a first-of –its kind to address the service quality in such hotels. However, factors such as the international benchmarked standards put in place while rating, the initiative of rating coming from the concerned government body, and the perceived expectation of clients after the subject hotels were identified as the only 5 stars call for special attention and consideration for this study,

Due to the above reason, the purpose of this research was to measure the effect of service quality on customer satisfaction in five star hotels found in Addis Ababa. Therefore, the study raised the following research questions:

#### **1.4 Research Questions**

- What is the overall level of satisfaction of customers towards the service of the 5 star hotels?
- Which one of the service quality dimensions has significant impact in satisfaction level of customers in the 5 star hotels?
- What are the major problems the customer encounters in these hotels?

#### **1.5 Objectives of the study**

##### **1.5.1 General Objective of the study**

The general objective of this study is to examine the effect of service quality on customer's satisfaction of the services provided by five star hotels in Addis Ababa, Ethiopia.

##### **1.5.2 Specific objectives of the study**

The specific objectives of the study are:

- To identify the dimensions of service quality that have significantly influence on customer satisfaction.
- To measure the level of customers satisfaction towards the services of hotels.

- To identify some problems customers encounter in the hotel

## **1.6 Research Hypothesis**

In line with the above objectives, the following hypothesis were formulated and tested.

- H1: Reliability has significant and positive relationship with customer satisfaction.
- H2: Responsiveness has significant and positive relationship with customer satisfaction.
- H3: Assurance has significant and positive relationship with customer satisfaction.
- H4: Empathy has significant and positive relationship with customer satisfaction.
- H5: Tangibility has significant and positive relationship with customer satisfaction.
- H6: Recovery has significant and positive relationship with customer satisfaction.

## **1.7 Significance of the Study**

The outcome of this study will benefit the institution in which the research will be conducted, practitioners and other researchers. The study will help the hotels to see their strength and weakness towards their service delivery and levels of customer satisfaction. Besides, this study will contribute for the organization to take corrective action in case of drawbacks, helps to make decision by identifying which dimensions mainly to focus so as to improve its service quality. The research has also practical significance for policy decision makers in the area as well as theoretical importance for researchers who want to conduct further study.

## **1.8 Delimitation of the study**

Even though there are many hotels in Ethiopia, The study focused only on five star hotels that are located in Addis Ababa, which mainly gives emphasis on SERVPERF dimensions variables. Since the hotels were chosen based up on experience and who were willing to help the researcher. Also located geographically dispersed area though the researcher limited only the selected 5 star hotels.

## 1.9 Organization of the paper

The study will have five chapters. Chapter one consists of back ground of the study , statements of the problem, general and specific objective of the study ,research question, scope of the study and significances of the study. Chapter two assesses different theories and concepts from literatures. Chapter three will briefly describe the methodology and instrument will be used to answer the research question. Chapter four will analyzes the data and extract important findings. At last, chapter five will give summery, conclusion and recommendation.

## 1.10 Definition of Terms

**SERVPERF:** - Is an instrument used to measure service performance only. According to Gronroos (1990), Cronin and Taylor (1992), it is a tool used to measure service quality using the dimensions. The term depends on “performance only” perspective and works on service quality as customer’s evaluation of the service provider.

**SERVQUAL:** It is the overall measurement of service quality. It is a self-administered questionnaire designed to be applicable to many service industries.

**Customer Satisfaction;** According to Oliver, 1997 customer satisfaction is defined as the individuals or users of the product or service with the fulfillment of response. It is an opinion that a product or service provided under the given pleasure level of consumption related, including levels of under or over fulfillment for extended activities.

**Service quality:** AS author’s parasuraman, Berry and Zeithmal 1985 explained that service quality is defined as customer’s perception of how well the service is superior or excellence to meet or exceed their expectations. It is characterized by attributes such as intangibility, heterogeneity, perishability and inseparability which determine a service from a good that further distinguishes the progress of it.

**Reliability:** it is the ability to perform the promised service dependably and accurately. It regarded as the most important determinant of perceptions of service quality. (Peter Mudie and Angela Pirie, Services Marketing Management, Third Edition pp 106)

**Responsiveness:** it is the willingness to help customers and to provide prompt service. This dimension is particularly prevalent where customers have requests, questions, complaints and problems. (Peter Mudie and Angela Pirie, Services Marketing Management, Third Edition pp106)

**Assurance:** it refers to the employees' knowledge and courtesy, and the ability of the service to inspire trust and confidence. This dimension may be of particular concern for customers of health, financial and legal services. (Peter Mudie and Angela Pirie, Services Marketing Management, Third Edition pp 106)

**Tangibles:** it refers to the appearance of physical facilities, equipment, personnel and communication materials. All of these are used in varying degrees to project an image that will find favor with consumers. Tangibles will be of particular significance where the customer's physical presence at a service facility is necessary for consumption to occur. (Peter Mudie and Angela Pirie, Services Marketing Management, Third Edition pp 106)

**Recovery;** Service recovery consists of those actions a service provider takes in response to a service failure (Gronroos, 1988)

# CHAPTER TWO

## Literature Review

*This chapter demonstrates the review of related literatures. It includes concepts and definitions, theoretical and empirical evidences with hypothesis reviews. Finally, conceptual framework of the thesis is included.*

### 2.1 Concept and Definition

#### 2.1.1 Service

Services are the interaction or activities that involve sellers and buyers in the exchange of value in the market place. It is a process, deeds and performance provided by one party or person for another entity or person and described as performances that are most commonly time- based. According to Christopher Lovelock service emphasizes that while customers expect value from their service purchases in exchange for money, time, and effort; this value comes from access to a variety of value-creating elements rather than transfer of ownership (Lovelock, 2011).

#### 2.1.2 Characteristics of services

Services can be explained with its own characteristics which determine their uniqueness. From the main characteristics intangibility, heterogeneity, and inseparability are those which declared by parasaman(1985) but Buttle (1986), Kotler and Armstrong (1996) they expressed it four by adding the characteristic of its perishability. They described those characteristics with their marketing problems with here by:

1-Hetrogenity/variability

Service quality depends on who provides the services and when, where and how. It implies variance and a limitation of uniformity in the bench mark of certain criteria.

## 2- Intangibility

Services cannot be seen, tested, felt, heard or smelled before purchase. As a result customers can neither properly evaluate nor sample prior to purchase. Somehow it is difficult to communicate the benefits of a service to a consumer.

## 3- Perishability

Services cannot be stored for later use or sale. The marketing problem is how to generate sufficient demand control or synchronies to this demand so that it felt at the times desired by the marker.

## 4-Inseparability

Inseparability of production and consumption-marketing problem poses distribution the purchaser needs to come to the producer in order to experience the benefits consumption.

### **2.1.3 Service Quality**

Under intense competition nowadays, quality is a substantial factor for businesses in achieving the objectives of business organization. Therefore, a good definition for quality should be determined. According to different authors explanation Quality is defined as the collection of features based on the ability to meet the determinate or possible requirements of a product or service. There is currently used another concept together with quality. This concept is mentioned as service quality in literature. Service quality is described as the comparison of service expectations of customers with the actual performance. The importance of service quality has been emphasized by many writers (Mohsin and Lockyer, 2010; Yilmaz, 2009; Ganeson-Lim, vd. 2008; Gržinić, 2007; Akbaba, 2006; Douglas and Connor, 2003; Santos, 2002; Carneiro and Costa, 2001).

As a result of customer satisfaction linked with service quality and revisiting, the hotel service qualities become a challenging phenomenon in the literature. Throughout the universe, by understanding the benefits of service qualities so as to produce positive products and services as well as to show standards, hotels carry out the progress of it (Mosin and Lockyer, 2010: 168). Furthermore, recognizing the crucial effect that determines the service performance and

dimensions of service quality is necessary. The general dimensions of service quality are the concepts as reliability, specific features, eagerness, and empathy (Çiftçi 2006: v). Since these dimensions have an impact on the perceived service quality and this also affects customer satisfaction, hotel businesses should place importance on this issue. Moreover considering service quality with respect to hotel businesses, it is described as a strategic instrument used in order to produce products that can be able to meet the existing or possible needs of customers, to increase the efficiency of a business, and to minimize costs by an effective way.

#### **2.1.4 The Concept and Importance of Service Quality**

According to Karahan 2006:18 the acquisition for services has been determined the need for quality service. Customers have been perceived the best of the services they need and being fulfill their need. Everyone curiously acquire for the better transport, education, health, hotels and other services to receive the benefits of it. Therefore quality service should be paid attention in services to be provided by the service provider. On the other side, the service provided with product or independently of product needs to be of good quality. Everything comes after service. Quality service refers to the surpassing of inadequate competitors in this regard. In order to increase sales, to enter into new markets, to expand the market share, and all in all to be successful in the market, the product and service quality are needed to be considered together (Taşkın 2005:55).

*Service quality*: “is an evaluation with a predominant cognitive aspect that emerges as a result of the comparison of the service (perceived service) quality that a consumer receives with the service quality shaped according to the expectations of consumer before the purchase.” (Altunışık, et al. 2007:176). Due to the feature of the concept “service”, service quality differs from its concept in production businesses (Oral 2005:322).Service quality includes both outputs in the end of production process, and the way that service is provided or its form. Since services have abstract quality, service quality has also abstract structure. Therefore, the term perceived service quality is used rather than the term of service quality. Perceived service quality is the result of the comparison of expectations before services with real experience of service and is considered as the difference between the expectations of service receivers and their perception (Avcıkurt ve Aymanıkuy 2006:285).

The abstract structure of services, their consumption in where they are produced, their other sophisticated features make the definitions of service quality difficult (Özkul 2007:125). There are two main factors which are effective in producing services. One of them is the equipment's which provide service; the other one is organizing people who provide services. Of these, defining, measuring, and comparing the equipment's that enable to provide service are not difficult. For instance, we can determine the restaurant which is better than other one by comparing two restaurants in terms of the quality of tables, chairs, plates, spoon, fork, and food. However, the definition, evaluation, and comparison of service are quite difficult since the service given by people differs greatly for everyone (Karahana 2006:38). The measurement of service quality is sophisticated since the satisfaction of the expectations of customers may not be always provided. In other words; service quality depends on the perceptions of customers.

The person providing service, the technical result of service and general image of the company providing service affect service quality (Küçükaltan 2007:60). People evaluate service quality, get services. Thereby, service quality varies from person to person. This difference mainly results from the expectations of people. The educations, culture, income, society levels of individuals are the factors which have impact on service quality. Service quality can be stated as compatibility to expectations (Karahana 2006:18). Kotler et al.(2003) indicate the benefits of service quality for companies as follows: it is emphasized to be effective in creating customer loyalty, avoiding price rivalry, keeping able staffs and reducing costs (Küçükaltan 2007:65).

Finally, the imagination of “service quality” refers to an evaluation. Under these phenomena, the consumers have expectation about the service in their mind before getting the service. After consumption experience, they compare the service that they receive with the one that they expect. Service quality is high, if the received service is better than expected one. From the view point (Altunışık, et al 2007:176) if not, service quality is inadequate and consumption experience ends up with dissatisfaction (Altunışık, et al 2007:176).

### **2.1.5 Definition of hotel**

According to Bishwanath 2000, hotel is a place which supplies boarding and lodging or a place for the entertainment of the travelers. According to oxford dictionary, hotel is a building where people stay, usually for short time, paying for their rooms and meals.

A hotel can be defined as a place where a prospective guest can be provided with the following:

- accommodation – place to stay
- food and beverage – something to eat and drink
- entertainment – to view and enjoy
- Services – intangible element

The place should be provided for a value is usually paid the form of price more over prospective guest should be in a fit condition to be received (Mohammed Z 1998:68).

