



**ADDIS ABABA UNIVERSITY
COLLEGE OF DEVELOPMENT STUDIES
CENTER FOR ENVIRONMENT AND DEVELOPMENT
PROGRAM OF TOURISM DEVELOPMENT AND MANAGEMENT**

**The Linear Relation of Service Quality and Customer Loyalty: The Case of
Star-Rated Hotels in Addis Ababa**

*A Thesis Submitted to Addis Ababa University, College of Development Studies, Center for
Environment and Development, Program of Tourism Development and Management in
Partial Fulfillment of the Requirement for Master of Art in Tourism Development and
Management*

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June, 2022
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This is to certify that Endegnanew Assefa's thesis, titled “The Linear Relation of Service Quality and Customer Loyalty: The Case of Star-Rated Hotels in Addis Ababa” and submitted in partial fulfillment of the requirements for the Degree of Master of Art in Tourism Development and Management complies with the regulation of the University and meets the accepted standards with respect to originality and quality.

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Declaration

I Endegnanew Assefa hereby declare that I completed this thesis titled “The Linear Relation of Service Quality and Customer Loyalty: The Case of Star-Rated Hotels in Addis Ababa” under the supervision and guidance of my advisor Dr. Ephrem Assefa.

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Acknowledgement

Dr. Ephrem Assefa has been an excellent instructor, mentor, and thesis supervisor, providing insightful and humorous advice and support. I'm proud of and glad for the opportunity to work with him. I'd want to express my gratitude to the University of Addis Ababa's College of Development for offering Tourism Development and Management as a program. As always, I am grateful to all of my instructors on this program. Many thanks to Lydia Nemewak, my wife, for her unwavering support throughout my academic career.

Abstract

Ethiopia, notably Addis Ababa, is a well-known tourist destination and the headquarters of a number of international and intercontinental organizations. Tourism is an important part of the country's economy, a source of income for many people, and drive factor for investment. Hotels are an indispensable part of the tourism industry. The purpose of this study is to assess the linear relation of service quality and customer loyalty in the case of star-rated hotels in Addis Ababa. To this end, pertinent data were gathered through structured questionnaire from 384 customers of three, four and five-star hotels in Addis Ababa. The study used five dimensions of SERVQUAL model to test the effect of service quality (independent variable) on customer loyalty (dependent variable). Quantitative data gathered through structured questionnaire were processed via SPSS and analyze by using descriptive and inferential statistics (linear regression analysis). The findings of the study indicated that each of the five service quality dimensions (reliability, responsiveness, tangibles, empathy, and assurance) have a positive and significant effect on customer loyalty, with tangibles having the greatest impact. To sum up, hotels should pay attention to what their customers think about the service quality of the hotels, as this study discovered that service quality has a direct impact on customer loyalty.

Keywords: *Hotel, star classification, service quality, customer loyalty*

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CHAPTER ONE

1. Introduction

1.1. Background of the Study

Although the components of the hospitality network are autonomous and competitive enterprises, they have developed a centuries-old connection. The functions that places and hospitality facilities play in enticing individuals to travel demonstrate this relationship. The movement of tourists to a location to enjoy its attractions, special events, hospitality, housing, food, and entertainment is referred to as tourism-related travel (Chon & Maier, 2009).

One of these hospitality facilities is the hotel industry. Hotels provide an important role in travel and touring activities since they can impact the customers' and clients' desire to take a trip. As mentioned by (Negi, 2008), tourist accommodations are now routinely graded all around the world. The rating is based on a number of variables, including the degree of excellence, level of service, and the range of amenities available. Grading divides tourist accommodations into distinct categories or grades based on subjective or a combination of subjective and objective assessments, such as the standard of amenities and services. The traveler must be aware of the accessibility of services that match his needs in terms of kind, price, amenities, and other criteria. A classification system provides a qualitative evaluation of a particular service unit's facilities. It allows the user to select the level of service they desire.

In line with (Negi, 2008), due to the difficulty to judge the degree of service in relation to pricing and additionally, its quality is subject to changes in management and employees, it is difficult for the grading system to accurately and fairly reflect all shades of excellence in a hotel.

The leisure and tourist businesses are influenced as much as any other industry by rising client demands and expectations. All components of the service delivery process which include interactions with staff, tangible elements, time it takes to supply the service, to check if it was performed effectively, and the outcomes of the experience have an impact on customer satisfaction. The last factor in determining customer happiness is their assessment of the service they received. That is their perceptions (Williams & Buswell, 2003).

As claimed by (Agbor, 2011), customer satisfaction is now considered as an element that is affected by the quality of service provided. Some academics have found a link between service quality and customer satisfaction. The association between service quality parameters and customer satisfaction yielded unique outcomes in the study. Meanwhile, the group's findings revealed that service quality was linked to consumer satisfaction in a substantial way.

As reported by prior scholars (Jasinskas, Streimikiene, Svagzdiene, & Simanavicius, 2016), the consistency of expected quality with actual quality has a substantial impact on consumer loyalty. To improve their competitiveness and gain a larger number of loyal customers, hotels should first align their customers' expectations with the service quality they provide. Hotel rating raises service quality by requiring hotels to standardize their properties in order to compete in local and global marketplaces (Binkley, 2004). Therefore, this study is conducted to investigate the linear relation of service quality and customer loyalty in the case of star-rated hotels in Addis Ababa.

1.2. Statement of the Problem

A company can hardly expect to succeed without developing customer satisfaction and brand loyalty. Due to the fact that service quality has evolved into a strategic tool for assessing business performance in highly competitive markets, it is thought to be essential to provide an elevated service in order to continuously increase the number of customers and encourage repurchase intention from the same customers (Iddrisua, Noonib, Fiankoc, & K.S., 2015).

In the aspect of services, service quality is quickly rising to the top of the priority list. Customers are more conscious than ever before of the quality of the service they receive, which has prompted businesses to focus more on the quality of the service it offers to win over devoted clients (Zebrga & Zaveri, 2020).

As a result, numerous hotel chains have developed comprehensive loyalty programs with rewards and redemption options tailored to their particular products or services and target market (Chon & Maier, 2009).

Several studies have been conducted, in Ethiopia and abroad, with regard to service quality and customer loyalty in tourism and hospitality industry. Prior scholars have reported different

factors affecting the level of customer loyalty. These include the hotel's location, service quality, customers' perception towards the service, and customer satisfaction (Wangchan & Worapishet, 2019). The degree to which the expected quality matches the quality received has a substantial impact on the customer's loyalty (Jasinskas, Streimikiene, Svagzdiene, & Simanavicius, 2016).

It was discovered that there is a considerable association between hotel ratings and customer expectations, customers' service perceptions, and customer satisfaction (Tefera & Govender, 2016). The researcher also reported that the major drawback of star-rated hotels is quality and arrangement of hotel rating (grading) that supports diverse approach is confusing customers.

Another study by (G/Egziabher, 2015) found out that consumers' perceptions of service quality given by the hotel were below their expectations. The general levels of customer satisfaction for hotel stays were not satisfactory among both local and international hotel customers. Only Ethiopian visitors to hotels were the ones who have the lowest expectations and perceptions of the hotels. As these sectors have the potential to represent the country's administration and civilization to the people they serve, this could distort the country's good name.

The hotel industry in Ethiopia is in its mounting phase. It plays a great role on the country's economy in lessening unemployment rate by providing a fair amount of job opportunities for the vast educated manpower and also in boosting the ongoing tourism development campaign held by the government. That's why it needs a superior attention in making it a successful sector.

Hotels in Ethiopia are expected to have internationally acknowledged qualities to compete with their international equals and also to be honored as their titles' say so. If that is unlikely to happen, it will result a decrement in returning customers quantity. Addis Ababa is the seat of international organizations such as UNECA, AU and many embassies. Thus, ensuring the quality of services offered by hospitality businesses not only boosts the competitiveness of these firms but also enhances the image of the country as a whole.

Even though the relationship among the hotel grading systems, service quality, customer satisfaction and loyalty is apparent and several studies have been made, the impact they created have not been satisfying. Moreover, although customer loyalty is often acknowledged as the

most important aspect in a company's success (Kandampully & Suhartanto, 2000), there is lack of empirical evidence with regard to customer loyalty and how it varies across star-rated hotels in Ethiopian context. Besides, Ethiopia has come across several new hotel developments in the last few years and a lot of quantitative and qualitative changes have been seen in the industry since the last studies. Therefore, this study aims to assess the linear relationship of service quality and customer loyalty in the case of star-rated hotels in Addis Ababa. And also seeks to provide far-reaching feedback for the sector in need.

1.3. Basic Research Questions

- 1) How does hotel standardization work in Addis Ababa, Ethiopia?
- 2) What is the perception of customers towards the quality of hotel services in Addis Ababa?
- 3) What is the level of customer loyalty in the case of star-rated hotels in Addis Ababa?
- 4) Does customer loyalty vary across the levels of hotels in Addis Ababa, Ethiopia?
- 5) What is the effect of service quality on customers' loyalty in the case of star rated hotels in Addis Ababa?

1.4. Objective of the Study

1.4.1. General Objective

The general objective of this research is to assess the hotel star classification system, service quality and its impact on customer loyalty in the case of star-rated hotels in Addis Ababa.

1.4.2. Specific Objectives

- To assess the hotel classification system in Addis Ababa, Ethiopia
- To assess perception of customers towards the hotel service quality in Addis Ababa, Ethiopia
- To assess level of customers loyalty in the case of star rated hotels in Addis Ababa, Ethiopia
- To examine if customers loyalty varies across the levels of hotels in Addis Ababa, Ethiopia
- To determine the effect of service quality on customer loyalty in the case of star rated hotels in Addis Ababa, Ethiopia.

1.5. Scope of the Study

The scope of the study can be expressed in terms of the research theme (conceptual scope), geographical area (geographical scope), and the methodology applied (methodological scope). Conceptually, the study is delimited to assess the relation between service quality and customer loyalty in the case of star-rated hotels in Addis Ababa.

Geographically, the study is delimited to star-rated hotels, mainly 3-star and above hotels located in Addis Ababa which are mostly recommended to provide standard services for domestic and international tourists. Addis Ababa is chosen because it contains relatively high concentration of star rated hotels in the country. Methodologically, the study is based on quantitative data gathered via questionnaire survey supplemented by document review.

1.6. Significance of the Study

Nowadays, there is a great need of study about the misconceptions and misunderstandings on hotel standardization for international and domestic tourists which include business travelers from all over the world.

Stakeholders may get benefit from reading this research:

- For policy makers: the study provides important inputs to understand if customers have received the level of service provided by 3-star, 4-star and 5-star hotels in Addis Ababa, and take the necessary actions.
- For hoteliers, the study provides crucial information with regard to customer perception towards the quality of service they offer, and to take remedial actions accordingly. The study also allows hotel managers to understand the link between service quality and customer loyalty and devise appropriate customer retention strategies.
- For fellow researchers, the study can be used as a work of reference since it provides theoretical and empirical literature on the linkage between service quality, and customer loyalty.
- For tourists, the study helps tourist by providing background information in shaping their decision while choosing their hotel.

1.7. Organization of the Study

This thesis is organized in five chapters. The first chapter is about introduction to the study and includes background of the study, statement of the problem, research questions, research objectives, scope and limitations of the study, significance of the study, and definition of key terms. The second chapter deals with literature review and include theoretical foundation of the study, review of empirical literature, research/knowledge gap, conceptual frame work of the study, and research hypotheses as sub topics. The third chapter discusses the research methodology which consists of research approach and design, description of the study area, data sources, population, sample size and sampling technique, reliability of data collection instruments, method of data analysis and ethical considerations. The fourth chapter is about data presentation and analysis and interpretation. Finally, the fifth chapter is about conclusion and recommendation based on the findings of the study.

1.8. Definition of Key Operational Terms

- **Hotel** is a commercial establishment that provides rooms in which people can stay, especially to travelers and sometimes to permanent residents, and which provides food, lodging, and other services for paying guests, including the general public (Ethiopian Standards, 2014).
- **Hotel Classification** is separation of different types and ranges of hotel accommodation into several categories based on a range of criteria (Research Department of the Caribbean Tourism Organization, 2002).
- **Service Quality** is the extent to which customers' perceptions of service meet and/or exceed their expectations (Parasuraman, Zeithaml, & Berry, 1988).
- **Customer** can be defined as those people who directly purchase and then consume a service themselves (Williams & Buswell, 2003).
- **Customer Satisfaction** is a summary psychological state resulting when the emotion surrounding confirmed expectations is coupled with the consumer's prior feelings about the consumption experience (Parasuraman, Zeithaml, & Berry, 1988).
- **Customer Loyalty** is the intention of the customer to repurchase from the same service provider whenever possible and the continued recommendation or the maintained positive attitude towards the service provider (Kandampully & Suhartanto, 2000).

