

Effects of service quality on customer satisfaction in 4 & 5 star hotels in Nairobi, Kenya

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Abstract: The purpose of this study was to examine effects of service quality on customer satisfaction in selected four- and five- star hotels in Nairobi. The study was guided by the following objectives: to analyze the composite elements of service quality; and to assess the effects of service quality on customer satisfaction. The research hypothesis was: There is no significant relationship between service quality and customer satisfaction. A survey of 72 customers was conducted in selected 4- and 5- star hotels in Nairobi. Data was collected using self-administered Questionnaires. The Chi-square results indicated that P-value was 0.018 while Beta value was 0.517. The results showed that there was a significant relationship between service quality performance measurements and customer satisfaction because P-value was less than 0.05. The beta value of 0.517 shows that the model accounted for 51.7 percent of the likelihood of service quality performance influencing customer satisfaction. This implies that, increasing a rating of service quality performance composite by 1 point leads to increase of customer satisfaction by 51.7 percent. Further, in assessing the level of customer satisfaction against service delivery, it was found that 49.4 percent of the customers were very satisfied, 38.3 percent were satisfied while 12.3 percent were not satisfied with the level of service provided in 4 and 5 star hotels. It was evident that many of the customers had an experience with the service providers. The service quality indicators formed the basis for the dependent variables which depicted a linear relationship with customer satisfaction. The recommendation emanating from this study is that hotel managers should endeavour to understand what customers expect during service encounter and what features are needed to deliver high quality services. They should also efficiently address the service-performance gap by ensuring that they understand what need to be delivered and appropriate specifications developed for employees to deliver superior services by coming up with appropriate hotel policies and embracing best practices.

Keywords: service quality; customer satisfaction; service delivery; service quality indicators.

1. INTRODUCTION

The SERVQUAL model is universally used for analyzing differences between expectations and management perceptions, as expressed through satisfaction gap (Zeithaml, et al 2006). Products that predominantly consist of service should be viewed in a structured and integrated way using a framework, gaps model of service quality. In the gaps model, five gaps should be addressed in order to ensure an impeccable service quality offering. The first gap is often referred to as customer gap, which is the difference between the customer's expectation and perception of service. The other four gaps are referred to as the provider gaps; all being gaps that occur within the organization providing the service (Zeithaml, et al 2006).

Antreas (1997) found that service provider perceptions about customer satisfaction are a function of perceived service quality. Perceived quality is considered an antecedent of customer satisfaction (Woodside et al., 1989; Reidenbach &

Sandifer-Smallwood, 1990; Cronin & Taylor, 1992; Fornell, 1992; Anderson & Sullivan, 1993; Gotlieb et al., 1994; Spreng & Mackoy, 1996). It indicates that the quality of service measured by the SERVQUAL variables may lead to customer satisfaction. A vast number of specific constructs have been used in conceptual discussions and empirical examinations of customer satisfaction, yet they seem to have at least one thing in common; that there was a relationship between service quality and customer satisfaction (Soderlund, 2005). In addition, (Mittal & Lassar, 1998; and Elnan & Andersen, 1999) proved a positive relationship between service quality and customer satisfaction. A recent study by Ojo (2010) showed that a positive relationship exists between service quality and customer satisfaction. The same relationship is also demonstrated by Oyeniyi & Abiodun (2008). Fornell, et al (1996) argued that perceived quality, which had been explained as the served market’s evaluation of recent consumption experiences, would have a direct and positive impact on overall customer satisfaction. The American Customer Satisfaction Index (ACSI) concluded that the overall customer satisfaction has three antecedents, namely: perceived service quality, perceived value and customer expectation (Fornell, 1996).

A high quality service is one where the customer’s perceptions meet or exceed their expectation. Quality exists when expectations match perceptions. However when there is a discrepancy between expectations and perceptions quality gaps exists. The perceived service quality should consist of reliability, assurance, tangibility, responsiveness and empathy. Performance gap may be largely a reflection of inadequate service quality and may be expressed through dissatisfaction (Stevenson, 2002).

