

**SERVICE QUALITY AND CUSTOMER SATISFACTION:
THE CASE OF FIVE STAR HOTELS IN ADDIS ABABA,
ETHIOPIA****KEY WORDS:** Customer
Expectation, Customer Perception,
lodging quality index**Simachew
Alemneh**

Lecturer and Researcher, Dean at New Abyssinia College

**Hailemariam
Gebremichael**

PhD Scholar

ABSTRACT

Service Quality is the cornerstone for success of any business and perceived as a key factor in acquiring and sustaining competitive advantage. This study attempts to measure service quality and customer satisfaction of five star hotels in Ethiopia. A 26-items Lodging Quality Index scale measuring of five basic dimensions, i.e., tangibility, reliability, responsiveness, confidence and communication of service quality was used to understand the service quality of five star hotels in Ethiopia. Descriptive research design was used to analyze the data collected through questionnaire from a sample of 330 international and local customers. Respondents were selected using simple random sampling technique and hotels were selected purposively. Data collected through questionnaire were analyzed using statistical tools such as range, mean, frequency and standard deviation. The major finding of the study indicates that the hotel customers' perception with regard to five service quality dimensions is below customer expectations. On average, the performance gaps of the hotels with regard to tangibility, reliability, responsiveness, confidence and communication features are 0.25, 0.26, 0.47, 0.22, and 0.20 respectively. The overall satisfaction of customers in the hotel's service is found to be above a moderate level (3.85) of satisfaction. Based on the findings of the study, the researchers recommended that the top management needs to improve quality services so as to meet customer's expectations, and should hire self-motivated, enthusiastic employees who will like to deal with customer and would try to solve customer complaints and other issues in an effective manner. All stakeholders (government body, customers, employee, hotel owners, suppliers and others) should work together for better service quality and customer satisfaction. Conclusively, the study proves that all five star hotels in Ethiopia under the present study found are providing their services below their customer expectations.

INTRODUCTION

Service Quality is the cornerstone for success of any business and perceived as a key factor in acquiring and sustaining competitive advantage. Many studies have shown that quality service increases market shares, customer satisfaction, responsiveness towards customer order, customer loyalty/retention provides greater return on investment and lowers production costs. Thus, organizations regard quality as a source of competitive advantage which they always strive to achieve. Moreover, excellent service increases customer retention and leads to repeat customer purchase behavior (Cronin and Taylor, 1992) which ultimately increases the market share of the companies and generates high revenues.

Providing quality service in the hotel industry improves satisfaction of customers, which results to increased international visitation, repeat purchases of the same tourist products, customer loyalty and relationship commitment. Moreover, highly satisfied tourists spread positive word-of-mouth and in effect become walking, talking advertisements for providers whose service has pleased them, thus lowering the cost of attracting new customers. In service sector, quality and customer satisfaction plays irreplaceable roles various researchers such as Knutson, (1988) and Naumann, (1995) succeeded to prove that satisfaction of customers is the cheapest means of promotion.

In addition, highly satisfied customers may be more forgiving. Someone who has enjoyed good service in the past is more likely to believe that a service failure is a deviation from the norm. Hence, it may take more than one unsatisfactory incident for loyal customers to change their perceptions and consider switching to an alternative service provider. This might explain why a large number of scholars and practitioners have given a considerable amount of attention to service quality (Baum, 2007; Collins, 2007; Sinhg et al., (2007). Kandampully et al. (2001) believes that the interest is founded on the assumption of increased profits obtained: When customers are satisfied with the service, they will remain loyal; advertise to others with their positive word-of-mouth (Kandampully et al., 2001)

Understanding the customer satisfaction becomes more and more important these days. One hand, it allows the company to know how customer defines the service and products quality; facilitates the development of customer satisfaction questionnaires (Hayes,

1997). On the other hand, it impacts on the purchase repetition and word of mouth recommendations (Berkman and Gilson, 1986).

Additionally, companies, which command high customer satisfaction ratings, also seem to have the ability to insulate themselves from competitive pressures, particularly price competition. Customers are often willing to pay more to stay with a firm that meets their needs than to take the risk associated with moving to a lower-priced service provider. On the other hand, tourist dissatisfaction and low service quality may lead to unfavorable behavioral intentions, such as spreading negative comments about the service provider or even destination, changing destination for their holidays, complaining and redress seeking.

