



**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF MANAGEMENT, EXECUTIVE MBA**  
**PROGRAM**

**ASSESSMENT OF SERVICE QUALITY AND CUSTOMER**  
**SATISFACTION IN THE CASE OF HAILE HOSPITALITY**  
**GROUP**

**By: Worknesh Tafesse**

**Advisor: Meskerem Mitiku (PhD)**

**June 2021**

**Addis Ababa, Ethiopia**

## **Declaration**

I hereby declare that this thesis entitled “*Assessment Of Service Quality And Customer Satisfaction In The Case Of Haile Hospitality Group*”, has been carried out by me under the guidance and supervision of Dr. Meskerem Mitiku.

The thesis is original and has not been submitted for the award of any degree or diploma to any university or institutions.

Researcher’s Name

Date

Signature

---

---

---

**ADDIS ABABA UNIVERSITY**  
**COLLEGE OF SOCIAL SCIENCES**  
**FACULTY OF BUSINESS & ECONOMICS**  
**DEPARTMENT OF BUSINESS ADMINISTRATION**

**BY:**  
**WORKNESH TAFESSE**

**ASSESSMENT OF SERVICE QUALITY AND CUSTOMER  
SATISFACTION IN THE CASE OF HAILE HOSPITALITY  
GROUP**

Approved by Board of Examiners

Dr. Meskerem Mitiku _____	_____
Advisor	Signature Date
Dr. Lakew Alemu _____	_____
Internal Examiner	Signature Date
Dr. Temesgen Belayneh _____	_____
External Examiner	Signature Date
_____	_____
Chairman	Signature Date

## **Acknowledgment**

First and foremost, praises and thanks to the God, the Almighty, for his showers of blessings throughout my research work to complete the research successfully.

I would like to express my deep and sincere gratitude to my research advisor, Dr. Meskerem Mitiku for giving me the opportunity to do research and providing invaluable guidance throughout this research.

I am grateful for my parents whose constant love and support keep me motivated and confident. My accomplishments and success are because they believed in me.

I also would like to thanks to all my staff members Ato Gizew, Ato Melkamu and Ato Sisay, and many thanks to Ato Demelash and Ato Zerihun who directly and indirectly provide me inspirations and valuable suggestion during the preparation of this thesis. Another special thanks to Ato Estifanos who provided the previous thesis template, without that support, this thesis would not have been possible. Thank you all for the strength you gave me. Last but not the least I would also like to thank my sister Zebi for encouraging and supporting me whenever I needed her.

## Table of Contents

Acknowledgment .....	i
Table of Contents .....	ii
List of Acronyms .....	iv
List of Table .....	v
Abstract .....	vi
CHAPTER ONE: INTRODUCTION .....	1
1.1. Background of the study.....	1
1.2. Statement of the Problem .....	3
1.3. Research Question.....	5
1.4. Objective of the study .....	5
1.4.1. General Objective .....	5
1.4.2. Specific Objective.....	5
1.5. Scope of the Study .....	5
1.6. Significance of the Study .....	6
1.7. Organization of the Study .....	6
CHAPTER TWO: REVIEW OF RELATED LITERATURE.....	7
2.1 Theoretical Literature Review .....	7
2.1.1 What is Service? .....	7
2.1.2 The concepts of Customer Service .....	7
2.1.3 What is quality? .....	8
2.1.4 Service Quality.....	14
2.1.5 Service quality in Hospitality industry .....	17
2.1.6 Dimensions of Service Quality .....	18
2.1.7 Customer care.....	19
2.1.8 Measurement of Service Quality .....	19
2.1.9 How to measure service quality.....	21
2.1.10 Customer Satisfaction .....	22
2.1.11 Models for Measuring Customer Satisfaction .....	23
2.1.11.1 SERVQUAL Model.....	23

2.1.11.2 The KANO Model.....	24
2.1.11.3 The Profit –Chain Model.....	24
2.1.12 Service Quality and Customer Satisfaction.....	25
2.2 Empirical review .....	26
2.3 Conceptual Framework .....	31
<b>CHAPTER THREE: RESEARCH METHODOLOGY AND DESIGN .....</b>	<b>32</b>
3.1 Research Design and Approach .....	32
3.2 Population and Sampling .....	32
3.3 Data Sources and Methods of Data Collection .....	33
3.4 Methods of Data Analysis.....	33
3.5 Reliability .....	33
3.6 Ethical consideration.....	34
<b>CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION .....</b>	<b>35</b>
4.1 Introduction.....	35
4.2 Demography of respondents .....	35
4.3 Descriptive Analysis of Variables.....	36
4.3.1 Service Tangibility .....	37
4.3.2 Service Reliability .....	38
4.3.3 Service Responsiveness .....	39
4.3.4 Service Assurance.....	40
4.3.5 Service Empathy .....	41
4.3.6 Customer Satisfaction .....	42
4.4 Correlation Analysis .....	43
<b>CHAPTER FIVE: CONCLUSION AND RECOMMENDATION .....</b>	<b>45</b>
5.1 Conclusion.....	45
5.2 Recommendation.....	46
<b>REFERENCE.....</b>	<b>47</b>
<b>APPENDIX.....</b>	<b>51</b>

## List of Acronyms

NALF	National Alcohol & Liquor Factory
OLS	Ordinary least square
SERVQUAL	Service quality
SPSS	Statistical Package for Social Sciences
VIF	Variance Inflation factor
OLS	Ordinary least squares
HHG	Haile Hospitality Group
SD	Strongly Disagree
SA	Strongly Agree
D	Disagree
N	Neutral
A	Agree

## List of Table

Table 3.1 Reliability test Statistics .....	34
Table 4.1 Demography of respondents .....	36
Table 4.2 Service tangibility .....	37
Table 4.3 Service reliability .....	38
Table 4.4 Service responsiveness .....	39
Table 4.5: Service assurance .....	40
Table 4.6 Service empathy.....	41
Table 4.7 Customer satisfaction.....	42
Table 4.8 Correlation analysis .....	44

## **Abstract**

*Quality Service in hotel industry is crucial for developing brand values and increasing the customer base. Every reputed hotel should strive to not only conduct proper presentation and improvement of quality services but also exceed customer expectations. The purpose of this research paper is to assess the service quality and customers' satisfaction at Haile Hospitality Group. The research paper focuses on quality service which is one of the customers' satisfaction parameters. It also helps the Hotel chain to improve its services for at most customers' satisfaction. The study used both qualitative and quantitative data. Explanatory research design was employed where data were collected from 100 customers conveniently. Questionnaire was the main instrument of data collection. Both descriptive and inferential statistics were employed to analyze the data. The research conclude that in the hotel service quality determines the satisfaction level of customers where the hotel are expected to make continuous customer satisfaction survey and assessment to compete in the market and understand the need of customers majorly.*

**Key words:** Service quality, customer satisfaction Haile hospitality Groups

## **CHAPTER ONE: INTRODUCTION**

### **1.1. Background of the study**

Today's intensive competition, technological developments, new social trends, dynamic economic environment are factors that have faced enterprises with wide fluctuations. Because of strong impact of customer demands on the organization, special attention is required. In a competitive environment, organizations are able to grow only if they provide customer satisfaction. In fact, if the environmental uncertainty and instability increase, the attention to customer needs and ideas for survival, growth and continuity of organization would be more essential. Attention to customer demands is a prominent feature of modern organizations. There is no doubt that the organizations win and succeed that recognize customer needs and wants faster and better than the competitors and produce and provide their products consistent or exceed customer's expectations (Pirayesh, M.A; Daneshvar, & Khaki, 2011).

Any products and services are to satisfy and resolve customer needs and customers are a guarantee for survival of manufacturers and service providers. Today's marketing consists of developing customer, meaning attention to customer satisfaction and quality, their loyalty and effective communication with them. Therefore, organizations attempt to have satisfied and loyal customers (Gremler & Gwinner, 2000). Organizations to increase the number of their customers, their loyalty, revenue, profit and market share and subsequently increased survival, attempt to assess customer satisfaction in their business. Customer satisfaction for organizations that wish to create a competitive advantage in the today's extremely competitive world is a key issue. Therefore, many researches and funding have been to identify the proper evaluation of customer satisfaction (Shorkaei, Arani, & Yazdani, 2011).

Service quality and customer satisfaction are very important concepts that companies must understand in order to remain competitive in business and hence grow. It is very important for companies to know how to measure these constructs from the consumers' perspective in order to better understand their needs and hence satisfy them. Service quality is considered very important because it leads to higher customer satisfaction, profitability, reduced cost, customer loyalty and retention (Zeithaml & Berry, 1994). Customer satisfaction is central to the customer-centric paradigm shift, and has gained much attention from scholars and practitioners as it has

become one of the cardinal means for achieving quality improvement programs, and one of the crucial foci of strategic marketing management in business organizations that have long-term perspective for growth. This is because of the intriguing findings that satisfy customers are more likely to remain loyal and committed to an organization which eventually leads to profit as opined by the popular service- profit- chain proponents (Kotler& Kelvin, 2006). Furthermore, service quality is reflected from five dimensions such as assurance, empathy, reliability, responsiveness (Adhikari & Das, 2016; Kheng et al., 2010, Parasuraman et al., 1988, Selvakumar, 2015) and tangible (Brensinger& Lambert, 1990; Carman, 1990; Crompton & Mackay, 1989).

According to Service Quality Theory introduced by Oliver (1980), if performance of the service firm does not meet customer's expectation, customers will judge that firm has 'low quality' and also, if performance of that service firm exceeds the expectation of the customers, customers will judge firm has 'high quality'. Parasuraman et al., (1991) developed service quality model including multi-dimensions to measure the service quality. Service quality scale consists with very important criteria to measure the customer's perception and quality of the service (Parasuraman et al., 1988). Service quality model indicated five dimensions to measure the service quality such as tangible, reliability, responsiveness, assurance and empathy (Brensinger& Lambert, 1990; Carman, 1990; Crompton & Mackay, 1989).

Service quality has been the subject of considerable interest by both practitioners and researchers in recent years. Definitions of service quality hold that this is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (C'aruana& Malta 2002: 1984: Parasuraman et al.. 1988, 1994). Several studies have been conducted to identify traditional service quality dimensions that contribute most significantly to relevant quality assessments in the traditional service environment (e.g. Parasuraman et al., 1985. 1988: Johnston 1995: Pitt et al., 1999: Berry et al., 1985). Identification of the determinants of service quality is necessary in order to be able to specify measure, control and improve customer perceived service quality (Johnston1995). Apparently, Customer satisfaction dependence on such dimensions: as reliability, responsiveness, assurance, empathy and tangibles and on additional elements like price, personal and situational factors that may occur during the service supply (Bateson and Hoffman, 1999).

Hospitality industry is the complex industry which entails several types of highly integrated business activities such as hotels, restaurants, theme parks, certain forms of tourism industry which are aimed at the client's entertainment and rest. Hospitality industry is a very important business nowadays due to the rapid development of tourism. Billions of people all over the world travel with the purpose to entertain, to have a rest and learn something new about the country they visit. The country is a strategically located in the Horn of Africa whereby it serves a bridge to Europe, Middle East and the rest of African countries. Moreover it's the seats of many diplomats and embassies. And therefore, many international meetings and conferences are held in Ethiopia. This creates a huge demand for accommodation at an international standard and even an increase in such a demand is expected in the future because the importance of Ethiopia in Africa has been growing and as a result, many international organizations have been continuously strengthening their institutions and augmenting their personnel in Ethiopia. The potential of hotels in the country has increased sharply over the last few years. While some tourist accommodation is already available at all the major attractions, improvement as well as new construction is taking place.

