

**FOREIGN CUSTOMER SATISFACTION IN
ETHIOPIAN FIVE STAR HOTELS**

SHERATON ADDIS, HILTON AND INTERCONTINENTAL HOTELS

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**A THESIS SUBMITTED TO THE SCHOOL OF GRADUATE
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This is to certify that this thesis is prepared by **Mesfin Andargie**, entitled: **Foreign Customer Satisfaction in Ethiopian Five Star Hotels, Sheraton Addis, Hilton and Intercontinental Hotels** and submitted in partial fulfillment of the requirements for the Degree of Master of Business Administration in Management complies with the regulation of the University and meets the accepted standards with respect to originality and quality. This thesis has not been submitted earlier either to this University or to any other University/Institution for the fulfillment of the requirement of a course of study.

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Abstract

The aim of this study is to determine the level of satisfaction of foreign customers on the service quality provided by five star hotels (Sheraton Addis, Hilton, and Intercontinental Hotels) in Ethiopia. Quantitative research method with descriptive method of analysis is employed to undertake the study. Demanded data was collected from foreign customers of the five star Ethiopian hotels which are selected randomly in their staying. Data quality and reliability of the study has been estimated and analyzed using both descriptive and inferences statistics via SPSS. Service quality model was used with its five dimensions of service quality tangibility, reliability, responsiveness, assurance, and empathy to estimate the level of foreign customers' expectation and perception of the hotels services. Questionnaires are designed in based on Likert scale developed from previous research models. The main findings are that of foreign customers are not satisfied by the services of the hotels, more over all services quality dimensions created a gap in their expectation and perception of guests. Hoteliers should understand the guests' expectations and standardize relevant services, periodically evaluate service quality and they should not exaggerated advertisements to increase the foreign customers' expectations.

List of Acronyms

- AHP - - Analytic Hierarchy Process
- MoTC - - Ministry of culture and tourism
- Servqual - - service quality
- SPSS - - Statistical Package for Social Science

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Acronyms

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CHAPTER ONE

INTRODUCTION

1.1. BACKGROUND OF THE STUDY

Obtaining an economic development for the purpose of increasing life standards in a comprehensive level is a matter of concern for every society. In this regard, it is contended that the Tourism Industry is one of the most salient sectors in ensuring sustainable development thereby getting rid of poverty. Being cognizant of this reality, both the public and private sectors are earmarking a significant amount of resources towards the tourism industry particularly in hotels. The most visible advantages accrued from the massive expansion of hotels have been an increased level of employment.

The rising nature of hotel industry can be better gauged by an increasing rate of jobs and apprenticeship which illustrates that this sector is experiencing a shift towards highly competitive, integrated and customer oriented market framework. Many fresh graduates

are looking forward to pick this sector being most promising with advancement opportunities and new exposure.

The progressive career path is evident from the fact that universities are now offering degrees in hotel management courses and other kinds of diplomas and short courses.

Academic services marketing and management literature widely acknowledge that keeping current customers and developing relationships with new ones, is a key business strategy Piercy, (1995). If customers are satisfied with a product, service or brand, they will be more likely to continue to purchase and use it, and to tell others of their favorable experience with it. If they are dissatisfied however, they will be more likely to switch brands or hotels and complain to management and to everyone else they meet. This indicates that, Satisfaction of customers also happens to be the cheapest means of promotion and advertisement.

According to Pizam and Ellis (1999) a Customer Satisfaction Measurement program must be incorporated into an organizations corporate culture. Knowledge of customer expectations and requirements are essential as it provides understanding of how the customer defines quality of service and products, and furthermore it facilitates the development of customer satisfaction and intention

1.2. Statement of the Problem

In countries endowed with many historical and natural sites and diverse culture, historic and natural tourism attractions, the tourism industry has been given great emphasis. It is widely reported that the sector is becoming a significant contributor to the national income of most developing nations. In Ethiopia, for example, it has been publicized that around 1.7 billion USD was secured from the 2.9 million tourists visiting the country in the past ten years (MoCT, 2010). Available literature indicates that even though the sector is emerging to become vital in generating foreign currency, the country has not

fully exploited the economic benefits of the sector. In this regard, one official document asserted that the Ethiopian tourism market share in Africa is 0.68% while Egypt and South Africa each took 20% in 2010 (MoCT, 2010).

Broadly speaking, socio-economic and political reasons can be attributable to the low market share of the tourism sector in Africa. Some of them are poor communication facilities, inadequate infrastructure, security problems, and sub-standard hotel services.

In association with hotel service, it is contended that Hoteliers should maintain and provide quality service as per their standards to increase customer satisfaction. While echoing this stance, Lam and Zhang (1999) claim that overwhelming customer demand for quality products and service has in recent years become increasingly evident to professionals in the tourism and hotel industry. Among all customer demands, service quality has been increasingly recognized as a critical factor in the success of any business, and ultimately in retaining customer satisfaction (Grönroos, 1990) and (Parasuraman et al., 1988). Besides they have stated that improving service quality and service features will augment the level of customer satisfaction. The same authors concluded that doing so will positively influence customers to re-visit the hotel service providers in the future- a scenario that plays a positive role for the development of the tourism industry at large.

The findings of numerous researches carried out on the area of customer satisfaction concluded that the level of customer satisfaction on the overall services rendered by hotels has been low. For instance, in their study targeting both foreign and domestic customers' Malaysian pending hotel, Farzaneh and Jamil (2010) reported that customers were not satisfied because of the fact that their perceived service quality hasn't been met. The study showed that the variable reliability score more gaps than other four variables. Tsou et al., (2010) also stated that customers of Green Island hotels have not been satisfied on the service they received. Besides, Seyed (2007) has concluded that the

overall service quality (tangibility, reliability, responsiveness, assurance, and empathy) of two Four Star Isfahan Hotels did not match with the optimal standard expectation of the guests at all.

Unlike the above researches this study will assess the matter of foreign customer satisfaction on five star hotels working in Ethiopia, a country that has different socio economic and political setting than the country addressed above. This research is potentially targeted to only five star (Sheraton, Hilton Intercontinental) hotels in which these hotels have around 80% of the foreign customers MoCT (2010) and foreign customers are the only target of the study. They are mostly visiting these hotels than domestic customers. This research also targeted to identify the level of foreign customer satisfaction using the service quality model (servqual gap analysis) that the level of satisfaction going to be measured in line with the variable of service quality which is manifested by tangibility, reliability, responsiveness, assurance, and empathy.

1.3. Research question

1.3.1. General Research question

Are foreign customers satisfied on the services quality delivered by Ethiopian five star hotels?

1.3.2. Specific research questions

The specific research questions that will be addressed in support of the above general research question are the following:

- ❖ Is there a gap between provided services and customer's expectations in terms of Tangibles in studied hotels?
- ❖ Is there a gap between provided services and customer's expectations in terms of reliability in studied hotels?

- ❖ Is there a gap between provided services and customer's expectations in terms of Tangibles in responsiveness hotels?
- ❖ Is there a gap between provided services and customer's expectations in terms of Assurance in studied hotels?
- ❖ Is there a gap between provided services and customer's expectations in terms of Empathy in studied hotels?
- ❖ Is servqual model adequately addressed satisfaction related issues of the customers in light of service quality?

1.4. Objectives of the study

1.4.1. General objective of the study

The general objective of this study is to know the satisfaction level of foreign customers on the service quality provided by five star hotels in Ethiopia in light of the Servqual Model and to assess the adequacy of the model in fully addressing service quality of hotels.

1.4.2. The specific objectives of the study

The following are specific objectives to be addressed:

- ❖ To examine the customers expectation and perception gap with respect to tangibility
- ❖ To examine the customers expectation and perception gap with respect to Reliability
- ❖ To examine the customers expectation and perception gap with respect to Responsibility
- ❖ To examine the customers expectation and perception gap with respect to Assurance
- ❖ To examine the customers expectation and perception gap with respect to Empathy

- ❖ To assess the adequacy of the model in explaining satisfaction customers in service quality

1.5. Significance of the Research

- ❖ The significance of this study is to identify factors that limit foreign customers satisfaction and to measure service effectiveness. The results from the research will enable hotel owners, managers and other stakeholders to identify factors of foreign customers' dissatisfaction; and thereby to know the gaps of services quality. In doing so, decision makers may further improve services to foreign customers and gain competitive advantage.
- ❖ This research will be of value to the hotel industry by identifying the impediments of service quality and forwarding feasible solutions to improve quality of services. It is also significant for the hospitality industry in Ethiopia which hosts many international organizations including the African Union
- ❖ This research is useful especially to hoteliers in establishing and implementing appropriate strategies for customers' satisfaction and making profit from the services.
- ❖ Suggesting hoteliers the ways of maximizing satisfaction of foreign customers and can be used as a bench mark for other researchers to undertake further exploration on the areas studied.
- ❖ The hospitality industry serves as a catalyst for flow of foreign capital into the country. An improvement of hotel industry services would not be only important to hotels being researched, but also the industry as a whole. So this study has an economical importance to the country as a whole.
- ❖ Finally the research findings can be a bench mark in judging the completeness and potential of the variables incorporated in Servqual Model in the task of assessing customers' satisfaction about service quality of hotels.

1.6. Scope of the study

First the study is delimited to assess the level of foreign customers' satisfaction in Ethiopian five star hotels (Sheraton Hotel, Hilton Hotel, and Intercontinental Hotel) in the month December 2012. These hotels are selected on the bases of their standard given by Ministry of Culture and Tourism. According to MoCT (2010) these are the only five star hotels in Ethiopia until the proposal of this study has been submitted. But sooner, another five star hotel called Radisson Blue hotel has been inaugurated.

