Study of Service Quality Management in Hotel Industry

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Abstract

It is an attempt to understand the role of quality improvement process in hospitality industry and effectiveness in making it sustainable business enterprise. It is a survey of the presently adopted quality management tools which are making the hotels operations better focused and reliable and meet the customer expectations. Descriptive research design is used to know the parameters of service quality management in hospitality industry. Exploratory research design is undertaken to dig out the service quality management practices and its effectiveness. Data analysis is done and presented; hypothesis is tested against the collected data. Since the industry continuously tries to improve upon their services to meet the levels of customer satisfaction; Study presents tools for continuous improvement process and how it benefits all the stake holders. It can be inferred from the study that the hotel implement continuous improvement process and quality management tools to remain competitive in the market. The study involves hotels of highly competitive market with limited number of respondents. This limits the study to hotel industry and has scope of including other hospitality service providers as well.

Introduction

Hospitality industry has gone through many changes since its inception. There are tremendous changes occurred over a period of time due to various reasons. The reasons may include changing patterns in customer preferences, industrialization, revolution in transport and aviation, changing laws and regulations and so on. During the last few decades there is phenomenal change experienced in the hospitality industry and the reason being is Service Quality.

It has brought paradigm shifts in the operations of hospitality industry. The overall perspective of the industry is changed due to introduction of new techniques and methods of handling various processes. Awareness among the hoteliers and the guests has fuelled the inventions focused on operations. The increased sagacity of customer satisfaction led to the use of high standards of service in industry. The new service parameters made the hoteliers to implement quality management as an effective aid.

It has significantly affected hotels' ability to control and adapt to changing environments. The use of new techniques began with the simple motive of sophistication and precise activities in the given field of operation which may result in high standards of service in global economy and has allowed the rise

of a leisure class.

Conceptual Framework

This study of Service quality management in hospitality industry is an attempt to understand the presence of quality improvement process in hospitality industry and effectiveness in making it sustainable business enterprise. It is a survey of the presently adopted quality management tools which are making the hotels operations safer, focused and reliable and meet the customer expectations.

As the hospitality industry becomes more competitive there is an obvious need to retain clientele as well as increasing profitability and hence management professionals strive to improve guest satisfaction and revenues. The management professionals whom are striving for these results however often have limited understanding of research surrounding the paradigms of guest satisfaction and loyalty and financial performance. This research paper shall enlighten some of the variables and important facts of service quality resulting into guest satisfaction.

Review of Literature

Customers of hospitality often blame themselves when dissatisfied for their bad choice. Employees must be aware that dissatisfied customers may not complain and therefore the employees should seek out sources of dissatisfaction and resolve them. (Zeithaml V., 1981, p.186 -190)

It is said that service quality is what differentiates hospitality sector, however there is not an agreed definition of what service quality is. There is however a few different suggestions of how to define service quality. Dividing it into technical, functional and image components; (Greenrooms C., 1982) another is that service quality is determined by its fitness for use by internal and external customers. It is accepted that service quality is depends upon guest's needs and expectations. A definition of service quality state that quality is simply conformance to specifications, which would mean that positive quality is when a product or service specific quality meet or exceed preset standards or promises. This however seems like an easy view within the hospitality industry. The alternative definitions read as follows: 1) quality is excellence; 2) quality is value for money; 3) quality is meeting or exceeding expectations. This appears better aligned with ideas which exist within hospitality management than the first mentioned simplistic approach. Service quality and value is rather difficult to calculate, companies must therefore rely on guest's quality perceptions and expectations to get consistent results which is best achieved by asking guest's questions related to expectations and their perceptions of the service quality, which can effectively be achieved through carefully designed surveys.