Therefore, hotel operators have much to gain if they can understand their customers' expectations of them since this would assist them in serving their customers in a better way. Despite the notable progress in the lodging industry and the substantial demand for research, service quality has remained under researched to date in the area of hotel industry. This study therefore aims to measure a service quality and customer satisfaction in the hotel industry. More specifically, the research examines the attributes of customers use to evaluate the quality of service provided by the hotels. This information would not only be useful to hospitality and marketing strategists, but also to governments and commercial sectors to which the Hotel industry is of much significance.

The research first traces previous service quality research in the area of lodging and hospitality by SERVQUAL, LQI and other service quality measurement models. This is then would follow a section of the methodology employed to conduct the study, results and discussion, section describes, the summary of strategic implications and suggestions for future research.

The study sought to be indispensable for the academia, hotel and tourism planners/policy makers, researcher and consultants, and hotel practitioners by providing insight for the academics on the issues like customer care, service quality and customersatisfaction as well as the interactions of these variables. Add to this, it will give general direction for hotel and tourism planners and practitioners

on hotel marketing, service delivery, and infrastructure in formulating policies and regulations with respect to hospitality industry. Consequently, the study will serve as a springboard for the coming researchers who want to carry out further studies in the trust area of service marketing.

OBJECTIVE OF THE STUDY

The general objective of the study is to evaluate the service quality and customer satisfaction in five star hotels in Addis Ababa, Ethiopia.

SPECIFIC OBJECTIVES

- The specific objectives of the study are the following:
- To measure the expectations level of customers to the services of five star hotels.
 - To examine the perceptions of customers to the services of five star hotels.
 - To examine the discrepancies between expected service quality and observed/perceived service quality in the five-star hotels

SIGNIFICANCE OF THE STUDY

The study is indispensable for the academia, hotel and tourism planners/policy makers, researcher and consultants, and hotel practitioners. It would contribute to the hospitality industry by identifying the perception and expectations of service quality and customer satisfaction on five star hotels. Hence, the study is offered the some benefits. First, it provides insight for the academics on the issues like customer care, service quality and customersatisfaction as well as the interactions of these variables. Second, it will give general direction for hotel and tourism planners on hotel marketing, service delivery, infrastructure in formulating policies and regulations with respect to hospitality industry. Third, it will benefit practitioners of the sector in public and other private players by providing scientifically approved management of the sector to attract and retain customers. And fourth, it may serve as a springboard for the coming researchers who want to carry out further studies similar to this work.

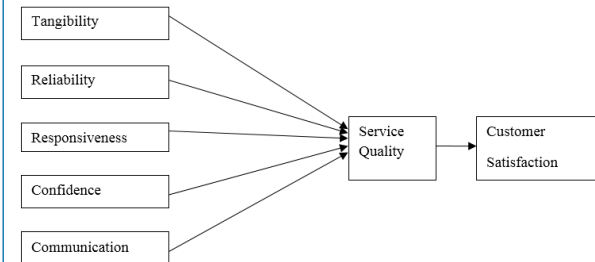


Figure 1: Conceptual framework

RESEARCH METHODOLOGY

The study focused on international and domestic customers restricted to three, five star hotels in Addis Ababa, Ethiopia. Thematically, the study is limited to service quality and customer satisfaction in the hospitality industry.

The research focuses on evaluating service quality and customer satisfaction in the five star hotels available in Ethiopia. A simple random sampling is used to increase the representativeness of the respondents. Respondents were approached at their hotels through the help of hotel managers and reception desk workers responsible to customer handling. The hotels were selected purposively. Questionnaires were distributed in three, five star hotels, after hotel managers agreed to participate in the study. Reception desk employees were asked to administer the questionnaires to guests during their hotel stay, and to collect them after completion. In each hotel questionnaires were randomly distributed to the guests. A self administered survey questionnaires was distributed to a total sample of 330 international and domestic guests who have visited Addis Ababa, Ethiopia, for conference, business and different purposes. Data were obtained through personally administered questionnaires that would be prepared based on literature review to address research questions. Data were collected by a means of a

structured questionnaire that consists of three sections. The first section has seven questions that focus on general background information about the participants/guests. The second section has 26 questions focusing on the feeling of guests about the hotel service performance with respect to five dimensions; tangibility, reliability, responsiveness, confidence, communication and overall satisfaction. The third section has three open ended questions relating to the main problem, causes and proposed solution of services of the hotels.