CHAPTER TWO

2. Literature Review

Introduction

This chapter presents the result of review of theoretical and empirical literature on the subject matter. First, the researcher tries to discuss the basic concepts and terminologies and goes on to explicate the basic theories with regard to the study variables. Then, it discusses review of

empirical studies conducted on the issue under investigation. Finally, the chapter presents the conceptual framework of the study (developed in line with theoretical and empirical literature) and the research hypotheses.

2.1. Theoretical Review

2.1.1. Basic Concepts and Terminologies

Before going deep into the subject matter, it is important to discuss some basic concepts such as hospitality, hotel, and types of hotels.

The hospitality industry includes a diverse range of enterprises, all of which are dedicated to providing excellent service to individuals who are traveling away from their homes. The hospitality and travel industries are very tightly linked. This sector includes food and beverage services, accommodation services and ski resorts, recreation services, campsites and theme parks, travel related and tourism services, the gaming industry, and items with personal services (Chon & Maier, 2009).

Hotel is a commercial establishment that provides rooms in which people can stay, especially to travelers and sometimes to permanent residents, and which provides food, lodging, and other services for paying guests, including the general public (Ethiopian Standards, 2014).

2.1.2. Types of Hotels

When hotels began to differ enough from each other to appeal to different groups of people, it became necessary to classify them. The days of guests having to choose between luxury and budget hotels are changed. Hoteliers concentrated on differentiating themselves from the mass by offering unique accommodations as the economy grew and room supply rose. Conventioneers, business groups, special-interest groups, and resort-based incentive visitors were all attracted to hotels, which were no longer just a place to sleep. Qualitative hotel

categorization aided new customers in finding appropriate accommodations and so became an effective marketing strategy (Chon & Maier, 2009).

According to (The Hong Kong Polytechnic University , 2013) and (Yuvraj, 2017) hotels can be grouped on the basis of their size, location, clients, form of ownership, function, market segment, price, level of service, design and other factors.

Major types of hotels are discussed below.

1. Highway Hotels/ Motels. They are intended for vehicle travelers who need to spend overnight, and they're usually equipped with extremely basic amenities. Typically, the rooms have direct access to an open parking lot and they are found on the outskirts of cities and towns (The Hong Kong Polytechnic University , 2013).

2. Resort Hotels. Resort hotels are hotels that are located in tourist destinations such as mountain peaks, seaside coastlines, and the countryside. These hotels have a really relaxing and natural feel about them. They are generally located outside of cities and in unpolluted areas (Yuvraj, 2017).

3. Convention Hotels. These hotels have a lot of conference and event space where conventions can be held and also can accommodate a big number of people. There are catering facilities, laundry services, and business centers within and around the hotel complex (The Hong Kong Polytechnic University , 2013).

4. Airport Hotels. Hotels near the airport and other points of entry are known as airport hotels. These hotels, which provide all of the facilities of a commercial hotel, are typically used by passengers who require a stopover on the way to their destination (Yuvraj, 2017).

5. Boutique Hotels. Boutique hotels, unlike traditional hotels and motels offer personalized services and amenities. They are more personal and possibly luxurious but the amenities differ significantly based on the hotel's environment and concept. If the focus is on comfort and privacy, a boutique hotel may not offer Wi-Fi Internet, air conditioning, or Television (The Hong Kong Polytechnic University , 2013).

6. Residential Hotels. Residential hotels allow guests to stay for an extended period of time. These hotels are usually preferred by visitors who are on a temporary official mission or a

short time job in a city. Customers can reside for as little as one month or as long as two years. The amenities provided by these hotels are basic (Yuvraj, 2017).

7. Casino hotels. Gambling businesses are the main source of revenue for these kinds of hotels. They include live entertainment, wide range of luxury amenities, hotel services such as superior restaurants, and shopping centers (The Hong Kong Polytechnic University , 2013).

2.1.3. Hotel Classification Systems

A rating of a hotel unit's quality and amenities is known as hotel star category. It can also be used as a configuration frame to determine the quality of production and distribution of hotel usage, as well as a source of information for guests (A & LA, 2020).

The evaluation is done based on specific factors, for example, the standard of excellence, level of administration, and the degree of amenities offered. Certain guidelines are laid out in order to execute that. Based on standard amenities and services, these classifications sort accommodation into various categories or grades. However, the procedure for reviewing differ both in scopes of categories and strategies for classification. It is typically addressed by numbers, letters, or symbols like star/s (Negi, 2008).

Hotel classification systems are broadly used with inside the hospitality industry as a way of supplying a hallmark to customers and intermediaries. Furthermore, this system can offer beneficial advertising structures for hotels and destinations (World Tourism Organization, 2015).

2.1.3.1. Types of Hotel Classification Systems. The prominent models/ types of hotel classification systems are; the star rating system by the American Automobile Association (AAA) and the ten quality levels system by Official Hotel and Resort Guide (OHRG).

1. The Star Rating System. According to (Research Department of the Caribbean Tourism Organization, 2002), the rating system sprang from the efforts of European automobile and cycling clubs, who displayed hotels in their tour guides that they recommended to their membership based on the promised amenities that these hotels provided. As a result, rating systems such as the Automobile Association (AA), which is a British system, and its American equal American Automobile Association (AAA), the Consumer Product Safety Commission

(CPSC) were established. They grant 1-5 stars based on the hotel's overall rating, red star awards, and annual rosette awards. National Tourist Boards began to investigate some type of hotel registration/classification system following World War II, according to the report, by 1980; there were 22 European countries and 60 countries in the world that adopted such system. The classification systems' criteria were not standardized and plain. Registration, categorization, and grading all had different connotations.

The limitation for this classification system is that its standards were not uniform, and they still aren't. Registration, categorization, and grading all had different connotations.

2. *The Ten Quality Levels System.* The other model stated by (Research Department of the Caribbean Tourism Organization, 2002) is Hotel and Resort Guide (OHRG). It claims there were ten quality levels, which were separated into the following categories: super deluxe, deluxe, moderate deluxe, superior first class, first class, limited service first class, moderate first class, superior tourist class, tourist class, and moderate tourist class.

These rankings take into account the quality of guest accommodations (such as room size and furnishings) as well as the scope of hotel amenities (such as parking, number and size of public rooms and meeting facilities).

2.1.3.2. Limitations of the Official Hotel Classification System. Following the establishment of assessment and classification of accommodation facilities, numerous countries' tourism authorities devised and implemented personalized official hotel rating systems. The official star rating systems, on the other hand, have become outdated and unreliable as the worldwide hotel sector has changed dramatically over the previous two decades (Quo, 2019).

As it is narrated in (Martin-Fuentes, 2016)'s study, in the official rating evaluation system, criteria are defined and given specific scores or weights. This strategy focuses on the hardware and a service availability checklist while neglecting other critical elements. The other limitation is that, in order to assign a star rating, assessment committees conduct a one-time inspection, and

without further periodic audits or the incorporation of customer feedback, the evaluations are unlikely to accurately reflect the quality, consistency, and perceived value of the facilities and services. Since grading criteria fluctuate from country to country, travelers may face varying facilities and services at each star level in different countries. . It is also vital to understand how official ratings are evaluated by discriminating visitors worldwide.

Consumers' trust in the official rating systems has weakened, pushing them to rely more on social media and other channels to evaluate a hotel's quality. Today, as readily available information such as guest review websites, consumer images, and travel blogs make booking decisions faster and easier. As a result, for today's travelers, the official rating is simply one source of information. They place a higher importance on brand and are more open to citizen media (Quo, 2019).

2.1.4. Service Quality

2.1.4.1. The Concept of Service Quality. Quality has become a strategic instrument for achieving operational efficiency and enhancing organizational effectiveness. This applies to both the products and services industries. Due to inherent aspects of services, the difficulty with service quality management in service organizations makes quality difficult to identify and measure (Jain & Gupta, 2004).

Different authors have defined quality in different ways. Quality is classified as compliance to standards by (Crosby, 1984), as a feature that satisfies the client by (Eiglier & Langeard, 1987), and as total excellence or superiority by (Parasuraman, Zeithaml, & Berry, 1988).

For service quality theorists, defining the notion of service quality is as difficult as defining the complex thoughts of the original quality experts. Most of the writers that write about service quality focus on user-centered and value-centered approaches. Customers are fundamental not just to the organization but also to all parts of the operating procedures when using a user-based strategy, which is also called in certain literature as a 'customer-oriented' quality. Quality is defined in terms of excellence in the value-based concept of quality (Williams & Buswell, 2003).

The consistency of expected quality with actual quality has a substantial impact on consumer loyalty. To improve their competitiveness and gain a larger number of loyal customers, hotels should first align their customers' expectations with the service quality they provide (Jasinskas, Streimikiene, Svagzdiene, & Simanavicius, 2016).

Providing high service quality looks to be a requirement for those kinds of enterprises' existence and also success. In the absence of objective criteria, measuring consumers' perceptions of quality is a good way to assess the quality of a company's service. Service quality is defined as the gap between consumers' views of a company's services and their expectations of companies that provide those services (Parasuraman, Zeithaml, & Berry, 1988).

Because of three characteristics exclusive to services; intangibility, heterogeneity, and inseparability of production and consumption, service quality is an abstract and elusive concept (Parasuraman, Zeithaml, & B, 1985).

Utilizing the difference between performance and expectations as a basis for measuring service quality is incorrect (J. Joseph Cronin & Taylor, 1994). Instead, they suggested that only perceptions of performance have a direct impact on service quality. As a result, they developed a service quality measuring model that is based only on performance which is SERVPERF.

2.1.4.2. Service Quality Models. The study of (Seth, Deshmukh, & Vrat, 2005) looked at 19 service quality models used in various business and technological industries. The gap model (SEVQUAL) and performance only service quality model (SERVPERF) are essential and commonly addressed in hotel service quality measures, according to their research.

1. Gap Model (SERVQUAL). The model is a technique for analyzing data. It allows management to uncover systematic service quality gaps between varieties of variables that affect service quality. From the perspective of the customer, this model can aid management in identifying relevant service quality variables. The model, however, does not clarify the precise measurement process for measuring gaps at various levels (Seth, Deshmukh, & Vrat, 2005).

This model assessed customer perceptions of service quality in service and retailing firms using a 22-item measure called SERVQUAL. It evaluated service quality as $Q = P - E$, where P and E are the ratings on the relevant perception and expectation statements, respectively, and Q represents perceived quality along that item (Parasuraman, Zeithaml, & Berry, 1988).

Because of its greater diagnostic capacity, the SERVQUAL scale should be selected when the research goal is to identify areas linked to service quality deficits for new approach by management. However, one major drawback of the SERVQUAL scale is that it necessitates a massive data collection effort. One must collect data regarding consumers' expectations as well as perceptions of a firm's performance on each of the 22 service quality scale attributes using a thorough questionnaire (Jain & Gupta, 2004).

2. Performance only Model Service Quality (SERVPERF). Among the researchers who seriously contested the SERVQUAL measure were (J. Joseph Cronin & Taylor, 1994). They criticized the SERVQUAL scale's conceptual foundation and found it to be incompatible with service satisfaction. As a result, they recommended that the expectation (E) component of SERVQUAL be eliminated and only the performance (P) component be employed. They devised a scale known as the 'SERVPERF' scale (Jain & Gupta, 2004).

The performance-based system SERVPERF is more efficient than SERVQUAL since it decreases the number of items by half and produces better results. Consumer satisfaction is influenced by service quality, and service quality may have a greater impact on purchase intentions. It is necessary to establish a quantitative relationship between customer satisfaction and service quality while using this model (Seth, Deshmukh, & Vrat, 2005).

The SERVPERF scale should be used to assess a firm's total service quality because of its empirical clarity and higher instrument tightfistedness. When comparing service quality across industries, the SERVPERF scale should be the preferable study tool (Jain & Gupta, 2004).

2.1.4.3. Service quality dimensions. In accordance with (Parasuraman, Zeithaml, & B, 1985)'s service quality model, the 10 dimensions of service quality are reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer, and tangibles which take account of the physical service like physical facilities, the appearance of employees, tools or types of equipment in use, and other service facilities.

Conforming to (Parasuraman, Zeithaml, & Berry, 1988)'s model of service quality, the above-mentioned 10 dimensions were divided into two groups; kept three from the first approach, added two combined dimensions, and finally presented as SERVQUAL's five dimensions. These dimensions are tangibles, reliability, empathy, assurance, and responsiveness. Assurance and empathy are the summations of the remaining seven dimensions.

Definitions and details of the dimensions according to (Parasuraman, Zeithaml, & Berry, 1988) are depicted below.

1. Tangibles. "Physical facilities, equipment, and appearance of personnel". This dimension assesses the tangible components of service quality by questioning if the firms are equipped with modern technology, if the physical facilities are appealing, if the staffs are well-dressed and neat, and if the firm's facility and equipment are appropriate for the services provided.

