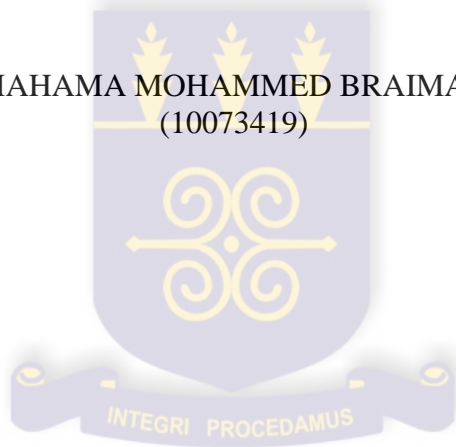


UNIVERSITY OF GHANA

SERVICE QUALITY IN SMALL HOTELS IN GHANA: A COMPREHENSIVE  
FRAMEWORK

BY

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Introduction

This chapter provides an overview of the thesis. The chapter begins with a discussion that presents an overview of the relevance of service quality in the hotel industry. It also discusses the research problem, the objectives of the study, as well as the questions the study seeks to answer. The relevant theoretical areas that inform the study are also briefly discussed. The significance of the study and the research gaps are identified and discussed. Finally, the chapter outlines and discusses the structure of the study.

### 1.2 Background to the Study

The hospitality industry is dynamic and highly competitive. It is an industry in which the guest dictates the pace and type of service, and in which because of increasing competitiveness, has resulted in satisfactory service being the minimum expectation of guests (Crick & Spencer, 2011). The role of service quality in the success of hotel businesses cannot be overemphasised. It is therefore vital for hotel managers to have a good understanding of what customers want. Identifying the specific expectations of customers, the dimensions of the service quality, and their relative importance for customers for each specific segment of the hotel industry would help hotel management surmount the challenge of improving and delivering quality service (Akbaba, 2006).

As a result of the unique characteristics of service compared to tangible products, perceived service quality is critical for a satisfactory service experience. During the past three decades, service quality has become a major area of interest to practitioners and researchers alike owing to its strong impact on business performance, lower costs, customer satisfaction as well as customer loyalty and profitability (Zeithaml et al., 2009). Service quality is a major determinant of firm competitiveness, especially so in an ever increasing competitive business environment. Firms have to serve an increasingly discerning public who, if dissatisfied with the quality of service of current providers, would readily complain and transfer their custom to other providers they (customers) perceive to provide quality service. In fact, it is argued that among all the demands of customers, service quality has increasingly been recognised as a key variable in the success of any business (Grönroos, 1990).

Studies have shown that service quality leads to positive word-of-mouth, attraction of new customers, employee satisfaction and commitment, and enhanced corporate image (Berry et al., 1989; Ahmed & Rafiq, 2002; Zeithaml et al., 2013). The empirical analysis conducted by the Strategic Planning Institute reveals a positive relationship between perceived quality and a firm's financial performance (Berry, 1991). The Profit Impact of Marketing Strategy (PIMS) programme of the Strategic Planning Institute concludes that companies with perceived high-quality goods and services generally achieve higher market share and return on investment than companies with perceived low quality (Buzzel & Gale, 1987). It has been argued that, in the long run, the most important factor that impacts firm performance is the quality of goods and services offered by the firm relative to the competition (Kotler & Keller, 2009).

### 1.3 Research Problem

Service organisations are confronted with the complex problem of how to consistently deliver quality service (Zeithaml et al., 2009). The authors argued that firms pay lip service to service quality and customer focus. The in-adequate focus on customers and service quality, results in firms sometimes designing their service and service delivery processes that do not accurately reflect the expectations and needs of their customers (Zeithaml et al., 2011). Such situations lead to poor quality service delivery (Soteriades, 2011). Service organisations also fail to provide the relevant training, compensation and needed support for employees to effectively deliver quality service (Zeithaml et al., 2009).

The quality of service in the small hotel sector is no exception. Johns et al., (1997), argued that despite the economic significance of small hotels and guest houses, the nature of service quality in these businesses are ill-understood and beset with anomalies, and that the quality of services in these hotels are rather poor. This view is also supported by Appaw-Agbola & AfenyoDehlor (2011) when they concluded in their study of hotels in the Volta Region of Ghana that the quality of service is consistently lower than customer expectations.

A key challenge in the delivery of quality service is the hotels' in-ability to correctly conceptualise customer expectations (Douglas & O'Connor, 2003). Douglas & O'Connor (2003) concluded from a survey of hotel managers and guests in Ireland that there is a gap between managers' perceptions of consumers' expectations and consumers' actual expectations. This gap is particularly troubling since it is generally acknowledged that service quality occurs when customers perceive their needs are met (Parasuraman et al., 1985). It is therefore important for hotels to effectively conceptualise the needs of their guests.

Again, Crick & Spencer (2011) have argued that hospitality service providers focus on specific service elements in their service delivery effort. However, guests see the service delivery effort as a unified whole. Guests consider the totality of the service experience, not individual distinct elements. It is critical therefore that, hotel service providers have a clear understanding of how to address the multiplicity of perceptions that are contingent on the subjective totality which guests assess (Crick & Spencer, 2011).

#### **1.4 Research Gap**

Ghobadian et al., (1994) and Akbaba (2006) maintained that despite the increasing significance of the service sector the world over and the role of quality as a critical competitive factor; service quality concepts are not well developed. Harrington & Akehurst (1996) and Mei et al., (1999) argued that, though there were several studies done in the area of service quality, quality related issues within the hospitality context have not received much research attention. According to Wilkins et al., (2007), there is comparatively limited research on the antecedents of service quality in the hotel industry. A reading of the literature on service quality in the hospitality industry indicates that several writers have developed various instruments in an attempt to measure quality in the industry such as LODGSERV (Knutson et al., 1990), HOLSERV (Mei et al., 1999), and LQI (Getty & Getty, 2003).

Knutson et al., (1990) for instance established reliability, assurance, tangibles, empathy, and responsiveness as hotel service quality dimensions. Mei et al., (1999) on the other hand considered hotel service quality to comprise three elements; employees, tangibles and reliability. Similarly, Getty & Getty (2003) also maintained service quality has five elements that included tangibility, reliability, responsiveness, confidence and communication. Mohsin & Lockyer (2010) on their part, consider hotel ambience and staff courtesy; food and

beverage product and service quality; staff presentation and knowledge; reservation services; overall value for money as elements of hotel service quality. What is instructive in these and similar studies, is that, researchers do not commonly agree on what constitutes the dimensions of service quality in the sector.

Furthermore, different scholars conducting studies in different countries have established different service quality elements. For instance, the service quality elements in the hotel industry in Australia as established by Wilkins et al., (2007) differs from that established by Knutson et al., (1990) and Getty & Getty, (2003) in North America. Expectations and perceptions can differ according to nationality (Sultan & Simpson, 2000; Ladhari, 2012). Though several studies have been conducted in the developed world, their findings cannot simply be applied to cases in developing countries such as Ghana because of differences in economic systems and customer expectations.

Johns et al., (1997) argued that analysts have historically considered hotels in very similar terms. However, there is a growing body of evidence that management values and practices differ considerably between small and luxury hotels (Lee-Ross & Ingold, 1994; Hankinson, 1989). This implies that some elements of quality may differ significantly between these two sectors of the industry. For example, in a study of the hotel sector in Scotland, Briggs et al., (2007) concluded that service quality elements varied according to hotel size. The researchers studied large, medium and small hotels and found that “friendliness and warmth” were emphasised by the small hotels, while “value for money” was important for the medium size hotels. For large hotels, “personal service” was the critical service quality element guests emphasised.

A detailed literature review indicates that service quality issues in the small hotels have been under researched. Service quality studies in large hotels have often dominated the literature with little focus on small hotels (see for example, Knutson et al., 1990; Armstrong et al., 1997; Min et al., 2002; Getty & Getty, 2003; Akbaba, 2006; Mohsin & Lockyer, 2010). There is arguably a dearth of service quality frameworks to guide managers of small hotels in designing an appropriate service quality for their customers. Since the small hotel sector dominates the boarding and lodging needs of customers in Ghana (Ghana Tourist Authority Fact Sheet, 2013), an understanding of the service quality needs in these hotels is an absolute necessity to deliver satisfactory services to the guests. Service Quality is a sine qua non for achieving repeat business and exacting positive behavioural intention from guests. For academics, the need to understand and build on service quality literature in small hotels is critical for advancing knowledge in the field. The current study was conducted to address these research gaps.

Also, customer behavioural intentions have engaged the attention of both hoteliers and academics alike, as favourable behavioural intentions help hotels retain customers. However, despite the relevance of behavioural intentions, there is limited research on this construct especially in the hotel industry (Kang et al., 2004; Wu, 2009), and more especially so in the context of Ghana. This thesis is set to explore the effects of the service quality and customer satisfaction constructs on customer behavioural intentions.

### **1.5 Study Objectives**

The study was designed to achieve the following objectives with particular reference to the small hotel sector in Ghana.

1. Propose a multi-item scale for evaluating the dimensions of service quality in small hotels
2. Establish the relative importance of the dimensions of small hotel service quality
3. Determine the relationship between service quality, customer satisfaction and behavioural intentions in small hotels.

### **1.6 Research Questions**

In an attempt to realise the research objectives stated above, the study sought to answer the following research questions as they relate to the small hotel sector in Ghana.

1. What are the dimensions of service quality in the small hotel sector in Ghana?
2. Which quality factor is the most significant small hotel service quality dimension?
3. How do service quality, customer satisfaction and behavioural intentions relate in the small hotel sector in Ghana?

### **1.7 Theoretical Foundations**

The study reviewed literature on various conceptual fields that underpinned the study. These included literature on service; service quality in general and service quality in the hospitality industry in particular; customer satisfaction and behavioural intentions; and internal marketing. These areas are briefly discussed next.

### 1.7.1 Services

Service has been variously defined overtime by different authors. Zeithaml et al., (2009:4), defined services as “deeds, processes, and performances provided or co-produced by one entity or person for another entity or person”. It is interesting to note in this definition that, service cannot be divorced from the producer, as “service” is considered to be a performance. In Palmer’s (2008) definition of service, he observed that most products are a combination of both tangible goods and intangible service. He defined service as “the production of an essentially intangible benefit, either in its own right or as a significant element of a tangible product, which through some form of exchange satisfies an identified need” (Palmer, 2008:4). Palmer’s definition introduces an interesting element of service; that services vary with respect to the level and degree of tangibility.

It is generally accepted that differences exist between goods and services, and these differences presented different challenges and opportunities to service firms (Zeithaml et al., 2013). Services therefore have a number of defining characteristics. These characteristics include tangibility; heterogeneity; simultaneous production and consumption; and perishability. Due to the unique characteristics of services, the marketing mix framework has been described as not being suitable for services (Palmer, 2008). The inadequacies of the traditional 4Ps has led to the development of an “extended marketing mix” which introduced 3 more elements thus; people, processes and physical evidence (Boom & Bitner, 1981). The extended marketing mix elements provide cues for customers to understand the nature of the services and to aid them in assessing and forming opinions and perceptions of service quality. The literature on services will be reviewed in order to provide an understanding of service issues with particular reference to the small hotel sector

### 1.7.2 Service Quality

Service quality has been described as a consumer's judgment about an entity's overall excellence or superiority (Kang & James, 2004). Other researchers (see for instance Creedon, 1988; Moore, 1987) have described service quality as an organisation consistently meeting or exceeding the expectations of her customers. Service quality can therefore be said to be the perception of a customer of the value he/she has received, for the cost he/she has suffered for the attributes of a service as they relate to the service's function and form.

Zeithaml et al., (2009) suggested that quality is not perceived in a "unidimensional" way. Customers judged quality, based on multiple variables which are relevant to a particular service context. According to Grönroos (1984) service quality comprised three dimensions namely, the technical quality of outcome; the functional quality of the service encounter; and the corporate image. Similarly, Lehtinen & Lehtinen (1992) also argued that service quality had three dimensions comprising physical quality, corporate quality, and interactive quality.

Parasuraman et al., (1985; 1988; 1991) have laid a solid foundation for the understanding of service quality. They proposed a conceptual framework that comprised 10 service quality dimensions, but later modified the framework into five major dimensions which they christened the SERVEQUAL model. The service quality literature will be reviewed in order to provide the relevant insights which will ultimately help to design service quality framework for small hotels.

### **1.7.3 Service Quality in the Hospitality Industry**

The delivery of services in the hospitality industry is qualitatively different from the delivery of other types of services. This difference influences the management and delivery of service as well as customer perception of service (Crick & Spencer, 2011). Hotels provide their guests with an environment similar to home settings but the guests have less control over the arrangements in a hotel than they would in a home setting. According to Crick & Spencer (2011), there is a dichotomy between the perceptions of providers and consumers in the hospitality industry. Crick & Spencer (2011) also argued that hospitality service providers focus on specific service elements, while guests see the service as a unified whole, emphasising the totality of the experience. This means hotels must have a clear understanding of how to address the multiplicity of perceptions that are contingent on that subjective totality that a customer assesses (Crick & Spencer, 2011).

Attributes such as imprecise standards, fluctuating demand and short distribution channel have been identified as unique to the hospitality industry, and this complicates the task of defining, delivering and measuring service quality in the hotel industry (Mei et al., 1999; Akbaba, 2006). Mei et al., (1999) argued for example that, while firms in the hospitality industry have established policies, rules and procedures to govern the standardisation of their products, many aspects of service quality such as “friendliness”, “helpfulness” and “politeness” does not lend themselves easily to standards. These aspects of quality are likely to be subjectively assessed by different guests.

Various attempts have been made by different researchers to adapt the SERVQUAL scale to measure service quality perceptions in the hospitality industry and to determine which elements of service quality are most significant to customers in the sector. Several derivative

models such as LODGSERV (Knutson et al., 1990), LODGQUAL (Getty & Thompson, 1995), DINESERV (Knutson et al., 1995), and HOLSERV (Mei et al., 1999) have been developed to measure restaurant and accommodation quality. Other researchers have attempted to measure service quality in the hospitality industry independent of the SERVQUAL scale (see for example, Wilkins et al., 2007; Min et al., 2002).

The burgeoning literature on service quality in the hospitality industry was reviewed to help identify the relevant service quality dimensions which customers consider critical in the sector. The literature will be synthesized to provide a comprehensive framework for measuring service quality in small hotels especially in a developing country such as Ghana.

#### **1.7.4 Internal Marketing**

Berry (1981) originally pioneered the term internal marketing. Berry described employees as internal customers and jobs as internal products that satisfied the needs of the internal customers while at the same time addressed the objectives of the organization (Aburoub et al., 2011). According to Zeithaml et al., (2009), organisations must keep promises they make to their customers by delivering on those promises to satisfy and retain their customers. External marketing is the means by which organisations make promises to their external customers while internal marketing is the means by which these promises made by external marketing can be kept (Zeithaml et al., 2009).

Internal marketing is described as the task of recruiting, developing and motivating employees to ably serve the customer (Kotler & Keller, 2009). Internal marketing requires everybody in the organisation to buy into the concepts and goals of marketing, and to choose to provide and communicate customer value (Kotler & Keller, 2009). The authors

maintained that it is only when all employees in the organisation realise that their job is to create, serve, and satisfy customers that the company can become an effective marketer and deliver the relevant services to customers. Since hotel services are a high contact service (delivered by people to people), internal marketing literature will be reviewed in order to help identify relevant cues which could help deliver service quality to guests.

### **1.7.5 Customer Satisfaction and Behavioural Intentions**

Over the years, customer satisfaction has become a key concept in marketing thought and practice. Though customer satisfaction is said to be one of the most commonly studied areas in marketing, it is not very simple to define (Philips et al., 2011), and there is yet to be a commonly agreed definition of customer satisfaction (Dortyol et al., 2014). However, scholars have described customer satisfaction as a judgement that a product or service provides a pleasurable level of consumption-related fulfilment (Oliver, 1997:13). Other researchers have described satisfaction as an attitude-like evaluation, following the purchase of a product or service (Lovelock & Wirtz, 2007). It could be argued that satisfaction is a customer's evaluation of an offering as to whether it has met his or her needs (Zeithaml et al. (2009). It is seen as a major outcome of service quality (Zeithaml & Bitner, 2003; Jamali, 2007)

Customer behavioural intention has also been of critical interest to organisations over the years. It has attracted the interest of hotel marketers and academics alike because it provides the basis for repeat business in any sector. It is a commonly held view that favourable customer behavioural intentions help hotels retain customers (Wu, 2009). Service quality and customer satisfaction among others have been identified as significant variables that determine behavioural intentions (Chen & Tsai, 2007; Gonzalez et al., 2007). The literature

review will cover these areas in order to provide outcome variables for engaging in service quality in small hotels.

### **1.8 Significance of the Study**

The study contributes to both theory and practice, with respect to service quality, customer satisfaction and customer behavioural intentions in the small hotel sector. The study develops a multi-item scale for evaluating the dimensions of service quality in the small hotel sector. The scale delineates the factors that directly influence service quality perceptions in the sector. The scale also details the variables that constitute each service quality factor or dimension. It is therefore expected that this study would give marketing scholars and practitioners, insights into what constitutes quality service in the small hotel sector.

Consequently, it is hoped that the findings would generate debate about, and further research into, service quality issues and service quality measurements in the sub-sector. It is also expected that the findings would enhance marketing scholars understanding of service quality dimensions within the sub-sector and feed into practitioners' efforts at consistently delivering quality service to the satisfaction of guests. It is a modest addition to the literature on service quality in the small hotel sector.

The study develops a comprehensive framework that depicts the interrelationship between service quality, customer satisfaction and behavioural intentions using the small hotel sector as an illustration. The framework clearly indicates the impact of service quality perception on customer satisfaction and behavioural intentions, as well as the impact of customer satisfaction on customer behavioural intentions. This framework further enhances

researchers' and practitioners' understanding of how service quality, customer satisfaction and behavioural intentions are related in the small hotel sector.

The study also contributes to methodology. Service quality studies have relied, in several instances, on a single theory, or on extant literature to guide their studies. Parasuraman et al., (1988) for instance adopted the confirmation - disconfirmation paradigm which guided the study and development of the SERVQUAL scale. The current study however pulls several theoretical fields such as service quality and internal marketing together to inform the research effort. The output resulting from the study is grounded in theoretical foundations. It is expected that this approach to understanding service quality and its related impact produces a richer and more informed model of small hotel service quality.

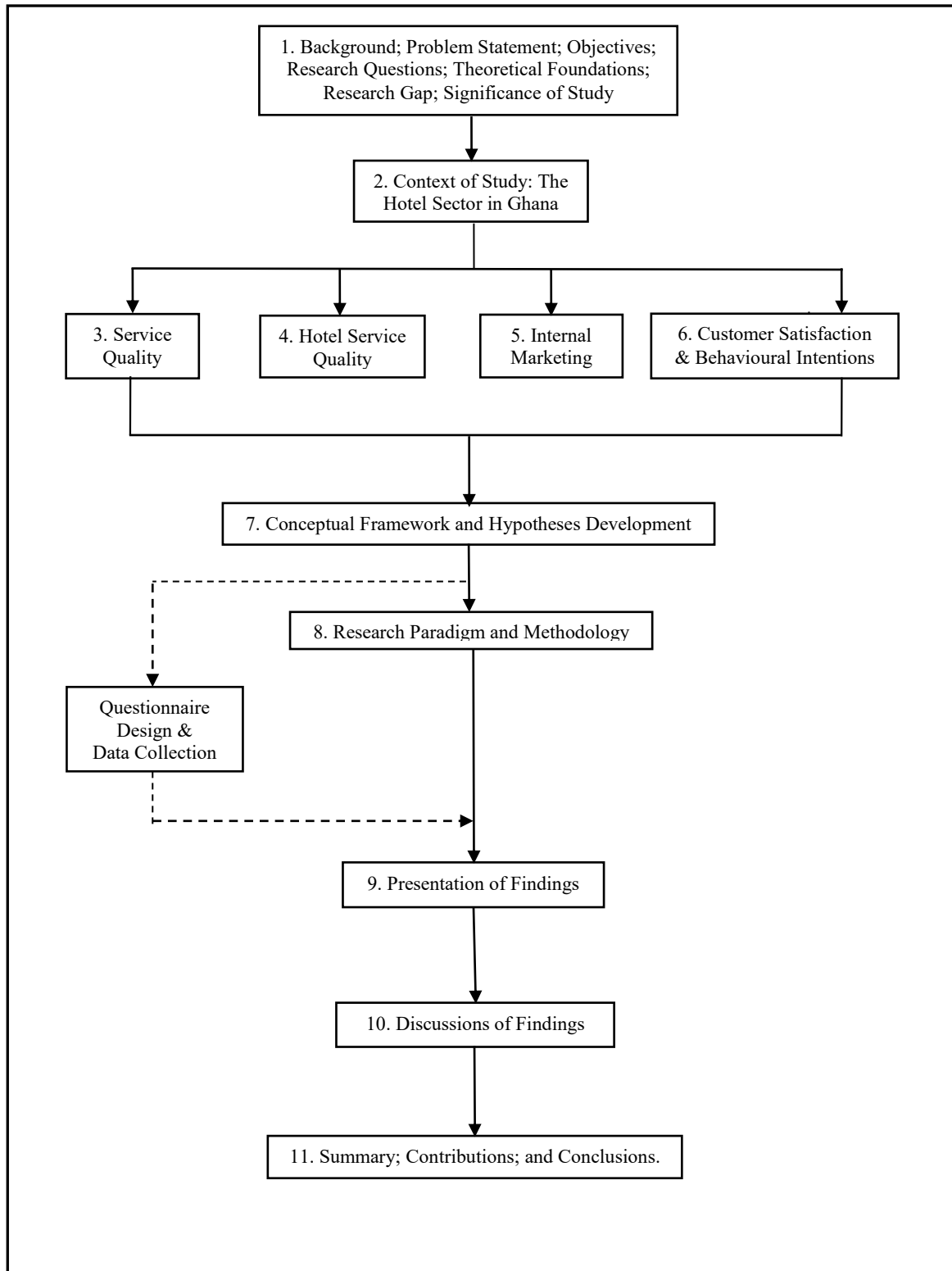
### **1.9 Scope of Study**

The Ghana Tourism Authority describes accommodation enterprises as any commercial enterprise which provides accommodation only or accommodation and food, but does not include any rest house or club or similar establishment owned or operated by an organisation for the use of its staff or residents. Accommodation enterprises are categorised into A to E. Category "A" accommodation enterprises are referred to as "hotels", which also include resorts and motels. Hotels are further classified according to a star system and standards, that is, 1-star to 5-star hotels. Budget hotels and guest houses are hotels that fall outside the star system and standards and are re-designated as Category B accommodation enterprises. The budget hotels and guesthouses are the focus of this study. Small hotels in this study therefore refer to budget hotels and guesthouses.

