

**MANAGERS PERCEPTION OF CUSTOMER EXPECTATION AND
PERCEIVED SERVICE QUALITY: CASE OF HOTEL INDUSTRY**

BY

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DECLARATION

This management project is my original work and has not been presented for a degree in any other University

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DEDICATION

I dedicate this work to my loving husband Titus, my daughter Alvita and my son Tivardar. You are such an inspiration and the reason behind this success. To my Dad, for his strong spirit of hard work and passion for education. God bless you.

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Special thanks to the Almighty God for his enabling power and unmerited grace that has carried me through. You are the reason I have come this far.

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I thank the Ministry of Tourism, Management of the 5 star hotels who assisted me willingly with the data collection process. Thank you for the kind gesture.

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May the Almighty God bless you. To God be the Glory.

ABSTRACT

During the past decades, service sector has been known as an important player in the world economy. Considering the significant role of services in the hospitality industry, this research assesses the service quality gaps based on customer expectations and managers perceptions in a five-star hotels in Nairobi. For this purpose, service quality gaps have been measured and studied through analysis based on a comprehensive set of service quality dimensions.

Five star hotels mainly owned by private stakeholders in Kenya play a vital role in the development of hotel and Tourism industry hence requires high level of operational service quality is expected.

The researcher examined the SERVQUAL model as developed by Parasuraman, Zeithaml and Berry in 1985 (Figure 3, page 17). The conceptual framework they developed helped to elucidate the various gaps that can exist in the service delivery process. GAP 1, which is the gap between management's perception and expected service quality, was the main theme of interest in this research as detailed in dimensions of services (Figure 1, page 11). This gap results when there is a discrepancy between what management perceives to be the customers' expectations and the actual established service quality specifications.

The research was conducted by collection of primary data from Managers and customers of 5 Star Hotels in Nairobi as per (Appendix 1) using a survey research design. A convenient sample size of 40 managers and 80 guests was considered. A questionnaire

based on service dimensions framed into questions on a five-point Likert scale was used to collect data, from which findings were made.

Data analysis using descriptive statistics that involved use of frequency tables, mean and standard deviation were used. The SERVQUAL model was used to analyze customer expectations, their perceptions on the quality of service and the gap between the managers' and customers' perception of the service quality. It was established that managers have a good idea of what customers expect in terms of service quality, however, this study established that there are gaps in service delivery. The largest gap emerged in the empathy dimension which had the highest overall service gap score of -0.83 and the highest standard deviation overall score of 0.1585.

From the findings it is evident that the manager's perception of service quality dimensions is not matching to the customer expectations. In all the dimensions, managers have fallen short of the customer's expectation by a mean range of -0.29 to -0.83 and with a standard deviation range of -0.0059 to 0.1585. Therefore the findings suggest that guests have generally a high expectation on the quality of service that they receive.

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CHAPTER ONE: INTRODUCTION

1.1 Background

The importance of services has grown rapidly in the recent past, with the service sector now employing five times more the number of persons employed in the goods producing industries (Evans and Lindsay, 2005). In the United States, for example, more than 80 percent of the non-farm employee's work in the service sector. Quality in services however has not received the same emphasis as that of manufactured goods. The service industry, for example, has not faced the same aggressive competition as have manufacturing industries. Evans and Lindsay (idib.) have further observed that the drive for quality in services has been slowed down by the high labour turnover in the industry hence it finds to difficult to sustain a culture of continuous improvement.

In the service industry customer expectations are constantly changing as more and more consumers want value for the money they spent. Perceptions and the expectations of the customer are taken from the delivery of the service. Services are in the position of selling millions of contacts every year and everyday. A service provider creates a moment of truth between the organization and the customer. Managing a service means having as many moments of truth as possible (lovelock and Wright, 1999). Everytime a service company performs for a particular customer, the customers makes an assessment of the quality of service even if unconsciously.

Service quality has been linked to organizational competitive advantage. Competitiveness denotes a firm's ability to achieve market superiority. Wheelright (1989) had identified six characteristics of a strong competitive advantage that provide a firm with above-

average performance. These include: being driven by customer wants and needs, processes which make a significant contribution to the success of the firm, matching the organization's unique resources with opportunities in the environment, and a strategy that is difficult for competitors to copy. Competitiveness is also based on continuous improvement as well as providing direction and motivation to the entire organization. Wheelright (ibid.) observes that each of these characteristics relates to quality, which suggests that quality is an important aspect of competitive advantage.

The focus of service quality measurement has been principally based on asking customers their expectations and perceptions of the service they receive from different organizations. The perceived service quality is based on a consumer's judgment about a service's overall excellence or superiority. It is considered relative to expectations. However expectations are dynamic, and may shift from person to person and from culture to culture (Zeithaml et al, 1996).

1.1.1 Concept of Service Quality

Service quality emerges from the concept of 'service encounters' which are also referred to as 'moments of truth' or critical incidents' (Albrecht and Zemke 1985; Czepiel et al.1985). A service encounter is any direct interaction between a service provider and customers and may take varying forms. Service encounters have a high 'impact' on consumers and the quality of the encounter is an essential element in the overall impression and evaluation of quality of service experienced by the customer.

Service quality is variously defined, but essentially is to do with meeting customer needs and requirement and with how well the service level delivered matches customers'

expectations. The importance of service quality to the success of business is best concluded in this sound statement: "Excellent service is a profit strategy because it results in more new customers, more business with existing customers, fewer lost customers, more insulation from price competition, and fewer mistakes requiring reperformance of services" (Shepherd, 1999).

The importance of service quality necessitates examining service quality in the context of strategic management of firms (Powell, 1995; Pruett & Thomas, 1996). This led many firms to pursue service quality as a way to differentiate themselves from their competitors, thus gaining competitive advantage (Karatepe et al 2005; Tsaur & Lin, 2004; Clark et al., 1994; Zairi et al., 1994; Kerfoot & Kerfoot, 1995). However, the issue of how the implementation of quality strategies might lead to the attainment of one's firm competitive advantage is perhaps inadequately covered in the service marketing literature (Hill & Wilkinson, 1995; Longbottom and Zairi, 1996; Rust & Oliver, 1994).

Implementation of service quality strategies relies, to a large extent, on the role of middle managers (Harrington & Akehurst, 1996, 2000). Olyan and Rynes (1991) ensure the importance of middle managers in the implementation of service quality programs by claiming that 'the characteristics of successful quality implementations are that the support of middle managers is gained'.

The concept of service quality gaps was developed from the extensive research of Berry and his colleagues (Parasuraman et al. 1985; Zeithmal et al. 1988). They defined service quality to be a function of the gap between consumers' expectations of a service and their perceptions of actual services delivery by an organization, and suggested that this gap is influenced by several other gaps which occur in an organization. They include: consumer

expectations and management perceptions of customer expectations, management perceptions of customer expectations and service quality specifications actually set, service quality specifications and actual service delivery, actual service delivery and external communication about the service.

1.1.2 The Hotel Industry in Kenya

Performing trade worldwide is inevitability rather opulence in most industries. Practically all tactical decisions today are embroidered by global concerns. Through the influx of many new industrial sectors, hotel management industry is also flourishing at a fast rate of knots. Undoubtedly the high quality food and beverage, reception, house keeping and full of expertise have played a momentous role in the expansion of hotel industry world wide.

Kenya being sanctified with natural beauty has always been an attraction for the tourists. Hotels date back to 1904 when the Norfolk inescapably became an integral part of the country's history. One could, without fear of correction, say that had there, in fact, been no Norfolk Hotel, there might never have been the capital. It was at the Norfolk that all new arrivals gathered, then men with the money, ambition and foresight to found a Colony for Kenya.

The hotels in Kenya offer comfortable and luxurious accommodation to even the most discerning traveler. Due to tremendous tourist flow, the hotel facility in Kenya is among the best in the world. Tourism has to much extend been of great boost to the Hotels. A record number of tourists , making up 13.5 % growth marked this year's first half which now stands at 549,083 compared to last year's 483, 468. Subsequently, earnings from the

sector have grown by an estimated Ksh10 billion, standing at Kshs 40.5 billion compared to last year's Kshs 30 billion, this is as per first half year results – released on 25th August 2011 by the Ministry of Tourism, (www.ktf.co.ke).

Many foreign investors are looking forward to invest in this industry capitalizing the expansion opportunities of this sector. Expansion of the existing hotels has also created direct as well as indirect avenues for employment. The rising nature of this industry can be better gauged by an increasing rate of jobs and apprenticeship which illustrates that this sector is experiencing a shift towards highly competitive, integrated and customer oriented market framework. Many fresh graduates are looking forward to pick this sector being most promising with advancement opportunities and new exposure. The progressive career path is evident from the fact that universities are now offering degrees in hotel management courses and other kinds of diplomas and short courses. This trend was not seen ten years ago in Kenya.

The hotel industry is facing a number of significant challenges in recent years, which have posed threat to the diminishing quality of services. Nairobi has experienced a rapid growth of new hotels resulting from the high demand from tourists and business travelers. As a result, availability of skilled staff has been on decline with hardly any. Hotels have experienced high staff turnover rate that has become day to day challenge. This leaves the industry with no option but to employ people from other disciplines and train them on the job, this has compromised the levels of customer satisfaction. Security is still a major challenge, terrorism alerts which have lead to travel ban to Kenya in the past have advancedly been of continuous concern. This resulted in a fall in revenue generated from international tourism, a drop that was felt not only by hotels but also by various business

partners and the environs. Hotels are working around the clock to provide a safe environment for its staff and customers. While these challenges remain risks to the hotels, tourism industry is showing signs of recovery with revenue increasing.

The Kenya Hotels and restaurants regulations of 1988 established standard upon which classification of hotel is based. The regulation classifies vacation hotels, town hotels and lodges into five classes denoted by stars, five being the highest and one as the lowest. In Kenya there are 18 (5-star hotels), 18 (4-star hotels), 32 (3-Star Hotels), 60 (2-star Hotels) and 16 (1-Star Hotels) as published in the Kenya Gazette by the Ministry of Tourism on 13th June, 2003 and 23rd July, 2004.

The Hotels that are star-rated have recognition and expectations from guests on standards of facilities and services. The classification is arrived at on assessment by the licensing department under the Ministry of Tourism and Wildlife. These classified Hotels enable suppliers both in the domestic and international markets to understand the value of the product they are paying for and to make informed choices of where to put their clients. The three star and above category of hotels consist of chain and independent Hotels

1.2 Statement of Problem

Service quality has become a focus for many hotel industry researchers. (E.g. Enz and Siguaw, 2000; Saleh and Ryan, 1991; Callan, 1998). The combined effect of the worldwide economic recession, technological advancement, and globalization has increased the competitive pressures on hotel organizations (Harrington & Akehurst, 2000). All these pressures led the hotels to be more concerned about service quality ethic.

A number of researchers have examined the quality of services offered in the hotel industry through the relative importance of various attributes to customers. Such attributes act as determinant factors for hotel selection and preference and for customers' judgment upon service quality (Nadiri & Hussain, 2005; Callan, 1998). Lewis (1987) conducted a study through which he measured the gaps between U.S.A. hotel management and guests' expectations and perceptions. He recruited a sample of 116 customers and 23 managers. The findings of that study revealed eight service quality gaps. Among other findings, that study found a significant correlation ($r = .69$, $p < 0.01$) between satisfaction scores and quality scores.

Nelson Tsang, Hailin Qu, (2000), assesses the perceptions of service quality in China's hotel industry, from the perspective of both international tourists and hotel managers. A questionnaire was used to survey a sample of 90 hotel managers and 270 international tourists who visited China and stayed at hotels in Beijing, Shanghai, and Guangzhou. The results showed that tourists' perceptions of service quality provided in the hotel industry in China were consistently lower than their expectations and that managers overestimated the service delivery.

Several studies that been carried out locally on perceived service quality in a number of service organizations. Gituanja (2006) studied the perceived service quality: case of Jomo Kenyatta International Airport. The findings revealed that there was a significant perceived service quality gap. Musembi (2010) studied customer perceptions of the quality of customer service provided by mobile phone service providers. In his study, he established several service quality gaps from the different dimensions by mobile phone providers.