## **1.2. Statement of the Problem**

Nowadays, quality has become a very important factor for successful companies. Companies have the difficult task of fulfilling all the needs and expectations from their customers. According to (Ishikawa, 1985) quality must be built into each design and process, because quality cannot be created afterwards through inspections. Poor quality creates losses of sales in a competitive market and increases the costs of production through customer complaints and remanufacturing. Such unnecessary costs can be avoided by controlling and assuring quality in the design of product or service and avoiding errors through the entire process, (Juran, 1988). Customer Satisfaction and Quality Service are leading components in the system of external relations of each organization, as today they largely determine its competitiveness. The desire to manage relationships with customers leads to the fact that organizations are starting to pay attention to the development and implementation of service standards. Reviewing standards of customer service as part of the corporate culture of the organization allows finding more effective approaches to its development and implementation.

Any hotel business, to be successful, needs to ensure that it is providing quality service to its customers. Some of the characteristics and activities of a successful hotel business are proper presentation and constant improvement of qualitative services, which exceeds the expectations of customers in every way including from pre-booking to post-stay.

In context of hotel Akan, (1995) used the SERVQUAL model in the four stars hotels and found out that competence and courtesy combined with assurance were most important attributes influencing the perception of quality. In our country Ethiopia, G/egziabher (2015) examined the service quality and customers' satisfaction in hotel industry in Addis Ababa, Ethiopia on three-star hotels stated that the combination of tangibility, reliability, responsiveness, confidence and communication together has significant and positive effect on customer satisfaction. And, the hotel guests' perceptions of service quality provided by the hotel industry were lower than their expectations. Furthermore Andargie (2013) conducted a study on foreign customer satisfaction in Ethiopian five-star hotels Sheraton Addis and Hilton intercontinental hotels reported that foreign customers are not satisfied by the services of the hotels, more over all services quality dimensions created a gap in their expectation and perception of guests. Besides Zeleke (2012) has examined a study about the impact of service quality on customer satisfaction at the public owned National Alcohol and Liquor Factory stated that the five service quality dimensions brought an impact on customer satisfaction was significant in all factors of service quality. Finding by Shimekit Kelkay Eshetie, Wondoson Seyoum & Seid Hussen Ali (2016) on of Selected Hotels in Nekemte Town, Ethiopia also showed that there was a negative gap between actual service and expected service in all dimensions of lodging quality index and significant and positive relationships of five service quality dimensions and customers satisfactions.

Furthermore, the competition existing in the hotel industry is becoming competitive and it is based on price and other service quality components. Most importantly service quality is the major area of competition. Therefore, Service Quality improvement is key issue that determines the very survival of the hotel industry. Apparently, the need to satisfy its customers, the company should listen and accept their feedback and improve service and goods if it needed to be so. Furthermore, in Ethiopia most of the hotel industry investors give emphasis to infrastructural facilities instead of service quality, customer satisfaction and target customers; due to these reasons most of the hotels were unable to satisfy their customers properly as expected. Likewise

in Haile hospitality group customers become dissatisfied as if the customers didn't get the service in line with the given star level and its stated objectives. Although, the hospitality groups are managed by a single corporate company with a 4 and 3 star levels; however, the hotels couldn't give quality service uniformly and satisfy customers accordingly. Furthermore, the competition existing in the hotel industry is becoming competitive and it is based on price and other service quality components. Most importantly service quality is the major area of competition. Therefore, the purpose of this research was to assess and evaluate the service quality level and customer satisfaction in Haile hospitality groups.

### **1.3. Research Question**

- How well are perceived service tangibility, reliability, responsiveness, assurance, and empathy and customer satisfaction by Haile Hospitality group customers?
- To what extent customers are satisfied with the overall service of the hospitality group?

### **1.4. Objective of the study**

#### **1.4.1. General Objective**

The general objective of this study is to assess the service quality and customer satisfaction of Haile hospitality group

#### **1.4.2. Specific Objective**

The specific objectives of the study are:

- To assess the service Reliability, responsiveness, Assurance, Tangibility and empathy of the hospitality group
- To examine to what extent customers are satisfied with the overall service of the Hospitality group

### **1.5. Scope of the Study**

The scope of this study limited on analyzing the assessment of quality customer service and customer satisfaction; geographically, the study includes four hotels chain of Haile hotel & resorts in one physical year, namely Haile Resort Hawassa, Haile Resort Arbaminch, YAYA

hotel and Haile Resort Gonder. Methodologically the study use questionnaire as an instrument to collect the necessary data.

### **1.6. Significance of the Study**

In a turbulent business environment, in order to sustain growth and market share, companies need to understand how to satisfy customers, since quality service and customer satisfaction are critical for establishing long term client relationship. Therefore, this research enhances the further understanding of service quality in hospitality industry and how it leads to customer satisfaction. Hospitality is an industry that includes hotels, casinos, amusement parks, events, cruises, entertainment, and other tourism-related services. As such, this industry isn't just important to businesses, but also to customers, employees, and economies. A good quality service is lead to the customer satisfaction and ultimately to the customer loyalty. This study also provide critically needed information for organizations seeking information about investment on hotel chain in Ethiopia and serve as a resource for other researchers in this area of study.

### **1.7. Organization of the Study**

The study is organized under five parts. The first part deal with the background, statement of the problem, basic research questions, objectives, significance, and scope of the study; the second part review both theoretical and empirical literature related to the study. The third part covers research methodologies of the study including design of the research, source of data, data collection instruments, procedures of data collection, and methods of data analysis. The fourth part presents the results and discussions which summarize the results/findings of the study, and interpret and/or discuss the findings. The final part comprised of two sections conclusions and recommendations.

## **CHAPTER TWO: REVIEW OF RELATED LITERATURE**

### **2.1 Theoretical Literature Review**

#### **2.1.1 What is Service?**

There are many definitions of service in the literature which focus on different characteristics of service and depend on the author and focus of the research (Gronoors, 2001). Put in the simplest terms, “services are deeds, processes and performances”, (Zeithaml and Berry, 2003). Berry define service as “Service is an activity or benefit that one party can offer to another that are essentially intangible and does not result in the ownership of anything and its production may or may not be tied to a physical product”. (Palmer and Cole 1995). A service is an intangible product involving a deed, a performance or an effort that cannot be physically possessed (Zeithaml and Berry, 2003). Services are a form of product that consist of activities, benefits, or satisfactions offered for sale that are intangible and do not result in ownership of anything (Kotler & Armstrong, 2004). “Services are all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms such as convenience, amusement, timeliness, comfort or health. That is essentially intangible concerns of its first purchaser” (Zeithaml & Bitner, 2003).

#### **2.1.2 The concepts of Customer Service**

Customer services are all what company does for satisfaction of its customers. They help to gain higher profit from sold products. According to Bovée & Thill (1992), quality and customer services present strong barrier against the competition, ensure customer loyalty; help to differentiate product and decrease marketing costs and increase company profit. Nowadays industrial producers are becoming providers of customer services too. This situation helps to extend their activities for customers. In fact profit from provided customer services can be gained both for customers and also for companies. Many customers make final purchasing decision not only according to the product price, but also according to the range and level of customer services related to the product. The companies which try to hold dominant position in provided customer services are forced to determinate and evaluate specific needs of their market segment and adapt their company strategy for them. Most of companies working in different spheres of economy know very well that strategy of differentiation on the basis of special and

“customized” services can be seen as an important opportunity to avoid a price war with competitors. Therefore, customer services become an integral part of searching for competition advantages in a wide range of economic spheres. There are some possible reasons concerning the above tendency, which may be mentioned here: flattening of demand in traditional production, increasing of international competition, a short life cycle of product innovations and important profit potential of services (Kaňovská, 2015).

Customer service includes all of your company's interactions with your customers and clients. This includes the sales clerk who directs them to the right part of the store or digs the item they want out of the storeroom, the receptionist who doesn't put them on hold forever and the help desk that explains how to make the app work properly. Fifty years ago, customer service was a matter of phone, letters and in-person conversations. Now, it often involves email, text, social media and your website as well. Customer service quality should be consistently good no matter how customers connect with you (Fraser Sherman 2019). Customer service is the act of providing support to both prospective and existing customers. Customer service professionals commonly answer customer questions through in-person, phone, email, chat, and social media interactions and may also be responsible for creating documentation for self-service support. Organizations can also create their own definitions of customer service depending on their customer service philosophies and the type of support they want to provide (Gruet, 2021).

### **2.1.3 What is quality?**

Quality is extremely difficult to define in a few words. At its most basic, quality has been defined as “*conforming to requirements*”. This implies that organizations must establish requirements and specifications; once these specifications are established, the quality goal of the various functions of an organization is to comply strictly with them. However, the questions remain: whose requirements and whose specifications? (Grönroos, C. 2001). Quality management is about making organizations perform for their stakeholders – from improving products, services, systems and processes, to making sure that the whole organization is fit and effective. Managing quality means constantly pursuing excellence: making sure that what your organization does is fit for purpose, and not only stays that way, but keeps improving. There's a lot more to managing

quality than just manufacturing widgets without any defects or getting trains to run on time – although those things are certainly part of the picture. What qualifies as an acceptable level of quality for your organization is ultimately a question for your stakeholders. And by stakeholders, we mean anyone who has an interest in the success of what your organization does. Customers will be the most important group of stakeholders for the majority of businesses, but investors, employees, suppliers and members of our wider society are stakeholders too. Delivering an acceptable level of quality in your organization means knowing who your stakeholders are, understanding what their needs are and meeting those needs (or even better, exceeding expectations), both now and in the future(CQI, 2021).

Although the term quality is quite widely used by practitioners and academics, there is no generally agreed definition of it, since different definitions of quality are appropriate under different circumstances (Garvin, 1984; Reeves and Bednar, 1994; Seawright and Young, 1996; Russell and Miles, 1998; Beaumont and Sohal, 1999; Sebastianelli and Tamimi, 2002; Ojasalo, 2006). Indeed, quality has been defined as excellence (Tuchman, 1980), value (Feigenbaum, 1951), conformance to specifications (Shewhart, 1931; Levitt, 1972), conformance to requirements (Crosby, 1979), fitness for use (Juran, 1974; 1988), product desirable attributes (Leffler, 1982), loss avoidance (Taguchi, 1987) and meeting customer expectations (Ryall and Kruithof, 2001; ISO 9000, 2005). A universally accepted definition of quality does not exist for a variety of reasons (these reasons are discussed in detail later in this section).For example, broad definitions (e.g. meeting expectations, excellence) are difficult to operationalize. While narrow definitions (e.g. conformance to specifications, loss avoidance) are not sufficiently comprehensive to capture the richness and complexity of the concept (Reevesand Bednar, 1995).

Several definitions of quality presented in Appendix 1 have been evaluated using Routio's(2009) criteria in order to find or propose a new definition for the purpose of this study as follows. Garvin (1984) described five basic approaches for quality definition (the transcendent approach; the product based approach; the manufacturing based approach; value- based approach; and the user-based approach). These approaches have been adapted, refined and expanded throughout the literature to define quality (Forker, 1991; Reeves and Bednar, 1994; Seawright and Young, 1996; Russell and Miles, 1998; Fynes and Voss, 2001; Sebastianelli and Tamimi, 2002; Sousaand Voss 2002; Ojasalo, 2006; and Zu et al., 2008). The transcendent approach of quality

as excellence (Tuchman, 1980:380) is derived from philosophy and borrows heavily from Plato's discussion of beauty. In this approach, quality is synonymous with innate excellence (Seawright and Young, 1996). This definition of quality is invalid and contains a figurative language according to Routio's (2009) criteria, as it can be questioned who determines standards of excellence and who determines to what extent excellence has been achieved (Reeves and Bendar, 1995). Moreover, for researchers, a definition of quality based on excellence makes it difficult, if not impossible, to measure quality in the empirical field (Garvin, 1984), which means that it fails to meet the reliability criterion because it is difficult to consistently measure quality.