### **1.10 Structure of the Study**

The study is organised into 11 chapters as captured in figure 1. Chapter one contains the introduction to the study. This chapter indicates the background to the study, the problem statement, the objectives of the study and the research questions the study seeks to answer. The theoretical foundations that underpin the study are briefly discussed. The chapter also captures the research gap, significance of the study, and the structure of the study. Chapter two is devoted to the context of the study and explores the hospitality industry in Ghana. Literature is discussed in chapters three through to six. Literature on services and service quality; and service quality in the hospitality industry is reviewed in chapters three and four respectively. Literature on internal marketing is discussed in chapter five, while customer satisfaction and customer behavioural intentions are discussed in chapter six. The review of literature culminates in the design of a conceptual framework to guide the empirical part of the study, and this is discussed in chapter seven. In chapter eight, the philosophical underpinnings and the methods employed in the study to collect and analyse data are discussed. Findings of the study are presented in chapter nine. Chapter ten discusses the findings of the study. Summary, contributions and conclusions are presented in chapter 11.

**Figure 1.1: Flow of Thesis**



### **1.11 Chapter Summary**

This chapter is the introductory chapter to the dissertation. The chapter began with a discussion of the background to the study which provided a general overview of the dissertation. The poor understanding, anticipation, design and delivery of quality service by hotels were identified as a research problem and discussed in the chapter. The study objectives and research questions were formulated and stated. The theoretical foundation that underpins the study was identified and briefly discussed. Consequently, literature on service & service quality, service quality in the hospitality industry, customer satisfaction and behavioural intentions, and internal marketing were briefly explored. A research gap was identified and discussed, and this served as a motivation for the study. Potential contributions were identified and discussed in the chapter. The scope of the study which covers small hotels in Ghana was identified and defined. The study spans 11 chapters and these were stated and described. The next chapter of the dissertation explores the context of the study.

## **CHAPTER TWO**

### **CONTEXT OF THE STUDY**

#### **2.1 Introduction**

This chapter discusses the context in which the study was conducted. Generally, tourism is considered a very important sector to the world economy. The significance of the industry is therefore discussed in the chapter, taking a look at the contribution of the tourism industry to the economies of the world and Africa at large, and Ghana in particular. The relevance of the sector is further demonstrated by the growth of tourist arrivals in Ghana over the years. The accommodation sector is reputed to be the largest sub-sector within the tourism industry and the hotel sector is said to be the most visible part of the accommodation sub-sector. The chapter consequently takes a look at the size of the hotel sector in Ghana and explores the growth of the sector and its contribution to the national economy. The institutional and regulatory framework governing the operations of the sector is also explored. The accommodation and lodging sector is categorised and classified, and this is explored and discussed in the chapter. Other materials that provide further insights into the sector are attached as appendix to the study.

#### **2.2 Background to the Study Context**

Tourism is a global phenomenon and is considered the largest industry in the world. It is one of the fastest growing industries in many countries today. A cursory look at the sector would reveal an industry that merely provides facilities to meet the expectations of tourists (Kamra & Chand, 2006). However, a critical look reveals an industry that incorporates a whole set of complex elements and forces. The management and operation of the tourism industry

involves a matrix of inter-related multi-dimensional processes and issues that involve new challenges and opportunities (Kamra & Chand, 2006).

From an insignificant position among the nations' income sources, tourism has steadily gained an increasingly significant position in national economies the world over. Tourism has become a multi-million dollar industry world-wide and is continuing to grow. In 2013, tourism contributed about GHC6.24 billion, USD71.6 billion, and USD2.2 trillion to Ghana, Africa and the world economy, respectively. In terms of GDP, tourism's contribution was 3.0%, 3.6% and 3.1% to Ghana, Africa and the world economy respectively in 2013 (WTTC). Tourism contribution to Ghana's GDP has seen a consistent growth. For instance, tourism contributed 4.7%, 4.9%, 5.7%, 5.8% and 6.3% in 2003, 2004, 2005, 2006, and 2007 respectively, to Ghana's GDP (GTA). Similarly, in 2008 and 2009, the tourism sector contributed 6.5 and 6.7 respectively to GDP. See table 2.1 below.

**Table 2.1 Tourism Contribution to Ghana's Gross Domestic Product**

Item	Year in Focus	GDP Contribution
1	2003	4.7%
2	2004	4.9%
3	2005	5.7%
4	2006	5.8%
5	2007	6.3%
6	2008	6.5%
7	2009	6.7%

Source: Constructed from GTA Tourism Statistical Factsheet on Ghana

Note: GTA refers to the Ghana Tourism Authority

The potential of tourism in Ghana is huge and still expanding. The sector is one of the fastest growing industries in Ghana (ISSER, 2009). The relevance of tourism is demonstrated by the performance of the sector with respect to tourist arrivals in the country which has been

growing steadily over the years. Tourists arriving in Ghana in 1992 for instance were 213,316. This figure grew to 399,000 by 2000. By 2011, total arrivals had grown over 500% since 1992, registering a figure of 1,080,220. Tourism receipts within the period also grew by over 1300%, recording about US\$167 million in 1992, and growing to over US\$2.179 billion by 2011. See appendix 2. Despite the significance of tourism to Ghana, the country is yet to fully leverage its potential.

Accommodation or lodging is by far, the largest and most ubiquitous sub-sector within the tourism economy. Hotels are the most visible sub-sector within the accommodation and lodging sector, and they are also the most significant (Cooper et al., 2008). Consequently, this study focuses on small hotels. The following sections therefore discuss the hospitality industry in general and more specifically, the hotel sector in Ghana.

### **2.3 The Hospitality Industry**

Hospitality is a key industry for global economic growth and has a broad economic reach as it provides a forum for various activities such as trade shows and business meetings considered critical catalyst of economic prosperity. Hospitality is reputed to be one of the world's oldest professions. It is often used to describe such endeavours as the provision of food service, accommodation, conventions, attractions, leisure and travel (Ottenbacher et al., 2009). On the other hand, hospitality can be used descriptively to explain the way in which an individual relates to another (Crick & Spencer, 2011) and this can be described as hospitableness. Hospitableness refers to the authentic kindness and generosity of a person, while hospitality refers to the creation of experiences (Pizam & Shani, 2009). Hospitality, as an effort towards the creation of excellent experience for the guests is the focus of this study.

Hospitality is an industry in which the guest dictates the pace and type of service, and in which because of increasing competitiveness, has resulted in satisfactory service being the minimum expectation of guests (Crick & Spencer, 2011). Hotels provide a home and welcoming environment to its guests by offering comfort, privacy and security (Cooper et al., 2008). Hospitality is a broad term and so many encounters have elements of a typical hospitality encounter (Brotherton, 1999). This study however focuses on those aspects of the hospitality industry that involve a voluntary purchase of accommodation, food or beverage for the purposes of convenience or pleasure. This study therefore specifically targets the hotel sector.

Hotel enterprises are in a strategic position to bridge the two worlds of the domestic setting and the commercial environment as they attempt to deliver on the service promise (Crick & Spencer, 2011). Lashley (2001) referred to this as attempting to “square circles” as managers, through their employees, must provide a good level of hospitality, balancing it with the requirements to be efficient and profitable. Hotels provide their guests with an environment similar to a domestic (home) setting but the guests have less control over the arrangements in a hotel than they would in a domestic environment. This situation has implications for the management of service quality. The need to create a familiar domestic setting in the hotel environment with the need to be commercially viable and profitable creates a challenge that is unique and interesting, making hotel work both challenging and exciting (Crick & Spencer, 2011; Pizam & Shani, 2009).

It is a daunting challenge to create a feeling of being at home while simultaneously trying to create an extraordinary experience for the guest (Crick & Spencer, 2011). Sherman (2007) has likened this situation to striving for an almost impossible task, arguing that the best

hospitality experience may require services beyond that of a mother, preferable that of an “idealised mother”. Hotel work is complex and challenging and seems to incorporate both the pleasures and pains of service work (Korczyński, 2002). Even the demanding aspects of hotel work are perceived as opportunities to demonstrate skill and competence in a bid to create memorable experiences for guests (Pizam & Shani, 2009). The nature of the hotel sector therefore requires committed, well trained and motivated staff.

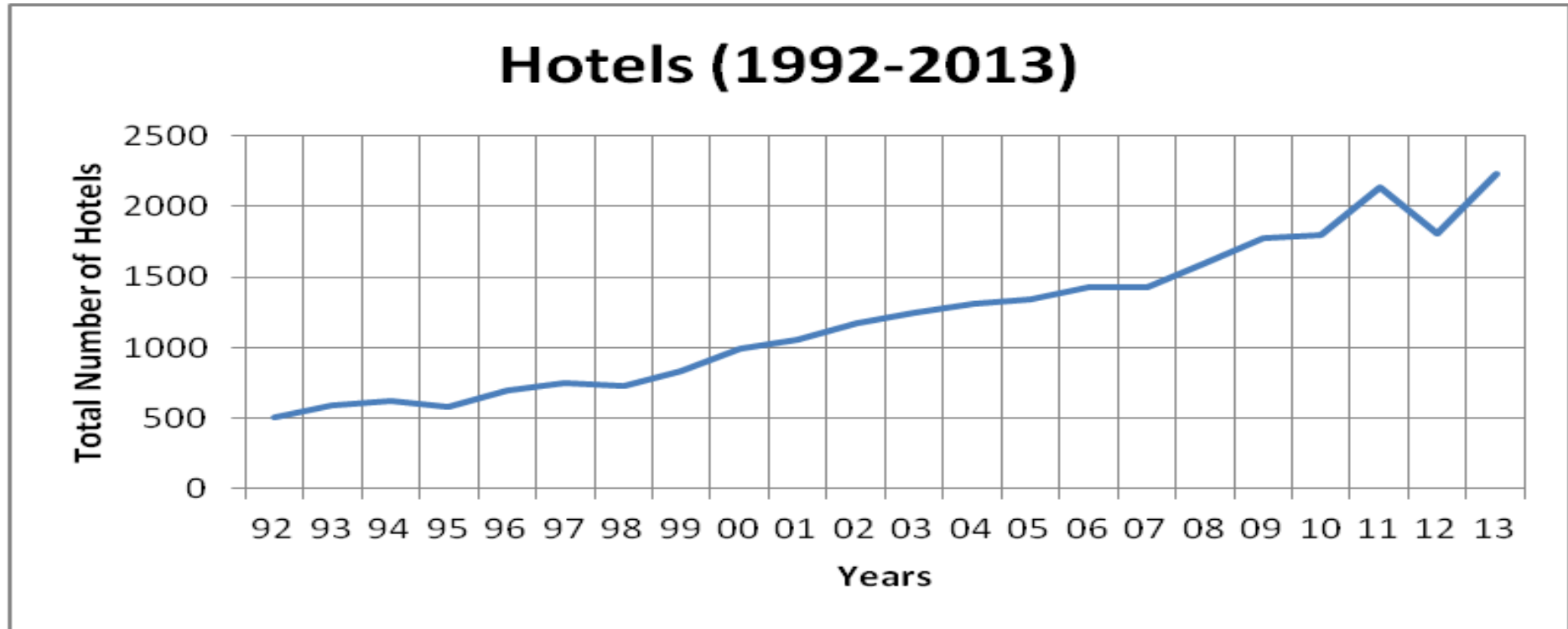
## **2.4 Overview of the Hotel Industry in Ghana**

The hotel sector in Ghana has seen tremendous growth over the years. This section discusses the hotel sector in terms of the growth of hotels, rooms and beds. The section also discusses room occupancy rates and the contribution of the sector to the national economy. The management and operation of hotels in Ghana is regulated by the state. The last part of this section therefore explores the regulation of the sector and the categorisation of accommodation and classification of hotels.

### **2.4.1 Growth of the Hotel Sector**

The number of hotels grew from 509 in 1992 to 992 by year 2000. This period marked a slow growth rate, increasing by just 483 hotels in nine years. By 2013, the number of hotels had increased to 2,228. The growth at this stage was relatively rapid, growing by 1,236 hotels in 13 years. See figure 2.1 below and appendix 3. The relative stability of the Ghanaian political system, coupled with the continuous growth of the economy served as a catalyst that encouraged the growth of the hotel sector.

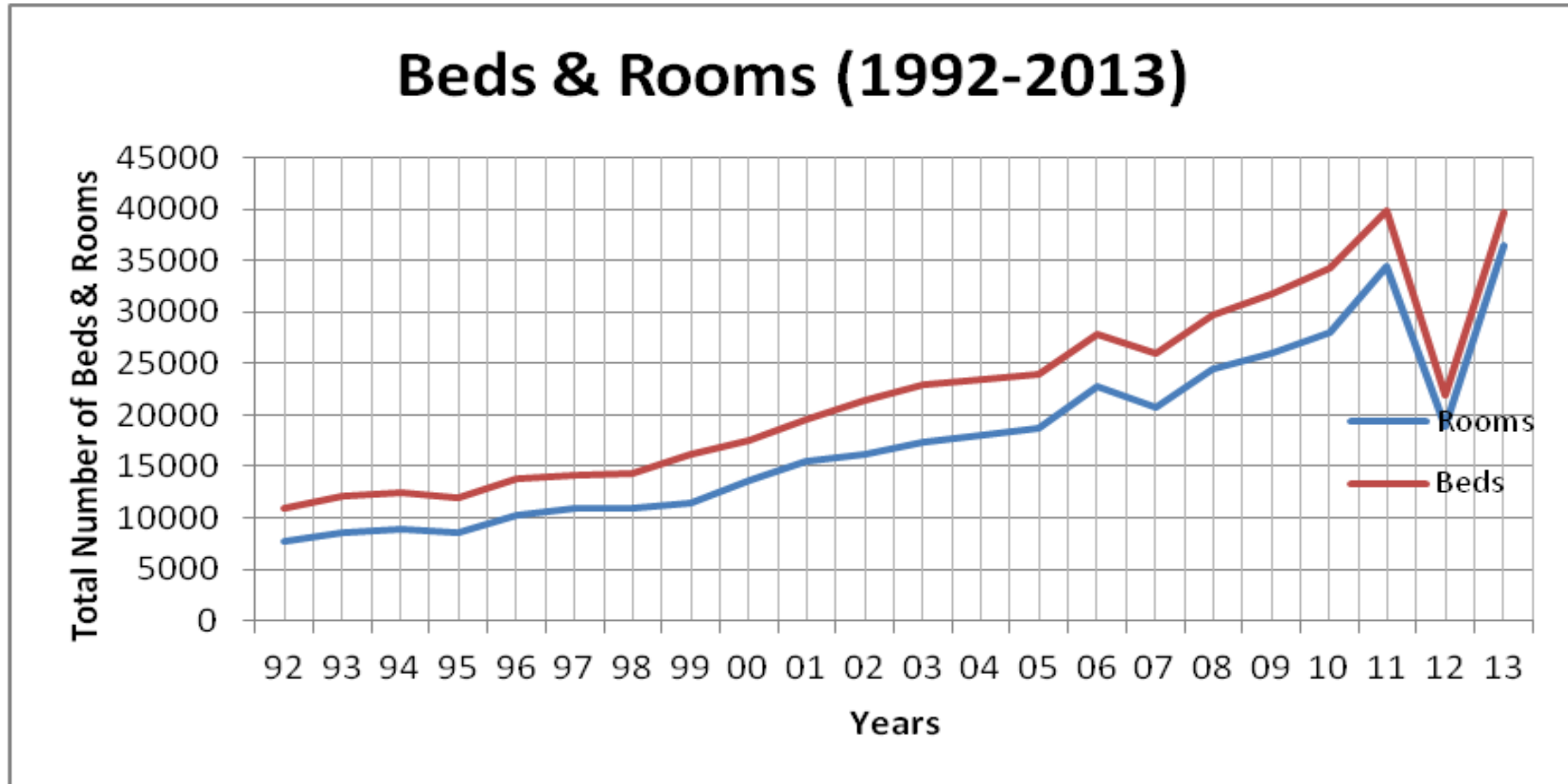
**Figure 2.1 Growth of the Hotel Sector in Ghana**



Source: Constructed from GTA Tourism Statistical Factsheet on Ghana

In a similar manner, the number of rooms in 1992 was 7,166 and the number of beds stood at 10,902. By the year 2000, the number of rooms and beds stood at 13,641 and 17,558 respectively. By 2013, the sector had 36,472 rooms and 39,752 beds. See figure 2.2 below. From 1992 to 2013, the total number of hotels, rooms and beds grew by about 438%, 476% and 365% respectively. The total number of budget hotels (1550) and guest houses (147), making a total of 1697 small hotels, constitutes 76% of the total number of hotels in Ghana as at 2013. The star rated hotels as at 2013 are 531 and represent 24% of licensed hotels in Ghana.

**Figure 2.2 Growth of Hotel Rooms and Beds in Ghana**



Source: Constructed from GTA Tourism Statistical Factsheet on Ghana

#### **2.4.2 Hotel Room Occupancy Rates**

The Ghana Tourist Authority maintains records on the rate of occupancy of hotels in the country. However, 2009 is the most current record the GTA has confirmed, and records available reflect only 2 - 5 star hotels. The discussions in this study cover a 10-year period, from 2000 to 2009. Within this period, 2007 and 2008 recorded the highest occupancy rates of 94.4% and 93.0% respectively; and this occurred in the 5-star hotel category. 2008 and 2009 recorded the lowest room occupancy rates of 52.9% and 54.2% respectively; and occurred in the 2-star hotel category. For the period under consideration, the 4 and 5 star hotels had the highest average hotel room occupancy rate, registering almost 80% each, while the 2-star hotels category recorded the lowest occupancy rate of about 64%. See table 2.2 below. There are however no records available from the GTA for the room occupancy rates for 1-star hotels.

**Table 2.2 Room Occupancy (%)**

<b>Hotels</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Average</b>
5-Star	77.8	72.1	73.4	74.2	74.0	79.0	86.3	94.4	93.0	74.1	79.83
4-Star	71.4	76.0	80.6	76.1	78.5	81.3	81.6	87.0	85.9	81.1	79.95
3-Star	64.1	62.4	65.0	63.1	66.5	68.2	79.0	69.9	65.4	65.2	66.88
2-Star	60.0	55.8	64.0	62.4	64.5	78.0	88.0	64.3	52.9	54.2	64.41
<b>Average</b>	68.33	66.58	70.75	68.95	70.88	76.62	83.73	78.9	74.3	68.65	

Source: Constructed from GTA Tourism Statistical Factsheet on Ghana

### 2.4.3 Contribution of the Services and Hotel Sectors to National Economy

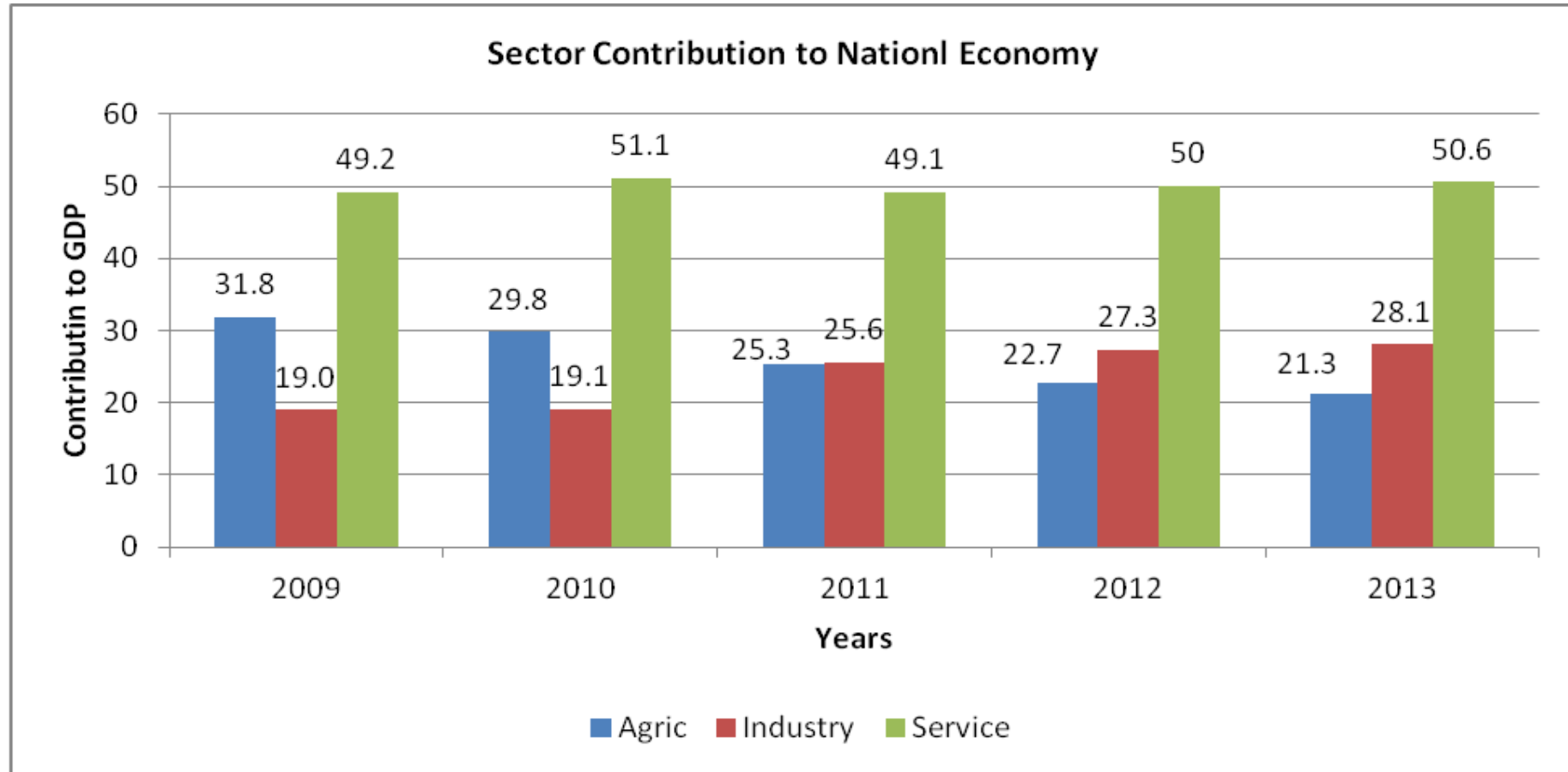
The service sector is one of the major and critical sectors of the Ghanaian economy. The sector has significantly contributed to the national Gross Domestic Product (GDP). For instance, in 2009, the services sector contributed 49.2% to GDP, as against a contribution to GDP of 19% and 31.8% for the industry and agricultural sectors respectively. The services sector contributed 51.1% in 2010; 49.1% in 2011; 50% in 2012; and 50.6% in 2013 to GDP. See table 2.3 below which presents the contribution of the services sector. Also, figure 2.3 below compares the contributions of industry, agriculture and service sectors to national economy. The services sector is the leading sector in the Ghanaian economy.