2. Reliability. "Ability to perform the promised service dependably and accurately". This dimension examines the reliability of the service quality provided by assessing if the hotel keeps its word when it says it will deliver services by a certain time, if the employees are friendly and reassuring when the customer have concerns, if the firm keeps its records accurately, if the hotel is trustworthy, and if the firm fulfills its obligations at the agreed-upon time.

3. Responsiveness: "Willingness to help customers and provide prompt service". This dimension inspects the responsiveness of the service providers' employees by questions like, whether the firms' staffs are quick to respond to customer requests, if the firms' staffs are always eager to assist guests, if the firms' employees provide you a timely service, and if the firms' personals inform guests of the precise time when services will be rendered.

4. Assurance: “Knowledge and courtesy of employees and their ability to inspire trust and confidence”. This service quality dimension observes the assurance of the service provider and its employees at the firm by questioning if the employees can be trusted, if the hotel provides appropriate support for employees to accomplish their jobs properly, if the firms’ staffs are polite and if the customers have a sense of security when dealing with the firms’ staff.

5. Empathy: “Caring, individualized attention the firm provides its customers”. This service quality dimension evaluates the empathy of the service provider and its employees by using questions like, whether the firms’ staffs give individual attention for guests, if customers receive customized service from the firms’ staff, if the staffs are attentive of their visitors' needs, if the firm is concerned about the well-being of its guests, and if the firm has convenient operating hours for all of their consumers.

SERVQUAL model narrates the development of 22 pairs of items to evaluate customers’ expectations with one item of each pair and customers’ perception with the other (Parasuraman, Zeithaml, & Berry, 1988). This method defines service quality of an individual item as the difference of the ratings on the corresponding perception and expectation ($Q = P - E$). SERVPERF, the performance component of the Service Quality scale by (J. Joseph Cronin & Taylor, 1994) , reviewed (Parasuraman, Zeithaml, & Berry, 1988)’s perceptions minus expectations measures of service quality and renovated the approach by revealing the lack of evidence supporting the expectation-perception gap can be taken as a predictive measure of service quality.

2.1.4.4. Factors Affecting Service Quality. According to (Parasuraman, Zeithaml, & B, 1985)’s service quality model, there are ten dimensions that can influence service quality. Reliability, responsiveness, competence, access, courtesy, communication, trustworthiness, security, customer understanding/knowledge, and tangibles are the dimensions. Later on, the scholars in 1988 have reduced the above-mentioned ten dimensions to five in the service quality model. The tangibles, reliability, empathy, assurance, and responsiveness are the revised dimensions. According to (Hoang, Thu, Ha, & Quy, 2016)’s study, the five factor groups that influenced service quality were competence, responsiveness, accessibility, tangibles, and reliability.

2.1.5. Customer Loyalty

2.1.5.1. The Concept of Customer Loyalty. Loyal customer is defined as someone who intends to purchase a company's service on another time; he/she wants the same service and gives a positive review about the service provider. It is also stated that customer loyalty has long been acknowledged as the most important aspect in a company's success (Kandampully & Suhartanto, 2000).

The concept of loyalty attracted the attentions of marketing researchers, who attempted to define and measure it more precisely. They claimed that loyalty is defined as "a biased behavioral response" expressed over time by some decision-making unit toward one or more different alternatives. To introduce the concept of loyalty, recurring purchases and oriented behavior must be noted (Hikkerova, 2011).

As stated in (Rauyruen, Miller, & Barrett, 2007)'s research, there are three main aspects of loyalty: behavioral loyalty, attitudinal loyalty, and composite loyalty. Behavioral loyalty circulates in the repurchase intention of the customer, while attitudinal loyalty is about the recommendation and approval about the service the customer used. Composite loyalty approach encompasses both behavioral and attitudinal loyalty.

Having a loyal customer is critical for service providing businesses. Service quality, connection building, and overall customer happiness can all help to improve customer service relationships (Bose & Bansal, 2001). Customer loyalty is based on the quality of the customer service (Nasir, 2015).

2.1.5.2. Customer Loyalty Programs. Increased competition has forced firms to constantly look for new ways to be more attractive and thus more competitive. As the cost of keeping an existing customer is lower than the cost of acquiring new customers, many firms have launched loyalty programs. These programs are marketing strategies aimed at rewarding and thus encouraging loyal behavior (Hikkerova, 2011).

Customer loyalty can be maintained through customer satisfaction, superior service, loyalty programs, defection analysis, complaint handling, mass customization, customer targeting, and database marketing. Customer satisfaction is achieved through understanding customer wants

and preferences, meeting and even exceeding customer expectations, and offering great customer value. Satisfied customers are probable to become loyal (Nasir, 2015).

In accordance with (Nasir, 2015)'s narration, customers with economic potential or strategic importance must be the focus of firms' client loyalty programs. The value and/or volume of a customer's purchases, the customer's prestige, the customer's potential to provide access to new markets/customers, and the customer's impact on other relationships can all be used to establish a customer's strategic relevance.

Several hotel businesses have developed significant loyalty programs based on computerized guest history booking routines in response to the increased frequency of international travel. They can then provide rewards and redemption options that are tailored to their products or services and main market. Because of the complexity of these loyalty program databases, as well as the enormous volume of sales, many major companies that utilize those programs, have considerable market advantages (Chon & Maier, 2009).

2.1.6. Relationship between Hotel Classification, Service Quality, and Customer Loyalty

A hotel grading is a quality-based assessment that assigns a symbol to an accommodation facility that provides above-average service. The formation of a ranking based on specific criteria and the designation of a symbol that confirms a quality category is one method of assessing hotel quality. We can say that service quality can give an insight of hotel classification because it is one of the systems used in hotel grading when assigning a mark that can represent its class (Minazzi, 2010).

The profitability of tourist hotels is dependent on both service quality and loyalty (Arias Bolzmann, Bravo Falcón, & Mendoza Cabrera, 2018).

Customer satisfaction serves as a facilitator in the impacts of service quality on service loyalty, according to the findings of (Alrousan & Abuamoud, 2013).

In a business organization, customer happiness is seen as one of the most essential outcomes of all marketing initiatives. The explicit goal of delighting the company's customers is to grow the business, earn a leading position, and gain and recommendations, all of which contribute to higher income. Customers' willingness to suggest is based on their perceptions of both their happiness and the level of service they received throughout their visit (Kandampully & Suhartanto, 2000).

2.1.7. Theoretical Foundation of The Study

This study uses the Theory of Reasoned Action by (Ajzen & Fishbein, 1980) as the theoretical foundation to explain the relationship between service quality and customer loyalty. This theory states that consumers are rational people who use all available information to make informed decisions before engaging in certain behavior. The idea is to understand and predict a person's behavior. It assumes that a person's intention to engage in a particular activity is the most important predictor of that conduct. The person's attitude toward the behavior and the person's impression of other people's attitudes toward executing the behavior (the subjective norm) are the two fundamental drivers of intention.

Someone who feels that engaging in given behavior will result in a positive or negative outcome will have a favorable or unfavorable attitude toward the behavior.

In relation to the previous theory, (Parasuraman, Zeithaml, & Berry, 1988) formulated that service quality is the difference of customers' perception and expectation ($Q = P - E$). Perception of a customer is the attitude he/she developed over the service, and that behavior along with the expectation he/she had defines quality of a service the customer received.

Expectations, which are developed based on market data, as well as one's own prior experiences and those of others, serve as a benchmark against which guests evaluate services. Satisfaction is

described as a pleasant feeling obtained by contrasting the expected with the actual (Laškarin, 2013).

According to (Parasuraman, Zeithaml, & Berry, 1988), service quality is defined as the consumers' assessment or belief of a firm's overall “excellence or superiority”. Customers' evaluations of service quality, according to (J. Joseph Cronin & Taylor, 1994) influence behavioral intentions and customer retention. Behavioral intentions that contribute to customer retention have all been linked to service quality. According to the findings of these empirical studies and the Theory of Reasoned Action model, a customer's impression of the service provider's service quality has a significant impact on their loyalty.

Customer loyalty is highly dependent on the quality and consistency of the service. Customers must be treated with outstanding service if a firm wants to boost client retention (Nasir, 2015). Service quality has a direct impact on customer satisfaction and loyalty. Thus, hotel managements should outline service policies more clearly (Wangchan & Worapishet, 2019). Quality is said to have a positive impact on consumer loyalty. Customer loyalty is increases when hotel services are perceived to be of greater quality. Rising client loyalty allows businesses to save money by lowering marketing costs and expenses that are related to customer changes. Instead of all that cost, positive review and communication increases. Consumers who give the hotel a high-rating for-service quality remain more loyal, more likely to use the hotel services again, and more likely to suggest it to other people (Jasinskaskas, Streimikiene, Svagzdiene, & Simanavicius, 2016).

2.2. Review of Empirical Literature

Several studies have been conducted in relation to service quality, customer satisfaction, customer loyalty. The impact of hotel service quality on the loyalty of customer was investigated by (Jasinskaskas, Streimikiene, Svagzdiene, & Simanavicius, 2016). The findings of the study revealed that the consistency of expected quality with actual quality had a substantial impact on customer loyalty. Likewise, (El-Adly, 2018) has examined the relationship between hotel perceived value, customer satisfaction, and customer loyalty. The results of the study indicated that the self-gratification, pricing, quality, transaction, and hedonic aspects, in particular, were

proven to have a large direct beneficial effect on customer satisfaction and/or loyalty. Finally, it was discovered that customer satisfaction had a direct positive impact on customer loyalty.

Another study by (Tefera & Govender, 2016) has conducted a study on hotel ratings, service quality, customer satisfaction and loyalty in Ethiopian hotels. The researchers discovered that there is a substantial association between hotel ratings and service expectations, service perceptions, and customer satisfaction using various inferential methodologies. However, there was no noticeable link between hotel ratings and total service quality. Moreover, there was no direct association between hotel ratings and customer loyalty. Despite the lack of a direct link between service quality and loyalty, hotel ratings may have an indirect or mediated effect on both service quality and loyalty through their impact on service expectations and customer satisfaction.

The link between customer loyalty and customer service in tourist hotels was examined by (Arias Bolzmann, Bravo Falcón, & Mendoza Cabrera, 2018). The findings of the study are similar to those of (Tefera & Govender, 2016) regarding the relationship between service quality and customer loyalty. The researchers reported that customers highly value the quality of service provided; however, the significance on loyalty is low.

Service quality has a considerable beneficial effect on overall user satisfaction, according to the findings of (Shieh, 2006) and (Agbor, 2011). The findings concerning the link between service quality parameters and customer satisfaction were significant.

Elements that could influence customer satisfaction and loyalty were identified by (Kandampully & Suhartanto, 2000) and (Das, Chawla, & Ray, 2017). The findings of (Kandampully & Suhartanto, 2000) reveal that customer loyalty is favorably connected with hotel image, customer satisfaction with housekeeping, reception, food and beverage, and price. Moreover, (Das, Chawla, & Ray, 2017) discovered that customer satisfaction is mostly determined by quality meals served and general requirements of the hotel's hospitality.

Customer expectation and perception was assessed by (Alrousan & Abuamoud, 2013) and (G/Egziabher, 2015) as follows. The findings of (Alrousan & Abuamoud, 2013) show that

consumers' expectations are higher than their perceptions of hotel services in every way. Furthermore, the outcomes of this study suggest that customer satisfaction acts as a mediator between the impacts of service quality on customer loyalty. Moreover, the primary findings of (G/Egziabher, 2015) dictate the hotel guests' perceptions towards the hotel industry's service quality were lower than their expectations. Ethiopian guests had the lowest expectations and views about Ethiopian hotels and resorts. The total customer satisfaction levels differ between local hotel visitors and international hotel guests.

2.3. Research/ Knowledge Gap

In order to conduct this investigation, a number of studies that are linked to the concept of this study are studied. It was discovered that customer satisfaction has a direct positive impact on customer loyalty, that there is a significant relationship between hotel ratings and customer satisfaction, that customers place a high value on the quality of service provided but that the impact on loyalty is minor, that there was a significant relationship between service quality indicators and client happiness, that customer satisfaction is mostly influenced by the quality of the meals delivered and the hotel's overabundance of amenities, and that there was a significant relationship between service quality indicators and client happiness.

Despite the fact that there is a clear link between hotel grading systems, service quality, customer satisfaction, and loyalty, only a few studies have looked at the topic. Furthermore, there is a lack of detailed research in Ethiopia on customer loyalty and how it differs across star-rated hotels. Additionally, Ethiopia has seen a number of new hotel constructions in recent years, as well as a number of quantitative and qualitative changes in the business since the last studies.

As a result, the hotel star-classification system, service quality, and their impact on customer loyalty in Addis Ababa's star-rated hotels were analyzed in this study. In addition, it has supplied a broad range of feedback, including hotel employees' and staff's perceptions of service quality, in order to bridge the gap between client perceptions and hotel staff perceptions.