Secondly the research does not consider the model service quality irrespective of the availability of other models like Servperf, Nor med quality and Qualitometro models designed to measure service quality. This model (servqual gap analysis model) is only limited to the five dimensions only such as tangibles, reliability, responsiveness, assurance and empathy and service of the hotels are evaluated based on these dimensions. Beside to this foreign customers psychological makeup in perceiving the quality of services is not considered in the study.

Thirdly the specific quality goods and services that the hotels provide at the time range of data collection are not considered. In other words the services of the hotels and its goods and services quality range is assumed in aggregated manner. Furthermore seasonal difference is not considered to measure the satisfaction level of the customers.

Fourthly the task of adequately measuring the real level of service requires a two- tier study of assessing the extent of expectation of foreign customers before and after consuming a goods and services rendered by the hotels. But this research conducted the study in a single phase that both the expectation and perception of the respondents captured anonymously.

Finally The population of this research is confined to foreign customers, who were served in these hotels in the month of December 2012.

5.1. Research limitation

The main hurdles encountered during conducting this study are stated like: hotel authorities were not cooperative and some guests were not interested to fill the questionnaires. The other problem faced was absence of literature related to foreign customers level of satisfaction in Ethiopian five star hotels

1.7. Ethical consideration

The following ethical principles are considered in this research

Informed consent: Participants were given the choice to participate or not to participate, and furthermore be informed in advance about the nature of the study.

Right to privacy: Participants have been informed about confidentiality of their responses and this is stated in the questionnaire that its purpose was for only academy.

Honesty with professional colleagues: this finding will be reported in a complete and honest way, without misrepresenting what has been done.

1.8. Operational Definitions:

- 1. Customer:** a person who is somehow in connection with an organization and receives its goods or services.
- 2. Customer satisfaction:** Is a state when the customer feels a product or a service meets his/her expectations. (Juran, 1992)

3. **Service:** A series of intangible, activities throughout interactions between customers and service employees which are presented as a solution for their problems (Gronroos, 1990, P. 279).
4. **Expected service:** It is the same ideal service which is desired by a customer (Parasuraman, et al: 1991).
5. **Quality:** It consists of a collection of specifications of a product or a service which meets expectations of a customer
6. **Service quality:** The difference between customer's expectations and that of his perceived concept of real performance of service. (Zethaml & Bitner, 1996)
7. **Expectations:** The same ideal service which is desired by a customer before his entering to an organization.
8. **Hoteliers:** is a term that used to represent all concerned stack holders who is responsible for managing and performing tasks related to customer services
9. Foreign Customers are same with Guests

CHAPTER TWO

LITRATURE REVIEW

2.1. Definition of Services

Various definitions have been used for services, in relation with intangibility and immediate consumption. Here are some definitions for services: Example,

Services are attitudes, processes and functions (Zethaml & Bitner, 1996,).

-Service is an act or activity, necessarily immovable and intangible, suggested by one transaction party to another one that would lead to the ownership of no external object.

2.2. Services Quality

Service quality is a customer perception of how well a service meets or exceeds their expectations Czepiel (1990). It is considered as a key factor for enhancing customer satisfaction Geetika(2010). Service quality not only play vital role to satisfy customers Grzinic (2007) but also considered as a value driven for consumers and a way to position product in a dynamic environment (Kaul, 2005). Understanding the customers' requirement about the service quality and catering the need in this regard is beneficial in many ways (Shahin, 2002).

The concept of service quality as a whole construct is large and varied. The theory has been elaborated on by many researchers. Berry, Parasuraman and Zeithaml (1985) write service quality as perceived by consumers stems from a comparison of what they feel service firms should offer (i.e. from their expectations) with their perception of the performance of the firm providing the services. Perceived service quality is therefore viewed as the degree and direction of discrepancy between consumers' perceptions and expectations. For example in real estate, this would be what the client is expecting from the agent in comparison to which is actually delivered by that agent.

Quality is a multi-dimensional concept. Grönroos (1984) argued that service quality comprises of technical quality, functional quality and corporate image.

2.3. The Customer's Perspective of Service Quality

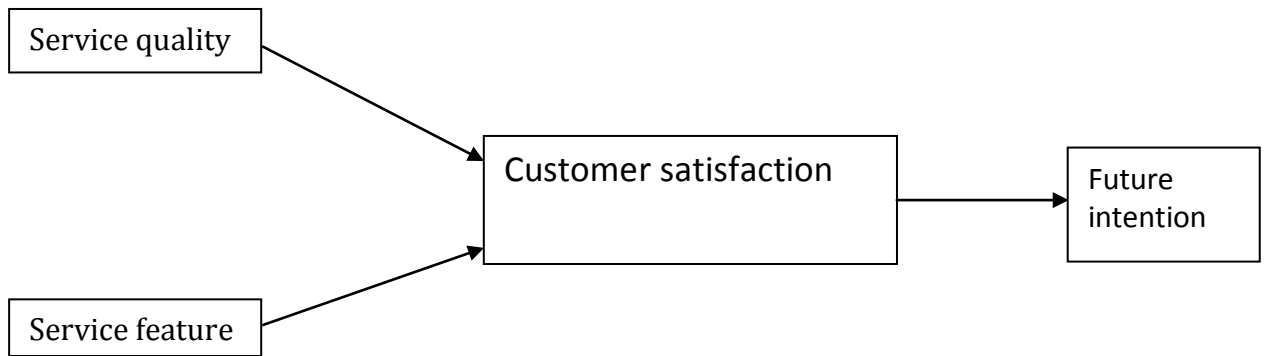
Service quality is usually expressed as a function of customers' expectations of the service to be provided (based upon their previous experience, the organizations image, the price of the service for example) compared with their perceptions of the actual service experience. According to Gronroos, (1984) and Berry et al, (1985) Perceptions are defined as the consumer's judgment of the service organization's performance. However, Parasuraman et al (1988) define the service performance gap as the discrepancy between the specifications of service and the delivery

Imrie, Cadogan and McNaughton (2002) study shows that using service quality as a key point of marker differentiation positively influences customer retention and market growth argues that customer orientation plays a more important role in service firms than in any other firms because of the intangibility, heterogeneity and inseparability of service.

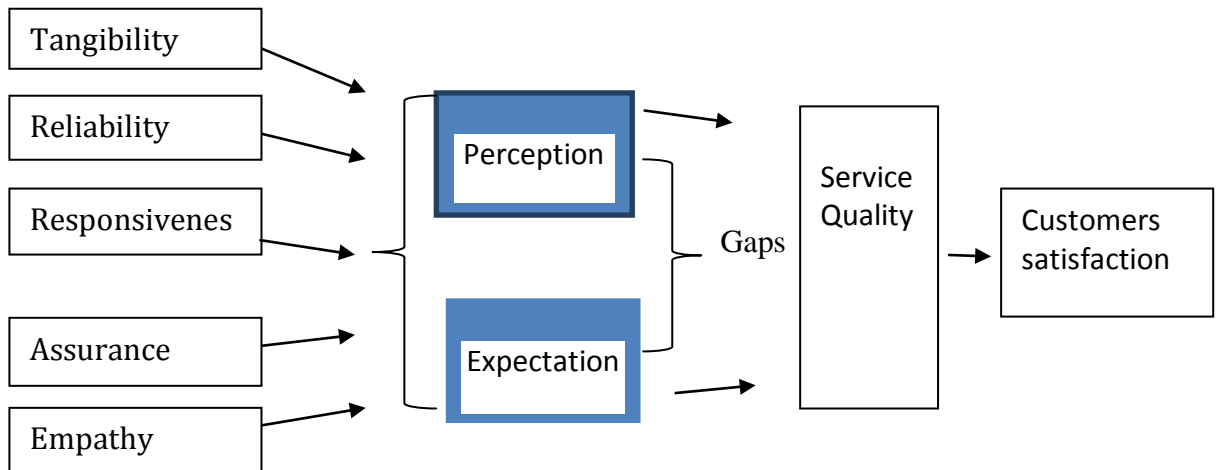
Kellogg (2000) states that customers have contact with the service delivery system in three ways: directly, being physically present; indirectly, via a surrogate, such as paper or some electronic media, or with no contact.

In many cases, customer contact employees are the first and only representative of a service firm. Therefore, customers often base their impressions of the firm largely on the service received from customer contact employees. This is one of the paradoxes of service quality as identified by (Gronroos, 1989). This would also be affected by nationality and culture, where expectations can differ greatly.

2.4. Conceptual frame work of the research



The following research Conceptual frame work is adopted from the above research model/frame that (seyed, 2010) was employed to figure out the relation between variables and their consistent relation.



Tangibility: Appearance of physical facilities, equipment, personnel and communication materials

Reliability: Ability to perform the promised service dependably and accurately

Assurance: Knowledge and courtesy of employees and their ability to convey trust and confidence

Responsiveness: Willingness to help customers and provide prompt service

Empathy: Caring, individualized attention the firm provides its customers

It should be noted that service quality and customer satisfaction are distinct concepts, although they are closely related. According to some authors, satisfaction represents an

antecedent of service quality. In this sense, satisfactory experience may affect customer attitude and his or her assessment of perceived service quality. Thus, satisfaction with a specific transaction may result with positive global assessment of service quality. Other authors argue that service quality is antecedent of customer satisfaction (Churchill and Suprenant, 1982). Authors suggest that service quality is a cognitive evaluation, which may lead to satisfaction. Hence, customer satisfaction is the result of service quality. To sum up, the relationship between quality and satisfaction is complex.

