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EVALUATING THE EFFECT SERVICE QUALITY ON CUSTOMR SATISFACTION OF HOTELS IN ADDIS ABABA: THE CASE OF THREE AND FOUR-STAR HOTELS

BY

DAGMAWIT TESFAYE

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ADDIS ABABA, ETHIOPIA

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DAGMAWIT TESFAYE

Advisor Name: - Dr Workneh Kassa

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This is to certify that the thesis prepared by *Dagmawit Tesfaye* entitled: *evaluating the service quality of hotel in Addis Ababa: the case of three and four-star hotels* and submitted in partial fulfilment of the Requirements or the degree of masters in marketing management compiles with the Regulations of the university and meets the accepted standards with respect to originality and Quality.

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_____

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External Examiner **Signature**

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_____

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This thesis has been submitted for examination with my approval as a supervisor.

Name of advisor _____

Signature _____

Date _____

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LIST OF ABBREVIATION

MoCT- ministry of culture and tourism

SURVQUAL –Service quality

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I.

ABSTRACT

The role of service quality in the success of hotel businesses cannot be denied. It is vital for the hotel managers to have a good understanding on what exactly the customers want. Identifying the specific expectations of customers, the dimensions of the service quality, and their relative importance for customers of each specific segment of hotel industry would definitely help managers in the challenge of improving the service quality. The objectives of this study was to assess the current service quality delivered by hotels, evaluate the overall customer satisfaction and to evaluate the hotels service quality. The five service quality dimensions (SERVQUAL) identified in this study were named as tangibility, reliability, responsiveness, assurance, and empathy. The empirical result shows that service quality dimensions; tangibility, reliability, responsiveness, assurance and empathy are significant factors to the change satisfaction but their level of importance is different. Regression analysis was conducted to measure the impact of each dimension on customer satisfaction. The study showed that tangibility, reliability, responsiveness, assurance empathy and age variables are positively and significantly related to customer satisfaction but their significance level is different. This may mean that hotels need to give due attention to these factors to maintain the required level of customer satisfaction for their clients.

Keywords: Customer satisfaction, hotels, service influencing factors

Contents

CHAPTER ONE:

INTRODUCTION

1.1. Background of the study

In today's world, the existence of all human being is related with different services including banking service, food service, communication service, medical service, transportation service, and emergency services to list some. In general, our economy is founded on service (James; 1998).Globalization has brought a standardization and alteration in every aspect of life. Consequently, business environments have showed a tremendous change in the mode they operate. The emergence of tourism industry has paved the way to the uprising of hotel business.

The hospitality industry is an increasingly growing sector in Ethiopia; it is abroad category of fields within service industry lodging, theme parks, transportation, cruise line, and additional fields within the tourism industry. The hospitality industry is a multibillion-dollar industry that depends on the availability of leisure time and disposable income. The most unique attribute of hotel investment relates to the large up-front cost of construction. This dictates a particular form of developer behavior. Heavy initial costs generate considerable dependence on the future revenue streams expected to cover this initial outlay.

Tourism is a well-practiced industry in Ethiopia since the country is known for the diversified cultural, topographical and historical destinations. And the nation is applying the maximum effort to accommodate the international travelers and tourists with the optimum quality services at hotels. Tourism is an immense industry comprising many sectors such as accommodation, food and beverage services, recreation and entertainment, transportation, and

Services. Each of these sectors contributes to tourism development in various destinations, and has different structures, and performances.

However, in many countries, only the hotel and restaurant sector is separately analyzed as being the one closely related to tourism, being also statistically separate from the others

The need to create a revenue stream is immediate and this creates instability especially when demand is volatile. Hotel investment is therefore characterized by a 'high operating leverage'. The cost composition of hotels includes a large component of fixed costs and a small share of variable (operating) costs. Hotels with a high operating leverage will therefore be volatile in their profit levels.

The returns to hotel investment are inextricably linked to tourist demand (local and foreign). Therefore, the relationship between the hotel industry and the wider tourism industry is two directional. Without tourists there can be no hotel industry and without hotels there can be no tourism industry. This symbiotic relationship is reflected on the supply side as well. Local and foreign investment in the hotel sector can be stimulated by public incentives for construction, expansion etc. Hotel investment was considered as an investment in an operating business and its' real estate character was not considered unique. However, with the advent of real-estate driven hotel investment, other motives for hotel investment start to surface

Today customer's don't takes good customer service for granted and customers are now the rules and that goes for business as much as customer market. All business customers want the same thing; better access to service, more competitive price improved customer service and compliant handling process" (Douglus and Basto; 2002).Travels, events, holidays are the basic pillars that have played the great role in the hotel sector development. Customers preference and expectation has resulted a shift on the service provision. Catering modern, status oriented, and customized hotel service has become a bench mark to be label as prestigious.

1.2. Background of the Organization

As defined by the Ethiopian ministry of culture, hotel rating requirements and classification book first edition 08/05/2014 a hotel is a commercial establishment which provides rooms in which people can stay, especially to travelers and sometimes to permanent residence, and which provides food, lodging and other services for paying guests, including the general public. This book also describes the scope which it states it as 'the Ethiopian standard specifies the method of rating for classification /grading of the hotels including evaluation criteria for their assessment.

Hotel and tourism are inseparable sectors. To boast of a developed tourism and hospitality sector, a country needs to own modern hotels, lodges and other recreational centers. When we trace back to the history of hospitality sector in Ethiopia, we get Itegue Taitu Hotel, built in the early 1900s, believed to be the first modern hotel in Ethiopia. It was named after its founder Empress Taitu Betul, the wife of Emperor Menelik II. It was built mainly for the purpose of providing service to foreigners as a cozy place to rest and dine. Taitu Hotel is found in the middle of Addis Ababa commonly known as Piazza. The ancient hotel has 264 historic bedrooms, equipped with various important facilities. It is famous in the West as the setting for Evelyn Waugh's 1938 satirical novel Scoop is based on it. Serving local and foreign dignitaries for more than a century, the hotel encountered a fierce blaze in 2015, which resulted in tremendous damages on its historic architecture and antiquities.

Flipping back, currently, the hotel industry in Ethiopia is developing in an incredible pace. Many star hotels have been built in the capital Addis Ababa and state cities. The third diplomatic city following to Brussels and Washington, Addis has 12 internationally branded hotels. The hotels are contributing a lot for tourists to stay in the capital in a happy and relaxed mood

After the Sheraton Addis Ababa was opened in February 1998, it paved a way for the proliferation of other star hotels in the capital and in the whole country as well. Age wise, the only global brand to precede Sheraton is the Hilton Addis Ababa which was opened in the 1969. Besides, many star hotels were built especially after the new Ethiopian millennium. As

Ethiopia is the seat of the African Union (AU) and other international organizations, standardized hotels were much-needed. The issue of relocating the OAU later AU was raised by some African leaders due to lack of star hotels here to accommodate African and international guests and dignitaries. Having noticed the limitations of the sector, government and private developers have been constructing globally branded hotels in collaboration with international star groups. By Tsegay Hagos

1.3. Statement of the problem

Almost all businesses strive to offer superior customer service. However, not all of them succeed in this. There are certain factors that negatively affect customer service quality and do not allow companies to reward their customers with exceptional customer service. *providesupport.com.*

A key challenge for any service business is to deliver satisfactory outcomes to its Customers in a way that is cost effective for the company. "If customers are dissatisfied with the quality of the service they would not be willing to pay very much for it or even to buy it, at all if competitor offer better" (Lovelock and Wirtz; 2004: 408). Expectations and the actual performance of the product" (Tse and Wilton, 1988, Oliver 1999).

Every business tries its best to overcome the challenges, but it's a herculean task for field service managers to hit their targets and achieve results in all directions. It's important to make every tactical and strategic decision based on accurate data, and in such a way that your whole team will comply. Irrespective of industry, field service organizations face many of the same challenges. Here are five of the most common — each followed by an explanation of how technology can make a difference. *http://technologyadvice.com*

Most hotels are facing the challenge of delivering effective services which can satisfy their customers. Most of the time, there is a gap between customer expectation and service provided by the hotel. These gaps in service expectation and delivery can damage relationships with customers. Even though hotels are assorted in accordance with their standard to meet the requirements for star hotels, their service provision has shown a great deal of gap. And to a country which is striving to create an accommodating atmosphere for visitors (tourists) it is presenting a setback. Hence understanding the tendencies for poor service provision in the three and four star hotels is mandatory.

1.4. Research questions
• What is the current service quality delivered by the hotels?

- What is the overall customer satisfaction level on the hotels?

- What are the factors that affect the customer's satisfaction?