**Table 2.3 Contribution of the Service Sector to National Economy**

<b>Item</b>	<b>Year in Focus</b>	<b>Contribution to GDP</b>
1	2009	49.2%
2	2010	51.1%
3	2011	49.1%
4	2012	50.0%
5	2013	50.6%

Source: Ministry of Finance (Ghana Government Budget Statement) 2014

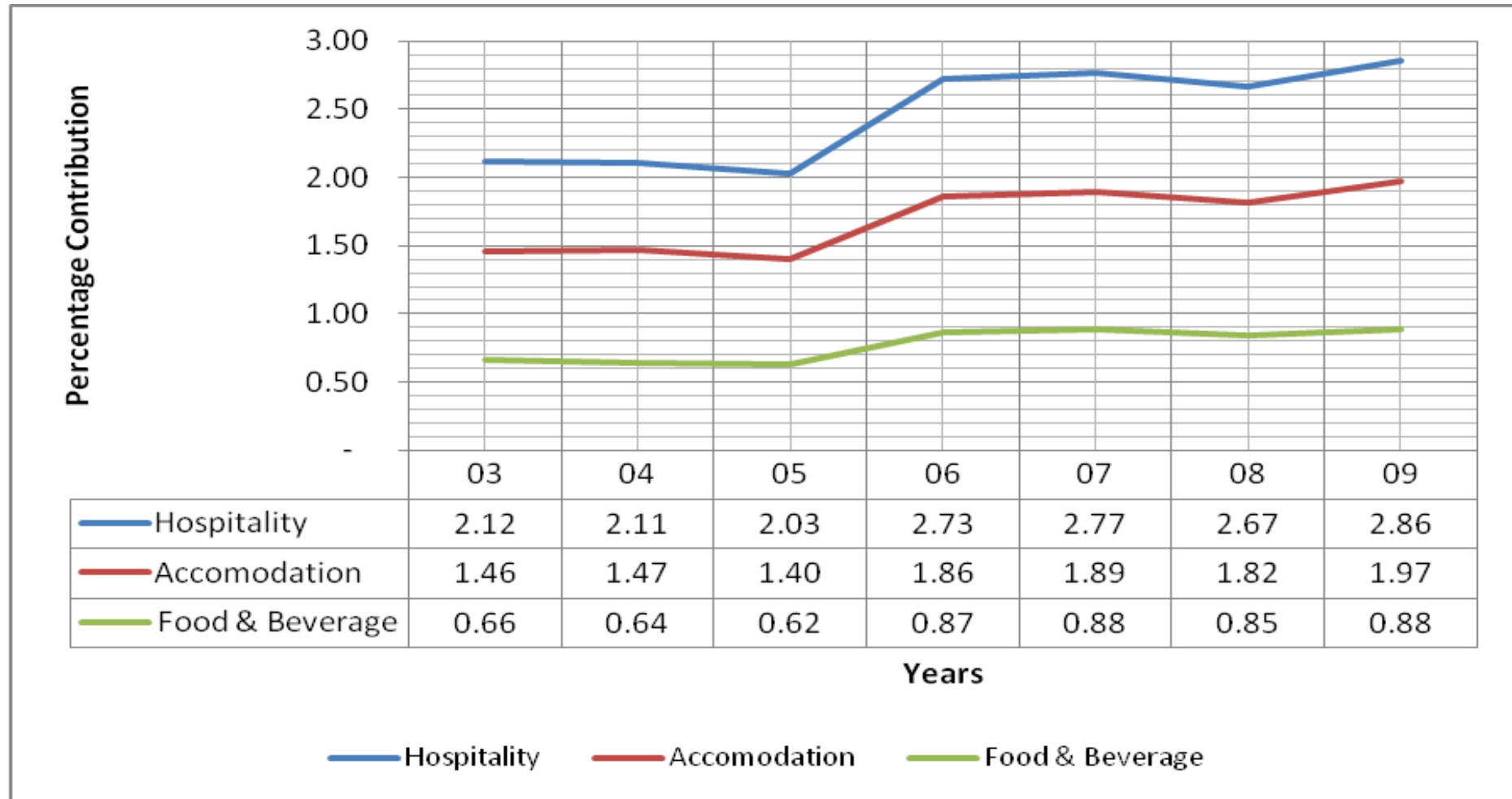
**Figure 2:3 Contributions of Various Sectors to the Ghanaian Economy**



Source: Ministry of Finance (Ghana Government Budget Statement) 2014

The hotel and restaurant sub-sector is a major driving force in the service sector. The hotel sector made significant contribution to Ghana's GDP over the years. In 2003 for instance, the sector contributed about 2.12% to GDP. Contribution to GDP grew since then to about 2.89% in 2009. See figure 2.4 below. Though the graph reflects only up to 2009, which is the latest confirmed data from GTA, it is still relevant as it informs our understanding of the contribution of the hotel sector to the economy.

**Figure 2.4 Contribution of the Hotel Sector to the GDP of the Ghanaian Economy**



Source: Constructed from GTA Tourism Statistical Factsheet on Ghana

#### **2.4.4 Regulations Governing Hotel Operations in Ghana**

There are institutions and laws that either regulates the operations of the tourism industry in general and the hotel sector in particular, or are significant players in the industry. The Ministry of Tourism, established in 1993, is responsible for tourism in the country. The ministry is responsible for initiating and formulating tourism policies, undertaking tourism development planning and monitoring and evaluating the performance of the industry. Other government units that play significant roles in the industry include the Ghana Tourism Authority and Hotel, and Catering and Tourism Training Institute (HOTCATT). HOTCATT is mandated to develop the human resources capacity for the industry.

The operation of the tourism industry in Ghana is governed by the Tourism Act, 2011 (Act, 817). The Act creates and vests power in a body known as Ghana Tourism Authority (GTA). The GTA is the main implementing body of the Ministry of Tourism. GTA replaced the Ghana Tourism Board, established in 1973 by NRCD 224. The hotel sector is one of the major sectors in the tourism industry, and is therefore regulated by the GTA and the provisions of the above mentioned Act.

The vision of the Authority which is spelled out in the said act is to see the country become the “Tourism Capital” of West Africa, focusing especially on culture, heritage, as well as ecotourism and conference tourism. Consequently, the GTA attempts to create an enabling environment to ensure the development of sustainable and quality tourism facilities and services. To achieve these goals, the authority among other functions, develops guidelines to license and regulate tourism enterprises including accommodation and catering services.

The Ghana Tourism Authority is mandated by Act 817 to keep and regularly update a register of licensed accommodation and other tourism establishment in the country. An accommodation establishment cannot operate as such if it is not registered and approved by the Authority. A tourism enterprise applying for approval to operate as a hotel will have to furnish the GTA with several permits including business registration certificate; building permit from City Engineer's department or appropriate authority; police permit in respect of security of premises and criminal records of owner/proprietor and key personnel; and fire safety certificate/suitability from Ghana National Fire Service. See appendix 4 for a list of required permits. Upon application and payment of a fee, a business wanting to provide accommodation is granted permission for 12 months, and renewable upon expiry. Act 817 requires accommodation enterprises to maintain a register capturing particulars of guests as specified by the GTA.

The accommodation and Catering Enterprises Regulations, 1979 (L.I. 1205) specify issues that has to do with lighting, ventilation, display of rates (price), and a properly maintained facility in a good state of repair and a properly maintained drainage system. Other issues in L.I. 1205 has to do with the comfort of the guests, including the provision of clearly marked toilets and baths, the provision of a lift where the facility is more than three floors, and the provision of alternative lighting devices in the event of power failure. Other provisions in the said regulations take care of the health needs of the guests. Hotels are required to provide first aid kits. In cases where a facility has more than one hundred rooms, a clinic, with a full time qualified nurse is to be employed to man the outfit. A facility with more than 100 rooms must also retain the services of a medical doctor who would be called to the facility when the need arises.

Accommodation facilities are also required to make adequate provision for security services. Efforts are equally to be made by hotels to prevent the activities of prostitutes and prostitution from their facilities. Other issues such as parking space for vehicles and facilities for water storage are also required to be provided by hotels. Detailed specifications about the size of guest rooms, bedstead, and wardrobe are also indicated.

There are other provisions relating to the hygienic provision of food and drinks in the hotels. Employees must be declared medically fit before they are allowed to work in the hotel environment. Staff must undergo medical screening once a year. However, staff whose work relates to the provision of food and drink must undergo medical screening twice a year. Again, to ensure the provision of quality service, personnel are required to undergo refresher training, at least once a year.

The Tourism Act categorises accommodation enterprises in Ghana into five; that is, category A to E. Hotels, resorts and motels are categorised under category A. Category B enterprises include catering rest houses; budget hotels, guest houses, and game lodges/eco-lodges. Hostels and home-stays are under category C. The fourth category, category D is made up of tourist homes, serviced flats, and holiday apartments. Tourist campsites and caravans are categorised under category E. In addition to these five categories, there are other supplementary enterprises that are also regulated by the GTA and they include: movie houses; spa and health farms; theme parks; golf courses; commercial tennis facilities; gymnasias; and commercial swimming pools.

Hotels, Resorts and Motels are classified according to the Star System and Standards, which are commensurate with international requirements. The hotel sector is divided into five classes, namely;

- One Star (4<sup>th</sup> class)
- Two Star (3<sup>rd</sup> class)
- Three Star (2<sup>nd</sup> class)
- Four Star (1<sup>st</sup> class)
- Five Star (Luxury)

The GTA describes a motel as an accommodation facility located on the outskirts or in the countryside near a major highway. Its guests are generally drivers in transit. The buildings of a motel may be laid out as independent units or as a single block of independent units. A garage or carport is located in the immediate vicinity of the guestrooms. Resorts on the other hand refer to accommodation facilities located on spacious grounds and offer a central basic theme activity with a wide range of supporting activities as well as extensive leisure and recreational facilities in addition to full serviced guestrooms, chalets and so on.

Guesthouses are accommodation facilities deemed to have met the standards set for 1-2 Star hotels but have limited guestrooms; having only between 4 and 9 guestrooms. Budget hotels describe accommodation enterprises whose facilities are deemed to be below the standards required by the star system and standards. See appendix 5 for a more detailed description of the facilities expected of each type of hotel. This study focuses on guesthouses and budget hotels which are “operationalised” as small hotels.

## **2.5 Trade Associations in the Tourism Industry**

Tourism enterprise operators are represented by various trade associations that promote and protect the interest of their members. These associations represent such businesses as travel agents; tour operators; vehicle rental enterprises; drinking bar operators; traditional caterers; restaurants and night clubs; and hotels. The hotel sector is represented by a trade association known as Ghana Hotels Association (GHA). All the trade associations representing these areas of businesses are themselves represented by an umbrella organisation, the Ghana Tourism Federation (GHATOF). GHATOF exists to coordinate the activities of the various individual trade associations and to empower them to effectively articulate their concerns.

The Ghana Hotels Association (GHA) is a voluntary association made up of business enterprises that have been licensed by the Ghana Tourism Authority to provide lodging services to the public. The association which was founded in 1975 aims to promote vibrancy in the hotel sector where qualified personnel would provide quality service and maintain international standards. The GHA therefore aims to be an effective and instrumental advocate in shaping policies that promote the hotels sector. The association also provides training and technical assistance to its members. Currently, the GHA has a total membership of 865 hotels. This is made up of two (5-star) hotels; six (4-star) hotels; 23 (3-star) hotels; 108 (2-star) hotels and 113 (1-star) hotels. The association also has 583 budget houses and 30 guest houses as members. The budget hotels and guest houses constitute about 71% of the membership of the Ghana Hotels Association. See appendix 6. The membership of the Ghana Hotels Association is spread across the 10 regions of the Ghana.

## **2.6 Chapter Summary**

The chapter discussed the context in which the study was carried out. The chapter first of all discussed the significance of the tourism industry which was underscored by the contribution of the industry to the growth of the Ghanaian economy in particular, and the world economy in general. The significance of the sector was further demonstrated by the relatively rapid growth of tourist arrivals in Ghana over the years. The accommodation sector has been argued to be the largest sub-sector within the tourism industry. Consequently, the chapter explored the size and growth of the hotel sector and its contribution to the national economy. The hospitality industry is regulated. The institutional and regulatory framework governing the operations of the sector, as well as the categorisation of the sector was therefore discussed in the chapter. Trade associations that represent the interests of the hoteliers were also explored.

## **CHAPTER THREE**

### **SERVICE AND SERVICE QUALITY**

#### **3.1 Introduction**

This chapter is the first of four chapters that focuses on literature review. In this chapter, literature on service and service quality is reviewed. Consequently, the first part of the chapter discusses literature on services, while the second part reviews literature on service quality. An attempt is made in the chapter to define both service and service quality. The chapter explores the unique characteristics of service as well as the marketing mix variables relevant for services. The nature and characteristics of service quality is examined. Literature on the elements that influence service quality perceptions including price and recovery of failed service is also reviewed. The chapter explores and discusses various service quality models including the GAPS model and the SERVQUAL measuring instrument.

#### **3.2 Services**

Although there is a big growth in interest in the service sector in recent years, early writers did not always recognise its value. For instance, some early economists such as Adam Smith, considered service to be unproductive and added no value to an economy, while Karl Max described services as merely an extension of goods (Palmer, 2008). In fact, as far as Levitt (1972) was concerned, there was no such thing as service industries. For him, there are only industries where service components are greater or less than those of other industries.

Alfred Marshall noted that the service provider and the producer of tangible outputs are both equally capable of giving utility to the client. He argued that tangible products may not exist at all but for a series of services performed in order to produce and make them available to customers (Palmer, 2008). Tangible products are not ends in themselves, but serve as vehicles for the provision of service. Tangible products are a way of realising a desired end goal. Customers do not buy goods or services; they buy offerings which render services that create value for them (Gummesson, 1995).

### **3.3 Defining Service**

Service has been variously defined overtime by different authors. For instance, Quinn et al., (1987) described any economic activity whose output is not a physical product or construction and is generally consumed at the time it is produced, as service. The authors argued that service provide added value in forms that are essentially intangible, noting that convenience, amusement, timeliness, comfort or health are forms of added value that service provides. This definition hints at some essential characteristics of service; the intangibility of service, and the simultaneous production and consumption of service. The marketing of services refer to the marketing of processes and actions and not physical products, and this hints at the intangibility perspective of service.

According to Zeithaml et al., (2009:4) services are "...deeds, processes, and performances provided or co-produced by one entity or person for another entity or person". It is interesting to note in this definition that, service cannot be divorced from the producer, as "service" is considered to be a performance. The definition therefore introduces the idea of service quality variability, since the human nature is unpredictable and so cannot be standardised.

In Palmer's (2008:4) definition of service, he observed that most products are a combination of both tangible goods and intangible service. He defined service as "the production of an essentially intangible benefit, either in its own right or as a significant element of a tangible product, which through some form of exchange satisfies an identified need." Palmer's (2008) definition also hints at another element of service; that services vary with respect to the level and degree of tangibility. Lovelock & Wirtz, (2007) emphasised the fact that service is an economic activity when they described it as "an economic activity that creates value and provides benefits for customers at specific times and places". For Lovelock & Wirtz, (2007), the capacity of service to create value is achieved by bringing about a desired change in, or on behalf of, the recipient of the service.

In the light of the above discussions, it is safe to consider service as an act, whose performance cannot be standardised and has varying levels of tangibility, performed by an entity to satisfy another; the provision and consumption of which is done in real time. This description of service highlights the fact that services may have a component of tangible products, and that it is essentially a performance that cannot be separated from the service provider. It also captures the fact that the quality of service cannot be standardised and that production and consumption are done simultaneously, that is, in real time. The real time nature of production and consumption suggest that services cannot be inventoried after production or returned when sold.

### **3.4 Characteristics of Service**

In the early part of the development of the service marketing literature, the distinction between services and goods was not generally accepted. For instance, Wyckham et al., (1975) debated whether "services marketing" was different from "goods marketing" and

concluded that taxonomy of goods versus services was dysfunctional. However, several scholars have argued that there are unique differences between services and goods. Shostack (1977) argued that marketing was being myopic in having failed to create relevant paradigms for the service industry. Brown et al., (1993) observed that marketing concepts needed to be broadened to encompass services marketing. The debate about the differences between services and goods lingered into the 1990s, but it is now generally accepted that differences exist between them, and this presents challenges as well as opportunities to service firms.

Service, when contrasted with tangible products, has a number of unique characteristics. Intangibility; heterogeneity; simultaneous production and consumption; and perishability have been identified as characteristics of service as compared to goods (Zeithaml et al., 2009). However, it is suggested that these characteristics of service should not be seen as uniquely services, as they are also relevant to goods.

Services are said to be intangible as they cannot be readily displayed, patented, or be produced and stored for later usage. These have implications for the management and pricing of services. The lack of tangible attributes makes it difficult for service organisations to describe the service and for the consumer to ascertain its likely virtues. Consumers usually look for cues of quality service such as word of mouth; reputation; accessibility; communication; physical tangibles, since services cannot be seen, felt, heard, smelt, or touched before purchase (Ghobadian et al., 1994). Zeithaml et al., (2009) agreed with this argument noting that due to the intangible nature of service, customers often look for tangible cues to help them understand the nature of the service experience. In service firms, frontline staff and physical facilities fulfil the dual functions of production and marketing as they are viewed by the potential customer as signs of quality (Haywood-Farmer, 1988). Though

intangibility appears to be a determinant of whether or not an offering is a service, there are very few offerings that can be said to be “pure product” or “pure service” (Zeithaml et al., 2009). For example, even though, the airline business is considered a service, it has elements of tangibility such as the plane and the meals served in the course of a flight.

Services are also described as heterogeneous because the quality of service cannot be standardised as they are performances delivered by the service employee whose own attitude cannot be standardised. Palmer (2008) described this characteristic as variability. It is often challenging to reproduce a service consistently and exactly. In the eyes of the customer, the employee is usually the service. The service employee’s performance might differ from one point in time to another. The experience and demands of customers would not always be the same. Zeithaml et al., (2009) argued that the heterogeneity factor in services is as a result of interactions between and among employees and customers, and this gets complicated in instances where services are provided by a third party. The service provider’s behaviour; customer ability to accurately articulate his or her needs; and the service provider’s ability to correctly interpret customer requirements, are underlying factors responsible for service heterogeneity and makes quality assurance and control difficult (Ghobadian et al., 1994).

Simultaneous production and consumption which Palmer (2008) termed inseparability, signify that the customer participates in and affects the service encounter. Unlike physical products that are sold after production, and consumed after purchase, services are sold before production, and produced and consumed simultaneously. The high visibility of the “production” process means that it is not possible to hide mistakes or quality shortfalls (Ghobadian et al., 1994). Other customers present in the service delivery may also affect its production and consumption. Service providers frequently find themselves playing a role as

part of the service itself, and as an essential ingredient in the service experience of the client (Zeithaml, et al. 2009). The simultaneous production and consumption of service makes it difficult for the mass production of service, but offers an opportunity for customisation to suit the unique needs of each customer.

The perishable nature of services indicates that service cannot be returned, resold or inventoried (Zeithaml et al., 2009). Excess capacity not utilised at any point in time cannot be transferred or postponed to another period. This means effectively forecasting demand and competently planning for capacity utilisation is critical for service providers and managers (Zeithaml et al., 2009). Also, because services cannot be returned and probably resold, it implies that an effective service recovery strategy must be employed to salvage any failure that service producers might experience. The service provider needs to get the service right the first time, all the time, since service, unlike manufactured goods, cannot be subjected to a final quality check before delivery.

In addition to these characteristics, Palmer (2008) has argued that “ownership” is also an essential characteristic of service. Unlike tangible products, the patronage of service does not result in the transfer of ownership from one party to the other. For instance, patronising the transportation services of an airline leaves the customer at the end of the flight with no tangible benefit to show for the travel.

Service characteristics result in differences in consumer choices and evaluation processes between goods and services (Zeithaml et al., 2009). Nelson (1970) and Darby & Karni (1973) proposed a framework for isolating differences in evaluation processes between goods and services. Nelson (1970) for instance identified and distinguished the properties of

offerings into search qualities and experience qualities. Search qualities refer to those attributes of an offering a consumer can determine before making a purchase such as colour, price and style. Furniture and jewellery are examples of products high in search qualities. Experience qualities on the other hand refer to attributes of offerings discernible only after purchase or during consumption such as taste (Nelson, 1970). A restaurant meal for instance is a good example of an offering rich in experience qualities.

Darby & Karni (1973), added a third category to Nelson's (1970) two-way categorisation; credence qualities. Credence quality refers to product or service characteristics that consumers are unable to evaluate even after purchase and consumption. For instance, few consumers may have the necessary expertise to determine whether or not an appendix operation was successfully done (Zeithaml et al., 2009). Tangible products tend to have more of search qualities than services which tend to have more experience and credence quality. Service customers therefore tend to use various cues to assist them make decisions about which service to patronise or otherwise, and this has implications for the management and marketing of services.

### **3.5 Extended Marketing Mix**

The marketing mix, also known as "the 4Ps" is considered an effective framework for shaping a firm's offering to the market (Kotler & Keller, 2009). This framework commonly referred to as the "4Ps" comprises product, price, promotion and place (distribution). The framework was developed at a time service was not considered to be critically important. The focus of the marketing mix was therefore on tangible offers. McCarthy (1960) characterised marketing as a decision making activity that optimally apply the 4Ps framework at target markets with a view to satisfying the customer for a profit.

Several authors have pointed out the inadequacies of the traditional marketing principles when applied to the marketing of services. Thomas (1978) argued that traditional strategies developed for physical goods are in-appropriate for services. Rathmell (1974) and Shostack (1977) are some of the early scholars who posited that the differences between goods and services means that the traditional tools designed for marketing goods are not suitable for services marketing. Palmer (2008) contended that service marketing is about refining the basic philosophies of marketing to allow it to be more effectively utilised in the services sector. The inadequacies of the traditional 4Ps for marketing services has led to the development of an “extended marketing mix” which introduced three more elements thus, people, processes and physical evidence (Boom & Bitner, 1981).

“People” refers to all the actors, including service employee, the customer and other customers that participate in and affect the service delivery, thereby influencing the perception of the service experience. The people element provides cues to the customer regarding the nature of the service. The attitude and appearance of employees as well as the attitude and co-operation of the customers themselves affect their perceptions of service quality.

“Physical evidence” on the other hand refers to the environment in which the service is delivered and customers and employees interact, that is, the “servicescape”. Physical evidence also refers to components that facilitate performance or communication of a service, and all the physical representation of the service such as the letter heads, brochures, equipment, signage, employee dress and so forth (Boom & Bitner, 1981). Physical evidence gives the service firm an excellent opportunity to send a strong and consistent message about the firm’s purpose, target market segments and nature of service (Zeithaml et al., 2009).

“Process” involves the flow of activity in the service delivery which could either be standardised or customised. Process also refers to the number of steps involved in the actual service delivery (Boom & Bitner, 1981). Process refers to the actual procedures, mechanisms and flow of activities by which a service is delivered (Zeithaml et al., 2009). The experience and perception of a customer is impacted by the service delivery process. None of these extended marketing mix elements takes precedence over the others. They all provide cues for the customer to understand the nature of the services and to aid them in assessing and forming opinions and perceptions of service quality.

### **3.6 The Concept of Service Quality**

Since the 1980s, service quality has attracted a lot of attention and interest from both practitioners and researchers alike. Research has demonstrated the contribution of quality to market share, return on investment, lowering manufacturing costs as well as improving productivity (Parasuraman et al., 1985). The huge interest in service quality during the past three decades and more is due to the strong impact of service quality on business performance, lower costs, customer satisfaction as well as customer loyalty and profitability (Zeithaml et al., 2009). Due to the unique characteristics of service, perceived service quality is fundamental for a satisfactory service experience. Coulson-Thomas & Brown (1990) reports that, “quality”, “customer satisfaction” and “identification of what constituted value to the customer” were identified by respondent firms in a survey as either “important” or “very important”. This illustrates the importance placed on “quality” by many organizations (Ghobadian et al., 1994).