Given the limitations of defining quality as excellence, Leffler (1982) introduced a measurable (reliable) definition of quality -Garvin (1984) described it as the product based approach- where quality is based on the existence or absence of a particular attribute. If an attribute is desirable, greater amounts of that attribute, according to this definition, would label that product as one of a higher quality. Leffler's (1982) definition of quality, however, is also invalid according to Routio's (2009) criteria (definition does not match the concept) for two reasons. First, quality under this definition may be inappropriate for services, especially when a high degree of human contact is involved (Reeves and Bednar, 1995). Second, according to Leffler's (1982) definition, quality can only be gained at higher cost, because quality reflects the quantity of desirable attributes that a product includes, and because attributes are believed to be costly to produce, quality goods will be more expensive (Garvin, 1984). However, Ishikawa and Lu (1985) argued that quality can be obtained at an acceptable price (value based approach); therefore, the product based approach of defining quality is not a complete definition of quality, in other words not valid (as the definition does not match the concept) according to Routio's (2009) criteria.

Likewise, another measurable (reliable according to Routio's 2009 criteria) definition of quality was introduced by Shewhart (1931) and Levitt (1972), Garvin (1984) described it as the manufacturing approach, where quality is defined as conformance to specification. Quality of conformance reflects the degree to which a product meets certain design standards. Deviations from design specification result in inferior quality, and accordingly increased costs due to rework, scrap, or product failure (Reeves and Bednar, 1995). However, customers may not know or care about how well the product conformed to some internal specifications they did not

require (Oliver, 1981). Moreover, this definition fails to address the unique characteristics of services, which require a high degree of human contact (Reeves and Bednar, 1995; Sebastianelli and Tamimi, 2002). As a result, the manufacturing approach of defining quality does not meet the validity criteria (definition does not match the concept, incomplete definition of quality), in particular, it is uncompleted (invalid) definition of quality for the hotel industry, which is made up of both goods and services, where goods reflect the tangible aspects such as a lobby or a guestroom and services involve guest interactions with staff or hotel facilities (Barrows and Powers, 2009).

A widely used definition of quality was introduced by Juran (1951) and Juran and Godfrey (1999:2.2) (Garvin, 1984 named it as the user-based approach) which meets all the previous conditions, where quality are defined as —fitness for use. The word use is associated with customer requirements, while *fitness* suggests conformance to measurable product/service characteristics (Nanda, 2005). On the other hand, product/service price may influence the level of the customer satisfaction (Sebastianelli and Tamimi, 2002). For this reason, Broh (1982) and Ishikawa and Lu (1985) refined Juran's (1951) definition of quality to be fitness for use at an acceptable price (value based approach). Broh (1982) and Ishikawa and Lu's (1985) modification strengthens Juran's (1951) definition of quality, but it is still an invalid definition of quality according to Routio's (2009) criteria because customer requirements are continuously changing (Chacko, 1998; Bowie and Bottle, 2004) and what customers require today is not what they required yesterday and will not be what they will require tomorrow (Kano et al., 1984; Hoyle, 2007). Similarly, what the management can do for them today is not what could be done for them yesterday or what it will be possible to do for them tomorrow (Ryall and Kruthof, 2001). In that sense, any attempt to introduce a valid definition of quality should address the continuous review of customer requirements (Hoyle, 2007). As a result, many previous definitions of quality such as those quality definitions proposed by Oakland (2003), American Society for Quality Control (2004), ISO 9000 (2005), Kemp (2006), and Nelsen and Daniels(2007), seem inappropriate and uncompleted (invalid according to Routio's 2009 criteria) as they ignore the continuous review of customer requirements (see Appendix 1).

By the same token, organization success depends largely on its ability to fulfill customer requirements (Barrows and Powers, 2009), but customers are only one group of the organization's stakeholders and there are parties other than the customers that have a stake in the organization and what it does, but may not receive its product/service (Hoyle, 2007). For example, in the hotel industry these stakeholders are owners, supplier, investors, unions, government and society (Barrows and Powers, 2009). With this in mind, the term quality needs to be defined not only relative to customer requirements but also to other stakeholders' requirements as well (Hoyle, 2007). As a result, quality definitions such as those by Flood (1993), Oakland (2003), and Nelsen and Daniels (2007) that ignore other stakeholders' requirements are invalid according to Routio's (2009) criteria.

Equally important, it is worth mentioning that some quality definitions use the term interested parties instead of stakeholders, such as those quality definitions by the International Organization for Standardization (ISO 9000:2005) and Ryall and Kruithof (2001). Interested parties are defined as "a person or group having an interest in the performance or success of an organization" (ISO 9000, 2005:17). However, competitors, criminals and terrorists have an interest in the organization, but it is more likely to be malevolent than benevolent and in these cases the organization fights off their interests rather than seeking to fulfill their requirements or satisfy them, so for the previous reason, the appropriate (valid) word is stakeholders, not interested parties (Hoyle, 2007). Moreover, some authors refer to meeting customer expectations in defining quality, (e.g. Ryall and Kruithof, 2001; ISO 9000, 2005) (see Appendix 1). However, often customers do not know what their expectations are, particularly with infrequently purchased products and/or services (Cameron and Whetten, 1983; Lawrence and Reeves, 1993). For this reason, defining quality as meeting customer expectations is considered the most complex definition of quality and thus, the most difficult to measure (Reeves and Bednar, 1994). Therefore, referring to customer expectation in defining quality makes the definition unreliable, according to Routio's (2009) criteria. While, what the customers require from a product/ or service can be identified and fulfilled (measured), so the appropriate meaning of quality is to fulfill customer requirements, not customer expectations (Reeves and Bednar, 1994). Finally, some definitions of quality do not refer to the quality concept but refer to something else, such as Taguchi (1989) definition which defines non-quality rather than quality. So, it appears to be an

invalid definition of quality, according to Routio's (2009) criteria, because the definition does not match the concept (Logothetis, 1992).

To sum up, according to Routio's (2009) criteria, for any definition of quality to be valid, it must encompass the meaning of conformance to internal specifications (Shewhart, 1931) which are predetermined and required by customers (Crosby, 1979), and fulfills the continuously changing requirements (Bowie and Buttle, 2004) of both the organization customer and stakeholders (Hoyle, 2007). Moreover if anyone wants to measure it in any context (manufacture and service industry) the result should always be the same (Sebastianelli and Tamimi, 2002); in other words, it should be reliable according to Routio's (2009) criteria. Given the previous discussion, the review of the literature failed to find a valid and reliable definition of quality. Therefore, the current study proposes a new definition of quality mainly drawn from ISO 9000 (2005) definition of quality as a universal definition introduced by the world's largest developer and publisher of international standards (ISO 9000, 2005), with some modification to emphasize the continuous review of customer requirements in the definition and taking into consideration that the appropriate word to be used in the quality definition is stakeholders, not interested parties, as previously discussed. In light of the above, quality can be defined as below:

*Quality is a situation when a set of inherent characteristics consistently fulfill the continuously changing requirements of the organization's customers and other stakeholders.*

According to Gronroos (1984), service organizations provide essentially two forms of quality: technical quality and functional quality the first, technical quality is the degree to which the industry is able to do things "right" as measured against some technical "industry standard." However, in service sectors, knowledge of the technical quality of services remains largely the domain of service professionals (Bopp, 1990). The second aspect of quality, functional quality, refers to the manner in which services are delivered to customers (Babakus and Mangold 1992). Since customers do not have much information about the technical aspects of a service, functional quality is usually the major factor used to form perceptions of service quality (Donabedian 1982; 1980).

#### 2.1.4 Service Quality

In today's world of global competition providing quality service is a key for success and many experts concur that the most powerful competitive trend currently shaping marketing and business strategy is service quality (Abdullah, 2005 as cited in Nejati and Nejad, (2007). Further Devlin and Dong (1994) noted that in an increasingly competitive environment, service quality is critical to corporate success of the firm. In their study, they have linked the notion of service quality to customer satisfaction. Ultimately, it is customer satisfaction that leads to market share and profits.

According to the definition of (Zeithaml et al. 1990) service quality is customers' perception of how well a service meets or exceeds their expectations and it is judged by customers, not by organizations. The interactive nature of service process results in the customers' evaluation of quality immediately after the provision and performance of that service (Dabholkar, 1996).

Service quality is defined as "the difference between customer expectations and perceptions of service" or "as the customers' satisfaction or dissatisfaction formed by their experience of purchase and use of the service" (Gronroos, 1984 and Parasuraman et al.1988)

Lewis (1987) suggested that service quality can be classified as essential and subsidiary. Essential refers to the service offered and subsidiary includes factors such as accessibility, convenience of location, availability, timing and flexibility, as well as interactions with the service provider and other customers. The classification can also be the core (contractual) of the service, and the relational (customer employee relationship) of the service. The core or the outcome quality, which refers to what is delivered and the relational or process quality, which refers to how it is delivered are the basic elements for most services (McDougall and Levesque, 2000).

The importance of service quality isn't only demonstrated by the loss of customers if the quality is subpar. Getting customer service rights offers gains for your business as well:

- It increases sales. Good service can prompt customers to spend more than they'd planned. On top of that, satisfied customers are more likely to buy from you again.
- Good customer service saves money. Retaining established customers is cheaper and more cost effective than attracting new ones. It reduces barriers to buying. If you're known to

stand by your return policy, customers can feel safe purchasing something they're not sure will work for them. Customer service generates positive word-of-mouth and person-to-person recommendations. It improves the way people see your company, which boosts your reputation and your brand.

Most employees prefer working for a company that treats customers well to one that belittles or defrauds them.

- It helps you stay in business by keeping customers coming in the door.
- If customers have a complaint, solving their problem can impress them and turn them into return customers (Fraser Sherman 2019).

Researchers have tried to operationalize service quality from different perspectives for different service applications. Authors (Parasuraman et al., 1988; 1991; Carman, 1990) agree that service quality is an abstract concept, difficult to define and measure. Key characteristics of service quality can be difficult to define due to the highly subjective nature of service quality. This is underlined by Deming (1986) when he stated that; quality can be defined only in terms of the agent. "In essence; ultimately this means that it is the consumer that will form a judgment about the quality of any given service that they receive". A further complexity in trying to understand the service quality is its dynamic nature. Firstly, the speed of a consumer's reaction to service quality is immediate, compared, for example, with the speed of reaction to manufactured goods. Additionally, because of the immediacy of the consumer's service quality evaluation, attempting to understand a consumer's reaction to a future service cannot be ascertained today as consumer needs and expectations continually change. Therefore, the relevant characteristics are those which are important to each individual consumer at a specific point of time (Deming, 1986). This is particularly well summarized by Peters (1985) who stated that; "consumers perceive service in their own unique, idiosyncratic, emotional, irrational, end-of-the-day, and totally human terms. Perception is all there is."