1.5. Objectives of the study

The objective of this study was to evaluate the quality of service in the hotel industry in the case of three and four hot star hotels. This paper was also tried to see the standards that are set by the country to one hotel to be called three or four-star hotel and try to analyze the hotels quality level to the established standard

1.5.1. General objective of the study

The overall objective of this paper was to evaluate the service quality of hotels in Addis

Ababa: - In the case of three and four star hotels

1.5.2. Specific objectives of the study

The specific objective of this study was to

- Assess factor influencing customer satisfaction on three and four star hotels in Addis Ababa

- Evaluate the current service quality delivered by the hotels

- Evaluate the overall customer satisfaction on three and four star hotels in Addis Ababa

1.6. Research Hypothesis

H1:-Tangibility of hotel service doesn't affect customer satisfaction.

H2:- Reliability of hotel service doesn't affect customer satisfaction.

H3:- Responsiveness of hotel service doesn't affect customer satisfaction.

H4:- Assurance of hotel service doesn't affect customer satisfaction.

H5:- Empathy of hotel service doesn't affect customer satisfaction.

1.7. Operationalization of the variable

Dependent variable: The dependent variable of this study is customer satisfaction

Independent variable: The independent variables are tangibility, reliability, responsiveness, assurance and two control variables age, and gender.

1.8. Significance of the study

The significance of the study was to explain to the hotel managers, owner and employees and customers. Through providing clear information about the factors influencing customer's satisfaction and current customer's satisfaction with regard to service quality dimension which has significant effect on service quality of the hotels and customer satisfaction in three and four star hotels in Addis Ababa and the study may benefit researchers' undertaking further study on a related topic.

1.9. Delimitation/scope of the study

Because of the broad nature of the study, accessing all the literature concerning service quality is very voluminous. Thus, the study covered in a limited aspect within the literature, thereby this research focuses on evaluating the service quality of hotels in Addis Ababa in the case of three and four star hotels and the factors that is affecting and influencing the level of customer satisfaction and service quality dimensions of the SERVQUAL model. Although this topic concerns many stakeholders, the researcher focused on customer viewpoint and customers who consume the services.

1.10. Organization of the study

The study is divided into five chapters. The first chapter includes background of the study and organization, statement of the research problem, research questions, research objectives, research hypothesis and definition of terms, significances of the study, delimitation/scope of the study and organization of the paper. The second chapter deals with review of related

literature by include theoretical, empirical review and conceptual frame of the study. The third chapter presents research design and methodology through research design/type and sampling design. Results analyse in descriptive and discussion of the result that found from the study presented in the chapter fourth. The fifth chapters contain conclusion, limitations of the study and recommendation of the study respectively.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Introduction

This chapter outlines the concept of service quality and customer satisfaction. From the last decade, the service sector has become greater economic importance. The elimination of waste due to poor quality and meeting customer expectations are the major challenges facing managers in the service sector. This chapter presents the reasons why we should measure service quality, customer satisfaction in hotel industry as well as their measures. The most

popular models to measure service quality in the hotel industry is SERVQUAL. The chapter

begins with a review of definitions service, service quality, and then follows by the

relationship between customer satisfaction and service quality which leads to the conceptual

frame work of the study.

Wilson Alan (2012) described Services as intangible activities or benefits (such as airlines
trip, financial advice, or automobile repair) that an organization produce to satisfy
consumers' needs in exchange for money or something of value. Similarly, Kerin, Roger.A,
(2011) also described service as an all economic activities whose output is not physical
product or construction, is generally consumed at the time it is produced and provides added
value informs (such as convenience, amusement, timelines, comfort or health) that are
essentially intangible concerns of first purchase. Service is an act or benefit customers get
without owning anything (Doyle, 2002). Baral and Bihari (2009) and Srayaei, Ahanger,
Kasiri and Baharmi (2013) defined service as the action of doing something or performance
done by someone to another. Similarly, Kotler (1997) defined service as any act or
performance offer to another that is essentially intangible and does not result any ownership
of anything.

2.1.1. The four i's of service

Kerin, Roger (2011) defined service has four unique elements–intangibility, inconsistency,
inseparability and inventory- referred to as the four I's of service

2.1.1.1. Intangibility

Service is intangible; that is can't be held, touched, or seen before the purchase decision. In
contrast, before purchasing a traditional product, a consumer can touch a box of laundry
detergent, kick the tire of an automobile, or sample a new breakfast cereal. because service
tend   to be a performance rather than an object, they are much more difficult for consumers
to evaluate.to help consumers assess and compare service, marketers try to make them
tangible or show the benefit of using the service.

2.1.1.2. Inconsistent

Developing, pricing, promoting and delivering service is challenging because the quality of
service is inconsistent. Because service depends on the people who provide them, their
quality varies with each person's capabilities and day-to-day job performance. Inconsistency

is much more of a problem in service than it is in tangible goods. Tangible goods can be good or bad in terms of quality, but with modern production lines the quality will at least be consistent.

2.1.1.3. Inseparability

The third difference between service and good, and related to problem of consistency is inseparability. In most cases, the consumer cannot (and does not) separate the deliverer of the service from the service itself.

The amount of interaction between the customer and the provider depends on the extent to which the consumer must be physically present to receive the service. Some service such as haircut, golf lesson medical diagnoses, and food service requires the customers to participate in the delivery of the service. Other services such as car repair, dry cleaning, waste disposal process tangible object with less involvement from the customer. Finally, service such as banking, consulting, and insurance can now be delivered electronically, often requiring no face to face customer interaction while this approach can create value for customers, a disadvantage of some self-service technologies Such as ATM, grocery store scanning stations, and self-service gas stations pumps is that are perceived as being less personal.

2.1.1.4. Inventory

Inventory of service is different from that of goods. Inventory problems exist with goods because many items are perishable and because there are costs associated with handling inventory. With service, inventory carrying costs are more subjective and are related to idle production capacity, which is when the service provider is available but there is no demand. The inventory cost of a service is cost of paying the person used to provide the service along with any needed equipment.

2.1.2. Service marketing mix

The service marketing mix, has been defined as the elements an organization controls that can be used to satisfy or communicate with customers the traditional marketing mix is composed of four PS; product, price, place (distribution) and promotion. Wilson Alan (2012).

2.1.3. Expanded marketing mix for service

Because service is produced and consumed simultaneously customer are often present in the firm's factory interact directly with the firm personnel and are actually part of the service production process. And also because service is intangible, customers will often be looking for any tangible cue to help them understand the nature of the service experience Alan

Wilson (2012). For example, in the hotel industry the design and decor of the hotel as well as the appearance and attitudes of the employee will influence customers' perceptions and experience. Acknowledge of the importance of these additional variables have led service marketers to adopt the concept of an expanded marketing mix for service. In addition to the traditional four Ps, the service marketing mix includes the people, process, physical evidence. Alan Wilson (2012).

2.1.3.1. People

All human actors of who play apart in service delivery and thus influences the buyer's perception; namely, the firm's personnel, the customer, and other customer in the service environment. All human actors participating in the delivery of the service provide cues to the customer regarding the nature of the service itself. How these people are addressed their personal appearance, and there, attitude and behaviors all influences the customers' perception of the service. The service provider or contact person can be very important. In fact, for some service, the provider is the service. In other cases, the contact person may play what appears to be a relatively small part in the service delivery.

In many service situations, customers themselves can also influence service delivery, thus affecting service quality and their own satisfaction. For example, a client of a consulting company can influence the quality of service received by providing needed and timely information and by implementing recommendation provided by the consultant. Customers not only influence their own service outcomes, but they influence other customers as well.

2.1.3.2. Physical evidence

The environment in which the service delivery, where the firm and customer interact and any tangible components that facilitate performance or communication of the service. The physical evidence of the service includes all the tangible representation of the service such brochures, letterhead, business cards, report formats, signage and equipment's. In some cases, it includes the physical facility where the service offered –the services cape- for example, the retail bank branch facility. In other cases, such as telecommunication service, the physical facility may be irrelevant. In this cases other tangible such as bailing statement and appearance of the telephone engineer's van may be important indicators of quality, especially when consumers have little on which to judge the actual quality of service, the will rely on these cues, just as they rely on the cues provided by the people and the service process, physical evidence cues provide excellent opportunities for the firm to send consistent and strong messages regarding the organization's purpose , the intended market segments and the nature of the service.

2.1.3.3. Process

The actual procedures, mechanisms, and flow of activities by which the service is delivered – the service delivery and operating systems. The actual delivery steps that the customer experiences, or the operational flow of the service, also give customers evidence on which to judge the service, some services are very complex, requiring the customer to follow a complicated and extensive series of actions to complete the process. Highly bureaucratized services frequently follow this pattern and the logic of the steps involved often escapes the customer. Another distinguishing characteristic of the process that can provide evidence to the customer is whether the service follows a production line/standardized approach or whether the process is an empowered/customized one. None of these characteristics of the service is inherently better or worse than another. Rather, the point is that these process characteristics are another form of evidence used by the consumer to judge service. For example, two successful airline companies, easy jet and Singapore Airline follow extremely different process models. Easy jet is a nofrills (no food, no assigned seats), low –prices that offers frequent, relatively short flights within Europe. All the evidence it provides is consistent with its vision and market position. Singapore Airlines on the other hand focuses on the business traveler and is concerned with meeting individual traveler needs. Thus its process is highly customized to the individual and employees are empowered to provide non- standard service when needed. Both airlines have been very successful. The three new marketing mixes (people, physical evidence and process) are included in the marketing mix as separate elements, because they are within the control of the firm and because any or all of them may influence the customer's initial decision to purchase a service as well as the customer's level of satisfaction and repurchase decisions. Alan Wilson (2012).