The existing studies have not explored the area of service quality in hotel industry and to be specific in five star hotels in Kenya. There is a need to evaluate the level of service quality, as the quality service gap is posing threat to almost every service sector and hotel industry is not an exception. In the recent past, Nairobi has experienced a rapid growth of the hotel industry with new hotels coming up, this has seen the industry experience high turnover of staff and hence experienced staff can not pledge loyalty to one hotel for a substantial period of time. This has lead to decline in the service levels which act as a major key to sustainable and competitive business. Hotels being a big play in the Tourism Industry, we cannot ignore the aspect of ensuring total quality management by identifying areas of improvements which have posed challenge to the hotel Industry and strive for continuous improvement.

In this paper I seek to understand what hotel managers think of the quality of service as can be found in the hotel industry by looking into factors influential on this perception. Managers will rate their service quality from an assumption point of view which may be guided by the establishment standards and policies. However, what the manager perceive to be service quality may not fully describe what the customer expects to the same regard. The research will answer the following research question.

To what extend has the manager's perception of customers expectations affected perceived service quality?

1.3 Objectives of the Study

The study seeks to:

Establish the level of service quality as perceived by managers against customer's expectations.

1.4 Value of Study

The findings of the study will be useful to the following stakeholders:

In academia, it will add to the growing body of knowledge and help identify areas for further research. The area of service quality is wide and of great concern in service as well as the manufacturing sector. There is a lot yet to be explored in this area; therefore research has to be done to ensure continuous improvement.

It will help provide valuable feedback to the Hotel Management which will help bridge the gaps identified as far as quality of service and help focus on customers expectations.

The Ministry of Tourism can use the study to push for a quality customer oriented service in hotels. This can help to standardise services delivery and hence rise to the global map of leading hotels in the world.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

Services are ideas and concepts; products are things. Customers experience tangible products (like toothpaste, wrist watch) differently than intangible services (like air transportation). Customers can see and touch wrist watch, tube of tooth paste. In contrast service is intangible and is a promise. They must trust the service company to deliver on its promise and conduct itself honorably. Customer buys the service prior to experiencing it.

Services are performed directly for customers (e.g. Health care, Education) or for the customers' property (e.g. vacuum cleaner repair, dry cleaning, tailoring). Services performed directly for customers require customer's participation during the performance. Service providers interact with customers like cutting their hair, serving a meal, delivering a lecture, singing them a song, opening a bank account (Gronoos, 1982). Service depends on friendliness, competence, responsiveness and motivation of the service providers.

Recognizing the unique nature of services, role and impact of service in our day to day life, ensuring service quality in delivery is becoming increasingly significant, important and a key differentiator in market place as buyers reliable, responsive and caring service as one of the key differentiator while making a buying decision (Kotler & Armstrong, 1990).

2.1 Services

Many definitions have been proposed for services, but all have common aspects as intangibility and immediate consumption. According to (Kotler & Armstrong, 1990, p.809) Service is an act or activity, necessarily immovable and intangible, suggested by one transaction party to another one that would lead to the ownership of no external object. Service production may attach to physical goods or not. A service includes recognizable and necessarily immovable activities which meet a need and its attachment to goods sale or other services is not of necessity (Stanton, 1986)

In evaluating service quality, organizations need to consider the unique characteristics of service. Services are intangible in nature and can only be experienced only as they are delivered. Services cannot be separated from the providers as it involves a form of interaction, which leads to variability or heterogeneity rising from high dependence of quality service. In essence, the quality of service product is typically highly dependent on the quality of the personnel conducting the transaction. Services cannot be stored, once consumed they leave nothing with the consumer except memories. Hence, the perishability of services put pressure on service marketers to match service capacity demand patterns.

2.2 Service Quality

It is generally agreed that service quality is an attitude of global judgment about the superiority of a service, although the exact nature of this attitude is not agreed (Robinson, 1999). Some suggest that it stems from a comparison of expectations with performance perceptions (disconfirmation) (Parasuraman et al., 1988), while others argue that it is

derived from a comparison of performance with ideal standards (Teas, 1993) or from perceptions of performance alone (Cronin and Taylor, 1992). It is also agreed that service quality is distinct from customer satisfaction, although the exact nature of this distinction seems to be somewhat blurred (Robinson, 1999).

Service quality incorporates the concepts of meeting and exceeding the expectations of the customer and is designed from the field of marketing which values the human interaction between a business and its customers (Anthony et al 2004). Thus, service quality is the extent to which a service meets customer's needs or expectations (Lewis and Mitchell, 1990) and hence the difference between customer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory leading to customer dissatisfaction. Knowles (1998) in an effort to define quality in services states that the notion of quality in the service industry is largely tied to the understanding of the service phenomenon. The service industry phenomenon itself is best understood from a differentiation perspective, that is, the aspects, which differentiate service and manufacturing industries.

Some argue that, while service quality is an overall attitude towards a service firm, customer satisfaction is specific to an individual service encounter (Bolton and Drew, 1991; Parasuraman et al., 1988). For instance a customer may be satisfied with individual service encounter in a restaurant but his overall rating of the entire restaurant service quality is poor. Berry, Parasuraman and Zeithamal et al. (1994) have outlined the following critical lessons for improving service quality: listening, reliability, basic service, service design, recovery, surprising customers, fair play, teamwork, employee research and servant leadership.

Successful service quality strategies are generally characterized by customer segmentation, customized service, guarantees, continuous customer feed back and comprehensive measurement of the company performance. The experience in many industries and companies demonstrates that this process, although generally acknowledged, is not universally implemented. Market segmentation by customer expectations, to create a separate level of service that exceed those levels of expectations, it has also been found essential to attract customers and create customer loyalty (Porter, 1980). Knowing accurately what customers prefer, successful service companies are able to give customers exactly what they want by customizing the product or service, to surprise and “delight” them (Porter, 1980 and Albrecht, 1992).

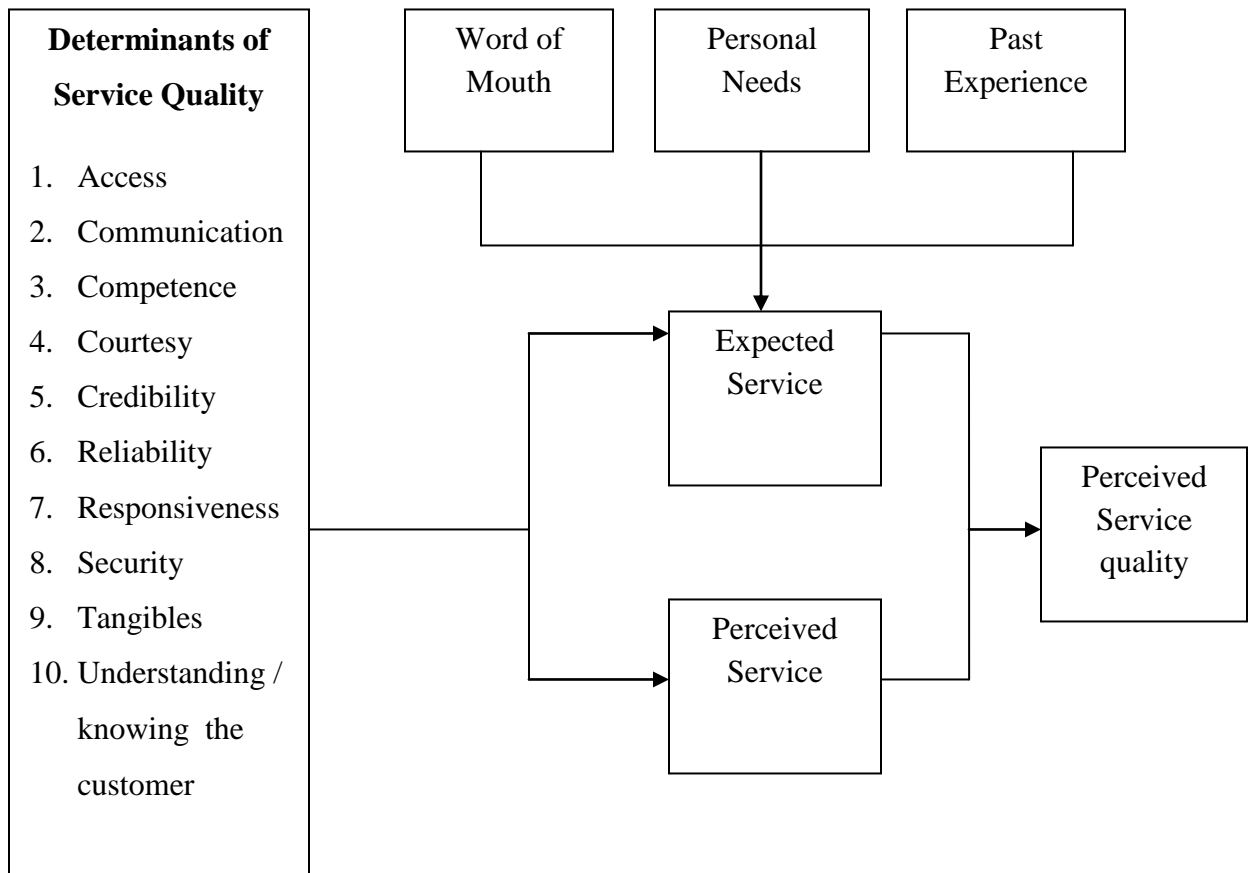
The nature of a service will, to a great extent, determine the way it is provided. Personal service is delivered in the presence of the customer and with the customer’s participation. Matching the needs of service organizations with selection and training of appropriate staff is the first step towards providing good service.

2.2.1 Dimensions of Service Quality

Dimensions of service quality are diverse and relate to both a basic service package and unaugmented service offering (Gronroos 1987). A basic or core service product might be hotel accommodation with other associated services and supporting services which enhance the consumption of the core service. The augmented service offering includes the process of the service delivery and the interaction between the organization and its customers.

The quality of service is usually built up from the myriad of individual characteristics that determine customer satisfaction. To bridge the gap between specific characteristics and the abstract concepts of quality, it is useful to consider service quality in terms of broader dimensions, (Zeithmal, 1988). These dimensions can serve as a framework for analyzing and designing quality. SERVQUAL is presented as a multidimensional construct. In their original formulation Parasuraman et al. (1985) identified ten components as shown in figure 1 below.

Figure 1: Dimensions of service quality



Source: *Martin, Christopher, Adrian Payne and David Ballantyne (1991)*

In Parasuraman et al. (1988) work, these components were collapsed into five dimensions: reliability, assurance, tangibles, empathy, and responsiveness. Reliability, tangibles and responsiveness remained distinct, but the remaining seven components were incorporated into two aggregate dimensions, assurance and empathy.

These five basic dimension are defined as: - Reliability: The ability to perform the promised service dependably and accurately; Assurance: The knowledge and courtesy of employees and their ability to convey trust and confidence; Tangibles: The appearance of physical facilities, equipment, personnel and communication materials; Empathy: This refers to the provision of caring, individualized attention to customers; Responsiveness: The willingness to help customers and to provide prompt service. These dimensions will be basis of the data collection instrument.

2.2.2 Manager's Role in Service Quality

The first conceptual model of service was developed by Gronroos to enhance understanding of consumer's service quality perceptions and the factors that influence those perceptions. According to the model, consumers' perceptions of service quality results from an evaluation process in which consumers' expectations are compared with their perceptions of the service actually delivered (Mangold & Emin, 1990).

It is suggested that managers need to understand the types of service quality factors for their own service(s) and understand their various relationships between perception and performance in order to design, measure and control their service. Service levels need to be set and strategies devised that first recognize the relative impact of individual factors

on overall perceptions and secondly link them to the organizations quality strategy (Johnston & Heineke, 1998).

Swan and Trawick (1979) divide the customer's expectations into two types – desired expectation, that is to say the wanted performance level and foretold expectation, the performance level that is predicted to happen. Kellogg (2000) also divides customer's expectations into two traits; furthermore, Kellogg (2000) goes on to define the implications: permanence implies that the changes provided by the service are expected to last. Its conceptual opposite is transience that is the results of the service will fade with time. Reversibility implies the ability to undo the effects of the service (Kellogg, 2000).