The empirical analysis of the Profit Impact of Marketing Strategy (PIMS) database demonstrates a positive relationship between the financial performance of an organisation

and perceived quality (Buzzel & Gale, 1987). The PIMS data base demonstrates that firms whose goods and services are perceived to be of high quality tended to have a higher market share and return on investment than companies with perceived low quality. This has led to the conclusion that in the long run, the most important factor that affects business performance is the quality of a firm's offerings relative to its competitors (Ghobadian et al., 1994; Kotler & Keller, 2009).

Service quality is a critical determinant of firm competitiveness, and attention to service quality can enable an organisation differentiate itself from the competition and thereby gain a competitive edge over its rivals (Moore, 1987). High quality service is a critical determinant of the long-term profitability for both service organisations and manufacturing firms. It is argued that in some manufacturing industries, service quality is considered a more important order winner than product quality; superior service quality is key to improved profitability; and that exemplary service is the next sale in the making (Ghobadian et al., 1994).

Service quality affects the repeat buying intentions of customers. It can be concluded therefore that poor service will serve to reduce the potential customer base of a firm (Ghobadian et al., 1994). It has been argued that it is more expensive to attract new customers than retain old ones. For example, according to the Technical Assistance Research Project (TARP), it costs about four times more to attract new customers, and six times more people hear about a negative customer service experience than hear about the positive one (Ghobadian et al., 1994). The authors also maintain that positive word of mouth can be a very powerful tool for attracting new customers, while negative word of mouth can heavily erode the credibility and effectiveness of a firm's efforts at attracting new customers.

Customers' expectation of service is constantly on the rise, while their tolerance for poor service is declining. Consequently customers are increasingly likely to patronise the services of competitors whose offerings are perceived to be of a higher quality level (Smith & Lewis, 1989). However, despite the increasing importance of the service sector and the significance of quality as a major competitive tool, service quality concepts are not well developed (Ghobadian et al., 1994). In an effort to develop a more comprehensive understanding of service quality Parasuraman et al., (1985) developed what they termed the "GAPS Model" which is discussed later in the chapter.

Researchers over the years have debated the definition of service quality. Palmer (2008) has argued that quality is an extremely difficult concept to define in a few words and maintained that it is only within the last 50 years that the term has received wide usage. Zeithaml et al., (2009) reiterated Palmer's view noting that the complex nature of service makes service quality a difficult construct to give a simple definition. Quality is said to be "...an elusive and indistinct construct often mistaken for imprecise adjectives like goodness, or luxury, or shininess, or weight" (Parasuraman et al., 1985: 41). Quality means different things to different people (Ghobadian et al., 1994; Lovelock & Wirtz, 2007). Consequently, various writers have, overtime, defined service quality differently.

For Berry & Parasuram (1991), quality is the foundation of service. Without quality, there is no service. Garvin (1983) measured quality by noting the incidence of internal and external failures. Internal failures refer to failures observed before a product leaves the factory and those occurring in the field are termed external failures. Soteriades (2011:5) described service quality as "...the relationship between planned services (objectives); services provided (outcomes); and the customers' perceived performance based on their

expectations.” Service quality has also been described as an organisation consistently meeting or exceeding the expectations of her customers (Creedon, 1988; Moore, 1987). Service quality can also be defined service quality as a consumer’s judgment about an entity’s overall excellence or superiority (Kang & James, 2004). Service quality can therefore be said to be the perception of a customer of the value he has received, for the cost he has suffered, for the attributes of a product or service as they relate to the service’s function and form.

Service quality is said to involve a comparison of service expectations and service performance. Quality can be considered to be a measurement of the extent to which the service delivered meets the expectation of the customer (Ghobadian et al., 1994). According to Lewis & Boom (1983), service quality is a measurement of how well the level of service delivered matches the prior expectations of the customer, and maintains that, delivering quality service means consistently conforming to customer expectations. Gronroos (1982) echoes these observations and contends that in evaluating service quality, consumers compare their service expectations with the perceptions of the services they receive.

Cronin & Taylor (1992) have however argued that service quality is not best determined by a comparison between service expectations and perceived actual service received. The authors developed performance-only measure of service quality they called SERVPERF. They contended that service quality is a form of consumer attitude and that performance only measure of service quality is an enhanced means of measuring service quality, arguing further that “performance” instead of “performance-expectation” best determined service quality.

Scholars have argued that service quality is more than just evaluating service encounter outcomes. Zeithaml et al., (2009) suggested that service quality is not perceived in a one-dimensional way. The consumer judges service quality based on multiple variables relevant to a particular service context. In the light of this, researchers have developed various models in an effort to more clearly explain service quality.

### **3.7 Service Quality Models**

For over three decades, service quality has become a major area of interest to both practitioners and researchers alike due to the strong impact it has on business performance. Models have gained increased importance as they not only help in learning the factors associated with service quality, but also provide a direction for service quality improvements (Seth et al., 2005). Service quality models therefore enable firms identify quality problems and thus plan for quality improvement programmes. Service quality models are a simplified description of the actual situations and attempts to show the relationships that exist between salient variables (Seth et al., 2005).

Over the years, several writers have developed various models in an effort to identify relationships between key activities that are critical to the delivery of an acceptable level of service quality. Haywood-Farmer (1988) developed “attribute service quality” model in which he argued that in general, services have three basic attributes: physical facilities and processes; people’s behaviour; and professional judgment, with each attribute consisting of several factors, which all affects service quality. The model however does not offer a practical guide that is capable of assisting organisations to identify service quality challenges and how to enhance service quality.

Earlier, Gronroos (1984) had developed a service quality model in which he contended that service quality is comprised of three dimensions; technical quality of service outcome, functional quality of the service encounter and corporate image. He referred to the actual outcome of a service encounter as the technical quality and argued that consumers can measure technical quality in an objective manner. Functional quality according to Gronroos referred to the interaction between the service provider and the customer and is often perceived in a subjective manner. He described the corporate image as the consumer's perception of the service firm. He contended that, corporate image is influenced by both the technical and functional quality and other factors such as price, external communication, appearance, competence and behaviour of service firm employees. The major challenge with this model is the fact that it does not offer an explanation as to how to measure functional and technical quality.

Though Lehtinen & Lehtinen (1992) also defined service quality to comprise three dimensions, they did not include the actual outcome of the service encounter in the three dimensions. The three dimensions they identified included physical quality which referred to such items as the condition of buildings and enabling equipment. Corporate quality is the second dimension they identified and this referred to the organization's image and profile. The third dimension is interactive quality. Interactive quality according to the authors referred to the interaction between service organisations' personnel and the customer as well as the interaction between customers. The authors however argued that in examining the determinants of quality it was necessary to differentiate between quality associated with the process of service delivery and quality associated with the outcome of the service.

Berkley & Gupta (1994) were interested in organisations getting their service quality and information system strategies to be tightly coordinated and aligned. For the authors, this was critical for quality service delivery. The researchers developed a service quality model they termed “IT alignment model.” The model described the use of Information Technology (IT) for improving service quality in the organisation along key service quality dimensions such as reliability, responsiveness, competence, access, communication, security and understanding the customer. The model failed to specify how to measure and monitor service quality.

In an attempt to enhance understanding of the perceived service quality and consumer satisfaction constructs, Spreng & Mackoy, (1996) developed the “perceived service quality and satisfaction” model. The model highlighted the impact of expectations, perceived performance and desires, on desired congruency and expectation disconfirmation; and the impact of desired congruency and expectation disconfirmation on overall service quality and customer satisfaction. The model however did not highlight how the service quality is achieved.

Philip & Hazlett, (1997) argued that every service consisted of three overlapping areas thus; pivotal, core and peripheral. The pivotal attributes are considered the most important influence on both the decision of a consumer to patronise a particular firm’s services and on the customer’s satisfaction levels. The pivotal attributes are described as the end product or output from the service encounter. That is, what a customer hopes to realise or take away at the end of a service encounter. The core attributes describes the people, processes and the organisational structure through which consumers interacted in an attempt to achieve their pivotal attributes. The peripheral attributes referred to the “extras” that is added to a service

encounter that gave the customer a delightful experience. The model however lacks empirical validation.

Oh (1999) proposed an integrative service quality, customer value and satisfaction model focusing mainly on post purchase decision process. The model incorporated key variables such as perception, service quality, consumer satisfaction, price, customer value and repurchases intentions. The model also stipulated that word of mouth communication is a function of perceptions, perceived customer value, customer satisfaction and repurchase intentions. The challenge with this model is that the variables were measured through relatively fewer items. Dabholkar et al., (2000) developed “antecedents, consequences, and mediators” of service quality model that they claimed provided a deeper understanding of conceptual issues related to service quality. They identified reliability, personal attention, comfort, and features that impacted service quality, which in turn led to customer satisfaction and customer behavioural intentions.

### **3.8 The GAPS Model**

The “GAPS Model” is one of the most important and well known models of service quality and is therefore being discussed in its own section. The GAPS Model was developed by Parasuraman et al., (1985) after an exploratory study of four different service sectors. The authors suggested that, the quality a customer perceived in a service encounter was a function of the magnitude and the direction of the gap between the expected service and the perceived service. They argued that perceived service quality existed along a continuum ranging from ideal quality to totally unacceptable quality. Various points along this continuum represented different levels of satisfaction. The authors contended that the position of a consumer’s

perception of service quality on the continuum depended on the nature of the discrepancy between the expected and perceived service.

The authors maintained that when expected service is greater than perceived service, perceived quality would be less than satisfactory and will tend towards totally unaccepted quality with increased discrepancy between expected and perceived service. On the other hand, where perceived service is greater than expected service, perceived quality would be more than satisfactory and would tend towards ideal quality with increased discrepancy between expected and perceived service. The authors argued further that where expected and perceived service was equal, perceived quality would be satisfactory. The authors also argue that expected service is influenced by word of mouth communication, personal needs and past experience.

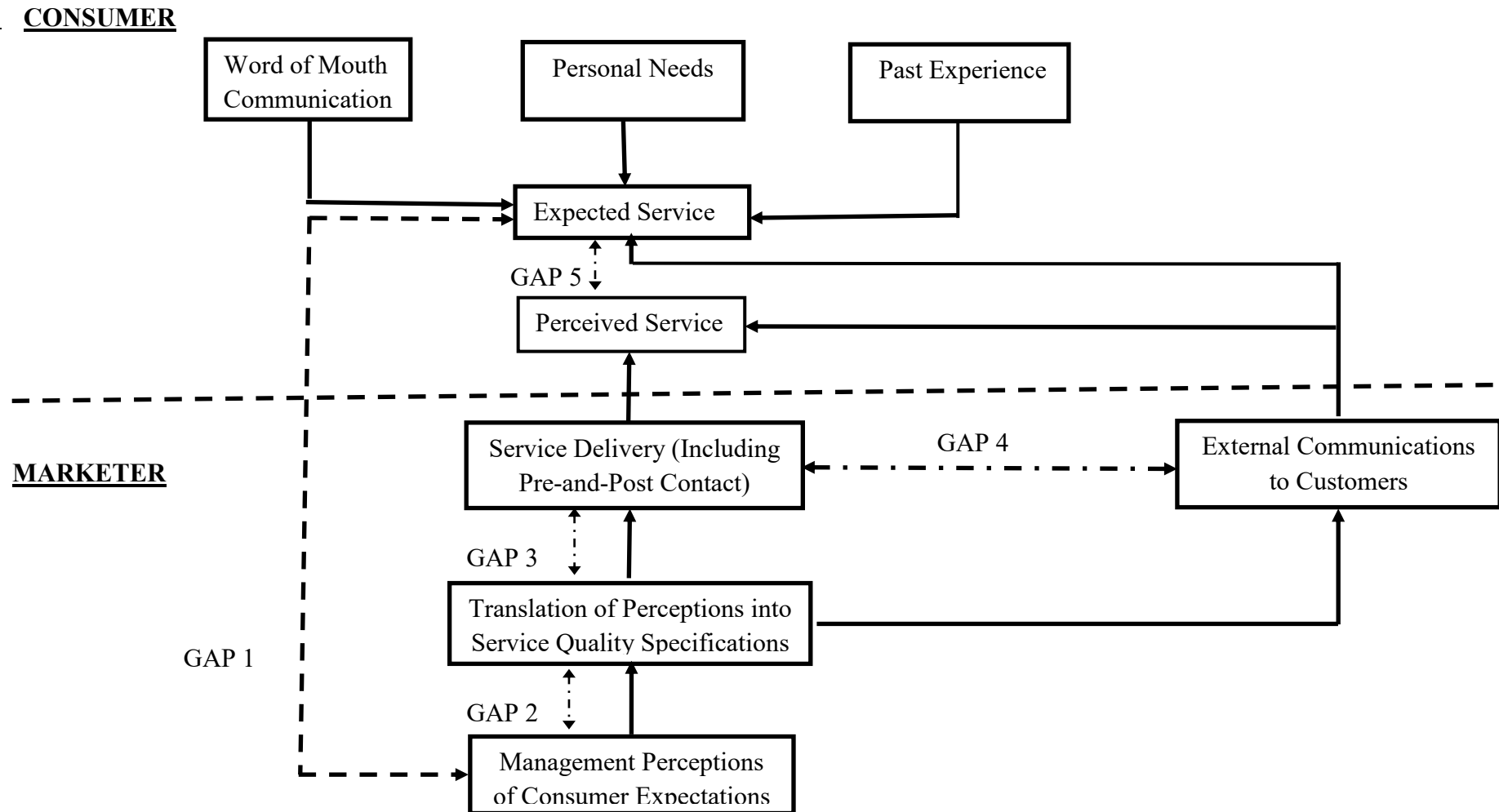
The model was developed based on five gaps (see Figure 3.1 below). Gap 1 was termed consumer expectation-management perception gap. This gap referred to a situation where there was a difference between consumers' expectation and management's perceptions of those expectations. Zeithaml et al., (2009), referred to "gap 1" as the listening gap. Gap 2 captured the difference between management perceptions of consumer's expectations and the translation of those perceptions into service quality specifications. Parasuraman et al., (1988) referred to this gap as the management perception-service quality specification. For Zeithaml et al., (2009) this is the service design and standard gap.

The difference between the service actually delivered and service quality specifications was identified as gap 3. Thus, gap 3 is referred to as service quality specifications-service delivery gap, and Seth et al., (2005) referred to this gap as the performance gap. Parasuraman

et al., (1985) called their fourth gap service delivery-external communications gap. This gap referred to the difference between service delivery and the communications to consumers about service delivery. It is therefore an evaluation of whether service delivered matched the service promised (Seth et al., 2005).

Gap 5 referred to expected service-perceived service gap (Parasuraman et al., 1985). Gap 5 is therefore the difference between consumer's expectation and perceived service. Parasuraman and colleagues divided the GAPS Model into two main parts; the customer's section and the marketer's (provider's) section. Gaps one to four are identified with the marketer's side of the model, while gap five is associated with the customer's side of the model. The 5<sup>th</sup> gap is dependent on the size and the direction of the first four gaps, that is, the provider's side of the model.

**Figure 3.1 The GAPS Model**



Source: Parasuraman, Zeithaml & Berry (1985 pp. 44).

### **3.9 The SERVQUAL Instrument and Determinants of Service Quality**

Several attempts have been made to identify the determinants of service quality. Stewart & Walsh (1989) and Gaster (1990) respectively identified 11 and five determinants of service quality, though their focus was on the not-for-profit service organisations. Stewart & Walsh (1989) identified reliability; speed of delivery; competence; access; helpfulness; knowledge; credibility; and security among others as service quality determinants. Gaster (1990) on the other hand contended that service quality was determined by reliability; speed of service; access; acceptability and ambience. Besides ambience and acceptability, the other three factors detailed by Gaster (1990) were also explicitly captured by Stewart & Walsh (1989).

Haywood-Farmer (1988) identified 11 factors he considered essential in determining service quality. He detailed these as facility reliability; timeliness, which included speed, anticipation and process flexibility; knowledge including skill; location and layout; warmth which referred to the attitude, friendliness, tone of voice and politeness. The rest of the determinants he termed as communication; honesty; confidentiality; attentiveness which described how complaints are handled and problems solved; neatness (dress and decor) and finally, equitable treatment of customers. Probably, the most notable of these attempts to identify the determinants of service quality was made by Parasuraman et al., (1985) which they termed SERVQUAL.

Parasuraman et al., (1985) proposed a conceptual framework that comprised ten components that customers use to evaluate service quality. These components included the following: reliability; responsiveness; tangibility; competence; courtesy; credibility; security; access; communication; and understanding/ knowing your customer. The authors' work has been widely used by several researchers in service quality studies.

Reliability referred to the ability of the service firm to provide the promised service on time, accurately and dependably. Responsiveness on the other hand referred to the promptness and the ability and willingness to deal with complaints effectively. Knowing / understanding your customer meant organisations must try to understand the needs of their customers and provide individualized attention, while credibility referred to the extent to which customers believe and trust the service. Competence referred to staff possessing the necessary skills and knowledge to perform the service effectively, while the ease with which service employees are approached is termed access.

Courtesy referred to the politeness, respect and consideration of staff towards customers. Customers must have confidentiality and be free from physical and financial danger, and this is termed as security. Organisations must try to keep customers well informed in a language they understand; and also ensure that the physical appearance and state of equipment and building as well as the appearance of the personnel and other facilities are in top form. These, the authors referred to as communicating and physical evidence respectively.

Ghobadian et al., (1994) suggested an 11<sup>th</sup> determinant of service quality they refer to as customisation. The authors described customisation as the willingness and ability of the service firms to adjust the service provision to meet the needs of the customer. Customisation however is not exactly different from “understanding/ knowing the customer.” Both customisation and understanding/knowing the customer advocated for tailoring the service offering to meet the unique needs of the customer.

Parasuraman et al., (1988) developed a multi-item scale termed SERVQUAL for measuring customer perceptions of service quality. In their study, the authors found a high degree of

correlation among the ten original dimensions they proposed earlier in their 1985 study, and collapsed them into 5 main groups. They described these service quality dimensions as reliability, responsiveness, assurance, empathy and tangibility. Reliability, responsiveness and tangibles remained as in the original ten determinants. However, communication, competence, credibility, courtesy, and security collapsed into assurance, while access and understanding/ knowing the customers became empathy. The SERVQUAL scale has been widely used in service quality research across various industries. Other factors that have also been identified as determinants of service quality include price and service recovery and these would be discussed later in this chapter.

### **3.10 Challenges of the SERVQUAL Instrument**

Though the SERVQUAL scale has been widely used in service quality research, several authors have criticised the instrument on various grounds. Carman (1990), Cronin & Taylor (1992) and Getty & Getty (2003) have all contended that several attempts to use the SERVQUAL instrument have led to the conclusion that for every specific situation, the instruments have to be modified and re-validated.

Carman (1990) for instance argued that SERVQUAL could not be a generic measure applicable to any services in any industry, though the instrument appears to suggest a universal application to all services across industries. Carman (1990) maintained that SERVQUAL needed to be amended and customised to suit the specific industry and service under study. With similar arguments, Babakus & Boller (1992) also maintained that the appropriate dimensions of service quality may depend on the type of services being investigated.

Gronroos (1990) also argued that, the SERVQUAL framework focused on the service delivery process and did not address the service encounter outcomes. It is interesting to note that the developers of the SERVQUAL instrument concede that service quality consisted of both functional and technical dimensions (Parasuraman et al., 1988). Interestingly enough, as Kang & James (2004) observed, the SERVQUAL instrument did not include any measure of the technical quality dimension of service quality.

Sureshchandar et al., (2002) maintained that, a careful examination of the SERVQUAL model reveals that, a large proportion of its elements deal with human interaction and intervention in service delivery, while the rest of the elements are concerned with the tangible facets of service such as the effect of atmospherics, design and décor elements, appearance of equipment and employee. The authors argued therefore that the SERVQUAL instrument appeared to have overlooked other important factors of service quality such as the core service. This reinforces the argument that SERVQUAL ignores encounter outcomes.

Cronin & Taylor (1992) developed an alternative service quality measurement instrument which they called SERVPERF after criticising the SERVQUAL instrument. As a major concern, they argued that customer expectation is difficult to capture as it keeps changing. The authors argued that “performance” only measurement, instead of “performance – expectation” measurement better determined service quality, hence the SERVPERF instrument which focused on only performance of service quality dimensions for service quality measurements. Lee et al., (2000) observed that in Cronin & Taylor’s (1992) empirical study, SERVQUAL appeared to have a good fit in only two of the four industries examined, whereas SERVPERF had an excellent fit in all four industries.

Brown et al., (1993) also found cause to criticise the SERVQUAL instrument. The authors argued that calculating a difference score as is the case in the SERVQUAL scale could lead to several psychometric difficulties and maintained that a non-difference score measure was a much more desirable alternative. Consequently, their empirical investigation indicated that the reliability of non-difference score measure was higher than SERVQUAL. Brown et al., (1993) also noted that a non-difference score measure had the advantage of requiring subjects to respond to only half as many items as is contained in the SERVQUAL instrument.

Another critique is that the development of the SERVQUAL instrument was not supported by a strong theoretical foundation. The confirmation-disconfirmation paradigm was the theory that underpins the SERVQUAL study. This theory does not appear to be appropriate, or in any case adequate, especially considering the criticisms levelled against the SERVQUAL scale; particularly with respect to the argument that performance only measure is a better predictor of service performance than expectation-performance measurement of service quality. This study focuses on performance only measures to determine service quality performance.

### **3.11 Price and Service Recovery as Service Quality Determinants**

Price and an effective recovery of failed service have been said to be critical determinants of service quality. Though price is likely to be used by customers as a cost, it is also used as a quality cue (Monroe, 1989). Price communicates a firm's intended value positioning of its offerings to the target market (Kotler & Keller, 2009). The authors described price as the amount of money charged for a firm's offering and includes all the values that consumers sacrifice for the benefit of having or experiencing the product or service.

The price of service must be determined carefully as prices set expectations of quality and also provides quality cues to customers (Zeithaml et al., 2009). When determining prices, firms must consider consumer perception of price and how these perceptions affect consumers' buying decisions (Kotler & Keller, 2009). As well as setting prices to cover cost or match competition, prices must convey the right signals about service quality. Too high a price set for a service might trigger unreasonably high expectation, and too low a price set for a service might wrongly lead customers to conclude that a particular service is of low quality. Price therefore affects service quality perception, level of satisfaction and behavioural intentions.

Reliability is a critical service quality dimension (Parasuraman et al., 1988) and implies service must be delivered right the first time all the time. Unfortunately however, the many moments of truth in service encounters makes service delivery vulnerable to service failures (Lovelock & Wirtz, 2011). Services can fail for a variety of reasons: when service is delivered late or too slowly; service not available as promised; an incorrect outcome; a poorly executed service; rude or uncaring attitude of employees (Zeithaml et al., 2013; Bitner et al., 1990).