Pizam and Ellis (1999) agreed with this service quality assessment framework, but redesigned it to reflect a specific focus on a hotel business. Similar studies of service quality management using the gaps models and especially with reference to hotels have been carried out (Parasuraman, 2004; Gabbie & O’ Neill, 1997; Tsang & Qu, 2000). Achieving quality and service excellence in a competitive international environment is increasingly important. It is widely acknowledged that destinations should develop high quality products as a competitive strategy, by embracing service quality (Keller, 1996).

Customer satisfaction is often used as an indicator of whether customers will return to a hotel or destination. While there is no guarantee of a satisfied customer’s repeat visit, it is nearly certain that a dissatisfied customer will not return. An analysis of the element or attributes of customer satisfaction should provide clues regarding what action a hotelier should do to increase the likelihood that customers are satisfied and willing to come back (Domingo, 2002). When tourists’ expectations are met and exceeded by the hospitality and tourism operations, one can expect repeat business and positive word-of mouth advertising (Domingo, 2002). This is possible by building strong brand image which is largely tied to service quality performance (Keller, 1993).

According to W.T.O, (1997) quality exists when expectations match perceptions. However, when expectations do not match perceptions, then quality gaps exists. Customers are well placed to comment on quality gaps in their capacity as recipient of the service during service encounter. The interface between service quality and customer satisfaction is illustrated in Figure 1.0

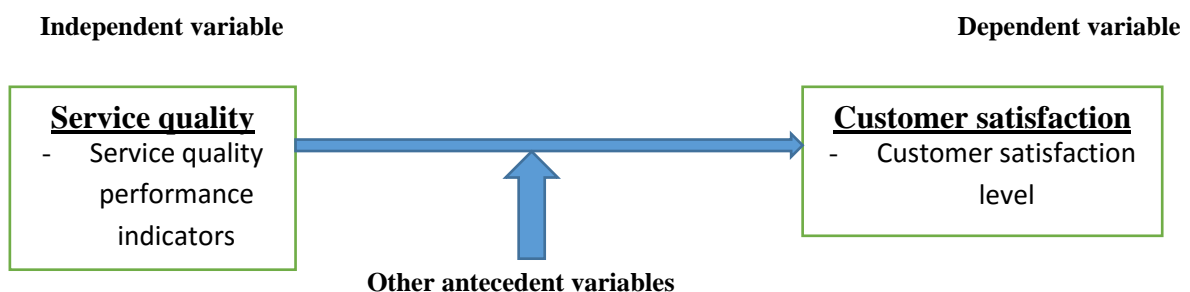


Fig.1: Relationship between service quality and customer satisfaction. Source: Wang’ombe (2016)

According to Figure 1.0, the model denotes that there is a relationship between service quality and customer satisfaction. This study defined service quality as the independent variable while customer satisfaction is the dependent variable. Service quality was expressed through service quality performance indicators while customer satisfaction was expressed through customer satisfaction level. Service quality performance indicators include variables such as ability to communicate skillfully, courteous and friendly behaviour, technical competency and ability to solve problems among

others. Customer satisfaction level comprises; satisfaction or dissatisfaction. However, it is imperative to note that other antecedent variables also play an important role during service encounter.

2. PROBLEM STATEMENT

Understanding customers' expectation is crucial in service industry such as hospitality. Managers should endeavour to carry out initial market surveys to find out what the market needs are. This should also give an insight on the market characteristics. However, when hospitality executives fail to understand what consumers expect in a service and which features are needed to deliver high quality service, a mismatch between consumer expectations and performance perception exist as expressed through satisfaction level. Such a service quality gap is not ideal for a hospitality establishment. This may also be a reflection of satisfaction gaps among customers. As Yasim and Zimmerer (1995) noted, there is a need to match customers' requirements with the hotel service quality, as customer satisfaction today has a very close link with service quality (Danaher & Mattson, 1994).