Most writers agree that customers' expectations are rarely concerned with single aspect of the service package, but rather with many aspects. Gronroos (1984), for example investigates an attitudinal construct, resulting from the discrepancy between consumers' expectations and their perceptions of the quality of service actually delivered (Mangold & Emin, 1990).

Furthermore, when decision makers in service organization, such as banks and hotels are asked what constitutes quality in their services, the answers are less well-defined and tend to vary more from individual to individual. Consequently, the measurement, monitoring and improvement of quality is an elusive task in many service organizations. While the concept of service quality is difficult to define, the fact is that both consumers and service providers evaluate service quality on a daily and revolving basis (Mangold & Emin, 1990).

2.2.3 Customer's Perspective of Service Quality

Service quality is usually expressed as a function of customers' expectations of the service to be provided (based upon their previous experience, the organizations image, the price of the service for example) compared with their perceptions of the actual service experience (Gronroos, 1984; Berry et al, 1985; Johnston and Heineke, 1998). Perceptions are defined as the consumer's judgment of the service organization's performance. However, Parasuraman et al (1988) delve deeper and define the service performance gap as the discrepancy between the specifications of service and the delivery (Chenet, Tynan & Money, 2000).

Kelley (1992) argues that customer orientation plays a more important role in service firms than in any other firms because of the intangibility, heterogeneity and inseparability of service (Berry, Parasuraman and Zeithaml, 1985). In an attempt to establish a competitive advantage, marketing practitioners often seek to differentiate their service offering upon service quality, a vital element to real estate due to the large amount of agents and competition. Berry et al., (1985) state that the benefits of differentiating on the basis of a service quality platform are significant in respect to both defensive and offensive strategies which is particularly relevant to real estate as there are limited elements of differentiation between companies. Commissions are generally the same as is the access to listings particularly when most companies will in together get a deal through.

Kellogg (2000) states that customers have contact with the service delivery system in three ways: directly, being physically present, indirectly, via a surrogate, such as paper or

some electronic media, or with no contact. However, Gronroos (1989) argues that employee performance constitutes the service as far as customers (Hartline et al., 2003). Within the real estate industry Kellogg's (2000) statement is more apt as this can often be the first contact.

In many cases, customer contact employees are the first and only representative of a service firm. Therefore, customers often base their impressions of the firm largely on the service received from customer employees (Hartline and Mckee, 2000). Johnston and Heineke (1998) summarizes that if a customer expects a poor performance then they may be satisfied with a poor performance. This is one of the paradoxes of service quality as identified by Gronroos (1989). This would also be affected by nationality and culture, where expectations can differ greatly.

The most common explanation of the difference between service quality and satisfaction is that perceived service quality is a form of attitude, a long-run overall evaluation, whereas satisfaction is a transaction-specific measure (Bitner, 1990; Parasuraman, Zeithaml and Berry, 1988). Parasuraman et al., (1988) further suggests that the difference lies in the way disconfirmation is operationalized. They state that in measuring perceived service quality the level of comparison is what a consumer should expect, whereas in measures of satisfaction the appropriate comparison is what a consumer would expect.

2.2.4 Factors influencing on customer's expectations

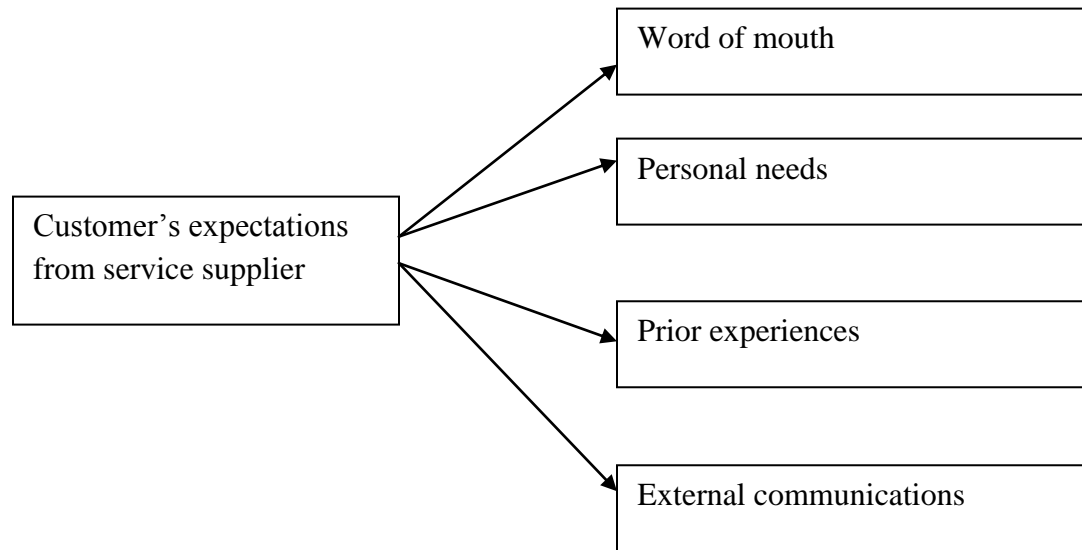
Recognition of factors which influence customer's expectations will help the suppliers applying appropriate procedures to modify customer's expectations and to provide customers with service proportion to thereof. During their study on customer's

comments, Parasuraman et al, (1990) have mentioned four key factors in shaping customers' expectations.

Word-of-mouth is the first factor, which potentially determines customer's expectations, is the word he or she has heard from other customers and is referred to as "word-of-mouth". Personal needs are the second factor that to a certain extent modifies consumer's expectations is obtained as a result of particular situations and requirements and is called "personal needs. These needs are customer's particular physical, moral and mental situations or states which greatly affect other people and are oriented by the latter. For example some customers compared to other needier ones, are more sensitive and have more expectations from services.

Prior experiences are considered as the third factor influencing on customer's expectations. For instance, by interviewing the customers of negotiable paper offering enterprises it appeared that customers with higher experience have lower expectations about agents' modes of behaviour i.e. polite and close attitude; but instead they have higher expectation on their efficiency, mastery and competence. Advertisement and external communication is the fourth factor playing a key role in shaping customer expectations is called external communications. One of the most important factors which course belongs to supplier's external communications collection is service cost or price. This factor plays a significant role in shaping customers expectations and especially those of organization future customers.

Figure 2: Factors influencing on customer's expectations from service



2.2.5 Expectations and Perceptions of Service Quality

Several conceptual models have been developed to help define the service quality construct and the factors that enter into consumers' perceptions of service quality (Mangold & Emin, 1991). Driver and Johnston (2001) ascertain that there is a general agreement that a service comprises a complex bundle of explicit and implicit attributes. The relative importance of different attributes is likely to differ from service to service and from person to person (Cronin and Taylor, 1994; Parasuraman, Zethaml and Berry, 1994) which is particularly relevant to the real estate industry where no two clients have the same requirements or expectations.

Infact, Svensson (2003) agrees that service quality is a fundamental feature in services marketing (Gronroos, 1989), industrial marketing, relationship marketing and consumer marketing (Kotler, 1999). Berry et al., (1985) deem that quality is essential when service is what is being sold.

Mangold and Emin (1991) focus on “front stage” and “back stage” perspectives, whereby both the customer and the employees observe different perspectives of activities and problems that accompany the service delivery process. This approach is particularly relevant to a service environment because the “front-stage” and “back-stage” perspectives of the two groups may result in a lack of agreement about the level of service that should be provided (Mangold & Emin, 1991).

Some authors have suggested that perceptions are more dominantly driven by experiences (i.e. the service performance) rather than expectations. Alternatively, quality has been defined as the consumer’s overall impression of the relative inferiority or superiority of the organization and its services (Zeithaml, Berry and Parasuraman, 1983; Taylor and Baker, 1994). Perceived service quality is an attitude – a consumer judgment on the overall service.

2.2.6 The Role of Service Quality from a Management Perspective

It is fairly correct that service quality studies focus have been emphasized on the customer side. However, given the constraints that many organizations are facing today it would be equally important to prioritize and concentrate on internal issues that are relatively more important to the organization's operation. On the other hand management also needs to know what actions it needs to undertake to ensure that it delivers quality services.

Therefore management must always ensure that the service quality delivered should be able to match customer expectations. Among the first popular writers that have brought about management of expectations was Tom Peters, who talked of "under promising, and

over delivering" (Peters, 1988). Managing customer's desires and adequate services may look quite practical, but it should also be borne in mind that customer expectations are learned partly from experience, and that the very act of over delivering will increase expectations for the next encounter (Caruana & Pitt, 1997). In the long run perhaps for better and straightforward management practice, organizations just deliver exactly what they promise, every time.

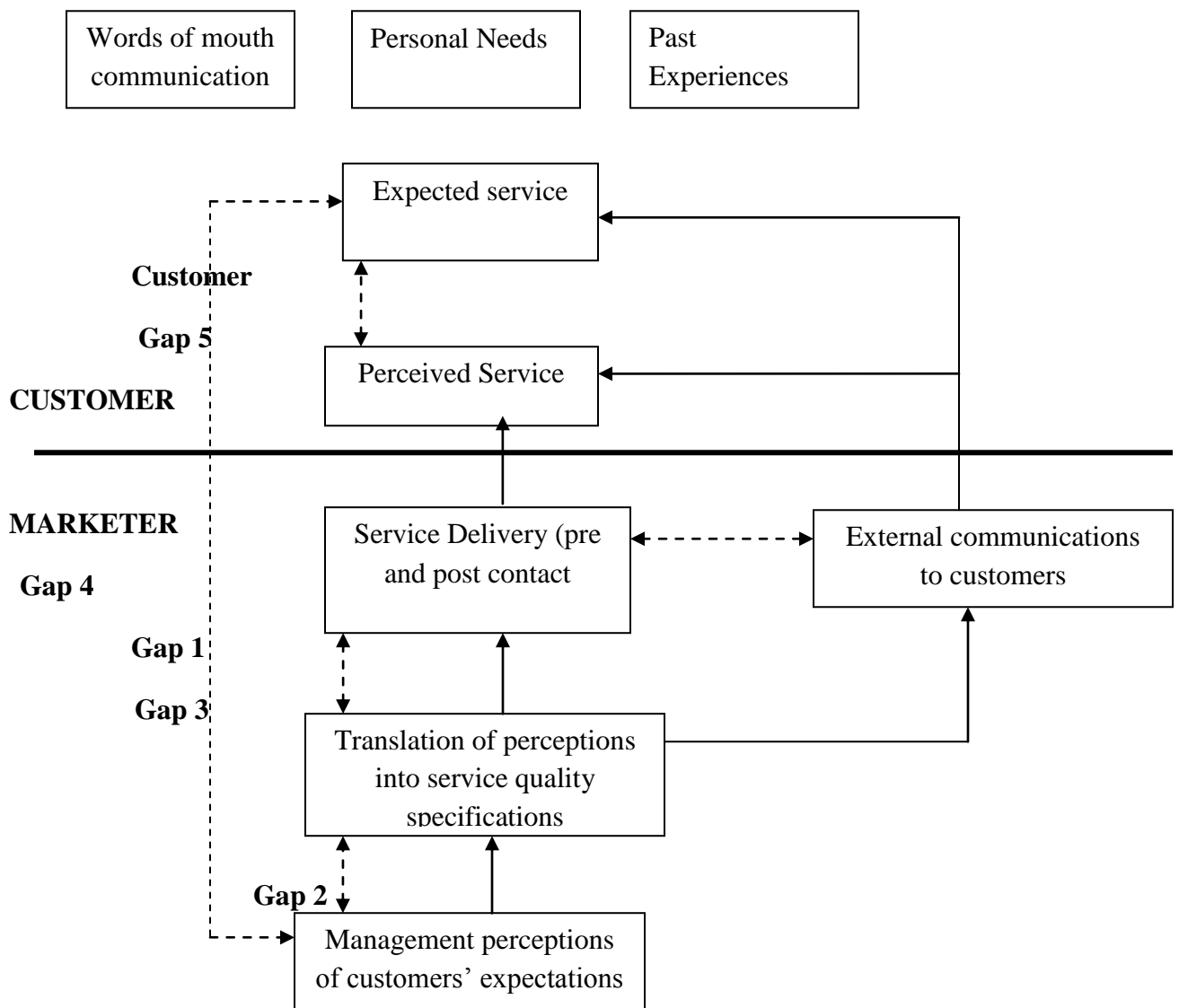
Berry and Parasuraman (1991) in their research emphasized that management of expectations should be taken seriously. Their research revealed that numerous customer complaints about lower service quality were because they have been over promising the service expectations. According to Hart *et al.* (1990) management should use their utmost efforts to meet and exceed customer expectation by excelling in service delivery and by being great at service recovery. On the marketing side, Naumann and Shannon (1992) suggest management to focus on new efforts and paradigm shift on working more closely with customers to clarify their expectations. Marketers are now required to be innovative and develop new ways of helping their organizations meet and exceed customer expectations.

