



SERVICE QUALITY AND CUSTOMER SATISFACTION IN THE HOTEL INDUSTRY, THE CASE OF SNNPRS; ETHIOPIA

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ABSTRACT

This study attempted at assessing the level of customer satisfaction and service quality in Hotel Industry. To this end, descriptive research method was employed. Data for this investigation was collected from 390 respondents of sampled SNNPRS hotels/Restaurants employing convenient sampling. The measurements used were based on widely accepted SERVQUAL model. A descriptive statistics analysis percentage, mean and gap analysis was used to see the gap between customers' perceptions and their actual expectation. The result revealed that Hotels/Restaurants in SNNPRS do not met the service expectations of their customers because there is a significant gap between the perceptions and expectations. Among the Modified five dimensions of service quality, the highest negative gap score belongs to Assurance and Tangibility. Furthermore, the study also found that the lowest negative gap score is examined in responsiveness dimensions of service quality. Therefore, SNNPRS hotels and Restaurants needs to better understand their customers and continuously measure and evaluate their service quality performance in order to improve service quality based on customers' perception.

Keywords: Service Quality, Customer Satisfaction, SERVQUAL.

1. INTRODUCTION

Customer satisfaction is a critical success factor in service organizations. Hotel industries in developing countries also have to compete with others and have to satisfy local and international customers, because, today's customers are more aware, educated and open to a lot of information through web sources, internet, bulletins, magazines, journals, articles, etc., (Armstrong, Mok et al. 1997; Padma and Rajendran 2010)

Customer satisfaction is a key to building lasting relationships with consumers. Satisfied customers repurchase the service, recommend and encourage others to use the service, develop positive word of mouth toward the service and the organization, pay less attention to competitive brands and advertising, are less sensitive to price and buy other services. (Zekiri 2011)

A dissatisfied consumer, on the other hand, responds differently. As a satisfied customer tells people about a good service experience, dissatisfied customer complains to even more people than a satisfied customer does. Research indicates unfavourable word of mouth travels farther and faster than favourable word of mouth and can quickly damage consumer attitudes about a company and its services. Therefore, a company should try to measure customer

satisfaction regularly. By studying the overall interest and the decision making process of buyers, service delivering organizations might help consumers to go through it. Hence, this study will focus on hotels and restaurants so as to identify basic service quality attributes, service delivery and customer satisfaction among hotels and restaurant in SNNPR.

1.1. Statement of the problem

Nowadays, the business environment has become highly competitive and dynamic. Success in this situation demands firms to develop improved products and design appropriate marketing programs. Hotel industry in Ethiopia sooner or later will also face the challenges of globalization in terms of competition which demand improvements in services delivery and level of customer satisfaction.

In the last decades, customer retention is not considered as important as in these days in our country, Ethiopia. Today, there is high competition in the market in almost every sector. Currently, business organizations are faced with competition both from local and international firms, because of globalization. The environment in which they are operating has been consistently undergoing changes. But most organizations are using marketing strategies that they have been using in the past with no modifications, especially in retaining customers and making them lifetime partners. Rethinking of their marketing strategy on customers' handling seems a long overdue activity of most Ethiopian hotel industries.

However, there is lack of adequate research undertakings in the areas of service quality and customers' satisfaction in hotel industries of Ethiopia that can serve as an input towards development of marketing strategy that improves service quality and customer satisfaction among hotels and restaurants. Thus, this study will try to fill the gap between expectation of customers and perceived performance of hotel industries by creating awareness among hotel owners, managers and others involved in delivery of service towards the service quality and customer satisfaction.

1.2. Basic Research Questions

In order to investigate the service quality and customer satisfaction in hotels and restaurants of SNNPR, the researchers formulated the following research questions:

- How do the customers perceive the service quality of the hotels?
- Is there any significant differences between customer expectation and perceived performance of hotels and restaurants in SNNPR
- What are the most important service qualities attributes from customers' view point?

1.3. Objective of the study

1.3.1. General Objective

The main objective of this study is to identify the practices and efforts undertaken by Hotel industry in Ethiopia, SNNPRS in enhancing customer satisfaction and improving the retention level.

1.3.2. Specific objectives

The following are the specific objectives of the study

- To identify whether there is significant differences between expectation of customers and perceived performance of hotels.
- To identify the most important service quality attributes from the view point of customers’.
- To identify the level of customer retention and their awareness about ways of retaining existing customers.

2. RESEARCH DESIGN AND METHODOLOGY

Methodology

The methodological approach used in this research study was Descriptive.

Source of Data

In order to get appropriate data, the study employed both primary and secondary sources of data. Primary data were collected through questionnaires from sample respondents of Hotels and Restaurants of SNNPRS (Arba Minch, Hawassa, Wolaita Soddo and Dilla). Secondary sources of data were collected from relevant books, journals, publications and other online information.