The purpose of this study was to examine effects of service quality on customer satisfaction in selected four- and five- star hotels in Nairobi. The study provided vital information that would lead to more focused service quality for more effective service delivery with an intention of achieving high quality service. The study was guided by the following objectives:

1. To analyze the composite elements comprising the service quality performance indicators
2. To assess the effects of service quality on customer satisfaction in 4 and 5 star hotels.

The following research hypothesis was formulated

Ho-1: There is no significant relationship between service quality and customer satisfaction

3. METHODOLOGY

A survey of 72 customers was conducted in selected 4- and 5- star hotels in Nairobi. Customers consisted both domestic and international tourists. Data was collected using self-administered Questionnaires. The Questionnaires were formulated and comprised two sections. Section A covered demographic information while Section B covered service quality and customer satisfaction indicators. Service quality and customer satisfaction were rated on a four-point scale ranging from; excellent (4), good (3), average (2) to below average (1).

4. RESULTS AND DISCUSSIONS

Demographic characteristics of the respondents:

The distribution of respondents by gender was 57 percent males while 43 percent were females. 61 percent were domestic travelers while 39 percent were international travelers. Respondents aged 50 years had 34 percent which was the highest, followed by 31-40 years comprising 20 percent while 18-30 and 41-50 years had the same percentage of 23 percent each. Distribution by marital status showed that majority of the respondents were married comprising 67 percent, single were 27 percent and 6 percent were either divorced or widowed. The level of education of the respondents ranged from University degree to primary school certificate. Those with college certificate had the highest percentage of 54 percent while the least qualifications had primary school certificate at 3 percent. Those with secondary school certificate had 5 percent while those with University degree had 38 percent.

Effects of service quality on Customers satisfaction:

In assessing the level of customer satisfaction against service delivery, it was found that 49.4 percent of the customers were very satisfied, 38.3 percent were satisfied while 12.3 percent were not satisfied with the level of service provided in 4 and 5 star hotels. It was evident that many of the customers had an experience with the service providers.

The most practical way to measure service quality is by incorporating service quality performance indicators. These indicators are strong tenets for perceived service quality experienced by customers during the 'moment of truth' or service encounter. For this study, service quality performance indicators were developed and cross-tabulated against customer satisfaction as follows (Table 1.0).

Table.1: A cross-tabulation on service quality and customer satisfaction

Service quality performance indicators	N	Minimum	Maximum	Mean	Std. Deviation
Ability to communicate	72	2.00	4.00	3.3889	.5453
Technical competency	72	2.00	4.00	3.1944	.5474
Courteous	72	2.00	4.00	3.2917	.5422
Solve problems	72	2.00	4.00	3.2083	.5551
Effectiveness	72	2.00	4.00	3.1528	.5216
Personal ethics	72	2.00	4.00	3.1111	.5705
Timeliness	72	2.00	4.00	3.1806	.5393
Guest expectation	72	2.00	4.00	3.2083	.5551
Decisions	72	2.00	4.00	3.0972	.6316
Valid N	72				

The service quality indicators formed the basis for the dependent variables. The variables tested were: ability to communicate skillfully, technical competency, courteous and friendly behaviour, ability to solve problems, ability to deal effectively with customers, personal ethics, efficient use of time, ability to meet guest expectation in terms of articulated services and ability to make quick and appropriate decisions. Table 1.0 indicated a linear relationship between service quality and customer satisfaction. The ability to communicate had the highest mean of 3.3889 and ability to make quick decisions had the lowest mean of 3.0972. All the other indicators also demonstrated a strong relationship between service quality and customer satisfaction. These findings were also emphasized by the standard deviation analysis which indicated a close range between the service quality, customer's perception and expectation.