2.5. Service quality and its determinants

There is a lack of consensus about the construct of service quality which asserts that quality can be defined as the gap between customers' expectations and perceptions (Parasuraman, Zeithaml, & Berry, 1990). These researchers proposed a conceptual framework capturing the dimensions utilized by customers when evaluating service quality. The dimensions were then applied to a gap model SERVQUAL, where customers compared prior expectations of service provision with post experience perceptions (Parasuraman, Zeithaml, & Berry, 1985; Parasurman et al., 1988). Criticism of the gap model Cronin & Taylor, (1994) led to the emergence of the derived importance approach which links customer satisfaction to service quality.

Early work on satisfaction and dissatisfaction treated (dis)satisfaction as a two state construct (e.g. angry or not angry) whilst recently satisfaction is conceptualized as a continuum often expressed in terms of emotions. However the emotional basis for the satisfaction response is not well documented (Oliver, 1997).

Notwithstanding, recent research suggests that emotions play a major role in perceived levels of service quality and satisfaction. Researchers linked feelings of anger and frustration to decreases in dissatisfaction and emotions such as happiness to increases in satisfaction. Excellent service results in positive feelings of 'delight' at one end of this

emotional spectrum. In the past many businesses have been satisfied with meeting perceptions of customers' 'adequate' expectations, whereas nowadays the emphasis is on customer satisfaction. In the future more businesses will be concerned with achieving customer 'delight' because satisfying customers is not enough to retain them.

Globally the hotel sector is experiencing a decline in service quality but this decline appears severe because the sector had created a 'wow' effect in the 1990s (Pizam, 2004). In other words the sector had 'ratcheted up' customers' expectations to a level which they could not sustain or exceed contemporaneously. Pizam(2004) signals that hotels have deliberately lowered quality objectives and reduced performance standards to recover costs following the depression of 2001–2002.

This review suggests that, service quality is an elusive concept; customers know when they receive it and when they do not. Additionally emotions, negative and positive, are increasingly important in forming service quality perceptions. However, definitions, determinants and robust delivery of service quality remain elusive. The combination of characteristics and complexity identified in the proceeding discussion leads to four propositions that become the focus of the study.

2.6. Development Of Service Quality Standards

Atkinson and Brown (2001:130), predict that a hotel who fail to understand and meet its customer service standards, would be out of business in seven to nine years. To survive, the hotel must establish proper service standards in relation to its customer's needs and expectations.

To develop an objective service standard, the raw ratings are then converted to relative priority scores using an Analytic Hierarchy Process (AHP). Accordingly, the AHP assisted the hotel management to not only identify the principal competitors in the market, but also to assess the service performance of the hotel relative to its principal

competitors. In contrast with the SERVQUAL instrument, AHP permits the hotel management to investigate the sensitivity of the service performance measure to changes in customer perception of importance of service attributes, and the customer's degree of satisfaction with those attributes.

2.7. Service Features

Service features can be defined as the quality or the user requirements related to the matters such as frequency, reliability, regularity, suitability, location, safety and convenience (Lam and Zhang, 2003). Among all these factors, reliability is treated as the important service feature in a way to enhance customer satisfaction, but according to convenience and service specific factors (e.g. competitive interest rates) are the two core ingredients to satisfy customers. If service providers fail to properly tackle such behavior, it can have severe ramifications. But service features vary from environment to environment.

2.8. Hotels information

Intercontinental Addis Hotel

Intercontinental Addis Hotel is one of the five star hotels in Ethiopia; where the lot of foreign and domestic customers are getting the services. Although the hotel is not a member of the international chain of Intercontinental Hotels, it almost achieving the international levels. This hotel has a large atrium, convenient rooms, each of them with balcony, a roof top pool, a bar Wi-Fi and a rather basic restaurant. It is located just next to Kazanchis junction; around the corner are the Jupiter hotels.

Hilton hotel

Opposite the Ministry of Foreign Affairs, the Hilton Addis Ababa hotel is located in central Addis Ababa. Only 15 minutes from Bole International Airport. The hotel

provide services like the other 5-star hotels and the only difference with intercontinental are it is vast and vegetated since it has been built in former times and some of its share belongs to the government. Most foreign visitors like this hotel and get the relaxation from its variety of staying areas.

Sheraton hotel

Sheraton Addis is a luxurious 5-star hotel in Ethiopia conveniently located near the center of Addis Ababa. The hotel offers 293 comfortable and well-equipped guestrooms. Room facilities include clock radio, direct-dial phone, and in-room safe remote lighting/drapery/curtain control and voice mail. Other room amenities include desk and mini bar. Beds: Extra towels and bedding items are provided in the guestrooms. Dining facilities at Sheraton Addis include a restaurant. There is also room service available. The hotel boasts a 24-hour front desk service. An ATM/banking as well as currency exchange facilities are also available. Leisure amenities: There is an outdoor swimming pool at the hotel.

2.9. Hotel Attributes:

Research into hotel selection criteria has focused on the relationship between customer satisfaction and service quality of services and facilities. Because of the intangibility, inseparability, variability, and perishability of services, consumers' perception of satisfaction criteria may include contextual cues that they use to evaluate the service quality and to make decisions about future patronage, whether or not they experienced the hotel's products and services before (Bitner, 1990; Parasuraman et al., 1985).

Alpert (1971) viewed consumer products and services as a bundle of attributes, or features, and benefits; and stated that those attributes that directly influence consumer choice are termed "determinant" attributes. These attributes, which could be different from those

of competitors' offerings, may be key factors in determining consumers' intentions regarding future purchases.

Wuest et al. (1996) defined perceptions of hotel attributes as the degree to which travelers find various services and facilities important in promoting their satisfaction with hotel stays.

There have been numerous studies of the needs and characteristics of travelers. Reviews of the literature suggest that most travelers would consider the following hotel attributes when making a hotel choice decision: cleanliness, location, room rate, security, service quality and the reputation of the hotel or chain. Atkinson (1988) found that cleanliness of accommodation, followed by safety and security, accommodation value for money, and courtesy and helpfulness of staff were the top attributes for travelers in hotel choice selection.

2.10. Customer:

Customer is the most important factor in goal setting, activity and trying for quality improvement. Customer is a real or legal person who somehow relates to organization and benefits from its goods and services. The concept of customer as: "Most people suppose that customer is the final consumer whereas the customer is both categories of the intra organizational and the extra organizational, i.e. Whoever the product and/or service are produced to meet his or her need.

2.10.1. Recognition of customers:

In the opinion of Schlesinger & Heskitt (1991) knowing that "Who are the customers exactly?" though seems to be the most commonplace aspect of customer satisfaction measure but, at the same time, it can be the most important and most complex feature thereof and if ignored it would turn to the most vulnerable customer satisfaction program. They divide the customers into two distinct groups:

1. External customers/foreign a kind of external customer that immediately comes to mind is final consumer who consumes or uses products for his or her own production or usage. But, there are other groups of foreign customers recognized who are available in products distribution channel between organization and final consumer. These intermediate foreign customers include distributors, producers' representatives and, etc. The satisfaction of other types of external customers can also be of significance as final consumers' satisfaction for organization long-term success.
2. Internal customers /domestic this category of customers is the organization staffs themselves who use products and services made by other people or organizational units. Today, the staff is of no value for services execution that organizations often make great efforts to satisfy them. This focused on the foreign one.

2.10.2. Customers' needs

Hayes(1998) defines the customers' needs as follows: “features of a product or service, which indicate its significant dimensions”. He suggests that for making researches on customer's satisfaction these dimensions should be applied in the form of particular examples or phrases relevant to their function.

2.11. Factors influencing on customer's expectations:

Recognition of factors, which influence customer's expectations, will help the suppliers applying appropriate procedures to modify customer's expectations and to provide customers with service proportion to thereof.

During their study on customer's comments, “Parauraman et al, (1990) have mentioned four key factors in shaping customers' expectations.

1. **Word-of-mouth:** The first factor, which potentially determines customer's expectations, is the word he or she has heard from other customers and is referred to as

“word-of-mouth”.

2. **Personal needs:** The second factor that to a certain extent modifies consumer’s expectations is obtained as a result of particular situations and requirements and is called “personal needs. These needs are customer’s particular physical, moral and mental situations or states, which greatly affect other, people and are oriented by the latter. For example, some customers compared to other needier ones, are more sensitive and have more expectations from services.

3. **Prior experiences:** is the third factor influencing on customers’ expectations. For instance, by interviewing the customers of negotiable paper offering enterprises it appeared that customers with higher experience have lower expectations about agents’ modes of behavior, i.e. polite and close attitude; but instead, they have higher expectation on their efficiency, mastery and competence.

4. **Advertisement and external communications:** The fourth factor playing a key role in shaping customer expectations is called external communications. These communications contain all direct and indirect messages sent from supplying organization to customer, for instance a publicity poster of a bank illustrating the friendly attitude of cashiers and/or a publicity brochure assuring the transcendental services of an enterprise are regarded as examples for these kinds of messages.

One of the most important factors which of course belong to supplier’s external communications collection is service cost or price. This factor plays a significant role in shaping customer’s expectations and especially those of organization future customers.