### **2.1.6 The marketing concepts of hotel**

The marketing concept of the hotel is to meet the received needs of guests. One first must identify the needs of current and potential guests and then satisfy these needs, hotels have become so segmented that it is not necessary to force guests in to sufficient hotel to meet every need of guests. Our marketing function is to make these wonderful variables known to the potential guest so they will come to our hotel (Robert A, 2004:261).

## **2.2 Theoretical Review**

- **Essential Methods of Measuring Service Quality**

Different researchers have different views on the measurement of service quality and customer satisfaction. Several methods of measuring service quality have been developed and discussed over the last few years. Most of the methods are SERVQUAL, SERVPERF, Perceived Service Quality, Important-Performance Analysis, HOLSERV and Loading Quality Index.

- **SERVQUAL Model**

Service quality is viewed as a multi-dimensional concept. Consumers assess and evaluate a number of factors or dimensions. The fifth gap in the Gaps Model of Service Quality gave rise to SERVQUAL, a self-administered questionnaire purported to be a generic measure of service quality. SERVQUAL developed by Parasuraman et al. (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 Parasuraman et al. (1988).

**Reliability** – the ability to perform the promised service dependably and accurately. It is regarded as the most important determinant of perceptions of service quality. This dimension is particularly crucial for services such as railways, buses, banks, building societies, insurance companies, delivery services and trade services, e.g. plumbers, carpet fitters, car repair.

**Responsiveness** – the willingness to help customers and to provide prompt 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** – the caring, individualized attention the service provides its customers. Small service companies are better placed (though not necessarily better at) for treating customers as individuals than their larger, invariably standardized counterparts. However, relationship marketing is designed to offer a more individualistic approach for customers of large organizations.

**Tangibles** – the appearance of physical facilities, equipment, personnel and communication materials. All of these are used in varying degrees to project an image that will find favor with consumers. Tangibles will be of particular significance where the customer's physical presence at a service facility is necessary for consumption to occur, e.g. hair salon, hotel, and nightclub.

**Recovery:** Grönroos proposed a sixth criterion in 1988: recovery. It has the same effect as the junkyard strategy, which is used to support the zero defects strategy. The customer needs to stay happy. Since there are many bad services being delivered to the customer and according to latest

researches, 12 good service encounters are needed to make up a bad one; the criterion recovery can play an important role.

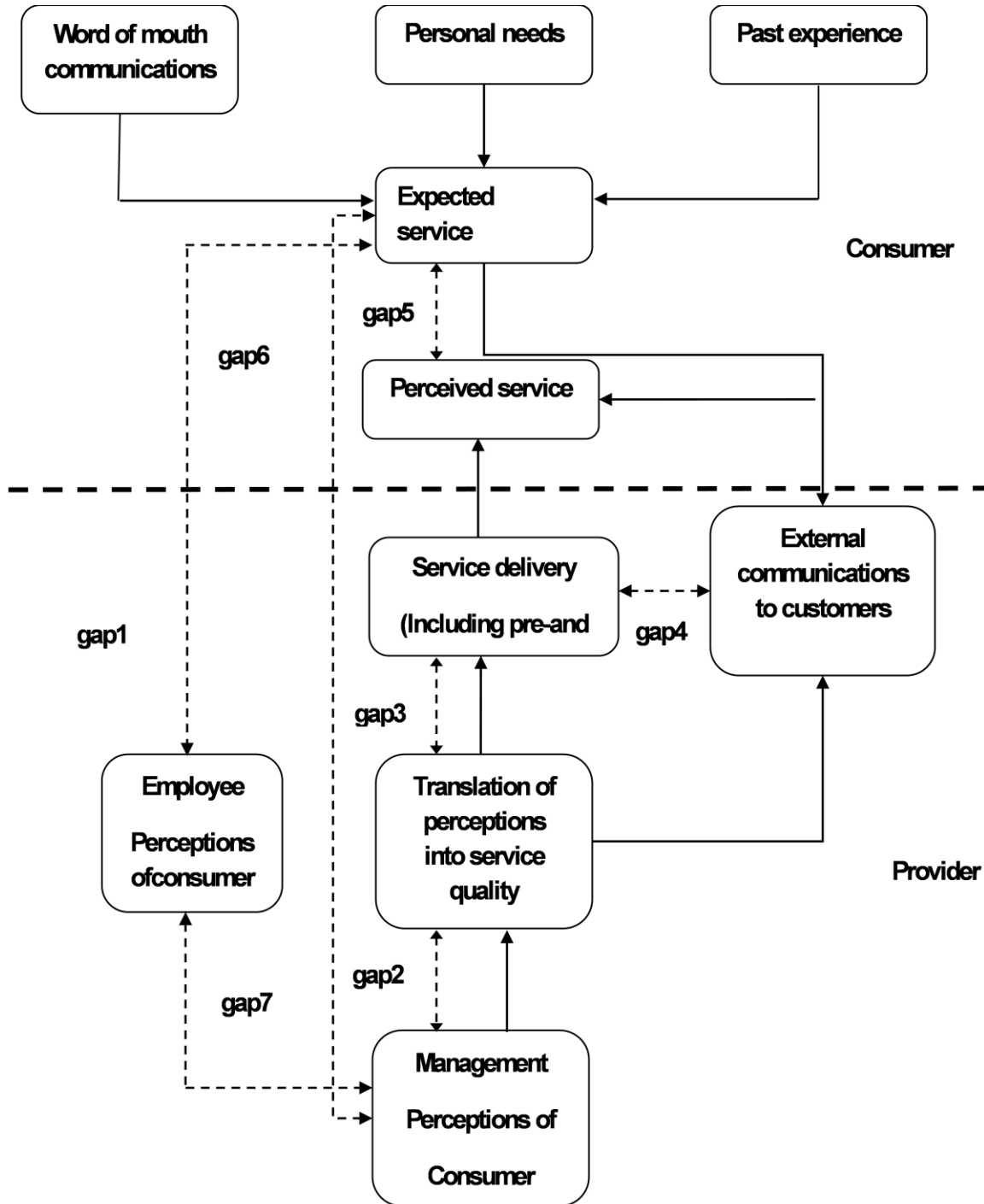


Figure 2.1 Models of Service Quality Gaps (Parasuraman et al., 1985; Curry, 1999; Luk and Layton, 2002)

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 al. (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):

- **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.

#### **2.2.4 Customers' Satisfaction**

According to Olive 1980 the value of customers should be recognizable since the satisfaction is an attitude or evaluation that is formed by the customer comparing their pre-purchase expectations of what they would receive from the product to their subjective perceptions of the performance they actually did receive. As Kotler (2000, p.36) defined that satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectation. Additionally, Yi (1990) also stated that customer satisfaction is a collective outcome of perception, evaluation and psychological reactions to the consumption experience with a product/service.

#### **2.2.5 Customer measures**

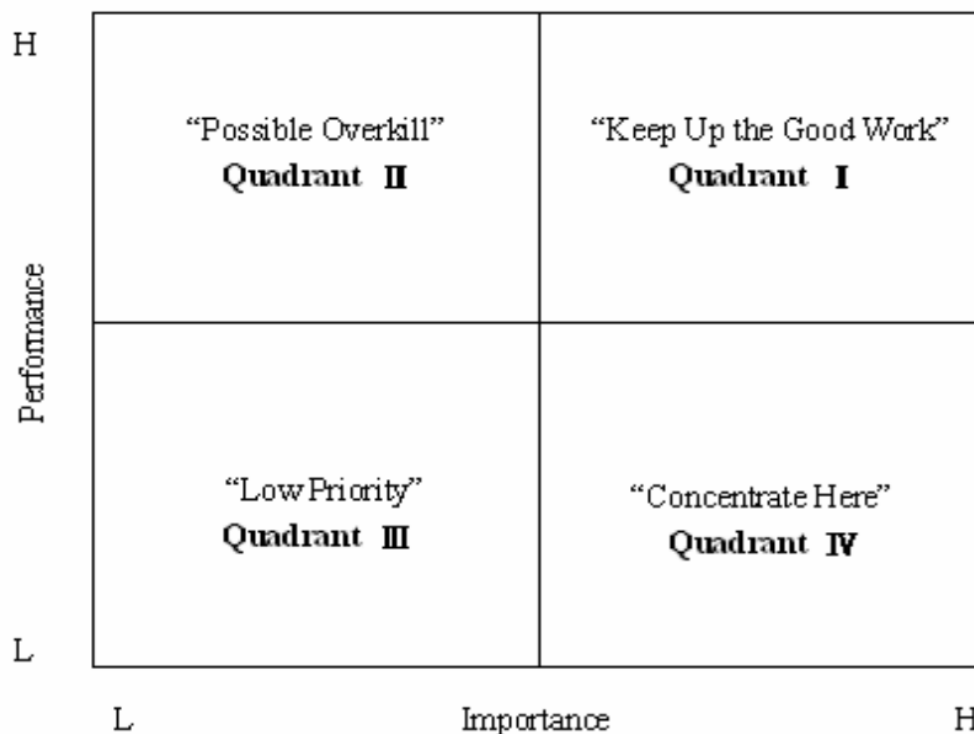
There is always a gap performance to satisfy the customers on time. As a result of this, several service giving organizations make survey their customers to determine their attitudes and opinions. The comments guests will put on the evaluation card is a good result for the organization to know and then go for improvement. The most common method used is comment cards placed at the point of service. A second common method used by companies is to mail surveys to current customers. As information technology shows a progress throughout the world, organization will use online internet system for their customers (Clow and Kurtz,2003). These survey used for certain purposes over internal measures of service quality. First, companies gain valuable information on how customers feel about their services. Second, understanding how customers feel about a service will provide firms with information that can be used to improve their efforts to better meet customer need. Customers are the sources of the organization and will bring a valuable input for the organizations by their feedback (Clow and Kurtz,2003).

- **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).

**Figure 2.2 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.

### **2.2.7 Factors that Influence Customer Satisfaction**

From literature review, there are many factors that affect customer satisfaction. Such factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service (Hokanson, 1995). From the studies carried out in many countries, factors like: service quality, and perceived value, are the key constructs affecting the customer's satisfaction with mobile services. Studies also point out that customer satisfaction results ultimately in trust, price tolerance, and customer loyalty. Therefore, building customer relationship is a backbone for all organizations in general, and companies in service industries in particular. Issues like: customer satisfaction, service quality, customer perception, customer loyalty, are the main concerns of the nowadays service companies, which improves organization's performance and translates into more profits ( BiljanaAngelova and JusufZekiri, 2011).

## **2.3 Empirical Review**

Service quality dimensions and customer satisfaction has highly correlated with each other and studied in different industrial setting conversely some of the existing models are abound with related one to the other, however many 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. The researcher reviews some empirical data that is related with the topic and described below.

According Charles Watiki cited ,Stromgren(2007) studied the factors influencing service quality in the hotel industry in Peru and established that the customers were more interested on the dimensions of reliability exterior, tangibles and assurance. The best predictor of overall service

quality was identified as the dimension of reliability. The researcher however noted that a different context would give different results. This is due to different social demographic variables such as culture and religion which might impact on customer expectations. On the other hand studied service dimensions that lead to higher levels of customer satisfaction in restaurants in Singapore and found out that assurance, empathy and tangibles are the most important to customers' evaluation of service quality, and thus, may have a positive influence on customer satisfaction. Over the past two decades, the issues of service quality and customer satisfaction have occupied an important position in research (Chang and Annaraud, 2008). It has been affirmed that in the hospitality business world, the critical measure of success lies in the organization's ability to satisfy customers through continuous excellent service (Gabbie and O'Neil, 1996). The reliability dimension refers to the ability of the front office hotel staff to provide services dependably and accurately (Dabholkar et al., 1996). Reliable service performance has to meet customers' expectation. Service must be accomplished on time, every time, in the same manner and without errors.

