

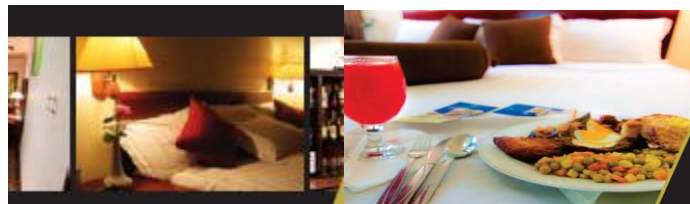
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SERVICE QUALITY & CUSTOMER SATISFACTION: THE CASE OF FOUR STAR HOTELS IN ADDIS ABABA, ETHIOPIA

By: Selam Negussie

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



May, 2014

Addis Ababa

**SERVICE QUALITY & CUSTOMER SATISFACTION: THE
CASE OF FOUR STAR HOTELS IN ADDIS ABABA,
ETHIOPIA**

By: SELAM NEGUSSIE

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

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Addis Ababa

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Letter of Certification

This is to certify that Selam Negussie carried out her project on the topic entitled ***Service Quality & Customer Satisfaction: The Case of Four Star Hotels in Addis Ababa, Ethiopia***. This work is original in nature and is suitable for submission for the award of Master of Marketing Management.

Dr. Yitbarek Takele
(The Project Advisor)

Declaration

I, Selam Negussie, hereby declare that the thesis entitled ***Service Quality & Customer Satisfaction: The case of Four Star Hotels found in Addis Ababa, Ethiopia*** is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of MA in Marketing Management.

By: Selam Negussie

Signature: _____

Date: _____

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Selam Negussie

Acronyms

CS – Customer Satisfaction

ASSU - Assurance

E – Expectation

EMP - Empathy

HOLSERV – Hotel Service Quality

HSP – Hotels Service/Product

LQI – Lodging Quality Index

P – Perception

PR- Price

REL - Reliability

RES - Responsiveness

SERVPERF – Service Performance

SERVQUAL – Service Quality

SPSS - Statistical Package for Social Sciences

TAN- Tangibles

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Abstract

Hotel is one of the service industries which have stiff competition and we can see many new hotels are appearing with a new look, technology and better strategy from time to time. They have to believe customers as core concept of their hotels; customer satisfaction is what guarantees the future of business and it is achievable by taking up their services and customers' needs. Hence, it's very important to assess and measure service quality and customer satisfaction level in order to know the hotels status and also to make a necessary adjustment as soon as it's needed. Many researches are done in the hospitality and hotel industries predominantly focus on the one or two hotels specifically and the researcher is aware of some other researchers doing on five and three star hotels found in Addis Ababa at the same time. Therefore, this research was conducted to measure service quality and customer satisfaction level of four star hotels found in Addis Ababa, Ethiopia using service quality dimensions adapted from Parasuraman et al. that are reliability, responsiveness, assurance, empathy and tangibles and the researcher added two additional dimensions those are hotel service/product quality and price. A total of 165 questionnaires were administered to 10 four star hotels customers and 123 questionnaires were returned and usable for a comprehensive empirical analysis. Both descriptive and inferential statistics have been used to find mean score and to test hypothesis and to investigate research problem, objectives and questions. From the correlation analysis it was found that out of seven service quality dimensions five of them (reliability, responsiveness, assurance, empathy and hotel service/product quality) are correlated with overall customer satisfaction level. From the regression analysis result, it has been found that HSP, empathy and assurance of service quality dimensions have positive significant impact on satisfaction and tangibility dimensions have negative significant impact. The other reliability, responsiveness and price have insignificant effect on overall customer satisfaction level. Finally, the overall customer satisfaction analysis indicates that the majority of the respondents are satisfied with the service quality level of the hotels. Even if, the customers are satisfied with the current service quality the hotels must strive to attract new customers, sustain & even delight the current one's and be a better competitor in the industry.

Keywords: *Service Quality, Customers' expectation and perception, Customer Satisfaction, Customer.*

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CHAPTER ONE

1. Introduction

This chapter presents an overview of the entire study. It consist of background of the study, statement of the problem, objective of the study, research questions, hypothesis of the study, significance of the study, delimitations of the study, limitation of the study and organization of the study.

1.1 Background of the Study

To remain competitive, service providers must render quality service to their customers. Moreover, understanding and meeting customers' expectations and subsequently being different from competitors are important in order to satisfy the customer and also survive in the today's competitive environment and world of globalization.

According to Berry, Parasuraman & Zeithaml (1994) excellent service is a profit strategy because it results in more new customers, more business with existing customers, fewer lost customers, more insulation from price competition, and fewer mistakes requiring the re-performance of services. Excellent service can also be energizing because it requires the building of an organizational culture in which people are challenged to perform to their potential and are recognized and rewarded when they do. Service is a key component of value that drives any company's success. To the customer, value is the benefits received for the burdens endured such as price, an inconvenient location, unfriendly employees, or an unattractive service facility. Quality service helps a company maximize benefits and minimize non-price burdens for its customers.

According to Irons, 1997, in order to provide the desired quality level service companies should know customers expectation and the way they perceive or evaluate the quality of a service. As Zeithml and Bitner, (2003) stated, customer satisfaction or dissatisfaction is considered to be

the result of a comparison between the pre-use expectations that a customer has about the product or service and the post-use perception of product or service performance.

In the highly competitive hotel industry, service becomes one of the most important elements for gaining a sustainable competitive advantage in the marketplace. Consequently, the efforts of service managers and academic researchers are directed towards understanding how customers perceive the quality of service.

Customers are likely to view services as a variety of attributes that may, in different ways, contribute to their purchase intentions and perceptions of service quality. Although researchers (Gronroos 1982; Parasuraman, Berry and Zeithaml 1985 & 1991) have focused on different aspects of service quality, they all agree that the emphasis should be on customers. The most common definition of the concept is attitude, which results from a comparison of customer's expectations with perceptions of performance (Parasuraman, Berry and Zeithaml 1985). What is more, customers perceive service quality as a multidimensional concept. The specific nature of services makes it difficult to provide measure and maintain their quality. However, they presented the SERVQUAL scale, which became the most popular instrument for measuring service quality. It has been applied in various service industries, including tourism and hospitality. In most of the researches the instrument was modified to suit the features of a specific service.

According to Ministry of Culture and Tourism Bureau as of September 2013, throughout Ethiopia there are 707 hotels from basic level to star category including Lodges. Specifically, in Addis Ababa Region – 143, Amhara Region - 198, Afar Region – 17, Benshangul Gumuz Region – 17, Dire-Dawa Region – 22, Gambella Region – 4, Harrar Region – 46, Oromiya Region – 105, Somali Region – 14, Debub Region – 94 and Tigray Region – 47.

Now a day the competition towards the hospitality industry is sky rocketing because of many reasons. The growing sector of tourism which is highly attracting foreigners from different countries across the world is one reason, also the fact that Addis Ababa is the home for

different world wide organizations and offices like African Union (AU), Economic Commission for Africa (ECA) and the government's provision of great incentive for investors played its role too. By these and different other reasons the stiff positive competition in this beneficiary business is attracting a number of local and foreign investors in the area in the coming few years. International brands and franchises from America, Europe and China, and locally standardized hotels, restaurants, night clubs, and other accommodation centers are believed to boost this industry and business.

Therefore, giving a quality service is essential in order to attract, satisfy and retain the customer's and getting a high market share.

1.2 Statement of the problem

Parasuraman, Zeithaml & Berry (1991) and other scholars argued that delivering high quality in the service industry has been recognized as the most effective means of ensuring that a company's offerings are uniquely positioned in a market. Service quality has become a major area of attention to researchers because of its strong impact on business performance, customer satisfaction, customer loyalty and gaining higher profit. And customer satisfaction is the feeling of someone who described feeling happy or disappointed that the result of comparing the perceived performance of a service with the expected service performance.

However, as Alelign (2013) the hospitality industry has passed through hostile struggles and turf wars, failures and raisings with regard to expansions and standardizations, quantity and quality. The advantages granted from the free market economy of our country has given people the "opportunity" to manipulate the industry based on their need and selfish business interests without considering the interest of the customer which is very important to the survival of the business (Alelign, 2013). By these and other reasons the given service quality and customer satisfaction is affected. As Poul (2001) stated the cost of lost customers can be many times the simple loss of revenue from what they no longer buy. This makes customer satisfaction essential to meet the goal of hotels therefore it's important to give quality service and make the customer satisfy in order to be a strong competitor and customer's choice in the industry.

If assessing service quality is important in order to get a perfect brand image and gain attractive profit, then knowing the status of the service quality given by the company and make a necessary adjustment when it's needed is the way to survive in the business environment. As far as the researcher accessed researches have done in the hotel industry in Ethiopia and also the rest of the world that emphasize different aspect of the industry. For instance Jana Lauková (2006) studies hospitality management, Ekaterina Makeeva (2010) studies service quality and customer satisfaction the case of case: restel hotels in imatra and Lappeenranta, Afshan, Sadia and Khusro (2011) studies Improvement of Hotel Service Quality; an Empirical Research in Pakistan, Kidane Assefa (2012) studies Relationship Marketing in the Hotel Industry: The Nexus between Concepts and Practices (A case of Ghion Hotel, Addis Ababa Branch, Ethiopia), Alelign Aschale (2013) studies a Critical research on the Major Challenges of the Hospitality industry in Addis Ababa and so on.

The reason behind doing research on four star hotels in addition to the existed studies is as far as the researcher access most of the researches that are done in the hospitality and hotel industries predominantly focus on the one or two hotels specifically. In addition to that the researcher is aware of some other researchers doing on five and three star hotels found in Addis Ababa at the same time. Therefore, the researcher measures the quality service & customer satisfaction by using the modified form of SERVQUAL which is HOLSERV and LQI that are customized for the hotel industry and also add another dimensions.

Due to the above reason, the purpose of this thesis is to measure the service quality and customer satisfaction of four star hotels found in Addis Ababa, Ethiopia.

1.3 Objectives of the study

➤ Main Objective of the study

The main focus of this study is to explore the effect of service quality on customer's satisfaction towards the services provided by four star hotels in Addis Ababa, Ethiopia.

➤ **Specific objectives of the study**

1. To identify the dimensions of service quality that significantly influences the satisfaction level of customers.
2. To measure the level of customers satisfaction towards the services of hotels.
3. To identify some problems customers encounter in the hotels.

1.4 Basic Research Questions

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

1.5 Hypothesis

H1: Reliability of the service provider has effect on the satisfaction level of the customers.

H2: Responsiveness of the service provider has effect on the satisfaction level of the customers.

H3: Assurance of the service provider has effect on the satisfaction level of the customers.

H4: Empathy of the service provider has effect on the satisfaction level of the customers.

H5: Tangibility aspects of the hotels have effect on the satisfaction level of the customers.

H6: Hotel service/product quality has effect on the satisfaction level of the customers.

H7: Price of the hotels service/product has effect on the satisfaction level of the customers.

1.6 Significance of the study

- ⇒ The beneficiaries of this specific study are hotel managers, employees and customers. Therefore, after identifying the relationship of service quality and customer satisfaction and the level of customer satisfaction the researcher suggests what is to be done to satisfy the unsatisfied need of the customer's.
- ⇒ It will help in creating a better understanding on the service quality and customer satisfaction of four star hotels in Addis Ababa.
- ⇒ In addition the thesis will be of use for those who are interested to undertake further study on a related topic.

1.7 The scope of the study / Delimitation

The research project was confined only to four star hotels in Addis Ababa, Ethiopia. This limits the realm of the study by discriminating those other star hotels found in Addis Ababa, Ethiopia and also different hotels those are found from outside Addis Ababa. In terms of variables this study addressed only the service quality dimensions (independent) impact on customer satisfaction level (dependent). Besides, the research is done with the time interval of Dec. 2013 – June 2014.

1.8 Limitation of the study

The research approach of this study is survey type; therefore the research has a limitation of survey research. Those are non-response bias, sampling bias, social desirability bias, recall bias, and common method bias (Anol, 2012). Besides, survey research has weak internal validity specifically temporal precedence which says cause must precede effect in time.