A major problem with service quality is variability and limited capability and robustness of the service production process. (Gummesson E., 1991) Hotels consumers have well-conceived ideas about service quality and quality attributes are considered important for most types of services, the absence of certain attributes may lead consumers to perceive service quality as poor. The presence of these attributes may not substantially improve the perceived quality of the service. Most customers would be willing to trade some convenience for a price break, and that the behavior, skill level and performance of service employees are key

determinants of perceived quality of services. This is a major challenge in improving or maintaining a high level of service quality. (Tigineh M. et al 1992)

Studies focusing on service quality management suggest that service firms spend too little effort on planning for service quality. The resultant costs of poor service quality planning lead to lower profitability as part of the service failures. (Stuart F., et al 1996)

When discussing satisfaction, it is important to understand that guest's evaluation of service comprise of two basic distinct dimensions: service delivery and service outcome (Mattila, 1999). Research indicates that how the service was delivered (perceived functional quality) is more important than the outcome of the service process (technical quality). This research clearly indicates that effort by staff have a strong effect on guest's satisfaction judgments.

Companies delivering services must broaden their examination of productivity to help settle conflicts – the leverage synergies – between improving service quality and boosting service productivity. (Parasuraman A. 2002)

A key activity is to conduct regularly scheduled review of progress by quality council or working group and management must establish a system to identify areas for future improvement and to track performance with respect to internal and external customers. They must also track the changing preferences of customer. Continuous improvement means not only being satisfied with doing a good job or process. It is accomplished by incorporating process measurement and team problem solving an all work activities. Organization must continuously strive for excellence by reducing complexity, variation and out of control process. Plan-D-Study-Act (PDSA) developed by Shewhart and later on modified by Deming is an effective improvement technique. First Plan carefully, then carry out plan, study the results and check whether the plan worked exactly as intended and act on results by identifying what worked as planned and what didn't work. Continuous process improvement is the objective and these phases of PDSA are the framework to achieve those objectives. (Besterfield D. et al 2003)

The 'servicescape' -is a general term to describe the physical surroundings of a service environment (Reimer 2005, p. 786) such as a hotel or cruise ship. Guests are sometimes unconsciously trying to obtain as much information as possible through experiences to decrease information asymmetries This causes guests to look for quality signals or cues which would provide them with information about the service, which leads us to 'cue utilization theory'. Cue utilization theory states that products or services consist of several arrays of cues that serve as surrogate indicators of product or service quality. There are both intrinsic and extrinsic cues to help guests determine quality. Consequentially, due to the limited tangibility of services, guests are often left to accept the price of the experience and the physical appearance or environment of the hotel or cruise ship itself as quality indicators. Though there are many trade and academic papers discussing guest satisfaction has been published, one can note that limited attention has been paid to the value perception and expectations guests have towards product delivery and influence price guests pay for an experience has on satisfaction and future spending. Furthermore it is also known that the role of pricing in relation to guest

satisfaction has been largely ignored. Considering that guest's expectations has gone up in the past few decades within the hospitality industry, and continue to do so, does not make it any easier for management to understand what guests expect.

American society for quality control defines quality as the totality of features and characteristics of the service or product that bears on its ability to satisfy customer needs. (Kotler P., 2006, p.34 -35).

Unlike physical products, services pretested before purchase. (Kotler P., 2006, p.59) Therefore, buyers look for some tangible evidence that will provide information and confidence about service. Something like the exterior of the restaurant or hotel is the first thing on arrival of the guest; cleanliness of the public areas etc provides clues about service.

High quality builds loyal customers and creates positive word of mouth. It determines customer satisfaction, which affects repeat business, many studies have shown that it costs four to six times to create a customer as it does to maintain an existing one. (Kotler P., 2006, p.420).

On an average, one satisfied customer will tell five others while a dissatisfied customer will tell ten or more others. To balance the negative word with positive word, two or more person should leave as satisfied for very one person leaving unsatisfied. Most hospitality professionals do understand that hotels that have more satisfied guests experience higher guest loyalty and perform better financially compared to their competition. The long-term success is based on guest loyalty and retention which consequentially results in future revenue.

Methodology

Objectives of the study: It is an attempt to understand the role of service quality in improvement of customer satisfaction in today competitive hospitality industry. However, the specific objectives of the study are

1. To understand the influence of service quality management on improvement of customer satisfaction.

2. To know the benefits of practicing continuous improvement program in hotel operations.

Sampling Design: The research on service quality management in hospitality industry required multiple methods of data sourcing. Various resources contributed in different ways of collection of data and analyzing it for the research paper. Convenient sampling method is used for conducting this study.