RESULTS AND INTERPRETAION

In order to achieve the goals, correlation analysis and causal analysis and t-test were performed. The results are presented as follows. First, respondents' demographic and travelling characteristics are provided. Next, the results of descriptive analysis of customers' expectations and perceptions of the hotel service are presented. Third, the results of t-test analyses are interpreted. The statistical analysis was conducted on 330 valid questionnaires. The demographic and travelling characteristics of the respondents are presented in table 1.

1. Demographic profile of respondents'

Age group	Perenatnag(%)
8-25	0.6
26-35	3.6
36-45	45.8
46-55	40.9
Above 55	9.1
Total	100

Source: (Survey questionnaire,2017)

Most of (45.8%) the guests who participated in this study are in between age of 36-45 years. Moreover, 40.9% are from 46 to 55 years old, 9.1% are 55 and above, 3.6% are from 26-35 years old and 0.6% of guests are from 18-25. Hence, this shows that majority of the guest visited international hotels are under working and senior age category.

Table 2: Nationality of the respondents

Nationality	Frequency	Percent
Ethiopian	31	9.4
Foreigner	299	90.6
Total	330	100.0

Source: (Survey questionnaire, 2017)

With regard to the Nationality of the respondents, 90.6% of the customers are foreigners and the rest 9.4% are Ethiopian /local customers. This is because almost all of the five star hotels are targeted to international tourists.

Table 3: Puropse of Vist of cutomers

Purpose of vist	Number	Percentage(%)
Pleasure	33	10
Buiness	171	51.8
Visit relatives	25	7.6
Conference	101	30.6
Total	330	100

Source: (Survey questionnaire,2017)

With regrard to the basic reasons customers stay in the hote (30.6%) of the respondents found to be for the puropose of attendingl conference, 51.8% of them for business purpose while 10% and 7.6% of the customers are for pleasure and visit relatives respectively. In line with this, hotelier should pay attention on this high ratio to have more proper oriens when building the business plan so that they can gain more customer satisfaction.

2. Customers' Expectations and Perceptions of Hotel service
 Respondents were asked to rate their feeling about the five star Hotels with regard to five quality dimensions. Where each

dimension is expressed by several features statements, and respondents gave their ratings in a five likert scale. This rating was done to assess both their prior expectations and their actual perceptions as customer to the hotel. Accordingly, the gap (between expectation and perception) is computed. In most of the

tangibility features, the average expectations found slightly above level four, where the perceptions fall below the average level. These, certainly create considerable gaps in all the eight tangibility features customers expected from the hotels.

Table 4: Comparison of expectation and perception of customers and Gap Analysis

No	Service Quality Dimensions	N	Expectation(E)	Perception(P)	Gap(E-P)
			Mean	Mean	Mean
1	The front desk was visually appealing	330	4.16	3.89	0.27
2	The employees had clean, neat uniforms	330	4.12	3.91	0.21
3	The restaurant's atmosphere was inviting	330	4.15	3.92	0.23
4	The shops were pleasant and attractive	330	4.15	3.92	0.23
5	The outdoor surroundings were visually	330	4.15	3.85	0.30
6	The hotel was bright and well lighted	330	4.14	3.85	0.28
7	The hotel's interior and exterior were well	330	4.22	3.96	0.25
8	The hotel was clean	330	4.27	4.04	0.24
	Tangibility	330	4.17	3.92	0.25
1	My reservation was handled efficiently	330	4.49	4.04	0.45
2	My guest room was ready as promised	330	4.46	4.06	0.40
3	TV, radio, A/C, lights, and other	330	4.25	4.08	0.17
4	worked properly	330	4.24	4.11	0.13
5	I got what I paid for	330	4.29	4.11	0.18
	Reliability	330	4.35	4.08	0.26
1	Employees responded promptly to my requests	330	4.24	4.02	0.22
2	informative literature about the hotel provided	330	4.35	3.97	0.38
3	Employees were willing to my questions	330	4.35	3.90	0.45
4	Employees responded quickly to my problems	330	4.39	3.81	0.59
5	Room service was prompt	330	4.47	3.77	0.70
	Responsiveness	330	4.36	3.89	0.47
1	Employees knew a local places of interest	330	4.52	3.78	0.75
2	Employees treated me with respect	330	4.36	4.42	-0.06
3	Employees were polite when answering my quest	330	4.31	4.27	0.04
4	he hotel provided a safe environment	330	4.34	4.09	0.25
5	The facilities were conveniently located	330	4.20	4.08	0.12
	Confidence	330	4.35	4.13	0.22
1	Charges on my account were clearly explained	330	4.20	4.03	0.16
2	I received undivided attention at the front desk	330	4.37	4.02	0.35
3	Reservationists tried to find out my needs	330	4.22	4.29	-0.07
4	Employees anticipated my needs	330	4.40	4.05	0.35
	Communication	330	4.30	4.10	0.20
	Satisfaction	330		4.02	