2.4. Conceptual Framework of the Study

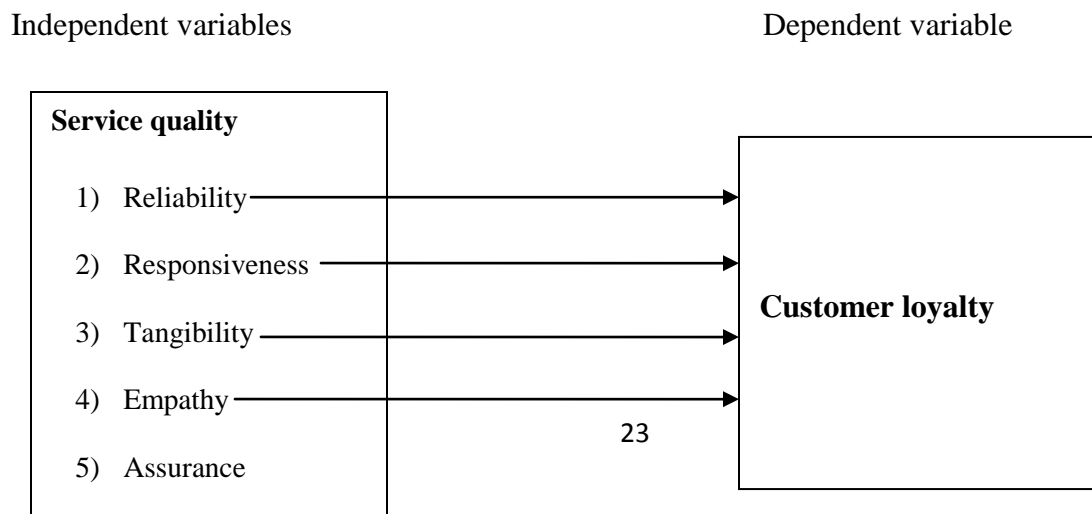
The underneath conceptual framework (figure 1) of the study shows the relationship between service quality (independent variable) and customer loyalty (dependent variable). The five

service quality dimensions are presumed to have a positive effect on customer loyalty. The study was built on the Theory of Reasoned Action-TRA (Ajzen & Fishbein, 1980) as the theoretical foundation. The theory states that people's motivation to participate in an activity determines their behavior, which is dependent on their attitude toward the activity and other people's ideas, or subjective norms. The more determined a person is to carry out a conduct, the more positive his/her attitude and subjective norms are, and the greater his/her sense of control. Consumers engage in activities they believe will result in a specific result, whether that result is known or unknown. Intention is the best predictor of behavior since it is a belief that the behavior will lead to the intended outcome. As a result, logical decision-making is the primary driver of consumer purchases.

Attitudes toward a brand or service provider influence loyalty. These attitudes were characterized as all of the intentions and behavioral patterns formed as a result of past purchases that result in loyal behavior. As a result, perceived service satisfaction will increase brand preference, establish a good attitude, strengthen repurchase intention, and lead to loyalty (Hikkerova, 2011).

Pictorial indication of the conceptual framework is presented below in Figure 1.

Figure 1: Conceptual Framework





2.5. Research Hypotheses

- H1: Reliability dimension of service quality positively and significantly affects customer loyalty.
- H2: Responsiveness dimension of service quality positively and significantly affects customer loyalty.
- H3: Tangibility dimension of service quality positively and significantly affects customer loyalty.
- H4: Empathy dimension of service quality positively and significantly affects customer loyalty.
- H5: Assurance dimension of service quality positively and significantly affects customer loyalty.
- H6: The level of customer loyalty varies across star-rated hotels

CHAPTER THREE

3. Research Methodology

3.1. Research Approach and Design

3.1.1. Research Approach

Three types of research approaches can be identified namely qualitative, quantitative and mixed. This study is based on quantitative data gathering via questionnaire since the sample size is vast.

A questionnaire method with quantitative analysis is used to conduct the study. The questionnaire's section on service quality is composed of 22 statements of perception by (Parasuraman, Zeithaml, & Berry, 1988).. In the other portion, customer loyalty questions derived from other studies like (Arias Bolzmann, Bravo Falcón, & Mendoza Cabrera, 2018), (Wangchan & Worapishet, 2019), and (Nasir, 2015)were included.

SERVPERF, service quality measuring model by (J. Joseph Cronin & Taylor, 1994), is used to measure the 5 dimensioned 22 statements that are included in the questionnaire. Along with SERVPERF, loyalty measuring model is also used to measure the relationship between the five dimensions of service quality and customer loyalty. Concerning customer loyalty, behavioral loyalty/ repurchase intentions are included in the study.

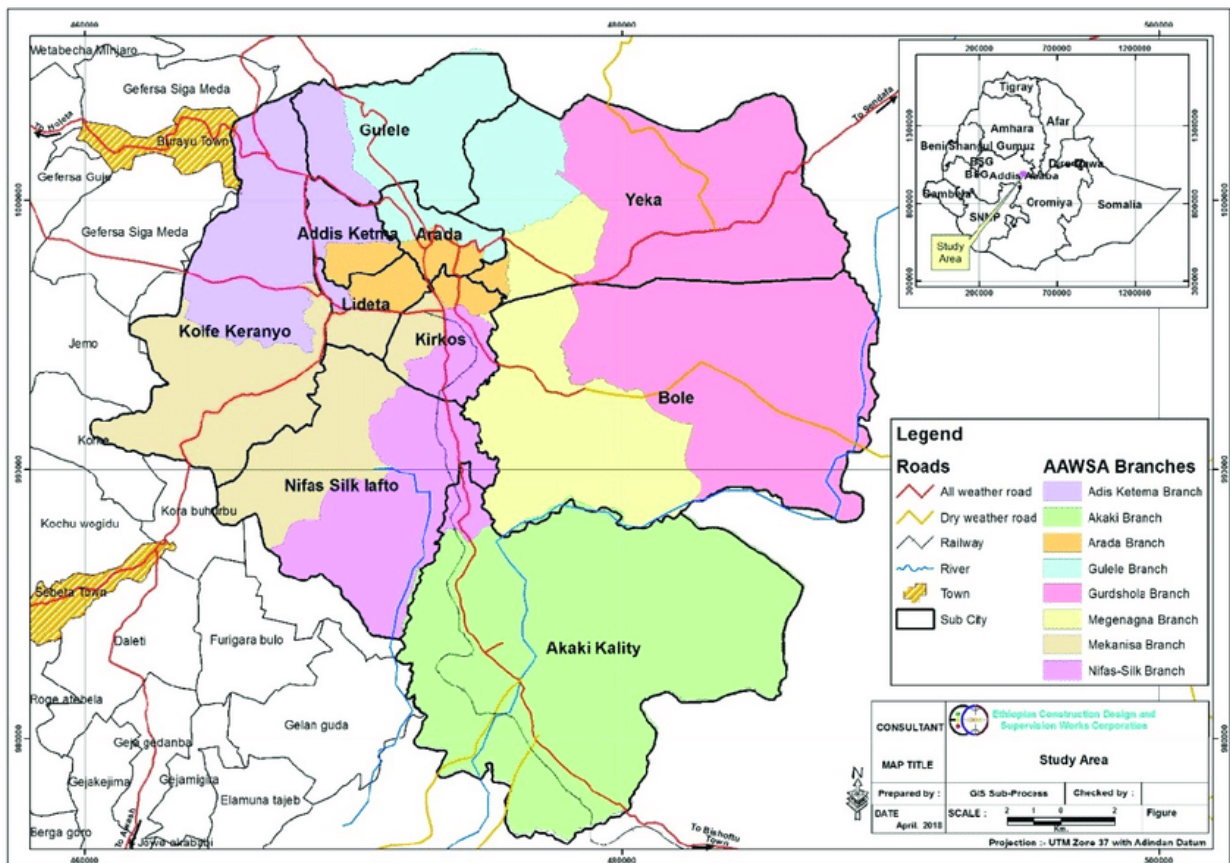
3.1.2. Research Design

Based on the purpose of the study, three research designs can be identified namely exploratory, descriptive and explanatory. This study deals with cause-and-effect relationship between service quality and customer loyalty in case of star rated hotels in Addis Ababa. Therefore, this study applied a combination of descriptive and explanatory research designs. The descriptive design is appropriate to describe the perception of customers towards service quality and their loyalty status. Furthermore, the study applied an explanatory research design to determine the cause-and-effect relationship between service quality and customer loyalty.

3.2. Description of the Study Area

Addis Ababa, which is the study area, is the capital city of Ethiopia and business travel center of Africa. According to (World population review, 2022), the total population is estimated to be around 5.2 million. The city is a highland city and is also hub of many continental and international organizations. Following that, there is the highest number of star rated and boutique hotels in the city from the whole country.

Figure 2 Geographical Map of Addis Ababa



Source: (Assefa, Babel, Sušnik, & Shinde, 2018)

3.3. Data Sources

The researcher mostly depended on primary data source in conducting the study. Questionnaires are used to collect data from the customers. Secondary data sources are also used to support the study from books, journal articles, Website, and organizations that have relation with tourism and hotels etc.

3.4. Population, Sample Size and Sampling Technique

3.4.1. Population

The target population of the study is customers of star-rated hotels in Addis Ababa. Since limited surveys have been run in this sector the population/ total number of customers in star rated hotels of Addis Ababa is concealed.

3.4.2. Sample Size

Due to lack of accurate knowledge about the total number of customers in three-star, four-star and five-star hotels, the researcher calculated sample size appropriate for infinite population. The study used the following sample size determination formula stated by (Cochran, 1963).

$$n = \frac{Z^2 p q}{e^2}$$

Where,

- n=sample size,
- z = the abscissa of the normal curve that cuts off an area α at the tails. For 95% confidence interval the value of z =1.96
- p = the estimated proportion or variability of an attribute that is present in the population (0.50)
- q= 1-p (q= 0.5)
- e = margin of error, i.e., 95 % (0.05)

Thus, the total number of the sample size is presented as follows.

$$n = \frac{(1.96)^2 (0.5) (0.5)}{(0.05)^2}$$

$$n = 384 \text{ customers}$$

3.4.3. Sampling Techniques

The sampling frame for the star-rated hotels in Addis Ababa is taken from Ministry of Tourism (MoT) portal. Stratified sampling is used to divide the hotels in three strata according to their grades. The researcher randomly selected twelve (12) hotels, i.e., four (4) hotels each from three-star, four-star and five-star categories in Addis Ababa. For comparison purpose, the researcher drew equal samples from each hotel category. Since the sample size for this study is composed of 384 customers, 128 customers from each stratum ($384/3=128$) is approached to complete questionnaire. Then, 32 customers from each hotel ($128/4=32$ customers) completed the intended questionnaire. However, the researcher selected respondents (customers) based on their convenience due to the lack of sampling frame that constitute the total number of customers in each hotel. Customers are chosen at regular intervals while checking out.

3.5. Data Collection Instruments

The researcher chose to use questionnaire to collect data since the sample size is vast and it is easier to get the desired data using the mentioned method. The questionnaire contains three major sections. The first part of the questionnaire contains personal information about the customer. The second part includes questions related to service quality using 22 Likert scale items (1=strongly disagree, 5=strongly agree) of SERVQUAL Model. Part three incorporates questions aimed to measure customer loyalty adopted from prior scholars (Arias Bolzmann, Bravo Falcón, & Mendoza Cabrera, 2018), (Wangchan & Worapishet, 2019), and (Nasir, 2015) are included.

3.6. Reliability of Data Collection Instruments

Reliability is the measure of consistency of items used to measure a given construct, while validity indicates whether a given measurement scale measures what it intends to measure. The service quality's reliability of the measurement scale of the five dimensions is adopted from (Parasuraman, Zeithaml, & Berry, 1988)'s SEVQUAL model of service quality measurement.

The researcher also adopted reliable measurement scale to measure customer loyalty (behavioral and attitudinal loyalty) from prior scholars (Arias Bolzmann, Bravo Falcón, & Mendoza Cabrera, 2018).

Table 1: Reliability of the Measurement Scales

Variables	Number of items or statements	Reliability coefficient Cronbach alpha	Name of the scholar/s who developed the scale, year)
Service quality	22	0.92	(Parasuraman, Zeithaml, & Berry, 1988)
▪ Tangibility	4	0.72	(Parasuraman, Zeithaml, & Berry, 1988)
▪ Responsiveness	4	0.82	(Parasuraman, Zeithaml, & Berry, 1988)
▪ Empathy	5	0.86	(Parasuraman, Zeithaml, & Berry, 1988)
▪ Assurance	4	0.81	(Parasuraman, Zeithaml, & Berry, 1988)
▪ Reliability	5	0.83	(Parasuraman, Zeithaml, & Berry, 1988)
Customer loyalty	11	0.71	(Arias Bolzmann, Bravo Falcón, & Mendoza Cabrera, 2018)

3.7. Method of Data Analysis

The study has divided research variables into two as dependent and independent variables. The independent variable (service quality) includes five dimensions and 22 statements; and it used SEVQUAL model (Parasuraman, Zeithaml, & Berry, 1988). The data collected using the questionnaire from the sample size is processed using SPSS and analyzed via descriptive statistics (frequency, percentage, mean and standard deviation) and inferential statistics (correlation, regression and ANOVA).