**H1:** Reliability has significant and positive relationship with customer satisfaction.

“Aspects of service quality in hotels that influence the satisfaction of customers and their intention to revisit” the study conducted by Afshan, Sadia and Khusro (2011) the study used both qualitative and quantitative study method used. The data was collected through questionnaires and in order to answer the research questions the study used 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 can serve as a source of customer satisfaction and extremely significant as it appears key factor in the success of modern hotel industry. According to Charles Watiki 2014, customer satisfaction is positively related to responsiveness from his findings'. Accordingly, customers were found satisfied with reception (Kangogo et al,2013).

- **H2:** Responsiveness has significant and positive relationship with customer satisfaction.

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. The citation of the author's Srinivas Rao and Padma Charan Sahu shows that assurance' dimension refers to the knowledge and courtesy of employees and their ability to inspire trust and confidence including competence, courtesy, credibility and security (Parasuraman et al., 1991). Overall expectation towards assurance dimension was at a high level with trustworthiness ranking most important . Most customers expect front office staff to make them feel safe when staying at the hotel. In addition, Accountant should be credible and responsible when handling expenses or money from guests. Perception of assurance dimension ranked at the highest level with product knowledge being the most important factor . Front office staff must have broad and deep knowledge, skills, capacity and experience. They must also be well versed in using advanced technology to improve their performance such as when making room reservations by computer.

- **H3:** Assurance has significant and positive relationship with customer satisfaction.

A result of( Temesgen Yitbarek, 2013 )findings produces on factors that significantly affect tourists' evaluation of service quality towards hotel service delivery where empathy is also confirmed as the most significant important predictor. Similar finding was found by Gabbie and O'Neill (2006) and supports this relationship as well. This is true when customer felt that the hotel staffs understands specific needs of clients, show sincere interest while delivering the service. Indeed, the hotel staff does offers personalized attention and looks for the best for the guests' interests. Therefore, hotel managers need to pay particular attention to how tourists' feel during the service delivery process. Depth understanding of CRM strategy will enable hotel staffs to better realize and articulate client needs. Consequently, being well informed about the feelings of customers can bring forth valuable management initiatives for better hotel productivity. In other words, the caring, individualized attention that the hotel staffs provides to its clients is the very important recipe that all hotel providers should be practicing in delivering maximum tourists' satisfaction and consumption experiences in order to create a pleasurable and happiness emotions or ambivalence.

- **H4:** Empathy has significant and positive relationship with customer satisfaction.

According to the finding of (Temesgen Yitbarek, 2013) Physical appearance of buildings and facilities "efficiency of check-in and check-out services," "telling exactly when service will be provided," "response to requests," "staffs ability to communicate effectively with guests," "menu item variety" and "favorable room decoration" were identified in the Concentrate Here Quadrant. Attributes in this quadrant were perceived by tourists as very important but the performance ratings were fairly low. Therefore, given the high importance ratings and relatively low performance ratings attached to these attributes, special attention should be directed to these areas. The study of Cathy and Judy (2000) confirmed that the importance of architecture and design as key value drives for hotel guests. Physical structure and hotel exterior and interior design emerged at the top of the list when customers were asked what creates value during their stay at the hotel. Therefore, given that customer loyalty increased significantly when value was created during the guest's stay, hotel industry is missing an opportunity if it neglects to develop best practices in the area of physical appearance of buildings and facilities. The tangibility dimension includes physical aspects such as the physical appearance of hotel services including the neatness of front office staff and professionalism of employees (Dabholkar et al., 1996).

- **H5:** Tangibility has significant and positive relationship with customer satisfaction.

“According to Hailu Demissie 2013 finding Failure to ensure customer satisfaction, both initially and belatedly, through service recovery could lead to a decline in customer confidence, lost customers, negative word-of-mouth, possible negative publicity and the direct cost of re-performing the service (Berry and Parasuraman, 1992). In essence, the service firm’s true test of commitment to service quality and customer satisfaction depends on how it responds after disconfirmation (Zemke and Bell, 1990). Based on this concept and fact the researcher examines the service recovery with each individual item mean score and construct mean. The perceived recovery of the organization was average or moderate.”

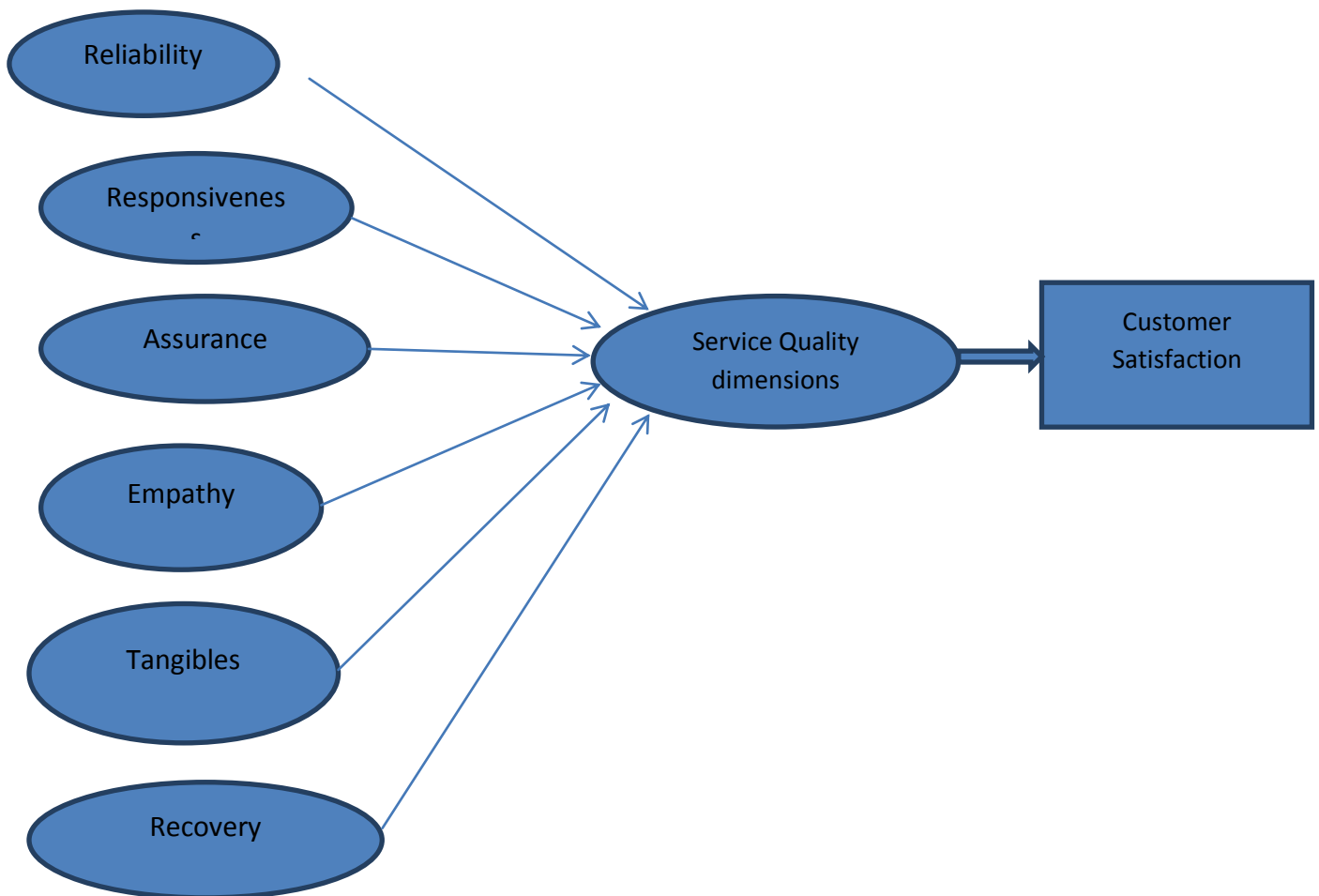
- **H6:** Recovery has significant and positive relationship with customer satisfaction.

In spite of the fact that empirical review shows that researches are done on service quality dimensions and raised different perspective however it’s found important as standing point for this research.

## 2.4 Conceptual framework

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

Figure 2.3 – Conceptual Framework of the Study



Source: Adopted from Jalal (2012)

# CHAPTER THREE

## Research Design and Methodology

*This chapter presents the research methodologies used and it covers; research design, research approach sample size and target population, sampling techniques, source and instrument of data collection, units of analysis, sources of data analysis method, reliability, validity and research ethics.*

Research methodology is the process used to collect information and data for the purpose of making business decisions. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information. It refers to the procedural framework within which research is conducted. Thus, this chapter provides a fully detailed account of the research methodology, the reasons that the various research strategies were selected and the rationale for the sample selection process. It also deals with the issues of why the particular survey instrument was selected as being appropriate for the current study. The research design refers to the overall strategy that we choose to integrate the different components of the study in a coherent and logical way, thereby, ensuring and effectively addresses the research problem; it constitutes the blueprint for the collection, measurement, and analysis of data.

To start with, the study site were introduced, followed by a presentation of research design, the sample selection, and data collection process, the data collection tool and further more a description of how the data will be analyzed.

Source: <http://www.businessdictionary.com/definition/research-methodology.html#ixzz47hPPbcsJ>

### **3.1 Research Design**

The researcher used both qualitative and quantitative research methods in this study in order to measure the level of service quality on customer satisfaction. According to C.R. Kothari, (2004) qualitative research used to explore the nature of the problem, issue or phenomena, in a quantitative research approach a number of objects are selected and studied in order to increase the ability to draw general conclusions. Main objective is to describe the variation in a phenomenon, situation or attitude. In the other hand, 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.

### **3.2 Research Approach**

The research type was descriptive and explanatory type. In order to investigate the effect of service quality dimensions on customer satisfaction and their significance. Descriptive research was adopted to describe the fact and factors related to service quality and customer satisfaction. However, explanatory research was employed to examine the impact of predictor variable on the dependent variable and correlation research will be employed to investigate the relationship between modified service quality dimensions and customer satisfaction. The researcher used a questionnaire based cross-sectional survey research design because the data will be collected from respondent at point in a time.

### **3.3 Sampling design**

#### **3.3.1 Target Population**

The target population is the total group of individuals from which the sample might be drawn. Generalizability refers to the extent to which we can apply the findings of our research to the target population we are interested in. The target population of the study will be customers and hotels managers of five star hotels operating in capital city. Accordingly sampling units will be from the target population elements available for selection during the sampling process.

### **3.3.2 Sampling Frame**

In statistics, a sampling frame is the source material or device from which a sample is drawn. It is a list of all those within a population who can be sampled, and may include individuals, households or institutions. A set of information used to identify a sample population for statistical treatment. It's a complete list of everyone or everything you want to study.

This section encompasses a list of contact customer from where sample is drawing. Therefore the selected hotel number of customer served per day was taken as number of respondent in each hotel includes; 294 in Sheraton Addis Hotel, 155 in Elilly international hotel, 114 in Capital hotel, 204 in Radisson Blue hotel. The total respondents in all hotels are the set of sample frame. Here a representative samples were drawn from this sample frame.