Source: (Survey questionnaire,2017)

Regarding Tangibility, the average minimum levels of expectation and perception ratings fall to 2.88 and 2.5, respectively. Where, the average maximum Gaps are computed to 1.5. Overall expectation and perception regarding tangibility are rated 4.17 and 3.92 respectively. This results in 0.25 gaps, i.e. unmet (deficits) from customers' expectations.

The finding is supported by Wong et al. (1999), who studied SERVQUAL dimensions in the hospitality industry in Malaysia, found that service quality was related to the tangible behavior and appearance of employees. The best predictor of overall service quality was the tangibility dimension.

Ariffin and Maghzi (2012) in their study on customer expectations of hotel hospitality found that "expectations of hotel hospitality are influenced by personal factors such as gender, purpose of stay, nationality, and private domain of hospitality. The hotel's star rating is the only hotel factor that might have strong association with hotel hospitality".

In each of the reliability features asked to customers, it is found that the hotels are still short of meeting the customer expectations. Although each reliability features were highly rated, considerable gaps were observed by customers. For example, the statement "handled efficiently" was appreciated to the level 4.04, that is 0.45 levels short of customer expectation. The cleanness of the hotel rooms are also 0.40 levels below the customer expectations.

As to Reliability, the average minimum levels of expectation and perception ratings fall to 2.6 and 2.2, respectively. Where, the average maximum Gaps are computed to 1.80. Expectation and perception are rated 4.35 and 4.08 this results in 0.26 gaps.

This result is consistent with Juwaheer and Ross (2003), who studied service quality in Mauritian hotels. They found that reliability was the most important factor for ensuring customer satisfaction on service. For example, the hotel staff performed tasks as promised and resolved problems promptly. By focusing on this dimension, hotels in Mauritius achieved high levels of satisfaction. In relation to Responsiveness, the average minimum levels of expectation and perception ratings fall to 2.8 and 2.6, respectively. Where, the average maximum Gaps are computed to 1.80. Expectation and perception are rated 4.36 and 3.89 this results in 0.47 gaps.

With regard to Confidence, the average minimum levels of expectation and perception ratings fall to 2.4 and 2.4, respectively. Where, the average maximum Gaps are computed to 1.40. Expectation and perception are rated 4.35 and 4.13 this results in 0.22 gaps. The main drawback observed is that, employee lack knowledge about their customers' interest, which amounted to relatively very high gap, i.e. 0.75 levels.

Regarding communication, the average minimum levels of expectation and perception ratings fall to 3.0 and 2.5, respectively. Where, the average maximum Gaps are computed to 1.50. Expectation and perception are rated 4.30 and 4.10 this results in

0.20 gaps. In the communication aspect, a considerable gap about 0.35 levels is observed.

From all dimensions of service quality, responsiveness and reliability created a maximum gap (each 1.8), whereas, Confidence dimension is found the least gaps (1.40 on average). This result is similar of the research finding of Mesfin, 2015, the research conducted in five star hotels in Addis Ababa, Ethiopia.

Moreover, the findings of Cameran, and Pettinicchio, (2010), 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.