Methods of Data Collection: Primary data sources- The study required survey of current quality management approaches used in hotel industry. It also involved the continuous discussions with service providers and the developers of various standard operating procedures. The visit to hotels proved as major source of information. For this study observation method and questionnaire survey were selected for primary data collection.

Major sources of primary data include the respondents: Hoteliers, front line staff and management level executives. Multivariate questions were presented to the respondents and responses formed the main part of data. Purposive sample method with more than 30 respondents from various leading hotel is used for this study. It also included the brief interview and discussion to know and

understand the presence of quality improvement practices implemented in their hotels. The study required survey of current service practices used in hotel industry.

Telephonic conversation with peers and friends in hospitality industry worked a wonder giving lots of inputs in drafting this paper.

Secondary data sources- For this study, data sources such as hospitality journals, Books on service quality management, organization behavior, URL on internet of various hospitality majors. Referring hospitality publications were helpful in knowing the current inventions in industry.

Research Tools: Descriptive research design is used to know the attributes of service quality management in hospitality industry. Exploratory research design is undertaken to dig out the service quality management practices and its effectiveness.

Data analysis is done and presented in tables. The hypothesis is tested against the collected data.

Hypotheses: The hypotheses framed for the subject are -

Hypothesis 1: Implementing service quality management as a tool for improvement in Customer Satisfaction.

Hypothesis 2: Practicing Continuous Improvement program has benefited hotel.

Limitation & Scope of the Study: Though there was a specific questionnaire used for collecting information, the objective of the paper was well discussed with the every contributor and whatever the information was provided by these sources is arranged for further analysis. The analysis of the available data is done on the relevance to the topic. The effectiveness of the technology in conservation of resources was always a point of consideration. The data is sifted for making it as precise as possible.

Analysis and Discussions

There is a significant relationship between service quality management and customer satisfaction. In hospitality industry, the customer satisfaction variables such as Availability, Access, Information, Time, delivery of service, availability of personal competence, Comfortable and safer atmosphere and pollution free environment are of prime concern to every hotelier. The industry continuously tries to improve upon their services to meet the levels of customer satisfaction.

The intangible nature of the service as a product means that it could be very difficult to place quantifiable terms on the features that contribute to the quality and measurement of the quality of the product is a problem for Service quality management. The customer is frequently directly involved in the delivery of the service and as such introduces an unknown and unpredictable influence on the process.

The customer variability in the process makes it difficult to determine the exact requirements of the customer and what they regard as an acceptable standard of service.

This problem is magnified as it is often judgmental, based on personal preferences or even mood, rather than on technical performance that can be measured.

Every hotel has a target market to cater which has very specific

requirement in terms of expected and perceived quality of service. The customers come with different perception of quality every time they come to hotel and this makes it quite difficult to define quality and set the level of it. It requires hotel to continuously compare their perception against customer perception in terms of satisfaction measurement with performance measurement. The study has shown that the effective tools which management of various hotels uses for continuous improvement process and how it is dissipated amongst all the stake holders.

On discussion with hoteliers it is also found that quality has direct impact on the product or service performance. It is closely linked to customer satisfaction and value. Quality can be defined as 'freedom from defects', however, customer oriented hotels have gone beyond this narrow definition of quality. It is defined in terms of customer satisfaction.

It is understood that the surveyed hotels have adapted to Service Quality Management principles for development of quality culture as detailed below.

Continuous Improvement Process is implemented as Deming's well known PDSA cycle. It is modified to certain suitable steps viz.

Defining quality attributes & variables: The attributes represent discrete values such as presence or absence of personnel to attend certain duties. Variables denote quantitative data such as price paid for products and services.

Measure: Critical to quality characteristics are established and factors contributing to good or bad service are identified.