There are statements in the questionnaire, which are composite loyalty measures, which are used to measure the dependent variable, customer loyalty. It includes both behavioral loyalty/repurchase intentions and attitude loyalty questions. This variable is analyzed and the relation between the two variables is examined using correlation.

3.8. Ethical Considerations

Ethical considerations in research are a set of beliefs that influence your study designs and practices. Scientists and researchers must always follow a set of standards while collecting data from people as an ethical factor when conducting study. Research ethics are essential for scientific integrity, human rights and dignity, and science-society partnership. These principles ensure that research subjects participate in studies voluntarily, in the knowledge that they are doing so, and in a safe manner. Moreover, the researcher duly acknowledges all sources which are used in writing the thesis.

CHAPTER FOUR

4. Data Presentation, Analysis and Interpretation

4.1. Demographics of Respondents

4.1.1. Gender of Respondents

According to the data obtained, there are 266 male and 188 female respondents, for a total of 384 responses. Males account for 69.3 percent of the sample size, while females account for 30.7 percent.

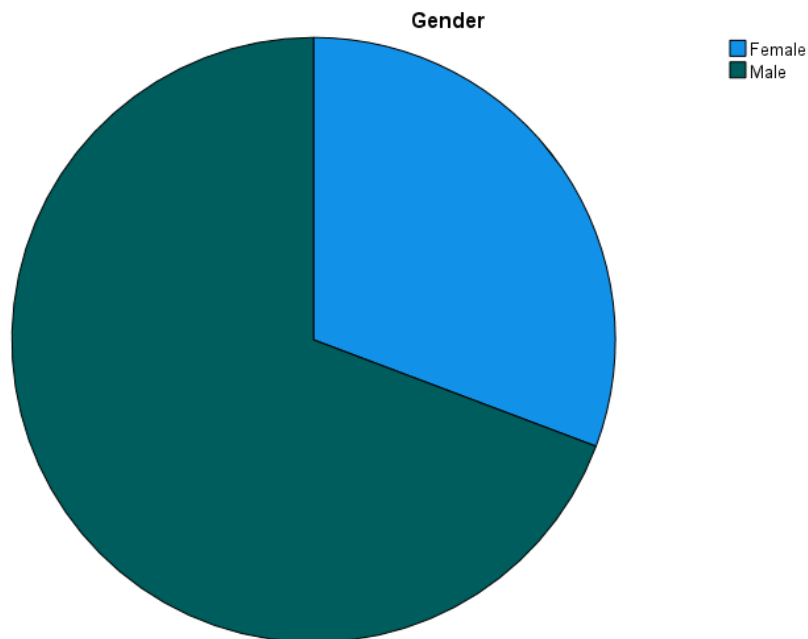
The tabular data and a pie chart of this indication are presented below in Table 2 and Figure 3 respectively.

Table 2: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	118	30.7	30.7	30.7
	Male	266	69.3	69.3	100.0
	Total	384	100.0	100.0	

Source: Primary Data

Figure 3: Pie Chart of Gender of Respondents



Source: Primary Data

4.1.2. Age Group of Respondents

The age group is separated into six categories in the questionnaire: 18-25, 26-35, 36-45, 46-55, 56-65, and 65+. Accordingly, 16 of our respondents are between the ages of 18 and 25, 44 are between the ages of 26 and 35, 78 are between the ages of 36 and 45, 108 are between the ages of 46 and 55, 80 are between the ages of 56 and 65, and 58 are between the ages of 65 and above.

This implies that 4.2 percent belong to the 18-25 age group, 11.5 percent to the 26-35 age group, 20.3 percent to the 36-45 age group, 28.1 percent to the 46-55 age group, 20.8 percent to the 56-65 age group, and 15.1 percent to the 65+ age group.

As a result, the majority of hotel customers who filled our questionnaire are between the ages of 46 and 55.

The tabular data and a bar chart of this indication are presented below in Table 3 and Figure 4 respectively.

Table 3: Age Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	16	4.2	4.2	4.2
	26-35	44	11.5	11.5	15.6
	36-45	78	20.3	20.3	35.9
	46-55	108	28.1	28.1	64.1
	56-65	80	20.8	20.8	84.9
	65+	58	15.1	15.1	100.0
	Total	384	100.0	100.0	

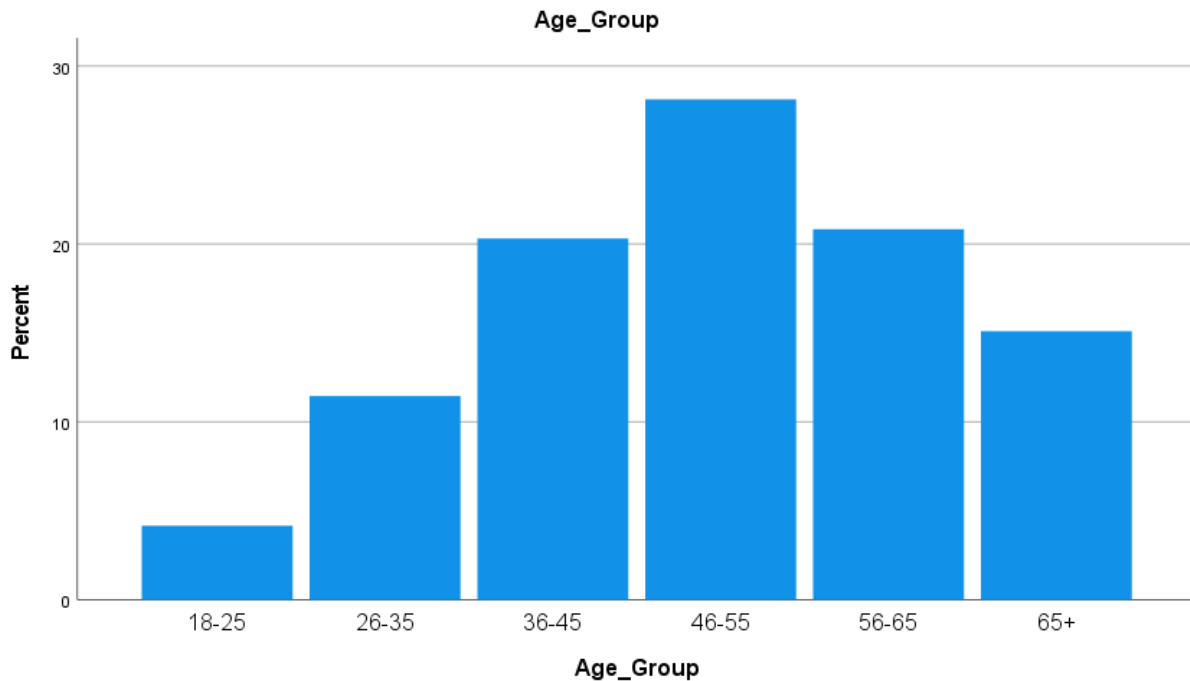
Source: Primary Data

Figure 4: Bar Chart of Age Group of Respondents

Table 4: Age Group

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	16	4.2	4.2	4.2
	26-35	44	11.5	11.5	15.6
	36-45	78	20.3	20.3	35.9
	46-55	108	28.1	28.1	64.1
	56-65	80	20.8	20.8	84.9

65+	58	15.1	15.1	100.0
Total	384	100.0	100.0	



Source: Primary Data

4.1.3. Monthly Level of Income of Respondents

Monthly Level of Income is separated into five sections in the questionnaire: less than 5000 birr, 5000-9,999 birr, 10,000-14,999 birr, 15,000-19,999 birr, and 20,000 birr and above.

According to our data, 16 of our respondents are in the less than 5000 birr range, 40 are in the 5000-9,999 birr range, 82 are in the 10,000-14,999 birr range, 112 are in the 15,000-19,999 birr range, 132 are in the 20,000 birr range, and two are blank.

This means that 4.2 percent of respondents are under the group of less than 5000 birr, 10.4 percent belongs to 5000-9,999 birr group, 21.4 percent earn 10,000 and 14,999 birr, 29.2 percent earn 15,000 and 19,999 birr, 34.4 percent get 20,000 birr, and 2 percent are blank.

As a result, the vast majority of hotel customers who responded to our survey have a monthly income of 20,000 birr or more.

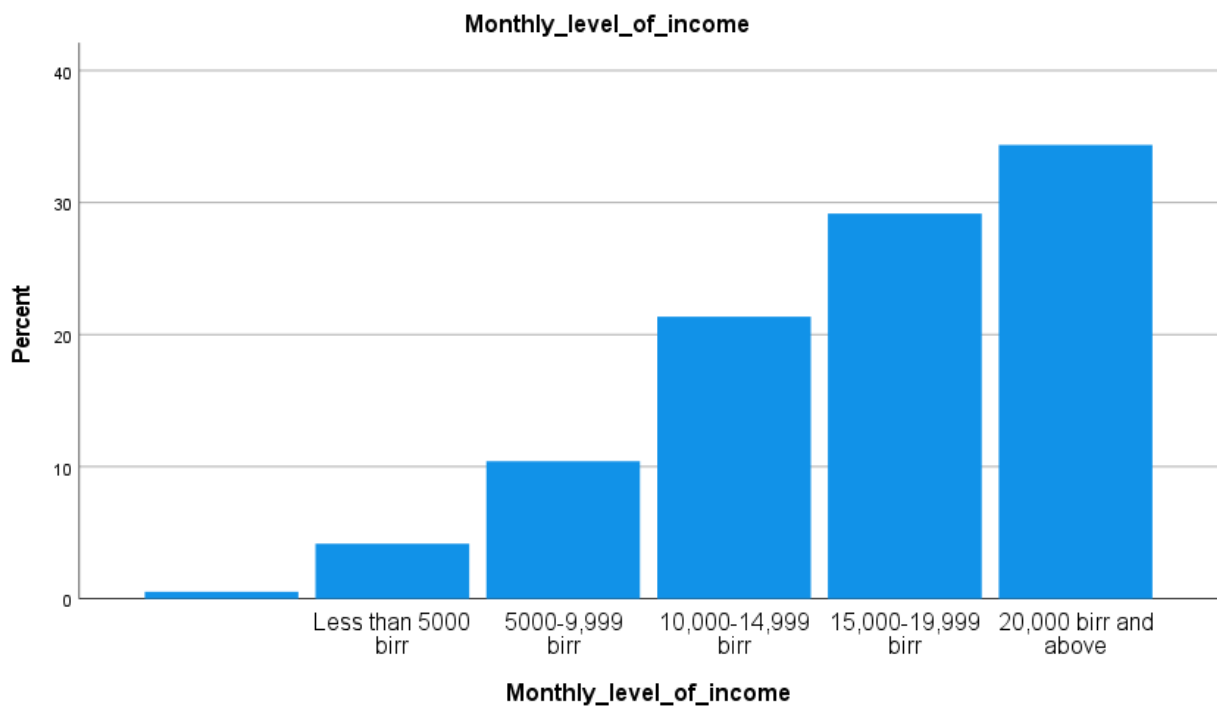
The tabular data and a bar chart of this indication are presented below in Table 4 and Figure 5 respectively.

Table 5: Monthly Level of Income

	N	%
	2	0.5%
Less than 5000 birr	16	4.2%
5000-9,999 birr	40	10.4%
10,000-14,999 birr	82	21.4%
15,000-19,999 birr	112	29.2%
20,000 birr and above	132	34.4%

Source: Primary Data

Figure 5: Bar Chart of Monthly Level of Income of Respondents



Source: Primary Data

4.1.4. Nationality of Respondents

Since the outputs were diverse, the nationality section was divided into eight groups to identify where the hotel guests resided from throughout the world. This made the analysis easier. The different groups are Local, Africa, North America, Europe, Asia, South America, Australia, and the Middle East.

Accordingly, 87 of our respondents are from Africa, 82 from North America, 74 from Europe, 53 from Asia, 43 from local visitors, 28 from South America, 11 from Australia, and 6 from the Middle East, according to our data.

Therefore, 22.7 percent of responders are from Africa, 21.4 percent from North America, 19.3 percent from Europe, 13.8 percent from Asia, 11.2 percent are local guests, 7.3 percent from South America, 2.9 percent from Australia, and 1.6 percent from the Middle East.

As a result, the greater parts of hotel customers who responded to our survey are from Africa.