This study is geographically limited to four star hotels in Addis Ababa City. The outcome of the study is solely dependent on the individual responses of the respondents that participate in the study. Moreover, as the sample is small and selected using non-probability sampling technique, the results might not be generalizable beyond the specific population from which the sample is drawn, considering the many number of hotels that has all over the country.

1.9 Organization of the thesis

The remaining parts of this thesis are organized as follows. Chapter two presents concept and definitions, theoretical and empirical review and theoretical and conceptual frame work of the study. In chapter three the research approach, research design, research method, research instrument and measurement of scale, sampling design, unit of analysis, source of data, data analysis method and finally ethical consideration is presented. The empirical results with descriptive and inferential statistics of the model are presented and analyzed in the fourth chapter. Lastly, in chapter five, the main findings of the study summarized and some recommendations are discussed.

CHAPTER TWO

2. Literature Review

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

2.1. Concepts and Definition

2.1.1. Definition of Concepts

Service Quality

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

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

SERVQUAL - is an instrument for measuring service quality. It is based on the premise that the best way to measure service quality is to base it on the customer's experience of quality. In SERVQUAL,

quality is defined by the gap between what a customer expects and what the customer perceives. The Dimensions of SERVQUAL scale are: reliability, responsiveness, assurance, empathy and tangibles.

Customer Satisfaction

Customer Satisfaction is a measure of how a product and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator with business and is an indicator of how successful the company is at providing products and services to the market. Customer satisfaction is an abstract concept and is actually happening of the state of satisfaction will vary from person to person and product /service to product/ service in a competitive market where business compete for customer; customer satisfaction is considered a key element of business strategy (Gitman & Carl, 2005).

Hotel Service Quality

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

A hotel is more than a place to eat and to stay. A customer in a restaurant wants more than a meal; as well guests in hotel want more than a room to stay and food to eat. Individuals may use a hotel service for family vacation, romantic gate away, business travel or even for simple dinning. In any of the cases mentioned, a given individual tends to expect a quality service to be delivered to them for the payment they made and get satisfied.

Good service is a requirement of getting and maintaining customers. Truly, without customers it is impossible to stay in business and without satisfied customers it is impossible to remain profitable. Everyone in the company benefits from good service, not just the customers. There are external services for customers, and internal services from one employee or department to another. Good

service plays important role in all businesses (Afshan, Sadia and Khusro, 2011).

What is the impact of poor service on business? The initial impact of poor service is that the customer does not return anymore. But that is only the tip of the iceberg. Consequently, the unhappy and dissatisfied customer will tell anyone who will listen about the experience. On the other hand, if service is good and exceeds customer's expectations, the customer will not only come back but also bring some friends. However, the tangible side of hospitality product must be also acceptable. All the cheerfulness in the world will not make up for a bad meal or a dirty guest room. So both, tangible goods as well as less tangible services, are essential to success.

In addition to the four unique attributes of service (intangibility, inseparability, variability and perishability) in the hospitality industry, other attributes, such as imprecise standards and fluctuating demand have been identified and further complicate the task of defining, delivering and measuring service quality. For example, while firms in the hospitality industry have established policies, rules and procedures to govern the standardization of their product, many aspects of service quality do not lend themselves to standards. Quality aspects such as "friendliness", "helpfulness" and "politeness" are likely to be interpreted differently by various guests and are assessed subjectively. Moreover, demand for service in the hospitality industry is generally clustered around peak periods of the day or year, such as checkout time or holiday season and these peaks create an environment which make it difficult to provide consistent service quality (Amy W. Mei, Alison M. Dean and Christopher J. White 1999).

2.1.2. Operational Definition

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

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

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

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

Tangibles – the appearance of physical facilities, equipment, personnel image that will find favor with consumers (Peter & Angela, 2006).

Hotel service/product - The hospitality service product consists of a wide variety of services such as restaurants, bars and entertainment and leisure facilities.

Price – is value that the customer gives to the given service. It's the difference between benefit and cost.

Customer Expectation and Perception – Before and after consumption of a service two feelings are prominent, namely expectations and perceptions. Expectations are usually formed prior to usage of a service but may also occur where a customer is actively involved in the delivery of a service. They reflect inclinations or beliefs as to what will or should happen Perceptions can also develop during a service, but invariably materialize after usage. They represent the customer's evaluation of the service, particularly in relation to expectations. Where perceptions match or exceed expectations the customer is said to be satisfied in accordance with the first law of service (Peter and Angela, 2006).

Perception – Expectation = Satisfaction

Customer expectations are beliefs about service delivery that function as standards or reference point against which performance is judged. Because, customers compare their perception of performance with their expectation when evaluating service quality. Though, knowledge about customer expectations is critical to marketers. Knowing what the customer expects is the first and possibly the most critical step in delivering quality service. According to Kenneth and David (2003), Customer expectations are used as the standard or reference against which service performance is judged. It consists of five levels.

- **Idealist level** – consumer wished for level of service.
- **Desired service level** – level of performance customers want or hope to receive from a

service.

- **Adequate service level** - minimum level of service a consumer will tolerate and accept without being dissatisfied.
- **Zone of tolerance** – is an area between the adequate level of service and the desired level of service.
- **Predicted service level** – level of service consumers actually expect from the service firm.

2.2. Theoretical and Empirical Review

2.2.1. Theoretical Review

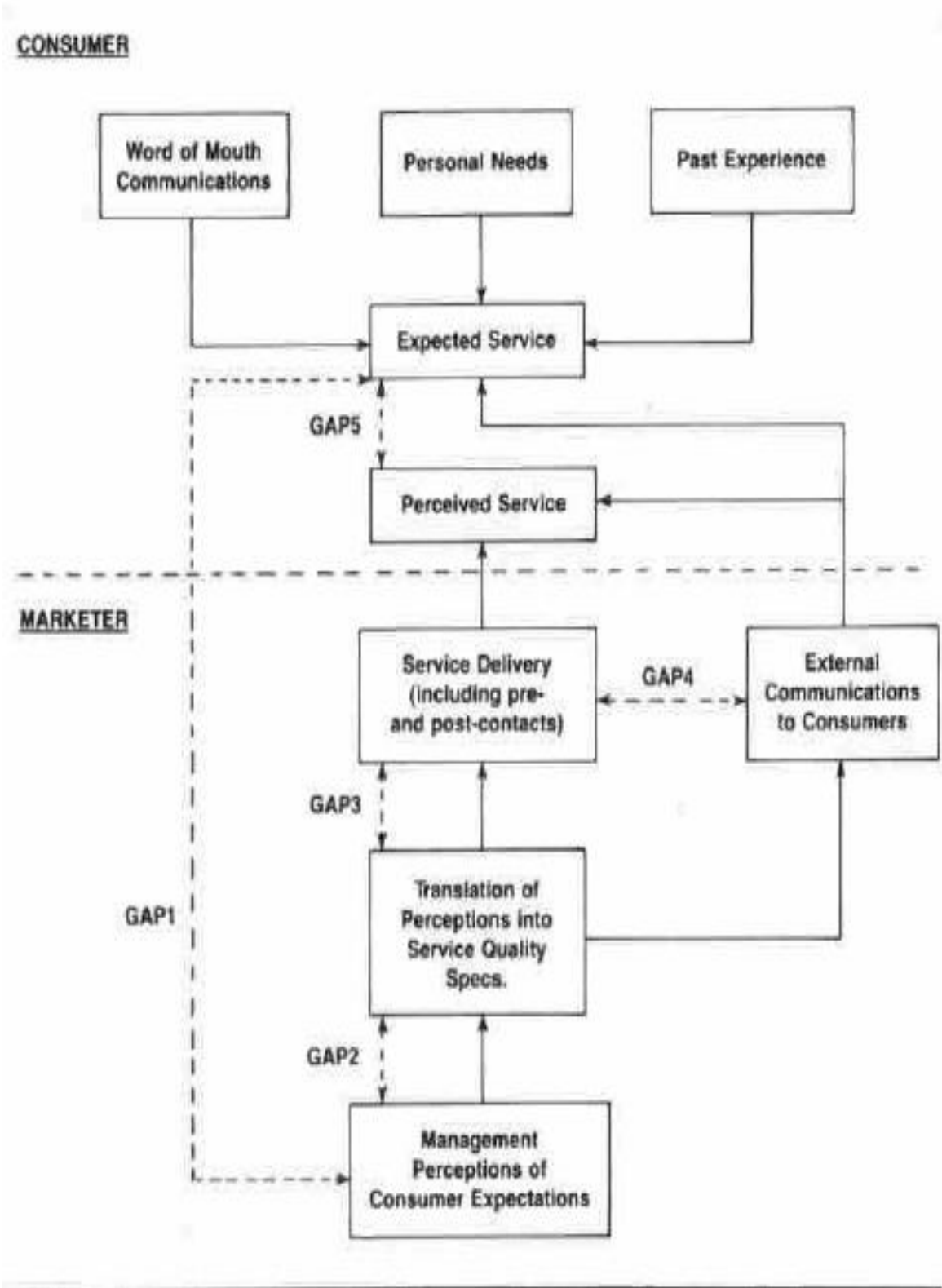
❖ Different Service Quality measurement Instruments

↳ SERVQUAL

Since the development of SERVQUAL by Parasuraman, Zeithaml, and Berry (1985), service quality has been widely researched and applied in different types of industries. SERVQUAL is a diagnostic tool that uncovers a firm's broad weaknesses and strengths' in service quality. It focuses on the five 'gaps' affecting the delivery of excellent service quality.

It concentrates on five gaps impairing the delivery of excellent service quality. Before intensive efforts can be successfully undertaken to level out service management problems that impede the delivery of truly excellent service quality, it is essential to know to what degree customer perceptions of existing service fail to meet expectations; this study focuses on that primary issue. There after it becomes important to know whether differences exist in management perceptions of customer expectations (Gap 1), a discrepancy in management perceptions and the service specifications that are enacted (Gap 2), a difference on service specifications versus service delivery (Gap 3), Gap 4 deals with service delivery versus external communication and gap 5 deals with the differences between consumer expectations and perceptions.

Figure 2.1 Service Quality Model



Source: Zeithaml and Bitner, 2003

The SERVQUAL scale contains desirable characteristics of services with ten dimensions (responsiveness, competence, courtesy, credibility, security, access, communication, understanding, reliability and tangibles) and then it is summed up into five in Parasuraman, Zeithaml, and Berry (1988) tangibles, reliability, responsiveness, assurance and empathy. However, researchers found that when applying SERVQUAL to different industries, items must be removed or added in order to customize the scale to accommodate differences in service settings.

Although the SERVQUAL instrument has been widely used, it has also been criticized. The first critics are raised in the validity and reliability of the difference between expectations and performance has been questioned and several authors have suggested that perception scores alone offer a better indication of service quality (Cronin and Taylor, 1992). Gronroos (2003) has emphasized the importance of developing an adaptation of the instrument that takes into account the role of expectations from a dynamic perspective. The dimensions of service quality have also been debated in the literature. For example, Gronroos (1982) proposed technical (the tangible aspects of service delivery) and functional (the expressive performance of the service) qualities as two critical dimensions of service quality. Though a number of questions have been raised concerning the gap model of SERVQUAL scale, there are still some authors of current research suggest that data captured using the SERVQUAL scale may still prove useful.