## **3.4 Sample size and Techniques**

### **3.4.1 Sampling Technique**

The study used probability sampling techniques which are systematic sampling to select the sampled hotel. According to the sampling frame the researcher select four hotels which are willing to participate in this study which considered as representatives of the study population. The researcher will use proportionate sampling technique to select representatives as per the total population by using the formula specified below as well as judgmental sampling will be used for selecting hotels managers. The convenience sampling is also used to determine the sample drawn from each hotel of room guests according to their availability.

According to Taro Yemane (1967) Sample size refers to the number of items to be selected from the universe to constitute a sample. Determining sample size is a very important issue since samples that are too large may waste a lot of time, capital and other resources, while samples that are too small may lead to inaccurate results (Kothari, 2004).

Different authors have suggested different sample sizes as appropriate. The sample size of this research is decided based on Kothari sample size determination theory for the known population which the sample size is determined.

The formula for sample size is given below

$$n = \frac{Z^2 pq N}{e^2 (N-1) + Z^2 pq}$$

Where:-

Z= confidence level

$$p+q=1$$

p= the largest possible proportion (p=0.5)

$$q=1-p(q=0.5)$$

z=95%=1.96 from z table

N= Size of population which is the number of hotel rooms.

n= is the sample size for a finite population.

e= margin of error considered is 5% for this study.

The value of z is found in statistical table which contain the area under the normal curve.

Using the equation for a known population size or a formula for finite population size the sample size is based on the 95% confidence level and 5% margin error.

Source: - Kothari, 2004

### 3.4.2 Sample size Determination

$$P = q = \frac{1}{2} = 0.5 \quad e = 0.05 \quad z = 1.96 \quad N = 767$$

$$n = \frac{z^2 pq N}{e^2 (N-1) + z^2 pq}$$

$$= \frac{(1.96)^2 * 0.5 * 0.5 * 767}{(0.05)^2 * (767-1) + (1.96)^2 * 0.5 * 0.5}$$

$$= 256$$

Table 3.1 Sample size determination

No	List of hotels	Population size (No of rooms)	Proportional allocation of sampling in %	Sample size drawn in each hotel
1	Sheraton Addis Hotel	294	38	98
2	Elilly hotel	155	20	52
3	Capital hotel	114	15	38
4	Radisson Blu hotel	204	27	68
	<b>Total</b>	<b>767</b>	<b>100</b>	<b>256</b>

In addition to this the researcher selected 4 hotel managers purposively for in-depth interview and adds 10% of the total sample size drawn which become 281 for the replacement of unreturned questionnaires. Generally a total of 281 questionnaires were distributed for the study out of these 248 questionnaires returned for the data analysis.

### 3.5 Instruments of Data Collection

It is understood that the sufficiency and accuracy of the data collected precisely determine the quality of the study and its accomplishment. Clearly gathering data from the right sources through the data collection method and instrument is the necessary criteria for the reliability or accuracy of the study. The methods employed in this study were gained from previous researchers study and modified by the current researcher. This research is done using both quantitative and qualitative data; the researcher collected quantitative data through close-ended questionnaire by modified SERVPERF dimensions or model that is designed to be a generic instrument applicable across a broad spectrum of services that focus on customers' perceived performance only. According to the authors (Cronin and Taylor,1994) the case of using the servperf model is it shows the activities on time rather than expectation and as a result of the emerging literature and increasing body of research support the performance-based paradigm over the disconfirmation-based paradigm. Since the weight of evidence in the literature supports the use of performance perceptions to measure service quality (Cronin et al., 2000), this paper adopts the SERVPERF approach.

Most of the items used in this research were selected from previous Marketing literature, service quality and customer satisfaction research and were modified by the researcher to hotel service

experience. In addition, qualitative data were collected through observation and interview with Marketing and business development process Manger of the organization. The researcher used Likert scale that helps to measure a variable provided and adopted by a researcher and help the respondents to evaluate service quality of a given organization and rate their satisfaction level of the service based on their last service encounter experience. This measurement shows statement with which the respondent show the level of agreement or disagreement that is strongly agree= 5, “agree=4”, “neutral=3”, “disagree=2”, strongly disagree=1 points and also the researcher used nominal and ordinal scale according to their importance in the data collection and changed to scale measurement in the data entry to SPSS.

The questionnaire were distributed to all sample respondents in all five star hotels through front office staff to make the guests fill questionnaire after check out or during the stay and interview conducted with marketing and business development process Manager of the organization to collect information about their service quality and customer satisfaction. The questionnaire were developed from Hailu Demissie 2013 comparing and modifying with other articles and prepared in English as the five star hotels room guests were considered as advanced, So that they can understood and fill the form with the written language.

### **3.6 Units of Analysis**

The unit of analysis was individual respondents who were the customers of the hotels who received the service and hotel managers.

### **3.7 Sources of Data**

Both primary and secondary sources of data used for this study.

### **3.8 Data Analysis methods**

The data that are gained from the questionnaires were analyzed and interpreted using statistical package for social science (SPSS) version 20. As a result, descriptive and inferential analysis was conducted by employing different methods.

### **3.9 Reliability**

Reliability refers to the extent to which assessments are consistent. It is the degree to which an assessment tool produces stable and consistent. In same way reliability is the consistency of a set of measurements or measuring instrument, often used to describe a test. Reliability is inversely related to a random error (Coakes&Steed, 2007). According to the citation of Hailu Demissie 2013, There are several different reliability coefficients. One of the most commonly used is called Cronbach's Alpha. Cronbach's Alpha is based on the average correlation of items within a test if the items are standardized." It has an important use as a measure of the reliability of a psychometric instrument (**cited in Kibrom Aregawi 2010**)". Cronbach's alpha reliability analysis was conducted on the independent variables in order to determine the reliability of the instrument used.

Lack of reliability is a serious drawback of an outcome measure as it indicates errors in measurements (Powell, 1999). Inconsistent outcome measures might result in invalid assessments that will consequently lead professionals to making the wrong decisions for their clients (Law et al., 2005). George and Mallery (2003, p. 231)provide the following rules of thumb: “  $\alpha > .9$  – Excellent,  $\alpha > .8$  – Good,  $\alpha > .7$  – Acceptable,  $\alpha > .6$  – Questionable,  $\alpha > .5$  – Poor and  $\alpha < .5$  – Unacceptable”. Conventionally, editors and 33 reviewers consider a measure with alpha equal to or greater than 0.70 as reliable for research purposes (Bland & Altman, 1997) and this is frequently a criterion for publishing the outcome measure. Based on this base the researcher conducted a pilot test to measure the internal consistency and make modification based on the test and the result shows Cronbach's alpha for 19 items is 0.833 that is good and the items are internally consistent.

### **3.10 Validity**

Validity refers to the credibility or believability of the research. The genuinely of the findings and a valid measure of intelligence. It is concerned with whether the findings are really about what they appear to be about (Sounders et. al., 2003). Validity defined as the extent to which data collection methods accurately measure what they were intended to measure (Sounders et. al., 2003). In order to achieve this objective the researcher was taken different steps to ensure the validity of the study from this was:

- Data was collected from the reliable sources, from those target population respondents who have good understanding and experiences in using the service of hotels.
- Survey questions were prepared based on previous empirical research review and literature review to ensure result validity.

### **3.11 Research Ethics**

The study is free from bias as the researcher used data from customers which collected according to their willing. To keep the confidentiality of customers they were not invited to write their name and address and to assure the confidentiality. According to Saunders, Lewis and Thornhill, (2001:130), "... ethics refers to the appropriateness of your behavior in relation to the rights of those who become the subject of your work, or are affected by it". The data were collected from those of willingness sample respondents without any unethical behavior or forcefully action. The results or a report of the study is used for academic purpose only and response of the participant is confidential and analyzed in aggregate without any change by researcher. In addition, the researcher respects the work of previous investigations or study and cited appropriately those works that has been taken as a basis.

## CHAPTER FOUR

### Data presentation, analysis and Interpretation

*This chapter includes the analysis of data collected, interpretation and presentation of the research. This part of finding shows the general profile of respondents, customer perception analysis in service process (mean score of the dimensions of SERVPERF), correlation analysis of the variables and (The effect of service quality on customer satisfaction and hypothesis testing to determine whether there is a significant relationship between the service quality dimensions and customer satisfaction). Moreover regression analysis will be discussed further for the variables.*

#### Response Rate

Table 4.1: Distribution of sample size and response rate of questionnaires administered

Name of Hotel	No. of Distributed Questionnaires	Correctly filled and returned Questionnaires	Not correctly filled Questionnaires	Non returned Questionnaires
Sheraton Addis hotel	106	87	4	15
Radisson Blu hotel	75	67	3	5
Elilly hotel	58	48	5	5
Capital hotel	42	33	1	8
Total	281	235	13	33

Source: Own survey, 2016

A total of 281 questionnaires with 10% of a sample 256 were distributed to customers of the four international hotels which rated as five stars hotels in Addis Ababa. The work took a time of one month and six days from April 1 to May 6, 2016. The response rate of 248 participants was collected and out of these 235 respondents representing a response rate of 83.6% is achieved. As a result, the total response rate is sufficient for the ongoing analysis.

## Respondents' Profile

Table 4.1 indicated the distribution of sample size and response rate of questionnaires administered. Accordingly it was understood that 248 respondents properly filled the questionnaire and the data was checked, inspected and organized on SPSS to conduct the analysis part. On this part, the respondents' profile was presented based on the prepared questionnaire bio data collection format as gender, age, marital status, education and occupation.

### *Gender:*

Table 4.2 Respondents' Gender Information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	115	46.4	46.4	46.4
	Male	133	53.6	53.6	100.0
	Total	248	100.0	100.0	

Source: Own survey, 2016

Table 4.2 indicates respondents' gender information of this study as most of the respondents are male (n=133; 53.6%) as compare to female respondents (n=115; 46.4%). This data indicates that the respondents' allocation by gender is indicated as equally distributed and the study has got a chance to collect data from both male and female equally.

### *Age (in year):*

Table 4.3 Respondents' Age Information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<20	3	1.2	1.2	1.2
	21-30	62	25.0	25.0	26.2
	31-40	90	36.3	36.3	62.5
	41-50	61	24.6	24.6	87.1
	>51	32	12.9	12.9	100.0
	Total	248	100.0	100.0	

Source: Own survey, 2016

Table 4.3 indicates respondents' age information of this study as it divided in five parts. Most of the respondents are aged between 31 -40 (n=90; 36.3%) and less aged respondents registered on below 20 age respondents (n = 3; 1.2%). It is very low as compare to the most counted age group of this data (31- 40). This data indicates that the respondents' allocation by age is widespread from less than 20 up to more than 51 aged respondents participated on this study.

***Marital Status:***

Table 4.4 Respondents' Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	86	34.7	34.7	34.7
	Married	140	56.5	56.5	91.1
	Divorced	14	5.6	5.6	96.8
	Widowed	8	3.2	3.2	100.0
	Total	248	100.0	100.0	

Source: Own survey, 2016

Table 4.4 shows respondents' marital status as the data indicates all group of marital status represented this study respondents as single, married, divorced and widowed. From this study participants, most respondents are married (n= 140; 56.5%) and less respondents are widowed (n=8; 3.2%).

***Educational Status and Occupation of the respondents:***

In this study, respondents were requested to indicate their educational background in terms of completed high school, certificate, diploma, degree, master and PHD. In addition, they were asked to point out their working place as government official/ employee, business Employee, business Owner, student, retired and other. Their responses were organized on Table 4.5 as Respondents' Educational Status and Occupation of the respondents.