TABLE 2.1 EXPANDED MARKETING MIX FOR SERVICE

PRODUCT	PLACE	PROMOTION	PRICE
Physical good features	Channel member	promotion blend	Flexibility
Quality	Exposure	Sales people	Price level
Accessories	intermarries	selection	terms
Packaging	Outlet location	Training	Differentiation
Warranties	transportation	incentive	Discount

Product line	Storage	Advertising	Allowance
Branding	Managing channels	Media types	
		Types of ads	
		Sales promotion	
		Publicity	
		Internet/web strategy	
PEOPLE	**PHYSICAL EVIDENCE**	**PROCESS**	
Employee	Facility design	Flow of activities	
Recruiting	Equipment	Standardized	
Training	Signage	Customized	
Motivation	Employee dress	Number of steps	

2.1.4. Service quality

Gronroos (1982) and Parasuraman, Zeithaml and Berry (1988) were the pioneers in the conceptualization of the service quality construct, these authors maintained that the overall perception of quality was a disconfirmation of a customer's expectation and his/her evaluation of a service. Parasuraman et al. (1988) developed a disconfirmation measurement, the SERVQUAL instrument, to measure service quality and its dimensions. Although the definitions of service Word-of Mouth Communication Past Experience Personal Needs Expected Service Perceived service delivery Service quality specifications Management perceptions of customer expectations External

communications to customers' quality vary, the definitions are all formulated from the customer perspective: that is, what customers perceive are important dimensions of quality. However, Cronin and Talylor (1992) argued that service quality should be conceptualized as "similar to an attitude" approach and should be operationalized by the "adequacy-importance" model. Croninand Taylor (1992), using a performance-based approach,

developed the SERVPREF measurement instrument. Cronin and Taylor (1994) maintained that performance-based measurements display a slightly higher predictive power of customer perceptions of service quality. Other empirical researchers (Pitt, Watson, and Kavan, 1997; Babakus and Boller, 1992) also provide evidence that the performance- based measure is superior. Moreover, Zeithaml, Berry, and Parasuraman (1993) also conceded that the performance-based measurement was more appropriate if the primary purpose of research was an attempt to explain the variance in a dependent construct. The dimensions of service quality have also been debated in the literature. For example, Gronroos (1982) proposed technical (the tangible aspects of service delivery) and functional (the expressive performance of the service) qualities as two critical dimensions of service quality. Alternatively, Parasuraman et al. (1988) proposed five service quality dimensions, namely, tangibles, reliability, responsiveness, assurance and empathy. Rust and Oliver (1994) developed a three-component dimensional model and concluded that the service product (i.e. technical quality), the service delivery (i.e. functional quality), and the service environment were critical dimensions of service quality. Dabholkar, Thorpe, D.I (1994) tested a hierarchical conceptualization of retail service quality that proposed three levels: (1) customers' overall perceptions of service quality; (2) primary dimensions; and (3) sub dimensions. Brady and Cronin (2001) adopted the view that service quality perceptions were multidimensional and identified the primary dimensions of their model based on Rust and Oliver's (1994) findings. In

Brady and Cronin's (1992) conceptualization, each primary dimension has three sub dimensions that define the basis of service quality perceptions and customers evaluate the reliability, responsiveness, and empathy aspects of these sub dimensions. The aggregate evaluations of the sub dimensions form their perceptions of an organization's performance on each of the three primary dimensions, and those perceptions then lead to an overall service quality perception. The debate on service quality dimensions is still ambiguous, but it is generally accepted that perceptions of service quality are multidimensional and the dimensions are industry-specific.

Parasuraman, Berry and Zeithaml (1991) demonstrate perceived service quality as the customer-based performance measure. Headley and Bowen (1997) inform that service quality is the difference between what customers' needs and what they certainly perceive as outcome. Service quality can be defined in the marketing literature as a post consumption assessment of services by customers (Holdford &Reinders, 2001).

Perceived service quality is also seen in the customer's global point of view or judgment of the overall excellence or superiority of the service Ugboma, et al. (2004).   According to Mostafa (2005), service quality has become a famous research topic because of its important relationship to costs, profitability, customer satisfaction, customer retention, service guarantees, and financial performance.

Service quality is defined as a form of attitude that results from the comparison of expectations with perceptions of performance over time (Parasuraman et al, 1988). The increasing competition and uncertain economic conditions have generated an increasing demand of expectation for quality services. In the same vein, a decreasing tolerance for poor service quality is observed (Hart et al, 1990). Customer perceptions on the other hand are also influenced by the indirect influence of the service providers' organizational structure, philosophy and corporate culture (Heskett 1987). Customers' expectations are diverse and constantly evolving and are formed by their experience with the companies at the time of the service delivery (Davidow et al, 1989; Zeithaml et al 1990). However, the perceived quality is the discrepancy between the customers' expectations and their perceptions of the actual performance (Zeithaml et al, 1990). The measurement of services has to be based on perceived quality rather than objective quality because services are intangible, heterogeneous and their consumption and production occurs simultaneously (Brensinger, 1993). According to (Parasuraman, A. Zeithaml, V.A and Berry, 1988), the SERQUAL model represents service quality as discrepancy between a customer's expectations of service offering and the customer's perception of the service delivered .This makes it an attitude measure .what this model strives to measure exactly is the customers perception of the service quality which depends on the size of the gap between expected service and perceived service which in turn, depends on the gap under the control of the service provider with following five core components of service quality Figure 2.1. Service quality
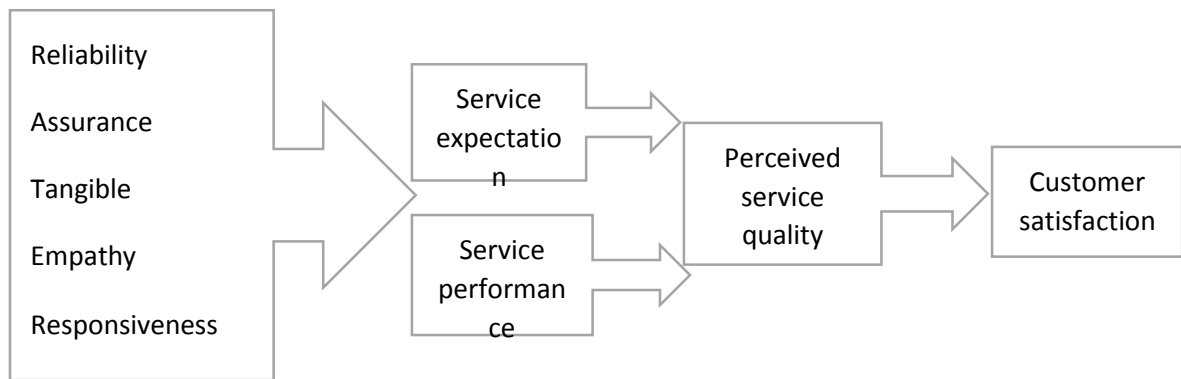
2.1.5. Importance of service quality

Because of a number of reasons, managing and evaluating of service quality is becoming very important in today's world (Philip and Hazlett, 1996). It is an approach to manage business in order to satisfy customers which leads to increased competitiveness and effectiveness of the business (Rahaman et al., 2011). The benefit of quality improvement comes in two to forms. The first is through attracting new customers' due to word of mouth and advertising and the second is through retaining the current customers (Rust, Zahorik and

Keinigham, 1995). In addition, competition and technological development has put a pressure on customer service. That is, consumers are becoming more sophisticated in their requirement and demanding higher service quality (Sachdev and Verma, 2004). Alan Wilson, (2012) described the classification of service as the below table Key strategy decision for each of four Ps are captured in the first four columns in the below

2.2.6. CLASSIFICATION OF SERVICE

Table 2.2 CLASSIFICATION OF SERVICE		
	People as recipient	Possessions as recipients
Tangible action	**Service directed at people's bodies** Passenger transportation Health care Spa treatment	**Service directed at tangible possession** Couriers service Car repair Laundry and dry cleaning
Intangible action	Service directed at people 's minds Education Entertainment Psychotherapy	Service directed at intangible possessions Accounting Banking Legal service

https://www.slideshare.net/prasannajeetsinha1/service-classification

2.2. EMPIRICAL REVIEW

1

Numerous studies on service quality of the hotel industry have been conducted by various researchers; most of them were conducted from other country perspective. From Ethiopia angle like Abrham G/egziabher (2015) and Shimekit kelkay eshetie, wondoson seyoum & seid hussen Ali from Jimma University, have conducted their research by using Various Methodologies to better understand the level of service quality delivered by the hotels and its effect on the customer satisfaction.