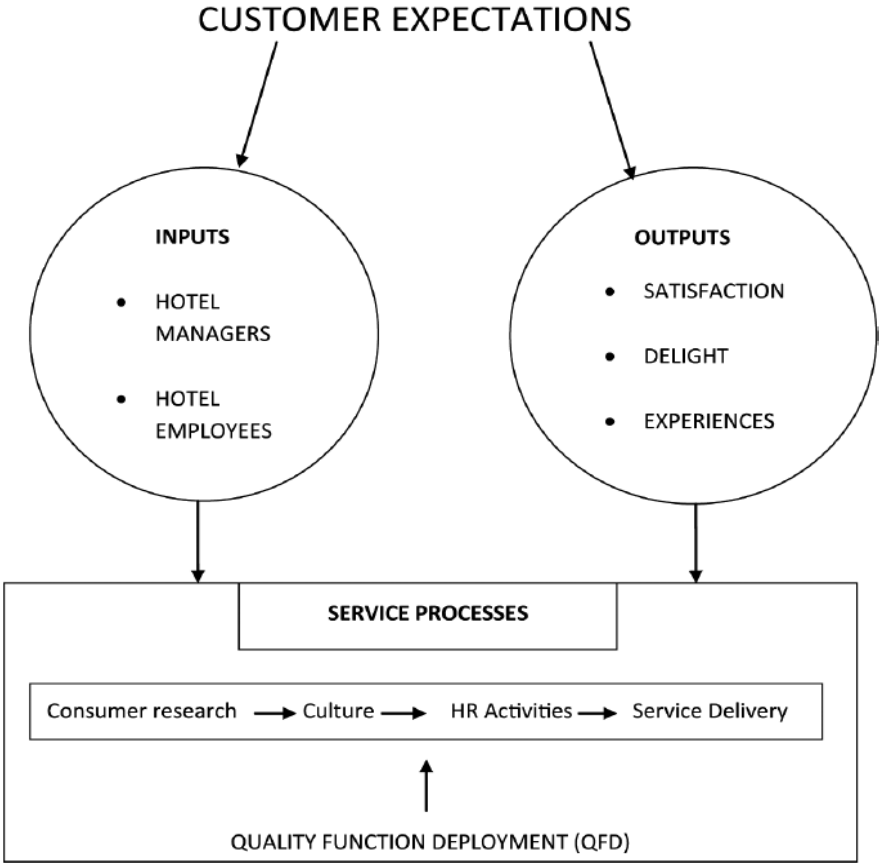
Nevertheless, despite the apparent shortcomings of the SERVQUAL scale, many researchers and practitioners continue to find that the instrument is useful for measuring service quality. Moreover, Pitt et al. (1995) noted that practitioners need a generic measurement instrument that provides the potential for cross-industry and cross-functional comparisons. Despite the numerous critics, the SERVQUAL instrument still continues to appeal to both academics and practitioners. After reviewing the numerous applications and critiques of SERVQUAL, the present study concludes that, despite legitimate concerns about the validity of the scale, it remains a useful tool for measuring and managing service quality. Nevertheless, it is important to note that the SERVQUAL scale should not be used as it is in all circumstances. Researchers should either: adapt the SERVQUAL methodology to develop their own instrument for a specific industry or specific study context; or validate the instrument after data collection through reliability and validity analysis. The findings

from replication of the SERVQUAL instrument suggest that practitioners and researchers working in particular service settings should confirm the factor structure of the service quality to determine how many dimensions are implicit in their own particular sample relative to their specific industry (Cronin and Taylor, 1992). The various factor structures that have been identified in the literature should be examined and compared to ensure that an appropriate structure is chosen for a given experimental setting for example, a one-dimensional structure, a two-factor structure, or the standard five-dimensional structure. Using exploratory factor analysis and confirmatory factor analysis, researchers should ascertain whether their scales have a factor structure that reflects the theoretical dimensionality of their setting. In addition, it might be necessary to adapt, delete, or add items as required to capture the service-quality construct in a specific industry. Researchers are therefore encouraged to assess the commonly used approach of adaptation of the SERVQUAL scale (Riadh, 2009).

Much of the extant work on service quality in hotels has led to the conclusion that hotels are facing increased competition for higher service quality and customer satisfaction (Parayani et al., cited in Anne & Andrew, 2010). This is further exacerbated by differences emanating from the service quality perceptions of managers and employees. Figure 2.3 demonstrates a framework being proposed by Anne P. Crick & Andrew Spencer (2010) which seeks to assert a claim that these differences may be reconciled. This framework is, however, preliminary, and aims to open up avenues for future research in the field. It first takes into consideration the overarching influence of the expectations of the hotel customer.

While there are mediating variables that separate customers' expectations from actual satisfaction or delight, the authors contend that there is a more direct relationship between expectations and service output which has been put forward in the literature. Given that "met expectations" produce satisfaction and "exceeded expectations" produce delight and experiences; much of the work in the area has taken a simplistic view of how this conversion takes place, which concludes that while managers overestimate guest expectations, they fall short in service delivery. This may be due, in part, it presented that only partially recognize a process approach.

Figure 2.2 Customer satisfaction in hospitality: inputs, processes and outputs



Source : Anne and Andrew (2010)

Despite the numerous measurement instruments reviewed only the recent work of Parayani et al., cited in Anne & Andrew, 2010 in applying the quality function deployment method to the industry provides a detailed process approach to infusing the voice of the customer into service design. In Figure 2.3 the alternative approach to the previously discussed direct relationship between the confirmation or disconfirmation of expectations and actual satisfaction levels, may be seen as customer expectations influence input and processes related factors. What is particularly unique to this approach in hotels is that the processes in which managers and employees engage are monitored at every step of the conversion process to ensure that the voice of the guest is not lost. For example, where consumer research is fed into the culture of the organization, the way in which the organization carries out all its activities including those related to human resources will reflect the intention to meet these consumer needs. This detailed monitoring approach referred to as the

“QFD flow down process” allows for organizations to tailor the needs of guests into every facet of operations and increases the likelihood that what is provided is, at the very minimum, satisfaction or “met expectations”. (Anne and Andrew, 2010)

SERVPERF

Cronin and Taylor (1992) introduced the performance-based measure of service quality, SERVPERF. SERVPERF is composed of the 22 perception items defined in SERVQUAL scale, and excludes any consideration of expectations. In other word, SERVPERF differs from SERVQUAL in that SERVPERF does not assess gap scores because the expectations portion of the pairings is not included. The research of Cronin and Taylor (1992) suggested that although expectations can have unique effect on consumers' perception of service quality, the performance-minus expectations is an inappropriate basis for use in the measurement of service quality.

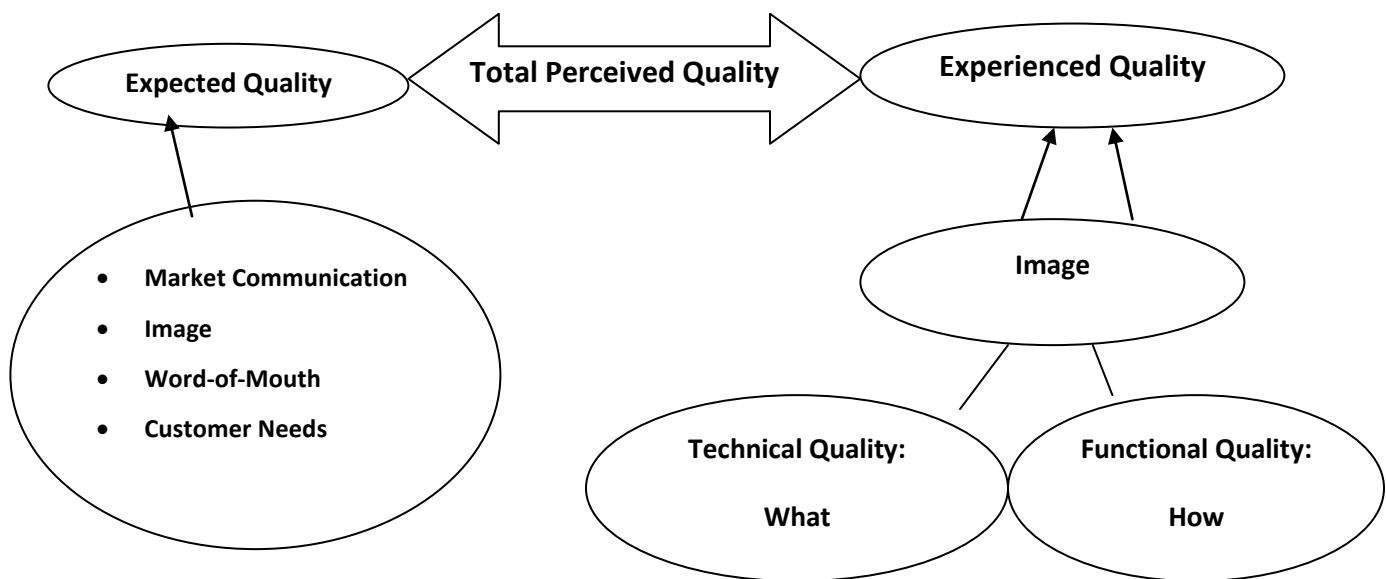
Other empirical researchers (Pitt, Watson, and Kavan, 1997; Babakus and Boller, 1992) also provide evidence that the performance- based measure is superior. Moreover, Zeithaml, Berry, and Parasuraman (1993) also conceded that the performance-based measurement was more appropriate if the primary purpose of research was an attempt to explain the variance in a dependent construct. And Parasuraman, Zeithaml and Berry (1994) criticized the SERVPERF instrument that the marketing literature appears to offer considerable support for the superiority of simple performance-based measures of service quality was surprising and questionable and they also revealed that though the practice of measuring only perceptions was widespread, such a practice did not necessarily mean performance based measures were superior to discontinuation-based measures. In fact, service quality measurements that incorporate customer expectations provided richer information than those that focus on perceptions only.

↩ Gronroos

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

Gronroos postulated that as long as the outcome or the technical quality is acceptable the process dimension or functional quality, frequently may be more critical to consumer's overall quality perception. The quality perception process includes much more than just the two dimensions of service quality. Good perceived quality is obtained when the experienced quality meets or exceeds the expectations of the customer that is the expected quality. This means that even if the experienced quality is good, the total perceived quality may still be low, if the expectations of the customers are very high or unrealistic. Conversely, the total perceived quality may be high even if experienced quality is not very good, if the customer has very low expectation

Figure 2.3 Gronroos service quality



Source: Gronroos, (1988:12)

In addition the image of the company doesn't only have an impact on the expected quality but also on perception of the quality experienced. It suggests that the total perceived quality is not determined by the level of the technical and functional quality dimensions only, but rather by the gap between the expected and experienced quality. The expected quality depends on a number of factors like market communication, image, word of mouth communication, corporate image and customer needs, few of which are directly under firm's control and others only indirectly controlled.

Important-performance analysis

Important-Performance Analysis is designed for measuring the service quality, acts as a framework for overcoming many of the identified difficulties implicit with the SERVQUAL and SERVPERF scale. Carman (1990) claimed that a complete attitude model service quality must measure the effects of the importance of individual attributes on perceptions of quality. Important-Performance Analysis, like SERVQUAL, maintains the quality is a function of customer perceptions of performance and the importance of the attribute. However, customer expectations are not included in importance-performance analysis, because customers "expect" uniformly high levels of service (Brown, Churchill & Peter 1993). Therefore, the importance a customer places on any given service attribute is a principle dimension of importance-performance analysis rather than expectations.

The Importance-Performance Analysis conceptually rests on multi-attribute measurement instruments. This technique identifies strengths and weaknesses of a market offering in terms of two criteria that consumers use in making a choice. One criterion is the relative importance of attributes. The other is consumers' evaluation of the offering in terms of those attributes. A particular application of the technique starts with an identification of the attributes that are relevant to the choice situation investigated. The list of attributes can be developed after canvassing the relevant literature, conducting focus group interviews, and using managerial judgment. Otherwise, a set of attributes pertaining to a particular service (or goods) are evaluated on the basis of how important each is to the customer, and how the service or goods is perceived to be performing relative to each attribute. This evaluation is typically accomplished by surveying a

sample of customers. After determining those attributes that are worthy of subsequent examination, consumers are asked two questions. One relates to the salience of the attributes and the other to the company's own performance in terms of delivery of these attributes. (Keyt, Yavas and Riecken, 2004)

The measurements of the Importance – Performance Analysis and the SERVQUAL are quite similar. The Importance – Performance Analysis technique identifies strengths and weaknesses by comparing of two criteria that consumers use in making a choice. One criterion is the relative importance of attributes. The other is consumers' evaluation of the offering in terms of those attributes while the SERVQUAL technique identifies the customer satisfaction of service attributes by comparing of two criteria that are customer's expectation and customer's perception in the five dimensions. There numerous studies on SERVQUAL and Importance – Performance.