Service failure has been described as a flawed outcome of a service encounter that reflects a breakdown in reliability (Berry & Parasuraman, 1991). A service failure therefore describes a situation where service performance fall below customer expectation in such a way that it leads to customer dissatisfaction (Zeithaml et al., 2013). Service recovery is therefore the action taken by an organisation in response to a service failure, in an effort to resolve problems or conflicts, and hopefully change potentially negative attitudes and feelings of

disappointed consumers (Zeithaml et al., 2013; Miller et al., 2000). Service failure and recovery has been described by Gronroos, (1988) as a critical dimension of service quality.

Unfortunately, at least 50% of customers who experience dissatisfaction with service delivery do not complain to the organisation (Zeithaml et al., 2013). Researchers have suggested that customers sometimes do not complain because they do not understand the complain procedure; think the procedure is cumbersome; do not know avenues for complaining exist; do not know how to lodge their complaints; or simply do not think anything positive would result from that complain effort (Zeithaml et al., 2013; Karatepe, 2006).

In recovering failed service, firms should establish avenues for complaints to be lodged and provide appropriate communication, display understanding and accountability, and supply adequate explanations to the customer (Zeithaml et al., 2013). Customers also expect a quick response, an apology, atonement, attentiveness and a fair treatment when they experience service failure (Davidow, 2000; Davidow, 2003; Karatepe, 2006; and Zeithaml et al., 2013). In service recovery efforts, attempts may be made to show concern for the customer's needs as a direct way of ameliorating the situation (Miller et al., 2000). Researchers maintain that tangible recovery efforts should be provided, offering compensation for both real and perceived damages, and in some cases providing value-added atonement, in an attempt to provide a fair restitution for the costs and inconveniences caused by the service failure (Miller et al., 2000).

### **3.12 Implications for the study**

This chapter has discussed concepts that have set the stage for understanding service and service quality issues. Several variables have been identified that are critical for

understanding service quality in general and service quality in the hospitality industry. The chapter has particularly set the stage for exploring and discussing service quality in the hotel sector. Many variables for determining service quality have been identified and discussed in this chapter but their applicability in the hotel sector has not been explored. There is therefore the need to focus on the hotel sector in order to understand the service quality needs of the sector.

Price and service recovery have also been argued in this chapter to impact customer perception of service quality. Discussions on price and service recovery have thrown more light on service quality. Price and service recovery would therefore be captured in the conceptual framework, and further discussed in that chapter. Access to service facilities and the security and safety of the service establishment itself and the participants there off, are also considered important determinants of service quality perception. Access as well as safety and security, would be further discussed in the conceptual framework chapter and would inform the conceptualisation of the frame work guiding the empirical part of the thesis.

### **3.13 Chapter Summary**

In this chapter, literature was reviewed on both service and service quality. The chapter attempted to establish the definition of service and explored the extended marketing mix framework as applied to the marketing of services. The discussions in this chapter established that service is uniquely different from tangible products and this has implications for the management of service. The concept of service quality was also discussed where an attempt was made to define service quality. The nature and determinants of service quality were explored and several service quality models reviewed. The chapter reviewed literature

on the SERVQUAL instrument and the GAPS Model of service quality. Various concerns and criticisms levelled against the SERVQUAL measuring scale were raised and discussed.

The literature reviewed in this chapter concluded that service quality was determined by such variables as: reliability; assurance; tangibles; empathy and responsiveness. Price and service recovery also play a critical role in shaping quality perceptions of customers. Consequently, price and service recovery as indicators and influencers of service quality perception was discussed. The relevance of the material reviewed in this chapter for the study was also indicated. In the next chapter, literature on service quality as is relevant to the hospitality industry in particular would be explored and discussed.

## **CHAPTER FOUR**

### **SERVICE QUALITY IN THE HOTEL INDUSTRY**

#### **4.1 Introduction**

In the previous chapter, literature on services and service quality was reviewed. This chapter is dedicated to exploring and discussing literature that is particularly focused on the hotel industry so as to provide relevant service quality cues that will be relevant in the hotel sector. In this respect, the chapter discusses service quality in the hotel industry and attempts to establish the importance of service quality to the hotel sector. The chapter also discusses the measurement of hotel service quality. Consequently, the chapter reviews the usage of the SERVQUAL instrument and its derivative models in the measurement of service quality in the industry. Other researchers have developed and used other models other than the SERVQUAL scale and its derivatives models to study service quality measurement in the hotel industry. These studies are also explored and discussed in the chapter.

#### **4.2 Hotel Service Quality**

Services and service quality are difficult concepts to define, and because of this elusive nature of service and quality, many researchers have had difficulty in defining them, even as separate constructs (Van Hoof, 2002). The challenge in defining service and quality together as a single concept is therefore more daunting. Mei et al., (1999) contended that the task of defining, delivering and measuring service quality in the hospitality industry is further complicated because of other attributes such as imprecise standards and fluctuating demand. For instance, demand for hotel services is generally clustered around peak periods of the year,

such as holiday season. These peak periods create environments that make it difficult to provide consistent service quality (Akbaba, 2006).

In hospitality operations as in other services, the customer is involved in the performance of the service; consequently the expectations and perceptions of the customer are heightened (Crick & Spencer, 2011). The role of people in the service process leads to a situation where it is a challenge to standardise the hospitality product (Lehtinen & Lehtinen, 1991). Different expectations of the hospitality product emerge based on the individuality of customers and employees as well as the interactions and relationships in which they are engaged. Quality service experience is therefore driven by the individual views of each customer and employee and how these intersect (Crick & Spencer, 2011).

It is the leadership of the hotel that establishes the framework within which staff and guests interact. Consequently, management's appreciation of customers' desires is essential for high service quality performance. For instance, Douglas & O'Connor's (2003) study conducted with hotel managers and guests in Ireland indicated a gap between managers' perceptions of consumers' expectations and consumers' actual experiences. Management's inability to correctly conceptualise the expectations of customers would therefore impact negatively on the level of service quality performance.

Crick & Spencer (2011) posit that there is a dichotomy between the perceptions of customers and service providers in the hospitality industry. The authors argued that while hospitality service providers focus on specific service elements such as the production processes, guests only see a unified whole. Guests therefore emphasise the totality of the service experience and this has significant managerial implications for hotels. Management must clearly

understand how to proceed in addressing the multiplicity of perceptions that are contingent on the subjective totality that is being assessed by guests (Crick & Spencer, 2011).

### **4.3 Relevance of Service Quality in the Hotel Industry**

Research has demonstrated that service quality has a strong impact on business performance as a whole, and significantly contributes to market share; return on investment; lower costs; customer satisfaction; and generally improves productivity and profitability (Zeithaml et al., 2009; Parasuraman et al., 1985). This has led to a heightened interest in service quality by both providers and consumers of service alike. It is therefore not surprising that service quality has become a major preoccupation of researchers and practitioners within the services sector including the hospitality industry. Hotels now have to serve a public that is increasingly discerning and eager to complain, and would readily transfer their patronage to competitors that they perceive to provide a higher level of service quality.

The hotel industry is witnessing increasing competition for high service quality and customer satisfaction (Parayani et al., 2010). This situation has arisen because guests are becoming more quality conscious, have special interest and do not appreciate mass-produced experiences. For hotels to be competitive therefore, they need to understand the precise needs of guests (Crick & Spencer, 2011). This is however difficult to achieve due to the heterogeneity of customers. Customers may not respond uniformly to specific service initiatives, nor respond in the same manner to service problems for example. It is therefore imperative that hotels adopt relevant strategies to understand the varying perceptions of quality.

Hotels will have to adjust their structures, processes and procedures in such a way that they achieve high-service quality, in order to ensure survival in the long run (Bellou & Andronikidis, 2009). Corporate image is important in building customer loyalty in the hospitality sector and service quality plays a critical role in creating a positive corporate image (Huei & Easvaralingam, 2011). Guests are continually demanding quality and a hotel's ability to provide high quality service is critical for business survival and growth.

Due to the critical role of service quality in the success of a hotel business, it is vital for hotel managers to appreciate exactly what the wants of their guests are (Akbaba, 2006). Clearly identifying guest expectations and dimensions of service quality and the relative importance of these dimensions for each segment of the hotel industry would enhance management's ability to improve hotel service quality (Asubonteng et al., 1996).

Getty & Getty (2003) contended that hotels that successfully implement quality programmes stand to reap good rewards. For the authors, a successful quality improvement programme meant hotels should focus on consistently delivering the dimensions and levels of quality that customers expect. With such quality improvement programmes, hotels would enjoy a greater satisfaction of both employees and customers. The authors argued that such hotels enjoy greater profit margins and lower operational costs compared to hotels that do not particularly consider quality improvement as priority. Service quality is considered a critical tool for gaining a competitive edge in firms (Zeithaml et al., 2009). Therefore, the strategic management of the unique features of service is critical in the effective delivery of service quality in the hospitality industry (Fridgen, 1996).

The imperative for hotels to understand the needs of guests is reinforced by Ladhari (2000), when he concluded that though the perception of quality occurs cognitively, it also has an

affective aspect to it. Crick & Spencer (2011) reiterated Ladhari's observation by arguing that although it is essential that hospitality organisations focus more on cognitive satisfaction, adequate attention should also be paid to the emotional aspect of satisfaction.

#### **4.4 Hotel Service Quality Measurement**

Interest in service quality and service quality measurement has continued to grow since the 1970s when service industries began to outstrip other sectors of the economy. Different scholars have developed various scales in an attempt to measure service quality in the hospitality industry. The SERVQUAL instrument and various scales derived from it have been widely used to measure service quality in the industry. The next two sections are devoted to discussing the measurement of service quality in the hospitality industry by the use of SERVQUAL and its derivative models on one hand, and on the other hand, scales developed to measure hospitality service quality without recourse to the SERVQUAL instrument.

##### **4.4.1 SERVQUAL and the Measurement of Hotel Service Quality**

The SERVQUAL scale is one of the most widely used instruments for the measurement of service quality. As noted earlier, the SERVQUAL model posits that customers evaluate the quality of a service on five distinct dimensions thus: reliability; responsiveness; assurance; empathy and tangibles. The SERVQUAL instrument was designed to capture customers' expectations of a service performance and perceptions of actual performance. The inclusion of expectation in the measurement of service quality has been criticised. Subsequently, researchers have combined the expectations and perceptions scores into a single measure (see for example, Babakus & Boller, 1992; Cronin & Taylor, 1994). These studies have found the reliability and validity of the single measure superior to the score based on both expectation and performance method (Mei et al., 1999).

These observations notwithstanding however, several researchers have directly applied the SERVQUAL scale to service quality measurement in the hotel industry. For instance, Boonitt & Rompho (2012) applied the SERVQUAL scale to study hotels in Thailand in attempt to understand the expectation, perception and gaps between expectation and perception regarding hotel service quality. The researchers concluded that the service quality of hotels in Thailand were moderately low.

Fick & Ritchie (1991) applied the SERVQUAL instrument in investigating service quality in four major sectors of the travel and tourism industry which included the airline, hotel, restaurant, and ski services. The study established “reliability” and “assurance” as the most significant expectations of service for all the four sectors studied. The results of the study confirmed the five dimensional structure of SERVQUAL. Thus, the study demonstrated the relevance of the SERVQUAL instrument. The authors noted that though the instrument had limitations, those limitations did not invalidate its relevance, but cautions the interpretation of results derived from its extant formulation. They concluded that the SERVQUAL instrument and any of its adaptation is most significant when firms within a common service segment are compared, rather than comparing them across segments.

Based upon the SERVQUAL scale, Armstrong et al., (1997) investigated the impact of expectations on service quality perceptions in the hotel industry. The authors targeted cross-cultural samples in three major Hong Kong hotels. The study found that significant differences in expectations of service quality existed between cultural groups, suggesting that expectations of service differed from culture to culture for the hotel industry. The study concluded that “expectations measurement” of service quality was not relevant since expectations did not improve the validity of SERVQUAL.

Using SERVQUAL as a foundation, Knutson et al., (1990), designed an instrument they referred to as LODGSERV to measure service quality in the hotel industry in the United States of America. In the study, five service quality dimensions emerged: Reliability; tangibles; empathy; assurance; and responsiveness, conforming to Parasuraman et al., (1988) SERVQUAL scale. “Reliability” emerged as the number one ranked dimension in the hierarchy of importance for evaluating the service quality. Reliability was followed by the other dimensions in descending order as follows, ‘assurance’, ‘responsiveness’, ‘tangibles’, and ‘empathy’.

Again, Akbaba (2006) adapted the SERVQUAL instrument in an attempt to measure service quality among business travellers in an international environment, focusing on Turkey. He investigated the service quality expectations of these customers and tried to establish whether the quality dimensions included in the SERVQUAL scale were applicable in an international context. The author was also interested in determining whether there are any additional dimensions that could be included in the service quality construct. Akbaba also measured the level of importance of each specific dimension for the customers of the business hotels in the study.

In Akbaba’s study, five key service quality dimensions that business hotel customers used as evaluative criteria to assess service quality emerged. The identified service quality dimensions were specified as: tangibles; adequacy in service supply; understanding and caring; assurance; and convenience. The study confirmed tangibles as the most important factor in predicting overall service quality. However, for business travellers, ‘convenience’ was the most important service quality dimension, followed by ‘assurance’, ‘tangibles’, ‘adequacy in service supply’, and ‘understanding and caring.’ The findings of the study

confirmed the five-dimensional structure of SERVQUAL. However, as the author noted, some of the factors and their components that emerged as service quality dimensions differed from that of SERVQUAL. “Convenience” for example emerged as a completely new dimension.

Akbaba (2006) observed that though “tangibles” was not the best predictor of quality in the SERVQUAL instrument, it emerged as the best predictor of overall service quality in his study. The author also noted that the emergence of “convenience” as the most significant service quality dimension among business travellers, suggested that the purpose of stay may be an important determinant in evaluating the quality of hotels by guests.

Based on the SERVQUAL scale, Webster & Hung (1994) measured service quality in the hotel industry which they described as an easy-to-use, valid, reliable and practicable, after field testing the instrument. The researchers concluded that the adapted instrument offered several advantages when compared with SERVQUAL noting that the questions contained in the questionnaire were less open to variety of interpretations because of the specificity of the questions. Also, the authors maintained that their instrument measured those service quality dimensions central to a hotel’s quality strategy. The adapted instrument comprised the following service quality dimensions: tangibles, reliability, communication, responsiveness, security, courtesy, understanding, and access.

Getty & Thompson (1995) investigated guest perception of overall quality, their satisfaction with the lodging experience, and their willingness to provide positive word-of-mouth (WOM). The authors proposed a framework known as LODGQUAL as an effective measurement tool for determining guest perception of service quality for lodging experience.

Their study which was focused on the United States of America, found that guest perceptions of the overall quality of the property, influenced their intentions to provide positive WOM, rather than their (guest) expressed level of satisfaction with the service experience. The specific quality and satisfaction dimensions most responsible for willingness to recommend the property included the general appearance of the property, perceived value associated with the stay, willingness of employees to listen, and the degree to which the property provided a safe environment.

Akan (1995) conducted a study with an adapted SERVQUAL scale targeting the guests of four and five star hotels in Istanbul, Turkey. Respondents were selected from Turkey's largest airport in Istanbul. The author's main objective in the study was to examine the dimensions of the SERVQUAL scale and also measure the level of importance of the dimensions to customers.

Akan (1995) identified seven dimensions of service quality which was labelled in a descending order of importance to customers as follows: courtesy and competence of the personnel; communication and transactions; tangibles; knowing and understanding the customer; accuracy and speed of service; solutions to problems; and accuracy of hotel reservations. The author however noted that, because of the limited sample size and sampling procedure adopted, the results of the study could not be said to be wholly applicable to all users of four to five star hotels in Turkey.

Mei et al., (1999) also modified the SERVQUAL instrument in an attempt to analyse guest perception of the quality of service they have received in the hospitality industry among three to five star hotels in Australia. The authors referred to their scale as HOLSERV. Three

factors namely; employees, tangibles and reliability, emerged as dimensions of service quality in their study. The employee factor comprised such variables as prompt service, willingness to help, confidence in the delivery of service as well as politeness and knowledge of employees. Skilful, caring, understanding, sincere, neat and professional employees are the other variables that made up the employee factor. Modern-looking equipment, fixtures and fittings, appealing facilities and materials, comfort and cleanliness were classified as tangibles. Other variables included in the tangible factor were user-friendly equipment and facilities, variety in food and beverages and the operation of services at a convenient time. The last factor, reliability, consisted of variables such as keeping promises, accurate and timely service and safe and secure stay.

Mei et al., (1999) established that the employee factor was the best predictor of overall service quality in the hotel industry. The authors noted that the employee factor consisted more of the functional aspects than the technical aspects of service quality and suggested that hotel managers should concentrate their efforts on improving the items in employee factor. The authors also suggested that employees should be properly trained and empowered so that they can take decisions outside the normal standard operating procedures if the need arises. These suggestions are akin to internal marketing propositions.

Though Mei et al., (1999) described the HOLSERV scale as short, reliable and applicable compared to the SERVQUAL, it (HOLSERV) should be applied with caution. The authors themselves noted that the scale was developed from a study of three to five star hotels in Australia. There are therefore challenges with the “generalisability” of the scale across contexts, type of hospitality facility or star-rating of the hotel under consideration. They

contended that managers of other types of hotels might consider further modification of items in order to customise the scale for their guests.

Lodging Quality Index (LQI), a model also derived from the SERVQUAL scale was developed by Getty & Getty (2003). The authors developed LQI as a quantitative measuring tool to gauge guest perceptions of the quality of service delivered in the United States of America. The study did not target any particular segment of the hotel industry as researchers aimed to develop a universal measuring instrument for the industry. The study identified five dimensions of service quality: reliability; tangibility; responsiveness; confidence and communication. The LQI study did confirm reliability, tangibility and responsiveness as service quality dimensions. Assurance and empathy were not confirmed as service quality dimensions and were replaced by confidence and communication. As the authors observed, these differences better reflected the uniqueness of the hotel industry. Ladhari (2012) re-examined the LQI index by collecting data from hotel customers in Canada. The findings of the study supported the reliability and the validity of the LQI's structure of five dimensions. The author concluded that the scale was a reliable instrument for measuring overall service quality and also for predicting the satisfaction and behavioural intentions of hotel guests.

Though several researchers have adapted the SERVQUAL instrument and have found service quality to have several dimensions, other researchers have argued that hotel service is made up of only two service quality dimensions. For instance, in a study to measure service quality in conference hotels in UK, Oberoi & Hales (1990) found that the perception of service quality was two dimensional; tangibles and intangibles. The two dimensional structure of hotel service quality perception was also confirmed by Ekinici et al., (1998). Ekinici et al., (1998) adapted and tested the SERVQUAL instrument incorporating elements from

LODGSERV in two seaside resorts in Turkey. The results did not confirm the service quality dimensions in the original SERVQUAL scale, but suggested a two dimensional structure for resort hotel setting; thus tangibles and intangibles.

Despite the wide usage of the SERVQUAL scale, its applicability across all service industries has been questioned (Mei et al., 1999). For example, researchers have contended that there is not much support for the applicability of the SERVQUAL dimensions to the hospitality industry (Wilkins, 2007). Several researchers have therefore investigated key hotel service quality dimensions independent of the SERVQUAL instrument. The study now considers some of these studies and discusses the service quality attributes that emerged from such studies.

#### **4.4.2 Other Measurements of Hotel Service Quality**

Despite the widespread application of the SERVQUAL scale in its original and various derivative forms in the measurement of service quality in the hotel sector, several studies have been carried out independent of the SERVQUAL instrument.

In a study of guest houses and small hotels in the casual, holiday and business markets in the United Kingdom, Johns et al., (1997) attempted to establish the service quality elements of guest experience in these hotels. They classified service attributes as either a “satisfier” or “dissatisfier,” that related to either the tangible or intangible aspects of the guest experience. The authors designated areas that guests identified as either contributing positively or negatively to their service experience at the hotel such as ‘food’ or ‘bedrooms’ as ‘aspects’. On the other hand, the authors designated such descriptive words or phrases, as ‘delicious’ or ‘comfortable’ used by respondents to characterise the aspects as ‘attributes’.

The study found that the tangible aspects of service quality were the most frequently mentioned, overall, as both satisfiers and dissatisfiers. However, it was the intangible aspects of service quality that demonstrated the greatest potential to discriminate between establishments. Eight principal aspects were found which formed a common framework upon which guests used to evaluate their perceptions of service quality. These aspects included bedroom, food, staff, environment, location, service/welcome, atmosphere, price/value. Bedroom, food and staff emerged from this study as the most important aspects. Friendliness, functionality, aesthetics, cleanliness and comfort, emerged as the most frequently mentioned attribute. Friendliness was the most frequently mentioned attribute, which according to the authors emphasised the interpersonal interactions in such establishments.

Investigating luxury hotels in South Korea, Min et al., (2002), tried to determine critical hotel service quality attributes. The study targeted customers who had stayed in first class hotels in South Korea. The authors collected and compared data from two different surveys in 1995 and 2000. Both studies found five service attributes that were very important in forming perceptions of hotel service quality. Cleanliness of guest room was identified as the most important service quality attribute of hotel room (and also the most important service quality attribute overall), while courtesy was the most important service quality attribute expected of hotel employees in both 1995 and 2000. The next three important service attributes were identified as “quietness of guest room,” “handling of complaints,” and “comfortable beds and pillows.” However, “quietness of guest room” only emerged as important in 2000 as it was not surveyed in 1995.

Wilkins et al., (2007) were interested in determining what they termed the dimensions of “total service quality” in the hotel sector. Their study, which focused on 4 and 5 star hotels in Australia, found that service quality in hotels was made up of three composite factors namely, quality food and beverages; service experience and physical products. The composite factor of service experience was made up of three quality dimensions thus; quality staff, personalisation and speedy service. These dimensions related to the service element of the hotel operations. Physical product consisted of three quality dimensions that were concerned with the tangible aspects of the hotel product. These dimensions they named as stylish comfort, room quality and added extras such as floor concierge.

Wilkins et al., (2007) argued that quality should be conceived as a composite whole and conclude that hotel patrons do not see service quality as the sum of lots of pieces of pie. They see the pie as a whole. Wilkins et al., (2007) observed however that in many hotels the organisational structure does not support the management of service quality from such a holistic perspective. The study focused on four and five star hotels. Further studies are therefore needed before the findings of the study can be generalised to other categories of hotels such as the small hotel sector which is the focus of this study.

Briggs et al., (2007) published a study in which they studied service quality in Scotland across small, medium and large hotels. The main objective of the study was to investigate and determine the determinants of customer perception of service quality performance. The study established that there were major inconsistencies in service quality performance across the hotel sector in Scotland. Nine broad categories of hotel service quality determinants emerged in the study. However, there were five determinants that were common to all sizes

of hotels and were the most commonly cited. These were; high standards, friendliness/warmth, personal service, value for money and tangibles.

High standards emerged as the most critical determinants of service quality for all sizes of hotels. For large hotels (hotels with 81 or more rooms) “personal service” and “value for money” were more important than tangibility and friendliness as key determinants of service quality. Hotels with rooms ranging from 21 to 80 were classified as medium and respondents for these hotels emphasised value for money and friendliness. For small hotels, defined as facilities with rooms ranging from 1 to 20, friendliness, personal service and value for money were emphasised.