2.12. Customer Satisfaction

In today’s world and in this competitive market, trading and service-delivering organizations all over the world attempt to achieve a specific and distinguished position over other competitors through getting unique advantages to fulfill their customers’

satisfaction and consequently to create resoluteness and loyalty in them. On the other hand, customers and consumers also are always in seek of suppliers that offer goods and services of much better quality and meet their expectations. But, as there are suppliers or service organization supplying products with relatively equal quality, most customers, when buying goods and/or receiving required services, are able to select multiple choices, that is, they consider other quality indexes apart from apparent specifications of product. Therefore, today service-delivering organizations should recognize these indexes in the arena of their own business and careers to retain survive and increase the productivity, to respond their customers' expectations and, in this way, they strive to meet the customers' satisfaction as much as possible.

To fulfill the demands of growing market, the hospitality market tried to grow and compete with others in market place by meeting consumers' needs. In order to understand the success rate of hotels, the effect of customer satisfaction and customer loyalty has been a substantial factor indicated that service quality, and perceived value are both predictors of customer satisfaction and customer satisfaction has a direct relationship with the repurchase intentions should be analyzed. In this respect, considering "service quality" and customer satisfaction in hotel keeping industry is of great importance as one of the significant infrastructures of tourism industry.

Customer satisfaction is an important topic for both researchers and managers, because a high level of customer satisfaction leads to an increase in repeat patronage among current customers and aids customer recruitment by enhancing an organizations marker reputation.

Being able to successfully judge customers' satisfaction levels and to apply that knowledge are critical starting points to establishing and maintaining long term customer retention and long term competitiveness Yuksel & Yuksel, (2002). Customer satisfaction

brings many benefits.

Satisfaction increases customer retention and customer retention is dependent on the substance of the relationship between parties which is also affected by the service delivered.

Satisfaction is an “overall customer attitude towards a service provider”, or an emotional reaction to the difference between what customers anticipate and what they receive regarding the fulfillment of some need, goal or desire. For most products or services, aspects of performance can be objectively assessed. Although these attributes can be objectively measured, customers’ assessments may not objectively reflect measured performance. Some clients may be taken to several homes that “fit” their criteria but are unsuitable to the clients’ personal taste which leads to the client’s assessment of the service as being unpleasant because they did not see listings that they liked.

In essence, it is the experience and attitudes of the individuals in closest contact with customers that are most likely to affect whether or not customers are satisfied and willing to return to the company. It is also the people in direct contact with customers who determine who the retained and satisfied customers are, and their experience determines how they treat the customers Hansemark & Albinsson, (2004) thus impacting on the service quality delivered.

It is the result of an evaluative process that contrasts pre purchase expectations with perceptions of performance during and after the consumption experience (Oliver, 1980).

Many tourists are coming to Ethiopia for various businesses. However, since there is a problem of infrastructure and other related problems this sector did not gain its expected outcome and there are high problems of making foreign tourists satisfied. If the plan is implemented successfully, then there is no threat to the customer satisfaction. Customer

satisfaction soars high if the employee performance is excellent. Employee performance includes competence, kindness, hospitality, courteousness, swiftness and sensitivity. Guests feel welcome and indulged if the staff is gracious and welcoming. By offering enhanced commitment through a well trained staff, the hotels can secure lucrative income through satisfied customers.

Given the vital role of customer satisfaction, it is not surprising that a variety of research has been devoted to investigating the determinants of customer satisfaction (Churchill and Surprenant, 1982; Oliver, 1980; Barsky, 1995; Zeithaml and Bitner, 2003). Satisfaction can be determined by subjective (e. g. customer needs, emotions) and objective factors (e. g. product and service features).

Atkinson (1988) found out that cleanliness, security, value for money and courtesy of staff determine customer Satisfaction. Barsky (1992) stated that employee attitude, location and rooms are likely to influence travelers' satisfaction. A study conducted by Akan (1995) showed that the main determinants of hotel guest satisfaction are the behavior of employees, cleanliness and timeliness.

2.13. Realization of Customer satisfaction and measuring system:

To realize customer satisfaction, everyone within the organization should consider continuous improvement as something normal.

As part of this strategy it is important to define the product or service and the customer's needs, making an inventory of customer's data and complaints, and selecting processes which cause most of these complaints. The central questions in this case are: which products or services do we provide? Who are our customers? What do they want, what are their requirements? Is it measurable? Which critical processes need improvement? By answering these questions continuously, the customer will be better understood, and the product or service will be better in tune with the market demand.

I. Which Products/ Services do we provide?

First of all, define the most important product or services as concretely as possible. This definition must indicate what you are really doing as a supplier. The more specific the definition, the better the customer's needs can be met.

II. Who are our customers?

It is important to understand the entire chain of customers. This means that you should know all of your customers. The needs of each customer must be examined separately. Not only the external, but also the internal customers should be considered. In fact, if the company does not satisfy the needs of the internal customers, how will it be able to comply with the needs of the external customer? All employees determine the degree of customer satisfaction. Employees from within different departments must be considered customers of each other. By bringing individual employees together as customers and suppliers, the traditional barriers between departments will be broken. Each employee delivers something to a colleague, whereby one functions as the internal supplier and the other as the internal customer.

III. What do they want, what are their requirements?

As a supplier, you should try to figure out what the customer needs and wants. Communication is hereby very important. Talk to your customers and ask them what they think of your product or service. Try to figure out how they use it and what they really want. Listen especially to what they have to say and indicate which customer-supplier relationship needs improvements. The central questions hereby are:

-Which needs and expectations do your customers have?

Which needs and expectations do you know?

-To what extent do you comply with the needs and expectations of your customers?

-If you do not satisfy their needs, what is the reason according to your customers?

Making an inventory of customer's data, customers' complaints and benchmarking are important opportunities to improve the customer orientation of the organization.

Information about the opinion of the customer regarding a product or service is of essential importance, and can be obtained in several ways, such as customer surveys, phone interviews, and customer panel discussions. Customer surveys are a powerful tool to get information about what the customer thinks and expects. In general, questionnaires are used with different questions, which may vary from organization to organization.

IV. Is it measurable?

To comply with the needs of the customer, it is necessary to translate these into product specifications. Quality function deployment is a practical technique to do this. Usually, it is necessary to negotiate with the customer, which results in feasible and agreed on customer's requirements, which are measurable and understood by all parties. All statements of the customer about qualitative aspects must be translated into quantitative specifications for the supplier. Define clearly and explicitly what they are talking about.

2.14. How to measure level of Customers' Satisfaction

A customer satisfaction measuring system is shown below in the form of check list to illustrate the activities needed to improve your customer satisfaction. Mark a possibility in this checklist with a cross at each question, and discuss the results of these measurements, and check why this customer orientation profile is typical for your organization. Establish a plan to improve the customer orientation of your organization.

Many of these recommendations also apply to your relationships with external suppliers. Treat your suppliers as though they are an integral part of your organization. Listen to their ideas on how you can work closely and productively together, create joint improvement teams with them, invite suggestions from them, assist them in improving

their own processes, build mutual trust and respect, reward them if they achieve improvements, let them participate in the celebration of success, involve them in the development of new products and processes, and become a better customer yourself. Expanding your culture of continuous improvement to all your suppliers will ensure that the quality of your inputs is sufficient to meet your own improvement objectives. If possible, minimize the number of suppliers; go with the few best and improvement oriented suppliers with a demonstrated continuous improvement culture and effective leadership by top-management, based on a long term partnership contract.

2.15. The Customer's Perspective of Service Quality

Service quality is usually expressed as a function of customers' expectations of the service to be provided (based upon their previous experience, the organizations image, the price of the service for example) compared with their perceptions of the actual service experience Gronroos, (1984) and Berry et al, (1985) Perceptions are defined as the consumer's judgment of the service organization's performance. However, Parasuraman et al (1988) delve deeper and define the service performance gap as the discrepancy between the specifications of service and the delivery.

Kelley (1992) argues that customer orientation plays a more important role in service firms than in any other firms because of the intangibility, heterogeneity and inseparability of service (Berry, Parasuraman and Zeithaml, 1985). In many cases, customer contact employees are the first and only representative of a service firm. Therefore, customers often base their impressions of the firm largely on the service received from customer contact employees . This is one of the paradoxes of service quality as identified by Gronroos (1989). This would also be affected by nationality and culture, where expectations can differ greatly.

However, there is extensive literature in the field of social psychology on the

effects that passage of time has on attitudes and perceptions.

which at first were defined and separate from each other, tend to become associated and confused, this particularly occurs in real estate if a client has been out with many agents from different companies and seen a number of listings. It is not so much that we actually forget things, but that we do not remember them correctly.

The most common explanation of the difference between service quality and satisfaction is that perceived service quality is a form of attitude, a long-run overall evaluation, whereas satisfaction is a transaction-specific measure (Bitner, 1990; Parasuraman, Zeithaml and Berry, 1988). Parasuraman et al., (1988) further suggest that the difference lies in the way disconfirmation is operationalized. They state that in measuring perceived service quality the level of comparison is what a consumer should expect, whereas in measures of satisfaction the appropriate comparison is what a consumer would expect.

2.16. The Manager's Role in Service Quality

The first conceptual model of service quality was developed by Gronroos (1984) to enhance understanding of consumers' service quality perceptions and the factors that influence those perceptions. According to the model, consumers' perceptions of service quality results from an evaluation process, in which consumers' expectations are compared with their perceptions of the service actually delivered.

It is suggested that managers need to understand the types of service quality factors for their own service(s) and understand their various relationships between perception and performance in order to design, measure and control their service. Service levels need to be set and strategies devised, that first recognize the relative impact of individual factors on overall perceptions and secondly, link them to the organization's quality strategy (Johnston & Heineke, 1998).