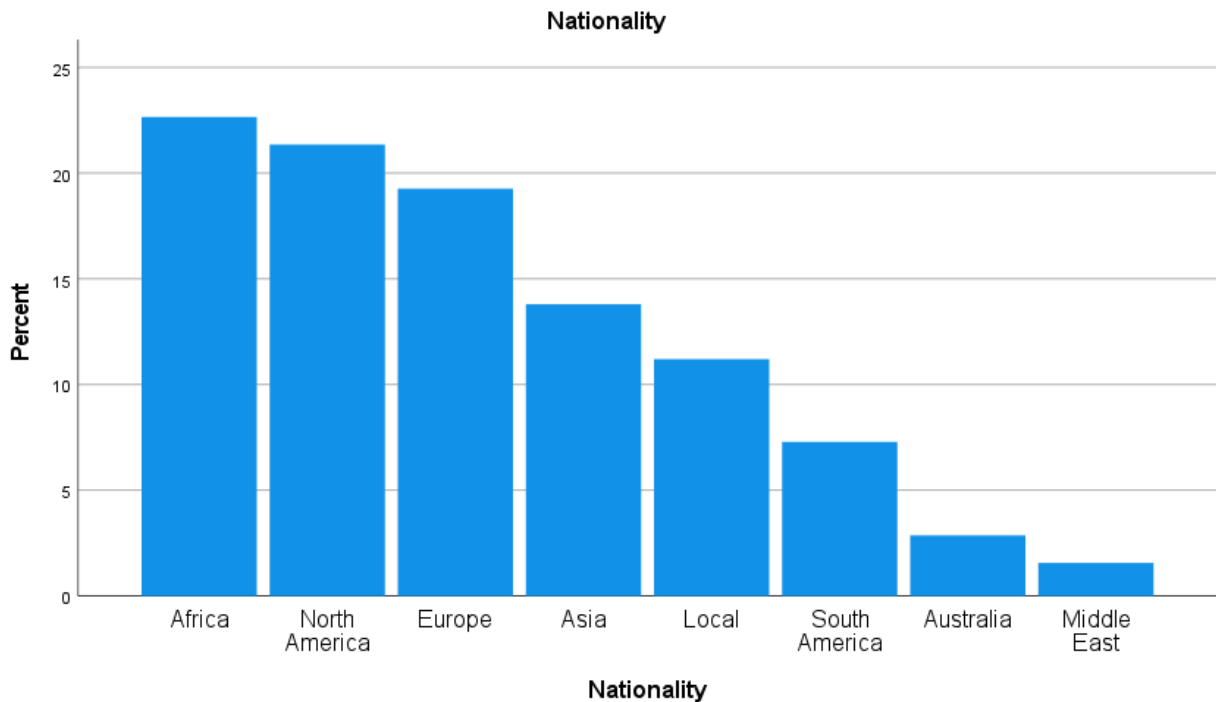
The tabular data and a bar chart of this indication are presented below in Table 5 and Figure 6 respectively.

Table 6: Nationality

	N	%
Africa	87	22.7%
North America	82	21.4%
Europe	74	19.3%
Asia	53	13.8%
Local	43	11.2%
South America	28	7.3%
Australia	11	2.9%
Middle East	6	1.6%

Source: Primary Data

Figure 6: Bar chart of Nationality of Respondents



Source: Primary Data

4.1.5. Purpose of Stay of Respondents

According to the data obtained, there are 266 respondents who came for business and 188 respondents who came for leisure, for a total of 384 responses. Respondents who filled Business in the purpose of stay form account for 69.3 percent of the sample size, while respondents who filled leisure in the purpose of stay form account for 30.7 percent.

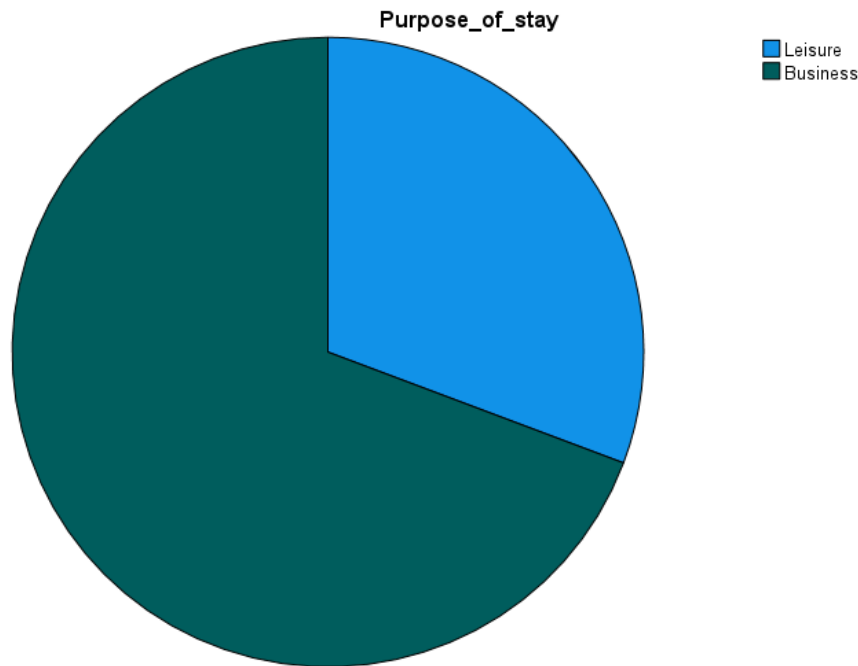
The tabular data and a pie chart of this indication are presented below in Table 6 and Figure 7 respectively.

Table 7: Purpose of Stay

	N	%
Leisure	118	30.7%
Business	266	69.3%

Source: Primary Data

Figure 7: Pie Chart of Purpose of Stay of Respondents



Source: Primary Data

4.2. Descriptive statistics

4.2.1. Service Quality Measures

There are five service quality dimensions that assist us to measure the difficult-to-quantify concept of service quality, as presented by (Parasuraman, Zeithaml, & Berry, 1988). The five dimensions of service quality are represented by the 22 questions in our survey. The descriptive analysis of our 384 respondents' responses is done in terms of maximum, minimum, mean, and standard deviation.

For each of the five dimension questions which is rated in the five staged likert scale, the responses had a minimum of 1 and a maximum of 5 rating. The following is the overall mean of the five dimensions: 2.82 for Reliability, 2.72 for Responsiveness, 2.71 for Tangibles, 2.75 for Empathy, and 2.77 for Assurance. The standard deviations are 1.34 for reliability, 1.34 for responsiveness, 1.36 for tangibles, 1.33 for empathy, and 1.37 for assurance.

The mean is the average of the data and is a common measure of where the distribution of the data is centered, which is calculated by dividing the sum of observations by the sample sizes. As a result, on average, our respondents rated the reliability-based items in our questionnaire a 2.82 ranking, responsiveness-based items a 2.72 grade, tangibles-based items a 2.71 rating, empathy-based items a 2.75 rating, and assurance-based items a 2.77 ranking on a five-staged Likert scale (from strongly disagree to strongly agree).

The mean of a five stage Likert scale is categorized as, ranging from 1 to 1.80 representing strongly disagree, from 1.81 to 2.60 represents strong disagreement, 2.61 to 3.40 represents truth true to some extent, 3.41 to 4.20 represents agreement, and 4.21 to 5.00 shows strong agreement according to (Aynalem, 2020). As a result, the generated means for all five dimensions of service quality reflect a feedback that is, truth true to some extent.

The standard deviation is the most widely used measure of dispersion, and it is used to determine how much the data deviates from the mean. We can't say how many percent of the data values fall inside one standard deviation or two standard deviations because our data may not be in a normal or symmetric distribution.

Even though the average reliability score is 2.82, the standard deviation is approximately 1.34. The overall reliability rate deviates from the mean by 1.34 ranks on average, whereas the other four dimensions are all around the deviance. All five dimensions' coefficients of variance are significantly lower than 1, indicating that the responses are not widely distributed from the mean. This indicates that, the majority of the ratings given by the respondents were close to each other.

The tabular data of this indication is presented below in Table 7.

Table 8: Service Quality Dimensions Mean and Standard Deviation

	N	Minimum	Maximum	Mean	Std. Deviation
Reliability	384	1.00	5.00	2.8250	1.34082
Responsiveness	384	1.00	5.00	2.7266	1.34712
Tangibles	384	1.00	5.00	2.7188	1.36477
Empathy	384	1.00	5.00	2.7521	1.33411
Assurance	384	1.00	5.00	2.7721	1.37484
Valid N (listwise)	384				

Source: Primary Data

4.2.2. Customer Loyalty Measures

For each of the five questions aimed to measure customer loyalty which is rated in the five staged likert scale, the responses had a minimum of 1 and a maximum of 5 rating. The overall mean of the loyalty-based questions is 2.70. The standard deviation is 1.32.

The overall customer loyalty rate deviates from the mean by 1.34 ranks on average, indicating that the responses are not widely distributed from the mean.

(Aynalem, 2020) categorizes the mean of a five stage Likert scale as ranging from 1 to 1.80 representing strongly disagree, from 1.81 to 2.60 represents strong disagreement, 2.61 to 3.40 represents truth true to some extent, 3.41 to 4.20 represents agreement, and 4.21 to 5.00 shows strong agreement. As a result, the generated means for customer loyalty reflects a feedback that is, truth true to some extent.

The tabular data of this indication is presented below in Table 8.

Table 9: Customer Loyalty Measures Mean and Standard Deviation

	N	Minimum	Maximum	Mean	Std. Deviation
Loyalty	384	1.00	5.00	2.7042	1.32396
Valid N (listwise)	384				

Source: Primary Data

4.2.3. Overall Satisfaction Data

Overall satisfaction data is has five stages of satisfaction rating in the questionnaire: Excellent, Very Good, Good, Fair, and Poor. According to our data, 48 of our respondents rated Excellent, 56 chose Very Good, 90 ranked Good, 112 rated Fair, and 78 chose Poor as their overall satisfaction rating of their experience in the hotel.

This means that 12.5 percent of respondents rated Excellent, 14.6 percent rated Very Good, 23.4 percent rated Good, 29.2 percent rated Fair, and 20.3 percent rated Poor.

As a result, the vast majority of hotel customers who responded to our survey rated their overall satisfaction of the experience they had at the hotel they stayed, as Fair.

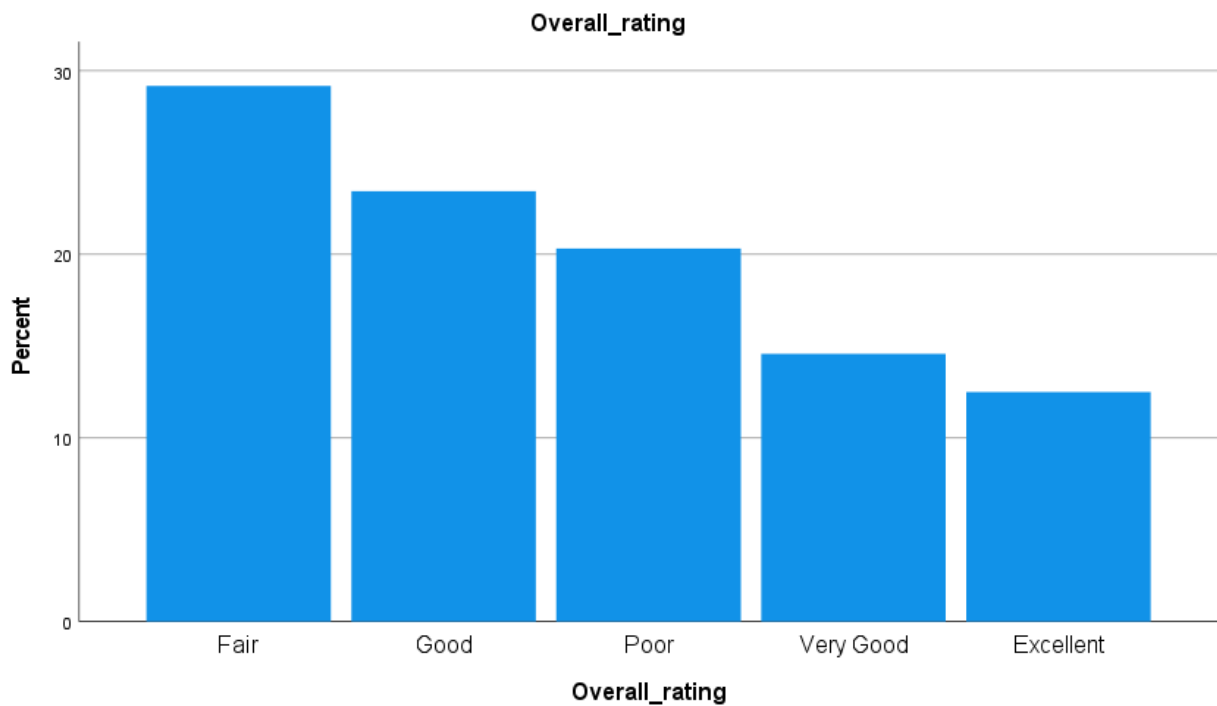
The tabular data and a bar chart of this indication are presented below in Table 9 and Figure 8 respectively.