HOLSERV

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

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

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

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

This study has contributed to knowledge about the service quality construct in the hospitality industry by refining and developing the existing SERVQUAL scale. The findings suggest that there are three dimensions of service quality: employees; (Responsiveness, Empathy and Assurance is included in the employee section), tangibles and reliability.

And that the employees dimension emerged as the best predictor of overall service quality. Additionally, these findings have demonstrated that the HOLSERV instrument is suitable for use by managers in the hospitality industry, so that they can confidently design service strategies that meet guests' expectations.

Figure 2.4 Modification of SERVQUAL

No.	Basic wording	Origin	Grouping
REL1	Promises to provide a service and does so	SERVQUAL	Reliability
REL2	Shows dependability in handling service problems	SERVQUAL	Reliability
REL3	Performs the service right the first time	SERVQUAL	Reliability
REL4	Provides services at the time it promises to do so	SERVQUAL	Reliability
RES1	Tells guests exactly when the services will be performed	SERVQUAL	Responsiveness
RES2	Gives prompt service	SERVQUAL	Responsiveness
RES3	Always willing to help	SERVQUAL	Responsiveness
RES4	Never too busy to respond to guests' requests	SERVQUAL	Responsiveness
ASS1	Instils confidence in guests	SERVQUAL	Assurance
ASS2	Guests feel safe in the delivery of services	Customised	Assurance
ASS3	Guests feel safe and secure in their stay	New	Assurance
ASS4	Polite and courteous employees	SERVQUAL	Assurance
ASS5	Have the knowledge to answer questions	SERVQUAL	Assurance
ASS6	Have the skill to perform the service	New	Assurance
EMP1	Gives individual attention	SERVQUAL	Empathy
EMP2	Deals with guests in a caring fashion	SERVQUAL	Empathy
EMP3	Has guests' best interests at heart	SERVQUAL	Empathy
EMP4	Understands guests' specific needs	SERVQUAL	Empathy
TAN1	Equipment, fixtures and fittings are modern looking	SERVQUAL	Tangibles
TAN2	Facilities are visually appealing	Customised	Tangibles
TAN3	Neat and professional employees	SERVQUAL	Tangibles
TAN4	Materials are visually appealing	SERVQUAL	Tangibles
TAN5	Fixture and fittings are comfortable	New	Tangibles
TAN6	Equipment and facilities are easy to use	New	Tangibles
TAN7	Equipment and facilities are generally clean	New	Tangibles
TAN8	Variety of food and beverages meet guests' needs	New	Tangibles
TAN9	Services are operated at a convenient time	SERVQUAL	Tangibles

Source: Amy, Alison and Christopher (1999)



Loading Quality Index

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

Based on the ten dimension of SERVQUAL scale the researchers interviewed travelers and executives of both luxury and economic hotels. In this way, the result was a pool of 63 scale items. Then the coefficient alpha which is a measure of reliability of items was computed (Cronbach, 1951). As a result, only 43 items were kept. With the appearance and appreciation of SERVQUAL scale of Parasuraman in 1988 with five dimensions, researchers one more time collected data and computed again all the items and coefficient based on the new SERVQUAL scale. In the end, the final lodging quality index with 5 dimensions and 26 items was born. Five dimensions are tangible, reliability (includes original reliability and credibility dimensions), responsiveness, confidence (includes original competence, courtesy, security and access dimensions) and communication (includes original communication and understanding dimensions).

Fig. 2.5 Final LQI 26 Items

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

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

The extent that an instrument actually measures what it is intended to measure it's considered to be construct validity (Churchill, 1978). Construct validity can be established in numerous ways and the three indicator of construct validity employed in this study. Those are face validity (it was examined in step to of the scale development process and a group of "judges" read the instrument and subjectively evaluated the degree to which items reflected the quality construct), trait validity (the high the reliabilities and well-defined factors provide support for the instruments ability to define the specific dimensions of the quality construct) and predictive validity was established in two ways; method 1 a measure of global quality perception was regressed on the composite LQI scale to determine the degree to which LQI predicted values of the global quality measure and it consists of single item measure "how would you rate the overall quality of the property?" and the result suggested that LQI does a good job at predicting perceptions of overall quality. Method 2 an index constructed from responses to three questions assessing dimensions of satisfaction with the service experience was cross tabulated with composite LQI scales. The questions were:

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

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

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

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

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

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

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

The above theoretical review shows that there are different perspectives of different researchers in order to measure service quality and customer satisfaction. And all the measurement tools have their own strength and weakness and most of the measurements are depends on the original SERVQUAL and SEVPERF that tries to overcome the weakness and to fit it in different industries. Therefore, this implies rather than adopting the measurement tools as it is that is better to adapt for the specific situation by examining different measurement tools.

Customer Satisfaction

Customer satisfaction is an emotional response to the experiences provided by, associated with particular products and services purchased, retail outlets, or even molar patterns of behavior such as shopping and buyer behavior, as well as the overall market place" (Yi, 1990, p. 69). Research shows that expectation-disconfirmation paradigm has received much empirical attention (Parasuraman et al., 1988). However, other empirical findings demonstrate that customer satisfaction can also be measured through product or service performance (Churchill and Surprenant, 1982) or an outcome of service quality (Anderson, Fornell and Lehmann, 1994).

Customer satisfaction has become a key intermediary objective in service operations due to the benefits it brings to organizations. The importance of customer satisfaction is derived from the generally accepted philosophy that for a business to be successful and profitable, it must satisfy customers (Bitner and Hubbert, 1994). Customer satisfaction also serves as an exit barrier, helping a firm to retain its customers. Several studies have concluded that it costs more to gain a new customer than it does to retain an existing one. In addition, customer satisfaction also leads to favorable word-of-mouth publicity that provides valuable indirect advertising for an organization (Fornell, 1992). Bitner and Hubbert (1994) concluded that, through satisfying customers, organizations could improve profitability by expanding their business and gaining a higher market share as well as repeat and referral business.

↳ **The Relationship between Customer Satisfaction and Service Quality**

To achieve a high level of customer satisfaction, most researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction (Cronin, Brady, and Hult, 2000; Anderson Fornell and Lehmann, 1994; Cronin and Taylor, 1992). However, the exact relationship between satisfaction and service quality has been described as a complex issue, characterized by debate regarding the distinction between the two constructs and the casual direction of their relationship (Brady, Cronin and Brand, 2002). Parasuraman, Zeithaml, and Berry (1994) concluded that the confusion surrounding the distinction between the two constructs was partly attributed to practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult.

Interpretations of the role of service quality and satisfaction have varied considerably (Cronin and Taylor, 1992; Parasuraman, Zeithaml, and Berry, 1988). Parasuraman et al. confined satisfaction to relate to a specific transaction as service quality was defined as an attitude. This meant that perceived service quality was a global judgment, or attitude, relating to the superiority of the service. Cronin and Taylor (1992) found empirical support for the idea that perceived service quality led to satisfaction and argued that service quality was actually an antecedent of consumer satisfaction. Asserted that consumer satisfaction appeared to exert a stronger influence on

purchase intention than service quality, and concluded that the strategic emphasis of service organizations should focus on total customer satisfaction programs.

The authors reasoned that consumers may not buy the highest quality service because of factors such as convenience, price, or availability and that these constructs may enhance satisfaction while not actually affecting consumers' perceptions of service quality. Cronin and Taylor (1992) later conceded that the directionality of the service quality/satisfaction relationship was still in question and that future research on the subject should incorporate multi item measures. The authors suggested restricting the domain of service quality to long-term attitudes and consumer satisfaction to transaction-specific judgments.

However, Bitner and Hubbert (1994) determined that service encounter satisfaction was quite distinct from overall satisfaction and perceived quality. The authors concluded that the constructs exhibited independence. Adding to the debate about the distinction between service quality and satisfaction, customer satisfaction has also been operationalized as a multidimensional construct along the same dimensions that constitute service quality (Sureshchandar, Rajendran, and Anantharaman, 2002). Despite strong correlations between service quality and customer satisfaction in their study, the authors determined that the two constructs exhibited independence and concluded that they were in fact different constructs, at least from the customer's point of view. Brady and Cronin (1992) had endeavored to clarify the specification and nature of the service quality and satisfaction constructs and found empirical support for the conceptualization that service quality was an antecedent of the super ordinate satisfaction construct. In addition, the authors found that explained a greater portion of the variance in consumers' purchase intentions than service quality. A reverse causal relationship has also been hypothesized between the two constructs.

2.2.2. Empirical Review

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

Ekaterina Makeeva (2010) studies service quality and customer satisfaction the case of case: restel hotels in imatra and Lappeenranta. The research was carried out in order to understand Russian customers' perceptions and level of satisfaction. The study will help hotels management in improving service quality and fulfilling better customers' expectations. The study is considering all the services provided in the hotels, including restaurant services. The data was analyzed with the help of SPSS programme and Excel. Altogether 146 questionnaire forms from three hotels, out of 300 forms (100 per each hotel handed out), were returned to the hotels' receptions. It indicates that almost 50 % of the forms were filled in. For better understanding of customers' motivations and desires face-to-face interviewing was held. As the objective of this research was to find out the level of satisfaction of Russian customers with the services, provided by Restel chain's hotels, which was met. The level of customer satisfaction was studied out and the results show that it is high. Out of this could be concluded that the level of service quality in Restel chain is good, but there are customers' comments needed to be taken into consideration. The research process went smoothly and the respondent rate is quite high. There could be an influence on the result accuracy, due to a small sample; only Russian customers were interviewed and asked to fill in questionnaire forms. The accuracy could also be affected because of the respondents' origin, 94 % of all the respondents were visitors from Saint-Petersburg. The period of delivering questionnaire forms should be longer to reach a necessary number of respondents. All the results are reliable and are provided to the partner of the study.

Jana Lauková (2006) - studies hospitality management. The objective of the theoretic part of the thesis is to familiarize a reader with the term "hospitality" and "hospitality industry"; emphasize the importance of service and attitude toward customers in the hotel business; present a "service culture" and all its aspects; analyze customer and employee satisfaction as the factors contributing

to better financial returns of a company. The practical part then presents the results from three researches A, B and C. Research A was focused on the introduction of the four selected accommodation facilities, the subject of Research B was customer satisfaction with the selected accommodation facilities and its impact on their financial returns and Research C dealt with the importance of criteria when a customer chooses an accommodation facility. Finally the researcher concludes higher customer satisfaction leads to better financial returns of a company. Therefore, customer satisfaction has a direct impact on a company's success. The personnel plays a very important role in overall customer satisfaction, provided that there is some level of satisfaction with the other criteria (especially criteria relating to the basic product) first. Customer satisfaction with the personnel is influenced by the employees' characteristics and attitudes (e.g. skills and knowledge including language skills, communication and collaboration with customers, friendliness, helpfulness, communicativeness, etc.). The manager (owner) and his attitude toward the customers may also have a very positive impact on customer satisfaction. Customer satisfaction is a prerequisite to customer loyalty – more satisfied customers are more willing to return and purchase the same product or service. Customers choosing an accommodation facility consider all criteria (location, price, bedroom facilities, cleanliness, personnel, hotel appearance and food) to be important. The criterion "personnel" does not seem to be the most important factor for them. However, this fact does not diminish the importance of this criterion. The personnel at most of the accommodation facilities were rated more positively than negatively. However, there were some accommodation facilities where the personnel and its attitude were rated very negatively. Most of the managers (owners) of accommodation facilities in the Slovak and Czech Republic's seem to be uninterested in customer satisfaction and well-being.

In 2011 Afshan, Sadia and Khusro (2011) examined the aspects of service quality in hotels that influence the satisfaction of customers and their intention to revisit. In this research paper, both qualitative and quantitative studies were used. The data was collected through questionnaire which contained multiple choice questions. Results of different correlations, T-test and sequence graphs revealed a great deal of existing services with customer satisfaction. Mainly courtesy of attendants, comfort in guestroom, cleanliness and environment of hotel have played vital role in creating serenity and subsequent contentment among customers. The study confirms direct

relation between organizational success and customer satisfaction. It seems judicious to believe that understanding of customer satisfaction role is extremely significant as it appears key factor in the success of modern organization.