One of the study conducted was developed by Abrham G/egziabher (2015) He developed a research that analyse relationship between customer satisfaction and service quality dimensions of the SERVQUAL/LQI model only on three star hotels in Addis Ababa From All the three

Star hotel in Addis Ababa at the time as he reported by citing the ministry of culture and tourism the three star hotels in Addis Ababa were 32 and from those he only used 10 of the hotels. And he only used guests of a specified day.

The other research that was conducted on the service quality level of the hotel industry was by Shimekit kelkay eshetie, wondoson seyoum & seid hussen Ali from Jimma University and their research was conducted in Jimma and which only included selected hotels as we know Jimma is a small city with few number of hotel in the city so the representativeness of the data is doubtable.

Therefore this study intended to evaluate the service quality of hotels in Addis Ababa in the case of three and four star hotels which makes up most of the hotels in Addis Ababa. This research tried to explore more from the other researcher by using more expanded sample size and to make the customers that filled out the questionnaires not based on their specific date feeling this research tried to include guests of the hotels that have stayed at the hotel as a guest for more than two days which will give the customer time to experience the hotels service.

2.3. CONCEPTUAL FRAMEWORK

Since the development of SERVQUAL by Parasuraman, Zeithaml, and Berry (1985), service Quality has been widely researched and applied in different types of industries.

SERVQUAL is a 'diagnostic tool that uncovers a firm's broad weaknesses and strengths' in service quality

(Hoffman and Bateson, 2006). The SERVQUAL model (performance minus expectation) focuses on the five 'gaps' affecting the delivery of excellent service quality. This study focuses on Gap 5: the difference between airline passenger expectations and perceptions of service.

The five dimensions of the SERVQUAL scale include (see Parasuraman, Zeithaml, and Berry, 1988):

- The physical facilities, equipment, and the appearance of the staff (Tangibles);

- The dependability and accuracy of the service provider (Reliability);

- The ability to know and willingness to cater to customer needs (Responsiveness); the ability of the staff to instill confidence and trust in the company (Assurance); the ability of the staff to provide a caring service to customers (Empathy).

The service quality literature initially focused on measurement issues. Following the introduction of the SERVQUAL, attention centered on the determinants of perceived service quality with particular emphasis on the service delivery process. SERVQUAL, with its five dimensions (i.e. tangibles, assurance, reliability, responsiveness, and empathy) has come to symbolize the American perspective on service quality (Brady and Cronin, 2001), the European perspective represented by Gronroos service quality model.

SERVQUAL is designed to measure service quality as perceived by the customer. Consumers in the focus groups discussed service quality in terms of the extent which service performance on the dimensions matched the level of performance that consumers thought a service should provide. A high quality service would perform at a level that matched the level that the consumer felt should be provided. The level of performance that a high quality service should provide was termed as consumer expectations. If performance was below expectations, consumers judged quality to be low. To illustrate, if firm's responsiveness was below consumers' expectations of the responsiveness that a high quality firm should have, the firm would be evaluated as low in quality in responsiveness. Parasuraman et al. (1985) basic model was that consumer perceptions of quality emerge from the gap between performance and expectations, as performance exceeds expectations, quality increases; and as performance decreases relative to expectations, quality decreases. Thus, performance-to expectations ''gaps'' on attributes are used to evaluate the quality of a service from the theoretical foundation of SERVQUAL. The SERVQUAL model concentrates on five gaps impairing the delivery of excellent service quality: this study focuses on gap 5: the difference between guests' expectations and perceptions of service. Before intensive efforts can be successfully undertaken to level out service management problems that impede the delivery of truly excellent service quality, it is essential to know to what degree customer perceptions of existing service fail to meet expectations; this study focuses on that primary issue. There after it becomes important to know whether differences exist in management perceptions of customer expectations (Gap 1), a discrepancy in management perceptions and the service specifications that are enacted (Gap 2), etc. Thus this paper deals with gap 5 which focuses

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on the differences between consumer expectations and perceptions. This is the only gap that can be examined solely on the data from the consumer.

2.3.1. Determinant of service quality

The market researchable has identified the five principal dimensions that the customer users to judge service quality (Armistead, 1994)

➢ **Responsiveness**: - concerns the willingness or readiness of employees to provide service

➢ **Reliability: -** involves the consistency of performance and dependability by keeping honesty and accuracy of giving service

➢ **Tangible: -**things like physical facilities, appearance of personnel

➢ **Assurance: -**the knowledge and curtsey of employees as well their ability to convey trust and confidence

➢ **Empathy: -**is the provision of carrying customer's attention. Empathy includes approachability, sensibility and effort to understand the customers need **Figure 2.2. Conceptual Framework of the Study**

https://www.google.com
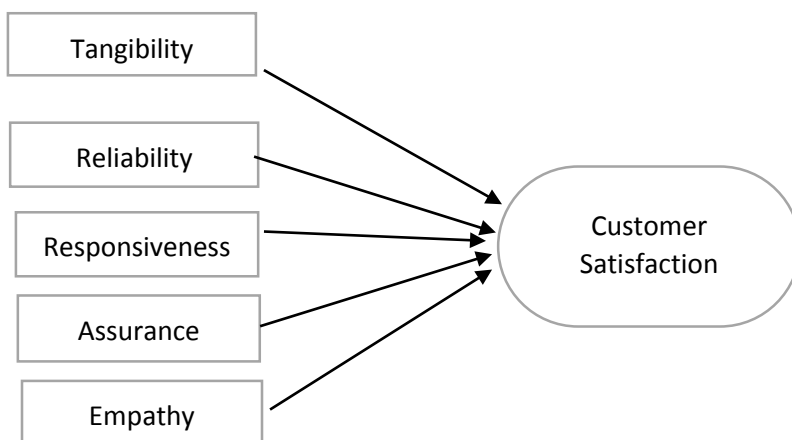
2.3.2. Customer satisfaction

There are a lot of things satisfying word in this sense means that reflects: Customer satisfaction is the emotional response achieved of different understanding between customer expectations and product performance. Satisfaction emotional described as the state of customer satisfaction with the service provider over time. Customer satisfaction is a result of the purchase of consumer or, using of the goods or services obtained the cost of purchase of the ordinary compared with the expected results. Customer satisfaction is considered as main factor determining organization's accomplishment in today's competitive market.

2.3.2.1. Factors affecting customer satisfaction

According to Valerie, Zeithaml and Bitner (2005), customer satisfaction is influenced by a host of issues such as product and service features, customer emotions, perception of equity and fairness and other customers, family members, friends and co-workers. According to Tulel et al, 2006, the customer service a brand offers and the fairness of the price it charges determines the level of satisfaction among its customers than any other measures. Parasuraman, Zeithml and Berry, 1988 identified 22 factors that influences customer satisfaction as Physical facilities,

Equipment, Appearance of hotel employees, Communication materials, Timeliness of service,

Problem solving interest, Efficient service, Consistency of service, Accuracy of records, Problem resolution time, Prompt attention to guest's requests, Willingness to help, Flexibility of employees, Behavior of employees, Safety and security, Courtesy of employees, Competence of employees Individualized attention, Convenient operating hours, Personal attention from employees, Concern towards guest interest and Understanding guest specific needs.

2.3.2.2. Relationship between service quality and customer satisfaction

Some researchers argue that service quality is an antecedent of customer satisfaction (Churchill and Suprenant, 1982) while others argues that satisfaction represents an antecedent of service quality (Carman, 1990; Boltonand Drew, 1991). However, the majority of recent publications believe that service quality is an antecedent to customer satisfaction (Carrillat et al., 2007 &Zeithaml et al., 2008). It is generally accepted that a positive relationship exists between service quality and customer satisfaction (Bei and Chiao, 2001).

Rowley (1998) argues that service quality is an attitude related to, but not the same, as satisfaction. Parasuraman et al., (1985) in their study, proposed that when perceived service quality is high, then it will lead to increase in customer satisfaction. Similar conclusion was reached by Bei and Chiao (2006) and Brady et al., (2005). After conducting a study to establish the relationship between customer satisfaction and service quality, Janet (2011) concluded that a significant relationship between the two existed. All the dimensions of service quality were identified as the key factors in influencing customer satisfaction. The outcome of the study suggested that to improve customer satisfaction, organizations need to improve the dimensions of service quality. Akoko (2012) studied service quality dimensions and customer satisfaction in Kenyan telecommunications industry and established that all the five service quality dimensions had positive impact on customer satisfaction.