2.2.7 The Service quality model

Managing service quality is aimed at delivering consistently higher –quality service than that of competitors and exceeding customer's expectations. These expectations are formed from the firm's past experiences, word of mouth, and advertising. The model developed by Parasuraman *et al.* (1985) highlights the main requirements for delivering high service quality. The model shown in figure 3 below identifies five gaps that cause unsuccessful service delivery.

Gap between customer expectation and management perception: this may result from a lack of understanding of what customers expect from a particular service such as the clients may expect the salesperson to know the local school zones, local services and are disappointed when they do not. This may be viewed by management as a non-important issue and training or encouragement to know this information may not be encouraged.

Figure 3: Service Quality Model



Source: A, Parasuraman, Valarie A. Zeithml and Leonard L. Berry (1985), *A Conceptual Model of Service Quality and its implications for Future Research*, *Journal of Marketing*, p.44

Gap between management's perception and service quality specifications: this gap results when there is a discrepancy between what management perceives to be the customers' expectations and the actual established service quality specifications. This would occur in real estate if management assumes clients do not want to know about things such as financial guidelines but the clients do actually want and need this information provided.

Gap between service delivery and service specifications even when guidelines or specifications exist for performing excellent service, its delivery may not be up to standard due to poor employee performance, resulting in this gap. If a salesperson doesn't know their listings (homes on the market) or they aren't a good negotiator this would affect all aspects of the service delivery.

Gap between service delivery and external communications: customer expectations are established by promises made by service provider's promotional messages. These gaps measure the consistency between the quality image portrayed in promotional activities and the actual quality of services offered.

Gap between perceived service and delivered service would occur in real estate when one or more of the previous gaps occur between customers, frontline employees and management.

In addressing these gaps and pursuing service quality, well-managed service companies share common practices. These include strategic concept, history of management commitment to quality, improvement/maintain high quality standards, systems for monitoring service performance through customer's feedback and an emphasis on employee satisfaction. Companies are focusing their efforts on meeting and exceeding

the customer's expectation as a strategy to satisfying the customer's needs. Management commitment to quality has resulted to a set of quality standards which act as a guide to attaining customer satisfaction.

2.3 Measuring Service Quality

According to Johns and Howard (1998), quality measurements only have operational value if they are able to indicate the ways in which service was or was not satisfactory. For service providers, the assessment of service quality is made during the actual delivery of the service.

2.3.1 SERVQUAL Model

SERVQUAL was developed to measure the service quality construct as defined by the service quality model and the extended service model. SERVQUAL is used to measure consumers' and services providers' expectations and perceptions. This approach enables the expectations and perceptions gaps to be assessed, while providing a measure of the service quality gap and the service delivery gap (Mangold and Erin, 1990).

According to Parasuraman et al's., (1988) model, the gap between consumers' expectations and perceptions are a function of several other gaps in the service delivery process (Mangold and Emin, 1990). SERVQUAL Parasuraman et al. (1991) uses the determinants methods of service quality and gap theory. Service quality is calculated as the difference between perceptions and expectation with importance weights associated to each dimension. For each statement, the respondent is provided with a seven-point Likert scale ranging from "strongly agree" to "strongly disagree". This approach will be used for this study to allow analysis in a number of ways; assess the service dimension

which scores highly to establish what customers consider more valuable; assess the gap between customer expectations and the manager's perception of service quality for each service quality dimension.

2.3.2 Other models

Due to the vast array of research in relation to service quality and the amount of criticisms that SERVQUAL has received over the last decade alternative studies and measurement tools have been created and conducted with the aim to measure service quality in the most effective way. There have been predominant measurement tools since 1991. These tools all differ in theoretical background, data collection, sample size dimensions and response. No one measurement tool has been classified as superior but applicability is determined by the final result and the industry that is to be investigated.

Disconfirmation Models are based on disconfirmation paradigm Bolton and Drew (1991). Quality is therefore defined as the gap between customers' expectations and perceptions of actual service delivered ($Q=P-E$), and a customer will perceive quality positively only when the service provider meets or exceeds his expectations Robledo (2001). SERVQUAL theory is developed from the important model of Parasuraman et al., (1985). The model begins with the assumption that customers are able to articulate both their expectations of general characteristics and determinants of quality service and also their perceptions of actual and current service quality for a specific service provider.

The model therefore not only provides an assessment of customer views of current service quality; it also provides yardstick in terms of their expectations of what that

service quality should be. This model is supported by the sophisticated statistical analysis which allows a rigorous and testable analysis of the responses.

Two-way used latent evaluations factors based on the theory that service quality is evaluated by answers given by customers about 'objective' (quality attributes) and 'subjective' (satisfaction levels). The survey was sent to 330 service providers including banks, restaurants, laundries and supermarkets. Schavaneveldt (1991) employed a five-point semantic scale, to examine the five dimensions. Performances, security completeness, ease of use and emotively / environment.

SERVPERF (Cronin and Taylor, 1992) based their survey on the theory that service quality is evaluated by perceptions only and used two banks, pest control companies, laundries and fast food companies with a sample size of 600. Cronin and Taylor (1992) also used a seven point semantic differential scale and utilized the same dimensions as the SERVQUAL study. The key difference was that only perceptions were evaluated.

Normed quality (Test, 1994) was based on the theory that the problem for expectation runs to a redefinition of this component and discriminate between ideal exception and feasible expectation to calculate service quality and was conducted on three large department stores with a sample size of 120. It also employed the same semantic scale and dimensions as SERVQUAL.

2.4 Challenges of Service Delivery

Meeting rising customer expectations has proved to be one of the most difficult challenges to service businesses (Sonnenberg, 1991). Quality is found to be measured most accurately through the eyes of the customer (Miller, 1992), and it is not found to

improve unless it is regularly measured (Reichheld and Sasser, 1990). Customers are therefore not mistaken when they say service quality is bad, because if they perceived it so, it necessarily is so (Schneider and Bowen, 1995).

Organization that actively search and incorporate the best service methods and processes to improve the performance, regardless of sources and ultimately the perceptions of their customers, are found to excel in relation to their competitors (Sellers, 1991). In practice, organizations that exceed customer expectations without impairing profit margins have frequently been found to develop a solid foundation of customer loyalty, based on segmented service (Drucker, 1964 and Porter, 1980). Customers' satisfaction and customer retentions are always at risk. Therefore managers must be vigilant if they are to keep sufficient high quality in order to maintain customer loyalty (Rust, 1996).

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter details the approach used in this research project. These include – research design, target population, sample design, data collection instruments and data analysis procedures.

3.1 Research Design

A descriptive research design was used to establish the perception and expectations of the manager's and customers respectively on service quality rendered in the Five Star Hotels in Nairobi. According to Boyd, Westfall and Stasch (1990), a descriptive study aims at determining the what, when and how of a phenomenon which is the concern of the study. The descriptive function of research is heavily dependent on instrumentation for measurement and observation (Borg & Gall, 1989). This approach was appropriate to this study because the study involved fact-finding and enquiries in several dimension of service quality as they exist at present.

3.2 The Population

The Population of study was all Five Star Hotel in Nairobi published in the Kenya Gazette by the Ministry of Tourism on 13th June 2003 and 23rd July 2004; they are 8 hotels under this classification (See Appendix I).

3.3 Sample Design

A sample of size 40 managers from different departments and 80 guests randomly selected, from all the 8 Five Star Hotels was considered. According to Levin and Rubin (2002, p.319) “statisticians use normal distribution, as an approximation to the sampling distribution whenever the sample size is at least 30, but the sampling distribution of the mean can be nearly normal with samples of even half sampling distribution of the mean can be nearly normal with samples of even half the size”.

3.4 Data Collection

Two distinct sets of structured questionnaires were used to gather the necessary information needed to achieve the objectives of this study. It consisted of open-ended, closed-ended and matrix questions. Drop and pick method was used to collect data from hotels, with follow up calls to enhance the response rate. Respondents were guests for the first questionnaire and managers or directors for the second questionnaire. The Hotel Guest Questionnaire set had two main different sets of scales. Part I consists of the Guest general information and Part II was structured to capture the level of service quality dimensions that is expected by the guests.

The Hotel Management Questionnaire: was used gauge management views on perception of service quality, Part I of the questionnaire addresses the general data of the managers and Part II seeks to understand level of service quality dimensions that is perceived by the managers. Part II in both questionnaires addressed the objective. They were structured on the operational definition of variables put forward by Parasuraman et al. (1988), so as to obtain information on service attributes. Managers were to indicate the level of their

perceived service quality, so as to establish if their perception was the same level of service quality which matched the customer expectation.

3.5 Data Analysis

Data was analyzed using descriptive statistics. Part I of the questionnaire was analyzed using frequencies tables, charts and percentages while Part II was be analyzed by use frequency tables, mean and standard deviation for all the dimensions of service quality. A 5-point likert-type scale was used to 5 being the highest and 1 the lowest. The SERVQUAL model was used to analyse customer expectations, their perceptions on the quality of service and the gap between the managers' and customers' perception of the service quality.

CHAPTER FOUR: DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter sets out to present in summary and statistically analyze the primary data that was gathered from the study. A total of 60 guest and 36 manager questionnaires were completed. This marked 75% response rate by the guests and 90% by managers. Summaries are presented in form of frequencies, mean scores and graphical format.

4.1 Response from Guests

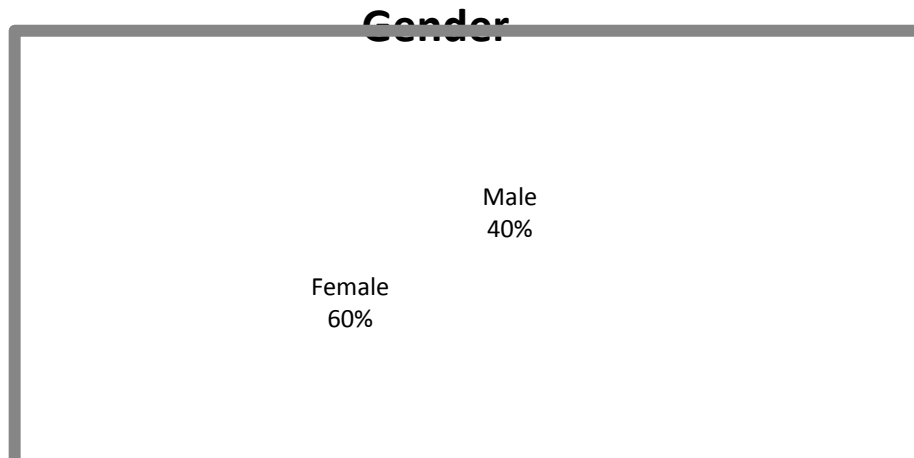
A total population of 80 guests was targeted, but 75% responded to the questionnaire. The researcher found this response rate adequate and sufficient for the purpose of data analysis.