Nonetheless, in spite of the intangible, difficult to pin down nature of service quality, what can be concluded is that a good service experience will depend on the organization's ability to understand consumer needs, wants and expectations, and then to deliver service in a way that meets or exceeds those expectations. Several measuring instruments have been developed aiming to capture and explain the service quality dimensions. SERVQUAL has been developed in a

series of stages leading to consecutive more refined versions. In the most commonly used version (Parasuraman et al., 1988), service quality is calculated as the gap between customer expectations and perceptions, and is characterized by five dimensions namely reliability, responsiveness, assurance, empathy, and tangibles. Later on, service quality has also been defined broadly as “consumers” assessment of the overall excellence or superiority of the service” (Zeithamlet al., 1993). It is viewed as an attitude or global judgment about the overall excellence of a service, with comparison of expectations and performance as the measuring tools. Parashuraman et al (1985) have found that consumers consider five dimensions in their assessments of service quality: reliability, responsiveness, assurance, empathy and tangibles. These dimensions represent how consumers organize information about service quality in their minds. These five dimensions are explained in detail below:

**Tangibility:**

The physical appearance of the facility which includes materials, equipment and personnel; this enhances the image of the company and provides a more positive image in the way the customer perceives the service. All of these provide physical representations or images of the services that customers” particularly new customers” will use to evaluate quality.

**Reliability:**

This refers to service reliability, which is different from product reliability and involves the service provider to be able to perform the services accurately and dependably. This means that the company fulfills its promises with regard to the delivery of the service, the price and solving the customer's problems. Customers want to do business with companies that keep their promises, particularly their promises about the core service attributes.

**Responsiveness:**

The readiness to provide timely service by the service provider; this includes paying attention to the customer, and dealing with the customer's complaints and problems in a timely manner. Responsiveness is being flexible with the customer and trying to accommodate the customer's demands and performing the service without delay.

**Assurance:**

The ability to deliver services at a professional level, this includes the employee's knowledge and courtesy which inspires confidence in them. Having trust and confidence in the employee leads to the customer having more trust in the company itself. This dimension is likely to be particularly important for services that the customer perceives as involving high risk and/or about which they feel uncertain about their ability to evaluate outcomes, for example, banking, insurance, brokerage, medical, and legal service.

**Empathy:**

This is defined as the caring and individualized attention the firm provides to its customers. The essence of empathy is conveying, through personalized or customized service, that customers are unique and special. Customers want to feel understood by and important to firms that provide service to them. Service quality is considered an important tool for a firm's struggle to differentiate itself from its competitors (Ladhari, 2008).

**2.1.5 Service quality in Hospitality industry**

In the hospitality industry the delivery of quality of services is an element of strategic differentiation and this fact is related to the evolution of consumer habits and the rise of competitiveness among service provider companies (Grande and Colomina, 2002). Lewis and Booms (1983) classified the quality as the measure of how the service offered matches with customer expectations and delivery this quality means reach the customer expectations on a consistent basis, it means, positive experience.

The hospitality industry has been facing increased numbers of competitor and a pressure environment, as a consequence of the combined effect of the current worldwide economic situation, technological advancement and globalization. The competitive environment in a hospitality industry has modified the way the companies' delivery the quality of service to customers and has made them adopting new approaches to maximize the customer satisfaction based on a service equality (Murasiranwaetal, 2010). The players in the hospitality industry, precisely the hotel has been directing the efforts to change the way they act in this industry,

focusing on understanding customer's needs and set out strategies to meet or exceed these needs. The way they have found to achieve this strategy is to raise the attention to service quality from the customer's perspective (Al Khattab and Aldehayyat, 2011).

### **2.1.6 Dimensions of Service Quality**

Researchers are in agreement that service quality is a complex multidimensional concept composed of several dimensions which are to some extent inter-related. These dimensions involve both the process of procuring the service as well as the outcome (Devlin & Dong, 1994). The dimensions along which consumers evaluate service quality is sometimes divided into two groups - the outcome dimension (which focuses on the reliable delivery of the core service) and the process dimension (which focuses on how the core service is delivered). According to (Shifman & Kanuk, 1998), the process dimension offers the service provider a significant opportunity to exceed customer expectations.

Parasuraman, Zeithaml, & Berry (1988) identified the following five dimensions of service quality:

1. Tangibles: The appearance of physical facilities, equipment, personnel, and communication materials.
2. Reliability: The ability to perform the promised service dependably and accurately.
3. Responsiveness: The willingness to help customers and to provide prompt service.
4. Assurance: The knowledge and courtesy of employees and their ability to convey trust and confidence.
5. Empathy: The provision of caring, individualized attention to customers.

Mowen, (1995) has proposed the following eight dimensions as being more appropriate and capable of taking care of both service quality and goods quality

1. Performance: The absolute level of performance of the good or service on the key attributes identified by customers.
2. Number of attributes: The number of features/attributes offered.
3. Courtesy: The friendliness and empathy shown by people delivering the service or good.
4. Reliability: The consistency of the performance of the good or service.

5. Durability: The product's life span and general sturdiness.
6. Timeliness: The speed with which the product is received or repaired; the speed with which the desired information is provided or service is received.
7. Aesthetics: The physical appearance of the good; the attractiveness of the presentation of the service; the pleasantness of the atmosphere in which the service or product is received.
8. Brand Equity: The additional positive or negative impact on perceived quality that knowing the brand name has on the evaluation of perceived quality.

### **2.1.7 Customer care**

Customer care can be defined as: The process of delivering high quality service to internal and external customers. Customer care results in high levels of customer satisfaction leading to long-term 'buying' relationships between suppliers and customers.

Organizations that provide a big standard of customer care tend to have the following characteristics:

- High quality products or services that represent value for money.
- A high standard of after-sales service.
- Friendly and helpful staff who are well trained and knowledgeable.
- A positive response to customer enquiries and demands.
- A 'can do' rather than a 'can't do' approach.
- A regular appraisal of the service they provide in order to be self-critical in a positive way (Frank Atkinson 2011).

### **2.1.8 Measurement of Service Quality**

(Parasuman, 1995), points out that the dominant mode of thinking in measurement of quality in services rest on disconfirmation view, which links the expectations of consumer with their experience of service. (Parasuman, 1985), states that; early writings on the topic of service quality (Grönroos, 1982; voss 1988) have suggested that service quality results from a comparison of what customer feel a service provider should offer i.e. their expectations with

provider's actual performance. This has been the driving force behind attempts to measure service quality (Oliver.1980). The subject of service quality is very rich in context and definitions, models and measurement issue. Several researchers explored the subjects with varying perspectives and using different methodologies. It is also conceptualized by a number of models (Winston W.,1988).

Naumann (1995) expressed that the reasons for measuring customer satisfaction may vary among companies, and the success of the measurement depends on if the measurement is incorporated into the firm's corporate culture or not. However, he suggested five reasons for measuring customer satisfaction or five important roles of customer satisfaction measurement: To get close to the customer – this will help to understand customers more, their needs, the attributes that are most important, and their effect on the customer's decision making, the relative importance of the attributes and the performance evaluation of the firm delivery of each attribute. This process helps to provide enabling communication with customers.

- Measure continuous improvement - the important attributes of customers can be incorporated into the internal measurement to evaluate the value-added process in the company. This process involves comparing performance against internal standards (process control and improvement), and comparing performance against external standards (benchmarking).
- To achieve customer-driven improvement – the data collected from customers can be developed into sources of innovations and this can help to achieve customer driven improvement. This requires a comprehensive database and not just records of sales. This process helps to identify opportunities for improvement (quality costing)
- To measure competitive strengths and weaknesses - determine customer perceptions of competitive choices and companies.
- To link customer satisfaction measurement data to internal system.

Bhote (1996) in his written book about studies conducted on different products and services in Sweden and wrote that customer satisfaction measurement provides significant information for modern management processes and additionally, it provides a warning signal about the future business performance. Oliver (1999) in his article on the link between consumer satisfaction and

loyalty with goods and services expressed that in the last two decades till date, customer satisfaction measurement represents an important source of revenue for market research firms.

### **2.1.9 How to measure service quality**

In a general sense, measuring service quality depends entirely on the context and brand promise, and service quality dimensions vary according to the industry. However, the industry standard and most widely-used metric is SERVQUAL.

SERVQUAL is based on a set of five dimensions which have been consistently ranked by customers to be most important for service quality, regardless of service industry. These dimensions defined by the SERVQUAL measurement instrument are as follows:

- **Tangibles:** appearance of physical facilities, equipment, personnel, and communication materials.
- **Reliability:** ability to perform the promised service dependably and accurately.
- **Responsiveness:** willingness to help customers and provide prompt service.
- **Assurance:** knowledge and courtesy of employees and their ability to convey trust and confidence.
- **Empathy:** the caring, individualized attention the firm provides its customers.

These five SERVQUAL dimensions are used to measure the gap between customers' expectations for excellence and their perception of the actual service delivered. The SERVQUAL instrument, when applied over time, can help you understand both customer expectations, perceptions of specific services, and areas of needed quality improvements.

SERVQUAL has been used in many ways, such as identifying specific service elements that need improvement, and targeting training opportunities for service staff.

Proper development of items used in the SERVQUAL instrument provides rich item-level information that leads to practical implications for a service manager.

The service quality dimensions evaluated by SERVQUAL should be adjusted for optimal performance in different industries, including public and private sector applications.

SERVQUAL scores are highly reliable, but when used in different industries may fail to produce a clear delineation of the five basic dimensions. Other measures, such as the Six Sigma model should be considered for applicability in quantifying the gap between service expectations and perceptions (Qualtrics, 2019).

### **2.1.10 Customer Satisfaction**

As stated by Kotler and Armstrong, (2010), satisfaction is a person's feelings of pleasure or disappointment resulting from the comparison of product's perceived performance in reference to expectations. Satisfaction or dissatisfaction is a measure or evaluation of a product or service's ability to meet a customer's need or expectations. Customers compare their expectations about a specific product or services and its actual benefits. Customer's feelings and beliefs also affect their satisfaction level.

Customer satisfaction is actually a term most widely used in the business and commerce industry; it is a business term explaining about a measurement of the kind of the products and services provided by a company to meet its customer expectation. To some, this may be seen as the key performance indicator (KPI). In the competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. There is a substantial body of empirical literature that establishes the benefit of customer satisfaction for firms. It is well established that satisfied customers are key to long term business success (Kriestensen et al., 1992; Zeithami et al, 1996; Mccoll-kenedy and Schneider, 2000) it also defined as a global issue that affects all organizations. Regardless of its size, whether profit or non-profit local or multi-national.

Customer satisfaction is a measure of attitudes and perceptions of the quality and performance of a service (Bhote, 1996).

According to Parker and Mathews (2001), the most popular descendant of the discrepancy theories is the expectation disconfirmation theory, which stated that the result of customers' perceptions of the difference between their perceptions of performance and their expectations of

performance. Positive disconfirmation leads to increased satisfaction, with negative disconfirmation having the opposite effect. Customers buy products or services with pre purchase expectations about anticipated performance, once the bought product or service has been used, outcomes are compared against expectations. If the outcome matches expectations, the result is confirmation. When there are differences between expectations and outcomes, disconfirmation occurs. Positive disconfirmation occurs when product or service performance exceeds expectations. Therefore, satisfaction is caused by positive disconfirmation or confirmation of customer expectations, and dissatisfaction is the negative disconfirmation of customer expectations (Parker and Mathews 2001).