Analyze: Attributes and variables are measured to find any possible causes of defect or low quality of service.

Improve: The influence of the causes for defects and questionable quality are quantified and acceptable benchmarks for the same are defined.

The technical framework within which quality assurance systems develop is well recognized. Likewise, although not as well recognized, the non-technical framework which affects quality assurance systems is nevertheless an important element to be discerned. While there may be some awareness of the technical and non-technical interface in quality assurance systems, this is generally not acknowledged and, at worst, treated as separate. It is the argument of this paper that the interface between the technical and non-technical framework must be acknowledged explicitly to achieve effective quality management. In essence, the systemic view which links these two frameworks must be recognized for managing total service quality.

With escalating competition in the hotel industry, the quality becomes top priority in maintaining competitiveness.

This questionnaire handed to 30 respondents of given hotels is to understand the performance of their establishments on given attributes, variables and are measured with multivariate questions.

The research questions and hypothesis of the study is presented as under:

Hypothesis 1: Implementing service quality management as a tool for improvement in Customer Satisfaction.

This hypothesis is tested by responses to specific questions related to SQM and its implementation and is presented as below.

Change in Customer Satisfaction Index on practicing SQM program: 19 were improved, 7 were indifferent and 4 were declined.

Importance of SQM in Customer Satisfaction: 22 reported high satisfaction, 5 reported mid-leveled satisfaction and 3 reported low satisfaction.

Frequency of Evaluating the SQM program: 3 did it frequently 10 monthly and 17 quarterly.

Specially designed SQM Programs to improve Customer Satisfaction: 18 said they have done this, 5 said they have not and 7 said they were planning to do so.

Means to Evaluate Customer Satisfaction on implementation of SQM: 16 said that they have used the in-house questionnaire method, 10 have used outside agencies and 4 have used suggestion box.

Dedicated staff for matters of SQM and Customer Satisfaction: 17 reported that they have taken measures, 10 reported they haven't any and 3 have planned to do it.

Reasons to implement Service Quality Management Programs: 3 reported they are doing it for the sake of competition, 4 were doing it for branding and 23 were doing it for customer satisfaction.

Effect of Quality Improvement on Bottom Line: 22 said they observed positive effects, 6 said it was indifferent and 2 said they found it negatively effective.

For Customer Satisfaction; area which requires Continuous Improvement Program: 22 replied that it is more at the Guest Relations & Service, 5 replied it is production and 3 replied marketing.

From the above data analysis with simple majority of opinion, it can be inferred that Service quality management is an important factor in improving the customer satisfaction and which results in improved bottom line. Many variables of customer satisfaction are tested again and again and are modified to suit changing customer requirement. The matching of customer perception to the actual delivery of service is a major task in the improvement of quality.

Hypothesis 2: Practicing Continuous Improvement program has benefited hotel.

This hypothesis is discussed with respondents to length and tested by responses to specific questions as presented as below.

Leadership in the field of service quality excellence: 14 thought it was required, 10 had indifferent thoughts and 9 thought it is not required.

Majority created opportunity to learn from best practices and increased customer satisfaction by increasing efficiency in service delivery and improved employee satisfaction and engagement.

Many identified strengths and weaknesses across each department and have set common goals and created a customer service culture amongst staff, which results in repeat business and creates loyal customer.

The collected data is analyzed with simple majority of opinion. It can be inferred that continuous improvement programs adds value

to the organizations in many ways. Hotel business being capital intensive and which requires long wait for returns on investment requires improving continuously as per the changing patterns of guest requirements and perception of quality. New processes are designed; tested and them the staff is trained to practice it.

Conclusion

It can be inferred from the study that the hotel implement continuous improvement process and quality management tools to remain competitive in the market. The ever changing perception of customer for hotel industry requires the hotels to match the perception of customer by delivering quality services. This leads to higher levels of customer satisfaction and customer loyalty.

The study involves hotels of highly competitive market with limited number of respondents. This limits the study to hotel industry and has scope of including other hospitality service providers as well. The direct response from hotel guest could not be collected since it was unavailable for external public.

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