4.1.1 Background Information of Guests

Table 1: Distribution of Respondents by Gender

Gender	Frequency	Percentage	Cumulative %
Male	20	40%	40%
Female	30	60%	100%
Total		100%	

Figure 4: Distribution of Respondents by Gender

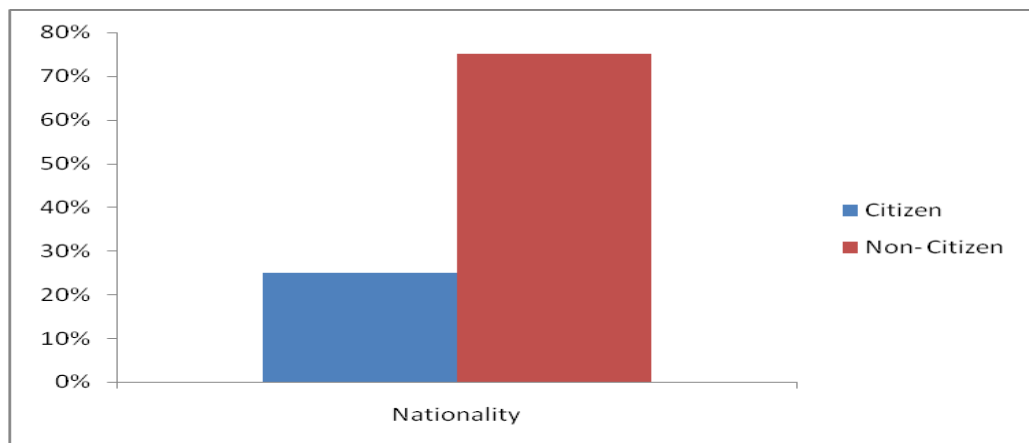


40% of the guest questionnaire respondents were male while 60% were female.

Table 2: Distribution of Respondents by Nationality

Nationality	Frequency	Percentage	Cumulative %
Citizen	13	26%	26%
Non- Citizen	37	74%	100%
Total		100%	

Figure 5: Distribution of Respondents by Nationality



26% of the respondents who visited the hotel were citizen while & 74% were from other Non-Citizens. Most of the customers who visited the 5 Star hotels were from outside the country.

Table 3: Distributions of Respondents by durations of Stay in the Hotel

Duration	Frequency	Percentage	Cumulative %
2	17	28%	28%
3	25	42%	70%
4	10	17%	87%
5	5	8%	95%
6	3	5%	100%
Total	60	100%	

The findings in the above table sought to understand if the expectation in view of the different service dimensions was in any way influenced by the duration of stay. But this was not the case, as the analysis indicated that all customers had a high and equal expectation of the service quality provided to them.

It also emerged that the large percentage of customers' duration of stay was between 2 – 4 nights with 6 nights being the least as clearly indicated in figure 6 below.

Figure 6: Distributions of Respondents by durations of Stay in the Hotel

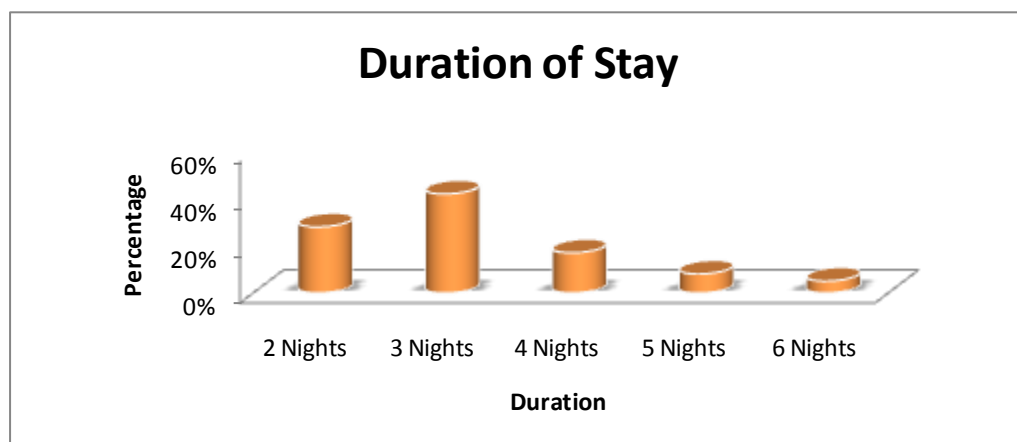


Table 4: Distribution by Purpose of Visit

Purpose of Visit	Frequency	Percentage	Cumulative %
Leisure	9	15%	15%
Business	17	28%	43%
Meeting/Conference	31	52%	95%
Other	3	5%	100%
Total	60	100%	

The study shows that 52% of customers who visited the hotels were attending meetings/conferences. Business visitors came second with 28%, leisure 15% and 5% stayed for unspecified purposes.

Figure 7: Distribution by Purpose of Visit

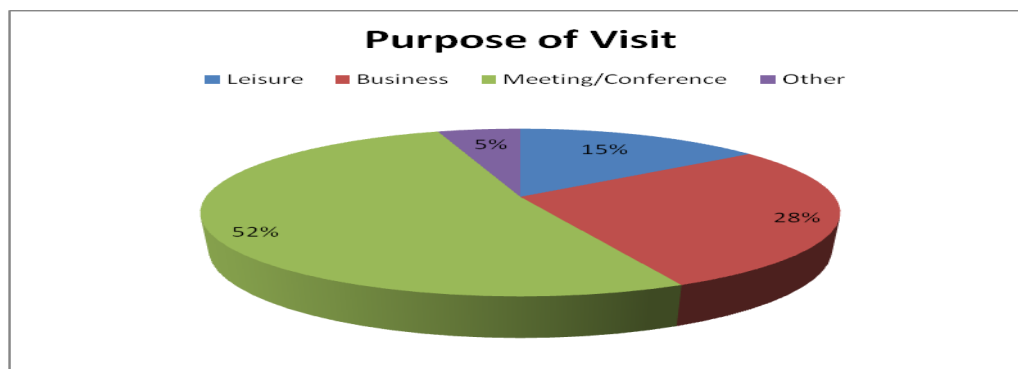


Table 5: Distribution by Channel of Hotel Reservations

Mode of Reservation	Frequency	Percentage	Cumulative %
Direct to Hotel	24	40%	40%
Travel Agent	16	27%	67%
Online	12	20%	87%
Other	8	13%	100%
Total	60	100%	

The table above and the figure below indicate 40% of the customers made their own reservation direct with hotel, 27% made their reservation through travel agent, 20% by online system and 13% used other methods which include meeting/conference secretariat, local office. etc

Figure 8: Distribution by Channel of Hotel Reservations

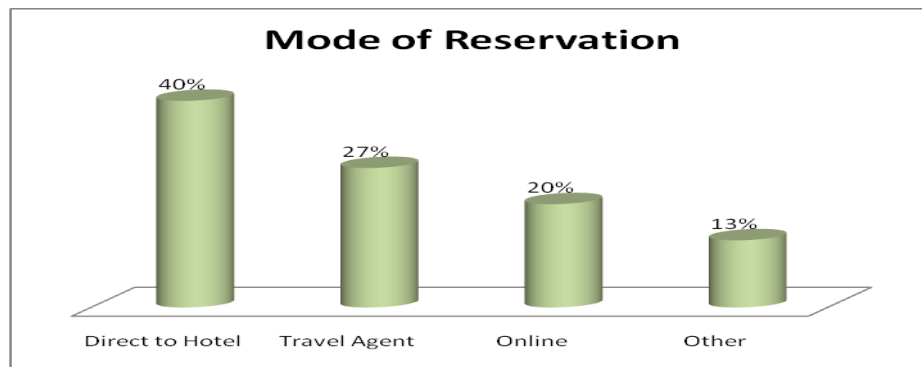


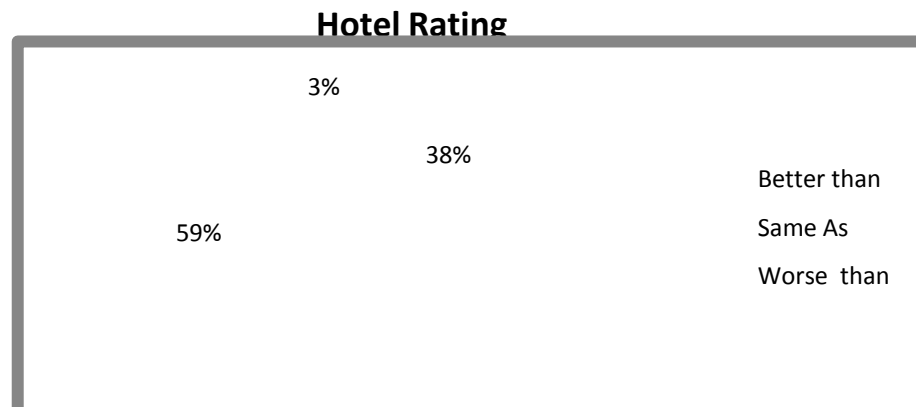
Table 6: Distribution by Hotel Rating

Hotel Rating	Frequency	Percentage	Cumulative %
Better than	23	38%	38%
Same As	35	59%	97%
Worse than	2	3%	100%
Total	60	100%	

This sought to have the customers compare the service quality of current hotel with other hotels of same rating that they had previously visited.

59% of customers indicated that the services of the current hotel was same as, 23% thought that the current hotel they were staying was better than and 3% thought their hotel was worse than as illustrated in the table above and figure below.

Figure 9: Distribution by Hotel Rating



4.1.2 Measure of Customer's Expectation of Service Quality

For each of the service quality attributes in this study, the respondents were asked to rate expectations of the quality of service offered by 5 Star hotels on a five-point likert scale. The mean score for each question was calculated and was used to indicate the level of importance the respondents attached to the question as shown in table 7 below. As per the likert scale, a score above 2.5 is considered important. The results were categorised into an operationalised SERVQUAL model to show the dimensions of services quality and how the respondents value their importance.

From this table, it is evident that respondents rated tangibles as the most satisfying dimension, followed by reliability, assurance, responsiveness and empathy. Looking at each question variable individually it is evident that the minimum mean score was 3.23, where most of the customers indicated that they were not informed of irregularities. A maximum mean score of 4.23 out of 5 was indicated as the most satisfying with the majority liking the general appearance of the hotel.

Table 7: Measures of Service Quality Expectation by Customer

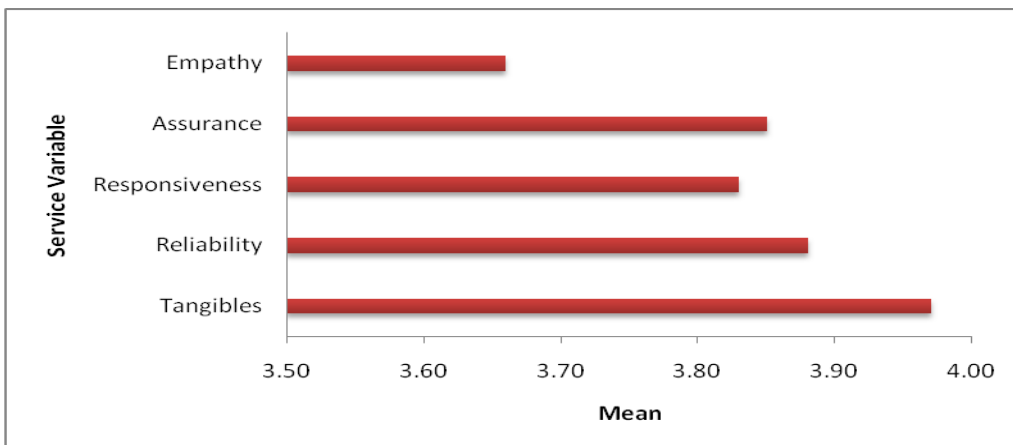
	Service Quality Item	Results	
		Mean	SDV
1	Tangibles		
1.1	General appearance of Hotel	4.23	0.6731
1.2	Attractiveness of the Room	4.13	0.6235
1.3	Overall experience of the Hotel	3.75	0.8156
1.4	Speed of internet connection	3.57	0.8654
1.5	How do you rate the location of the hotel	4.10	0.6638
1.6	Are service access points conveniently located?	4.10	0.6298
1.7	Check in experience	3.91	0.6342
	Mean	3.97	0.7008
2	Reliability		
2.1	Are responses accurate and consistent?	3.77	0.5928
2.2	Responsiveness of staff in fulfilling your requests	3.67	0.6013
2.3	Is reservation accurate as per request	4.20	0.7083
	Mean	3.88	0.6341
3	Responsiveness		
3.1	Were all your questions answered satisfactorily	3.50	0.6765
3.2	Is staff willing to answer your questions	4.23	0.4997
3.3	Speed and efficiency of service	3.77	0.4997
	Mean	3.83	0.5586
4	Assurance		
4.1	Overall knowledge of Staff of the hotel services	3.67	0.6013
4.2	Is the staff confident of the service delivery?	3.80	0.6962
4.3	Is the staff well informed on local/global issues?	3.33	0.9858
4.4	Do you feel secure inside the hotel?	4.20	0.4801
4.5	Does staff member have a pleasant demeanor?	4.13	0.5665
4.6	Attitude of Staff	4.03	0.6378
4.7	Is the staff pleasant and polite?	4.10	0.5431
4.8	Are you informed of any irregularities?	3.57	0.6731
	Mean	3.85	0.6480
5	Empathy		
5.1	Does the staff recognize each regular client?	3.67	0.7955
5.2	Did the Staff anticipate your needs?	3.23	0.8102
5.3	Is it easy to reach the staff for information?	3.90	0.7524
5.4	Does the hotel guarantee its services?	3.83	0.6930
	Mean	3.66	0.7628
	Overall Mean/SDV	3.84	0.6609