Customer satisfaction was only possible to be measured through performance during delivery of service. This implies that when guests visit hotels or destinations the service provider should meet and exceed their expectations. The hotel managers should understand the potential problem related to service quality which may be exhibited during service encounter. In this regard they should know what customers expect in a service and what features are required to deliver high quality service. In addition to this they should not just know what their customers want but also be willing to develop systems that will deliver such, for instance commitment to service quality, adequate task standardization and goal setting that are accepted by service provider (Sundaram, et al 1997). This would be possible by carrying out initial studies to find out what their market wants due to its dynamic.

Kotler (2006) supports these findings in that customer satisfaction depends on the product's performance suitability relative to expectations. He further noted that when performance exceeds expectations, the customer is highly satisfied leading to loyalty. Customer loyalty measures how likely customers are to return and their willingness to perform partner shopping activities for the industry. Happy customers tell 4 to 5 others of their positive experience and dissatisfied customers tell 9 to 12 how bad it was (Kotler, 2006). Hence, to win in today's market place destinations

Should be customer centred, and deliver superior value to their target customer. The service offered in star rated hotels in Kenya should also match guest expectation. (Murphy, 2000). A destination can often enhance its competitiveness by undertaking activities that have a beneficial impact on its customer's value chain (Cooper et al, 2005).

Customer satisfaction is often used as an indicator of whether customers will return to a hotel or destination. While there is no guarantee of a satisfied customer's repeat visit, it is nearly certain that a dissatisfied customer will not return. An analysis of the element or attributes of customer satisfaction should provide clues regarding what action an employer should do to increase the likelihood that customers are satisfied and will come back (Domingo, 2002).

Ho-1: There is no significant relationship between service quality and customer satisfaction:

Chi-square tests were used to determine the relationship between service quality and customer satisfaction. The P-value was 0.018 while Beta value was 0.517 as illustrated hereby (Table 2.0).

Table 2.0: Coefficients: Service quality performance and customer satisfaction.						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	0.797	0.146		8.387	0.001
	Service quality performance	0.518	0.0093	0.517	5.549	0.018
a) Dependent Variable: customer satisfaction						
Table 2.0: Coefficients: Service quality performance and customer satisfaction.						
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	0.797	0.146		8.387	0.001
	Service quality performance	0.518	0.0093	0.517	5.549	0.018
a) Dependent Variable: customer satisfaction						

The results showed that there was a significant relationship between service quality performance measurements and customer satisfaction because P-value was less than 0.05. The beta value of 0.517 shows that the model accounted for 51.7 percent of the likelihood of service quality performance influencing customer satisfaction. The results indicated a close correlation between these variables. In support of these finding Keller (1996) reported that achieving service quality and service excellence in a competitive international environment is increasingly important. This is due to the fact that, nowadays tourists are becoming more experiential and personal in their holiday choice (Maingi, 2012). It is widely acknowledged that destinations, which will be best placed to develop high quality products as a competitive strategy, usually embrace this concept.

These findings were further supported by Domingo, (2002) who emphasized at the performer of the task for solutions to service problems. This indicated that the service sector would be inefficient and unsatisfying if it fails to embrace the concept of service quality which significantly influences customer satisfaction. Thus the null hypothesis stating that there was no relationship between job performance and customer satisfaction was rejecting.

5. CONCLUSION AND RECOMMENDATIONS

Conclusion:

In assessing the level of customer satisfaction against service delivery, it was found that 49.4 percent of the customers were very satisfied, 38.3 percent were satisfied while 12.3 percent were not satisfied with the level of service provided in 4 and 5 star hotels. Therefore for the industry to have an edge, service quality should be considered a key component for effective delivery of service and the subsequent customer satisfaction. In conclusion the null hypothesis in this study was tested and rejected.

Recommendation:

Based on the findings of this study, the following recommendation was derived:

Hotel executives should address the service-performance gap by ensuring that managers understands what need to be delivered and appropriate specifications have been developed for employees to deliver superior service. Further, hotel policies should be streamlined to ensure that establishments deliver what they promise consistently.

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