Table 10: Overall Rating

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Fair	112	29.2	29.2	29.2
	Good	90	23.4	23.4	52.6
	Poor	78	20.3	20.3	72.9
	Very Good	56	14.6	14.6	87.5
	Excellent	48	12.5	12.5	100.0
	Total	384	100.0	100.0	

Source: Primary Data

Figure 8: Bar Chart of Overall Rating of Respondents



Source: Primary Data

4.3. Inferential Statistics

4.3.1. Correlation between Service Quality Dimensions and Customer Loyalty

Correlation analysis is a statistical approach for calculating and measuring the strength of a linear relationship between two variables. In this study, a correlation analysis was performed between the five service quality dimensions and customer loyalty. More specifically, customer loyalty is positively and strongly correlated with reliability ($r=0.856$, $p<0.05$), responsiveness ($r=0.870$, $p<0.05$), tangibles ($r=0.871$, $p<0.05$), empathy ($r=0.865$, $p<0.05$) assurance ($r=0.854$, $p<0.05$).

As a consequence, H1, H2, H3, H4, and H5 are supported by the correlation study.

The tabular data of this indication is presented below in Table 10.

Table 11: Correlations

		Loyalty	Reliab.	Responsiv.	Tangibles	Empathy	Assurance
Pearson Correlati on	Loyalty	1.000	.856	.870	.871	.865	.854
	Reliability	.856	1.000	.800	.777	.770	.755
	Responsiveness	.870	.800	1.000	.802	.788	.780
	Tangibles	.871	.777	.802	1.000	.799	.773
	Empathy	.865	.770	.788	.799	1.000	.807
	Assurance	.854	.755	.780	.773	.807	1.000
Sig. (1- tailed)	Loyalty	.	<.001	<.001	<.001	<.001	<.001
	Reliability	.000	.	.000	.000	.000	.000
	Responsiveness	.000	.000	.	.000	.000	.000
	Tangibles	.000	.000	.000	.	.000	.000
	Empathy	.000	.000	.000	.000	.	.000
	Assurance	.000	.000	.000	.000	.000	.
N	Loyalty	384	384	384	384	384	384
	Reliability	384	384	384	384	384	384
	Responsiveness	384	384	384	384	384	384
	Tangibles	384	384	384	384	384	384
	Empathy	384	384	384	384	384	384
	Assurance	384	384	384	384	384	384

4.3.2. Multiple regression Analysis

To conduct the multiple regression analysis, customer loyalty was entered as a dependent variable, whereas Assurance, Reliability, Responsiveness, Tangibles, and Empathy were included as independent variables.

The tabular data of this indication is presented below in Table 11.

Table 12: Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	Assurance, Reliability, Responsiveness, Tangibles, Empathy ^b	.	Enter

a. Dependent Variable: Loyalty

b. All requested variables entered.

The five service quality categories are used as predictors to see how they influence the dependent variable, customer loyalty. As a result, the adjusted r square in Table 12 is 0.899, indicating that the independent variables explain 89.9 percent of the variance in the dependent variable.

The Durbin-Watson test, which is one of the basic assumptions of linear regression analysis, yields a value of 1.716 when autocorrelation is checked. Zero autocorrelation is indicated by a value of 2.0 in the Durbin-Watson score, which has a range of zero to four. Positive autocorrelation is indicated by values below 2.0, and negative autocorrelation is shown by values over 2.0. The significance level for the multiple linear regression test shown in Table 14 is less than 0.001, and the Durbin-Watson test is close to 2, indicating that there is no autocorrelation in the data analyzed.

The tabular data of this indication is presented below in Table 12.

Table 13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.949 ^a	.900	.899	.42150	1.716

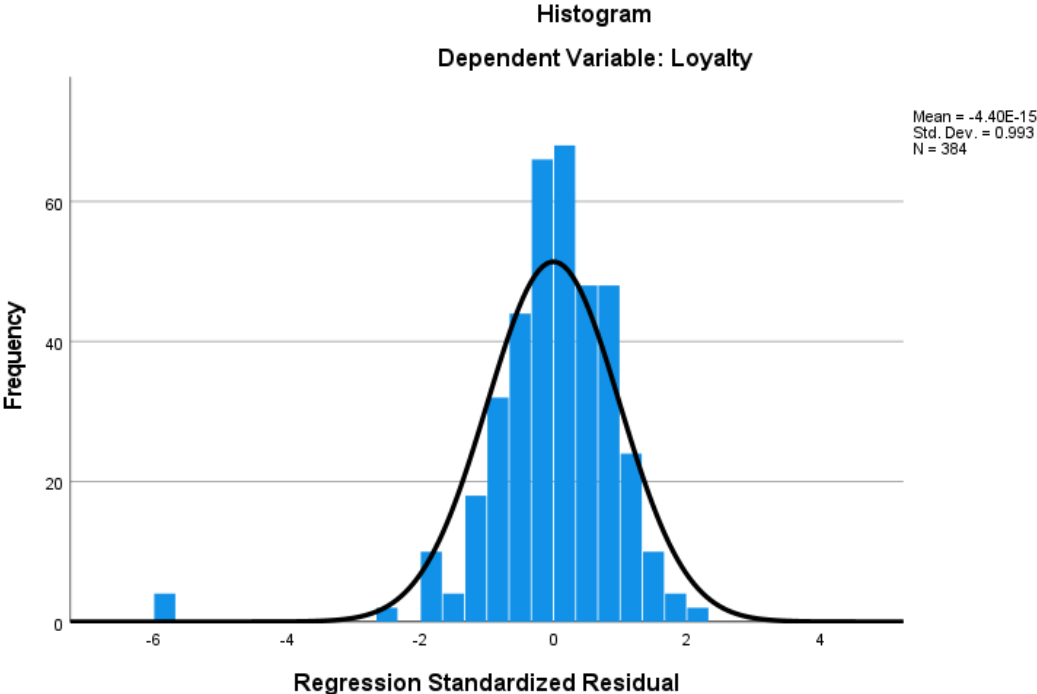
a. Predictors: (Constant), Assurance, Reliability, Tangibles, Empathy, Responsiveness

b. Dependent Variable: Loyalty

The distribution of the data, whether symmetric or not, is shown by the normality assumption of linear regression analysis. A histogram of the relevant variable can be plotted to reveal the distribution's shape. The normality curve generated reveals that most of the data are aligned into the curve plotted, which shows the data are approximately normal.

The histogram of this indication is presented below in Figure 9.

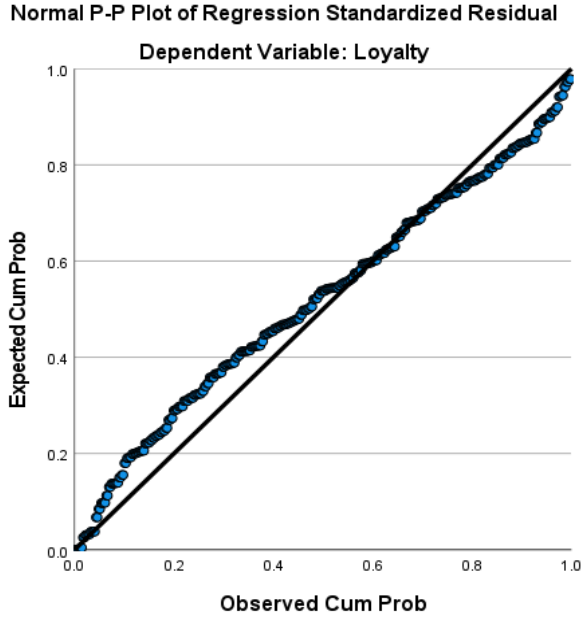
Figure 9: Histogram of Normality



The distribution of the data is also shown via the probability plot (P-P Plot). The data must follow the prescribed distribution, as indicated by a straight, diagonal line in a normal probability plot. The P-P Plot generated follows the diagonal line, which indicates a linear distribution.

The plot of this indication is presented below in Figure 10.

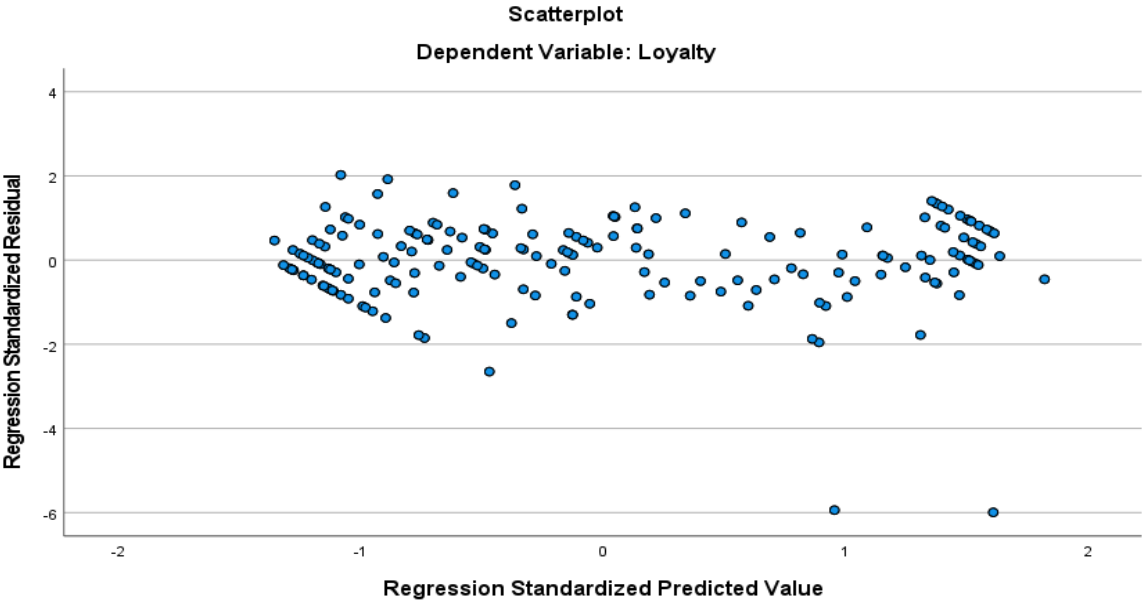
Figure 10: P-P Plot of Linearity



The assumption of homoscedasticity between the predicted values for the dependent variable and the residuals can be examined visually using scatter plots. The resulting scatter plot reveals that the data is dispersed above and below the standardized predicted value, and to the right and left of the standardized residuals are also dispersed in a similar manner.

The plot of this indication is presented below in Figure 11.

Figure 11: Scatterplot of Homoscedasticity



4.3.3. ANOVA Analysis

Analysis of variance (ANOVA), determines the impact of one or more predictors by comparing the means. The five service quality categories were utilized as predictors, while customer loyalty was employed as the dependent variable. According to the ANOVA analysis, the f-value is 680.167 with a threshold of significance of <0.001. The bigger the F value, the more probable the variation associated with the independent variable is real and not due to chance. This reflects, the F-value computed from the test occurs highly likely and the null hypothesis of no difference between group means is true.

Table 14: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	604.197	5	120.839	680.167	<.001 ^b
	Residual	67.156	378	.178		
	Total	671.353	383			

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Assurance, Reliability, Tangibles, Empathy, Responsiveness

Since the p-value of the independent variable, service quality, is highly significant, it is likely that service quality have a significant effect on customer loyalty. Therefore, the ANOVA analysis indicates that the overall regression model is meaningful.

The model presented coefficients in Table 14. The model predicts a value for the dependent variable, as shown by the un-standardized coefficients. It is explained as follows: as the independent variables grow by one unit, the dependent variable increases or drops in proportion to the value of the B coefficient, which is positive or negative depending on the sign. Each projected value is transformed into its standardized form using the standardized coefficients. It's explained by the fact that the value of the standardized B coefficient in the independent variables rises with every one standard deviation increase.

As a result, as reliability increase by one unit, customer loyalty increases by the un-standardized beta coefficient 0.206 with a significance of <0.001 . As responsiveness increase by one unit, customer loyalty increases by the un-standardized beta coefficient 0.206 with a significance of <0.001 . As tangibles increase by one unit, customer loyalty increases by the un-standardized beta coefficient 0.227 with a significance of < 0.001 . As empathy increase by one unit, customer loyalty increases by the un-standardized beta coefficient 0.194 with a significance of < 0.001 . As assurance increase by one unit, customer loyalty increases by the un-standardized beta coefficient 0.187 with a significance of <0.001 .

Tangibles had the largest standardized beta coefficient of 0.234, according to the multiple regression model. It appears that tangibles have a stronger impact on loyalty. Responsiveness, with a standardized beta coefficient of 0.210, is the next most important factor in determining loyalty after tangibles. With a standardized beta coefficient of 0.209, Reliability is the third preferred choice. With a standardized beta value of 0.195, Empathy comes in forth. Finally, Assurance is the least significant with a standardized beta coefficient of 0.194.

The 95 % confidence interval shows that there is a 95% chance that the un-standardized beta coefficient will fall between the lower and upper bound confidence intervals.