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CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

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3.1. Introduction

This chapter covers the practical method to be used in order to answer the research questions and fulfill the purpose of the research will be presented. Also it will provide an overview of the Research approach, population, sample, and participants, research design, sampling method and sample size, data collection method and data analysis method.

3.1.1. Research approach

Descriptive research involves describing a problem, context or a situation. This is a feature of exploratory research as well of course; however descriptive type questions are more structured, and more reliant on prior ideas and methods.

The data obtained in the research was mainly based on primary research data. This is a result of prior research conducted on service quality and its subsequent effect on customer satisfaction. Hence, in order to solve the research problem at hand, the research was relied on primary data sources mainly by the use of questionnaires. This research was somewhat qualitative & quantitative in the sense that we compare factors of service quality together and find top priorities.

3.1.2. Research design

In answering the research objectives, this paper will propose an integrated conceptual framework for measuring customer's perceived service quality. The SERVQUAL framework models and analyzes the customer gap between expected and perceived service quality with respective to established standard by ministry of culture and truism

3.1.3. Population, sample, and participants

All the items under consideration in any field of inquiry constitute a population. Sekeran

(2001) defines a population as "the entire group of people, events, or thing of interest that the researcher wishes to investigate". The target population for the study was customers of the hotel who at least stayed at the hotel for two days. Sekeran, (2001) defines a sample as a portion of the population that has attributes as the entire population. These hotels are star rated by ministry of culture and truism from this star rated hotels the hotels that are three and four stars are selected. As the information provided by Ministry of culture and tourism in

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Addis Ababa there are 43 three and four star hotel in total. Therefore, the sample size of which comprises both star hotels is 43. A convenience sampling method was used, the participants of the study were customers of the hotels of those selected hotels in Addis Ababa.

3.1.4. Data collection method

To measure the guest's evaluation of the services quality of the hotels, a survey was conducted; by using questionnaire. During the research, a list of critical variables that influenced guest's evaluation of services quality was prepared, which is largely based on the SERVQUAL model by Parasuraman, Zeithaml, and Berry (1985). A total of 215 questionnaires were distributed to a sample of 215 respondents

3.1.5. Sampling method and sample size

Customers who have stayed in the hotel for at least two days will be selected as a respondent. Convenience sampling technique will be used in the study. The reason for using convenience sampling is because it is impossible to include every individual and because of their convenient accessibility. From the total number of three and four stared hotels which is 43 a total five guests were randomly selected from each hotel which gives us a total sample of 215?

3.1.6. Data analysis method

The survey was with a descriptive nature and as result its analysis was deploying various relevant techniques like frequency tables, percentage, and Furthermore, statistical instruments regression method was used to test the different marketing variable relationship and the extent effect of one variable to the other, the variables under study are the variables in the SERQUAL model (responsiveness, reliability, tangible, assurance, and empathy). To this effect, Quantitative data collected was then analyzed and interpreted in line with the study objectives through use of statistical package for social sciences (SPSS).
The mathematical expression for the regression model is given as follows:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 +$

Where, Y is the dependent variable representing Customer Satisfaction and X1, X2, X3, X4, X5, X6andX7 are the independent variables representing the 5 service quality dimensions in addition to the five, dimensions two other variables are also included that is, tangibles, reliability, responsiveness, assurance, empathy, respectively. α is a constant

(The intercept of the model) and βis are regression coefficients of X is variables while ε is the error term.

Table 3.1. The variables of the study

VARIABLES	DEFINATION	MEASURMENT
Tangibility	Things like physical facilities, appearance of personnel	Five point Likert scale
Reliability	Involves the consistency of performance and dependability by keeping honesty and accuracy of giving service	Five point Likert scale
Responsiveness	Concerns the willingness or readiness of employees to provide service	Five point Likert scale
Assurance	The knowledge and curtsey of employees as well their ability to	Five point Likert scale
	convey trust and confidence	
Empathy	The provision of carrying customer's attention. Empathy includes approachability, sensibility and effort to understand the customers need	Five point Likert scale

Customer Satisfaction	Customer satisfaction is a result of the purchase of consumer or, using of the goods or services obtained the cost of purchase of the ordinary compared with the expected results.	Five point Likert scale

3.3.7. Ethical consideration

In the country where the importance of research was still unidentified, the researcher suffered to convince the importance of this research to improve their hotels quality. Even in some hotels mangers were not quite positive to handle questionnaires. However, it was research ethics to gather necessary information with patience till the researcher concluded everything that he needs from 215respondents out of which 170 found to be valid. All information gotten from the respondents were treated with confidentiality without disclosure of the respondents' identity. Moreover, no information was modified or changed, hence information gotten was presented as collected and all the literatures collected for the purpose of this study were appreciated in the reference list.

CHAPTER FOUR

4.1. Interpretation and Findings

This chapter covers data analysis, presentation and findings. The main objective of the study was to evaluate the service quality of three and four star hotels in Addis Ababa. This chapter will present the results of survey questionnaires, followed by demographic information using frequencies and percentages in order to simplify the discussions statistical instruments regression method was used to test the different marketing variables relationship and the extent effect of one variable to the other.

4.2. Respondent Rate

The sample size of this study was 215 respondents. Out of those 215 questionnaires filled and returned were 200. After excluding 30 invalid questionnaires a total of 170

questionnaires were accepted for response rate of 79 % Out of the questionnaires distributed 93% of the questionnaires. This reasonable response rate was made a reality after the researcher made personal calls and visits to remind the respondent to fill-in and return the questionnaires. The high response rate of 75% facilitated gathering sufficient data that could be generalized was used to test the service quality of hotels. As cited in Worku's thesis this was in line with Orodho (2009) that a response rate above 50% contributes towards gathering of sufficient data that could be generalized to represent the opinions of respondents about the study problem in the target population. This means that the response rate for this study was excellent and therefore enough for data analysis and interpretation.

4.3. Demographic Characteristics of the Respondents

The samples of this study have been classified according to seven demographic background information collected during the questionnaire survey. The purpose of the demographic analysis in this research is to describe the characteristics of the sample such as the number of respondents' proportion of males and females in the sample, range of age, and academic qualification of the Respondent, employment status, income level, marital status, and frequency of usage. The demographic composition of the respondents is summarized in below.

Table 4.1 Gender of the Respondent

		Frequency	Percent
	Male	93	54.7
	Female	77	45.3
Valid	Total	170	100.0

Source; analysis of survey data 2017, using SPSS20.s

Table 4.1 above shows the distribution of respondents' gender. The table shows that 54.7 % of the respondents were male, while 45.3 % of the respondents were female. This implies that majority of the participants in the research were males.

Table. 4.2 Age of the Respondent

		Frequency	Percent
Valid	21-30	25	14.7
	31-40	57	33.5
	41-50	49	28.8
	Above 50	39	22.9
	Total	170	100.0

Source; analysis of survey data 2017, using SPSS20.s

Table 4.2 shows the age distribution of respondents that participated on the research survey. The table shows that 14.7 % of the respondents were between the ages of 21-30 years, 33.5 % were in the age category 31-40 years, 28.8 % were in the age category of 41-50 years; 22.9 % were in the age category of above 50 years. This implies that majority of the respondents that participated in the research survey were in the age group of 31-40 years.

Table 4.3 Education Level of the Respondents

		Frequency	Percent
Valid	college diploma	6	3.5
	first degree	115	67.6
	masters or PhD	49	28.8
	Total	170	100.0

Source; analysis of survey data 2017, using SPSS20.s

Table 4.3 shows the distribution of respondents' educational qualification. The table shows that 3.5% of the respondents had college diploma, 67.6 % had their first Degree, and 28.8 % had their masters or PHD Degree. This implies that majority of the respondents that participated in the research survey had their first Degree as their educational qualification.

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This could also imply that most people who are visiting the hotels in Addis Ababa have gotten at least their first degrees.

Table 4.4 monthly income level of the respondents

		Frequency	Percent
Valid	1500-2000	21	12.4
	2000-2500	49	28.8
	2500-3000	80	47.1
	Above3000	20	11.8
	Total	170	100.0

Source; analysis of survey data 2017, using SPSS20.s

Table 4.4 shows that the monthly income level of the customers, from the table we can see that 12.4 % of the respondents are between the income level of 1500-2000, 28.8% of the respondents are under the category of 2000-2500, 47.1% of the respondents are under the category of 2500-3000 and 11.8% are under the category of above 3000 this table also implies that the visitors three and four star hotels in Addis Ababa are between the income level of 2500-3000.

Table 4.5 Marital **Status of the Respondents**

		Frequency	Percent
Valid	Married	94	55.3
	Unmarried	33	19.4
	Divorced	34	20.0
	widowed	9	5.3
	Total	170	100.0

Source; analysis of survey data 2017, using SPSS20.s

Table 4.5 shows the marital status of the respondents, the table shows that 55.3% of the respondents are married, 19.4% of the respondents are unmarried, 20% of the respondents were divorced and 5.3% of the respondents were widowed this implies that majority of the respondents were in the marital category of married.