Customer's expectations into two types - desired expectation, that is to say the

wanted performance level- and foretold expectation, the performance level that is predicted to happen. Kellogg (2000) also divides customers' expectations into two traits; furthermore, Kellogg (2000) goes on to define the implications: permanence implies that the changes provided by the service are expected to last. Its conceptual opposite is transience, that is, the results of the service, will fade with time. Reversibility implies the ability to undo the effects of the service (Kellogg, 2000).

2.17. Expectations and Perceptions of Service Quality

Several conceptual models have been developed to help define the service quality construct and the factors that enter into consumers' perceptions of service quality. Most writers agree that customers' expectations are rarely concerned with single aspect of the service package, but rather with many aspects. Gronroos (1984), for example, investigates an attitudinal construct, resulting from the discrepancy between consumers' expectations and their perceptions of the quality of service actually delivered.

This approach is particularly relevant to a service environment because the "front-stage" and "back-stage" perspectives of the two groups may result in a lack of agreement about the level of services.

Some authors have suggested that perceptions are more dominantly driven by experiences (i.e. the service performance) rather than expectations. Alternatively, quality has been defined as the consumer's overall impression of the relative inferiority or superiority of the organization and its services (Zeithaml, Berry and Parasuraman, 1983; Taylor 1994). Perceived service quality is an attitude - a consumer judgment on the overall service.

2.18. Service Quality and Customer Satisfaction:

The main function a hospitality organization's members must perform is the delivery of quality service to its customers. Service quality has been defined as how well a

customer's needs are met, and how well the service delivered meets the customer's expectations.

Gronoos (1984) indicated that the perceived quality of service is dependent on a comparison between expected and perceived service, and is thus the outcome of a comparative evaluation process. Parasuraman et al. (1985) defined “service quality” as the degree and direction of discrepancy between a customer’s perceptions and expectations, whereas “perceived service quality” is the gap between a customer’s expectations and perceptions as a measurement of service quality.

Barsky (1996) suggests that the customers may be excellent sources of information for management on how the organization can provide quality service.

Post- consumption judgment of a product or service that can, in turn, be measured by assessing guest’s evaluation of a performance on specific attributes. Providing services which customers prefer is obviously a starting point for providing customer satisfaction. A relatively easy way to determine what services customers prefer is simply to ask them.

Greathous et al. (1996) conducted research investigating the factors that travelers considered important in hotel accommodations. In this study, travelers questioned at visitor information centers rated cleanliness of room, value for price, friendliness of staff, and security of property as some of the most important attributes of a hotel. A number of studies on customer satisfaction in the hospitality industry have focused on identifying service attributes; that is, a customer’s needs and wants.

In addition, these two factors had the largest differential scores, indicating that the customers’ perceptions fell well short of their expectations. The purpose of measuring customer satisfaction is to assess the quality of the existing management practices and identify directions for improvement. The aim of managing satisfaction is to obtain a higher rate of customer retention and improve a company’s market share and profits.

Many researchers propose that customer satisfaction influences customer loyalty, which in turn affects profitability.

2.19. ServqualModel

Though there are different service quality models like, Two-way 'objective' (quality attributes) and 'subjective' (satisfaction levels) of Schvaneveld (1991), SERVPERF of Cronin and Taylor (1992), and Qualitometro of Franceschini, Cignetti and Caldara (1998) are there in the literature this research is designed to assess the customers satisfaction using gap analysis model.

Servqual defines customer's evaluation of quality as a function of the gap (difference between expected service and perceived service). Gap analysis defines service quality in terms of the gap between what the service should provide and the customer's perception of what the service actually provides.

✚ Gap between customer expectation and management perception: this may result from a lack of understanding of what customers expect from a particular service such as the clients may expect the salesperson to know the local school zones, local services and are disappointed when they do not. This may be viewed by management as a non-important issue and training or encouragement to know this information may not be encouraged.

✚ Gap between management's perception and service quality specifications: this gap results when there is a discrepancy between what management perceives to be the customers' expectations and the actual established service quality specifications. This would occur in real estate if management assumes clients do not want to know about things such as financial guidelines but the clients do actually want and need

This information provided.

- ✚ Gap between service delivery and service specifications: even when guidelines of specifications exist for performing excellent service, its delivery may not be up to standard due to poor employee performance, resulting in this gaps.If a salesperson doesn't know their listings (homes on the market) or they aren't a good negotiator, this would affect all aspects of the service delivery
- ✚ Gap between service delivery and external communications: Customer expectations are established by promises made by a service provider's promotional messages. These gaps measure the consistency between the quality image portrayed in Promotional activities and the actual quality of services offered

CHAPTER THREE

RESEARCH METHEDODOLOGY

3.1. Research Design

A mixed methodology was employed by this research. Since the central purpose of the study is to measure the level of satisfaction of customers by using the Servqual Model that contains standard close-ended questions in relation to the five service quality dimensions, the quantitative one was chosen. The other incentive to use the quantitative design is its merit of simplicity and convenience in stating the phenomenon to be investigated. Simultaneously, data about the adequacy and applicability of the model, factors that have lowered the satisfaction of the customers and their cause, and possible solutions to overcome these impediments were collected and analyzed qualitatively.

The Study Population

Foreign customers of three 5-star Ethiopian hotels namely Sheraton Addis, Hilton, and Intercontinental in the month of December 2012 have been targeted as the population for this study. These hotels collectively have served 3200 (80%) of the total foreign customers visiting the country (MoCT 2010).

3.2. Sampling Size

In theory, it is advisable to compute a representative sample of study targets based on one or more determinant variables in the study. However, as the central objective of this research is to identify the expectation and perception of hotel service quality, it is recommendable to come up with the sample size in relation to the proportion of people who are satisfied with the hotel services (p). In the estimation of sample size based on proportions, it is statistically proved that the maximum representative sample is achieved at $p=0.5$. Assuming the level of significance or $\alpha=0.05$, margin of error (variation

between the true proportion and its estimated value) is 5%; the maximum statistically representative sample size are computed as Seyed (2008) has been used.

$$n = \frac{Nt^2 S^2}{Nd^2 + t^2 s^2}$$

$$n = \frac{3200 \times (1.96)^2 \times (0.867)^2}{3200 \times (0.118)^2 + (1.96)^2 \times (0.867)^2} = 195$$

n= Number of samples.

N = Number of population

T² = Trust of 95%.

S² = Pre-estimation of the variance of the craft studies.

D² = Difference between the average of the sample and the population.

The number of mistakes (d) is usually stated as the difference between a parameter and the relevant estimation.

Accordingly, a total of 195 foreign customers have been contacted as samples through a strategy of continence Sampling. To make the samples more representative of the population, time randomization approach was also pursued. According to this approach, foreign customers arrived and accommodated by the studied hotels at different time intervals were conveniently interviewed.

3.3. Data Sources

Both secondary and primary sources were used. Various secondary sources such as academic journals, articles, and books were consulted. On top of these, brochures, pamphlets, and official reports from numerous organizations were critically reviewed to further corroborate the findings of the study. Questionnaires were utilized to gather primary data. From the widely applicable sorts of primary data generating tools, as it has been duly suggested by Emory and Cooper (1995), a self-administrated closed-ended

questionnaire was used for its elevated importance of practicability and easiness in filling out.

3.4. Methods of Data collection and Procedure

Themes and contents of the questionnaire have been prepared and organized in light of the SERVQUAL Model, which is consisted of 22 questions designed based on five likert scale. A total of 65 questionnaires were distributed to each of the three hotels so that the hotels are equally represented. Hence, 195 questionnaires were administered. The Questionnaire had two parts: the first part focused on the expectations of guests and includes questions about the five determinants of quality, while the second part contains the same determinants and issues to measure the perceptions of foreign customers about the service quality of the hotels.

Prior to the actual data collection, the questionnaires was piloted to examine their applicability and to identify unclear and vague terms, which were corrected latter. During the data collection process, utmost care has been taken to keep the anonymity of the respondents by the researcher. The researcher distributed the questionnaire and collected them back as per the willingness and convenience of guests. From the distributed 195 questionnaires, 25 were not eligible for further analysis as they were either incomplete or lost. The properly filled out and returned 170 questionnaires were analyzed using SPSS 17.0.

3.5. Data Analysis

Data analysis was done to establish how the units covered in the research project counter to the items under investigation. In this research, data has been analyzed using descriptive-inferential statistics using SPSS Computer systems (Statistical Package for Social Science). Descriptive statistical indexes like frequency distribution, percentage, mean and standard deviation are calculated and used for analyzing.

3.6. Measurement Scales

The survey was conducted based on the Likert scale, whereby respondents are asked to respond to questions Parasuraman (1991:410). Likert scale, is the most appropriate method to collect data about both respondent centered (how responses differ between people) and stimulus-centered (how responses differ between various stimuli) of the study Emory and Cooper (1995:180-181). It is also advantageous to construct easily and quickly each item to meet an empirical test of reliability and validity for discriminating ability.

The final report written by the researcher was validated and checked by the senior professionals to exclude any misleading interpretations.

3.7. Reliability Estimation of the Questionnaire

Reliability refers to a condition in which similar results will be achieved when an instrument designed for measuring variable is used in different places or at different time under similar conditions. The reliability of the questionnaire is also statistically calculated using Cronbakh's Alpha. In the study of testing the amounts of Cronbakh's Alpha has been calculated at 86% for the "Expectations" and 89% for the "perceptions" part of the questionnaire which is significant for $\alpha=0.05$ (denoting the high validity of measuring tools).