Juwaheer (2004) investigated beach hotels in Mauritius and found nine factors, which included reliability, assurance, food and service, and hotel surroundings and environment, that influenced guest service quality evaluation. Similarly, Poon & Low (2005) studied Malaysian hotels and found nine service quality factors were important to guests. These factors included transportation, security and safety, and food and beverages. Eight of these factors were common to respondents from Asia and the West. However, pricing was most significant for the Asian respondents and not for the Western respondents; and the Western respondents, emphasised security and safety which was not a relevant quality factor for the Asian respondents. Hotel ambience and staff courtesy; food, beverage product and service quality, were among five service quality factors that emerged in a study of 4 and 5 star hotels in India (Mohsin & Lockyer, 2010). In a study of hotels, motels, and holiday villages in Antalya (Turkey), 10 service quality factors emerged (Dortyol et al., 2014). These service quality factors included level of prices; transportation; food quality and reliability; and friendly and courteous employees.

It is evident from the myriad of hotel service quality dimensions explored above that the hotel sector does not commonly agree on what constitutes service quality. Again, the discussions above demonstrated clearly that service quality research among small hotels is relatively limited, especially in emerging economies such as Ghana. See table 3.1 below which summarises the discussions above and indicates the segment of the industry a particular study focused on, the country of study, and the quality dimensions that were established in the study.

**Table 4.1 A Selection of Hotel Service Quality Dimensions Identified from Extant Literature...**

<b>Authors</b>	<b>Service Quality Dimensions</b>	<b>Type of Hotel</b>	<b>Country of Study</b>
Oberoi & Hales (1990)	Functional; Technical	Conference Hotel	United Kingdom
Knutson et al., (1990)	Reliability; Assurance; Tangibles; Empathy Responsiveness	No particular segment targeted	United States of America
Webster & Hung (1994)	Tangibles; Reliability; Communication; Responsiveness; Security; Courtesy; Understanding; Access	Conference Hotel	Not Indicated
Akan (1995)	Courtesy and competence of staff; Communication and transaction; Tangibles; Knowing and Understanding the customer; Accuracy and speed of Service; Solutions to problems; Accuracy of hotel reservation;	4 Stars & 5 Stars	Turkey
Getty & Thompson (1995)	Appearance of property; Perceived value of stay; Willingness of employees to listen; Safety of environment	No particular segment targeted	United States of America
Johns et al., (1997)	Aesthetics; Cleanliness; Comfort; Friendliness	Guest Houses/ Small Hotels	United Kingdom
Armstrong (1997)	Reliability; Assurance; Tangibles; Empathy; Responsiveness	Major Hotels	Hong Kong
Ekinci et al., (1998)	Tangibles; Intangibles	Resort Hotels	Turkey
Mei et al., (1999)	Employees; Tangibles; Reliability	3 – 5 Star Hotels	Australia
Min et al., (2002)	Cleanliness; Courtesy; Quietness of guest room Handling of complaints; Comfort of beds and pillows	Luxury Hotels	South Korea
Getty & Getty (2003)	Tangibility; Reliability; Responsiveness; Confidence; Communication	No particular segment targeted	United States of America

**Table 4.1 A Selection of Hotel Service Quality Dimensions Identified from Extant Literature Continued**

<b>Authors</b>	<b>Service Quality Dimensions</b>	<b>Type of Hotel</b>	
Juwaheer (2004)	Reliability; Assurance; Extra room benefits sought; Staff communication and additional amenities; Room attraction and décor; Empathy; Staff outlook and accuracy; Food and service; Hotel surroundings and environment	Beach Hotels	Mauritius
Poon & Low (2005)	<b>Findings for Asian Respondents:</b> Pricing; Food and beverages; Hospitality; Recreation and entertainment; Supplementary services; Accommodation; Location; Transportation; Security and safety; payment  <b>Findings for Western Respondents:</b> Security and safety; Hospitality; Food and beverage; Accommodation; Recreation and entertainment; Supplementary services; Appearance; Location; Transportation	No particular segment targeted	Malaysia
Akbaba (2006)	Tangibles; Adequacy in service supply; Understanding and caring; Assurance ; Convenience	Business Hotel	Turkey
Briggs et al., (2007)	High standards; Friendliness/ warmth; Personnel service; Value for money; Tangibles	Small, Medium and Large Hotels	Scotland
Wilkins et al., (2007)	Physical product; Service experience; Quality food and Beverages	4 Star and 5 Star Hotels	Australia
Mohsin & Lockyer (2010)	Hotel ambience and staff courtesy; Food and beverage product and service quality; Staff presentation and knowledge; Reservation services; Overall value for money	4 and 5 Star Hotels	India
Dortyol et al., (2014)	Friendly, courteous and helpful employees; Room amenities; Food quality and reliability; Interaction with Turkish culture; Entertainment opportunities; Tangibles; Level of prices; Transportation; Climate and hygiene; Security	Hotels, Motels and Holiday-Villages	Turkey

#### **4.5 Implications for the Study**

The study is focused on understanding service quality in the small hotel segment of the hotel industry in Ghana. The sector constitutes about 76% of the total number of hotels in the country. There is therefore the need to understand the perception of guests as to what constitutes service quality in this segment of the industry. Unfortunately, it appears research into service quality issues in this segment of the industry is rather limited, especially so in the developing countries such as Ghana. Available studies appear to focus largely on hotels in western societies.

Scholars have argued that theories and concepts developed in western societies cannot adequately explain consumer behaviour in emerging and developing countries such as Ghana. This suggests that the service quality frameworks currently being employed in the hotel sector cannot adequately apply to the small hotels in Ghana. Hence there is the need for a more comprehensive service quality framework to effectively reflect the perceptions of guests of hotels in this segment operating in this environment. Consequently, there is the need to focus research attention on the small hotel segment in the developing countries. It is imperative therefore to develop service quality scales for different category of hotels in different settings.

This chapter provided the background to several components of the theory under investigation that would be subsequently conceptualised and discussed in the conceptual framework chapter. For instance, there appears to be little discourse in literature on the issue of security and safety, especially in the small hotel sector. In an era of civil conflict, and global as well as local terrorist groups, such as Al-Qaeda and Boko Haram, one cannot over-emphasise the potential impact of security and safety issues on guest perception of service

quality. Security and safety consideration would therefore be discussed further in the conceptual framework chapter. Issues that related to employee actions and encounter outcome are critical dimensions of hotel service quality and these have been discussed in this chapter. These would also be conceptualised and further discussed in the conceptual framework chapter. The various hotel service quality dimensions discussed in this chapter informed the study in the conceptualisation of the framework that guided the empirical part of the study.

#### **4.6 Chapter Summary**

Over the years, service quality in the hospitality industry has received a lot of attention from researchers and practitioners. Service quality in the hotel sector is reputed to play a critical role in the survival and performance of individual businesses in the sector. The chapter discussed the unique nature of the industry and recognised that guest experience hotel service in an atmosphere akin to a domestic environment though they have no control in the hotel environment as they would in the domestic situation.

Various researchers have attempted to determine and measure the dimensions of hospitality service quality. This chapter explored and discussed various studies that were conducted in the hotel industry. Some studies used or modified the SERVQUAL scale in identifying and measuring service quality, while other studies departed from the influence of SERVQUAL and considered different variables in their research. The literature reviewed in this chapter revealed various dimensions of hotel service quality that are critical to service quality perception in the industry.

Various studies discussed in this chapter recorded different outcomes with regard to the service quality dimensions that contributed most to overall evaluation of perceived service quality. Reliability; assurance; competence and courtesy of hotel personnel; tangibility; employees; convenience; intangibles; and cleanliness of guest room were some of the service quality dimensions identified as contributing most significantly to overall service quality perception.

In the next chapter, literature on internal marketing would be investigated and discussed. This is necessary because it is proposed that the manner in which hotels manage relationships with their employees can impact the quality of service in small hotels. The discourse on internal marketing would therefore throw light on its role in building customer conscious employees and enhancing quality service delivery.

## CHAPTER FIVE

### INTERNAL MARKETING

#### 5.1 Introduction

This chapter reviews literature on internal marketing. The chapter is relevant because it proposes that the way hotels manage relationship with their employees can influence service quality in small hotels. In addition to the previous chapters, this chapter is expected to shed light on internal marketing practices in the small hotels that can impact on service quality delivery to guests. The concept of internal marketing is discussed and various definitions of internal marketing explored. The “marketing-like approach” as a technique in realising internal marketing objectives is explored. The chapter also reviews literature on the development of internal marketing literature. The elements (dimensions) of internal marketing is identified and discussed. The significance of internal marketing to the study of service quality is also reviewed in the chapter. A summary of the issues discussed in the chapter and their implications for the study is provided at the end of the chapter.

#### 5.2 Background

For over three decades, internal marketing has been of interest to academics in marketing and other disciplines and practitioners alike (Varey & Lewis, 1999). The term “internal marketing” was first used by a number of writers in the late 1970s and early 1980s. The term was first used by Berry (Berry et al., 1976). It was also used by other early authors such as George (1977) and Thompson et al., (1978). Other early writers on internal marketing did not directly use the term internal marketing but did allude to it. For example, though Sasser & Arbeit (1976) did not directly mention internal marketing in their article, the idea was

nonetheless present in their write-up. Rafiq & Ahmed (2000) have however noted that it was not until the publication of Berry's (1981) paper by the Journal of Retail Banking, entitled "The Employee as a Customer" that the term entered popular discourse.

Though it has been noted that discussions of internal marketing entered the marketing and service management literature in the late 1970s and early 1980s, it can be argued that internal marketing has its origins in published discussions in the early years of the 20<sup>th</sup> century (Varey & Lewis, 1999). According to Varey & Lewis (1999), it would seem that the essence of internal marketing is not a phenomenon of the post-industrial era. The authors contended that there is some evidence of associated attitudes and methods in the early marketing management literature indicating that programmes designed to generate maximum commitment amongst employees to organisational goals are not new. Frederick Taylor for example, stressed an internal focus, and this bears a clear resemblance to the attitude management aspect of internal marketing (Gronroos, 1994; Varey & Lewis, 1999). What is new therefore is the active, market-oriented approach to internal marketing (Varey & Lewis, 1999).

### **5.3 The Internal Marketing Concept**

Internal marketing was first proposed as a solution to the persistent problem of consistently delivering high quality service (Berry et al., 1976; Rafiq & Ahmed, 2000). However, despite the rapid growth of the internal marketing literature, Rafiq & Ahmed, (2000) have maintained that there is no single unified concept of what internal marketing really is. The authors argued that there is confusion in the literature as to what internal marketing is and what it is supposed to do, as well as how it is supposed to do it and who is supposed to do it. Varey & Lewis (1999) agree with this argument when they observed that though internal marketing

has been promoted to a position of some importance in much of management literature since the 1980s, it is still an evolving subject with no firm theory or strong base of empirical evidence to demonstrate to managers how and why it is of value to them.

There are a myriad of definitions of internal marketing as there are writers on the subject. The diversity of definitions of internal marketing has led to limited adoption and challenges in the implementation of the concept, and at the conceptual level, a contradiction with respect to defining the precise domain of internal marketing, making the empirical investigations of the concept more challenging (Ahmed & Rafiq, 2002). Despite the apparent confusion as to what internal marketing is; this study discusses a number of key definitions provided by various authors from their own perspectives. Together, these various definitions shed more light on the conceptualisation of internal marketing.

Berry (1981) claimed that internal marketing was about “viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organisation”. Berry’s focus was on satisfying the employee as a key to realising the strategic intent of the organisation. As far as Berry was concerned, the employee must be treated as a customer, internal to the organisation. He argued that jobs must be considered as though there were internal products and these internal products must be capable of satisfying the needs and wants of the employee. This requires a new approach from human resources and the application of marketing-like techniques internally to attract and retain customer conscious employees (Rafiq & Ahmed, 2000).

The critical assumption underlying Berry's definition is that the key to having satisfied external customers is to have satisfied internal customers, that is, employees (George, 1977). Sasser & Arbeit (1976) agree with this view when they asserted that the most important market of a service organisation is her employees, depicting jobs and employees as products and customers respectively. Sasser & Arbeit (1976:65) assert that for firms, "viewing their jobs offerings as products and their employees as customers force managers to devote the same care to their jobs as they devote to the purchases of their services". Berry did not consider the quality of the internal customer (employee) to be a critical factor in delivering to the satisfaction of the external customer.

Berry & Parasuraman in 1991 added a new dimension to Berry's (1981) definition of internal marketing. The authors noted that "internal marketing is attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating employees as customers...and it is the strategy of shaping job-products to fit human needs" (Berry & Parasuraman, 1991:151). Berry & Parasuraman contended that it was not enough to seek to satisfy the internal customer's needs as a key to external customer satisfaction, but the quality and commitment of the internal customer is also critical.

The ability to attract and motivate, as well as develop the skills of the employee are also considered to be essential in internal marketing. Berry & Parasuraman (1991) maintained the essence of Berry's (1981) definition of internal marketing when they described internal marketing as a "philosophy of treating employees as customers". The authors contended that employees should be treated in a manner that the firm expects them to treat the external customer in the hope that it would lead to an effective marketing behaviour.

The treatment of “employees as internal customers” claim in the definition of internal marketing raises a number of fundamental questions. Rafiq & Ahmed (1993) for example argued that, because internal customers have legal relationships with the organisation, they may have no choice in the job-products they are offered, and could be forced into accepting job-products they do not want. It has also been contended in the “employee as customer” argument that the employee is the most important market for a service firm (Sasser & Arbeit’s, 1976). This would seem to give superiority to the internal customer over the external customer, and this Rafiq & Ahmed (1993) contended would “stand on its head” one of the most fundamental principles of marketing; that the external customer is most important.

Gronroos (1985), described internal marketing as an organisation’s internal market of employees that “can be influenced most effectively and hence motivated to customer-consciousness, market orientation and sales-mindedness by a marketing-like internal approach and by applying marketing-like activities internally” (Gronroos, 1985: 42). Gronroos’ definition is based on the assumption that employees need to take advantage of interactive marketing situations leading to higher service quality and more sales. To achieve this however, employees need to be customer conscious and sales minded. Effective internal communication, recruitment and training with a participative management practice, empowerment and a supportive senior management would help in the development of customer conscious employees. Just like Berry (1981), Gronroos (1985) also considered the application of marketing-like tools internally as key to producing customer-conscious employees.

According to Kotler & Keller, (2009) internal marketing is the task of recruiting, developing and motivating employees to ably serve the customer. The authors contended that internal marketing required everybody in the organisation to buy into the concepts and goals of marketing, and to choose to provide and communicate customer value. They argued that it is only when all employees in the organisation realise that their job is to “create, serve, and satisfy customers does the company become an effective marketer” (Kotler & Keller, 2009:667). Internal marketing, according to Kotler & Keller (2009), must take place at two levels. They noted that at the first level, various marketing functions must work together, while at the second level, other departments must embrace and think marketing. The authors conceded that internal marketing “...requires vertical alignment with senior management and horizontal alignment with other departments, so everyone understands, appreciates, and supports the marketing effort” (Kotler & Keller, 2009:64).

Rafiq & Ahmed, (1993) took a different view of internal marketing. They considered internal marketing to be an effective tool for managing change describing it as a planned effort to overcome organisational resistance to change. The authors argued that internal marketing is employed to motivate and integrate employees towards the effective implementation of both corporate and functional strategies. This definition appears to suggest that the implementation of any strategy might span several functional areas in the organisation. It would therefore require effective coordination and integration of efforts which, according to Rafiq & Ahmed, (2000) internal marketing is very much capable of handling.

In 2000, Rafiq & Ahmed suggested that for any definition of internal marketing to stand the test of time, it must incorporate five key elements (Rafiq & Ahmed, 2000). These five elements were identified as; employee motivation and satisfaction; customer orientation and

satisfaction; inter-functional cooperation and integration; marketing-like approach to the three elements already mentioned; and the implementation of specific corporate or functional strategies. Consequently, Rafiq & Ahmed, (2000:454) proposed the following as a definition of internal marketing: “Internal marketing is a planned effort using a marketing-like approach to overcome organisational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer oriented employees.”

Rafiq & Ahmed maintained that this definition of internal marketing meets all the five item criteria they suggested should underpin the definition of internal marketing. In this definition, the authors identified customer satisfaction as the key goal of internal marketing, and acknowledge the critical role of a motivated customer-oriented employee in delivering satisfaction to the customer. The definition however failed to consider the critical role of ICT in enabling effective employee performance. Again, the authors conceded that internal marketing effort was towards “...effective implementation of corporate and functional strategies,” suggesting the involvement of top management in any successful internal marketing effort. However, the role of top management in the internal marketing effort of an organisation is too important just to be implied in the definition of internal marketing.

#### **5.4 The Development of Internal Marketing Literature**

Over the last three decades, the literature on internal marketing has grown rapidly and according to Rafiq & Ahmed, (2000) the development of the internal marketing theory can be seen in three strands, which though separate, are intertwined, and consists of an employee motivation and satisfaction phase; customer orientation phase; and internal marketing as a

tool for strategy implementation phase. These developments in the literature are discussed below.

#### **5.4.1 Employee Motivation and Satisfaction**

A review of early writings on the concept of internal marketing suggests that the focus of the literature was about the motivation and satisfaction of the employee. Because the quality of service cannot be standardised, service firms had to deal with the challenge of service variability which Rafiq & Ahmed, (2000) contended focused the attention of organisations on harnessing the efforts of employees to consistently deliver high quality service. This brought to the fore the issue of employee motivation and satisfaction which characterised the internal marketing literature at this stage.

Related to employee motivation was the attraction and retention of employees. Services are performance or deeds as Zeithaml et al., (2009) observed, and this rests on the service employee. The employee is therefore central and key to the delivery of service. In marketing services therefore, the attraction, retention and motivation of the best personnel is a key consideration (Zeithaml, et al., 2009: Sasser & Arbeit, 1976). Rafiq & Ahmed (2000) contended that this was particularly essential in environments where the quality of service is practically the only real differentiating variable between competitors

It is important to note that the early writings on the conceptualisation of internal marketing also stressed the satisfaction of the employees. Berry (1981) was one of the major proponents that espoused the satisfaction of the employee as critical to service quality delivery. This view of internal marketing is based on the assumption that the organisation must have satisfied employees in order to have satisfied customers (George, 1977).

Heskett et al., (1994) suggested that there were strong relationships between employee satisfaction, service quality, customer satisfaction and profitability. Some authors have even suggested that external employee can only be satisfied when employees are satisfied on their jobs (Schneider et al., 2005). Schneider & Bowen, (1993) posited that a good service climate and a good climate for the employee wellbeing are highly correlated with customer perception of the overall service quality. Zeithaml et al., (2009) aptly summarised the above argument when they observed that satisfied employees make for satisfied customers.

An attempt to satisfy the employee implies that attempts would be made to assign job-products to employees that best suits them (Berry, 1981). Job-products that employees are coerced to have, or that possess negative utility, certainly cannot satisfy them, and would not fall for example within Berry's (1981) conceptualisation of internal marketing. Rafiq & Ahmed's (1993) difficulty with the "employee as customer philosophy" that underpinned much of the logic of this strand of the literature did not appear to consider the fact that, employees as internal customers must have products that satisfy their needs.

#### **5.4.2 Focus on Customer Orientation**

This strand of the conceptualisation of the internal marketing concept is focused on contact employees being responsive to the external customer because they are engaged in what Gronroos termed "interactive marketing" (Gronroos, 1981). This strand of the development of the literature follows Gronroos's (1981) article where he argued that because service contact employees are engaged in interactive marketing, it was critical they were responsive to the needs of their customers, and this should impact not only on the purchase and repurchase behaviour of the customers, but also present a marketing opportunity to the firm (Rafiq & Ahmed, 2000). To exploit these opportunities, contact employees must be

customer-oriented and sales-minded. Consequently, the objective of internal marketing is to get employees to be motivated and customer conscious (Gronroos, 1981; Rafiq & Ahmed, 2000).

It is therefore not enough for contact employees to be motivated as espoused by Berry (1981) and others. They must be both sales-minded and conscious of the customer. Both Gronroos (1985) and George (1990) concur with this observation. Equally important is the fact that various functional areas in the organisation must co-operate to deliver the final service to the customer. Gronroos (1985) reiterates this point when he described internal marketing as a tool for integrating different functions vital to customer relations of service firms.

Gronroos' (1985) definition of internal marketing is close to Berry's (1981) definition. Both writers emphasised the need to motivate personnel, and advocate the use of marketing-like techniques to do so. However, the critical difference between the approach of Gronroos on one hand, and Berry and other contributors on the other hand to this strand of the internal marketing literature is that employees are not treated as customers by Gronroos who focus on creating customer orientation in employees through a process of influencing and not motivation and satisfaction per se (Rafiq & Ahmed, 2000), which appears to be the focus of Berry and the others.

#### **5.4.3 An Implementation Mechanism**

Rafiq & Ahmed, (2000) suggested that the scope of internal marketing activity was wider than the motivation of employees to gain customer consciousness. The authors argued for example that internal marketing can also be used to motivate non-contact employees towards behaviour pattern that enhances service delivery to the customer. This aspect of the

development of the internal marketing literature was marked by writings of various authors who began to explicitly recognise that internal marketing could be used as a strategy implementation mechanism for the realisation of organisational objectives (Winter, 1985; Piercy & Morgan, 1989; Glassman & McAfee, 1992; Rafiq & Ahmed, 2000).

Winter (1985) for instance, described internal marketing as aligning, educating and motivating employees to achieve institutional objectives, and argued that internal marketing was a process which made employees understand and recognise the value of the programme and their own place in it. Piercy & Morgan (1989) saw internal marketing as a tool for the implementation of any type of marketing strategy, while Glassman & McAfee (1992) recognised that internal marketing played a critical role in integrating personnel and marketing functions in the organisation. Tansuhaj et al., (1987) considered internal marketing as a tool for implementation within the service context. These thoughts appear to aid a growing belief that internal marketing has a potential as a mechanism for cross-functional integration especially in the service industry.

Furthermore, Ahmed & Rafiq, (1995) proposed internal marketing as a change management implementation tool. This is consistent with Rafiq & Ahmed's (1993) definition of internal marketing when they sought to establish that it is a planned effort designed to overcome organisation resistance to change. Ahmed & Rafiq, (1995) contended that internal marketing sought to align, motivate and integrate employee efforts towards an effective implementation of both corporate and functional strategies. Rafiq & Ahmed's (1993) definition of internal marketing suggest that internal marketing is required for any effective implementation of strategy and integration of functional areas.

The underlining assumption in these discussions is that if a strategy needs to be effectively implemented, it needs to achieve a better internal communication and to overcome an inter-functional conflict (Rafiq & Ahmed, 2000). These extensions according to Rafiq & Ahmed (2000), led to internal marketing being advocated as a general tool for the implementation of both internal and external organisational strategy. Consequently, several authors have come to see internal marketing as a mechanism for reducing departmental isolation and inter-functional conflict, and overcoming resistance to change (Rafiq & Ahmed, 1993 and 2000; Ahmed & Rafiq, 1995).