These findings also are consistent with Parasuraman et al. (1998), who measured consumer perceptions of service quality. They found that responsiveness was the most important factor in determining customer satisfaction with service. Further analysis comparing the expectation and perceptions regarding the hotel service quality dimensions is performed using paired sample t-test. Thus, the analysis result is presented in the table 5 below:

When it is comparing the average expectation and average perception of customers regarding tangibility , reliability,

Table 5: Paired Sample Statics- T- Test

Paired Samples Statistics							Paired Differences				t-value	df	p-value
							Mean	Std. Deviation	95% Confidence Interval of the Difference				
Service quality dimension	Mean	N	Std. Deviation	Correlation	p-value	Lower			Upper				
Tangibility	Expectation	4.17	330	.405	.574	.000	.25	.63	.18	.320	7.22	329	.000
	Perception	3.92	330	.770									
Reliability	Expectation	4.35	330	.299	.551	.000	.26	.53	.21	.323	9.03	329	.000
	Perception	4.08	330	.636									
Responsiveness	Expectation	4.36	330	.448	.448	.000	.47	.61	.40	.534	13.82	329	.000
	Perception	3.89	330	.666									
Confidence	Expectation	4.35	330	.387	.604	.000	.22	.46	.17	.267	8.68	329	.000
	Perception	4.13	330	.569									
Communication	Expectation	4.30	330	.406	.687	.000	.20	.39	.16	.239	9.24	329	.000
	Perception	4.10	330	.530									

Source: (Survey questionnaire,2017)

responsiveness, confidence and communication features of the five star hotels, the respective t-tests' p-values are below 0.05 level of significance. These indicated that there is significance difference between customers' expectation and customers' perceptions with regard to the five service quality dimensions. The expected tangibility (4.17) and perceived tangibility (3.92), are both rated to high level of services quality, but statically the expectation is relatively higher than the perception. The customer expectation in relation to reliability attributes (4.35) and their perception (4.08), both are rated to high level of customer service but relatively the expectation higher than perception. The same result is shown for responsiveness; the expectation (4.36) of the customer is greater than the perception (3.89). The expected communication attribute (4.30) is significantly higher than the perceived attribute (4.10),

whereas the expected confidence of the customer (4.35) is greater than the perceived confidence of the customer (4.13). In all the five dimensions, customers experienced short of services as compared to their expectations. On average, the performance gaps of the hotels with regard to tangibility, reliability, responsiveness, confidence and communication features are 0.25, 0.26, 0.47, 0.22, and 0.20 respectively.

Hotel guests can expect five star rated hotels to be higher in quality than four and three star hotels, and this expectation emanates from exposure of the customers to the same rated hotel in the past (Ranjbarian et al., 2012).

The above table also strengthens the result above. That is, each of

Table 6: One sample statistics (T- Test)

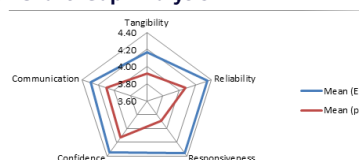
One-Sample Statistics				Test Value = 0					
Service quality dimension	N	Mean	Std. Deviation	t-value	Df	p-value	Mean Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Tangibility	330	.25	.63	7.2	329	.000	.25	.18	.32
Reliability	330	.26	.53	9.0	329	.000	.26	.21	.32
Responsiveness	330	.47	.61	13.8	329	.000	.47	.40	.53
Confidence	330	.22	.46	8.7	329	.000	.22	.17	.27
Communication	330	.20	.39	9.2	329	.000	.20	.16	.24
Satisfaction*	330	3.85	.79	19.5	329	.000	.85	.77	.94
Test value =3									

Source: (Survey questionnaire,2017)

the five service quality dimensions is found not to have contained the test value i.e. Zero. The 95% confidence interval clearly falls above zero level; meaning that the observed gaps in each dimension is significantly above zero level; which are considerably significant gaps that the hotels need to have addressed. This indicates that there are significant gaps in the five quality dimensions. Hence, the perception of customers with regard to five service quality dimensions is below customer expectations. The above table also presents the one- sample t-test result for customers' overall satisfaction. The average satisfaction is computed 3.85. The p-value =0.000<0.05 indicates that customers' overall satisfaction is significantly above the moderate

level satisfaction. From the 95% confidence interval, the overall satisfaction level of customers falls in the range (3.77-3.94), which is slightly short of high level satisfaction.

Chart 1: Radar Chart- Gap Analysis



The radar chart above graphically illustrates the customers' average expectation and perception with respect to each dimension. The outer web depicts the customer expectations whereas the inner one is for average perception. The space between the two webs clearly demonstrated the service quality gaps the customers experienced.