### **2.1.11 Models for Measuring Customer Satisfaction**

#### **2.1.11.1 SERVQUAL Model**

Customer satisfaction and service quality are interrelated, the higher the service quality, the higher its customer satisfaction. Many agree that in the insurance sector, there are no recognized standard scales to measure the perceived quality of the insurance service. However, competitive advantage through high quality service is an increasingly important weapon to survive. Measuring service quality seems to pose characteristics of service: intangibility, heterogeneity, inseparability and perishability (Batson, 1985). Because of these complexities, various measuring model have been developed for measuring perceptions of service quality (Groenroos, 1983; 1990; Parasuraman et al, 1985, 1988, 1991; Staford, 1996; Bahia and Nantel, 2000; Aldiagian and Buttle, 2002). The SERVQUAL Model of Parasuraman et al (1988) Propose a five dimensional Construct of perceived service quality: tangibles, reliability, responsiveness, assurance and empathy- with item reflecting both expectation and perceived performance. Service quality has become an important research topic because it's apparent relation to cost, profitability, customer satisfaction, customer retention and positive word of mouth. There are many research instrument developed to measure the perceived service quality. Among such general instrument the most popular being the SERVQUAL model, a well-known scale developed by Parasuraman et al.

SERVQUAL has been widely acknowledge and applied in various services setting for variety of industries in the past decade. Example, including health care setting, dental school, clinic,

business school placement center, tire store, banking, insurance, pest control etc... the SERVQUAL measuring tool main benefit is its ability that allow researchers to examine numerous service industries such as, health care, insurance, banking, financial service and education. The fact that SERVQUAL has criticism received concerning SERVQUAL measuring tool may have more to do with how researcher use the tool, SERVQUAL formulated by Parasuraman et al (1985) show case ten various components. Letter in 1988, these ten component were collapsed in to five different dimensions. They are Assurance, Reliability, Tangibility, Empathy, and Responsiveness.

#### **2.1.11.2 The KANO Model**

The customer satisfaction model from N. Kano is a quality management and marketing technique that can be used for measuring client happiness. Kano's model of customer satisfaction distinguishes six categories of quality attributes, from which the first three actually influence customer satisfaction: these are

- Basic Factors (Dissatisfies, Must have): The minimum requirements which will cause dissatisfaction if they are not fulfilled but do not cause customer satisfaction if they are fulfilled (or are exceeded). The customer regards these as prerequisites and takes these for granted. Basic factors establish a market entry 'threshold'.
- Excitement Factors (Satisfiers, Attractive): The factors that increase customer satisfaction if delivered but do not cause dissatisfaction if they are not delivered. These factors surprise the customer and generate 'delight'. Using these factors, a company can really distinguish itself from its competitors in a positive way.
- Performance Factors: The factors that cause satisfaction if the performance is high and they cause dissatisfaction if the performance is low. Here, the attribute performance-overall satisfaction is linear and symmetric. Typically these factors are directly connected to customers' explicit needs and desires and a company should try to be competitive here.

#### **2.1.11.3 The Profit –Chain Model**

Research has shown that organizational sub-units where employee perceptions are favorable enjoy superior business performance. The service profit chain model of business performance (Heskett, Sasser& Schlesinger, 1997) has identified customer satisfaction as a critical intervening

variable in this relationship (profit-chain model). A number of researchers have found that revenue-based measures of business unit performance, for example, sales and profitability, are significantly correlated with employees' work-related perceptions. The evidence suggests that business units in which employees' collective perceptions are relatively favorable perform better. Stated simply, the service profit chain asserts that satisfied and motivated employees produce satisfied customers and satisfied customers tend to purchase more, increasing the revenue and profits of the organization. Heskett et al. (1997), for example, define the service profit chain as 'involving direct and strong relationships between profit; growth; customer loyalty; customer satisfaction; the value of goods and services delivered to customers; and employee capability, satisfaction, loyalty and productivity'. These authors recommend the service profit chain as a framework for constructing a strategic organizational vision, and suggest that, provided service profit chain concepts are carefully interpreted and adapted to an organization's specific situation, they are capable of delivering 'remarkable results'.

The second crucial element of the service profit chain is the link between customer satisfaction and financial performance. Management theorists and chief executives have often argued that superior business performance depends critically on satisfying the customer (e.g. Heskett et al., 1997; Peters & Waterman, 1982; Watson, 1963).

### **2.1.12 Service Quality and Customer Satisfaction**

Quality and customer satisfaction have long been recognized as playing a crucial role for success and survival in today's competitive market. Regarding the relationship between customer satisfaction and service quality, Oliver (1993) first suggested that service quality would be antecedent to customer satisfaction regardless of whether these constructs were cumulative or transaction-specific. In relating customer satisfaction and service quality, researchers have been more precise about the meaning and measurements of satisfaction and service quality. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service (Wilson et al., 2008). As said by Wilson et al. (2008), service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy and tangibility while

satisfaction is more inclusive and it is influenced by perceptions of service quality, product price and quality, also situational factors and personal factors.

Service quality has a strong correlation with customer satisfaction, financial performance, manufacturing costs, customer retention, customer loyalty, and the success of marketing strategy (Cronin et al., 2000; Wong et al., 2008). Organizations operating within the service sector consider service quality to be a strategic component of their marketing plan (Spathiset al., 2004). Through service quality, organizations can reach a higher level of service quality, a higher level of customer satisfaction, and can maintain a constant competitive advantage (Meuteret al., 2000).

## **2.2 Empirical review**

Temba, (2013) assess customer satisfaction and service quality using SERVQUAL model within TTCL working environment. Other purposes include how customers perceive service quality; identify service quality dimensions that contribute to higher satisfaction, factors hindering customer satisfaction and what should be done to improve customer satisfaction for TTCL customers. A questionnaire was designed and distributed to respondents using a convenience sampling technique for TTCL customers. The analysis carried found that, the overall service quality perceived by customers was not satisfactory; means customers' expectations exceeded perceptions. Also analysis revealed that TTCL Customer Care, Network Coverage, Voucher availability, handsets flexibility and air time charges are the critical factors that hinder satisfaction. As far as theory is concerned findings reveals that SERVQUAL model is not the best tool to use in measuring service quality for TTCL because the dimensions were negative gap. This study contributes to the already existing studies examining service quality within TTCL using SERVQUAL model. It also provides empirical results that guide other telecommunications companies on the corrective measures that lead to respective company's significant growth.

Zelege (2012) analyze whether perceived customer service directly related to customer satisfaction regarding the National Alcohol & Liquor Factory (NALF) customers in Addis Ababa. The research uses a quantitative methodology and a self-completion questionnaire with closed questions was conducted to test the hypothesis. Accordingly a sample of 300 was taken from

4200 customers in Addis Ababa which is 7.14% of the total population to increase the margin of accuracy. The findings of the study indicated that five service quality dimensions were positively related to overall service quality and are indeed drivers of service quality which in turn has an impact on customer satisfaction. The study findings also indicated that all the standardized coefficients relating the service quality dimensions to overall service quality and to customer satisfaction have the expected positive sign and are statistically significant. The impact of five service quality dimensions on customer satisfaction was significant in all factors of service quality. More specifically, customers indicated high satisfaction with the five dimensions of service quality examined in the study (Reliability, Responsiveness, Empathy, Assurance, and Tangibles). In this regard it was interesting to note that the dimension of Responsiveness and empathy had the lowest mean ratings; however, the correlation between Assurance and customer satisfaction was the highest, which implies that improvement in employees Assurance is an important issue that requires attention. The research also concluded that service quality can be used to predict customer satisfaction. 79.2% of the variation in customer's satisfaction was explained by the five service dimensions studied here, the remaining 20.8 % is explained by other factors that were not examined in this study. For example, customer's satisfaction might be influenced by such factors as price, and service variety. It might be desirable for future studies to include these (and other) factors.

Awlachew (2015) examined the effect of service quality on customer satisfaction in selected insurance companies in Addis Ababa by applying SERVEQUAL model comprising five dimensions: Tangibility, reliability, responsiveness, assurance and empathy. The data collected from 141 questionnaires were analyzed using gap score, statistical tools such as mean, correlation and multiple regression analysis. The gap score between perception and expectation of customers of the insurance companies showed that there is a negative gap score in all service quality dimensions meaning those customers' expectations exceed their perception. The study also indicated that the five service quality dimensions have positive and significant relationship with customer satisfaction. The study showed that the selected insurance companies in Addis Ababa were not providing the level of service quality demanded by customers. The findings suggested that the insurance companies need to improve all the dimensions of service quality.

Keywords: SERVQUAL, Tangibility, Reliability, Responsiveness, Assurance, Empathy and customer satisfaction.

Gemechu (2019) assess the overall level of service quality and customer satisfaction in Nekemte Municipality and to investigate the impact of service quality dimensions on customer satisfaction under the study area. A conceptual model of service quality dimensions was developed. Data for this study was collected in Nekemte Municipality, which is situated in Oromia region, Ethiopia. This study was used both quantitative and qualitative research design and both primary and secondary data was employed. A total of 385 respondents taken as a sample customer of the Municipality were chosen and the questionnaires were distributed to customers of the municipal during office hours of the week. The collected data was analyzed with the help of SPSS version 23. Correlation and multiple regressions were used to investigate the relationship between dependent and independent variables. The findings of the study show that service quality of customer satisfaction is below average, and customers are not satisfied with the service. Based on the finding all service quality dimensions have significant impact on service quality and customer satisfaction. The study concluded that over all service quality of Municipality is not good and customers are not satisfied with the services of Nekemte Municipality office employees. The researcher recommended that Nekemte Municipality land administration bodies should work hard on all these service quality dimensions to improve its service quality and customer satisfaction of Nekemte Municipality.

Mat Dawi (2018) empirically tested the relationship between service quality, customer satisfaction, and behavioral intentions in pay television (pay TV) industry and examined the moderating role of switching barriers in predicting customer behavior. This research incorporates a new component of switching barrier which is social ties to understand customers' behavioral intentions. Data were gathered from 245 pay TV customers via the application of a survey. The data were analyzed using structural equation modeling. The results show that there are positive relationships between service quality, customer satisfaction, and behavioral intentions. Furthermore, social ties moderate the relationships between customer satisfaction and behavioral intentions. The study has limited generalizability as it used single satellite pay TV provider's customers as samples. Conducting comparative research in other contexts such as IPTV or cable

TV would be useful to understand the whole population. Pay TV service provider should not only concentrate on customer satisfaction to gain customers' positive behavioral intentions, but also to consider switching barriers as a tool for competitiveness. Particularly, this study suggests service provider to raise social ties as a way to prevent customer to switch to another service provider. This study extends previous research on customer behavioral intentions in the context of pay TV and incorporating social ties as a new switching barriers' component.