Table 4.5 Respondents' Educational Status and Occupation of the respondents

		Occupation						Total
		Government official/ employee	Business Employee	Business Owner	Student	Retired	Others	
Educational Status	High school	0	2	1	0	0	0	3
	Certificate	4	3	0	0	0	1	8
	Diploma	11	27	6	4	0	4	52
	Degree	24	36	7	6	2	15	90
	Master	19	18	9	0	2	19	67
	PHD	5	9	4	0	0	10	28
Total		63	95	27	10	4	49	248

Source: Own survey, 2016

Table 4.5 portrays respondents' educational status and occupation of the respondents by educational Status vs. occupation cross tabulation. It indicates that most of the respondents were working on business organizations of which the degree holders are more (n=36) as compare to other educational status of the respondents. Most of the respondents (next to business employees) were working on government offices as officials and employee out of which the degree holders are more (n=24) as compare to other educational status of the respondents in this category.

It can be said that most respondents are degree (n=90), masters (n=67) and diploma (n=52) holders and working in business (n=95) and government organizations (n=63). In addition, other respondents also participated in this study such as business owner (n=27), students (n=10), and retired (n=4) and others (n=49). It can be said that the participants of this study were working in different organization with having different educational status and it indicates that the data were collected from different participants that have different educational and working background.

## Respondents using the service within a year

Table 4.6 Respondents' using service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2	56	22.6	22.6	22.6
	3-4	90	36.3	36.3	58.9
	5-10	47	19.0	19.0	77.8
	>10	55	22.2	22.2	100.0
	Total	248	100.0	100.0	

Source: Own survey, 2016

Table 4.6 shows respondents' using service of the hotels and most respondents (n=90) indicated that they 3-4 times visit the hotels. 55 respondents in number said that they visited the hotels more than 10 times. It indicates that the respondents have known the hotel very well and it was good opportunity to collect pertinent information from them about the hotels based on the indicators presented on the questionnaires.

## Primary Data Analysis - Descriptive Analysis

Descriptive statistics are used to illustrate the main features of a data set in quantitative terms. It aims to quantitatively summarize a data set, rather than being used to support inferential statement about population. In this study, service quality of hotel industry was collected and the service quality defined as the provision of appropriate and technically sound care that produces the desired effect. The quality of service, both technical and functional, is a key ingredient in the success of service organizations. Technical quality in hotel is defined primarily on the basis of the technical accuracy of the diagnosis and procedures. Measuring quality in hotel has a number of benefits. This part was analyzed based on the variables as indicated below.

- **Reliability:** This dimension deals with the ability to perform the promised service dependably and accurately by the organization
- **Responsiveness:** This dimension focuses on the willingness to help customers and provide prompt service
- **Assurance:** This dimension explains how knowledge and courtesy of employees and their ability to inspire trust and confidence.
- **Tangibility:** This dimension consists of physical facilities, equipment, and appearance of personnel of an organization.
- **Empathy:** This dimension defines how much of an individualized attention the firm provides to its customers.
- **Recovery;** Service recovery consists of those actions a service provider takes in response to a service failure.
- **Overall satisfaction level** – in terms of the overall service quality of the hotel satisfaction, guest hospitality and others.

As we can see from the above descriptive Table 4.7, the mean value for all variables ranges from 3.65 to 4.37 with the smallest average was found in appropriate service delivery while the highest mean was observed in respect for customers. This indicates that most of the respondents selected the category of agree and strongly agree and they assured that the surveyed hotels gave more respect for customers than giving appropriate service delivery.

The standard deviation, on the other hand, is the measure of variability in data set where it ranges from 0.6 to 1.1 and it indicates that the variability is less. Kurtosis and Skewness statics and calculation demonstrate that the distribution is normal because Kurtosis and Skewness are in between -2 and +2, thus data is normally distributed and had a reasonable variance to use

subsequent analysis (Kothari, 2004). The detailed descriptive statistics about each variable discussed in the next paragraphs.

Table 4.7 Descriptive Analysis

Descriptive Statistics								
	N	Mean	Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
appropriate service delivery	248	3.65	.949	.901	-.793	.155	.255	.308
Provision of consistent quality service	248	3.98	.804	.647	-1.132	.155	2.326	.308
provision of expected service	248	3.95	.859	.738	-.980	.155	1.380	.308
respect for customers	248	4.37	.720	.518	-1.676	.155	2.177	.308
quick staff response	248	4.23	.754	.569	-1.330	.155	2.095	.308
willingness to help	248	4.27	.734	.538	-1.340	.155	2.720	.308
safety feeling	248	4.17	.711	.506	-1.143	.155	2.170	.308
Adequacy skilled staff	248	4.05	.826	.681	-1.099	.155	1.840	.308
Info by hotel for service	248	3.94	.854	.729	-.828	.155	.915	.308
working hours of hotel convenient	248	4.32	.667	.445	-.881	.155	1.811	.308
Accessible of services for	248	3.66	1.001	1.002	-.378	.155	-.111	.308
Special attention	248	4.30	.732	.536	-1.352	.155	3.344	.308

to customer								
Signage and parking for access	248	4.03	1.024	1.048	-1.039	.155	.638	.308
Suggestion box for comment	248	3.78	1.051	1.104	-.812	.155	.388	.308
Professional and attractive staff	248	4.28	.780	.608	-1.521	.155	3.917	.308
Complain handling of hotel	248	3.99	.839	.704	-.979	.155	1.790	.308
Company provide for inaccuracy service	248	3.87	.945	.893	-.601	.155	-.087	.308
Staff apology quickly for mistake	248	4.21	.760	.577	-1.258	.155	2.789	.308
Satisfaction with overall service	246	4.17	.691	.477	-1.513	.155	5.462	.309
Valid N (list wise)	246							

Source: Own survey, 2016

#### 4.4.1 Reliability

Reliability is the ability to perform the promised service dependably and accurately. It is regarded as the most important determinant of perceptions of service quality. This dimension is particularly crucial for services such as railways, buses, banks, building societies, insurance companies, delivery services and trade services, e.g. plumbers, carpet fitters, car repair. In line with this idea, respondents' were requested to rate the hotels reliability in terms of appropriate service delivery, Provision of consistent quality service and provision of expected service.

Table 4.8 Respondents' response on Reliability

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
appropriate service delivery	6	2.4%	30	12.1%	44	17.7%	133	53.6%	35	14.1%
Provision of consistent quality service	4	1.6%	9	3.6%	32	12.9%	147	59.3%	56	22.6%
provision of expected service	4	1.6%	12	4.8%	38	15.3%	133	53.6%	61	24.6%

Source: Own survey, 2016

Table 4.8 assessed the service quality of the hotels and respondents were requested on reliability. Most Respondents (n=56; 22.6%) preferred the category of strongly agree for the factor called provision of consistent quality service with (n=147; 59.3%) preferred the category of agree in this factor. In this category, 44 respondents in number kept neutral and 30 respondents in number preferred the category of disagree with small number (n=4; 1.6%) preferred the category of strongly disagreed.

Respondents were requested to rate their opinion on the factor called appropriate service delivery, the result indicates that 35 respondents (14.1%) ticked the category of agree, 133 (53.6) preferred the category of agree and 44 respondents kept neutral in this factor. Most respondents (n=61; 24.6%) were in the category of strongly agree for the third question which was provision of expected service and 5.36% preferred the category of agree for provision of expected service. Fewer respondents (1.6%) were ticked the category of strongly disagree for provision of expected service.

Overall, we can understand that most respondents' rated that the hotels gave appropriate service delivery, provided consistent quality service. But this does not mean that all respondents agreed the reliability of the hotel is in good condition and no 100% assurance was found the hotels'

ability to perform the promised service dependably and accurately as regarded as the most important determinant of perceptions of service quality.

- **Responsiveness**

Responsiveness is the willingness to help customers and to provide prompt service. This dimension is particularly prevalent where customers have requests, questions, complaints and problems. Accordingly, respondents' were asked for their opinion on this factor (responsiveness) in terms of the staff show, courteous and respect for the customer, the staff respond request quickly and the staffs have willing to help customers and ready to respond to customers request.

Table 4.9 Respondents' response on Responsiveness

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
respect for customers	3	1.2%	3	1.2%	8	3.2%	119	48.0%	115	46.4%
quick staff response	2	0.8%	8	3.2%	12	4.8%	134	54.0%	92	37.1%
willingness to help	3	1.2%	2	0.8%	18	7.3%	127	51.2%	98	39.5%

Source: own survey, 2016

Table 4.9 assessed the service quality of the hotels and respondents were requested on responsiveness. Most respondents (n=115; 49.4%) preferred the category of strongly agree for the factor called respect for customers with (n=119; 48.0%) preferred the category of agree in this factor. In this category, only 8 respondents in number kept neutral and 3 respondents in number preferred the category of disagree with small number (n=3; 1.2%) preferred the category of strongly disagreed.

Respondents were requested to rate their opinion on the factor called quick staff response, the result indicates that 92 respondents (37.1%) ticked the category of strongly agree, 134 (54 %) preferred the category of agree and 12 respondents kept neutral in this factor. Most respondents (n=98; 39.5%) were in the category of strongly agree for the third question called willingness to help and 5.36% preferred the category of agree for this factor. Fewer respondents (1.2%) were ticked the category of strongly disagree and 0.8 & ticked the category of disagree for willingness to help as factor.

The data indicates that this factor (responsiveness) is preferred by most respondents. This shows the surveyed hotels show willingness to help customers and provide prompt service on where customers have requests, questions, complaints and problems. Accordingly, respondents' rated as good for this factor (responsiveness) and it indicated that the surveyed hotels' staff show, courteous and respect for the customer, the staff respond request quickly and the staffs have willing to help customers and ready to respond to customers request.

- **Assurance**

Assurance is defined as the employees' knowledge and courtesy, and the ability of the service to inspire trust and confidence. Respondents were also asked for their opinion by rating assurance in terms of factors called feel safe in all my transaction at the hotel, adequate and skilled personnel for good customer services and the hotel tell me exactly when the service will be performed. The following tables shows the result of the respondents' responses.

Table 4.10 Respondents' response on Assurance

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
safety feeling	2	0.8%	5	2.0%	18	7.3%	147	59.3%	76	30.6%
Adequacy	3	1.2%	11	4.4%	27	10.9%	136	54.8%	71	28.6%

skilled staff										
Information by hotel for service	3	1.2%	12	4.8%	44	17.7%	127	51.2%	62	25.0%

Source: Own survey, 2016

Table 4.10 indicates respondents' response on assurance and respondents' responses indicates that 76 (30.6%) respondents ticked the category of strongly agree; 147 (59.3%) respondents ticked the category of agree; only 18 (7.3%) respondents ticked the category of neutral; and few 2 and 5 respondents ticked the category of strongly disagree and disagree respectively for factors called feel safe in all my transaction at the hotel. In addition, 71 (28.6%) respondents ticked the category of strongly agree; 136 (54.8%) respondents ticked the category of agree; 27 (10.9%) respondents ticked the category of neutral; 11 (4.4%) respondents ticked the category of disagree and only 2 (1.2%) respondents ticked the category of strongly disagree for the factor called having adequate skilled staff. For the last factor called skilled personnel for good customer services and the hotel tell me exactly when the service will be performed, 62 (25.0%) respondents ticked the category of strongly agree less for other factor of assurance grouping; 127 (51.2%) respondents ticked the category of agree; 44 (17.7%) respondents ticked the category of neutral; 12 (4.8%) respondents ticked the category of disagree and only 3 respondents ticked the category of strongly disagree.