3.8. Validity Estimation of the Questionnaire:

Ensuring validity in behavioral research is very important but it is a complicated and challenging exercise. Measuring and evaluating the questionnaire consider some specifications for measuring tools, such as the validity of questionnaire. The validity of a measuring tool means that it can measure the relevant specification not any other variable.

Content validity has been used for measuring the validity of the questionnaires of this research. For this purpose, the content of the questionnaire has been prepared by referring to scientific texts, theories and the model relevant to the subject and the questions of the research. After doing amendments by advising professors the content validity and face validity of the questionnaire have been approved.

CHAPTER FOUR

DATA ANALYSIS

4.1. Introduction

Analysis of information as a part of scientific methodology of research process is a fundamental base in any study. In other words, in this section, the researcher applied different methods of analysis to answer the specific issues or to make decision for accepting or rejecting theory or theories. For the current research analysis, at first the specification of statistical sample, its distribution, percentage and average of the relevant questions of five dimensions of the Servqual model are determined and discussed through explanatory statistics and then the relevant questions are put under study and analyzed. The above-mentioned data concerning the guest's opinion of studied hotels were applied to meet the satisfaction of foreign customers according to Servqual model.

Beside this qualitative data has been collected, analyzed and interpreted in light of some organized variables emanated from the respondents' perception and there level of understandingof hotels services.

4.2. Analysis of demographic information

In this section, distribution of the guests due to gender, age, and educational certificate are being estimated.

Table 1: Guests' distribution based on their gender

Sex	Frequency	Percentage
Female	41	24
Male	129	76
Total	170	100

According to the obtained results due to the table 124% of the total foreign customers were females and 76% were males. This figure supports the findings of Seyed, (2007) that men are more mobile than women and relatively they are more likely interested to visit various countries.

Thus Ethiopian five star hotels are mostly visited by male guests mean male guests are more than the females. (The why of this, that 76% the total respondents are male and the remaining 24% of female guests are few in numbers comparing with males, what may be the factor are, needs further exploration,)

Table 2: Guests' distribution based on the age level

Age	Frequency	Percentage
Below 25	16	9.4
25-35	28	16.5
36-45	26	15.3
46-55	52	30.6
Over 55 years	48	28.2
Total	170	100

The obtained results from above table 2 show that maximum numbers of foreign customers are guests with in age interval of 46-55 that covers 31% and 9% of the total foreign customers are laid with in the age category of below 25 ages. More than 50% of

foreign customers are comprised of beyond the age level of 45 years. From this it is possible to say that the more younger and older group of foreign customers is less likely to visit Ethiopia.

Table 3: Guests' distribution based on the educational level

Educational level	Frequency	Percentage
Diploma & lower	7	4.1
Degree	81	47.7
Master degree	43	25.3
PhD	39	22.9
Total	170	100

According to the above table 3 it is clear that the highest numbers of foreign customers are bachelor degree holders with consists of 48 % and the lowest degree was the diploma with a percentage of 4%. Thus Ethiopian five star holes are more likely visited by educated gusts.

4.3. Analysis the data based on the five dimensional Servqualmodel:

In this section, frequency distribution and the percentage of foreign customer responses to their questionnaire based on their expectations and perceptions are being estimated in accordance with five dimensions of SERVQUAL model

4.3.1. Tangibles:

Table 4:*Expectations* of tangibles

		Lowest	Low	Moderate	High	Highest	Average
Attractiveness of the hotel decorate and design (inner and outer)	F	-	2	56	95	21	3.79
	P	-	1.2	30.6	55.9	12.4	
Quietness of the hotel environment for gusts	F	-	2	46	106	16	3.85
	P	-	1.2	27.1	62.4	9.4	
Modern-looking and well -maintain hotel equipment's and facilities	F	-	1	29	86	54	4.13
	P	-	0.6	17.1	50.6	13.8	
Neat, disciplined and professional appearance of staffs	F	-	2	36	97	35	4.56
	P	-	1.2	21.2	57.1	20.6	

According to the results in table 4, the highest average of the answer are referred to the (Neat, disciplined and professional appearance of staffs), which was 4.56. The least average of the answer scores are related to the (Attractiveness of the hotel decorate and design (inner and outer of the building)) with rate of 3.79. Thus gusts were expecting more in terms of hotel discipline and professionalism whereas; they had weak expectation in relation with attractiveness of the hotel design.

Table 5: *Perceptions* of tangibles

		Lowest	Low	moderate	high	Highest	average
Attractiveness of hotel decorate and design(inner and outer) building	F	3	54	81	29	3	2.85
	P	1.8	31.8	47.6	17.1	1.8	
Quietness of the hotel environment for gusts	F	3	49	87	28	3	2.87
	P	1.8	28.8	51.2	16.5	1.8	
Modern-looking and well-maintain hotel equipment and facilities	F	-	14	113	42	1	2.72
	P	-	8.2	66.5	24.7	0.6	
Neat, disciplined and professional appearance of staffs	F	7	62	75	23	3	3.17
	P	4.1	36.5	44.1	13.5	1.8	

The above table 5 results stated that the highest average response referred that the (Neat, disciplined and professional appearance of staffs), is 3.17. To the contrary least average of the answer scores is related to (Modern-looking and well-maintain hotel equipment and facilities) with an average of 2.72. Formerly gusts were expecting better services in relation with Neat, disciplined and professional appearance of staffs 4.56. But they perceive that this category is the weakest part which scores 2.72 and rather they perceive better about the hotels Modern-looking and well-maintaining hotel equipment and facilities with an average score of 3.17. Thus it is possible to generalize those foreign customers' expectation and perception of Ethiopian five star hotels services are not balanced in relation with tangibility dimension. Mean they could not get the service as they expect before.

4.3.2. Reliability:

Table 6:*Expectations* of the reliability

		Lowest	Low	Moderate	high	highest	average
The staff can provide you the services as Promised	F	-	-	39	99	32	3.95
	P	-	-	22.9	58.2	18.8	
sufficiency of the available facilities of the room	F	-	1	44	119	6	3.76
	P	-	0.6	25.9	70	3.5	
Well-trained & knowledgeable staff for service delivery	F	-	2	33	95	40	4.01
	P	-	1.2	19.4	55.9	23.5	
Handled complaints and problems graciously	F	-	1	39	115	15	3.88
	P	-	0.6	22.9	67.6	8.8	

According to the results of table 6, the highest average of the scores is related about the availability of Well-trained and knowledgeable staff for service delivery was 4.01 and the lowest average of the answer scores, related to (sufficiency of the available facilities of the room) was 3.76. That mean foreign customers expect more about the availability of well trained and knowledgeable staff and less expect about the availability of the sufficient room services of the studied hotels.

Table 7:*Perceptions* of the reliability

		Lowest	Low	Moderate	High	Highest	Average
The staff can provide you the services as Promised	F	3	68	83	15	1	2.66
	P	1.8	40	48.8	8.8	0.6	
sufficiency of the available facilities of the room	F	7	72	75	14	2	2.60
	P	4.1	42.4	44.1	8.2	1.2	
Well-trained& knowledgeable staff for service delivery	F		3	99	66	2	3.39
	P		1.8	58.2	38.8	1.2	
Handled complaints and problems graciously	F	7	77	70	15	1	2.56
	P	4.1	45.3	41.2	8.8	3.6	

The above table 7 result shows that the highest range of the answer scores related to (The staff can provide you the services as Promised on time delivery of room) was 2.66 and the lowest average of the answer scores related to (Handled complaints and problems graciously) was 2.56. In this respect the foreign customers' expectation and their perception are also different. For instance they were expecting less (3.76) from the hotels about sufficiency and availability room facilities and more (4.01) about well-trained and knowledgeable staff for service delivery and also this is their good perception. That mean that their good expectation was about the availability of trained staff and they get it as they expect before.

4.3.3. Responsiveness:

Table 8: *Expectations* of the responsiveness

		lowest	Low	moderate	high	highest	average
Willingness of staffs to help guests	F	-	1	17	27	125	4.62
	P	-	0.6	10	15.9	73.5	
The staff tells you exactly when prompt services will be Provided	F	-	1	13	45	111	4.56
	P	-	0.6	7.6	26.5	65.3	
Staff operational speed in providing services	F	-	2	31	122	15	3.88
	P	-	1.2	18.2	71.8	8.8	
Staff Gives individual attention to guests	F	-	3	16	61	90	4.40
	P	-	1.8	9.4	35.9	52.9	

According to the above table 8 results 4.62 which is the highest range of the answer related to Willingness of staffs to help guests and the least average of the answer scores is related to (Staff operational speed in providing services) was 3.88. This figure showed that foreign customers were expecting more hotel services about staff willingness and staff operational speed to the contrary.

Table 9: *Perceptions* of the responsiveness

		Lowest	Low	moderate	high	Highest	average
Willingness of staffs to help guests	F	-	10	114	36	10	3.27
	P	-	5.9	67.1	21.2	5.9	
Staff tells you exactly when prompt services be Provided	F	-	23	110	32	5	3.11
	P	-	13.5	64.7	18.8	2.9	
Staff operational speed in providing services	F	30	91	40	8	1	3.17
	P	17.6	53.5	23.5	4.7	0.6	
Staff Gives individual attention to guests	F	1	38	104	25	2	2.90
	P	0.6	22.4	61.2	14.7	1.2	

According to the results of the table 9 above the highest range of the answer scores, related to (Willingness of staffs to help guests) was 3.27 and it was their better expectation before 4.67 and the least average of the answer scores, related to (Staff Gives individual attention to guests) was 2.90.