Table 4.6 Occupation of the Respondents

		Frequency	Percent
Valid	government employee	71	41.8
	private work	59	34.7
	Merchant	40	23.5

		Total	170	100.0

Source; analysis of survey data 2017, using SPSS20.s

Table 4.6 shows that the distribution respondents regarding to occupation, the table show that 41.8% are government employees, 34.7 % were engaged in private work man, 23.5 % were merchants. This indicates that most of the respondents were government employees.

Table 4.7. Frequency of Usage of Respondents

		Frequency	Percent
Valid	2 times	23	13.5
	3 times	54	31.8
	4 times	49	28.8
	5 times	30	17.6
	more than 5 times	14	8.2
	Total	170	100.0

Source; analysis of survey data 2017, using SPSS20.s

Table 4.7 shows the frequency usage of the respondents, the table shows that 13.5% of the respondents visited hotels for the second time, 31.8 % of the respondents visited the hotel three times, 28.8 % of the respondents visited the hotel four times, 17.6 % of the respondents visited the hotel 5 times, 8.2% of the respondents visited the hotel more than five times.

4.4. Dimensions of Service Quality

The extent to which the respondents agreed with the given statement concerning different dimension as investigated. Data was analyzed using a likert scale where 1= strongly disagree, 2=

Disagree, 3=Neutral, 4=Agree and 5= Strongly Agree. Data was presented in frequency and percentage table. **4.8. Tangibility**

N o	A. TANGIBILITY							
	Variable		Percentage an d frequenc y					
			1	2		4	5	Total
1	The equipment's are up to date	FRQ	36	66		16	52	170
		%	21.2	38.8		9.4	30.6	100
2	The physical facilities are visually appealing	FRQ	55	45		5	19	170
		%	32.4	26.5		30.6	10.6	100
3	Employees are very well dressed and neat	FRQ	37	55		55	23	170
		%	21.8	32.4		32.4	13.5	100
4	Appearances of physical facilities are kept in line with the service provided.	FRQ	52	76		20	22	170
		%	30.6	44.7		11.8	12.9	100

Source; analysis of survey data 2017, using SPSS20.s

According to the study 60% of the respondents disagreed that the equipment in the hotels that they have stayed in are not up to date and 40 % of the respondents agreed that the equipment in the hotels are up to date which implies that the majority of the respondents reflect that equipment in the hotel are not up to date at the same time the respondents were also asked the extent of their agreement to the statement of physical facilities are visually appealing and 58.9 % of the respondent disagreed to the statement and 41.6 % of the respondents agreed that the physical facilities of the hotel are physically appealing which reflects that the hotels physical appearance is relatively not interesting, the respondents were also asked to replay to the query of Employees are very well dressed and neat and 54.2 % of the respondents disagreed to the statement and 45.9% of the respondents agreed to the above mentioned statement and we can understand that according to the respondents the employees of the hotels are not well dressed and the last question that was presented to the respondents regarding to tangibility aspect was that Appearances of physical facilities are kept in line with the service provided and 75.3 % of the respondent disagreed and 24.7% of the respondents agreed to the statement. Which shows that, majority of the respondents doesn't feel that the service provided is kept in line with the physical facilities. In this variable the conclusion is that the customers do not feel like that the physical facilities of three and four star hotels in Addis Ababa are up to the guest's standard.

4.9. Reliability

	B. RELIABILITY							
	VARIABLE		Percentage and frequency					
N O			1	2	3	4	5	Total

No	Item							
1	Services are provided at the time promised	F R Q	37	29		69	35	170
			21.8	17.1		40.6	20.6	100
2	Employees are sympathetic and reassuring when a problem occurred	F R Q	62	18	21	52	17	170
		%	36.5	10.6	12.4	30.6	10	100
3	The service provided by the Hotel is dependable	F R Q	26	53		53	38	170
		%	15.3	31.2		31.2	22.4	100
4	Services are provided in a timely manner	F R Q	90	20		40	20	170
		%	52.9	11.8		23.5	11.8	100
5	Information is kept in an accurate manner		90	20		37	23	170
			52.9	11.8		21.8	13.5	100

Source; analysis of survey data 2017, using SPSS20.s

According to the study 38.9 % of the respondents disagreed that the service that was provided for them was not at the time promised and 61.2 % of the respondents agreed that the service was provided at the time promised which implies that services are relatively provided at the time of promise, customers were also enquired with the question of Employees are sympathetic and reassuring when a problem occur and 47.1 % of the respondents disagreed to the statement and 12.4% were neutral to the subject and 40.6 % agreed to the statement this implies that the employees of the hotel are not that much responsive when a problem occurred to a certain customer The service provided by the hotel is dependable customers were also asked this question and the 46.5% of the respondents disagreed to the question and 53.5 % agreed to the statement this implies that the majority of the respondents agreed to the service being dependable, respondents were also asked Services are provided in a timely manner and 64.7 % of the respondents disagreed to the statement and 35.3% of the respondents agreed to the question which implies that the customer did not receive the service that they requested at the time that they requested it and the last question that was asked to the respondent regarding the reliability dimension was information is kept in an accurate manner and 64.7% of the respondents disagreed to the statement and 35.3% of the respondents agreed to the statement.

Table 4.10. Responsiveness

N O	VARIABLE		Percentage and frequency					
			1	2	3	4	5	Total
1	Employees are attentive	F R Q	66	42		18	44	170
		%	38.8	24.7		10.6	25.9	100
2	Employees are helpful	F R Q	93	19		38	20	170
		%	54.7	11.2		22.4	11.8	100

#	Statement							
3	Service is prompt	F R Q	20	57		50	43	170
		%	11.8	33.5		29.4	25.3	100
4	Employees understood my need	F R Q	59	99		4	8	170
		%	34.7	58.2		2.4	4.7	100
5	Service is courteous	F R Q	48	33		11	78	170
		%	28.2	19.4		6.5	45.9	100
6	Servers have knowledge about the menu	F R Q	69	26		22	53	170
		%	40.6	15.3		12.9	31.2	100

According to the study majority of the to be specific 63.5% of the respondents disagreed to the statement that employees are attentive and 36.5% of the respondent agreed to the statement, Respondents were also asked Employees are helpful and 65.9 % of the respondents disagreed that the employees are helpful and 34.2% of the respondents agreed to the statement. The third question that was asked to the respondents regarding the responsiveness was Employees if Service was prompt and 45.3 % of the respondents replayed by disagreeing to the statement and 54.7 % of the respondents agreed to the statement that the service is quick which implies that majority of the respondents were happy with the service. Employees understood my need this was the question that was provided to the respondents and 92.9% of the respondents disagreed and 7.1 %of the respondents agreed to the statement, Service is courteous 47.6 % of the respondents disagreed that the employees are courteous and 52.4 % of the respondents agreed to the statement. The last question that was asked to the respondents 55.9 % of the respondents disagreed, 44.1 % agreed to the statement which implies that the majority of the respondent agreed that the servers are well aware about the menu. In general, the hotels in Addis Ababa lack an attentiveness to the customer's request

Table 4.11. Assurance

N O	D. ASSURANCE							
	VARIABLE		Percentage and frequency					
			1	2	3	4	5	Total
1	The employees are trust worthy	F R Q	5	40	14	71	40	170
		%	2.9	23.5	8.2	41.8	23.5	100
2	I feel very safe with the transaction I exchange with the employees of the hotel.	F R Q	31	41		49	49	170
		%	18.2	24.1		28.8	28.8	100

3	employees are polite	F R Q	3	9		120	38	170
		%	1.8	5.3		70.6	22.4	100
4	Employees are supported adequately to perform their job well	F R Q	13	20	74	25	38	170
		%	7.6	11.8	43.5	14.7	22.4	100

In the above table respondent were provided with four different questions and the responses of the customer is as below According to the study 26.4% of the respondents disagreed that the employees are trust worthy and 8.2 % of the respondents were neutral to the subject and 65.3% of the respondents agreed to the statement. The second question that was presented to the respondents was I feel very safe with the transaction I exchange with the employees of the hotel and 57.6 % of the respondent agreed with the statements and 42.3 % of the respondents disagreed this shows that the customers are comfortable with the transaction they have done with the hotel that they have stayed in and the customers were also asked employees are polite and majority 93 % to be specific of the respondents agreed that the employees of the hotel a very polite and the rest of the respondents disagreed to the statement the last question regarding the assurance was Employees are supported adequately to perform their job well. Majority of the respondent43.5% to be specific replayed the questionnaire with neutral to the subject matter and 19.4% of the respondents disagreed and 37.1% of the respondents agreed to the statement. In this variable the customers agreed to most of the questions this shows that the customers felt very comfortable with the transactions and the employees. **Table 4.12. Empathy**