This data tells us that most respondents were not strongly agree on rating of assurance in terms of factors called feel safe in all my transaction at the hotel, adequate and skilled personnel for good customer services and the hotel tell me exactly when the service will be performed. This indicates that the surveyed hotels did not do all their assignments in terms of the employees' knowledge and courtesy, and the ability of the service to inspire trust and confidence.

#### **4.4.4 Empathy**

Empathy is seen as the caring, individualized attention the service provides its customers. Small service companies are better placed (though not necessarily better at) for treating customers as individuals than their larger, invariably standardized counterparts. However, relationship marketing is designed to offer a more individualistic approach for customers of large

organizations. Thus, this research requested respondent's opinion this factor (empathy) in terms of the working hours of the hotel are convenient to the customers, the service is accessible for anybody like for disables and the staffs give special attentions to customers.

Table 4.11 Respondents' response on Empathy

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
working hours of hotel convenient	1	0.4%	1	0.4%	19	7.7%	124	50.0%	103	41.5%
Access of services	8	3.2%	13	5.2%	93	37.5%	75	30.2%	59	23.8%
Special attention to customer	2	0.8%	5	2.0%	13	5.2%	124	50.0%	104	41.9%

Source: Own survey, 2016

The above table (Table 4.11) indicates respondents' response on empathy and respondents' responses indicates that 103 (41.5%) respondents ticked the category of strongly agree; 124 (50%) respondents ticked the category of agree; only 19 (7.7%) respondents ticked the category of neutral; and no more than 1 respondents ticked for both the category of strongly disagree and disagree for factors called the working hours of the hotel are convenient to the customers. In addition, 59 (23.8%) respondents ticked the category of strongly agree; 75 (30.2%) respondents ticked the category of agree; more respondents (n=93; 37.5%) ticked the category of neutral; 13 (5.2%) respondents ticked the category of disagree and only 8 (3.2%) respondents ticked the category of strongly disagree for the factor called the service is accessible for anybody like for disables. For the last factor called the staffs give special attentions to customers, 124 (50%) respondents ticked the category of strongly agree as more of the other factor of this grouping; 127 (51.2%) respondents ticked the category of agree; 13 (5.2%) respondents ticked the category of neutral; 5 respondents ticked the category of disagree and only 2 respondents ticked the category of strongly disagree.



Signage and parking for access	7	2.8%	15	6.0%	39	15.7%	90	36.3%	97	39.1%
Suggestion box for comment	12	4.8%	12	4.8%	62	25.0%	95	38.3%	67	27.0%
Professional and attractive staff	4	1.6%	3	1.2%	17	6.9%	119	48.0%	105	42.3%

Source: Own survey, 2016

Table 4.12 indicates respondents' response on tangibility of the surveyed hotels and respondents' responses indicates that 97 (39.1%) respondents ticked the category of strongly agree; 90 (36.3%) respondents ticked the category of agree; only 62 (25.0%) respondents ticked the category of neutral; and 7 respondents ticked for the category of strongly disagree and 15 respondents ticked for the category of disagree for factors called the hotel provided signage that helps to show different service area to access easily and have adequate parking space. In addition, 67 (27.0%) respondents ticked the category of strongly agree; 95 (38.3%) respondents ticked the category of agree; not less respondents (n=62; 25.0%) ticked the category of neutral; 13 (5.2%) respondents ticked the category of disagree and only 12 (4.8%) respondents ticked for both category of strongly disagree and disagree for the factor called the hotel has suggestion box to collect customer comment and complain. For the last factor called Staff appeared neat attractive and professional (smartness, elegant), 105 (42.3%) respondents ticked the category of strongly agree as more of the other factor of this grouping; 119 (48.0%) respondents ticked the category of agree; only 17 (6.9%) respondents ticked the category of neutral; 3 respondents ticked the category of disagree and only 4 respondents ticked the category of strongly disagree.

As a consequence, as the factor of this study, respondents' responses indicated that the studied hotel did not fully provide signage that helps to show different service area to access easily and have adequate parking space and they did not have a proper suggestion box to collect customer comment and complain, But most respondents agreed that staff appeared neat attractive and

professional (smartness, elegant). Thus, there is an indication of a problem in tangible on providing physical facilities, equipment, personnel and communication materials.

#### 4.4.6 Recovery

Recovery is seen the same effect as the junkyard strategy, which is used to support the zero defects strategy. The customer needs to stay happy. Since there are many bad services being delivered to the customer and according to latest researches, 12 good service encounters are needed to make up a bad one; the criterion recovery can play an important role. Clear policies and procedures are required to ensure effective recovery following a failure to deliver with regard to both benefits and sacrifice. Effective service recovery can result in the creation of customer advocacy if handled well. Consequently, as the factor of this study, respondents' were asked for their opinion to rate recovery in terms of the following factor:

- The hotel contact complaining customer as quickly as possible
- The hotel provide compensation for inaccurate services
- The employees quickly apologize to customers when service mistakes are made

Table 4.13 Respondents' response on Recovery

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
The hotel contact complaining customer as quickly as possible	5	2.0%	4	1.6%	46	18.5%	126	50.8%	67	27.0%
The hotel provide compensation for inaccurate services	3	1.2%	18	7.3%	57	23.0%	101	40.7%	69	27.8%
The employees quickly apologize to customers when service mistakes are made	2	0.8%	8	3.2%	15	6.0%	135	54.4%	88	35.5%

Source: Own survey, 2016

Table 4.13 indicates respondents' response on recovery of the surveyed hotels and respondents' responses indicates that 67 (27.0%) respondents ticked the category of strongly agree; 126

(50.8%) respondents ticked the category of agree; only 46 (18.5.0%) respondents ticked the category of neutral; and 3 respondents ticked for the category of strongly disagree and 18 respondents ticked for the category of disagree for factors called the hotel contact complaining customer as quickly as possible. In addition, 69 (27.8%) respondents ticked the category of strongly agree; 101 (40.7%) respondents ticked the category of agree; not less respondents (n=57; 25.0%) ticked the category of neutral; 18 (7.3%) respondents ticked the category of disagree and only 3 respondents ticked for category of strongly disagree for the factor called the hotel provide compensation for inaccurate services. For the last factor called the employees quickly apologize to customers when service mistakes are made, 88 (35.5%) respondents ticked the category of strongly agree as more of the other factor of this grouping; 135 (54.4%) respondents ticked the category of agree as more of the other factor of this grouping; only 15 (6.0%) respondents ticked the category of neutral; 8 respondents ticked the category of disagree and only 2 respondents ticked the category of strongly disagree.

As a result, as the factor of this study, respondents' responses indicates the surveyed hotels contact complaining customer as quickly as possible, they provide compensation for inaccurate services and most respondents agree that the employees quickly apologize to customers when service mistakes are made.

#### **4.4.7 Overall Satisfaction Level**

It is indicated on the literature review that service quality and customer satisfaction are separate constructs which is unique and share a close relationship. Most researchers in the services field have maintained that these constructs are distinct. Customer satisfaction can result from any dimension, whether or not it is quality related. The dimensions underlying quality judgments are rather specific. These are customer satisfaction judgments can be formed by a large number of non-quality issues, such as needs, equity, perceptions of fairness ,expectations for quality are based on ideals or perceptions of excellence and customer satisfaction is believed to have more conceptual antecedents. In this study, respondents were asked to rate their satisfaction with overall service of the hotels.

Table 4.14 Respondents' response on their satisfaction with overall service of the hotels

	Strongly Disagree		Disagree		Neutral		Agree		Strongly Agree	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
Satisfaction with overall service	3	1.2%	5	2.0%	8	3.3%	161	65.4%	69	28.0%

Source: Own survey, 2016

Table 4.14 indicates respondents' response their rate on the satisfaction of the surveyed hotels overall service and respondents' responses indicates that 69 (28.0%) respondents ticked the category of strongly agree; 161 (65.4%) respondents ticked the category of agree; only 8 (3.3%) respondents ticked the category of neutral; and only 3 respondents ticked for the category of strongly disagree and 5 respondents ticked for the category of disagree. Most respondents (n=230; 93.4%) preferred both categories of strongly agree and agree it indicates that they are satisfied with the overall of service of the hotels. Their satisfaction level can be resulted from any dimension, whether or not it is quality related. These are customer satisfaction judgments can be formed by a large number of non-quality issues, such as needs, equity, perceptions of fairness ,expectations for quality are based on ideals or perceptions of excellence and customer satisfaction is believed to have more conceptual antecedents.

#### 4.5 Correlation and Regression Analysis

In this study, the first data analysis was done by the Pearson correlation coefficient as it is a ratio of a measure of the covariance to the total variability of both variables. It ranges from  $-1.0$  to  $+1.0$ . A correlation of  $+1.0$  means that however much the value of  $x$  differs from the mean, the value of  $y$  differs exactly proportionately. A correlation of  $-1.0$  means that however much the value of  $x$  differs from the mean, the value of  $y$  differs exactly proportionately, but in the opposite direction. When  $x$  is above the mean,  $y$  is below it, and vice versa. In a scatter plot, all of the points would lie on a straight line going from the upper left to the lower right. A

correlation of 0 means that the two variables are completely unrelated that meant there is no pattern relating the variability of one variable and the other.

The Pearson's Product Moment Correlation Coefficient (r) is a measure of the degree of association between variables. It takes a value between -1 and 1. A value of r near to 1 indicates strong positive association, whereas a value of r near to -1 indicates a strong negative linear association, for example, amount of alcohol consumed and performance in a test. When  $r = \pm 1$  this indicates that the two variables are perfectly correlated, i.e., all the points are on a straight line (John et al, 2007).

Table 4.15 Correlation Test Results

		Reliability	Responsive ness	Assurance	Empathy	Tangibility	Recovery	Satisfaction with overall service
Reliability	Pearson Correlation	1	.351**	.425**	.308**	.369**	.335**	.259**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	248	248	248	248	248	248	246
Responsiveness	Pearson Correlation	.351**	1	.669**	.542**	.462**	.522**	.498**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	248	248	248	248	248	248	246
Assurance	Pearson Correlation	.425**	.669**	1	.657**	.568**	.567**	.551**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000

	tailed)							
	N	248	248	248	248	248	248	246
Empathy	Pearson Correlation	.308**	.542**	.657**	1	.441**	.443**	.494**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	248	248	248	248	248	248	246
Tangibility	Pearson Correlation	.369**	.462**	.568**	.441**	1	.609**	.425**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	248	248	248	248	248	248	246
Recovery	Pearson Correlation	.335**	.522**	.567**	.443**	.609**	1	.532**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	248	248	248	248	248	248	246
Satisfaction with overall service	Pearson Correlation	.259**	.498**	.551**	.494**	.425**	.532**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	246	246	246	246	246	246	246
**. Correlation is significant at the 0.01 level (2-tailed).								

Source: Own survey, 2016

Table 4.15 indicates the correlation analysis that was based on the average value of respondents' response of reliability, responsiveness, assurance, empathy, tangibility, recovery as independent variables of the component of service quality variables and satisfaction with overall service as dependent variable. A correlation analysis with Pearson's correlation coefficient (r) was conducted on the modified and adopted model in the research to explore the relationships between service quality and satisfaction with overall service.