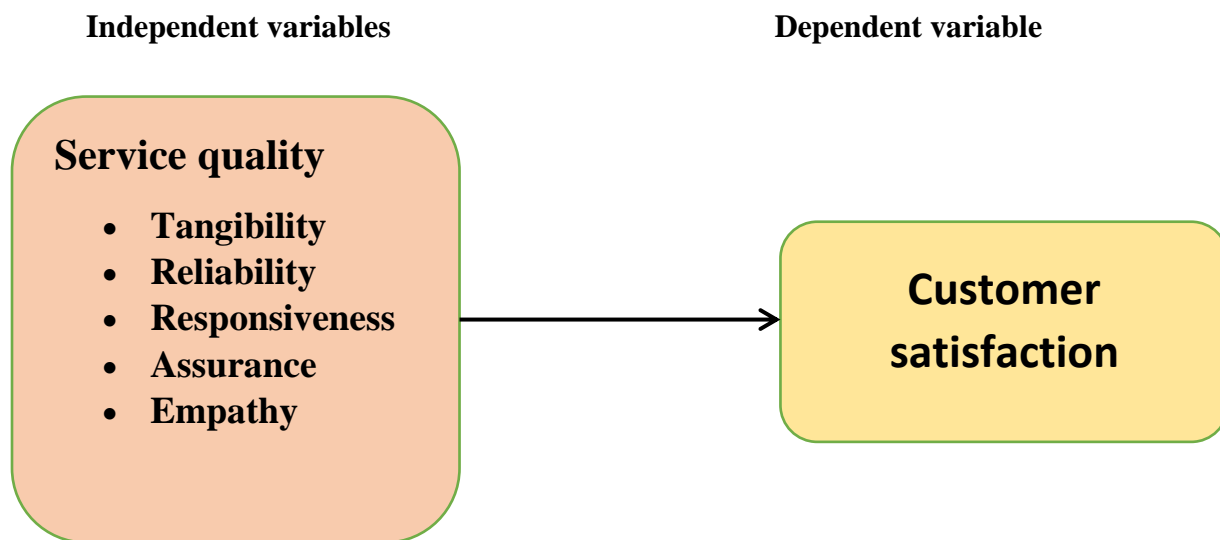
Munawar and Fasih (2014) analyze to determine the satisfaction level of banking customers regarding quality of different services provided by their bank and their loyalty with the respective bank. Service quality is studied within a spectrum of different dimensions. An effort is also made to find out which service quality dimensions may enhance customer satisfaction and customer loyalty in a better way. Respondents are chosen from a range of varying demographic features using stratified random sampling. Banks from both public and private sector are selected for sampling. Survey questionnaires were distributed among 270 customers of different banks. An 83% (225 respondents) valid response rate is yielded. Descriptive statistics, one sample t-test, correlation and regression are used to analyze the data. Findings indicate that service quality and all its dimensions have significant and positive association with customer satisfaction and customer loyalty. Banking sector is a significant sector in Pakistan's economy and has seen unprecedented growth and raging competition during the last decade. Therefore this study has been specifically conducted to look into this phenomenon and seek empirical justification in this regard by considering service quality as the main contributory factor towards customer satisfaction and customer loyalty.

Rita, Oliveira and Farisa (2019) study is to develop new knowledge to better understand the most important dimensions of eservice quality that have impact on customer satisfaction, customer trust, and customer behavior, building on existing literature on e-service quality in online shopping. This study focuses on the four-dimensions of e-service quality model that better predict customer behavior. It not only tests the impact of customer satisfaction on customer behavior such as repurchase intention, word of mouth, and site revisit, but also the impact of customer trust. The result is expected to extend the knowledge about different country culture vis-a-vis different relevance of e-service quality attributes. Data from an online survey of 355

Indonesian online consumers was used to test the research model using structural equation modeling. The analytical results showed that three dimensions of eservice quality, namely website design; security/privacy and fulfillment affect overall e-service quality. Meanwhile, customer service is not significantly related to overall e-service quality. Overall e-service quality is statistically significantly related to customer behavior. Future research should consider a variety of product segments and/or other industries to make sure that the measurement works equally well. In other industry setting, the measurement may need to be adjusted. Future research could also use different methodologies such as focus group and interviews.

## 2.3 Conceptual Framework

The conceptual framework shows the diagrammatically the relationship between the dependent and independent variables, in this research context the dependent variable is customer satisfaction; whereas the independent variables are service quality where service quality is expressed by its five dimensions such as tangibility, reliability, responsiveness, assurance and empathy.



## **CHAPTER THREE: RESEARCH METHODOLOGY AND DESIGN**

This is the third chapter of the research report where the methodology of the research would be discussed. Accordingly this sub-part had four parts, the first part is about research design and approach, the second part deals with Population and Sampling, the third part is about Data Sources and Methods of Data Collection and finally the last part is about Methods of Data Analysis.

### **3.1 Research Design and Approach**

According to Chopra et al. (2012), research design is the conceptual structure within which the research is conducted. They specifically indicated that a research design is an arrangement of a condition for the collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure. Thus, a research design is the arrangement for a precise statement of goals and justification. This study attempted to describe quality customer service and customer satisfaction in Haile's hospitality groups by using his four hotels and resorts. Therefore, for the purpose of this study descriptive research designs were employed.

### **3.2 Population and Sampling**

The target population of this study was the customers of the Haile hotel groups. A non-probability convenience sampling was chosen for the survey; a sample of convenience is the terminology used to describe a sample in which elements have been selected from the target population on the basis of their accessibility or convenience to the researcher. The main assumption associated with convenience sampling is that the members of the target population are homogeneous. That is, there would be no difference in the research results obtained (Ross 2005). Furthermore, if a non-probability sampling was applied, we don't have specific method in determining sample size. But, it is not practical to collect data from the entire target population, so the researcher used a sample instead (Field 2005, p.35). According to Lindeman *et al.*, (1980) and Loo, (1983) cited on Kashan (2012) a minimum sample size of 100 to 200 is often recommended. Accordingly, using convenience sampling a total of 100 customers from four hotels were taken as a sample.

### **3.3 Data Sources and Methods of Data Collection**

This study used both primary and secondary data. Primary data were collected through structured questionnaire about the service delivery of Haile hospitality group. The secondary data about customer satisfaction and service quality collected from journals, books, and articles and from different research previously done. Furthermore, the questionnaires was measured using a five-point Likert scale of (Strongly agree (5) Agree (4), Neutral (3), Disagree (2), Strongly Disagree (1).

The questionnaire has two parts. The first part contained five questions which focus on the general background of the respondents. These questions include for how long they were the customer of the hotel, their education, gender, age and marital status of the customers. The second part of the questionnaire is developed based on five dimensions of service quality dimensions of the SERVQUAL system i.e., tangibility, reliability, responsiveness, assurance, and empathy based on Parasuraman et al. (1988).

### **3.4 Methods of Data Analysis**

The data were analyzed using both descriptive and inferential statistics. The data collected from questionnaires is systematically organized in a manner to facilitate the analysis. The data were analyzed using Statistical Package for Social Sciences (SPSS) and summarized to relate the collected variables from questionnaires. The data were also classified, tabulated, and summarized using descriptive measures such as; mean, standard deviation, and percentages

### **3.5 Reliability**

Reliability is the degree to which an assessment tool produces stable and consistent results, Cronbach's Coefficient Alpha method was used to test the reliability of the data, and therefore, the data was 91.8% reliable

### Case Processing Summary

		N	%
Cases	Valid	100	100.0
	Excluded <sup>a</sup>	0	.0
	Total	100	100.0

a. Listwise deletion based on all variables in the procedure.

Table 3.1 Reliability test Statistics

Cronbach's Alpha	N of Items
.918	26

### 3.6 Ethical consideration

The researcher has to know and respect the willingness of the respondents and has not disclosed the respondent's identity, and will not have used the information for personal purpose. Additionally, all participants for the success of the research should be acknowledged. Further, the researcher seeks informed consent of the respondent and the research data remained confidential throughout the study and the researcher ensure respondents participation in this study voluntary.

## **CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION**

### **4.1 Introduction**

This is the assessment of service quality and customer satisfaction in Haile Hospitality group. As per the hospitality group profile reports, Haile Hospitality Group (HHG) is a leading hotel group that owns and operates a chain of Haile brand Hotel and Resort properties in Ethiopia. Haile Hotels and Resorts today is the leading indigenous brand with over seven properties in Ethiopia. It is reported that the company chooses to build the resorts at the best destinations in truly unique, culturally splendid, historically significant and scenically spectacular places. All of the seven hotels and resorts are situated where customers can witness nature at its best; acquire services that make customers realize how important customers are to the hotels. The HHG works towards increasing its hotel number in pursuit of addressing and meeting the country's history and culture. In line with all of the collected data were organized, analyzed and interpreted accordingly. Here first the profile of the respondents would be discussed followed by the descriptive. There were four hotel and resorts under Haile Hospitality Group these are Yaya, Haile Resort Aribaminch, Haile Resort Hawassa and Haile Resort Gonder. In these hotel and resorts 120 questionnaires were distributed however, only 100 questionnaires were filled and return back successfully.

### **4.2 Demography of respondents**

Data were collected from four different hotels of Haile Hospitality Group, YAYA, Arbaminch, Hawassa, and Gonder. Accordingly, 36 respondents from YAYA, 24 respondents from Arbaminch, 22 from Hawassa and 18 from Gonder were collected.

The demographic data contains five variables which considered as important variable for this study such as sex, age, how long they were the customer of the hotel, marital status, and education of the respondents. There were 100 respondents, out of these 63 percent of them were male and the rest 37 were female, The age category had three classifications, accordingly, majority of the respondents age range fall between 20 and 30 years of age which indicates the customers are younger peoples. In addition to these, in terms of being the customer of the HHG, majority of the respondents were customers of the hotel and resorts for less than 3 years which

accounts 56 percent of the respondents, and the remaining 12 and 32 percent of the respondents were a customer of the HHG for less than a year and greater than three years respectively.

**Table 4.1 Demography of respondents**

		<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>
<b>Hotel and Resort</b>	Yaya	36	36	36
	A/minch	24	24	24
	Hawassa	22	22	22
	Gonder	18	18	18
	Total	100	100.0	100.0
<b>Gender</b>	Male	63	63.0	63.0
	Female	37	37.0	37.0
	Total	100	100.0	100.0
<b>Age</b>	below 20	12	12.0	12.0
	20-30	82	82.0	82.0
	31-40	6	6.0	6.0
	Total	100	100.0	100.0
<b>Years of customer ship</b>	less than 1	12	12.0	12.0
	1-3	56	56.0	56.0
	Above 3	32	32.0	32.0
	Total	100	100.0	100.0
<b>Marriage</b>	Single	52	52.0	52.0
	Marriage	36	36.0	36.0
	Divorce	12	12.0	12.0
	Total	100	100.0	100.0
<b>Education</b>	degree	88	88.0	88.0
	Diploma	12	12.0	12.0
	Total	100	100.0	100.0

### **4.3 Descriptive Analysis of Variables**

A five-point Likert scale was employed in order to measure the Quality Customer Service and Customer Satisfaction. Mean was used as a measure of central tendency. According to Boone & Boone (2012), interval measurement scale are used to analyze liker scale data. Likert scale items are created by calculating a composite score (sum or mean) from four or more type Likert-type items; therefore, the composite score for Likert scales should be analyzed at the interval measurement scale. Furthermore, for likert scale data from 1 (Strongly Disagree) to 5 (Strongly Agree) if the sample is approximately normally distributed the interpretation should be for mean up to 2.8 is “Disagree”, mean between 2.9 and 3.2 is “Neutral”, and mean above 3.2 is “Agree” (Scott 1999). Therefore, the decision of the summary statistics is done based on these criteria’s.

### 4.3.1 Service Tangibility

The first subtopic is about tangibility, the definition of tangibility is the appearance of physical facilities, equipment, personnel and communication materials Santos (2002). It provides physical representations or images of the service that customers, particularly new customers, will use to evaluate quality. This particular variable had a total of four items and as it observed in the table below the majority mean result lies around three close to neutral level. Accordingly, a respondent not quite sure about whether the hotel has modern equipment as the mean indicates as 3.1 with a standard deviation of .8819 which lies at neutral level; however, the hotel has visually appealing material associated with the service as confirmed by the respondents, the mean of this item was 3.86 with a standard deviation .8530. Furthermore, according to the respondents employees have a net and professional appearance as the mean is 4.08 with 0.7611 which lie at agree level. Furthermore, majority of the items mean fall at the agree level which implies customers of the hotel have a positive perception towards the hotels appearance of physical facilities, equipment, personnel and communication materials, although they have some reservation on some items.