N O	E. EMPATHY		
			Percentage and frequency

			1	2	3	4	5	Total
1	Customers are provided a special care at the hotel	FRQ	18	60		69	23	170
		%	10.6	35.3		40.6	13.5	100
2	Employees give special attention to	Q	20	12		52	86	170
		%	11.8	7.1		30.6	50.6	100

	their customers							
3	Employees understand my need	FRQ	14	59		85	12	170
			8.2	34.7		50	7.1	100
4	Employees have customers best interest at heart		12	53		71	34	170
			7.1	31.2		41.8	20	100
5	The operating hours are convenient for customers		32	23		84	31	170
			18.8	13.5		49.4	18.2	100

In the above table respondent were provided with five different questions and the responses of the customer is as below. The first question that the customer was asked is

Customers are provided a special care at the hotel and 45.9 % of the respondents disagreed and 54.1 % of the respondent agreed to the statement the second question was Employees give special attention to their customers and 18.9 % disagreed and 81.2 % respondents agreed to the statement. The other question that was presented was Employees understand my need 42.9 % of the respondents disagreed and 57.1 % of the respondents agreed to the statement   the customer was also asked if Employees have customers best interest at heart 38.3% the respondents disagreed and 61.8% agreed to the statement the and the last question that was presented to the customer regarding the assurance dimension was the operating hours are convenient for customers and 32.3% of the respondents of the customer disagreed and the remaining 67.6% of the respondents agreed to the statement.

In this dimension the customers' response was positive which shows that the customers received that the employees of the hotel gave them a very good care and attention.

4.5. LEVEL OF SATISFACTION

Table 4.13. LEVEL OF SATISFACTION (A)

NO	VARIABLE		1	2	3	4	5	Total
1	In most ways the service level of the hotels is close to my expectations	FRQ	17	84		30	39	170
		%	10	49.4		17.6	22.9	100
2	The service conditions of	FRQ	50	47	7	37	29	170

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#	Question							
	the hotels are excellent	%	29.4	27.6	4.1	21.8	17.1	100
3	I am satisfied with the services of the hotels	FRQ	37	40	18	41	34	170
		%	21.8	23.5		24.1	20	100
4	So far I have gotten the important services I want in all my visits to this hotel	FRQ	27	34		50	51	170
		%	15.9	20		29.4	30	100
5	In most ways the service level of the hotels is less than my expectations	FRQ	28	48		52	42	170
		%	16.5	28.2		30.6	24.7	100

In the above table the respondents were provided with different questions regarding the level of service satisfaction that they received from the hotel, the table comprised five different questions and the responses of the customer is stated as follow. According to the study the respondents response to the question of in most ways the service level of the hotels is close to my expectations was 49.4 % of the respondents by disagreeing and 40 % of the respondents agreed to the statement the next question that was asked to respondents was the service conditions of the hotels are excellent and 62.9 % of the respondents disagreed to the statement and 4.1 % of the responded by saying that they are neutral to the statement and the remaining 33 % of the respondent agreed to the statement, the other question was I am satisfied with the services of the hotels , and from the general sample size 51.1% of the respondents disagreed and 4.7 % of the respondents were neutral to the subject and the remaining 44.01 % of the respondents agreed to the statement. So far I have gotten the important services I want in all my visits to this hotel was the fourth question that was asked to the customers of the hotel and with this regard 60 % of the respondents disagreed that they

have gotten the important service that they were looking for and 40 % of respondents agreed to the statement the last question that was presented to the respondent was In most ways the service level of the hotels is less than my expectations and the respondents response was 55.3% agreement and 44.7 disagreement. To the question that were asked regarding their satisfaction level most of the customers replied by disagreeing to the items which shows the customer are not generally satisfied with the hotels.

4.6. Factor analysis and reliability test

For each dimension reliability of the variables test was run that is in order to measure of internal consistency of each dimension that is how closely set of items are related as a group. A reliability coefficient of 0.70 or higher is considered as acceptable. In the below tables all the dimensions of SURVQUAL were run through this test and the result is presented as follow.

TABLE 3.2. The reliability test of the variables

DIMENSION	NO OF ITEMS	CRONBACH'S ALPHA
TANGIBLITY	4	.967
RELIABLITY	5	.971
RESPONSIVENESS	6	.961
EMPATHY	5	.965
ASSURANCE	4	.929

Source; analysis of survey data 2017, using SPSS20

4.7. Factors influencing customer satisfaction

Regression analysis was used to test the factors influencing the customer satisfaction for hotel customers. The coefficient in the below table show how the independent variables affect the dependent variable. In this paper case the independent variables are tangibility, reliability, responsiveness, assurance and empathy and the dependent variable is satisfaction, when we see significance, effect and relationship between the dependent and independent variable one at a time.

As shown in Table 4.20, all the five independent variables tested in this study, Tangibility (B=105, p<0.01), Reliability (B=201, p<0.01) Responsiveness (B=0.430, p<0.01), Assurance (B=0.272, p<0.01) and Empathy (B=0.268, p<0.01), are statistically significant. To this respect, there is a positive relationship between the five variables and the dependent variable customer satisfaction.

The variables tangibility (B=0.042, p > 0.05) and reliability (B=0.038, p > 0.05) are not

	Unstandardized Coefficients(B)	Std. Error	Standardized Coefficients (Beta)	T-value	sig	P value
(Constant)	-.253	.045		-5.673	.000	<.01
Tangibility	.105	.013	.084	8.044	.000	<.01
Reliability	.201	.062	.204	3.212	.000	<.01
Responsiveness	.430	.056	.432	7.632	.000	<.01
Assurance	.272	.037	.208	7.365	.000	<.01
Empathy	.268	.031	.233	8.550	.000	<.01
F statistics	(7, 169)= 3784.808			0.000	.000	<.01

found to influence customer satisfaction in this study. This dimension comprises of equipment's were up to date, if physical facilities were visually appealing. This might be because the equipment used by the hotels in Ethiopia might not be updated (tangibility) as compared with the other International hotels in other parts of the world. The variable reliability is not also significant in this study. This might imply that services are not provided at the time as promised by the hotels operating in Addis Ababa. The customers feel like the tangible aspect of the hotel is low and improvements at the level service quality delivered by the hotels is needed. Such improvements in the level of service quality delivery will lead to a better service quality level and higher customer satisfaction.

TABLE 4.14 COEFFICIENT OF THE SERVICE QUALITY DIMENSION

The regression result showed Tangibility has a significant and positive effect on customer satisfaction (With B=105, p<0.01), this dimension comprises of equipment's were up to

date, if physical facilities were visually appealing, Employees are very well Dressed And neat Appearances of physical facilities are kept in line with the service provided, the study presented that tangibility the level of service quality that the customer receives. As the study shows customer satisfaction as well as level of service quality can be improved by improving the level of tangibility of the hotels.

Reliability also has a significant and positive effect on customer satisfaction (with B=201, p<0.01) this dimension comprises if Services are provided at the time promised, if employees are sympathetic and reassuring when a problem occurred, if the service provided by the hotel is dependable Services are provided in a timely manner, If information is kept in an accurate Manner. The study presented that reliability affects the level of service quality that the customer receives. As the study shows customer satisfaction as well as level of service quality can be improved by improving the level of reliability of the hotels.

Responsiveness has a significant and positive effect on customer satisfaction (with B=0.430, p<0.01). This dimension comprises employees are attentive, If employees were helpful, If Service were prompt, if employees understood their needs, if service was courteous, If Servers has knowledge about the menu. The study presented that the responsiveness affects the level of service quality that the customer receives. As the study shows customer satisfaction as well as level of service quality can be improved by improving the level of employee responsiveness.

The regression result shows that assurance is also a significant predicator of customer satisfaction (with B=0.272, p<0.01). This dimension includes, if the employees are trust worthy, if they feel very safe with the transaction they exchange with the employees of the hotel, if employees were polite, if employees were supported adequately to perform their job well. The result shows that the assurance aspect of service quality affects both the level of service quality that the customers receive and affects the level of satisfaction that they receive. Therefore, an improvement is required; such improvements in the level of service quality delivery will lead to a better service quality level and higher customer satisfaction

The regression result shows that empathy is also a significant predicator of customer satisfaction (with B=0.268, p<0.01). This dimension comprises, if Customers were provided a special care at the hotel, if employees gave special attention to their customers, if employees understand their needs, if employees have customers' best interest at heart, the operating hours are convenient for customers and the study rivals that empathy affects the level of customer satisfaction received by

the customers. Therefore an improvement is required, such improvements in the level of service quality delivery will lead to a better service quality level and higher customer satisfaction.