Aleign Aschale (A critical research on the major challenges of the hospitality industry in Addis Ababa (2013)) - The fundamental objective of this critical research was too deeply look into the major intricacies of the hospitality industry in Addis Ababa city. To meet this vital objective the researcher take field study with observation and informal talks and semi-structured interview have been the fundamental tools to gather data from six sample sub-cities: Gulele, Arada, Yeka, Bole, Kirkos and Lideta sub-cities which the researcher has been taken sample research participants and from their respective. The study has purposefully included a range of Five-Star hotel operations through neighboring “Chips” (French fries), local “Areki”/ Katikala, Tella and Tej (local beers) sellers for bottom-up and top-down look. Data were analyzed using narrative description followed by inference and Critical Discourse Analysis. In the endeavors to pinpoint the major challenges that cause the booming tempo of the hospitality industry, it has been identified that the hospitality industry (lodging & accommodation) is stricken down by various debilitating factors from different dimensions. There are major problems in licensing & its operation; forgery & corruption and the poor regulators and inspection actions. There are excessive tolerances from the government side to take serious measure on illegal and dysfunctional hospitality operations. Besides, administrative role counterfeiting of the different departments (offices) in the sub-cities are observed. They resulted in defective hospitality plant design and poor sewerage systems, poor management and unskilled human resource operation, employment based on kinship and ethnicity, high staff turnover, low customer satisfaction, very unethical employees, poor sanitation, environment, health and energy concerns, poor customer service, etc.

Kidane Assefa (2012) - the researcher examines the nexus between concepts and practices of relationship marketing in hotel industry with special emphasis of Ghion Hotel (Addis Ababa Branch) in Ethiopia. The aim of the study was providing an overview of relationship marketing practices in the hotel industry that are applicable to a range of Ethiopian business environments. The research project describes the gaps between concepts and practices that influence the achievement of

relationship marketing practices. The findings from the research conducted are based on the data collected from survey which examined the resident guests' position on the importance level of variables constructed and their perception of relationship marketing practices being witnessed in a case company. In addition, interview was conducted with the marketing department manager of Ghion Hotel to examine the awareness of relationship marketing concepts and systems employed for the actualization of relationship marketing on the ground. The results of the research provide a valuable insight in to relationship marketing in the Hotel industry. It will also hopefully form the root for later improvements in relationship marketing practices for service provider under study. Furthermore, other service providers can infer issues on how relationship marketing developed and practiced.

Generally, the empirical review wants to tell us different researchers want to assess one industry from dissimilar view points and also the same idea or issue of something is measured and presented in different ways by different people.

2.3. Theoretical & Conceptual Framework

2.3.1. Theoretical Framework

By critically reviewing different measurement instruments those are used to measure service quality; in this study the researcher adapted the HOLSERV and LQI measurement instruments in order to measure service quality & customer satisfaction for the identified four star hotels in Addis Ababa, Ethiopia.

The major reason of adapting these models are as its describe in the theoretical review part both models are specifically customized for the hotel industry, therefore rather using the original SERVQUAL it's better to use the new measurement instruments in order to measure service quality & customer satisfaction. However, the researcher is not using the models as it's rather the researcher added two additional dimensions. The additional dimensions are hotels service/product and prices.

Hotel service/product – The hotel service product consists of a wide variety of services such as food and drinks, bars, room and recreational (Spa, Gym, beauty salon or barber, swimming pool etc.) facilities, parking service.

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

$$\text{Value/price} = \text{benefit} - \text{cost}$$

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

The reason behind not using the other optional measurement instruments to know the effect of service quality is; firstly HOLSERV and LODING QUALTIY INDEX is the modified version of SERVQUAL so there is no need of using the original SERVQUAL model. Secondly, Gronroo's measurement instrument is almost include because model try to include both technical and functional part of the service and in this study the researcher meature both technical and functional dimensions by adding additional dimension which is Hotel service and product. The hotel service/product dimension help the researcher to identify the technical part of the service which is what the service provider delivers during the service provision and the original HOLSERV dimensions plus price include the functional part of the given service. Finally, both SERVPERF and Importance-Performance analysis exclude customer expectation in order to know the quality of the service. And the researcher did not agree with totally avoiding the customer expectation and use only the performance of the service given company. Because what the customer get is highly affected by what the customers expect therefore in order to satisfy and get the place that the company want in the customers mind, any company must know what the customer expect to improve the given service.

In addition to the above reason all the instruments have their own gaps, for example SERVQUAL tries to assess only the gap between expectation and perception of given service. Then SERVPERF come up with the method of assessing service quality only in the performance of given service and

by modifying the above two famous models many other service quality instruments are emerged. Therefore the researcher believes that rather than using instruments as it is it's better to combine different methods in order to fill the gaps and get proper information that are valuable for decision making.

2.3.2. Conceptual Framework

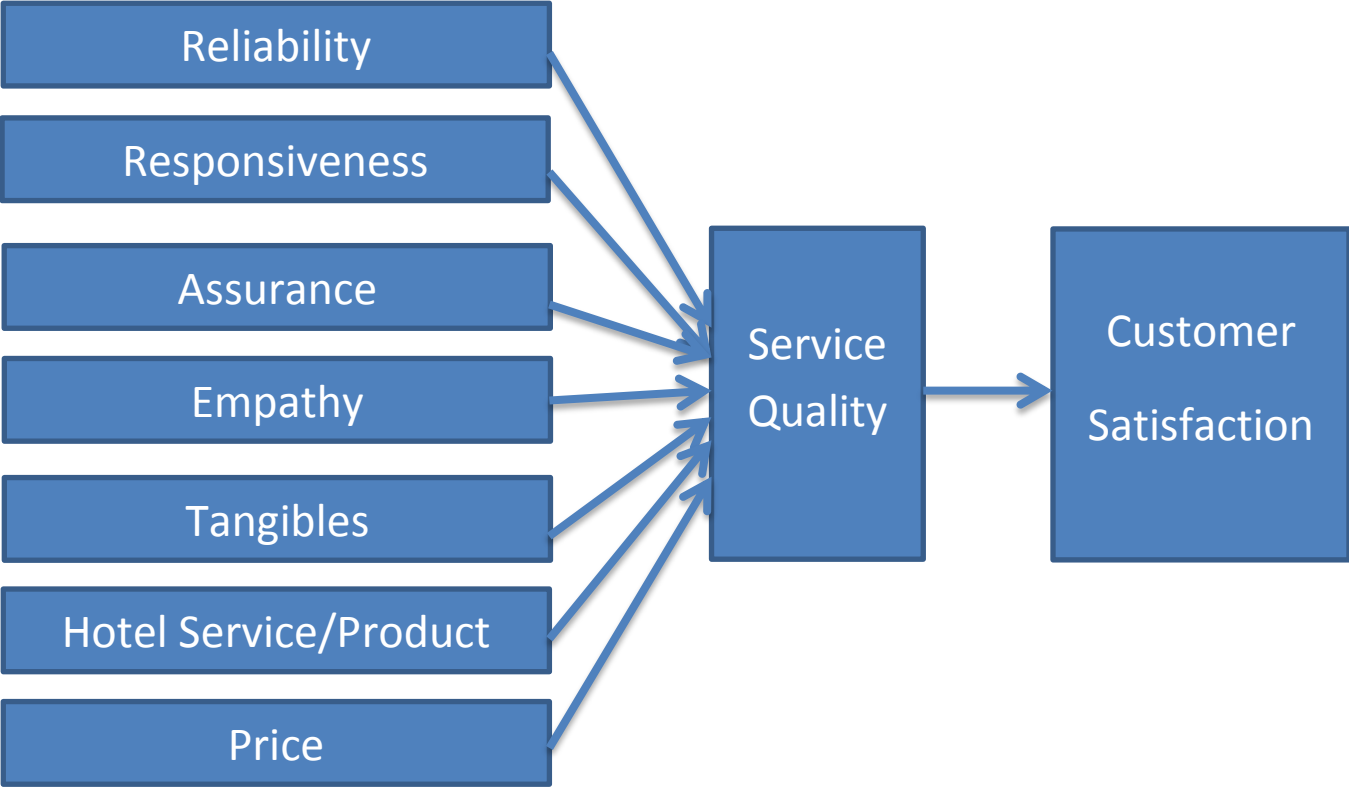
As cited in Zeithamal and Bitner ,(2004),(Parasuraman et al,1988) is the one who came up with the SERVQUAL model also known as the Gaps model, defines quality as the difference between customer's expectation and their perception of the service delivered. The SERVQUAL instrument provides a method of measuring service quality. SERVQUAL is the most frequently used measure of service quality and is based on five service quality dimensions (tangibles, reliability, responsiveness, assurance and empathy). The relationship between service quality and customer satisfaction has received considerable academic attention in the past few years. Service quality and customer satisfaction has been investigated by many researchers.

According to Zeithaml and Bitner (2003), satisfaction and service quality are fundamentally different in terms of their underlying causes and outcomes. Although they have certain things in common, satisfaction is generally viewed as a broader concept, whereas service quality assessment focuses specifically on dimensions of service. Service quality is a component of customer satisfaction.

Service quality is a focused evaluation that reflects the customer's perception of elements of service such as interaction quality, physical environment quality, and outcome quality. These elements are in turn evaluated based on specific quality dimensions: reliability, responsiveness, assurance, empathy and tangibles. Satisfaction, on the other hand, is more inclusive: it is influenced by perceptions of service quality, product quality, and price so well so situational factors and personal factors.

In this research, modified service quality dimensions (5 dimensions plus hotel service/product quality and price) is to be considered as determinants of the given service quality and customer satisfaction and the conceptual framework of the research is illustrated below.

Figure 2.7 – Conceptual Framework of the Study



CHAPTER THREE

3. RESEARCH DESIGN & METHODOLOGY

This chapter explains the research methodologies and it includes paradigm, research approach, research design, research methods, research instrument & measurement scale, sampling design, source of data, data analysis, and ethical consideration are also part of this chapter.

3.1. Paradigm

The researcher follows the positivist philosophy in order to assess and identify the service quality and customer satisfaction of hotel industry specifically four star hotels found in Addis Ababa, Ethiopia. In the positivist paradigm, the object of study is independent of researchers; knowledge is discovered and verified through direct observations or measurements of phenomena; facts are established by taking apart a phenomenon to examine its component parts (Anol, 2012).

3.2. Research Approach

In order to study the service quality and customer satisfaction on the hotel industry the researcher chooses quantitative research approach. Quantitative research involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics (Geoffrey, David D. & David F., 2005).

3.3. Research design

In order to answer the problem statement and meet the research objectives, the design of the study were descriptive and explanatory type. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group. The main characteristic of this method is that the researcher has no control over the variables; he/she can only report what has happened or what is happening (Kothari, 2004). Explanatory designs seek to

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

3.4. Research Method

The method of this research is survey. A survey method provides a quantitative or numeric description of trends, attitudes, or opinions of a population by studying a sample of that population. From sample results, the researcher generalizes or makes claims about the population (Creswell, 2003). Among the two types of survey which are cross sectional and longitudinal survey the researcher uses cross sectional one. Cross-sectional surveys are studies aimed at determining the frequency (or level) of a particular attribute, such as a specific exposure, satisfaction or any other service-related event, in a defined population at a particular point in time. Independent and dependent variables are measured at the same point in time e.g., using a single questionnaire (Anol, 2012).

3.5. Research Instrument & Measurement Scale

The scale of measurement for the study is interval scale. An interval scale of measurement is based on ordered interval that are of equal length and the zero value is arbitrary. Five points Likert scale was used which include weights for Expectations: 1= Very High 2= High 3= Neutral 4= Low 5= Very Low and: 1= very dissatisfied 2= dissatisfied 3= Neutral 4= Satisfied 5= Very satisfied for perception. Therefore, the difference between very high and high (very satisfied and satisfied) is equal to the difference between very low and low (dissatisfied and very dissatisfied).