4.3.4. Assurance:

Table 10: *Expectations* of the assurance

		lowest	Low	Moderate	High	Highest	average
Staffs' product knowledge of hotel, e.g. describing all room types and the restaurants	F	-	1	26	114	29	4
	P	-	0.6	15.3	67.1	17.1	
Staff has required skill and experience in providing services	F	-	2	17	38	113	4.54
	P	-	1.2	10	22.4	66.5	
The rate of ratio of services provided and their price	F	-	1	12	23	134	4.7
	P	-	0.6	7.1	13.5	78.8	
staffs are ability to communicate with you in English	F	-	2	41	113	14	3.8
	P	-	1.2	24.1	13.5	8.2	
The staff makes you feel safe when staying at the hotel and give secure place to gusts	F	-	-	14	72	84	4.4
	P	-	-	8.2	42.4	49.4	

According to the results in Table 4-2.4.1 the highest range of the answer scores related to (The rate of ratio of services provided and their price), was 4.70 and the least average of the answer scores related to the (The staff are able to communicate with you in English) was 3.81. Thus foreign customers had better expectation about the price of the services and they also have weak expectation about the ability of the staff in communicating in English.

Table 11:*Perceptions*of assurance

		Lowest	Low	moderate	high	Highest	average
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Staffs' product knowledge of hotel, e.g. describing all room types and the restaurants	F	11	73	64	20	2	2.58
	P	6.5	42.9	37.6	11.8	1.2	
Staff has required skill and experience in providing service	F	-	3	121	37	9	3.33
	P	-	1.8	71.2	21.8	5.3	
The rate of ratio of services provided and their price	F	34	75	52	8	1	3.32
	P	20	44.1	30.6	4.7	0.6	
staffs are ability to communicate with you in English	F	1	37	103	24	5	2.97
	P	0.6	21.8	60.6	14.1	2.9	
The staff makes you feel safe when staying at the hotel and give secure place to gusts	F	-	1	16	125	28	4.05
	P	-	0.6	9.4	73.5	16.5	

According to the results of the above Table the highest range of the answer scores, related to that of (staff makes you feel safe when staying at the hotel and give secure place to gusts) was 4.05 and the lowest range the answer scores related to the (staff s' product knowledge of hotel information e.g. describing all room types and the restaurants) was 2.58. Formerly customers were expecting better about the price of services but they get better services in relation with staff makes you feel safe when staying at the hotel and give secure place to gusts. Hence their expectation and perception is not conformed.

4.3.5. Empathy:

Table 12:*Expectations* of the empathy

		lowest	Low	moderate	high	highest	average
The access to hotel in a local condition	F	-	-	25	46	99	4.43
	P	-	-	14.7	27.1	58.2	
The staff shows personal attention to you	F	-	2	52	97	19	3.78
	P	-	1.2	30.6	57.1	11.2	
Attention of staff to make effective relation with gusts	F	-	4	51	107	8	3.7
	P	-	2.4	30	62.9	4.7	
The rate of flexibility of the staff	F	-	-	43	113	14	3.82
	P	-	-	25.3	66.5	2.8	
Staff knows your specific needs and perception	F	-	-	26	114	20	3.96
	P	-	-	15.3	72.9	11.8	

According to the results in the above table highest range expectation of foreign customer are related to the (access to the hotel in local condition) was 4.43 and the lowest one is related to the (attention of the staff in making effective relation with the guests) was 3.70.

Table 13:*Perception* of empathy

		Lowest	Low	moderate	high	highest	average
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The access to hotel in a local condition	F			26	61	83	4.3
	P			15.3	35.9	48.8	
The staff shows personal attention to you	F	4	78	70	17	1	2.6
	P	2.4	45.9	41.2	10	0.6	
Attention of staff to make effective relation with gusts	F	19	89	52	9	1	2.32
	P	11.2	52.4	30.6	5.3	0.6	
The rate of flexibility of the staff	F	31	90	45	3	1	2.13
	P	18.2	52.9	26.5	1.8	0.6	
Staff knows your specific needs and perception	F	16	73	65	15	1	2.48
	P	9.4	42.9	38.2	8.8	0.6	

According to the results in Table 13 the better foreign customers' perception about the empathy services is related to the (access to the hotel in local condition) was 4.3 and it was actually their better expectation before the services are delivered. The lowest average of customers perception is related to the (rate of flexibility of the staff) was 2.13.

4.4. Analysis of the Research Questions in the Studied Hotels:

In this section, basic research questions in reference with 5 dimensional forms, which include: Tangibles, Reliability, Responsiveness, Assurance and Empathy in the studied hotels, are being analyzed. Here any difference between the provided services (perceptions) and expectations of the guests related to five dimensions are to be observed.

Table 14: Expectations and perceptions gaps in five dimensions

		X.	S	T	P
Tangibility	Expectations	3.92	0.578	14.72	0.001

	Perceptions	2.98	0.632		
Reliability	Expectations	3.98	0.486	17.35	0.001
	Perceptions	2.80	0.570		
Responsiveness	Expectations	4.36	0.550	20.5	0.001
	Perceptions	2.87	0.582		
Assurance	Expectations	4.29	0.460	19.7	0.001
	Perceptions	4.02	0.552		
Empathy	Expectations	3.94	0.511	19.27	0.001
	Perceptions	2.77	0.562		

According to the results in Table 14 the observed T value for all dimensions (Tangibles, Reliability, Responsiveness, Assurance and Empathy) in the scale of ≤ 0.01 is significant. In all dimensions, there exist the differences in between the expectations and perceptions of the guests in line with (Tangibles, Reliability, Responsiveness, Assurance and Empathy) are clearly observed. The more gaps between the perceptions and expectation of the guests mean that the more guests are not getting the services as they expect before.

4.5. Services Quality and Existing Gaps of the Studied Hotels

Table 15: Gap of service quality in studied hotels, based on the five dimensions:

Five dimension	Average of expectation (E)	Average of perception (P)	Gap (P-E)
Tangibles	3.92	2.98	- 0.94
Reliability	3.98	2.8	- 1.18
Responsiveness	4.36	2.87	- 1.49
Assurance	4.29	4.02	- 0.25
Empathy	3.94	2.77	-1.17
Service quality	4.09	3.08	- 1.05

It clearly stated in the above table that the Assurance dimension with a score of P-E:- 0.25 had the least difference, and the Responsiveness dimension with a score of P-E:- 1.49 had the highest gap. Foreign customers are not getting the services of the hotels as they expect before in relation with all dimensions. From all dimensions responsiveness created a maximum gap, whereas, foreign customers get better services in relation with the service dimension of assurance.

Seyed, H. (2008) studied service quality in Mauritian hotels and he concludes that by focusing on assurance and reliability, a hotel could achieve high levels of satisfaction and service quality. He concluded that assurance is the basic variable to maintain customer satisfaction this research also support his findings that assurance is the very important factor.

In contrast with the findings of Cameran, M, P., & Pettinicchio, (2009), Responsiveness contribute a lot to customers' satisfaction than tangibility dimension. Unlike the findings of Farzaneh and Jamil (2011) all five dimensions are with the negative values. That means guests' perceived value of the services is less than their expectations.

4.6. Discussion and Interpretation of Open-Ended Questions

Besides to the quantitative data collected through the close-ended questions of the Servequal Model, three open-ended questions were asked. The purpose of the questions was to comprehensively identify the main hurdles related to hotel services and their causes. Respondents were also asked to suggest solutions to the problems they have faced or noticed. The data collected from the respondents is analyzed and interpreted as follows:

First, the contacted customers were asked whether their satisfaction-related issues were adequately addressed by the asked close-ended questions. While replying to this question, majority of the respondents said that they have a number of concerns that are not incorporated in the asked questions. Some of the critical problems, according to the respondents, that affected service quality of the hotels thereby their satisfaction level critically are:

- Poor management capacity
- Inadequate monitoring and control by government regulatory body
- Weak security
- Lack of awareness about the minimum expected level of service type and quality among different star hotels
- Inadequate infrastructure such as poor internet connectivity
- The inability of the waiters to communicate with English has made the customers unable to order and get what they need.
- The waiters and other employees of the hotels are not responsive to the demands of foreign customers once they are hosted in the hotels.

The respondents have also identified the root causes of the above-mentioned shortcomings experienced in the hotels. The main source of problem raised was absence of service quality policy and guideline also known as Guest Satisfaction

Index. The respondents indicated that this has been resulted in failure in determining whether customers are satisfied or not with the service they are provided. What has aggravated this problem is that, according to the respondents, that the hotel managers do not regularly monitor the daily performance of the hotel staff especially in relation to enhancing the satisfaction of customers. The other interesting cause mentioned by the respondents is lack of experience sharing among five star hotels found in Ethiopia and abroad. Had the concerned hotel staff visited other hotels especially the foreign ones, the respondents underscored that, many of the problems noticed in the hotels would be avoided, if not minimized.

The following is summary of the solutions forwarded by the respondents to alleviate the shortcomings:

- Undertaking service quality assessment regularly at different levels (among subordinates and management) with in the hotels
- Conducting survey of customer service need and preference so that it is possible to act accordingly.
- Availing facilities such as fast internet connectivity and other hotel infrastructure
- Experience sharing from other hotels so as to adopt best practices related to service quality improvement.
- Providing timely trainings especially to the waiters. Here the respondents emphasized language skill enhancement efforts.