Table 8: Summary of Customer expectation Service Quality Dimensions

	Service Quality Variable	Mean	SDV
1	Tangibles	3.97	0.7008
2	Reliability	3.88	0.6341
3	Responsiveness	3.83	0.5586
4	Assurance	3.85	0.6480
5	Empathy	3.66	0.7628
	Total Average Mean/SDV	3.84	0.6609

The overall customers' expectation of five service quality shown in table 8 above had a mean score of 3.83 meaning customers' rating of the service quality was on the upper percentile of the average score almost rating good. The tangibles had a mean score of 3.97, while empathy variable having the least mean score of 3.66. This implied that all the five service quality variables covered in the figure below were of great importance to the customers. The highest standard deviation went to empathy (0.7628) and lowest to responsiveness (0.5586) service quality variables.

Figure 10: Summary of Customer expectation Service Quality Dimensions



4.2 Response from Hotel Managers

A total of 36 usable questionnaires were received from the managers. This was 90% of the total questionnaires and was considered adequate for the purpose of this research.

4.2.1 Background Information

Table 9: Distribution of Respondents by Position

Position	Frequency	Percentage	Cumulative %
Manager	30	83%	83%
Director	6	17%	100%
Total	36	100%	

87% of the respondents were managers from service departments which include Front Office, Food & Beverage Service, Food & Beverage Production, House keeping, Catering & Banqueting and Sales. 6% respondents were directors of different divisions as shown in the figure 11 below.

Figure 11: Distribution of Respondents by Position

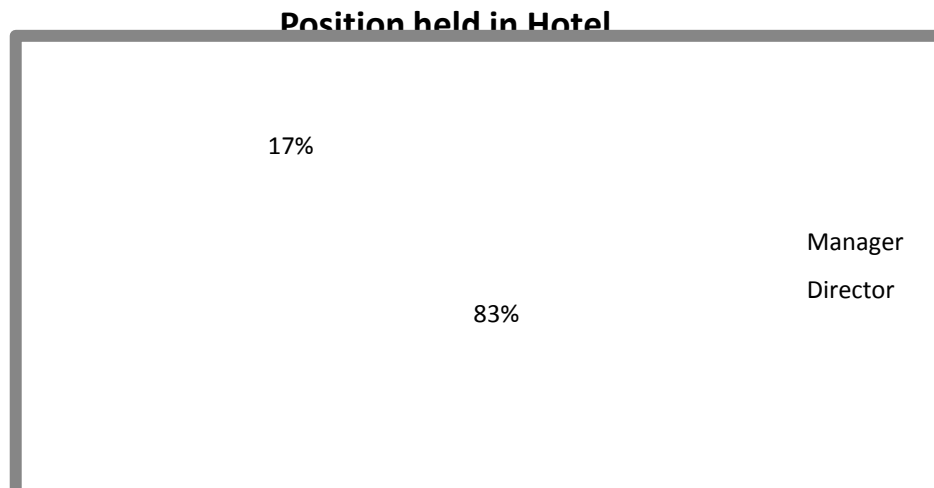


Table 10: Distribution of Respondents by number of years worked for present hotel

No.of Years in Present Hotel	Frequency	Percentage	Cumulative %
1-2 Years	14	39%	39%
2-5 Years	16	44%	83%
5 and Above	6	17%	100%
Total	36	100%	

In the Figure 12 below, the large percentage of the managers indicated that they had worked for the present hotel in a bracket of 2 – 5 years which stood at 44% which was followed closely by 39% who had worked for 1 – 2 years. 17% was the least and where managers had worked for 5 years and above.

Figure 12: Distribution of Respondents by number of years worked for present hotel

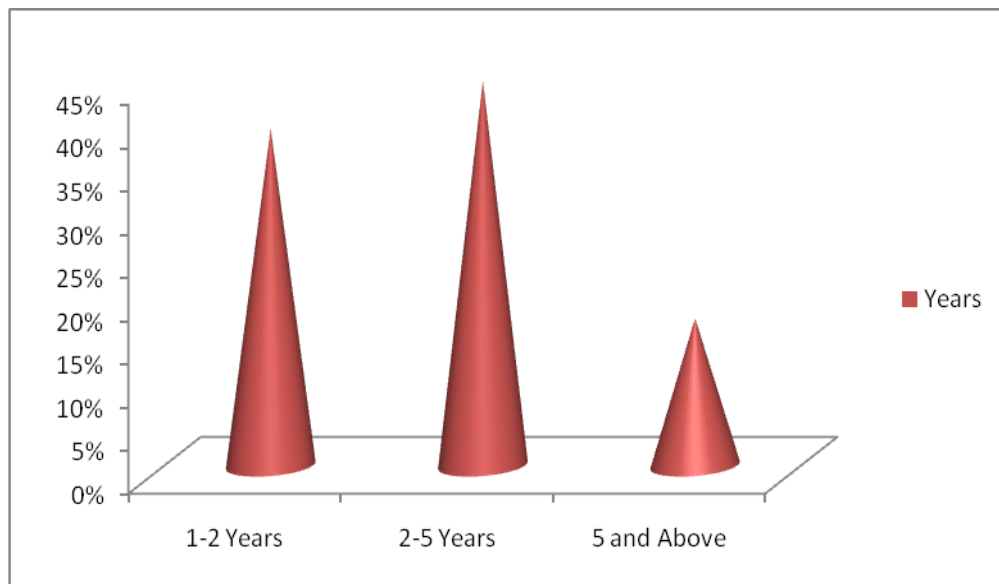
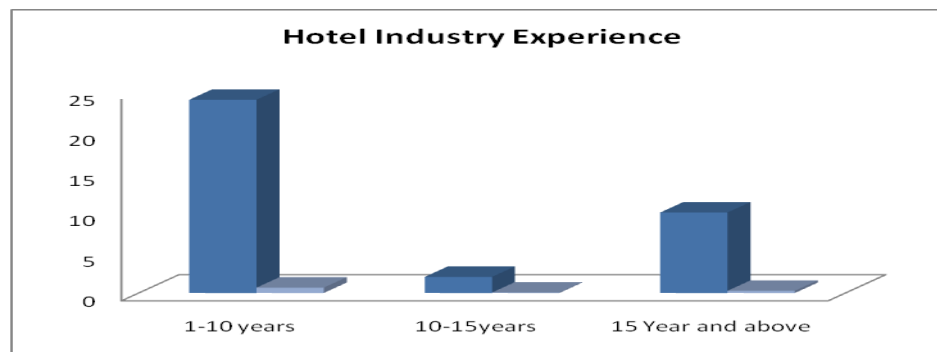


Table 11: Distribution of Respondents by total years of hotel experience

Total Years of Experience	Frequency	Percentage	Cumulative %
1-10 years	24	67%	67%
10-15years	2	6%	73%
15 Year and above	10	28%	100%
	36	100%	

Figure 13: Distribution of Respondents by total years of hotel experience



In the table 11 above and as illustrated in the figure 13 above, 67% of the managers indicated their work experience in the hotel industry was within the bracket of 1 – 10 year, 28 % had more than 15 years experience while 6% were the least with 10 – 15 years experience.

Table 12: Distribution of Respondents by Comparison to other 5 Star Hotels

Comparison of Hotel to other 5* Hotel	Frequency	Percentage	Cumulative %
Better than	24	67%	67%
Same as	12	33%	100%
Worse than	0	0%	100%
Total	36	100%	

67% of the managers rated their hotel as better than, while 33% indicated the hotel they currently work for are the same compared to the others. No manager perceived their hotel as worse than. This comparison was limited to only the 5 Star rated hotels in Nairobi. See Appendix 1.

Figure 14: Distribution of Respondents by Comparison to other 5 Star Hotels

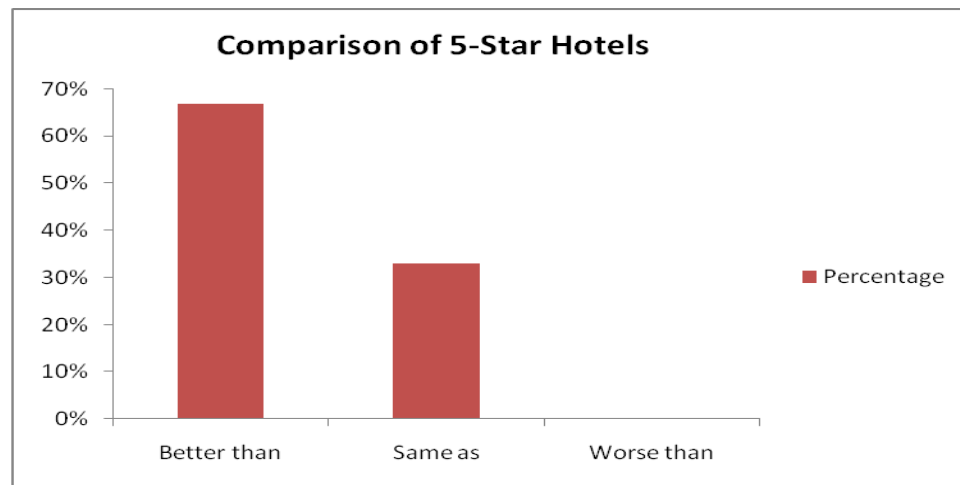
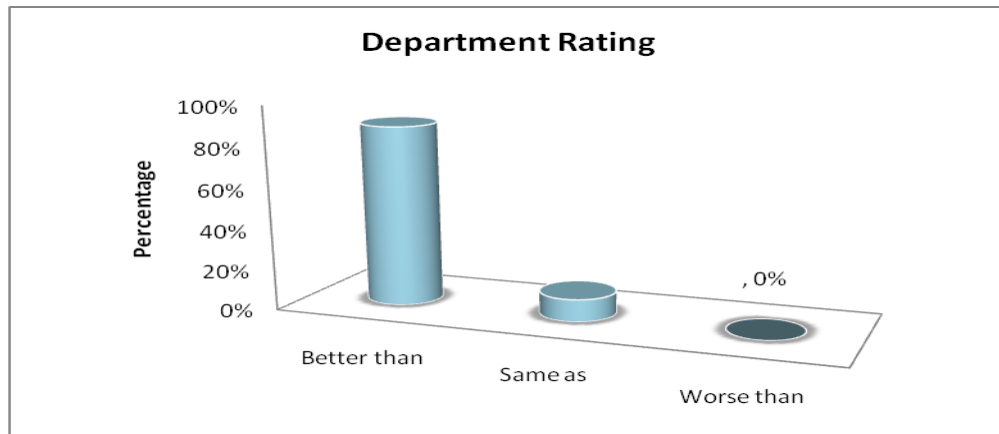


Table 13: Distribution of Respondents by Department/Hotel Rating

Rate Hotel/Department	Frequency	Percentage	Cumulative %
Better than	32	89%	89%
Same as	4	11%	100%
Worse than	0	0%	100%
	36	100%	

In this categorise, as much respondents were to rate hotel or department they concentrated rating to their department. From the table 13 above 89% indicated their departments as better than, with 11% saying they are the same as and with none for worse than.