Therefore, the correlation analysis illustrates the relation between the two factors (assurance and satisfaction with overall service), there is strongly correlated as  $r=0.551$  with statistically

significant (Sig. (2-tailed) = 0.000) as cited by Haile (2013) to interpret the strengths of relationship between variables. In the same way, the correlation analysis illustrate the relation between the two factors of responsiveness, and satisfaction with overall service is moderately correlated as  $r=0.498$  with statistically significant (Sig. (2-tailed) = 0.000). On the contrary, the correlation analysis illustrates the relation between the two factors (reliability and satisfaction with overall service), there is less correlated as  $r=0.259$  with statistically significant (Sig. (2-tailed) = 0.000)

In relation to the correlation of empathy and satisfaction with overall service, the correlation analysis illustrates there is moderately correlated as  $r=0.494$  with statistically significant (Sig. (2-tailed) = 0.000). Similarly, the correlation analysis illustrate the relation between the two factors of tangibility and customer satisfaction and there is moderately correlated as  $r=0.425$  with statistically significant (Sig. (2-tailed) = 0.000) as cited by Haile (2013) to interpret the strengths of relationship between variables. In relation to the correlation of recovery and satisfaction with overall service, the correlation analysis illustrates there is strong correlated as  $r=0.532$  with statistically significant (Sig. (2-tailed) = 0.000).

## 4.6 Regression Analysis

To end with statistically tests, regression analysis was performed and it was done by reliability, responsiveness, assurance, empathy, tangibility, recovery as independent variables of the component of service quality variables and satisfaction with overall service as dependent variable. The data were taken as the average value of the average each dimensions of reliability, responsiveness, assurance, empathy, tangibility, recovery as independent variables of the component of service quality variables and satisfaction with overall service as dependent variable with descriptive statistics of each dimension.

Table 4.16 Regression Test Results

<b>Descriptive Statistics</b>
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	Mean	Std. Deviation	N
Satisfaction with overall service	4.17	.691	246
Reliability	3.92	1.123	246
Responses	4.29	.667	246
Assurance	4.05	.677	246
Empathy	4.09	.627	246
Tangibility	4.04	.720	246
Recovery	4.02	.722	246

<b>Variables Entered/Removed</b>			
Model	Variables Entered	Variables Removed	Method
1	Recovery, reliability, Empathy, Responses, Tangibility, Assurance	.	Enter
a. Dependent Variable: Satisfaction with overall service			
b. All requested variables entered.			

<b>Model Summary</b>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.837 <sup>a</sup>	.705	.690	.310
a. Predictors: (Constant), Recovery, reliability, Empathy, Responsiveness, Tangibility, Assurance				

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47.337	6	7.890	57.134	.000 <sup>b</sup>
	Residual	69.492	239	.291		
	Total	116.829	245			
a. Dependent Variable: Satisfaction with overall service						
b. Predictors: (Constant), Recovery, reliability, Empathy, Responses, Tangibility, Assurance						

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.932	.269		3.465	.001
	Reliability	-.013	.035	-.021	-.368	.713
	Responses	.136	.073	.131	1.872	.042
	Assurance	.197	.084	.193	2.350	.020
	Empathy	.190	.075	.173	2.548	.011
	Tangibility	.020	.065	.021	.312	.755
	Recovery	.260	.065	.272	3.997	.000
<ul style="list-style-type: none"> <li>• Dependent Variable: Satisfaction with overall service</li> <li>•</li> </ul>						

Model		Collinearity Statistics	
		Tolerance	VIF
	(Constant)		
	Reliability	.789	1.268

	Responses	.507	1.972
	Assurance	.368	2.715
	Empathy	.543	1.843
	Tangibility	.546	1.831
	Recovery	.538	1.858

Source: Own survey, 2016

Table 4.16 shows regression analysis of reliability, responsiveness, assurance, empathy, tangibility, recovery as independent variables of the component of service quality variables and satisfaction with overall service as dependent variable. In literature, linear regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. In this research, the regression analysis used the independent variable (reliability, responsiveness, assurance, empathy, tangibility, recovery) indicated on the model to measure the satisfaction with overall service. The significance level of 0.05 was used with 95% confidence interval. The reason for using single analysis was to examine the direct effect of independent variable (reliability, responsiveness, assurance, empathy, tangibility, recovery) indicated on the model to measure the satisfaction with overall service as the independent variable on the satisfaction with overall service (dependent variable).

As indicated in the above table the independent variables predict the dependent variable R square = 70.5 % with adjusted R square 69.0 % the remaining less than 31 % other extraneous variable that can affect the satisfaction level. This result also indicates that the variable selected as independent had an effect on satisfaction level.

Table 4.16, the ANOVA test, it is noticed that F value of 57.134 is significant at 0.000 level. Therefore, from the result, it can be concluded that with 69.0% of the variance (R-Square) in independent variables reliability with Sig. 0.713 is insignificant; responsiveness with Sig. 0.042 is significant; assurance with Sig. 0.020 is significant; empathy with Sig. 0.0111 is significant; tangibility with Sig. 0.755 is insignificant; recovery with Sig. 0.000 is significant on dependent variable of satisfaction level of customers and the model adopted appropriately measure the construct. The independent variables that contribute to variance of the dependent variable are explained by standardized Beta coefficient. Generally, reliability with Sig. 0.713 is statistically insignificant to

dependent variable (customer satisfaction); responsiveness with Sig. 0.042 is significant to dependent variable (customer satisfaction); assurance with Sig. 0.020 is significant to dependent variable (customer satisfaction); empathy with Sig. 0.0111 is significant to dependent variable (customer satisfaction); tangibility with Sig. 0.755 is insignificant to dependent variable (customer satisfaction); recovery with Sig. 0.000 is significant on dependent variable of satisfaction level of customers.

## Summary of Research Hypothesis

The hypothesis designed for this study was based on the following assumptions:

- H1: Reliability has significant and positive relationship with customer satisfaction.
- H2: Responsiveness has significant and positive relationship with customer satisfaction.
- H3: Assurance has significant and positive relationship with customer satisfaction.
- H4: Empathy has significant and positive relationship with customer satisfaction.
- H5: Tangibles has significant and positive relationship with customer satisfaction.
- H6: Recovery has significant and positive relationship with customer satisfaction.

Accordingly, the result was summaries on the following table:

Table 4.17 Summary of Research Hypothesis

Hypothesis	Independent Variable	Dependent Variable	Sig.	Significant or insignificant	H <sub>0</sub> accepted or rejected
H1: Reliability has significant and positive relationship with customer satisfaction.	Reliability	customer satisfaction	.713	Insignificant	Rejected
H2: Responsiveness has significant and positive relationship with customer satisfaction.	Responsiveness	customer satisfaction	.042	Significant	Accepted
H3: Assurance has significant and positive relationship with	Assurance	customer satisfaction	.020	Significant	Accepted

customer satisfaction.					
H4: Empathy has significant and positive relationship with customer satisfaction.	Empathy	customer satisfaction	.011	Significant	Accepted
H5: Tangibles has significant and positive relationship with customer satisfaction.	Tangibles	customer satisfaction	.755	Insignificant	Accepted
H6: Recovery has significant and positive relationship with customer satisfaction	Recovery	customer satisfaction	.000	Significant	Accepted

Source: Own survey, 216

The main focus of this study was to examine the effect of service quality on customer's satisfaction towards the services provided by five star hotels in Addis Ababa, Ethiopia. The correlation analysis illustrated the relation between assurance and overall service satisfaction was strongly correlated ( $r=0.551$ ); the relation between responsiveness, and overall service satisfaction is moderately correlated ( $r=0.498$ ); the relation between reliability and overall service satisfaction was less correlated ( $r=0.259$ ); the relation between empathy and overall service satisfaction was moderately correlated ( $r=0.494$ ); the relation between tangibility and customer satisfaction was moderately correlated ( $r=0.425$ ); the relation between recovery and overall service satisfaction was strongly correlated ( $r=0.532$ ) and all were tested as statistically significant (Sig. (2-tailed) = 0.000). The final test was done by regression analysis: the result indicated that the effect of reliability and tangibility on overall service satisfactions were insignificant (Sig. 0.713 and 0.755 respectively). As service quality is customer's perception of how well the service is superior or excellence to meet or exceed their expectations. It is characterized by attributes such as intangibility, heterogeneity, perishability and inseparability which determine a service from a good that further distinguishes the progress of it. Thus, reliability it may not always a factor that effect customer satisfaction that needs the ability to perform the promised service dependably and accurately as it depended on customer's perception. Service dependably and accurately is always difficult to fulfill human needs; no one accurate as humanity. In the same way, tangibles may not always a factor that effect customer satisfaction; human needs cannot always satisfy by fulfilling physical facilities, equipment, personnel and communication materials.

On the contrary, the effect of responsiveness (Sig. 0.042), assurance (Sig. 0.020), and empathy (Sig. 0.011), and recovery (Sig. 0.000) on overall service satisfactions were significant. It is necessary to consider that responsiveness always effect customer satisfaction as the willingness to help customers and to provide prompt service affects satisfaction of human needs. This dimension is particularly prevalent where customers have requests, questions, complaints and problems. Equally, assurance effects customer satisfaction as the employees' knowledge and courtesy, and the ability of the service to inspire trust and confidence are necessary to satisfy a customer needs. Moreover, recovery is an effect on customer satisfaction as service recovery consists of those actions a service provider takes in response to a service failure; no service no business at all. It should be noted that the rated hotels should achieve and maintain customer-perceived service quality as an essential strategy for the successful provision of the overall customer satisfaction and customer retention. It should be important to measure perceived service quality on continues base as it is considered to be the fundamental in developing a customer-oriented strategy that ensures the long-term survival of the firms

#### **4.7 Interview Analysis**

This interview analysis data was taken from an interview with Hotel managers by preparing the interview checklist on hotel services. No well market research or customers need assessment for providing better service was conducted by the hotels. All the respondents indicated that their hotel timely access the service quality and customer satisfaction by gathering customer complaints and suggestions and collecting written suggestion. The respondents assured they delivered services at the right time and place in their hotel and they handled customer complaining properly. But the capacity and resource are the two main challenges to responds to customer complaints and request.

There is a problem of delivering quality service and it has to remain to provide a quality service in the hotels. The main problem indicated on the hotels as to give appropriate service delivery, to provide consistent quality service. But this does not meant that all respondents agreed the reliability of the hotel is in good condition and no 100% assurance was found the hotels' ability

to perform the promised service dependably and accurately as regarded as the most important determinant of perceptions of service quality. In addition, there was a problem on fully providing signage that helps to show different service area to access easily and have adequate parking space and they did not have a proper suggestion box to collect customer comment and complain, But most respondents agreed that staff appeared neat attractive and professional (smartness, elegant). There is an indication of a problem in tangible on providing physical facilities, equipment, personnel and communication materials.

However, the rated hotels was in good condition on willingness to help customers and provide prompt service on where customers have requests, questions, complaints and problems. Moreover, customers feel safe in all their transaction at the hotel, adequate and skilled personnel for good customer services and the hotel tell them exactly when the service will be performed and it was indicated that the working hours of the hotel are convenient to the customers, the service is accessible for anybody like for disables and the staffs give special attentions to customers shows there is problem on caring, individualized attention the service provides its customers. Their satisfaction level can be resulted from any dimension, whether or not it is quality related.

# CHAPTER FIVE

## *5. Summary conclusion and Recommendation*

### **5.1 Summary and Conclusion**

The main focus of this study was to examine the effect of service quality on customer's satisfaction towards the services provided by five star hotels in Addis Ababa, Ethiopia. In addition, it had three specific objectives of the study as to identify the dimensions of service quality that has significantly influences on customer satisfaction, to measure the level of customer's satisfaction towards the services of hotels and to identify some problems customers encounter in the hotels.