#### **5.4.4 A Broadened Concept**

Other authors have argued that the internal marketing concept can be broadened beyond the remit of its current discussions (see Varey & Lewis, 1999 and Varey, 2000). According to Varey (2000), internal marketing should not be treated as a specialist functional approach as it represents the convergence of several previously separated management technologies such as human resource, strategic management and quality management. George (1990) agreed with Varey's contention when he argued that internal marketing should be seen as a philosophy for managing an organisation's human resources and a management process for integrating the myriad of functions within the organisation.

Varey (2000) contended however that considering internal marketing as mainly a domain of human resource and marketing, applying micro-marketing concept and associated tools is rather narrow and does not consider the needs of all local stakeholders. He argued that the field of marketing has not been in close contact with the field of communication, and suggested that a co-generative relationship between the marketing domain and communication domain can bring the premises of marketing theory and practice into a more

contemporary form. This would perhaps make the broadening of the internal marketing concept possible in the future.

A broadened theory of internal marketing should according to Varey & Lewis (1999), considered internal marketing as a goal-oriented social process and a conceptual system that would continually create a rapid strategic organisational change in response to both the micro and macro environments (Varey, 1996). Varey (1996) suggested that a broadened concept of internal marketing can be applied to a number of current management issues that require strategic treatment. The author argues that strategic concerns such as the retention of skilled employees in the organisation, building corporate brand that appealed to both internal and external customers, effective management of communication, skills development and employee commitment can be treated with internal marketing.

The broadening of the concept of internal marketing seems more relevant now. The rapid advancement of modern technology, coupled with new demands on management require an internal marketing approach that would not only produce highly motivated and customer conscious employees, but employees that would be conscious of the needs of the environment and society.

## **5.5 Internal Marketing Dimensions**

There is a large body of literature on internal marketing, and according to Ahmed et al., (2003) this body of literature is rapidly growing. However, a good portion of the research done on internal marketing is of conceptual nature. Not much work has been done on how internal marketing works in practice. Ahmed et al., (2003) argued that there is little agreement on the mix of elements that should be employed by an organisation in an attempt

to achieve the objectives of an internal marketing effort, and observes that this is a major challenge with current internal marketing literature. The concept of internal marketing mix according to Ahmed et al., (2003) is a set of controllable variables within an organisation that can be used to effectively influence and motivate employees to act in a customer-oriented manner.

Despite the lack of agreement on what variables constituted the internal marketing mix elements, the works of several authors suggest a number of the elements are prominent. Varey (1995) identified motivating, developing and training employees as key internal marketing elements, while Gummesson (1991) observed that communication, training, education and information were the critical internal marketing elements. According to Berry and Parasuraman (1991) attracting, developing, motivating, and retaining qualified employees are key internal marketing elements. Berry had in 1981 identified the treatment of employees as customers and jobs as products and the application of marketing-like techniques internally as key internal marketing variables. He also considered the attraction and retention of customer conscious employees and employee participation and involvement as necessary elements of internal marketing (Berry, 1981).

Again, Foreman & Money, (1995) argue that rewards, development and providing a vision are critical components of internal marketing. Literature on internal marketing also suggests that current human resource management tools with a marketing perspective constitute a critical component of internal marketing. For example, George & Gronroos, (1989) note that internal marketing is a philosophy for managing the organisation's human resources based on a marketing perspective.

The application of marketing mix elements to the internal customer and the use of what Crompton et al., (1987) called marketing training and communication was also identified as elements of internal marketing. Crompton et al., (1987) also considered the empowering of employees and cross-functional participation as relevant variables of internal marketing. Sasser & Arbeit, (1976) alluded to internal marketing as an approach to service management. This approach consisted of several activities which included recruitment, training, motivation, communication, and retention of quality service employees.

Other writers such as Tansuhaj et al., (1988) identified recruitment and motivation among others as key internal marketing mix variables. The authors observed that internal marketing incorporated a multifaceted focus on employee development, noting that a comprehensive internal marketing programme is concerned with employee recruitment, training, motivation, communication and retention efforts. For Gronroos (1985), an internal marketing mix consisted of a work environment that motivated employees to respond to management's demand for customer orientation and focus.

Ahmed et al., (2003) also proposed various variables that constitute internal marketing mix. After reviewing literature on internal marketing the authors suggested strategic rewards; internal communications; training and development; organisational structure and senior leadership as key elements of internal marketing. Other elements they identified included physical environment; staffing, selection and succession; inter-functional co-ordination; incentive systems; empowerment; and operational/process changes.

In an empirical study of the impact of internal marketing on employee commitment in the banking sector in Ghana, Narteh (2012) identified three dimensions of internal marketing

mix. The author described these factors as; empowerment, rewards, training and development. These variables were established as being positively associated with employee commitment to the organisation. Communication as a dimension of internal marketing was however not supported by this study. In another study of nurses in Taiwan, a favourable perception of internal marketing was associated with increased organisational commitment (Chang & Chang, 2009).

Though the named elements of internal marketing vary, a reading of the literature suggest the following as components of internal marketing mix: recruitment; training and development; communication; teamwork; empowerment; effective reward systems; conducive work environment; top management commitment; inter-functional co-ordination; and motivation and job satisfaction.

## **5.6 Internal Marketing and the Hospitality Industry**

The complex nature of the hospitality industry makes the management of people in the industry challenging and different from many other industries (Tag-Eldeen & El-Said, 2011). Internal marketing has been seen as a means of effectively managing employees for enhanced productivity. Indeed, several studies have confirmed the importance of internal marketing in managing employees in the hotel industry (Turkoz & Akyol, 2008; Lo et al., 2010; Sokhatskaya, 2013). Lo et al., (2010) for example suggested that hotel operators must first address the needs of employees as a measure to building good relations with customers. Internal marketing is considered the means by which employee needs can be addressed, and is therefore the basis of the formation of the relationship between the customer and the employee in the hotel setting (Sokhatskaya, 2013).

Turkoz & Akyol, (2008) found a positive relationship between the level of internal marketing in the hotel and the level of hotel performance. A high level of internal marketing in a hotel leads to a higher level of hotel performance. Similarly, a low level of internal marketing in a hotel leads to a lower level of hotel performance. The dimensions used as indicators of hotel performance included customer ratio, occupancy ratio, profitability ratio, budget for education and service quality. The effective application of internal marketing practices in the hotel industry has been shown to contribute to employee job satisfaction resulting in an increase in positive employee behaviour including cooperation with colleagues and commitment to the organization (Arnett et al., 2002).

In a study of five-star hotels in Egypt, Tag-Eldeen & El-Said, (2011) found that employees in various departments of the sampled hotels who perceived a higher level of internal marketing were more satisfied than employees who perceived a low level of internal marketing. The findings of this study clearly demonstrate internal marketing is an effective tool in promoting and enhancing employee satisfaction on the job and commitment to the hotel. As the authors noted, internal marketing can be used as a concrete strategy for improving the quality of service in hotel operations.

Internal marketing enables the provision of high standards of quality at all stages of the operation of a hotel (Sokhatskaya, 2013). The establishment of a service culture, the development of a marketing approach to human resource management, the information dissemination among hotel employees, and the implementation of a reward and recognition system are necessary in the establishment of an effective internal marketing practice (Tag-Eldeen & El-Said, 2011). An excellent internal marketing environment in the hotel would enable employees provide high service quality.

In a case study of two hotels, Hedin & Lidstrom, (2006) sought to demonstrate the use and relevance of internal marketing in the hotel industry. The study showed that the sampled hotels applied internal marketing practices to their operations. The consequence of internal marketing practices in these hotels was low employee turnover rates, increased employee job satisfaction and high quality service. The authors noted that recruiting and educating staff, establishing a good communication system in the hotel and improving the work environment by using good reward systems for example were key dimensions of internal marketing that these hotels applied.

Sokhatskaya (2013) argued that the nature of the hotel industry was constant work. Customers consider the staff as an integral part of the service. Each employee of the hotel therefore directly or indirectly influenced the degree of customer satisfaction (Sokhatskaya, 2013). Management support, staff management and training, communication and client orientation are critical internal marketing activities that when instituted in the hotel, enhanced employee productivity (Yankevich, 2004). Sokhatskaya (2013) reiterated Yankevich's point, noting that internal marketing enhanced the effectiveness and focus of the hotel employee.

Researchers have argued that the hotel industry is unique compared to other service industries as it provides a home environment for commercial purposes. Studies on internal marketing have therefore over the years sought to demonstrate the relevance of internal marketing in the management of employees of the hotel industry. Various studies on internal marketing have demonstrated that effective internal marketing practices in the hotel industry results in employee satisfaction, customer focus and high service quality delivery.

### **5.7 Implications for the study**

The hospitality industry is a high contact industry and guests consider employees as an integral part of the service. Consequently, service quality and customer satisfaction in the hotel sector are hugely influenced by the actions of employees. Employees can therefore be used as the foundation of competitive advantages as hotel operators rely on employees to deliver superior service. Internal marketing has been suggested as an effective means of harnessing employee effort for the delivery of high service quality.

Over the years, researchers on internal marketing have investigated the conceptualisation of internal marketing and how the adoption of internal marketing practices, and the establishment of a service culture can enhance employee performance in the hotel industry. Research has focused on the impact of internal marketing on such issues as employee commitment and loyalty; customer satisfaction; and service quality delivery in the hospitality industry. Studies on internal marketing have also tried to establish relevant internal marketing dimensions that can result in satisfied and motivated employees who can consistently deliver high quality service to guests.

In this direction, internal marketing is very significant as it ultimately impacts on employee action which is critical in the consistent delivery of quality service, especially in the hotel sector. Employee actions and the impact it has on the quality of service delivery in the hotel sector is a major consideration in this study. Unfortunately however, it appears studies on internal marketing rarely focus on delineating the various elements of the employee behaviour that impacts on the quality of service. Consequently, relevant elements of employee behaviour that impact on service quality would be identified and discussed in the conceptual framework provided in chapter 7.

## 5.8 Chapter Summary

The literature on internal marketing has been growing steadily over the last 3 decades. The concept was first proposed as a means of improving the delivery of quality service. Though internal marketing was popularised following Berry's article in 1981, several authors had made references to internal marketing earlier. The concept of internal marketing was explored in this chapter where various definitions were reviewed and discussed. The application of internal marketing practices in the hotel industry was also discussed.

Literature on internal marketing elements were also explored and discussed in the chapter. Various authors have different takes on what constitutes the dimensions or elements of internal marketing. A careful reading of the literature however indicates several elements that can be identified as key dimensions of internal marketing. Some of these elements were identified in this chapter as recruitment, motivation and retention; communication and teamwork; inter-functional cooperation; top management commitment, employee motivation; empowerment and job satisfaction.

Some writers have noted that the development of internal marketing literature can be described in three different but intertwined strands. It was discussed in this chapter that employee motivation and satisfaction characterised one strand of the development of the literature, while the second strand of the development of the literature focused on developing customer-consciousness and orientation among employees. A third strand of the literature development described internal marketing as a mechanism for the implementation of corporate and functional strategies. It has however been argued that the concept of internal marketing should be broadened beyond its current conceptualisation and this debate was also discussed in the chapter.

It is conceptualised in this study that high service quality perception in the hotel industry results in customers being satisfied with their service experience. It is further suggested in this study that a favourable perception of service quality and satisfaction with a service encounter would translate into various behavioural intentions. Consequently, the next chapter would shed light on these issues by exploring and discussing customer satisfaction and behavioural intentions.

## **CHAPTER SIX**

### **CUSTOMER SATISFACTION AND BEHAVIOURAL INTENTIONS**

#### **6.1 Introduction**

Chapters three and four dealt with service and service quality in general and service quality in the hotel industry in particular. Chapter five discussed internal marketing as a tool to build service quality through employees. In this chapter, customer satisfaction and behavioural intentions are discussed as outcomes of the service quality process. The assumption in this study is that the three constructs that is; service quality, customer satisfaction, and behavioural intention are linked to each other in a way. Thus the conceptual roots of these constructs and their key determinants and linkages are discussed. At the end of the chapter, the implication for the current study is provided followed by a summary of the core issues.

#### **6.2 Customer Satisfaction**

Service quality and satisfaction are considered distinct constructs but literature does not seem to agree on their causal ordering (Olorunniwo et al., 2006). Some researchers hold the view that satisfaction is antecedent to service quality (Carman, 1990; Bolton & Drew, 1991); while others believe service quality is antecedent to satisfaction (Oh, 1999; Brady & Robertson, 2001; Zeithaml & Bitner, 2003; Jamali, 2007). For Taylor & Cronin (1994), there is a non-recursive relationship between service quality and satisfaction. There appears however to be a preponderant of research evidence that tended to support the view that service quality causes satisfaction (Olorunniwo et al., 2006). This thesis is argued on the basis that service quality is an antecedent of customer satisfaction. Guest satisfaction is therefore a consequence of service quality.

Customer satisfaction is a key concept in the thought and practice of marketing. The interest of management in the use of customer satisfaction as a means of evaluating quality is growing and according to Kotler (1991), high customer satisfaction ratings are considered to be the best indicator of a firm's future profits. Anderson & Sullivan, (1993) contended that firms are increasingly using customer satisfaction as a criterion for diagnosing product or service performance, arguing that satisfaction judgements are a function of the baseline effect of expectations.

Literature suggests that, satisfaction is not very simple to define, though it is one of the most commonly studied areas in marketing discourse (Philips et al., 2011). According to Oliver (1997), everybody seems to know what satisfaction is until asked to define it. Several attempts have been made to define the concept of customer satisfaction (Yang & Peterson, 2004). However, a generally agreed definition is yet to be determined (Tsiotsou, 2006; Dortyol et al., 2014). The difficulty in agreeing to a common definition for satisfaction points to the interest various scholars and marketers with varying perspectives have in the concept.

Researchers have pointed out that the process of buying a product or service is a sacrificial activity, and that customer satisfaction is a cognitive state of being adequately or inadequately rewarded for the sacrifice a said customer has undergone (Howard & Sheth, 1969). Oliver described satisfaction as the customer's fulfilment response, contending that satisfaction "is a judgement that a product or service feature, or the product or service itself, provides a pleasurable level of consumption-related fulfilment" (Oliver, 1997:13).

On their part, Lovelock & Wirtz (2007) have maintained that satisfaction is an attitude-like evaluation following the purchase of a product or service, or a series of consumer product interactions. Similarly, Woodside et al., (1989) argued that customer satisfaction is a special form of consumer attitude noting that it is a post-purchase phenomenon reflecting how much the consumer likes or dislikes the service after experiencing it. Zeithaml et al., (2009) on the other hand argued that satisfaction is a customer's evaluation of an offering as to whether it has met the needs and expectations of the said customer. Satisfaction could therefore be said to have occurred when the needs of the customer are met.

However, beyond meeting the needs and expectations of the customer, satisfaction can also be said to be related to other types of fulfilment. For instance, customer satisfaction has been described as an emotional response to the experiences provided by or associated with the purchase of specific products or service (Westbrook & Reilly, 1983). Arnould et al., (2004) contended that satisfaction can be viewed as contentment, or be associated with a feeling of pleasure. The authors argued further that satisfaction can also mean a sense of relief or even a sense of delight.

Satisfaction can be said to be a cognitive activity or an emotional response (Decrop, 1999). Satisfaction is described as cognitive when consumer satisfaction is seen as a post-consumption evaluation as to whether or not, a chosen product or service met the customer needs (del Bosque & San Matins, 2008). The consumer is considered a rational being that can cognitively process information to draw conclusions and arrive at his or her own beliefs and judgement about a service experience (del Bosque & San Matins, 2008). Satisfaction is therefore influenced by cognitive evaluations (Oliver, 1993). On the other hand, satisfaction is described as affective when it is considered to be an emotional response derived from a

consumption experience (del Bosque & San Matins, 2008). The emotional consideration of satisfaction is based on the assumption that the feelings of a customer are a critical component of his or her experience (Decrop, 1999). Emotions, whether positive or negative, would contribute to customer satisfaction (del Bosque & San Matins, 2008). Consequently, emotions derived from evaluations will ultimately determine the individual's overall response in a given consumption process (Oliver, 1989).

### **6.3 Determinants of Customer Satisfaction**

Customer satisfaction tends to be measured at a particular point in time. This portrays satisfaction as though it was static (Zeithaml et al., 2009). Satisfaction is not static. Fournier & Mick (1999) maintained that, satisfaction is dynamic and might evolve overtime as it is influenced by a variety of factors. Zeithaml et al., (2009) reiterated this point arguing that when the usage of a product or the experience of a service offering takes place over time, satisfaction may be highly variable. The authors further argued that in such circumstances, satisfaction may be dependent on the point in the usage or experience of the offering that is being focused on.

Customer satisfaction can be said to be influenced by the quality of the product or service received or experienced. The product or service features also exert significant influence on customer satisfaction (Oliver, 1997). Research has demonstrated that service customers frequently make trade-offs between service features depending on the type of service being offered (Ostrom & Iacobucci, 1995). Another factor that significantly impacts on customer satisfaction is the customer's emotional state; whether existing prior to a consumption experience (Oliver, 1997), or specific emotion induced by the consumption experience itself (Price et al., 1995). Also, the authenticity of employee's emotional display affects customer

emotion which also influences customer satisfaction (Zeithaml et al., 2009; and Hennig-Thurau et al., 2006).

Folkes (1988) posits that attribution influences perception of satisfaction. He argues that customers tend to determine the perceived cause of a service outcome when they are negatively or positively surprised at the outcome of a service encounter. Customers' evaluation of the reason(s) of the service outcome would influence their level of satisfaction (Hubbert, 1995). For many services, customers take at least some level of responsibility for a service outcome and this reduces any potential dissatisfaction levels. It has been argued that even when customers do not accept any responsibility in a negative service outcome, their satisfaction levels would be influenced by other forms of attributions. For example, when customers believe that the cause of a poor service outcome is beyond the control of the provider or is a rare occurrence and most likely would not be repeated, they are more likely to be less dissatisfied (Bitner, 1990).

Price affects service quality perceptions and ultimately influences customer satisfaction. In service encounters, customers compare the treatment and prices they receive against that of other customers. Their perception of how equitably and fairly they have been treated affects their satisfaction levels (Oliver, 1997), and this is especially so in service recovery situations.

#### **6.4 Customer Satisfaction in the Hotel Industry**

Customer satisfaction in the hotel industry has been measured by determining guests' assessment of the performance of the hotel on specific service attributes. Customer satisfaction surveys and guest comment cards (GCCs) are commonly employed in the measurement of guest satisfaction (Su, 2004). These cards are placed in guest rooms

enabling guests who wish to comment on any matters in the hotel to do so. Though the use of GCC continue to grow, its use requires a more rigorous and scientific approach than is currently being witnessed (Su, 2004). To enhance the quality of customer satisfaction measurement using GCC, the quality of the sample and data collection methods for example must be improved (Su, 2004).

Customer satisfaction in the hotel industry is affected by various variables. For example, Gunderson et al., (1996) confirmed the tangible aspects of housekeeping such as room amenities, and the intangible aspects of the front desk such as willingness to provide service, as critical determinants of business travellers' satisfaction of hotel services. The cleanliness of room, value for price, the friendliness of employees, and the security of hotel were identified as important attributes of a hotel that significantly influenced guest satisfaction in the hotel environment (Greathouse, et al., 1996). "Reliability" and "responsiveness and assurance" have also been cited by Lam & Zhang (1999) as the most important factors in predicting the satisfaction of guests.

Customer satisfaction has also been said to be a function of perceive value, which in turn is a function of perceived quality and price (Su, 2004). Different levels of perceived value would therefore result in different levels of customer satisfaction. Organisational culture has also been identified as a major determinant of customer satisfaction in the hotel industry (Davidson, 2003). Davidson notes that organisational culture is made of four elements that include employee empowerment and training, organisational climate, the operating procedures the hotel has established, and the levels of service quality the hotel provides.

Raftopoulos (2010) also argued that customer satisfaction in the hotel industry appear to be determined by the cleanliness and security of a hotel, value for money and courtesy of hotel employees. Employees are particularly critical for hotel satisfaction. For instance, Choi & Chu, (2001) concluded that the quality of staff, room qualities and value are the top three hotel factors that determine guests' satisfaction. Customer satisfaction in the hotel industry is also influenced by guests' perception of their experiences and interaction with hotel employees (Briggs et al., 2007).

### **6.5 Customer Satisfaction Outcome**

A customer's satisfaction or otherwise with a service experience would influence the customer's subsequent behaviour with respect to that service provider. Heskett et al., (1997) argued that increasing levels of customer satisfaction can lead to customer loyalty and even company profitability. In a study based on data from 10 studies involving 8,000 customers from various countries and across industries, it was found that 96% of customers who were "very satisfied" confirmed they would definitely repurchase from the same company (Zeithaml et al., 2009). It is interesting to note however that, the same study reported that only 52% of those who were "somewhat satisfied" confirmed a repurchase intention from the same company. This has implication for service firms as management must continuously endeavour to keep customers highly satisfied. On the other hand, researchers have established that there is a strong link between customer dissatisfaction and customer defection. When customers reach a particular level of dissatisfaction or are dissatisfied with service attributes they deem critically important, their loyalty can fall sharply and suddenly (Zeithaml et al., 2009; Anderson & Mittal, 2000).

Customer satisfaction does not only influence the subsequent repurchase intentions of the particular customer who experiences a certain service. Customer satisfaction can result in customers sharing their experiences with a service encounter to others. Customer satisfaction is said to generate free word-of-mouth advertising (Luo & Homburg, 2007), and this can influence the buying intentions and behaviours of potential customers of the company's offerings. This is particularly so because Word-of-Mouth advertising is a powerful tool as it is considered to be less biased (Zeithaml et al., 2009).

Several studies have investigated the impact of customer satisfaction on business results. These studies have concluded that customer satisfaction has an impact on business profitability (see for instance Anderson et al., 1994; Yeung et al., 2002; Luo & Homburg, 2007). Other studies such as Dimitriades (2006); Olorunniwo et al., (2006); Chi & Qu (2008); Faullant et al., (2008) have investigated the relationship between customer satisfaction and customer behaviour patterns, concluding that customer satisfaction increases customer loyalty, influences customer repurchase intentions and leads to positive word-of-mouth. Gilbert & Veloutsou (2006) observed that companies receive high economic gains when they deliver high satisfaction levels. In contrast to an unsatisfied customer for example, a satisfied customer is less sensitive to price and competitors' efforts, and stays loyal to the company much longer (Nam et al., 2011).

## **6.6 Customer Behavioural Intentions**

Behavioural intention has been of critical interest to organisations over the years and has attracted the interest of hotel marketers and academics due to the commonly held view that favourable customer behavioural intentions help hotels retain customers (Wu, 2009). Several researchers such as Chen & Tsai (2007), Gonzalez et al., (2007) and Wu (2009) have

identified various elements including service quality; customer satisfaction; perceive value; corporate image; and demographic variables as significant determinants of behavioural intentions. This study focuses on the impact of service quality and customer satisfaction on customer behavioural intentions.