Figure 15: Distribution of Respondents by Department/Hotel Rating



4.2.2 Measure of Managers Perception of Service Quality

This was determined by asking the respondents to rate on the five-point likert scale their perceptions on the quality of service they expect to give their customers. The questionnaire composed of similar questions as administered to guests. The mean score for each question was calculated and was used to indicate the level of importance the respondents attached to the question. The mean perceptions are shown in table 14 below.

From the results in table 14 below, the managers rated assurance as the most important quality measure, followed in order of importance by empathy, tangibles, responsiveness, and finally reliability. Looking at the individual attributes the least score was 4.00, with location and security of hotel rating the highest at 4.72, thus indicating that managers considered all the operational dimensions to be good.

Table 14: Measure of Service Quality Perception by Hotel Managers

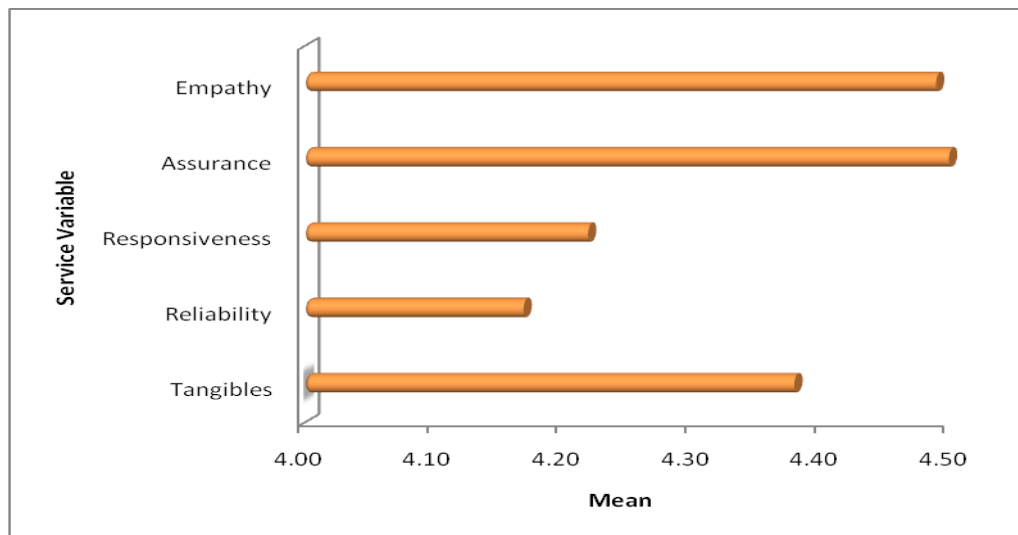
	Service Quality Item	Results	
1	Tangibles	Mean	SDV
1.1	General appearance of Hotel	4.39	0.5929
1.2	Attractiveness of the Room	4.00	0.7559
1.3	Overall experience of the Hotel	4.50	0.5071
1.4	Speed of internet connection	4.22	0.7216
1.5	How do you rate the location of the hotel	4.72	0.4543
1.6	Are service access points conveniently located?	4.44	0.7725
1.7	Check in experience	4.39	0.5989
	Mean	4.38	0.6290
2	Reliability		
2.1	Are responses accurate and consistent?	4.17	0.6094
2.2	Responsiveness of staff in fulfilling your requests	4.22	0.7216
2.3	Is reservation accurate as per request	4.11	0.9495
	Mean	4.17	0.7602
3	Responsiveness		
3.1	Were all your questions answered satisfactorily	4.09	0.7149
3.2	Is staff willing to answer your questions	4.39	0.5989
3.3	Speed and efficiency of service	4.17	0.6969
	Mean	4.22	0.6703
4	Assurance		
4.1	Overall knowledge of Staff of the hotel services	4.44	0.5578
4.2	Is the staff confident of the service delivery?	4.53	0.5599
4.3	Is the staff well informed on local/global issues?	4.06	0.8262
4.4	Do you feel secure inside the hotel?	4.72	0.5662
4.5	Does staff member have a pleasant demeanor?	4.44	0.5578
4.6	Attitude of Staff	4.56	0.5855
4.7	Is the staff pleasant and polite?	4.67	0.5855
4.8	Are you informed of any irregularities?	4.56	0.6522
	Mean	4.50	0.6114
5	Empathy		
5.1	Does the staff recognize each regular client?	4.33	0.6761
5.2	Did the Staff anticipate your needs?	4.44	0.6068
5.3	Is it easy to reach the staff for information?	4.50	0.6094
5.4	Does the hotel guarantee its services?	4.69	0.5248
	Mean	4.49	0.6043
	Overall Mean	4.35	0.6550

Table 15: Summary of Managers Perception Service Quality Dimensions

	Service Quality Variable	Mean	SDV
1	Tangibles	4.38	0.6290
2	Reliability	4.17	0.7602
3	Responsiveness	4.22	0.6703
4	Assurance	4.50	0.6114
5	Empathy	4.49	0.6043
	Total Average Mean	4.35	0.6550

As illustrated in figure 16 below managers rated assurance as the most important perceived service quality measure with a mean score of 4.50 out of 5 and least as reliability with a mean of 4.17. The average mean of 4.35 for all the five service quality variables was obtained. Managers consider their service quality to be good. Lowest standard deviation went to empathy service variable (0.6043) and the highest to Reliability (0.7602).

Figure 16: Summary of Managers Perception Service Quality Dimensions



4.3 Manager's Perception of Customer Expectation

The understanding of gap (gap 1) measures the difference between the manager's perception of customer expectations and the actual customer expectation of service quality. In this study, the customer expectation represents the actual quality of service that a customer requires. Hence this gap was found by measuring the difference between the manager's perception and customer expectation of service quality.

Table 16: Mean difference between managers' perception and guest expectation of service quality in 5 Star hotels.

Service Quality Variable	Guest Expectation	Manager Perception	Gap Score	Dimension Gap Score
Tangibles				-0.41
General appearance of Hotel	4.23	4.39	-0.16	
Attractiveness of the Room	4.13	4.00	0.13	
Overall experience of the Hotel	3.75	4.50	-0.75	
Speed of internet connection	3.57	4.22	-0.65	
How do you rate the location of the hotel	4.10	4.72	-0.62	
Are service access points conveniently located?	4.10	4.44	-0.34	
Check in experience	3.91	4.39	-0.48	
Reliability				-0.29
Are responses accurate and consistent?	3.77	4.17	-0.40	
Responsiveness of staff in fulfilling your requests	3.67	4.22	-0.55	
Is reservation accurate as per request	4.20	4.11	0.09	
Responsiveness				-0.38
Were all your questions answered satisfactorily	3.50	4.09	-0.59	
Is staff willing to answer your questions	4.23	4.39	-0.16	
Speed and efficiency of service	3.77	4.17	-0.40	
Assurance				-0.64
Overall knowledge of Staff of the hotel services	3.67	4.44	-0.77	
Is the staff confident of the service delivery?	3.80	4.53	-0.73	

Is the staff well informed on local/global issues?	3.33	4.06	-0.73	
Do you feel secure inside the hotel?	4.20	4.72	-0.52	
Does staff member have a pleasant demeanor?	4.13	4.44	-0.31	
Attitude of Staff	4.03	4.56	-0.53	
Is the staff pleasant and polite?	4.10	4.67	-0.57	
Are you informed of any irregularities?	3.57	4.56	-0.99	
Empathy			0.00	-0.83
Does the staff recognize each regular client?	3.67	4.33	-0.66	
Did the Staff anticipate your needs?	3.23	4.44	-1.21	
Is it easy to reach the staff for information?	3.90	4.50	-0.60	
Does the hotel guarantee its services?	3.83	4.69	-0.86	
Overall Score Gap	3.84	4.35		-0.51

Empathy dimension had the highest overall service gap score of - 0.83, assurance became second with a gap score of -0.64, followed by tangibles with -0.41, responsiveness with – 0.38 and the least is reliability with -0.29.

Table 17: Mean & Standard Deviation difference between managers’ perception and guest expectation of service quality

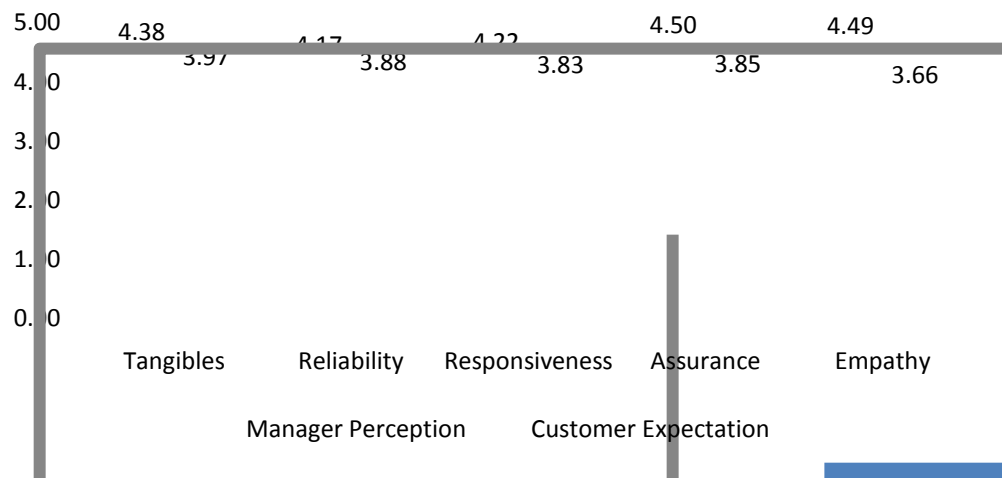
Service Quality Variable	Guest Expectation		Manager Perception		Gap Score	
	Mean	SDV	Mean	SDV	Mean	SDV
Tangibles	3.97	0.7008	4.38	0.6290	-0.41	0.0718
Reliability	3.88	0.6341	4.17	0.7602	-0.29	-0.1261
Responsiveness	3.83	0.5586	4.22	0.6703	-0.39	-0.1117
Assurance	3.85	0.6480	4.50	0.6114	-0.65	0.0366
Empathy	3.66	0.7628	4.49	0.6043	-0.83	0.1585
Total Gap Score	3.84	0.6609	4.35	0.6550	-0.51	0.0059

From the findings it is evident that the manager’s perception of service quality dimensions is not matching to the customer expectations. In all the dimensions, managers

have fallen short of the customer's expectation by a mean range of -0.29 to -0.83 and with a standard deviation range of -0.0059 to 0.1585. Therefore the findings suggest that guests have generally a high expectation on the quality of service that they receive.

The level of guest satisfaction is at most average. Customers rating of service indicate a shortfall in the service quality being offered across the five star hotels. In other words, the hotels are not meeting let alone exceeding the customer expectation. The gap is clearly illustrated in figure 17 below.

Figure 17: Summary of mean & standard deviation difference between managers' perception and guest expectation of service quality



CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The information analysis is the fundamental of any research. It is therefore important to interpret data as data analysis alone is not enough to answer the research question and hence interpret the results achieved after analysis.

This study attempted to establish extend to which the manager's perception of customer expectation has affected the level of service quality in five Star hotels in Nairobi. From the analysis and data collected the following discussions, conclusions and recommendations were made.

5.2 Discussions and Summary

Theoretically, this study extends the knowledge of service quality based on the existing theories. This study tested five key service dimensions in five star hotels in Nairobi. More importantly, concerning research question one the majority of findings for this study supported the existing literature, that there exists a gap that needs to be bridged.

From the study, customers expect high level of quality service on all service quality dimensions whereas the managers perceive that their performance in service delivery is good enough, but the findings show that the managers rating of the quality service is higher compared to the actual service customers have received.

The researcher sought to seek the manager's perception and customer's expectation by using separate questionnaire, though with similar questions. 87% of the respondents were

managers from service departments which include Front Office, Food & Beverage Service, Food & Beverage Production, House keeping, Catering & Banqueting and Sales. 6% respondents were directors of different divisions. The majority of the respondents in this category indicated that they had worked in the present hotel for atleast 1 – 5 years, with 67% saying that they have 1-10 years experience while 28% indicated they had over 15 years. This information was essential, so as to ensure that the respondents understood the hotels operations very well.