The research instrument was questioner. Both closed ended and very limited open ended questions are used. The closed ended questions are designed to get definite answers and are used for simplicity. Open ended questions are aims to get some problems faced while using the service.

3.6. Sampling Design

Target Population

As per the information collected from Ministry of Culture and Tourism bureau there are 29 four star hotels found in Addis Ababa, Ethiopia as of September 2013 which are target population of the study.

Sampling Method

The study was used non-probability sampling techniques which are purposive & convenience that are used to select the sampled hotels and the willing customers from the selected hotels respectively. Purposive sampling involves selection of particular units of the universe for constituting a sample which represents the universe (Anol 2012). Basically the researcher consider it is better of getting information from experienced hotels in the industry than the early emerged ones in order to have a reliable and rational data.

Because of the large number of the sample unit, time and cost constraint, the sample will be drawn from the targeted population by using convenience-sampling technique. Although, non-probability sampling has problems related to selection bias, in small inquiries and researches by individuals, the sampling technique can be adopted (Kothari, 2004).

Sample size

As stated in the above section the researcher used purposive sampling method to select sampled hotels from the total population. Therefore, out of the total population the researcher took sample size of 10 hotels that have a better experience in the industry and also who are willing to participate in the study. In the case of non-probability samples, the choice of sample size will determined by the insight, judgment, experience or financial resource of the researcher. Thus, the researcher consider available fund and time, sample size used by similar past studies and own judgment to determine the sample size. Roscoe (2001) also proposes that the appropriate sample

sizes for most research to be greater than 30 and less than 500. Taking into considerations these guidelines, with sample of 15 customer's from each selected hotels, a total of 150 questionnaires and 15 (10%) questionnaires which were added to compensate for unreturned or non-usable questioners were distribute to this study.

3.7. Units of Analysis

The unit of analysis in this study is individual respondents who are the customers of the hotels who receive the service provided by the hotels.

3.8. Sources of Data

Both primary and secondary sources of data are used for this study. Primary data is collected using semi-structured questionnaire which contained a mixture of closed ended and open-ended questions based on modified SERVQUAL dimensions. And secondary data will be collected from different books, journals, articles, previous studies and Internet.

Pilot survey was conducted on a small group (10 - 15 respondents) of four star hotels customers' prior to the field survey. The pilot test is used to check if there are inconsistencies in the questions and confirm the suitability of the content of the questions.

The actual data collection will be made by using a self-administered survey. The hotel receptionist distributes at the time of check-in and collects questionnaires at the time of check-out and if possible it may be collected before the check-out time. By considering that most of the four star hotels customers are foreigners and also Ethiopians who understand English language therefore the entire questionnaire are prepared in English. Moreover, participants of the study are informed about the objective of the study and they are also be notified of about the confidentiality of their response.

3.9. Data Analysis method

The data that are gained from the questionnaires is analyzed and interpreted using statistical package for social science (SPSS) version 16. As a result, descriptive and inferential analyses are conducted by employing different methods. From the descriptive statistics mean was used and from the inferential statistics, multiple regression and correlation were employed.

3.10. Ethical Consideration

The study is ethically clear from Addis Ababa University School of commerce: department of Marketing Management. The researcher uses the data from customers which are collected through questionnaire; permission is obtained from the customers. To maintain the confidentiality of the information provided by the respondents, the respondents are instructed not to write their names on the questionnaire and assured of that the responses are used only for academic purpose and kept confidential. Finally, respondents are included in the study based on their free will.

CHAPTER FOUR

4. Results & Discussions

This chapter contains the reliability & validity study, respondents' profile, correlation analysis, SERVQUAL dimension and customer satisfaction analysis, service quality dimension analysis, total service quality and overall customer satisfaction analysis, and summary of major findings. That all tries to answer the research questions.

A total of 165 questionnaires were administered and data were collected from four star hotels customers found in Addis Ababa, Ethiopia. From the 165 questionnaires distributed only 123 (74.54%) have been collected and analyzed using the descriptive and inferential statistics.

4.1. Reliability Study

A reliability test is used to assess consistency in measurement items (Cerri, 2012). Cronbach's alpha is used to measure the internal consistency of the measurement items. Higher Alpha coefficients indicate higher scale reliability. Specifically, Nunnally as cited in Eze et al., 2008 suggests that scales with 0.60 Alpha coefficients and above are considered acceptable.

As shown in table 4.1 Scale Reliability Cronbach Alphas coefficients for service quality items range from 0.694 to 0.869. The new scale of service quality price and hotel service/product quality aspect developed in this study also demonstrates high internal consistency, with a Cronbach coefficient of 0.724 and 0.857 respectively. And the overall Cronbach alpha coefficient for expected-scale items is 0.772. Therefore, the expected scales used in this study demonstrate high reliability.

Table 4.1 Reliability Study

Dimensions	Alpha coefficients for dimensions
Reliability	0.869
Responsiveness	0.726
Assurance	0.723
Empathy	0.816
Tangibles	0.694
Hotel service/product quality	0.857
Price	0.724
Reliability of total scale	0.772

Source: survey result

4.2. Validity Study

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

- **Content validity** - is the extent to which a measuring instrument provides adequate coverage of the topic under study (Kothari, 2004). In this case the study uses modified SERVQUAL measurement instrument which is the most appropriate tool that is used to measure service quality.
- **Statistical Conclusion validity** - examines the extent to which conclusions derived using a statistical procedure is valid. The right statistical tools are going to be used in order to test the hypothesis and also to conclude the study.
- **Construct (factor analysis) validity** - examines how well a given measurement scale is measuring the theoretical construct that it is expected to measure. Construct validity is assessed in quantitative research based on correlation or factor analysis of pilot test data.
- **Internal validity**- is also called causality, examines whether the observed change in a dependent variable is indeed caused by a corresponding change in hypothesized

independent variable, and not by variables extraneous to the research context.

- **External (generalizability)** - External validity or generalizability refers to whether the observed associations can be generalized from the sample to the population (population validity), or to other people, organizations, contexts, or time. Survey research, where data is sourced from a wide variety of individuals, firms, or other units of analysis, tends to have broader generalizability (Anol 2012).

4.3. Respondent Profile

The frequency and the percentage of the respondents profile are summarized in the below.

Table 4.2 Respondent Profile

Variables	Frequency	Percent
Gender of the Respondent		
Male	70	56.9%
Female	53	43.1%
Age of the Respondent		
16-30	16	13%
31-45	47	38.2%
46-60	50	40.7%
Above 60	10	8.1%
Educational Background		
High School	11	8.9
Diploma	29	23.6
Degree	72	58.5
Masters	7	5.7
Above Masters	4	3.3
Purpose of Visit		
Business	30	24.4
Leisure	25	20.3
Transit	24	19.5
Personal	44	35.8

Source: Questionnaires

Item 1 of the above table shows that the male customers who responded the questioners are 56.9% and the female respondents are 43.1%. The hotels should implement different strategies to attract female customers.

Item 2 illustrates the age group of the respondents, 13%, 38.2% and 40.7% of the respondents are included in the 16-30, 31-45 & 46-60 years range respectively The rest 13% of the respondent is categorized in the age of above 60 years. . And it shows that the majority of the respondents are mature to respond by rational mind and it helps to get a reasonable and rational response to the question.

Item 3 shows the educational background of the respondent and 58.5% of the respondents are degree holder. 23.6% of the respondents have diploma, 8.9% of the respondents are high school graduate, 5.7% of them are master's degree holder and the last 3.3% of them have an educational background above master's degree. Therefore, it implies that most of the respondents are literate to understand and answer the questioner.

Item 4 clarifies the purpose of visit of the customers and 24.4% of them came for business, 20.3% of them use the hotel for leisure time, 19.5% of them used the hotels in time of transit and the other 35.8% of the respondents have personal reason. This implies that large number of the respondents use the service for personal purpose.

The 5th respondent question and the first open ended question was the nationality of the respondents. The analysis reveals that customers' of the hotels are coming from the whole continent but to list some of them are come from Africa including Ethiopians the other from Asia and America and so on.

Analysis and Interpretation for Answering the Main Research Question

RQ 1 - Which one of the service quality dimensions has significant impact in satisfaction level of customers?

4.4. Correlation analysis

The correlation analysis result was performed to see the association between modified SERVQUAL dimensions and overall customer satisfaction. Therefore, the correlation analysis revealed the relationship between Reliability, Responsiveness, Assurance, Empathy, Tangibility, Hotel service/product quality and Price of service/product with overall customer satisfaction. If the correlation result lies between -1 and 0, the two variables are negatively related. But if the correlation result of the two variables lies between 0 and 1, the two variables are positively related. Furthermore, according to Field (2005) general guidelines correlations of 0.1 – 0.29 are considered small, correlations of 0.30 – 0.49 are considered moderate and correlations above = > 0.5 are considered large. The correlations of the variables are shown in Table 4.3, however, each variable correlates perfectly with itself, as evidenced by the coefficients of +1.00 at the intersection of a particular variables' row and column.

Correlation coefficients say nothing about which variable causes the other to change. Although it cannot make direct conclusion about causality, we can take the correlation coefficient a step further by squaring it (Field, 2005). The correlation coefficient squared (known as the coefficients of determination, R^2) is a measure of the amount of variability in one variable that is explained by the other.

Table 4.3: Correlation between service quality dimensions with satisfaction by overall service quality

	REL	RESP	ASSU	EMP	TAN	HSP	P	CS
REL	1	.751**	.572**	.607**	.540**	.588**	.600**	.317**
RESP		1	.493**	.587**	.360**	.545**	.434**	.453**
ASSU			1	.473**	.712**	.678**	.595**	.481**
EMP				1	.263**	.147	.299**	.318**
TAN					1	.765**	.849**	.117
HSP						1	.620**	.442**
P							1	.024
CS								1

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

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

Source: Questionnaires

The above Pearson correlation matrix shows that assurance has positive and highest associations with overall customer satisfaction other than the other dimensions with a value of ($r=0.481$, $p<0.01$). The other four dimensions have positive and moderate association with overall customer satisfaction; which are reliability, responsiveness, empathy and hotel service/product quality with value of ($r=0.317$, $p<0.01$), ($r=0.453$, $p<0.01$), ($r=0.318$, $p<0.01$) and ($r=0.452$, $p<0.01$) respectively. There is insignificant relationship between price and overall customer satisfaction with r value of 0.024 at significant level of 0.790 and with regard to tangibles and overall customer satisfaction, there is also insignificant relationship that is ($r=0.117$) at significant level of 0.199.

4.5. SERVQUAL dimension and Customer satisfaction analysis

Table 4.4: Model Summary

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

a. Predictors: (Constant), P, RESP, TAN, EMP, ASSU, HSP, REL

Source: Questionnaires

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

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.270	7	5.039	19.537	.000 ^a
	Residual	29.657	115	.258		
	Total	64.927	122			

a. Predictors: (Constant), P, ASSU, HSP, RES, EMP, REL, TAN

b. Dependent Variable: Overall Customer Satisfaction

Source: Questionnaires

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

The result of regression analysis based on seven independent variables (reliability, responsiveness, assurance, empathy, hotel service/product quality and price) is presented in the table 4.6. The service quality dimensions of the factors (independent variables) in contributing to the variance of the overall customer satisfaction (dependent variable) were explained by the standardized Beta coefficient.

Hotel service/product quality that includes hotels menu variety, the ambience of hotels bar/s and restaurant/s and the like has the first highest standardized coefficient ($\beta=0.683$, $p<0.05$) and it has positive significant relationship with the customer satisfaction level. This means Hotel service/product quality is the best predictor in this study context. The second highest standard coefficient is goes to empathy with the value of $\beta=0.482$, $p<0.05$ and assurance is the third highest predictor with value of $\beta=0.219$, $p<0.05$ of customer satisfaction. Lastly, tangibles with the value of $\beta= -0.586$, $p<0.05$ have negative significant effect on customer satisfaction.