**Table 4.2 Service tangibility**

<b>Tangibility</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Minimum</b>	<b>Maximum</b>
The organization has modern equipment	100	3.1	.8819171	1	5
The organization has visually appealing material associated with the service.	100	3.86	.8530397	1	5
The facilities of Organization are visually appealing.	100	3.76	.9002805	1	5
Employees have a net and professional appearance.	100	4.08	.7611793	2	5
Grand mean		3.7	0.849104		

### 4.3.2 Service Reliability

The reliability dimension of service quality refers to the ability of service organizations to perform the promised service dependably and accurately, and thus reflects the consistency and dependability of an organization's performance (Rodrigues, Bonar & Sacchi, 2011). Wilson et al. (2008) also states that reliability means that the organization delivers on its promises about service delivery, service provision and problem resolution. Reliability was measured using four different items; in line with this all of the items mean lies at the agree level which is above 3.2. Accordingly, the organization's employees provide service as promised, the mean of this item were 4.09 with a standard deviation .6681. Furthermore, the hotel employees are dependable in handling customer's service problem; the employees also perform service right at the first time and provide services at the promised time. The grand mean of service reliability is 4.07 with a standard deviation of 0.7577. The grand mean indicates that customers of the hotel had a positive perception towards service reliability of the hotel which implies the hotel delivers on its promises about service delivery, service provision and problem resolution.

**Table 4.3 Service reliability**

<b>Reliability</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Minimum</b>	<b>Maximum</b>
The organization employees provide service as promised	100	4.09	.6681045	2	5
The organization employees are dependable in handling customer's service problem	100	4.1	.8348471	1	5
The organization employees perform service right at the first time.	100	3.97	.7447459	2	5
The organization employees provide services at the promised time.	100	4.15	.7833495	1	5
<b>Grand mean</b>		4.0775	0.757762		

### 4.3.3 Service Responsiveness

As Jamal & Anastasiadou (2009) describes service responsiveness is the willingness to help customers and to provide prompts service. This dimension emphasizes attentiveness and promptness in dealing with customer requests, questions, complaints and problems. This subtopic is about service responsiveness, this variable had a total of four items, as it observed in the table below majority of the items had a mean score greater closer to 4 which lies at the agree level. This indicates according to the respondents the organization employees are ready to respond to customer's request and they also provide prompt services. Likewise, the descriptive analysis of likert scale indicates the hotel's employees are always willing to help customers; the respondents also replied that the hotel employees were never too busy to respond to customer. In addition to these, the grand mean score of service responsiveness is 4.13 with a standard deviation of 0.7975; the grand mean score of responsiveness implies that customers of the hotel had a positive attitude towards the service responsiveness of the hotel, this indicate the hotel deal attentively and promptly with customer requests, questions, complaints and problems.

**Table 4.4 Service responsiveness**

<b>Responsiveness</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Minimum</b>	<b>Maximum</b>
The organization employees are ready to respond to customers request	100	4.04	.9092121	1	5
The organization employees provide prompt services	100	4.15	.7436601	2	5
The organization employees are always willing to help customers	100	4.15	.8211227	1	5
The organization employees are never too busy to respond to customer	100	4.18	.7160498	2	5
<b>Grand mean</b>		4.13	0.797511		

#### 4.3.4 Service Assurance

The other anticipated variable which is going to discuss in the research is service assurance; the assurance dimension of service quality addresses the competence of the organization, the courtesy it extends to its customers and the security of its operations. Jamal and Anastasiadou (2009) define assurance as employees' knowledge and courtesy, and the ability of the organization and its employees to inspire trust and confidence. In pursuit of measuring service assurance four items were employed, all of the items had a mean score which fall at the agree level. Accordingly, the result of the descriptive statistics shows that the organization employees instill confidence in customers, the organization employees make customers feel safe in their transaction, employees of the Organization are consistent and the organization employees have knowledge to answer customer questions; Furthermore, service assurance had a grand mean score of 3.95 with a standard deviation of 0.7986. The grand mean score fall at the agree level which indicate customers had a positive perception about the service assurance of the hotel.

**Table 4.5: Service assurance**

<b>Assurance</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Minimum</b>	<b>Maximum</b>
The organization employees instill confidence in customers	100	3.97	.8097262	1	5
The organization employees make customers feel safe in their transaction	100	4.01	.6889459	1	5
Employees of the Organization are consistent	100	3.74	.8832905	2	5
The organization employees have a knowledge to answer customer questions	100	4.08	.8125282	1	5
Grand mean		3.95	0.7986		

### 4.3.5 Service Empathy

Service empathy is the other variable which is included in the descriptive analysis; as Jamal and Anastasiadou (2009) describe empathy as the caring and individualized attention that the organization provides its customers and it is the ability to experience another's feelings as one's own. Accordingly, the results of the descriptive statistics shows that the organization employees give customers individual attention and they also have the customer's best interest at heart. Furthermore, the descriptive analysis further shows that the organization employees deal with customers in caring fashion and the organization also has hours convenient to all customers. In addition to these, service empathy had a grand mean score of 4.036 with a standard deviation of 0.7826. The grand mean score value lies at the agree level which implies customers of the hotel had a positive attitude towards the service empathy of the hotel.

**Table 4.6 Service empathy**

<b>Empathy</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Minimum</b>	<b>Maximum</b>
The organization employees understand the individual needs for their customers	100	3.73	.9304609	1	5
The organization employees giving customers individual attention	100	4.07	.7142843	2	5
The organization employees have the customer's best interest at heart	100	3.99	.7848953	2	5
The organization employees deal with customers in caring fashion	100	4.15	.7436601	2	5
The organization has hours convenient to all customers	100	4.24	.7401883	1	5
Grand mean		4.036	0.782698		

### 4.3.6 Customer Satisfaction

Customer satisfaction reflects how the customers are happy with the service they received; five items were used to measure the response of customer satisfaction; as a matter of chance all of the items mean value fall in the agree level; accordingly, respondents were asked how do they rate the service of the hotel and their expectations too; in this regard the customer respondents replied that they found good the service of the hotel and the hotel also meet their expectation to some extent. Additionally, the customer respondents also agreed that the hotel deliver its service on time as well as committed to meet customers expectation. The descriptive analysis further shows that the service offered by the hotel is competitive and they also represent and deserve the cost paid for it. The customer respondents also replied that they are comfortable with the general price of the service and with the hotel as a general. Customer satisfaction had a grand mean score of 3.358 with a standard deviation 1.5037.

**Table 4.7 Customer satisfaction**

<b>Customer Satisfaction</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Minimum</b>	<b>Maximum</b>
<i>Service Quality:</i> How do you rate the company's service and did they meet your needs and expectations regarding quality and performance?	100	3.31	1.468147	1	5
<i>Delivery:</i> How do you rate the delivery on time performance and company's commitment to meet your delivery expectations?	100	3.23	1.462356	1	5
<i>Competitiveness:</i> How do you rate the competitiveness of our products and do they represent best value for total cost paid?	100	3.3	1.48732	1	5
General prices of the services	100	3.38	1.522757	1	5
<i>Overall Satisfaction:</i> How do you rate Haile Hospitality group?	100	3.57	1.577973	1	5
Grand mean		3.358	1.503711		

#### 4.4 Correlation Analysis

The primary objective of this study was to examine the assessment of Quality Service and Customer Satisfaction In The Case Of Haile Hospitality Group, meaning that testing whether there exists' significant relationships between independent variables and the dependent variable customer satisfaction. Accordingly, using Pearson correlation coefficient a correlation analysis was performed. The correlation between customer satisfaction and all the anticipated variables are discussed below.

The analysis shows that service tangibility were positively and weakly ( $r = .264^{**}$ ,  $p < 0.001$ ) associated with customer satisfaction. The analysis in the table below indicates that service reliability were positively and weakly ( $r = .038^{**}$ ,  $p < 0.001$ ) associated with customer satisfaction. In addition, the correlation analysis indicates that service assurance is positively and weakly ( $r = .095^{**}$ ,  $p < 0.001$ ) associated with customer satisfaction. The finding further shows that there was positive and moderate ( $r = .311^{**}$ ,  $p < 0.001$ ) association between service empathy and customer satisfaction. The variable responsiveness didn't show association with customer satisfaction.

**Table 4.8 Correlation analysis**

		<b>Correlations</b>					
		Satisfactio n	Tangibilit y	Reliabilit y	Responsivenes s	Assuranc e	Empath y
Satisfaction	Pearson Correlation	1	.264**	.038**	.013	.095**	.311**
	Sig. (2-tailed)		.008	.006	.901	.046	.002
	N	100	100	100	100	100	100
Tangibility	Pearson Correlation	.264**	1	.573**	.243*	.551**	.449**
	Sig. (2-tailed)	.008		.000	.015	.000	.000
	N	100	100	100	100	100	100
Reliability	Pearson Correlation	.038**	.573**	1	.387**	.543**	.407**
	Sig. (2-tailed)	.006	.000		.000	.000	.000
	N	100	100	100	100	100	100
Responsiveness	Pearson Correlation	.013	.243*	.387**	1	.405**	.406**
	Sig. (2-tailed)	.901	.015	.000		.000	.000
	N	100	100	100	100	100	100
Assurance	Pearson Correlation	.095**	.551**	.543**	.405**	1	.605**
	Sig. (2-tailed)	.046	.000	.000	.000		.000
	N	100	100	100	100	100	100
Empathy	Pearson Correlation	.311**	.449**	.407**	.406**	.605**	1
	Sig. (2-tailed)	.002	.000	.000	.000	.000	
	N	100	100	100	100	100	100

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

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

## **CHAPTER FIVE: CONCLUSION AND RECOMMENDATION**

### **5.1 Conclusion**

This study intended to examine the assessment of service quality and customer satisfaction; the service quality was measured from five different dimensions tangibility, responsiveness, reliability, assurance and empathy. In order to accomplish the stated objective, 100 customers were taken as a sample using convenient sampling method. A number of implications can be drawn from this study. Accordingly, the study proves the direct effect of service quality on customer satisfaction on the stated research target hospitality group. The descriptive analysis finds out that customers of the hospitality group have a positive perception towards the hotels appearance of physical facilities, equipment, personnel and communication materials. Customers of the hotel also had a positive perception towards service reliability of the hotel which implies the hotel delivers on its promises about service delivery, service provision and problem resolution. In addition to these, customers of the hotel had a positive attitude towards the service responsiveness of the hotel, this indicate the hotel deal attentively and promptly with customer requests, questions, complaints and problems; apparently, the findings show that the customers of the hotel had a positive perception about the service assurance of the hotel. The findings of the correlation analysis shows that except responsiveness all of the service quality dimensions had associations with customer satisfaction.

## 5.2 Recommendation

Based on the findings of the study the researcher forwards the following recommendations:

- As customers behavior is not consistent and due to the dynamic nature of the global environment the hotel should conduct continuous, periodic and ongoing research on service quality and customer satisfaction to understand the changing customers satisfaction levels against offerings on what should be done and what strategies to be implemented in order to achieve customer satisfaction goals. Further, customer satisfaction strategy will help hotels to compare their performances against customer standards against internal processes, industry benchmarks and identify opportunities for improvement.
- Innovative services delivery according to the needs and demands of the customers is very much important. Customer must be the focus of every strategy. In this regard, the hospitality industry must think in terms of end result of their service quality innovations. The focus should be on the long run rather the current situation.
- As customers behavior is not consistent and due to the dynamic nature of the global environment the hotel should conduct continuous, periodic and ongoing research on service quality and customer satisfaction to understand the changing customers satisfaction levels against offerings on what should be done and what strategies to be implemented in order to achieve customer satisfaction goals. Further, customer satisfaction strategy will help hospitality groups to compare their performances against customer standards against internal processes, industry benchmarks and identify opportunities for improvement.
- The findings of the study also shows that the service quality and customer satisfaction had different seems positive as a whole however, customers had different perception towards the hotels when the hotels are differ; therefore, the Haile hospitality group should create some common standard with some services.