In regression analysis, multicollinearity is found using a variance inflation factor (VIF). When predictors are correlated, this is known as multicollinearity. The reliability factor (VIF) is 3.53; responsiveness (VIF), 4.06; tangibles (VIF), 3.89; empathy (VIF), 4.04; and assurance (VIF), 3.65. A VIF greater than 10 often denotes high correlation. There is no multicollinearity amongst the predictors because every VIF value is below 5, which indicates.

The tabular data of this indication is presented below in Table 14.

Table 15: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1 (Constant)	-.110	.053		-2.073	.039	-.214	-.006		
Reliability	.206	.030	.209	6.834	<.001	.147	.266	.283	3.537
Responsiveness	.206	.032	.210	6.402	<.001	.143	.270	.246	4.067
Tangibles	.227	.031	.234	7.309	<.001	.166	.289	.257	3.890
Empathy	.194	.032	.195	5.958	<.001	.130	.257	.247	4.048
Assurance	.187	.030	.194	6.232	<.001	.128	.245	.274	3.652

a. Dependent Variable: Loyalty

4.4. Variance Analysis for Customer Loyalty in Terms of Hotel Classification

The Tukey post hoc test is used to determine the difference between three, four, and five star hotels customer loyalty. Three star is compared with four star and five star; Four star is compared with three star and five star; Five star is compared with three star and five star. All the significance level of the comparisons are $P < 0.05$. As a result, customers of three star, four star, and five star hotels exhibit different levels of customer loyalty.

The tabular data of this indication is presented below in Table 15 and 16.

Table 16: Descriptives of Comparison

Loyalty

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Three-star	128	1.4256	.38869	.03112	1.3642	1.4871	1.00	3.40
Four-star	128	2.6566	.34997	.03399	2.5892	2.7240	2.00	4.50
Five-star	128	4.3803	.55352	.05011	4.2811	4.4795	3.40	5.00
Total	384	2.7042	1.32396	.06756	2.5713	2.8370	1.00	5.00

The above descriptive comparison section shows that the mean value for customer loyalty for five star hotel is greater than that of four and three star-rated hotels.

Table 17: Multiple Comparisons using Post Hoc-Tukey

Dependent Variable: Loyalty

Tukey HSD

(I) Loyalty (Binned)	(J) Loyalty (Binned)	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Three-star	Four-star	-1.23096*	.05523	<.001	-1.3609	-1.1010
	Five-star	-2.95469*	.05303	<.001	-3.0795	-2.8299
Four-star	Three-star	1.23096*	.05523	<.001	1.1010	1.3609
	Five-star	-1.72372*	.05826	<.001	-1.8608	-1.5866
Five-star	Three-star	2.95469*	.05303	<.001	2.8299	3.0795
	Four-star	1.72372*	.05826	<.001	1.5866	1.8608

*. The mean difference is significant at the 0.05 level.

4.5. Discussion

According to the findings of this study, customer loyalty is positively and significantly impacted by the five service quality dimensions of reliability, responsiveness tangibles, empathy, and assurance as shown by H1, H2, H3, H4, and H5. Additionally, as indicated in H6, it has been discovered that customer loyalty varies among three, four, and five star hotels.

Numerous researches have been conducted in relation to on service quality, customer satisfaction, and customer loyalty. Some researchers have analyzed the relationship between customer loyalty and service quality. According to these studies, service quality factors including tangibility, responsiveness, reliability, assurance, and empathy have a positive impact on customer loyalty (Iddrisua, Noonib, Fiankoc, & K.S., 2015)and (Zebrga & Zaveri, 2020). According to the findings of (Leninkumar, 2016), customer loyalty is significantly and favorably impacted by three aspects of service quality: tangibles, reliability, and empathy. According to (Fida, Ahmed, Al-Balushi, & Singh, 2020), service quality, customer satisfaction, and customer loyalty were shown to be significantly correlated by the correlation results.

The consistency of expected quality with actual quality had a significant impact on customer loyalty, according to (Jasinskias, Streimikiene, Svagzdiene, & Simanavicius, 2016). According to (Alrousan & Abuamoud, 2013)research, customer satisfaction mediates the effects of service quality on customer loyalty. Customer loyalty is positively correlated with hotel image, customer satisfaction with housekeeping, reception, food and beverage, and price, according to (Kandampully & Suhartanto, 2000)'s research.

In contrast, (Tefera & Govender, 2016) discovered that hotel ratings have an indirect or mediated effect on both service quality and loyalty through their impact on service expectations and customer satisfaction, despite the lack of a direct relationship between service quality and loyalty. The research findings by (Arias Bolzmann, Bravo Falcón, & Mendoza Cabrera, 2018) on the relationship between customer loyalty and service quality are comparable to those of (Tefera & Govender, 2016). Customers place a great value on the level of service they receive, according to the researchers, but loyalty is not as important.

CHAPTER FIVE

5. Conclusion and Recommendation

5.1. Conclusion

The study used service quality as an independent variable and customer loyalty as a dependent variable to analyze the effect of service quality on customer loyalty in the case of star-rated hotels in Addis Ababa.

To acquire the data required, quantitative data collection method was used.

As a result, the 384 questionnaire responses from the selected 12 hotels were evaluated utilizing conventional descriptive and inferential analysis methods for quantitative data analysis. Mean, standard deviation, correlation, multiple regression, and ANOVA are all calculated using SPSS version 28.

Despite the fact that the overall means of all five service quality characteristics are closely similar, tangibles has the lowest mean value of the others. This shows that this dimension is more vulnerable to client complaints.

The overall satisfaction level of customers' experience at the hotel was rated as "fair" by a majority which is 29.2 percent of the total number of the respondents. This indicates that a significant number of consumers in Addis Ababa who stayed in star-rated hotels perceive the service they received to be below average.

The correlation analysis conducted results a positive and significant relationship between the independent variables (service quality) and dependent variable (customer loyalty). This directly supports H1, H2, H3, H4, and H5.

There is variation between three star, four star, and five star customer loyalty, according to a variance analysis for customer loyalty in terms of hotel classification that was conducted. All of the p-values are lower than 0.05. Customers of three, four, and five-star hotels therefore display varying degrees of consumer loyalty. This indication supports H6.

All the five service quality aspects were found to have a positive and substantial relationship with customer loyalty in a multiple regression study. Additionally, the five fundamental assumptions of linear regression (normality, linearity, homoscedasticity, multicollinearity, and autocorrelation) were tested, with the results showing that the data were normal, linear, evenly distributed, and free of multicollinearity and autocorrelation.

The concept claims that tangibles have the greatest impact on customer loyalty. Whereas, according to our research, tangibles have the lowest mean score across all five dimensions of service quality. This implies that the most important element determining loyalty is depressed, which is affecting customer loyalty. Consequently, H1, H2, H3, H4, and H5 are supported by the multiple regression analysis.

In another analysis, the f-value of the analysis of variance (ANOVA) is more than 1 with a p-value of <0.001 , indicating the variation that the hypothesis of service quality characteristics as predictors and customer loyalty as dependent variable has a high level of significance. As a result, H1, H2, H3, H4, and H5 are supported by the ANOVA model.

As a result, the five service quality dimensions (reliability, responsiveness, tangibles, empathy, and assurance) all have a positive and significant effect on customer loyalty, with tangibles having the biggest effect of all.

5.2. Recommendation

According to the findings of the quantitative this study, the service quality dimension tangibles has lower quality measure compared to the other four. However, when it comes to its importance, it has a considerable impact on consumer loyalty.

As a result, hotel management must review particular concerns such as hotel technology modernization, physical facilities utilized to serve consumers, building appearance for the service supplied, and personnel appearance to identify their major drawbacks. Whether that doesn't appear to provide them a good picture of the situation, they should start collecting feedback from their customers to determine if there is still a gap to fill.

Apart from tangibles, the other four service quality characteristics (reliability, responsiveness, empathy, and assurance) require active attention and flexibility in order to resolve issues as quickly as feasible.

On the other hand hotel management and staff need to know how consumers measure or perceive service quality in order to understand what went wrong. As a result, timely and proper training for hotel personnel is required to close the gap between customer and employee perceptions of service quality.

Customers' satisfaction levels are influenced by their expectations before to using the service, which may be determined by the hotel's star ratings. For that reason, classification assigning authorities must broaden their reach of granting grades to include international levels and, moreover, continual hotel evaluations, as this motivates hotels to retain their quality rather than projecting a flashy image only at the time of the review.

As known recently social rating websites and platforms where customers share their experiences are dominating and out dating the official ratings, hotels shall stop being satisfied by their official classification star ratings and start staring at what customers feel about their service quality because this study showed that service quality will definitely affect customer loyalty.

As previously highlighted, social rating websites and platforms where customers share their experiences are dominating and outdated official ratings. As a result, hotels should stop focusing on their official classification star ratings and instead focus on what customers think about their service quality, as this study found that service quality has a direct impact on customer loyalty.

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Appendices



ADDIS ABABA UNIVERSITY
COLLEGE OF DEVELOPMENT STUDIES
CENTER FOR ENVIRONMENT AND DEVELOPMENT
PROGRAM OF TOURISM DEVELOPMENT AND MANAGEMENT

Questionnaire to be Filled by Hotel Guests

Greetings, respondents!

My name is Endegnanew Assefa, and I am a graduate student at Addis Ababa University, College of Developmental Studies, Program of Tourism Development and Management. I am currently conducting research entitles "Assessment of Hotel Star Classification System, Service Quality, and its Effect on Customer Loyalty: The Case of Star-Rated Hotels in Addis Ababa, Ethiopia." It is done in partial fulfillment of the requirements for the degree of Masters in Tourism Development and Management. For the successful completion of the study, your honest answers to the questions are critical. As a result, you are kindly requested to spare a few minutes of your valuable time to complete our survey questionnaire. I want to assure you that your answers will be kept confidential. The data you supply in this article is solely for educational purposes. I would want to express my gratitude in advance for your willingness to spare 15 minutes to participate in this study.

I may be reached at the address below if you have any questions.

Endegnanew Assefa **Phone number:** +251912849952 **Email:** endyassefa1@gmail.com

PART I: Personal Information

Please mark inside the box.

1. Gender: Male Female

2. Age Group: 18-25 26-35 36-45 46-55 56-65 65+

3. Monthly level of income: Less than 5000 birr 5000-9,999 birr
 10,000-14,999 birr 15,000-19,999 birr 20,000 birr and above

4. Nationality: _____

5. Purpose of stay: Business Leisure

PART II: Service Quality Questions

This part of the questionnaire includes questions aimed to measure service quality. Specify the extent to which you agree on the statements using five-point Likert scale (1=strongly disagree, 5= strongly agree).

1= Strongly disagree, 2= Disagree, 3= Undecided, 4= Agree, 5= Strongly Agree

	Questions	1	2	3	4	5
Reliability 1	The hotel keeps its word when it says it will deliver services by a certain time.					
Reliability 2	The hotel's employees are friendly and reassuring when you have concerns.					
Reliability 3	The hotel is trustworthy.					
Reliability 4	The hotel fulfils its obligations at the agreed-upon time.					
Reliability 5	The hotel keeps its records accurately.					
Responsiveness 1	The hotel's personnel inform guests of the precise time when services will be rendered.					
Responsiveness 2	The hotel's employees provide you a timely service.					
Responsiveness 3	The hotel's staff is always eager to assist guests.					
Responsiveness 4	The hotel's staff is quick to respond to customer requests.					
Tangibles 1	The hotel is equipped with modern technology.					
Tangibles 2	The physical facilities of the hotel are very pleasing.					
Tangibles 3	The hotel's employees are well-dressed and tidy.					

Tangibles 4	The appearance of the hotel's building and equipment is appropriate for the services supplied.					
Empathy 1	The hotel's staffs give individual attention for guests.					
Empathy 2	Customers receive customized service from the hotel's staff.					
Empathy 3	The hotel's workers are attentive of their visitors' needs.					
Empathy 4	The hotel is concerned about the well-being of its guests.					
Empathy 5	The hotel has convenient operating hours for all of their consumers.					
Assurance 1	Employees at the hotel can be trusted.					
Assurance 2	You have a sense of security when dealing with the hotel's staff.					
Assurance 3	The hotel's staffs are polite.					
Assurance 4	The hotel provides appropriate support for employees to accomplish their jobs properly.					

PART III: Customer Loyalty Questions

This part of the questionnaire includes questions aimed to measure your loyalty to the hotel. Specify the extent to which you agree on the statements using five-point Likert scale (1=strongly disagree, 5= strongly agree).

1= Strongly disagree, 2= Disagree, 3= Undecided, 4= Agree, 5= Strongly Agree

Questions	1	2	3	4	5
I will make this hotel my first choice when I return to this location					
I have a plan to return to this hotel in the future.					
I am committed to this hotel.					
I will recommend this hotel to my friends and relatives.					
I will suggest this hotel to those who ask for information.					

How would you rate the overall quality of this hotel’s services?

- Excellent**
 Very Good
 Good
 Fair
 Poor

THANK YOU!