The level of the customer satisfaction is shown on the above Figure 4.1. The figure shows that from the general sampled respondents, 30 of the customers are highly dissatisfied, 64 dissatisfied, 4 customer neutral, 41 customers satisfied and 31 highly satisfied. Which shows that from the overall level of satisfaction, the customers of the hotels are not satisfied with the hotels current service quality. From all the variables that are under the dimensions the customers responded by majority disagreement to three of the dimensions and by positive response to the other two variables. For a certain service quality level to be complete it have incorporate all the variables under the SURVQUAL dimension but according to the analysis

4.7. The Overall Level of Customer Satisfaction

Figure 4.1. Overall level of customer satisfaction

only assurance and empathy received a positive reaction which is understandable because our country is well known for its great manner, respect and hospitality but when we see the rest meaning tangibility, reliability and responsiveness the reaction was negative which shows our hotels have a lot to work on because this factors are very important which will greatly affect the customers satisfaction level and this factors are the first factors that will invite the customers for a stay in the hotels the other two factors are the factors that will come after the customers decided to stay in those hotels.

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CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1. Summary

In this research the level of customer' satisfaction with the different qualitative dimensions presenting the theoretical model was evaluated. The study aimed to respond to the proposed research questions. These are asses the current service quality delivered by the hotels, factors influencing the customer satisfaction and evaluate the overall customer satisfaction.

   Primary data were collected from Customers of the hotels who have stayed at the hotels room as a guest for more than two days and it was conducted through questionnaire. The analysis was done using Statistical Package for Social Science (SPSS: Version20.0) in order to put each result by percentage, frequency, and judge the major findings and recommend it. The researcher used qualitative research approach in order to analyze the data gathered for further findings. To undertake this research, descriptive study was conducted by using Random sampling method for primary data which are used to investigate all necessary information and in order to know the major findings.

5.2. Conclusion

➢ While evaluating the impact of these five dimensions (SURVQUAL MODEL) on customer satisfaction using frequency and percent table, likert scale the majority of these respondents responded by disagreeing to almost all the questions under these dimension which shows customers are not getting the service which is in line with their expectation but the respondents also gave their agreement for some of variables but only the majority of the responses can be generalized. All of the dimensions considered in the study exhibited a positive relationship with customer satisfaction, indicating an expected change in the same direction.

➢ From the analysis with the use of regression we can understand that all the dimensions are important factors which have a positive relation with customer satisfaction in the hotels. Therefore, all the dimension under the model are factors that affects the service quality level delivered by the hotels customers as well as customer satisfaction level.

➢ For a certain service quality level to be complete it have incorporate all the variables under the SURVQUAL dimension but according to the analysis only assurance and empathy received a positive reaction which is understandable since our country is well known for

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its great manner, respect and hospitality but when we see the rest meaning tangibility, reliability and responsiveness the feedback was negative which shows our hotels have a lot to work on because this factors are very important which will greatly affect the customers satisfaction level and this factors are the first factors that will invite the customers for a stay in the hotels the other two factors are the factors that will come after the customers decided to stay in those hotels.

➢ Generally, according to the statistical analysis done on SPSS with the questionnaire that was distributed to the customers the level of customer satisfaction that is currently being delivered is less than it should be or less than the customer expectation.

5.2. Limitations and Directions for Future Researches

There are several limitations to this study. Firstly, it only covers hotels in Addis Ababa and very limited number of customers forms those hotels. Secondly, it is only limited to three and four star hotels. Thirdly, the sample size of 215 no way be considered representative of the all the hotels fourthly the use of convenience sampling does stand the risk of bringing in a certain element of unfairness. Thus there is a definite scope for a more comprehensive study using a more elaborate instrument and covering a larger sample size across sector of the hotels Addis Ababa and towns across Ethiopia

5.3. Recommendation

According to the study the below recommendation has been recommended

➢ Hotels are customer oriented organizations, so top management should employ/hire potential, self-motivated, enthusiastic employees who are capable to deal with customer and solve customer complaints and other issues in an effective manner.

➢ Quality customer service means different things to different people. We cannot assume everyone of employee understands how to provide "quality" customer service the way trainer or executives or human resource intend it to be. It is their responsibility to teach front-line staffs and all customer service providers' quality customer service's standards. Therefore training the staff to keep and advance their interactivity, sociability, be politer,

Helpful and develop employees that are more active to understand and deliver a service that the customers are asking for. As long as they train employees, their employee would change their attitude toward service quality and would be motivated. Therefore, to keep up 100% of service quality, to reduce turnover rate, and to increase revenue through returning business, hospitality industry should train their employees effectively and continually and should place higher emphasis on the dimensions of service quality tangibility, reliability, responsiveness, assurance, empathy and age group of the customer.

➢ In this dynamic market customer need and want changes quickly so in order for the hotels to keep up with changing environment they should do their own research on service quality so they can figure out the thing they are doing wrong and change accordingly.

➢ Work on all the dimensions that were considered on this study because almost all the factors received a negative reaction from the customer and this reaction influenced the customer's level of satisfaction.

➢ In order to change the current level of customer satisfaction the hotels should be able to upgrade the way they work, stay up to date and keep the service quality level that is currently being delivered to the international level. As we know service are personalized we can't give the standard service to every guest, Keep updating their equipment to the last available, Upgrade the physical facilities change the way their employees are dressed, keep the service they are providing to the customer in line with the service that is expected from the hotel Try to deliver service at the time of promise, be more comforting and provide a service that is more reliable to the customer, try to get the insight of the customers need and give a personalized service to each customer.

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ST. MARY UNIVERSITY

POST GRADUATE STUDIES

Dear Sir/Madam

I invite you to participate in a research study entitled (service quality of three and four stared hotels in Addis Ababa. I am currently enrolled in the master's program at St. Mary University, and am in the process of writing my final paper. The purpose of the research is to determine the service quality level that is provided by the three and four star hotels

The enclosed questionnaire has been designed to collect information on the quality of the service provided by the hotels your participation in this research project is completely voluntary. Your responses will remain confidential and anonymous. Data from this research will be kept under lock and key and reported only as a collective combined total. No one other than the researchers will know your individual answers to this questionnaire. If you agree to participate in this project, please answer the questions on the questionnaire as best you can. Thank you for your assistance and your time.

Part one: Service quality: The following questions are related to the quality of services delivered by the Hotels.

PART ONE; - GENERAL INFORMATION /DEMOGRAPHIC QUESTIONS

1. Gender   A. Male ☐   B. Female ☐

2. Age   A. Under 20 years ☐   C. 31-40 years ☐

    B. 21-30 years ☐   D. 41-50 years ☐

3. Educational level   A. Below high school ☐   B. high school completed ☐
    C. certificate ☐   D. college diploma ☐

    E. First degree ☐   F. Masters or   PhD ☐

4. Monthly income   A. Below 1000 ☐   B. 1000-1500 ☐

C. 2500-3000   D.1500-2000

E. Above 3000

5. Marital status   A. married ☐   B. Unmarried ☐

C. Divorced ☐   D. Widowed ☐

6. Occupation   A. government ☐   employee ☐

C. merchant ☐   ☐

B. private work   D. student

7. Frequency of usage   A. 2 times ☐   C. 3 times ☐

B. 3 times ☐   D. 4 ☐ times

E. 5 times ☐   ☐ F.More than 5

PART TWO; -SERVICE QUALITY RELATED QUSTIONS

The below listed questions have five choices every choice have been listed as it can be seen below. Please tick on the box of your response

TANGIBILITY	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)
1.The equipment's are up to date					
2.The physical facilities are visually appealing					
3. Employees are very well dressed and neat					
4.Appearances of physical facilities are kept in line with the service provided					
RELIABILITY					
6.Services are provided at the time promised					

7. Employees are sympathet ic and reassuring when a problem occurred					
8. The service provided by the hotel is dependabl e					
9. Services are provided in a timely					
10. Informati on is kept in an accurate manner					
RESPONSIV ENESS					

11. Employees are attentive				
12. Employees are helpful				

13. Service is prompt				
14. Employees understood my need				
15. Service is courteous				
16. Servers has knowledge about the menu				
ASSURANCE				
17. The employees are trust worthy				

18. I feel very safe with the transaction I exchange with the employees of the hotel					
19. employees are polite					
20. Employees are supported					
adequately to perform their job well					
EMPATHY					
21. Customers are provided a special care at the hotel					
22.Employee s give special attention to their customers					

23. Employee s understan d my need					
24. Employee s have customers best interest at heart					
25. The operating hours are					

convenien t for customers					

Part Three: Service satisfaction: The following questions are related to the level of your satisfaction on the services of Hotels.

Items	Strongly agree (5)	Agr ee (4)	Neut ral (3)	Disa gree (2)	Strongly disagree (1)

In most ways the service level of the hotels is close to my expectations					
The service conditions of the hotels are excellent					
Iam satisfied					
with the services of the hotels					
So far I have gotten the important services I want in all my visits to this hotel					

In most ways the service level of the hotels is less than my expectations					

Thank you for your kind cooperation in filling this form.