Responsiveness has insignificant effect on the level of customer satisfaction which contains hotels staffs keeping customers informed about when services will be performed, willing to provide prompt assistance to guests' problems, staffs are never too busy to respond to guests' requests and have willingness to help customers with the value of $\beta=0.124$, $p>0.05$. Next to responsiveness price and reliability has also insignificant impact on dependent variable which contains hotel guarantees reliable reservation services, hotel is dependable in handling customer service problem and billing and payment system are free from error with value of $\beta= -0.228$, $p>0.05$ and $\beta= -0.133$, $p>0.05$.

The above results show that one unit increase in hotel service/product quality would lead to 0.683 unit (or 68.3%) increase in customer satisfaction provided that other variables being held constant. Similarly, one unit increase in empathy would lead to 48.2% increase in customer satisfaction provided that other variables remain constant. Lastly one unit increase in assurance would lead to 0.219 (21.9%) increase in customer satisfaction provided that other variables remain constant. Therefore, superior performance on the most significance dimension i.e hotel service/product quality and empathy may be helpful in providing enhanced quality of service.

Meanwhile the Pearson correlation result of table 4.3 above revealed a there is not significant

relationship between tangibility dimension and overall customer satisfaction, while the regression result in above shows that it have negative significant contribution and on table 4.6 beta value -.586 indicates every additional point on the tangibility measure leads to decrement of -.586 points on the customer satisfaction provided that other variables remain constant. The negative beta value suggests that when tangibility are not in accordance with expectations (with negative deviation), customer satisfaction declines. Therefore, other researcher must give emphasis on this specific dimension in order to reveal the correct relationship and impact on the dependent variable. While dimension like responsiveness, reliability and price may not significantly impact customer's satisfaction perceptions in the current study.

Table 4.6: Regression result of service quality dimension and overall customer satisfaction

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.730	.539		1.355	.008
	REL	-.170	.151	-.133	-1.129	.261
	RESP	.161	.147	.124	1.090	.278
	ASSU	.321	.151	.219	2.128	.035
	EMP	.837	.185	.482	4.514	.000
	TAN	-.635	.184	-.586	-3.458	.001
	HSP	.618	.124	.683	4.972	.000
	P	-.319	.186	-.228	-1.714	.089

a. Dependent Variable: overall customer satisfaction

Source: Questionnaires

The researcher has discovered that the degree of customer satisfaction can be determined by those identified variables. The researcher, as indicated below, developed a regression model:
 In multiple regressions we use an equation of

$$Y = (\beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n) + E_i$$

Where: Y = the outcome variable

β_0 = the coefficient of the constant predictor (X_i)

β_1 = the coefficient of the first predictor (X_1)

β_n = the coefficient of the nth predictor (X_n)

E_i = the difference between the predicted and observed value of y for the i^{th} participant

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

$$CS = \beta_0 + \beta_1 (REL) + \beta_2 (RES) + \beta_3 (ASSU) + \beta_4 (EMP) + \beta_5 (TAN) + \beta_6 (HSP) + \beta_7 (P)$$

Where,

CS – Customers Overall Satisfaction

REL – Reliability

RES – Responsiveness

ASSU – Assurance

EMP – Empathy

TAN – Tangibility

HSP – Hotels Service/Product Quality

P - Price

Therefore, the equation comes as,

$$\text{Overall CS} = 0.730 + (-0.133)(REL) + 0.124(RES) + 0.219(ASSU) + 0.482(EMP) + (-0.586)(TAN) + 0.683(HSP) + (-0.228)(P)$$

The result of the regression analysis shows that there was a positive significant relationship between assurance, empathy and hotel service/product quality variables and the dependent. This indicated that the overall customer satisfaction level depended largely on these specific variables. In other words, when there was a higher performance level in these dimensions, the overall customer satisfaction level increases.

RQ 2 - What is the overall level of satisfaction of customers towards the service of the hotels?

In order to know whether the customers are satisfied or not, the researcher consider only the service quality dimension which have a positive significant effect on the customer satisfaction level. Those are hotel service and product, empathy and assurance. The reason behind selecting only the three variables out of the seven dimensions are only three of them have an impact on the level of customer satisfaction and the rest of them have no impact on the dependent variable. Therefore, knowing the satisfaction level on the rest does not give any meaning or does not have any implication on the dependent variable on this specific study.

4.6. Service Quality Dimensions Analysis

4.6.1. Customer Satisfaction on Hotels Service/Product Dimension

Table 4.7: Mean perception, expectation and Gap Scores of Hotel Service/Product Dimension

Service Quality Attributes	Perception Mean	Expectation Mean	Gap Score (P-E)
The hotels menu item variety was excellent	4.02	4.00	0.02
The food is served hot and fresh (have good quality)	3.76	3.93	-0.17
The hotels bar/s and restaurant/s have good ambience	4.33	4.07	0.26
The bathrooms in the hotel are neat and clean	4.24	4.19	0.05
The hotel rooms are clean and comfortable	4.00	3.97	0.03
The hotel provides modern recreation facilities e.g. spa, gym...)	3.59	4.56	-0.97
Average Mean	3.99	4.12	-0.13
Total Mean	23.94	24.72	-0.78

Source: Questionnaires

Based on data analysis the above table shown us the mean scores of customers’ perceived and expected hotel service/product quality range from 3.76-4.33 and 3.93-4.56 respectively. The highest gap score of hotel service/product quality is 0.26. The higher contribution of the item to the construct is the third variable that means the hotels bar/s and restaurant/s have good ambience with the mean value of 4.33 and expectation mean of 4.07 followed by the bathrooms in the hotel are neat and clean with the perception mean value of 4.24. However, the six items lead the lower contribution which is the hotel provides modern recreation facilities e.g. spa, gym...) with the mean value of 3.59 and with the highest expectation mean value of 4.56. Finally, the total gap score shows that the customers’ are very dissatisfied with the recreational facilities of the hotels.

4.6.2. Customer Satisfaction on Empathy Dimension

Table 4.8: Mean perception, expectation and Gap Scores of Empathy Dimension

Service Quality Attributes	Perception Mean	Expectation Mean	Gap Score (P-E)
The hotel staff gives customer individual attentions.	3.91	3.84	0.07
The hotel staff provide service in a caring fashion being friendly	3.85	3.81	0.04
The hotel staff provide service to meet guests’ best interest	3.98	3.87	0.11
The hotel staff provide undivided attention to the guest	3.95	3.92	0.03
Average Mean	3.92	3.86	0.06
Total Mean	15.69	15.44	0.25

Source: Questionnaires

The above table shows that the highest expectation mean 3.92 was observed on items hotel staffs provide undivided attention to the guest and provide service in a caring fashion being friendly score the lowest 3.81 expectation mean.

The highest mean perception of empathy was indicated on item hotel staff provide service to meet guests’ best interest (3.98) followed by the attribute hotel staffs’ provide undivided attention to the guest 3.95. While the lowest mean perception 3.85 was on item that describes hotel staff provide service in a caring fashion being friendly.

The highest gap score was observed on empathy attribute of hotel staff provides service to meet guests' best interest with mean of 0.11. While the least Gap score referred to hotel staff provide undivided attention to the guest 0.03. This indicates that, hotels customers' get more than what they expect on empathy dimension.

4.6.3. Customer Satisfaction on Assurance Dimension

Table 4.9: Mean perception, expectation and Gap Scores of Assurance Dimension

Service Quality Attributes	Perception Mean	Expectation Mean	Gap Score (P-E)
You feel safe and secure in your stay	4.10	4.05	0.05
The hotel staffs have knowledge to answer customer questions.	3.95	4.32	-0.37
The hotel staffs have the skill to perform the service.	3.79	3.96	-0.17
You feel safe in the delivery of services	4.04	4.02	0.02
The hotel staffs instill confidence to the guests	4.02	3.86	0.16
The hotel employees are always courteous and polite	4.26	4.23	0.03
Average Mean	4.03	4.07	-0.05
Total Mean	24.16	24.44	-0.28

Source: Questionnaires

The above table depicts the mean scores of perception and expectation, as well as Gap scores of assurance dimension of service quality. As a result, the first highest expectation mean value 4.32 and the second highest 4.23 score was goes to staffs knowledge to answer customer questions and employees are always courteous and polite respectively. Whereas, the lowest expectation mean 3.86 was observed on item the hotel staffs instill confidence to the guests. In the perception side the highest mean score 4.26 was assigned to item employees are always courteous and polite. The second highest perception mean 4.10 was observed on item feeling safe and secure in the hotel stay. While the lowest perception mean 3.79 score was indicated on staffs' skill to perform the service. Concerning the gap between mean scores of perception and expectation, the highest gap 0.16 was indicated on item, hotel staffs instill confidence to the guests. Whereas, the lowest gap -0.37 was observed on staffs' knowledge to answer customer questions. This shows that there is a gap which dissatisfied customers regarding to the staffs knowledge and skill to perform the service.

4.7. Overall customer satisfaction

Table 4.10 Overall Customer Satisfaction

	Minimum	Maximum	Mean	Std. Deviation
Overall Customer Satisfaction	2	5	4.02	.730

Source: Questionnaires

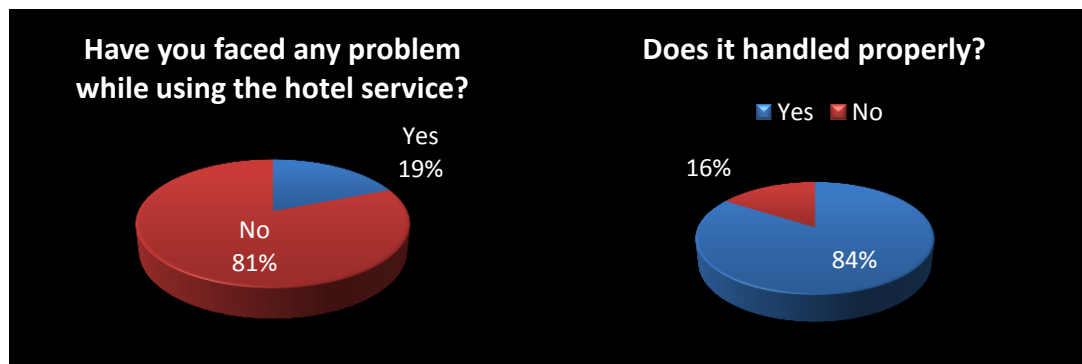
According to the above table customers overall satisfaction has mean score of 4.02 which shows customers of four star hotels found in Addis Ababa, Ethiopia are satisfied with the services of the hotels.

RQ 3 - What are the problems the customer encounters in the hotel?

4.8. Have you faced any problem while using the hotel service? And does it handled properly?

By analyzing the response of the respondent as shown in the above pie charts the 19% of the hotels customers' were face some problems and the other 81% did not face any problem while using the service. And out of 19% of customers who face problems 84% of them reveal that the problem is handled satisfactorily but on the other hand 16% of them respond that the problem is not handled correctly.