Participants and Sampling Techniques

The study selected hotels and restaurants found in some selected towns of the SNNPRS namely, Arba Minch, Wolaita Sodo, Hawasa and Dilla, as a relevant site to conduct research on the problem under study.

Data Collection Instruments

Questionnaires were prepared and administered based on the review of related literature important to the subject of the study. The Questionnaires were prepared in English and then translated to Amharic language in order to prevent possible misunderstanding and misinterpretation on the respondents’ parts. The responses of the respondents were tested for their reliability of the data collection instrument using Cronbach’s Alpha and the result shows 0.959.

Method of Data Analysis

The method of analysis was mainly descriptive analysis. The data obtained by the close-ended questionnaires on participants demographic and overall service quality, customer satisfaction and loyalty detail were analyzed quantitatively using percentage, frequency, and mean. To do this, SPSS version 16 programs were employed to analyze the data.

3. RESULTS AND DISCUSSION

Respondents Personal Information

The result shows that, among 390 respondents, majority of them were males 282 (72.3%) of the total participant. Concerning the age of the respondent, most of the respondents was aged

between 18 and 40 years. The dominant age group was between 19- 30 years which accounts 53.1% of the respondents. About 33.6% and 11% of the respondents were in the age range of 31-40 and above 40 years, respectively. This shows that most of the respondents were in the productive age.

With regard to marital status of the respondents, 243 (62.3%) of the respondents were single followed by married 142 (36.4%) respondents. Whereas about 3(0.8%) and 2(0.5%)of the respondents were divorced and widowed, respectively. . This shows that the dominant marital status of participants in the study were unmarried followed by those who are married. Only a few participants were divorced.

In order to investigate customer satisfaction and loyalty with the hotels and Restaurants, it is also important to explore how long the respondents were customer of that particular hotel and Restaurant. Result indicates 30.8% of the respondents stayed with their present hotel/restaurant for less than 6 months. A significant number of respondents (46.9%) articulated that they were dealing with the hotel/restaurant for six months to two years and a considerable number of respondents (12.8%) were with the hotels/restaurants for two to four years. While the rest 8.5% stayed with the hotels/restaurants for more than four years. This might imply a reasonable degree of customer loyalty and satisfaction towards the hotels/restaurants but it's a narrow focus on the loyalty and satisfaction aspect because it just considered only one factor e.g. duration

Table 1: Summary of Expectation and Perception Gap

SERVQUAL Dimensions	Perception mean gap total	Average mean perception	Expectation mean gap total	Average mean expectation	Gap (P-E) total	Average Gap
Tangibility	32.96	3.3	41.93	4.2	-8.97	-0.90
Reliability	16.92	3.27	24.98	4.16	-5.36	-0.89
Responsiveness	13.42	3.4	16.9	4.23	-3.48	-0.87
Assurance	11.98	2.99	16.34	4.09	-4.36	-1.09
Empathy	9.79	3.26	12.47	4.16	-2.68	-0.89

Source: Questionnaire

Among the five SERVQUAL dimensions, the highest average mean of the hotel/restaurant’s performance were observed in Responsiveness which was 3.4 consisting of items referring to providing prompt service , Employees willingness to serve customers , resolving guest complaints and compensates for the inconveniences guests suffer, availability of Employees when needed. On the other hand, as the result shows SNNPRS hotels/restaurants performed least on the dimension of ‘Assurance’ which was 2.29 comprising of instilling confidence in guests, providing guests a safe and secure place, having knowledge to provide information and assistance to guests in areas they would require (shopping, museums, places of interest, etc.), having in-depth occupational knowledge (professional skills, foreign language, communication skills, etc.). From this one can easily understand that, respondents were not gained what they expect from the sector.

As it is shown clearly among the five dimensions, respondents’ expectations for excellent hotel/restaurant services are highest for responsiveness and tangibility with average mean score of 4.23 and 4.2, respectively.

With regard to the average mean Gap scores of hotel/restaurant's service perception and expectation of respondents, one can easily observe that “assurance” is the highest (-1.09), followed by “Tangibility” which was -0.90. Thus, this finding shows that “Assurance” and “Tangibility” are the two most important factors that are affecting hotel industry. In the aforementioned hotel /restaurant services there is significant differences in all dimensions between perception and expectation mean values and it shows a negative sign. So, SNNPRS hotels/restaurants were not capable to satisfy the customers in any of the dimensions mentioned above.

Based on the mean analysis, it was found that the highest expectations were related to the Responsiveness and Tangibility Dimensions. On the other hand, the assurance scored the lowest in terms of customer expectation. However, this does not suggest that hotel/restaurant's can ignore the importance of assurance but at least fulfil the minimum expectation of customers.