The respondents rated assurance as the most important quality measure, followed in order of importance by empathy, tangibles, responsiveness, and finally reliability. Looking at the individual attributes the least score was 4.00, with location and security of hotel rating the highest at 4.72, thus indicating that managers considered all the operational dimensions to be good. The average mean of 4.35 for all the five service quality variables was obtained. Managers consider their service quality to be good. Lowest standard deviation went to empathy service variable (0.6043) and the highest to Reliability (0.7602).

The second set of respondents included the hotels guest who has atleast spent a night in the hotels. This was important to help up capture the true picture of some of the five variables. 75% of the target population responded, female respondents took the lead with 60% while 40% were male. Most of the customers who visited the five Star hotels were from outside the country, which was expected as the questionnaire was limited to in house guests. The study established that most of the respondents were staying in these hotels while attending meetings/conference, business travelers came second and visits for leisure came third. The majority indicated they preferred direct bookings with the hotel.

59% of customers indicated that the services of the current hotel was same as, 23% thought that the current hotel they were staying was better than and 3% thought their hotel was worse than. The respondents were free to compare their current hotel with other five Star hotels they have previously stayed.

From the study, it is evident that respondents rated tangibles as the most satisfying dimension, followed by reliability, assurance, responsiveness and empathy. Looking at each question variable individually it evident that the minimum mean score was 3.23, where most of the customers indicated that they were not informed of irregularities. A maximum mean score of 4.23 out 5 was indicated as the most satisfying with the majority liking the general appearance of the hotel. The overall customers' expectation of five service quality had a mean score of 3.83, meaning customers' rating of the service quality was on the upper percentile of the average score almost rating good. The tangibles had a mean score of 3.97, with empathy variable having the least mean score of 3.66. This implied that all the five service quality variables covered in the figure below were of great importance to the customers. The highest standard deviation went to empathy (0.7628) and lowest to responsiveness (0.5586) service quality variables.

From the findings it is evident that the manager's perception of service quality dimensions is not matching to the customer expectations. In all the dimensions, managers have fallen short of the customer's expectation by a mean range of -0.29 to -0.83 and with a standard deviation range of -0.0059 to 0.1585. Therefore the findings suggest that guests have generally a high expectation on the quality of service that they receive.

The level of guest satisfaction is at most average. Customers rating of the service rate indicate a shortfall in the service quality being offered across the five Star hotels. In other words, the hotels are not meeting let alone exceeding the customer expectation. The gap is clearly illustrated in table 17, pg 48.

5.3 Conclusion

This study was important as it brought out the latest insight of service quality dimensions in the five Star hotels as perceived by managers which does not reflect the actual service delivery. Guest have high expectation of service quality, hence managers have to go an extra mile and seek information from guests to help understand why the large service gap. From the study, the customer attached great importance to all the five service quality variables with a mean range of 3.66 – 3.97. This means that the customer considers all the variables of great importance.

If the hotels want to gain competitive edge today then they must try to focus in the areas of service quality and service features to make their customers satisfied which in response will bring customer retention and loyalty and facilitate them to flourish in market.

Virtually speaking the study is both exigent and imperative. Prospect efforts should prolong to press forward the better understanding of the concept, the gaps left behind and the means to gauge and perk up the customer satisfaction approaches. Keeping in view the findings of the study, managers in hotel industry may particularly focus on: understand the needs of the customer and provide courteous services efficiently in catering such needs. Employees and the key personnel who form the impression of the

hotel should be properly trained and should strive to provide each customer a personalized touch to create a lasting impression. Customers' preference should not be ignored, with fast changing trends hotels need to be innovative on the product lines and continuously strive to improve service quality.

5.4 Recommendations

The five Star hotels should improve the delivery of service in all the service quality dimensions. This will help bridge the (gap 1) difference between the manager's perception of customer expectations and the actual customer expectation of service quality. This can be done by better understanding their guests and responding effectively to their needs. Therefore the hotels have to deduce a mechanism on how to involve guests in reviewing aspects of service provision, so as to understand and identify areas and which will help improve organizational processes and procedures and eventually the overall performance. In the same regard managers should be careful not to exaggerate advertisement which would unnecessarily increase the guest expectation.

It is necessary for managers to conduct research regularly in order to identify customers' perceptions and expectations, which may vary over time. Neglecting research may lead to incorrect or incomplete manager perceptions. More investment in consumer research means more knowledge about customers' expectations, therefore less gap between what customers want and what managers think customers want. The hotels should continuously test their employees on global awareness, which is of great important to an international traveler. Communication of irregularities was also a major concern to the guests.

5.5 Limitation of Study

This study did not consider all factors which may influence the customer expectation of service quality, such as income, general awareness and the level of education. The research perceived that the guest would be reluctant to disclose some this information.

The main research questions in this study are limited to the SERVQUAL service quality dimensions which include tangibles, assurance, responsiveness, empathy and reliability.

The research is limited to only five Star hotels in Nairobi.

The study was also conducted during the high occupancy season of the hotels in Nairobi; hence this could affect the guest expectation rating.

The study relied pure on guests and managers judgment of service quality, which may have been subjective to other biases which may also have had effect on the results.

The SERVQUAL model of analysis upon which this study is modeled has been criticized for not portraying the true picture of needs, expectations and perception in a service organization.

5.6. Recommendation for further studies

Further studies can be carried out in the following areas: one, a replicate of the study in individual five Star hotels and or include a larger sample. This will help identify gaps in a more specific way. Two, the research concentrate was on Service Gap 1, further research can be done to cover the other service gaps. Three, this study limited itself to the SERVQUAL service dimensions, further research can be done using other variables which are of great importance to the hotel industry.

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APPENDICES

APPENDIX I: List of Registered Five Star Hotels in Nairobi

1. Hotel Intercontinental
2. Laico Regency Hotel
3. Hilton Hotel
4. The Norfolk Hotel
5. Nairobi Serena
6. The Stanley
7. Safari Park Hotel
8. Windsor Golf and Country Club

APPENDIX II: INTRODUCTION LETTER TO THE RESPONDENT

University of Nairobi

School of Business

P.O.Box 30197

Nairobi

Dear Respondent,

RE: COLLECTION OF SURVEY DATA

I am a post graduate student in the School of Business, University of Nairobi; I am conducting a management research project titled “**Managers Perception of Customer Expectation and Perceived Service Quality: Case of Hotel Industry**” in partial fulfillment of the requirement for the award of Master of Business Administration degree.

The questionnaire seeks to obtain information on the quality of services. This information you provide will be treated in strict confidence and purely for academic purpose.

Your assistance and cooperation will be highly appreciated.

Thank you.

Yours Truly,

Purity M. Kiange

MBA Student

Tom Kongere

University Supervisor

Dimensions of service

1. Tangibles

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

1.1 General appearance of Hotel [] [] [] [] []

1.2 Attractiveness of the Room [] [] [] [] []

1.3 Overall experience of the Hotel [] [] [] [] []

1.4 Speed of internet connection [] [] [] [] []

1.5 How do you rate the location of the hotel [] [] [] [] []

1.6 Are service access points conveniently located? [] [] [] [] []

1.7 Check in experience [] [] [] [] []

2. Reliability

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

2.1 Are responses accurate and consistent? [] [] [] [] []

2.2 Responsiveness of staff in fulfilling your requests [] [] [] [] []

2.3 Is reservation accurate as per request [] [] [] [] []

3. Responsiveness

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

3.1 Were all your questions answered satisfactorily [] [] [] [] []

3.2 Is staff willing to answer your questions [] [] [] [] []

3.3 Speed and efficiency of service [] [] [] [] []

4. Assurance

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

- | | | | | | |
|--|-----|-----|-----|-----|-----|
| 4.1 Overall knowledge of Staff of the hotel services | [] | [] | [] | [] | [] |
| 4.2 Is the staff confident of the service delivery? | [] | [] | [] | [] | [] |
| 4.3 Is the staff well informed on local/global issues? | [] | [] | [] | [] | [] |
| 4.4 Do you feel secure inside the hotel? | [] | [] | [] | [] | [] |
| 4.5 Does staff member have a pleasant demeanor? | [] | [] | [] | [] | [] |
| 4.6 Attitude of Staff | [] | [] | [] | [] | [] |
| 4.7 Is the staff pleasant and polite? | [] | [] | [] | [] | [] |
| 4.8 Are you informed of any irregularities? | [] | [] | [] | [] | [] |

5. Empathy

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

- | | | | | | |
|--|-----|-----|-----|-----|-----|
| 5.1 Does the staff recognize each regular client? | [] | [] | [] | [] | [] |
| 5.2 Did the Staff anticipate your needs? | [] | [] | [] | [] | [] |
| 5.3 Is it easy to reach the staff for information? | [] | [] | [] | [] | [] |
| 5.4 Does the hotel guarantee its services? | [] | [] | [] | [] | [] |

Thank you very much for taking time to fill out the questionnaire.

APPENDIX IV: Questionnaire for Hotel Managers

Please provide answers to the following questions by ticking (✓) against the most suitable alternative or giving narrative responses in the spaces provided.

PART 1:

Background Information

1. What is your position in the Hotel? Manager [] Director []
2. How long have you worked for the present hotel?
1 – 2 years [] 2-5 years [] 5 and above []
3. How many years experience do you have with the hospitality industry?
1-10 years [] 10-15years [] 15years and above []
4. How do you rate your Hotel compared to other 5 Star Hotels
Better than [] Same as [] Worse than []
5. Please rate your Department/Hotel
Better than [] Same as [] Worse than []

PART II

Please tick (✓) in the appropriate box to indicate on a scale of 1 to 5, the extent to which each dimensions best explains your perception.

5. Outstanding
4. Almost Outstanding
3. Average
2. Likely Acceptable
1. Unacceptable

Dimensions of service

1. Tangibles

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

1.1 General appearance of Hotel [] [] [] [] []

1.2 Attractiveness of the Room [] [] [] [] []

1.3 Overall experience of the Hotel [] [] [] [] []

1.4 Speed of internet connection [] [] [] [] []

1.5 How do you rate the location of the hotel [] [] [] [] []

1.6 Are service access points conveniently located? [] [] [] [] []

1.7 Check in experience [] [] [] [] []

2. Reliability

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

2.1 Are responses accurate and consistent? [] [] [] [] []

2.2 Responsiveness of staff in fulfilling requests [] [] [] [] []

2.3 Is reservation accurate as per request [] [] [] [] []

3. Responsiveness

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

3.1 Were all your questions answered satisfactorily [] [] [] [] []

3.2 Is staff willing to answer your questions [] [] [] [] []

3.3 Speed and efficiency of service [] [] [] [] []

4. Assurance

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

- | | | | | | |
|--|-----|-----|-----|-----|-----|
| 4.1 Overall knowledge of Staff of the hotel services | [] | [] | [] | [] | [] |
| 4.2 Is the staff confident of the service delivery? | [] | [] | [] | [] | [] |
| 4.3 Is the staff well informed on local/global issues? | [] | [] | [] | [] | [] |
| 4.4 Do you feel secure inside the hotel? | [] | [] | [] | [] | [] |
| 4.5 Does staff member have a pleasant demeanor? | [] | [] | [] | [] | [] |
| 4.6 Attitude of Staff | [] | [] | [] | [] | [] |
| 4.7 Is the staff pleasant and polite? | [] | [] | [] | [] | [] |
| 4.8 Are you informed of any irregularities? | [] | [] | [] | [] | [] |

5. Empathy

Outstanding \longleftrightarrow Unacceptable

5 4 3 2 1

- | | | | | | |
|--|-----|-----|-----|-----|-----|
| 5.1 Does the staff recognize each regular client? | [] | [] | [] | [] | [] |
| 5.2 Did the Staff anticipate needs? | [] | [] | [] | [] | [] |
| 5.3 Is it easy to reach the staff for information? | [] | [] | [] | [] | [] |
| 5.4 Does the hotel guarantee its services? | [] | [] | [] | [] | [] |

Thank you very much for taking time to fill out the questionnaire.