Fig 4.1 & Fig 4.2: The percentage of customer who has faced problem while using the service and Handling manner



Source: Questionnaires

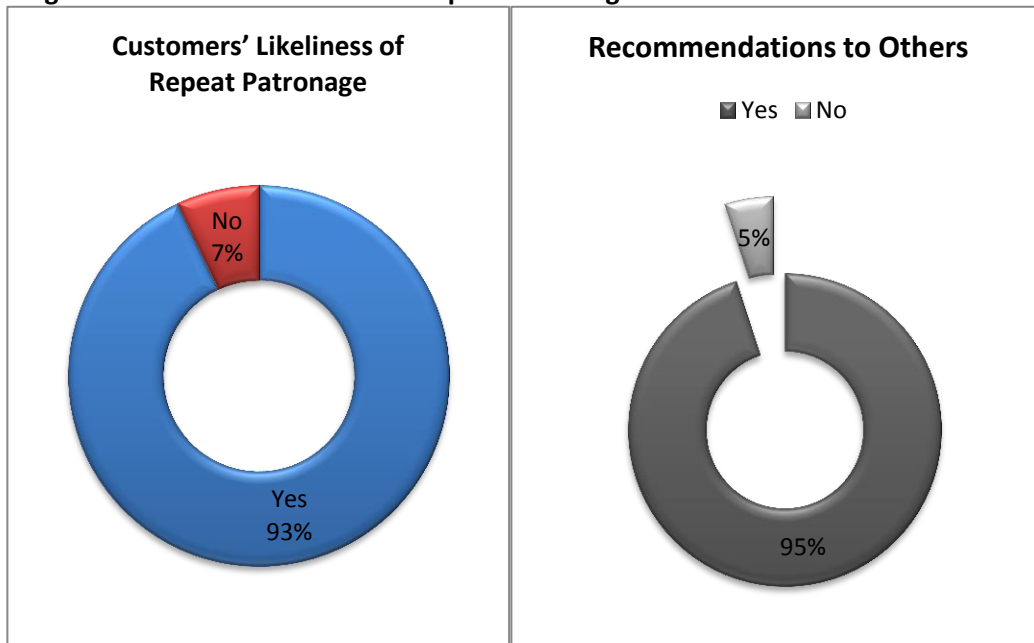
⇒ **Types of problems faced by customers**

- ⊕ Language & communication gap
- ⊕ Lack of modern recreational facility
- ⊕ Wireless connection problem
- ⊕ Problem with delivering service in the promised time

4.10. Customers' Likelihood of Repeat Patronage and Recommendations to Others

In the below doughnut charts illustrate the customers' likelihood of repeat patronage and recommendation to others. The analysis shows that above 90% of the customers' are answered that they will come again when they get a chance and also they will recommend to others about the hotels service.

Fig 4.3 & Fig 4.4: Customers' Likelihood of Repeat Patronage and Recommendations to Others



Source: Questionnaires

4.11. Summary of Findings

Table 4.11: Summary of Findings

	Statements	Result	Reason
H1	Reliability of the service provider has effect on the satisfaction level of the customers.	Insignificant effect	$\beta = -.133, P > 0.05$
H2	Responsiveness of the service provider has effect on the satisfaction level of the customers.	Insignificant effect	$\beta = .124, P > 0.05$
H3	Assurance of the service provider has effect on the satisfaction level of the customers.	Positive Significant effect	$\beta = .219, P < 0.05$
H4	Empathy of the service provider has effect on the satisfaction level of the customers.	Positive Significant effect	$\beta = .482, P < 0.05$
H5	Tangibility aspects of the hotels have effect on the satisfaction level of the customers.	Negative significant effect	$\beta = -.586, P < 0.05$
H6	Hotel service/product quality has effect on the satisfaction level of the customers.	Positive Significant effect	$\beta = .683, P < 0.05$
H7	Price of the hotels service/product has effect on the satisfaction level of the customers.	Insignificant effect	$\beta = -.228, P > 0.05$

Source: Questionnaires

Chapter Five

5. Conclusion and Recommendation

5.1. Conclusion

This study was originated to examine service quality dimensions and overall customer satisfaction of four star hotels found in Addis Ababa, Ethiopia. In this study in addition to the original SERVQUAL dimensions (reliability, responsiveness, assurance, empathy and tangibles) the researcher added two additional dimensions that are hotel service/product quality and price of service/product has been assessed. Finally the research questions are answered and the conclusion is stated below:-

According to the correlation result reliability, responsiveness, empathy, assurance and hotels service/product quality have positive and moderate relationship with customer satisfaction. However, price and tangibility have insignificant relationship with customer satisfaction. The results of regression analysis indicates that hotel service/product quality has a highest influence on the overall customer satisfaction level that includes hotels menu variety, bar/s and restaurant/s ambience, the bathrooms cleanness and etc. followed by empathy and assurance. On the contrary tangibles which contains furniture's and equipment's are modern looking, fixture and fitting are comfortable and easy to use and hotel staffs dressing manner & so on do have negative significant influence on the overall satisfaction level of customers which is contradicted with the correlation analysis. Price of service/product, reliability and responsiveness has insignificant effect on customer satisfaction level.

To answer the second research question the researcher uses mean score and gap score model (Perception - Expectation) to measure overall customer satisfaction level and to know the satisfaction level customers towards the specific dimension of service quality respectively. The hotel customers are satisfied with the overall service quality given by the hotels. But, the hotels customers' testified that they are not satisfied with the some specific dimensions of hotel service/product quality and assurance dimension. Those are comes from the statement from the

hotel staffs have knowledge to answer customer question and the staffs have skill to perform the service (assurance dimension) and the hotel provides modern recreational facilities and the freshness of the food (hotel service/product quality dimension).

The final research question was aimed to know the some problems that the customer face while using the service and the result shown that there are some problems regarding language and communication skill of the staffs, there is also a gap to the unmet need of recreational facilities and there is also an internet connection problem.

5.2. Recommendation

- ✎ To overcome the customers doubt and dissatisfaction on the staffs skill and knowledge to perform the service and to answer customers' question which is part of assurance dimension. The hotels must hire professional from specific associations who educate specifically hotel management, front office management, cooking, home economics & etc. to any position to serve the customers in professional manner and give training every time in order to acquaint and develop themselves with time management, technology, standard service, effective resource management and utilization, health, hygiene and sanitation, safety and security, marketing abilities, professional ethics and morale.
- ✎ The hotels must give high emphasis on recreational facilities that is a sub-dimension of hotel service/product quality to build modern recreational facilities which help the customer to relax and refresh. Some of the hotels do not have a proper space for building different recreational facilities but by consulting professionals they can modify what they have and build what they want. For example: building swimming pool on the roof or build in underground space and so on.
- ✎ The analysis shows that there is a contradiction result between correlation and regression result of tangibility dimension which says there is no relationship between tangible parts of the hotels service with customer satisfaction level however the regression result reveals tangibility dimension have a negative significant effect on dependent variable. This kinds of

situation caused by respondent bias therefore, other researcher must give emphasis on this specific dimension in order to reveal the correct relationship and impact.

- ✎ Finally, even if the customers are satisfied with the current service quality the hotels must strive to delight their customers and get a better position in the mind of the customers.

5.3. Implications for Further Research

From what can be seen from the study it can be concluded that this paper gives lots of findings to the hotels included in the study and for us and those interested in this topic of study to have more insight into the hotel industry.

With respect to future projects, this study focused only on four star hotels customers' found in Addis Ababa, Ethiopia. Therefore, A further study can be done by incorporating other five and three star hotel customers in Addis Ababa, can be done for different cities, for over all Ethiopia and so on.

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APPENDIX

Part Two - Guest's Opinion on their Hotel Service Experience

Please indicate on a five point scale the extent to which you find the following statements important by ticking on the box in the first column and also indicate on a five point scale the extent to which you are satisfied or dissatisfied in the second column with the following statements.

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

Perceptions: 1= very dissatisfied 2= dissatisfied 3= Neutral 4= Satisfied 5= Very satisfied

		EXPECTATION					PERCEPTION				
	Dimensions	5	4	3	2	1	5	4	3	2	1
❖ Reliability											
1	The hotel provides quality service consistently.										
2	The hotel provides the service at the time they promise to do so.										
3	The hotel staff perform services 'right'/correctly at the first time										
4	The hotel guarantees reliable reservation services										
5	The hotel is dependable in handling customer service problem.										
6	The billing and payment system are free from error										
❖ Employees											
• Responsiveness											
7	The hotel staff keeping customers informed about when services will be performed										
8	The hotel staff are willing to provide prompt assistance to guests' requests and problems										
9	The hotel staff is never too busy to respond to guests' requests										
10	The hotel staffs have willingness to help customers and the readiness to respond to customer's request.										
• Assurance											
11	You feel safe and secure in your stay										
12	The hotel staffs have knowledge to answer customer questions.										

13	The hotel staffs have the skill to perform the service.													
14	You feel safe in the delivery of services													
15	The hotel staffs instill confidence to the guests													
16	The hotel employees are always courteous and polite													
• Empathy														
17	The hotel staff gives customer individual attentions.													
18	The hotel staff provide service in a caring fashion being friendly													
19	The hotel staff provide service to meet guests' best interest													
20	The hotel staff provide undivided attention to the guest													
❖ Tangibles														
21	Furniture's and equipment's are modern looking													
22	The hotel staff have neat appearance													
23	The fixture and fitting are comfortable and easy to use													
24	The staffs provide the service with smiling													
25	The hotel staffs dress properly													
❖ Hotel Service/Product														
26	The hotels menu item variety was excellent													
27	The food is served hot and fresh (have good quality)													
28	the hotels bar/s and restaurant/s have good ambience													
29	The bathrooms in the hotel are neat and clean													
30	The hotel rooms are clean and comfortable													
31	The hotel provides modern recreation facilities e.g. spa, gym...)													
❖ Price														
32	Pricing at the hotel's restaurant is reasonable													
33	Pricing at the hotel's bar is reasonable													
34	Overall, the price I paid is reasonable compared to the value of services being received from the hotel.													

1. Have you ever faced any other problems while using the services of the hotel?

A. Yes

B. No

If your answer is yes, please specify the problem

2. If yes, was it handled satisfactorily?

A. Yes

B. No

3. Would you use this hotel service again when you get chance?

A. Yes

B. No

4. Would you comment or recommend to others about hotel service?

A. Yes

B. No

Overall satisfaction

Please make a circle on your overall satisfaction with the hotel

Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
5	4	3	2	1

Thank you!!!

APPENDIX 2

Four Star Hotels found in Addis Ababa as of Sep. 2013

S.N	Name of Hotels	No.of Rooms	No.of Beds	Tel.No.	E- Mail
1	Ambassador Apartment Hotel	48	60	116187098	boleambassadorhotel@ethionet.et
2	Ararat Hotel	33	36	011 6461166	fessehasahlle@yahoo.com
3	Beshale Hotel	64	88	0116478181/88	beshalhotel@ethionet.et
4	Churchill Hotel	53	83	011156 8648	churchilhotel@ethionet.et
5	Crown Hotel	71	93	011 4391444	crwonhotel@ethionet.et
6	DE Leopold Hotel	72	86	011 5514146	hoteldeleopol@ethionet.et
7	Desalegne Hotel No.2	25	28	011 6624524	desalegn@ethionet.et
8	Dreamliner Hotel	96	110	011 467 4000-7	-
9	Global Hotel	50	70	011 4663906	globalhotel@ethionet.et
10	Ghion Hotel	190	298	011 5513222	ghion@ethionet.et
11	Harmony Hotel	66	73	116183100	gm@harmonyhotelethiopia.com
12	Jupiter int. Hotel (kazanchis)	102	112	116616969	Jupiter@ethionet.com
13	Jupiter Int. Hotel (Bole)	40	52	115527333	Jupiter@ethionet.com
14	Kaleb Hotel	64	84	011 6622 200	reservation@kalebhotel.com
15	King's Hotel	34	54	011 3711300	kingshotel@ethionet.et
16	KZ Hotel	32	42	011 661 1206	kzhotel08@yahoo.com
17	Panorama Hotel	65	85	116616070	panorama.addis@gmail.com
18	Renaissance hotel	63	86	116627055	
19	Rivera Hotel	72	72	011 419 7749/54	reservations@riveraaddis.com
20	Seyonat hotel	40	50	911237070	
21	Soramba Hotel	60	70	011 1565 633	sorambahotel@ethionet.et
22	Wassamar Hotel	66	72	011 661 0055	info@wassamarhotel.com

23	Grand Yordanos Hotel	128	128	0115512470	grandyordanoshotel@yahoo.xcom www.grandyordanoshotel.com
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24	Nexus hotel	60	60	116670067	info@nexusaddis.com
25	Friendship Hotel	104	128	116670202	info@friendshphotel.com.et
26	Debre-damo Hotel	100	100	116612630	reservation@debredamohotel.com
27	Saromaria Hotel	87	87	0113728000/1	info@saromariahotel.com
28	Monarch Hotel	80	80	0116672480/1/2	info@monarchaddis.com
29	Kenenisa Hotel	51	51		

Source: Ministry of Culture and Tourism bureau



Sampled Hotels in the study