A total of 281 questionnaires with 10% of a sample 256 were distributed to customers of the four international hotels which rated as five stars in Addis Ababa. The work took a time of one month and six days from April 1 to May 6, 2016. The response rate of 248 participants was collected and out of these 235 respondents representing a response rate of 83.6% is achieved. As a result, the total response rate is sufficient for the ongoing analysis. The data can be summarized as most of the respondents are male (n=133; 53.6%) as compare to female respondents (n=115; 46.4%). This data indicates that the respondents' allocation by gender is indicated as equally distributed and the study has got a chance to collect data from both male and female equally. Most of the respondents are aged between 31 -40 (n=90; 36.3%) and less aged respondents registered on below 20 age respondents (n = 3; 1.2%).

In addition, it can be summarized as most of the respondents were working on business organizations of which the degree holders are more (n=36) as compare to other educational status of the respondents. It can be said that the participants of this study were working in different organization with having different educational status and it indicates that the data were collected from different participants that have different educational and working background. Furthermore, most respondents (n=90) indicated that they 3-4 times visit the hotels. 55 respondents in number said that they visited the hotels more than 10 times. It indicates that the respondents have known

the hotel very well and it was good opportunity to collect pertinent information from them about the hotels based on the indicators presented on the questionnaire.

On other hand, descriptive statistics were used to illustrate the main features of a data set in quantitative terms. It aims to quantitatively summarize a data set, rather than being used to support inferential statement about population. In this study, service quality of hotel industry was collected and the service quality defined as the provision of appropriate and technically sound care that produces the desired effect. Consumer's perception is the main indicator of quality in health care service. As we can see from the descriptive analysis, the mean value for all variables ranges from 3.65 to 4.33 with the smallest average was found in appropriate service delivery while the highest mean was observed in respect for customers. This indicates that most of the respondents selected the category of agree and strongly agree and they assured that the surveyed hotels gave more respect for customers than giving appropriate service delivery. The standard deviation, on the other hand, is the measure of variability in data set where it ranges from 0.6 to 1.1 and it indicates that the variability is less. Kurtosis and Skewness statics and calculation demonstrate that the distribution is normal because Kurtosis and Skewness are in between -2 and +2, thus data is normally distributed and had a reasonable variance to use subsequent analysis (Kothari, 2004).

In the correlation analysis, the average value of respondents' response of reliability, responsiveness, assurance, empathy, tangibility, recovery as independent variables of the component of service quality variables and satisfaction with overall service as dependent variable was taken. As a result, the correlation analysis illustrates the relation between the two factors (assurance and satisfaction with overall service), there is strongly correlated as  $r=0.551$  with statistically significant (Sig. (2-tailed) = 0.000) as cited by Haile (2013) to interpret the strengths of relationship between variables. In the same way, the correlation analysis illustrate the relation between the two factors of responsiveness, and satisfaction with overall service is moderately correlated as  $r=0.498$  with statistically significant (Sig. (2-tailed) = 0.000). On the contrary, the correlation analysis illustrates the relation between the two factors (reliability and satisfaction with overall service), there is less correlated as  $r=0.259$  with statistically significant (Sig. (2-tailed) = 0.000).

In relation to the correlation of empathy and satisfaction with overall service, the correlation analysis illustrates there is moderately correlated as  $r=0.494$  with statistically significant (Sig. (2-tailed) = 0.000). Similarly, the correlation analysis illustrate the relation between the two factors of tangibility and customer satisfaction and there is moderately correlated as  $r=0.425$  with statistically significant (Sig. (2-tailed) = 0.000) as cited by Haile (2013) to interpret the strengths of relationship between variables. In relation to the correlation of recovery and satisfaction with overall service, the correlation analysis illustrates there is strong correlated as  $r=0.532$  with statistically significant (Sig. (2-tailed) = 0.000).

The other data analysis was regression analysis of reliability, responsiveness, assurance, empathy, tangibility, recovery as independent variables of the component of service quality variables and satisfaction with overall service as dependent variable. The significance level of 0.05 was used with 95% confidence interval. The reason for using single analysis was to examine the direct effect of independent variable (reliability, responsiveness, assurance, empathy, tangibility, recovery) indicated on the model to measure the satisfaction with overall service as the independent variable on the satisfaction with overall service (dependent variable).

The result showed that the independent variables predict the dependent variable R square = 70.5 % with adjusted R square 69.0 % the remaining less than 31 % other extraneous variable that can affect the satisfaction level. This result also indicates that the variable selected as independent had an effect on satisfaction level. In addition, the ANOVA test was conducted and it was noticed that F value of 57.134 is significant at 0.000 levels. Therefore, from the result, it can be concluded that with 69.0% of the variance (R-Square) in independent variables reliability with Sig. 0.713 is insignificant; responsiveness with Sig. 0.042 is significant; assurance with Sig. 0.020 is significant; empathy with Sig. 0.0111 is significant; tangibility with Sig. 0.755 is insignificant; recovery with Sig. 0.000 is significant on dependent variable of satisfaction level of customers and the model adopted appropriately measure the construct.

In general, reliability with Sig. 0.713 is statistically insignificant to dependent variable (customer satisfaction); responsiveness with Sig. 0.042 is significant to dependent variable (customer

satisfaction); assurance with Sig. 0.020 is significant to dependent variable (customer satisfaction); empathy with Sig. 0.0111 is significant to dependent variable (customer satisfaction); tangibility with Sig. 0.755 is insignificant to dependent variable (customer satisfaction); recovery with Sig. 0.000 is significant on dependent variable of satisfaction level of customers.

Finally the finding has shown and concluded that mean score of overall satisfaction with the Service Quality is good. In addition to this the mean scores with regarding to overall customers satisfaction on all dimensions are almost above average, which implies as more of five star hotels customers are satisfied with service quality of the hotels and higher in responsiveness but need to take improvement on reliability dimension that appropriate service should be provided for customers.

## **5.2 Recommendation**

As Ethiopia is becoming the hub of tourism conference and the capital city of Africa Union and its developing economy, it should be important to give a great attention to delivering quality service as it is recognized as the most important for business not only require it for success, but in some cases for survival and service quality should be taken as a key success factor. Consequently, this study recommended as follows:

- The rated hotels should achieve and maintain customer-perceived service quality as an essential strategy for the successful provision of the overall customer satisfaction and customer retention
- It should be important measuring perceived service quality on continues base as it is considered to be the fundamental in developing a customer-oriented strategy that ensures the long-term survival of the firms
- The rated hotels and others should deliver high quality service as it is the most effective means of positioned in the market
- The hotels should focus on efficient service delivery as it is critical factor in the success of service oriented business organizations

- Particularly in hospitality industries, as these industries operate in a very competitive business environment, it is desirable for service providers to understand what attributes customers utilized in their assessment of overall service quality and satisfaction
- The hotels should give great attention to customer satisfaction as it is becoming an essential to meet the goal of hotels therefore it's important to give quality service and make the customer satisfy in order to be a strong competitor and customer's choice in the industry.

### **5.3. Implications for Further Research**

From what can be seen from the study it can be concluded that this paper gives lots of findings to the hotels included in the study and for us and those interested in this topic of study to have more insight into the hotel industry. With respect to future researches, this study focused only on five star hotels customers' found in Addis Ababa, Ethiopia. Therefore, A further study can be done by incorporating other four and three star hotel customers in Addis Ababa, can be done for different cities, for over all Ethiopia and so on.

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# APPENDIX

# *Appendix-A*

## *Customer Satisfaction Survey On Five Star Hotel Services (To be filled by Hotel Customers)*

Dear respondent,

I am a *postgraduate Marketing Management student at Addis Ababa University School* of Commerce. The main purpose of the study is to examine the effect of service quality level and associated customer satisfaction with hotel service. The data will be used only for academic purpose. Also, I ensure you that the information provided will be kept confidential and will not be used for any other purpose. Your highly esteemed responses for the questions are extremely important for successful completion of my thesis.

Finally, I would like to thank you very much for your kind cooperation and spending your valuable time for my request. Your Participation is purely voluntary and no need to write your name.

If you have doubts you can contact me via: [E-mail-shimelisnigussie@gmail.com](mailto:shimelisnigussie@gmail.com); Cell Phone No: 0911170720

### **Part I: General Profile.**

**Instruction:** Please select an appropriate response category **by encircling the number of your choice.**

1. **Gender:** 1. Female 2. Male

2. **Age (in year):** 1. < 20 2. 21-30 3. 31-40 4. 41-50 5. >51

3. **Marital Status:** 1. Single 2. Married 3. Divorced 4. Widowed

4. **Educational Status:** 1. primary /elementary school 2. Completed high school

3. **Certificate** 4. Diploma 5. Degree 6. Master

7. PhD and above

5. **Occupation:**

1. Government official/employee 2. Business employee 3. Business owner

4. Student 5. Retire 6. Others

6. How many times you are using the service within a year.

1. 1-2 2. 3-4 3. 5-10 4. >10

## Part II: Service Quality Dimensions

**Instruction:** Please show the extent to which service quality dimensions affect the level of customer satisfaction. *You can Indicate* your degree of agreement/disagreement by encircling the appropriate number, Where (1=strongly disagree (SD); 2=Disagree (D); 3=Neutral (N); 4=Agree (A); and 5=strongly agree (SA))

S.No	Measurement Items	Measurement Scale				
		SD	D	N	A	SA
<b>Reliability</b>						
1	The hotel delivers the service appropriately without any mistake	1	2	3	4	5
2	The hotel provides quality service consistently	1	2	3	4	5
3	The hotel provides services as promised	1	2	3	4	5
<b>Responsiveness</b>						

4	The staff show, courteous and respect for the customer	1	2	3	4	5
5	The staff respond request quickly	1	2	3	4	5
6	The staffs have willing to help customers and ready to respond to customers request	1	2	3	4	5
<b>Assurance</b>						
7	I feel safe in all my transaction at the hotel	1	2	3	4	5
8	Adequate and skilled personnel for good customer services	1	2	3	4	5
9	The hotel tell me exactly when the service will be performed	1	2	3	4	5
<b>Empathy</b>						
10	The working hours of the hotel are convenient to the customers	1	2	3	4	5
11	The service is accessible for anybody like for disables	1	2	3	4	5
12	The staffs give special attentions to customers	1	2	3	4	5
<b>Tangibles</b>						
13	The hotel provided signage that helps to show different service area to access easily	1	2	3	4	5

	and have adequate parking space					
14	The hotel has suggestion box to collect customer comment and complain	1	2	3	4	5
15	Staff appeared neat attractive and professional (smartness, elegant)	1	2	3	4	5
<b>Recovery</b>						
16	The hotel contact complaining customer as quickly as possible	1	2	3	4	5
17	The hotel provide compensation for inaccurate services	1	2	3	4	5
18	The employees quickly apologize to customers when service mistakes are made	1	2	3	4	5
<b>Overall satisfaction</b>						
19	I am satisfied with the hotel overall service	1	2	3	4	5

# Appendix-B

## *An Interview Checklist on Hotel Services* *(Interview with Manager)*

Dear Sir/Madam,

I really appreciate for your valuable responses to the following checklists. It will not take much of your time. Shall I proceed with my questions?

- Do ever your hotel-conducted market research or customers need assessment for Providing better service? If yes, what improvement has been made?
- Does the hotel assess the service quality and customer satisfaction? If yes how? How you determine service quality in your hotel context?
- Do you think the customers delivered services at the right time and place in your hotel?
- Is the hotel handle customer complaining? If yes, how the hotel responds to customer Complaints and request?
- Do you think all facilities are available in your hotel that helps to deliver quality Service?
- Do you believe that your hotel gives fast response to customer's request? Moreover, is that the way employees contact with customers is appropriate and satisfying one?
- Do you think the employees are professional and have the appropriate knowledge about the service provided by the hotel? And do you think the customers are satisfied in your hotel service.

***Thank You!!!***