## REFERENCE

- Abdullah, F. (2005), HEdPERF versus SERVPERF: the quest for ideal measuring instrument of service quality in higher education sector, *Journal of Marketing*, 13(4).
- Al Khattab, S. A. and Aldehayyat, J. S., (2011). Perceptions of Service Quality in Jordanian Hotels. *International Journal of Business and Management*, 6(7), pp. 226-233.
- Awlachew, A. (2015). *The Effect Of Service Quality On Customer Satisfaction In Selected Insurance Companies In Addis Ababa*.
- CQI. (2021). What is quality? Retrieved from <https://www.quality.org/what-quality>
- Cronin, JJ & Taylor, SA. (1992). "Measuring service quality": a re-examination and extension. *Journal of Marketing*, 56(3): 55-68
- Customer Service Approach, New York: John Wiley.
- Devlin, S., & Dong, H. (1994). Service Quality From the Customers' Perspective. *Marketing Research: A magazine of Management and Applications* .
- Devlin, Susan J. and H. K. Dong (1994), Service Quality From the Customer Perspective, *Marketing Research*, Vol. 6, No. 1 (Winter), 5-13.
- Gremler, D. ., & Gwinner, K. (2000). Customer-Employee Rapport In Service Relationships. *Journal Of Service Research*.
- Gronroos, G. (1983). Strategic Management and Marketing in the Service Sector. *Marketing Science Institute*.
- Gronroos, C. (1984). A service quality model and its marketing implication. *European Journal of Marketing*, Vol. 18, pp. 36-44.
- Gruet, B. (2021). Key Customer Service Skills (and How to Develop Them).
- Juran (1988), *Juran on planning for quality*. The Free Press - Macmillan Inc., New York.
- Kaňovská, L. (2015). *Customer services : A part of market orientation*. (January 2010).

- Khadka, K., & Maharjan, S. (2017). *Customer satisfaction and customer loyalty*. (November).
- Kotler p. & Kelvin k., (2006) *Marketing Management*, 12th Edition, Pearson Education inc. New Jersey.
- Kotler p.& Kelvin k., (2006) *Marketing Management*, 12th Edition, Pearson Education inc. New Jersey.
- Ishikawa (1985), *what is total quality control? – The Japanese way*. Prentice-Hall Inc., New Jersey
- Lewis, R.C. (1987). The measurement of gaps in the quality of hotel services. *International Journal of Hospitality Management*, Vol. 6, pp. 83-8.
- Lewis, R.C. and Booms, B.H. (1983), "The marketing aspects of service quality", in Berry, L., Shostack, G. and Upah, G. (Eds), *Emerging Perspectives on Services Marketing* , American Marketing Association, Chicago, IL, pp. 99-107.
- McDougall, H.G., and Levesque, T (2000). Customer satisfaction with services: putting perceived value into the equation. *Journal of Services Marketing*, Vol., 14 , pp. 392-410.
- Mowen, J. (1995). *Consumer Behaviour* (4th edition). New Jersey: Prentice Hall International.
- Murasiranwa, E. T., Nield, K. and Ball, S., 2010. *Hotel Service Quality and Business Performance in five hotels belonging to a UK Hotel Chain*. Amherst, International CHRIE Conference.
- Fraser Sherman, 2019, Reviewed by: Jayne Thompson, LL.B., LL.M.
- Nejati, M., Nejati, M.(2008), Service quality at University of Tehran Central Library, *Journal of Service Marketing*, 50(2).
- Oliver, R.L. 1980, A Cognitive Model of Antecedents and Consequences of Satisfaction Decisions, *Journal of Marketing Research* 17, November: 460-9.

- Oliver, R.L. (1999). Whence customer loyalty?. *Journal of Marketing*, Vol. 63, pp. 33-44
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1988). SERVQUAL: A Multiple-Item Scale For Measuring Consumer Perceptions Of Service Quality, *Journal Of Retailing*, Spring, Volume 64, Number 1, pp. 12-14
- Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A Multiple- Item Scale for Measuring Consumer Perception of Service Quality. *Journal of Retailing* .
- Parker, C., and Mathews, B.P. (2001). “Customer satisfaction: contrasting academic and consumers' interpretations”, *Marketing Intelligence and Planning*, 19(1), pp. 38-44
- Pirayesh, N., M.A;Daneshvar, & Khaki, M. (2011). Measure the impact of a company’s processes and projects on customer satisfaction index. *Journal of Science and Technology*.
- Shifman, L., & Kanuk, L. (1998). *Consumer behavior*. New Delhi: Printice Hall of India.
- Shorkaei, M., Arani, J., & Yazdani, H. R. (2011). Meta research conducted methods about the factors affecting customer satisfaction: documentary analysis. *Journal of Business Administration*.
- Temba, M. L. (2013). *The Assessment Of Service Quality And Customer Satisfaction Using Servqual Model: A Case Study Of Tanzania Telecommunications Company Limited (TTCL)*.
- Valarie A. Zeithaml and Mary Jo Bitner (2003), *Services Marketing*, 3rd edition, New Delhi NewYork.
- Valarie A. Zeithaml and Mary Jo Bitner (2003), *Services Marketing*, 3rd edition, New Delhi New York.
- Voss, G.B., Parasuman, A., Grewal, D. (1998), “The roles of price, performance and expectations in determining satisfaction in service exchanges”, *Journal of Marketing*, Vol. 64 No. 4, October

- Winston, W. (1988) "The multiplier effect on economic value of customer service," *Journal of Professional Service Marketing*, Vol. 3 No. 3/4, pp. 5-8.
- Zelege, T. (2012). *Impact of service quality on customer satisfaction at the public owned National Alcohol and Liquor Factory.*
- Zeithaml, V.A. and Berry, L.L. (1994), Reassessment of Expectations As a Comparison Standard In Measuring Service Quality: Implications For Future Research, *Journal of Marketing*, 58, January: 111-24.
- Zeithaml, V.A., & Berry, L.L, (2003), Refinement and Reassessment of SERVQUAL Scale, *Journal of Retailing* 67(4), 420-50.

## APPENDIX

### QUESTIONNAIRE

I am doing research entitled with “*Quality Customer Service on Customer Satisfaction In The Case Of Haile Hospitality Group*”; and I would appreciate it if you could please take few minutes of your valuable time and indicate the extent to which you agree or disagree with the following Perceptions. For each Perception statement, please **circle** the number that best describe your perception about **Haile Hospitality group** to their customers. If you **STRONGLY AGREE** that **Haile Hospitality group** offering services should possess the attributes described by each Perception statement, then circle **No. 5** if you **STRONGLY DISAGREE**, then circle **No.1**. Otherwise **circle** one of the middle numbers (Note: circle **No. 3** for **NEITHER AGREES NOR DISAGREES**). There is no right or wrong answers. Thank you.

#### A. Respondents Profile:

1. Gender            Male     Female
  
2. Age Below 20-30     31-40 years     41-50 years     Above 50
  
3. Customer of Haile Hospitality group <1 Year     (1-3)years     (>3)years
  
4. Marital Status  
  
      Single     Married     Divorce     Widow
  
5. Educational Qualification  
  
      BA/BSC     MA/MSc     PhD     if any, please specify\_\_\_\_\_

## A. Dimensions Of Quality Of Service Questionnaire

Strongly Disagree    Strongly Agree



Dimensions		Items	scale				
			1	2	3	4	5
Tangibility	T1	The organization has modern equipment	1	2	3	4	5
	T2	The organization has visually appealing material associated with the service.	1	2	3	4	5
	T3	The facilities of Organization are visually appealing.	1	2	3	4	5
	T4	Employees have a neat and professional appearance.	1	2	3	4	5
Reliability	R1	The organization employees provide service as promised	1	2	3	4	5
	R2	The organization employees are dependable in handling customer's service problem	1	2	3	4	5
	R3	The organization employees perform service right at the first time.	1	2	3	4	5
	R4	The organization employees provide services at the promised time.	1	2	3	4	5
Responsiveness	RP	The organization employees are ready to respond to customers request	1	2	3	4	5
	RP1	The organization employees provide prompt	1	2	3	4	5
	RP2	The organization employees are always willing to help customers	1	2	3	4	5
	RP3	The organization employees are never too busy to respond to customer	1	2	3	4	5
Assurance	A1	The organization employees instill confidence in customers	1	2	3	4	5
	A2	The organization employees make customers feel safe in their transaction	1	2	3	4	5
	A3	Employees of the Organization are consistent	1	2	3	4	5

	A4	The organization employees have a knowledge to answer customer	1	2	3	4	5
Empathy	E1	The organization employees understand the individual needs for their customers	1	2	3	4	5
	E2	The organization employees giving customers individual attention	1	2	3	4	5
	E3	The organization employees have the customer's best interest at heart	1	2	3	4	5
	E4	The organization employees deal with customers in caring fashion	1	2	3	4	5
	E5	The organization has hours convenient to all customers	1	2	3	4	5

## B. Customer Satisfaction

I would be grateful if you could spare a few minutes to complete this Customer Satisfaction Questionnaire. Please tick the appropriate box to indicate your degree of satisfaction. Where: 5=Excellent, 4=Good, 3=Satisfactory, 2=Poor, 1=Very Poor

	Rating				
	Very poor	Poor (2)	Satisfactory (3)	Good (4)	Excellent (5)
<i>SERVICEQUALITY</i> : How do you rate the company's service and did they meet your needs and expectations regarding quality					
<i>DELIVERY</i> : How do you rate the delivery on time performance and company's commitment to meet your delivery					
<i>COMPETITIVENESS</i> : How do you rate the competitiveness of our products and do they represent best value for total cost paid?					
General prices of the services					
<i>OVERALL SATISFACTION</i> : How do you rate Haile Hospitality group?					

APPENDIX PICTURES OF THE HOTEL

# Portfolio

---



## HAILE RESORT – HAWASSA: - CORE BRAND, UPSCALE



- Since 2010
- 4-Star
- Lake side Resort Hotel
- 259 Staff
- Hospitality Institute



- 126 Room
- 6 F& B outlets
- 5 conference Venues
- Health Center with swimming pool and Spa
- Banks, shops playgrounds and more



## HAILE RESORTS – ARBA MINCH: - CORE BRAND, UPSCALE



- Since 2018
- 4-Star
- View Point Resort Hotel
- 168 Staff



- 103 Rooms
- 3 F & B outlets
- 5 conference Venues
- Health Center with swimming pool and Spa
- Banks, shops playgrounds and more



# HAILE RESORTS – GONDAR: - CORE BRAND, MIDSCALE

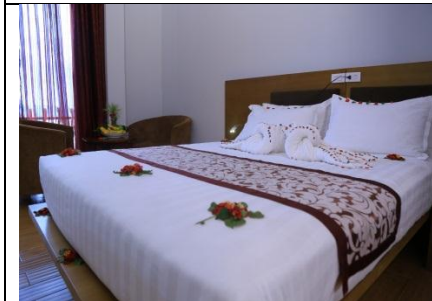
## LEASED PROPERTY



- Since 2019
- 3-Star
- View Point Resort Hotel
- 122 Staff



- 54 Rooms
- 3 F & B outlets
- 4 conference Venues
- Swimming pool and
- Shops, playgrounds and more



## HAILE RESORTS – YAYA VILLAGE: - CORE BRAND, MIDSACLE



- Since 2015
- 3-Star
- Sport Village Hotel
- 146 Staff



- 54 Rooms
- 3 F & B outlets
- 4 conference Venues
- Health Center with swimming pool and Spa
- Shops, playgrounds and more