3. Conclusion and Recommendation

Based on the findings of the research, the following conclusions are drawn: Firstly, The service quality of the five star hotels in Addis Ababa, Ethiopia is strongly depends on the following important factors; tangibility, reliability, responsiveness and confidence. Among the factors affecting service quality and customer satisfaction of five Star hotels, in Addis Ababa, Ethiopia, tangibility dimension is the strongest factor that affecting customer satisfaction. Whereas responsiveness is the second important factor that affecting customer overall satisfaction.

Secondly, after assessment of service quality in five Star hotels in Addis Ababa, Ethiopia, the following conclusions can be derived. In all the five dimensions, customers experienced short of services as compared to their expectations. On average, the performance gaps of the hotels with regard to tangibility, reliability, responsiveness, confidence and communication features are 0.25, 0.26, 0.47, 0.22, and 0.20 respectively. In addition, the overall satisfaction of customers in the hotel's service (3.85) is found to be above moderate level of satisfaction. This overall satisfaction is expected to have been influenced by the gaps customers had experienced in the five service quality dimensions.

REFERENCES

1. Ariffin, A. A. M., & Maghzi, A. (2012). A preliminary study on customer expectations of hotel hospitality: Influences of personal and hotel factors. *International Journal of Hospitality Management*, 31(1), 191-198.
2. Baum, T.(2007). The changing face of human resource management in tourism and hospitality: A Desert Mirage? *Tourism: Past Achievements Future Challenges*. CA UTHE Conference Proceedings.
3. Berkman, Harold, and Christopher Gilson (1986). *Consumer Behavior: Concepts and Strategies*, McGraw-Hill.
4. Cameran M., Moizer P., & Pettinicchio A.(2010). Customer satisfaction, Corporate image, and service quality in professional services. *The service Industries, Journal*, 30(3), 421-435
5. Collins, A.B. (2007). Human resources: A hidden advantage? *International Journal of Contemporary Hospitality Management*, 19, 78-84.
6. Cronin, J. J., & Taylor, S. A. (1992). Measuring service quality; a re-examination and Extension. *The Journal of Marketing*, 56, (3), 55-68.
7. Getty, J. M., & Getty, R. L. (2003). Lodging Quality Index (LQI): Assessing customers' perceptions of quality delivery. *International Journal of Contemporary Hospitality Management*, 15(2), 94-104.
8. Hayes, S.C. (1997). *Behavioral epistemology includes nonverbal knowing. Investigations in behavioral epistemology* (PP. 35-43). Reno, NV: Context Press.
9. Jwaheer T.D., Ross, D.L (2003). A study of hotel guest perceptions in Mauritius, *International Journal of Contemporary Hospitality Management*, 15(2).
10. Kandampully, J., Mok,C., & Sparks,B. (2001). *Service Quality Management in Hospitality, Tourism and Leisure*. Binghamton, NY: The Haworth Hospitality Press
11. Knutson, B., (1988). Frequent travelers: Making them happy and bringing them back. *The Cornell Hotel and Restaurant Administration Quarterly* 29(1): 83-87.
12. Mesfin, A.,(2015). *Foreign Customer Satisfaction in Ethiopia Five Star Hotels*. Unpublished Research, Addis Ababa University, Ethiopia.
13. Naumann, Earl(1995). *Creating customer value: The path to sustainable competitive advantage*; Cincinnati, OH; International Thomson Publishing.
14. Parasuraman, A., Zeithaml, V.A., & Berry, L.L. (1998). A conceptual model of service quality and its implications for future research. *Journal of Marketing*, 49(4), 41-50.
15. Ranjbarian, B., Fathi, S., & Rezaci, Z.(2012). Factors Influencing on customers' E-Satisfaction: A case study from Iran *Interdisciplinary Journal of Contemporary Research in Business*, 3(9), 1496-1511.
16. Singh, N., Hu, C., & Roehl, W.S. (2007). Text mining: A decade of progress in hospitality human resource management research identifying emerging thematic development. *Hospitality Management*, 26, 131-147.
17. Wang Y. & Hing-Po L. (2002.) Service quality, customer satisfaction and behavior intentions: Evidence from China's telecommunication industry, 4(6), 50-60.