The respondents’ general perception towards the service quality offered by the hotel/restaurant was between a mean score of 2.99 (assurance) and 3.4 (responsiveness). Further analysis by comparing the perceived performance and expectation level revealed that the perceived performance on all dimensions fell short of their expectations. This indicates that the service quality offered did not meet their customers' expectations on all aspects.

Most Important Service Quality Attributes in Hotel Context

Accordingly, customers’ most important service quality is ‘Food and beverages served will be hygienic, adequate, and sufficient’ and the mean (4.43) is close to the highest value of 5 on the 5 point scale followed by Employees of the hotel will appear neat and tidy (as uniforms and personal grooming)” (4.42). The least desired important attributes were an in-depth occupational knowledge of employees (professional skills, foreign language, communications skills, etc) bearing mean value (3.73). Both the most and least important values indicate that the average desired levels are higher than 3.7 on a 5 point scale and therefore the desired levels are always high.

Overall Service Quality, Customer Satisfaction and Loyalty

Table 2: Overall Service Quality of Hotels and Restaurants in SNNPRs

The overall service quality of this hotel/restaurant is rated as excellent	Frequency	Percent
Strongly Disagree	66	16.9
Disagree	150	38.5
Average	94	24.1
Agree	59	15.1
Strongly Agree	21	5.4
Total	390	100.0

Source: Questionnaire

No- 390

About (79.5%) of the respondents reported that the service quality of Hotels and restaurants is Average and below average, and a little over one-fifth (20.5%) of them stated above

average. It is clearly shown in the table that majority of the respondents rated the overall service quality of the hotels and restaurants as below average which was 55.4%.

This indicates that, the service quality of the Hotels and restaurants of SNNPRS was rated by majority of the respondents as not up to the standard.

Table 3: Overall satisfaction of customers

In general, I am highly satisfied with the services of the hotel/restaurant	Frequency	Percent
Strongly Disagree	43	11.0
Disagree	129	33.1
Average	116	29.7
Agree	61	15.6
Strongly Agree	41	10.5
Total	390	100.0

Source: Questionnaire

No- 390

A significant proportion of the respondents (44.1%, out of which 33.1% articulated dissatisfaction and 11% articulated high dissatisfaction) expressed their dissatisfaction towards the Hotels and Restaurants considering their service quality aspects.

On the other hand, a considerable number of respondents (29.7%) articulated neutral attitude towards the Hotels/Restaurants service, which means they were neither satisfied nor dissatisfied.

Moreover, the respondents who have disagreed with the service quality aspects they also express their overall dissatisfaction towards the Hotels/Restaurants. So, it can be argued that service quality plays an important role in the formation process of satisfaction.

Table 5: Recommending the Hotels and Restaurants to others

I highly recommend this hotel/restaurant to others	Frequency	Percent
Strongly Disagree	28	7.2
Disagree	148	37.9
Average	99	25.4
Agree	65	16.7
Strongly Agree	50	12.8
Total	390	100.0

Source: Questionnaire

No- 390

From the Table, it is clear that 45.1% of respondents were not interested to recommend the Hotel/Restaurant to others. The above table also shows that about one-fourth (25.4%) of the respondents mentioned that they were not sure whether to recommend the Hotel/Restaurant to others or not. From the above Table, it can also be argued that a significant number of respondents expressed their negative loyalty towards the Hotel/Restaurant.

This is due to the level of satisfaction and dissatisfaction. Those who are dissatisfied to the Hotel/Restaurant they are usually unwilling to recommend the Hotel/Restaurant to others and

also not intended to continue with the Hotel/Restaurant.

4. RECOMMENDATIONS

Service quality has becoming an increasingly important factor for success and survival in the Hotel industry in Ethiopia. Provision of high quality services aids in meeting customer satisfaction, loyalty, soliciting new customers etc. Thus to secure these things, the following recommendation is forwarded.

a) Hotels/Restaurants in SNNPRS should try to meet customers' expectation and satisfy customers in order to retain them for a long period of time and to assure long term profit and success in the market in this stiff and competitive business world. So, the Hotels/Restaurants should focus on delivering high quality service that met customers' expectation to effectively compete with competitors.

b) The Hotels/Restaurants should conduct regular customer survey to identify the levels of customer satisfaction and act accordingly based on the needs and preferences of customers.

c) Employees of the Hotels/Restaurants should understand the specific needs of their customers. To do so Hotels/Restaurants should invest in its employees, especially those on the frontline who have a daily and timely contact with customers, to motivate them to serve customers best. Frontline employees should be trained to serve customers in a good way and made them to recognize customers as a valuable asset.

d) Employees of the Hotels/Restaurants should give prompt service to customers and act accordingly because customers want action behind the prompt service not just words of reassurance. Prompt response for customers' questions and complaints is a factor that must come to the attention of management. This requires establishing strong recovery procedures and skills to be used when the sector is at fault.

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