CHAPTER FIVE

FINDING CONCLUSION AND RECOMMENDATION

5.1. Summary of Findings

This study aimed at identifying the levels of foreign customers on the services provided by five star hotels in Ethiopia. The study targeted in foreign customers in the hotels about their perception of the provided services and their expectation before they get the real services standard. The study also handle research question that states about whether foreign customer are satisfied or not in the service quality given by the studied hotels. Randomly selected guests are approached for the study in filling the questionnaire during their stay in the hotels. The study is analyzed using descriptive methods and reliability and validity has been also estimated. Analyzing the collected data and interpreting their results the main findings are reached in line with the basic research question identified so far. Findings are stated with reference to the service e quality dimensions which are the key input for measuring service quality then customer satisfaction will also be estimated up on the gaps created between services quality expectation and perception at a time of study. The study reached findings that revealed service quality of the hotels are not likely maintaining the customers' satisfaction. That means expectation of the service quality of foreign customers are greater than the actual services delivered and the range of their difference is 1.05. Finally the recommendation are sought in line with Supporting the service with enough resources and facilities, making better the quality of products and services to meet their satisfaction, understand guests' expectations and standardize relevant services and recruiting staffs who have knowledge and give them training.

5.2. Findings

Based on the rigorous analysis made, the following are the main findings worth mentioning:

Tangibles: the provided services and the expectations of guests in view of “Tangibles” in the studied hotels show a significant gap. Thus, there is a mismatch between guests’ expectations and their perceptions in view of tangibles. This element by itself has a balanced effect on the service quality by -0.94. From this it is possible to conclude that customers are not satisfied with tangibility dimensions of service quality of the studied hotels.

Reliability: There is also a gap between the provided services and expectations of foreign customers’ by -1.18 in light of the “Reliability” parameter of service quality in the studied hotels. It shows that the guests’ perception in this regard is lower than foreign customers’ expectations. Viewed from the angle of reliability, too, it is fair to deduct that customers are not satisfied.

Responsiveness:The variation between the provided services and the expectations of guests in view of “Responsiveness” is clearly justified, as the service quality is rated at -1.49. It shows that the guests’ perception in relation to Responsiveness is lower than that of the guests’ expectations. This finding magnifies the fact that customers are not satisfied with this service quality dimension.

Assurance: Concerning this yardstick, there is a gap in the studied hotels. Here also there is a deviation of 0.25 between the Expectation and the perception of foreign customers’ by the targeted study participants. This empirical finding shows that the guests’ perception in this dimension is lower than the guests’ expectations.

Empathy:In connection to this variable, there is a gap between guests’ expectations and perceptions. It shows that the guests’ perception is lower than their expectations by 1.17. So it is clear to say foreign guests are not satisfied by the service quality dimension of empathy.

Service quality:Based on the aforementioned concrete findings, in a nutshell, what one can logically conclude is that the overall service quality of the studied hotels is low seen in light of the assessed specific parameters. In this regard, it was empirically found that the average of all the five dimensions of the Servqual model in the studied hotels is -1.05. The variable that has significantly contributed to this deteriorated service quality level of the hotels is “responsiveness”, on which the gap between guests’ expectations and perceptions is rated -1.49. On the other hand, “Assurance” has negatively affected the service quality of the hotels minimally i.e. -0.25.

It is found that, as clearly showed above, the rate of the overall gap between the service quality expectation and perception of the foreign customers to the provided service is 1.05. This figure is typically indicative of the fact that foreign customers’ perception of the studied hotels about service quality is lower than their expectations

5.3. Conclusions

The following conclusions are drawn from the research finding and variables analyzed.

- ✚ There is a gap between guests' expectations and perceptions about "tangibility" of services. This is so because of the physical appearance of the hotels, facilities, equipment, personnel and communication materials are not as they were expected. It is concluded that customers are not satisfied with tangibility dimensions.
- ✚ The targeted customers are not also satisfied on the "reliability" (the ability to perform the promised service dependably and accurately) of the service they received.
- ✚ There is a gap between provided services and the expectations of guests in view of "Responsiveness" (staff willingness to help them and providing prompt service).
- ✚ In relation to the "assurance" i.e. Knowledge and courtesy of employees and their ability to convey trust and confidence to guests aspect, too, the guests are not satisfied as there is a gap between the provided services and the expectations of foreign customers.
- ✚ A gap is also found between guests' expectations and perceptions in view of empathy. As a result, it is safe to say that foreign guests are not satisfied by the service quality dimension of empathy in line with service standard given by the hotels Caring, individualized attention.
- ✚ Generally, foreign customers' perception of service quality in all the three hotels (Sheraton Addis, Intercontinental and Hilton hotels) is lower than their expectations. This implies that the service they perceive in the hotels is unable to conform to their predetermined standards.

✚ A customer satisfaction is the sum total of the service quality. In the literature part of this paper, it is argued customer satisfaction is originated from delivering quality of services which accommodate the nature and type of customers' requirement. Similarly, this study confirmed that foreign customers didn't get the five service quality manifestations as they expect before. This implies that they are not satisfied by the service quality of the hotels.

5.4. Recommendations

Relying on the findings of the study, the following recommendations are forwarded:

- ✚ Hoteliers shall set the proper service quality standards and support staff in availing resources and facilities (trained staff, proper system and advanced technology). They also need to minimize the communication obstacles in cooperation with the staffs to establish an organizational culture that complies with the service quality rules and standards.
- ✚ To provide quality services and make customers satisfied, hoteliers are recommended to recruit staffs that have adequate knowledge in service managing, especially in hotel management.
- ✚ Managers should forecast and understand the guests' expectations. They should also be careful not to have exaggerated advertisements to increase the foreign customers' expectations.
- ✚ Since quality is dynamic in its nature, it is recommended that the hotel managers make efforts to improve quality of products and services through periodical quality assessment and evaluations.
- ✚ This study empirically showed that there are other issues that need to be addressed, in addition to those that are incorporated in the standardized Servqual

Model. By the same token, the model doesn't capture all areas that need to be assessed. Obviously, this exercise will be culminated in the modification of the model itself. Therefore, in-depth qualitative study of each dimension of the model can be one of the agenda for future research.

- ✚ The other possible area of further investigation could be comparative study of the level of service expectation and perception of customers before and after being served. In other words, the questionnaire need to be administered at the gate to measure the real expectation of the customer about that specific hotel services and finally the questionnaire designed to assess the perception of the customers could be administer after they are exactly served to value unbiased service expectation of guests

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APPINDIXES

Addis Ababa University
Master of business administration
Research Questionnaire form to be filled by foreign
customers of Sheraton Addis, Hilton and Intercontinental
hotels

A dear respondent, this questionnaire is a research instrument on foreign customer satisfaction in five star Ethiopian hotels. This research is a part of a study for Master's Degree in Business Administration at Addis Ababa University with the objectives of evaluating foreign customers' satisfaction to towards service quality of Ethiopian five star hotels in 2012.

Dear respondents, the researcher is in a position to requesting you to judge and respond what you feel about the hotel services during your stay in this hotel. Your answers to the questions will be kept secret and needed for only academic purpose and genuine response for each question has a great importance for the research findings.

Thank you in advance!

Part I: Personal Data

Instruction: please circle the question below

1. Gender 1. Male 2. Female
2. Age

1. Below 25 2. 25-35 3. 36-45 4. 46-55 5. Over 55 years old

3. Nationality

1. Asian 2. European 3. African 4. American 6. Others...

4. Educational level

1. Certificate 2. Diploma 3. Degree 4. Masters 5. PHD and above

Part II: Survey of your expectations and perceptions towards service quality

Instruction II:Based on your experiences as a foreign customer of this hotel please put a tick mark (/) in a box, which mostly can explain your attitude about Level of expectation and perception towards service quality of this hotel. Levels are described as 5 = highest, 4 = high, 3 = moderate, 2 = low and 1 = lowest

Put a tick mark (/) in a box, which mostly can explain your attitude

Service Dimensions	Level of Expectation					Level of Perception		
	1	2	3	4	5	1	2	3
Tangibility								
1. Attractiveness of the hotel decorate and design(inner and outer attraction of the building)								
2. Quietness of the hotel environment for guests								
3. Modern-looking and well-maintain hotel equipment's and facilities								
4. Neat, disciplined and professional appearance of staffs								
Reliability								

5. The staff can provide you the services as Promised								
6. sufficiency of the available facilities of the room								
7. Well-trained and knowledgeable staff for service delivery								
8. Handled complaints and problems graciously								
Responsiveness	1	2	3	4	5	1	2	3
9. Willingness of staffs to help guests								
10.The staff tells you exactly when prompt services will be Provided								
11.Staff operational speed in providing services								
12.Staff Gives individual attention to guests								
Service dimension	Level of Expectation					Level of Perce		
Assurance	1	2	3	4	5	1	2	3
13.The staff has product knowledge of hotel information e.g. describing all room types and the restaurants								
14.The rate of ratio of services provided and their price								
15.The staff are able to communicate with you in English								
16.The staff makes you feel safe when staying at the hotel and give secure place to gusts								
17.The staff has required skill and experience in providing services								
Service dimension	Level of Expectation					Level of Perce		

Empathy	1	2	3	4	5	1	2	3
18.The access to hotel in a local condition								
19.The staff shows personal attention to you								
20.The attention of staff to make effective relation with gusts								
21.attention of staff to make effective relation with gusts								
22.The staff knows your specific needs and perception								

Part III:Open-ended Questions

- 1. Do you think that your satisfaction-related issues are adequately addressed by the above series of questions? If not, can you tell me those issues / concerns that need to be addressed?**

- 2. What are the three main problems you have noticed in relation to the service of this hotel?**

- 3. What do you think are the causes of these problems and what solutions do you suggest?**