Customer behaviour intentions have become important because of the advantages businesses derive from customer retention. According to Zeithaml et al., (1996), increasing customer retention rates, or lowering customer defection rates is key in enhancing service providers' ability to be more profitable. It is more profitable for an enterprise to increase the rates of customer retention than to gain market share or reduce costs for example (Reichheld & Sasser, 1990). It has been argued that a marginal change in customer retention rate significantly impacts on revenue. A five percentage increase in customer retention for example can increase profitability by up to 80 per cent (Gould, 1995).

Doing business with repeat customers reduces costs associated with such activities as advertising, personal selling to win new customers, explaining business procedures to new customers and setting up new accounts (Peppers & Rogers, 1993). Existing customers are usually familiar with the processes and procedures of the firm. Consequently, repeat customers can often be served more efficiently due to experience curve effects. Such a situation would lead to reduced cost and most probably a more satisfied customer (Reichheld & Sasser, 1990); and this should result in customer retention and profitability.

Researchers such as Fishbein & Ajzen,, (1975) considered behavioural intentions to be a measure of the strength of a customer's intention to perform a specific behaviour. Jaccard & King, (1977) on the other hand saw behavioural intentions as a relationship, describing it as a

perceived relation between oneself and some behaviour. Alexandris et al., (2002) suggested that a customer's behavioural intention is an indication of whether or not the customer would remain with or defect from an organisation. Behavioural intentions are indications of individual customer's intention to act in one way or the other.

### **6.7 Nature of Behavioural Intentions**

Several behaviour outcomes are associated with behavioural intentions. Zeithaml et al., (1996) for example, argued that behaviour outcomes can broadly be split into two thus; favourable and unfavourable behaviour. Favourable customer behavioural intentions are associated with favourable customer behavioural outcomes. For example, saying positive things about the organisation; recommending the organisation to other customers; remaining loyal to the organisation; spending more with the said organisation; and paying premium prices have been identified by several researchers as favourable customer behavioural outcomes (Parasuraman et al., 1991; Rust & Zahorik, 1993; and Lin & Hsieh, 2007).

Customers are not expected to exhibit all these behaviour outcomes in every situation. For instance, in a small hotel where the range of services may be limited, guests might not be able to spend more as an outcome of their favourable behaviour. Therefore, customers exhibit positive behaviour when they praise or say positive things about a firm, or recommend the firm to others (Zeithaml et al., 1996). Zeithaml et al., (1996) further contended that customers demonstrated positive behaviour for a firm when they expressed preference for that firm over another. Positive behaviour is also demonstrated when customers increased the volume of their purchase and/ or the variety of their purchases from a particular supplier or provider of products and service.

Unfavourable behavioural intentions on the other hand include customer switching behaviours and complaint behaviours (Lobo et al., 2007). Customers' complaining behaviour refers to situations when customers complain to friends, relatives, the organisation itself, or even to regulatory authorities and agencies such as the GTA in the case of Ghana. These complaints could lead customers to spend less with a firm, not to accept to pay a premium price, engage in negative word of mouth, or even switch from one company to another (Zeithaml et al., 1996).

The long stay of customers with a firm positively influences the company's profitability potential. Customers who stay longer with a firm are more likely to: buy additional services; spread favourable word-of-mouth communication; and pay a higher price. Such customers are also more likely to buy a greater variety of products and or services from the firm (Gould, 1995). In a study to determine customer behaviour intentions in the hospitality industry, Wong et al., (1999) concluded that there were three dimensions of behavioural intentions: loyalty to company, propensity to switch and willingness to pay more; with loyalty to the company emerging as the best predictor of overall behavioural intentions.

When behavioural intentions are appropriately measured, they can largely predict actual customer behaviour according to Ajzen & Fishbein, (1980). It has however been argued that few empirical studies have paid attention to the issue of behavioural intentions in the hotel industry and therefore the issue of behavioural intentions in the hotel industry needs further investigation (Kandampully & Suhartanto, 2000; Alexandris et al., 2002). Identifying and understanding the factors that influence customer behaviour intentions with respect to choosing and staying in a hotel and repeating that behaviour are essential for the marketing efforts of the hotel, and also critical for the long term survival and profitability of the hotel.

## **6.8 Implications for the Study**

Understanding the elements of guest satisfaction and their behavioural intentions in the small hotel sector are critical in securing the continued custom of guests. Guest satisfaction and behavioural intentions are therefore an essential part of this study. Guest satisfaction and behavioural intentions would therefore be conceptualised as the outcome variables of service quality, and would be part of the framework that would guide the empirical part of the study. Insights gained from reviewing literature in this chapter would guide the discussions in the conceptual framework chapter, as well as inform the items that would eventually constitute the survey instrument. Consequently, various behavioural elements such as positive word-of-mouth and repeat visits would make-up the guest behaviour intentions construct. Similarly, the guest satisfaction construct comprise such elements as a guest being happy with service received, the hotel having the best interest of guest at heart and guests' needs being met.

## **6.9 Chapter Summary**

In this chapter, literature on customer satisfaction in general and customer satisfaction in the hotel industry in particular were explored and discussed. Satisfaction is not easy to define though researchers have argued that it can be described as a customer's fulfilment response. Others argue that satisfaction is an attitude-like evaluation of a guests' experience of a service. By and large, satisfaction describes the level to which a service experience meets the needs of the customer. Customer satisfaction can be influenced by several factors including customer perception of the quality of service received, and that is the focus of this study.

It was also noted in this chapter that customer satisfaction in the hotel industry can be measured by means of customer satisfaction surveys and guest comment cards (GCCs). Researchers have suggested that in the hotel environment, reliability, responsiveness and

assurance are important elements in predicting guest satisfaction. Room amenities, willingness to provide service, the cleanliness of room, value for price, the friendliness of employees, and the security of hotel have also been identified as important attributes of a hotel that significantly influence guest satisfaction in the hotel environment. Service quality is a major determinant of customer satisfaction.

Customer behavioural intention was also discussed in the chapter. It was noted that a customer's behavioural intention describes the measure of the strength of a customer's intention to execute a specific behaviour. Customer behavioural intentions provide useful insights into understanding and predicting behaviour. It was observed in the chapter that customer behavioural intention and outcomes could either be positive, leading to repeat business and good word of mouth; or negative, leading to customer defection for instance.

## **CHAPTER SEVEN**

### **CONCEPTUAL FRAMEWORK AND HYPOTHESES DEVELOPMENT**

#### **7.1 Introduction**

In the last four chapters (chapters three to six), literature was reviewed on various themes that underpinned the study. Literature on services and service quality in general, and service quality in the hotel industry in particular were discussed. Literature on internal marketing, customer satisfaction and behavioural intentions were also reviewed and discussed. This chapter draws on the literature discussed as aforementioned to build a comprehensive framework to guide the empirical part of the study.

#### **7.2 Describing a Conceptual Framework**

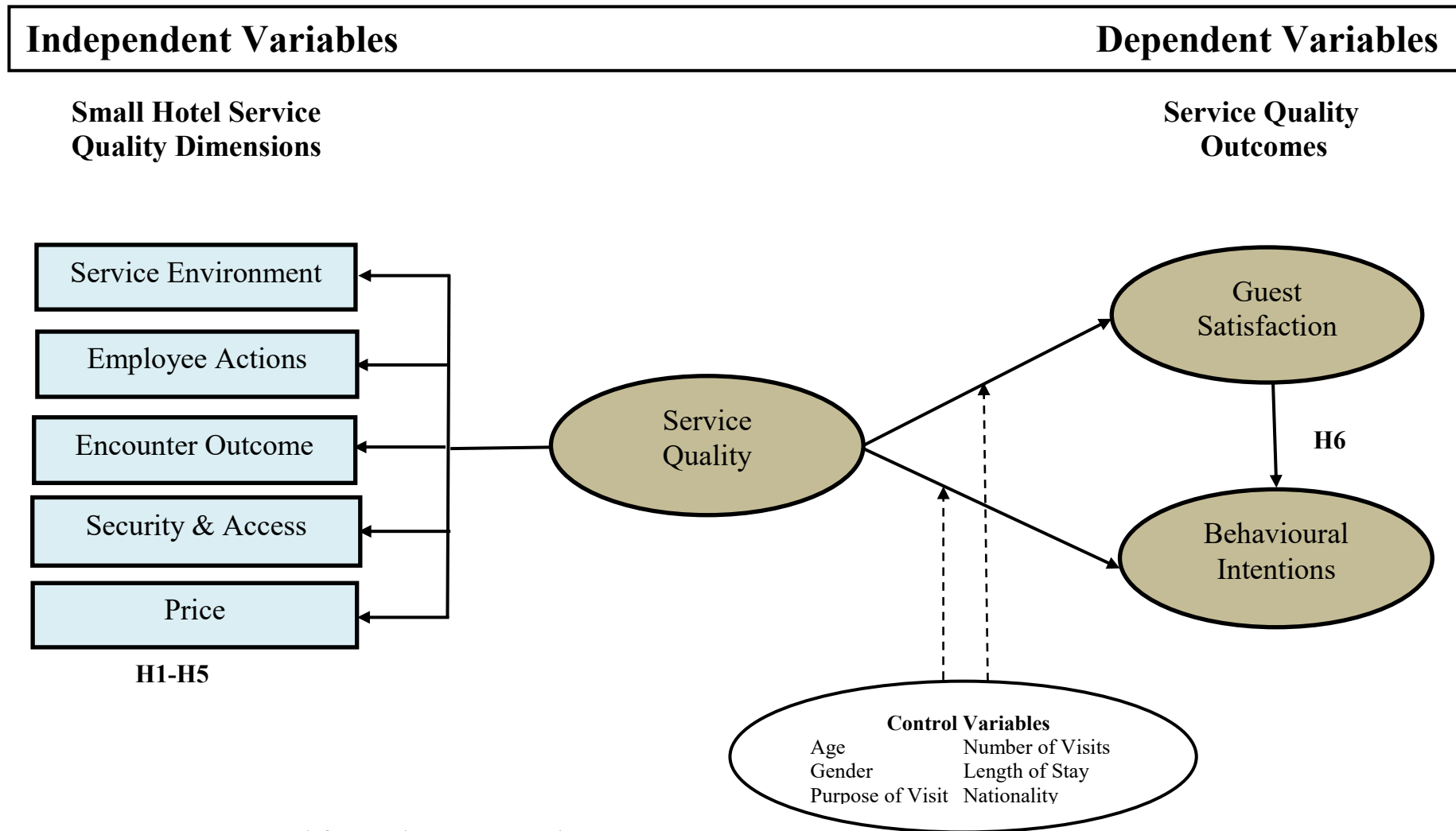
A conceptual framework refers to a set of broad concepts, ideas and principles drawn from various fields of enquiry relevant for a particular study. A conceptual framework is therefore made up of patterns of concepts and their interconnections (Fisher, 2007). Consequently, a conceptual framework can be described as a research tool, the purpose of which is to assist a researcher develop awareness and understanding of the situation under investigation and aid a researcher in structuring a subsequent presentation (Smyth, 2004). When a conceptual framework is clearly articulated, it has a great potential as a useful tool to scaffold research and, therefore, to assist a researcher in making meaning of subsequent findings (Smyth, 2004). The conceptual framework developed in this study guided the empirical part of the research. The chapter presents the conceptual framework in a diagrammatic form (see figure 7.1 below). The framework discusses the various factors, variables and relationships

captured in the framework. Proposed hypothesis are developed to show the relationships among the constructs of the study.

### **7.3 Conceptual Framework for the Study**

The conceptual framework for this study is developed on the basis that service quality causes satisfaction, and both service quality and customer satisfaction could predict customer behavioural intention. The dimensions of small hotel service quality in this study is conceptualised to consist of five service quality factors. These dimensions are specified as follows: Service Environment; Employee Actions; Encounter Outcome; Security & Access; and Price. These service quality dimensions are hypothesised in this study to have direct influence on a guest's satisfaction with a service experience and a guest's behavioural intentions in small hotels. It is also suggested in the framework that guest behavioural intentions are indirectly influenced by the service quality dimensions through guest satisfaction in small hotels. The relationship among the constructs of the study is illustrated in figure 7.1.

**Figure 7.1 Proposed Conceptual Framework**



Source: Constructed from Literature Review

### 7.3.1 Service Environment

Service environment refers to the tangibles or the physical evidence associated with the service organisation, and the service delivery. Parasuraman et al., (1985) have contended that tangibles included the physical evidence of the service, and described tangibles as comprising physical facilities; appearance of personnel; tools or equipment used to provide the service; and physical representations of the service, such as a plastic credit card or a bank statement. The authors also considered the presence of other customers in the service facility as part of the physical evidence. Tangibles can also be described as the environment in which a service is delivered and customers and employees interact.

Service environment as conceptualised in this study also refers to the availability of certain facilities in the hotel such as television and telephone as well as the supply of water and electricity. The consistent and effective provision of these facilities contributes to a positive guest experience of the hotel service. Service environment therefore refers to components of a service firm that facilitate performance or communication of a service and all the physical representation of the service such as the letter heads, brochures, equipment, signage, employee dress and so forth (Boom & Bitner, 1981). Service environment has been conceptualised in this study as a service quality dimension.

Researchers in the hospitality industry have discussed the significance of tangibles in the perception of service quality. For instance Akbaba (2006) identified tangibles as one of the five service quality dimensions in his study of hotels in Turkey. In fact, in Akbaba's (2006) study, "tangibles" was confirmed as the most important service quality dimension for non-business travelers. Other researchers who have identified tangibles as a key service quality

dimension include: Knutson et al., (1990); Webster & Hung (1994); Akan (1995); Akbaba (2006); Briggs et al., (2007); Dortyol et al., (2014).

Service environment in small hotels in this study is conceptualised to comprise such variables as how appealing the furniture, equipment, environment and ambience of the hotel is. The neatness and cleanliness of employee uniform and the state of the facilities and equipment of the small hotel is also conceptualised to affect service quality. Again, service quality in the budget hotel is said to be influenced by how well the hotel is lit. It is also conceptualised that guests' perception of service quality would be influenced by whether the outdoor surroundings of the hotel is well maintained. Other items such as telephones and television sets in the rooms, water and power supply, and facilities such as swimming pool and gym are all considered part of service environment. When employees are happy with the environment of the small hotels, it is expected to influence their behavioural intentions.

From the above discussions, the following hypotheses are formulated:

*H1a: Service environment positively affects guest satisfaction*

*H1b: Service environment positively influences guest behavioural intentions*

### **7.3.2 Employee Actions**

The service employee is the link between the organisation and the customer. As such, they play a central role in the efforts of a hotel in satisfying the needs of her guests. Researchers have argued that it is when the employee has been trained and developed to become customer-conscious that the external customer can be satisfied through effective service delivery (Gronroos, 1985; Rafiq & Ahmed, 2000). In a similar vein, Kotler & Keller (2009) posited that it is only when all employees in the firm realise that their job is to satisfy the

customer that the company becomes an effective marketer. Employees are therefore critical in the realisation of the strategic intent of the firm (Berry, 1981).

Researchers have identified various variables that constitute the employee factor. For example, Parasuraman et al., (1988) contended that the employee's willingness to help, attitude to providing individualised attention, and his ability to inspire trust and confidence in the customer are key dimensions of the employee factor. These variables rest on the actions of the employee. Mei et al., (1999) have also argued that such variables as employees being polite, knowledgeable, skilful, caring, understanding, sincere and neat are part of the employee factor. The quality of staff has also been cited as a variable of the employee behaviour factor (Wilkins et al., 2007).

The behaviour of employees in the provision of service impacts on customer experience and perception of quality of a service encounter. For instance, Hartline & Jones (1996) confirmed from a study conducted in the US hotel industry that employee performance had a significant impact on overall service quality. Mei et al., (1999) established the "employee factor" as the best predictor of overall service quality in a study of hotels in Australia. Services are performance or deeds and rests on the service employee. The centrality of the employee and the importance of the employee's actions in service quality delivery cannot be over emphasised. Hotels must therefore harness the efforts of employees to consistently deliver high quality service. The manner in which the relationship between management and the employee is managed impacts on the employee attitude and ability to effectively deliver quality service.

The service employee is central to efforts at consistently delivering quality service. Consistency or reliability according to Parasuraman et al., (1988) referred to the ability of the service firm to deliver the promised service on time, accurately and dependably. The dependability, accuracy and consistency in the performance of service, is central in the description of that service as reliable. Mei et al., (1999) reiterated these observations contending that reliable service means being able to fulfill promises and delivering those services accurately and timely.

Several studies have established reliability as a key component of service quality (see for example, Parasuraman et al., 1985 & 1988; Gaster, 1990; Dabholkar et al., 2000). Other researchers have investigated service quality determinants in the hospitality industry specifically and have also found reliability to be a critical factor in the determinants of service quality (Mei et al., 1999; Getty & Getty, 2003; Akbaba, 2006). Reliability was confirmed as the most important dimension that shapes customer perception of service quality in various studies (see Knutson et al., 1990; Fick & Ritchie, 1991; Parasuraman et al., 1988).

The many moments of truth in service encounters makes service delivery vulnerable to service failures (Lovelock & Wirtz, 2011). Berry & Parasuraman (1991) described service failure as a flawed outcome that reflects a breakdown in reliability. Service failure can also refer to a situation where service performance falls below customer expectation in such a way as to cause customer dissatisfaction (Zeithaml et al., 2013). Services can fail for a variety of reasons. For instance, when service is delivered late, not available as promised, an incorrect outcome, a poorly executed service, and a rude or uncaring attitude, may constitute a failed service to a customer (Zeithaml et al., 2013).

Actions initiated by a hotel in response to a service failure can be described as service recovery. Service recovery involves actions designed to resolve problems or conflicts and hopefully change potentially negative attitudes and feelings of disappointed consumers (Miller et al., 2000). Zeithaml et al., (2013) suggested that attempts to recover failed service can be described as actions taken to restore the relationship with the customer, and this can often be very important to that customer. Min et al., (2002) investigating luxury hotels in South Korea confirmed that the “handling of complaints” emerged as a key service quality dimension.

Service failure has the potential of negatively impacting on customer perception of service quality and satisfaction. It has however been argued that sometimes a customer may become more satisfied with an effectively recovered service than if the service had not failed in the first place (Hart et al., 1990; Smith & Bolton, 1998; Homburg & First, 2005; Zeithaml et al., 2013). The ultimate aim of a service recovery effort therefore is to give the service provider a second chance to provide a positive service experience to the customer (Miller et al., 2000). This study posits that employee efforts at recovering failed service also impacts on guest perception of the quality of service received.

Adopting internal marketing practices have been suggested by several authors as a key step to improving the relationship between management and employee, and enhancing employee behaviour and positively influencing customer perception of service experience (Berry, 1981; Gronroos, 1985; Rafiq & Ahmed, 1993 & 2000; Ahmed & Rafiq, 2003). Internal marketing could be described as an attempt at creating customer consciousness among employees that can result in high service quality performance. Therefore, an empowered, trained, equipped

and customer-oriented employee exhibits favourable behaviours that enhance the quality of the customer's service experience.

Consequently, it is conceptualised that in the small hotel sector, the behaviour of the employee manifested in the form of employees being friendly, approachable, honest, credible, trustworthy, experienced, knowledgeable, skilful, respectful, polite and courteous influences customer perception of service quality. In a similar manner, the ability of employees to instil confidence in the guest and give guest personalised attention, also impacts customer perception of service quality in small hotels.

It is also conceptualised in this study that the ability of the small hotel to dependably and consistently deliver accurate service at the right time is critical in influencing customer perception of service quality. The provision of a wide range of services in the hotel as well as providing a variety of food and beverages that meets the needs of guests are conceptualised to impact the perception of quality service. The ability of the hotel to keep guests informed about when services will be performed and performing those services at the promised times is also conceptualised to impact positively on service quality.

Furthermore, it is conceptualised that a complaint avenue, how easy it is to lodge a complaint, and the fairness of the service recovery process, impacts on service quality perception. Again, service recovery in the small hotel is conceptualised to involve the speedy resolution of complaints and the rendering of apology and compensation which the guests deem fair, for the inconvenience the guests might have suffered. Clearly explaining the issues that might have gone wrong with the service delivery process and assuring the guests that it would not happen again are important in shaping customer perceptions of service quality.

It is further posited that in a small hotel service recovery effort, exhibiting honesty and treating the customer with respect during the recovery process impacts on customer perception of service quality. It is therefore hypothesised as follows:

*H2a: Employee actions positively affect guest service satisfaction*

*H2b: Employee actions positively influence guest behavioural intentions*

### **7.3.3 Encounter Outcome**

The end result of a customer's encounter with a hotel or a service firm will be an outcome. The outcome of a service experience is the result of a service transaction and refers to what a customer might have been left with at the end of a service encounter (Gronroos, 1990; Fassnacht & Koese, 2006). A service experience outcome can therefore be described as what a customer actually receives from a service transaction or is delivered by the service provider (Wu, 2009). Outcome quality (conceptualised in this study as "encounter outcome") refers to whether the outcome experienced or received by guests satisfied their needs (Rust & Oliver, 1994; Wu, 2009). Gronroos (1984) described encounter outcome as technical quality.

Several studies have suggested that encounter outcome dimension of service quality is a significant determinant of customers' perception of overall service quality received (Baker & Lamb, 1993; Richard & Allaway, 1993; Powpaka, 1996; Ko & Pastore, 2005; Martinez & Martinez, 2007; Wu, 2009). These authors have argued that factoring encounter outcome as a service quality dimension into the measurement scale significantly improves the explanatory power and predictive validity of the scale. Though Powpaka (1996) questioned whether the encounter outcome dimension is relevant in every service industry, Wu (2009) maintained that recent studies in service quality supports the inclusion of the encounter outcome dimension in the assessment of overall service quality.

Various studies have proposed different elements that constitute encounter outcome in the hotel industry. For instance, Weaver & McCleary (1991) report comfortable beds and good quality towels as significant encounter outcome. Bedroom and food quality were reported as important quality dimensions (Johns et al., 1997). Similarly, Wilkins et al., (2007) report that quality food and beverages emerged as a composite factor for overall service quality in their study. It is suggested in this study that outcome quality is a service quality dimension in the small hotel sector.

Encounter outcome is conceptualised to comprise variables such as the cleanliness of beddings and towels in the room, quality food and beverages and the comfortable nature of the bed. As a consequence of the above discussions, it is hypothesised that:

*H3a: Encounter outcome positively affects guest satisfaction*

*H3b: Encounter outcome positively influences guest behavioural intention*

#### **7.3.4 Security & Access**

Security of customers has been argued to impact on customer perceptions of service quality. Security can be described as the freedom from danger, risk, or doubt (Parasuraman et al., 1985). Parasuraman et al., (1985) observed that security involved such variables as physical safety, financial security, and confidentiality. Security is an important service quality dimension, especially in the hotel environment. Hank Christen, Director of Emergency Response Operations for Unconventional Concepts, and a Consultant to the United States of America's Defence Department has posited that safety is a prime concern to guests, arguing that travellers expect and demand a secure facility (Walker, 2010). Security emerged as a key service quality dimension in the works of several researchers including for example,

Walsh (1989), Weaver & Oh (1993), Webster & Hung (1994), Lockyer (2002) and Wilkins et al. (2007).

For small hotels in Ghana, security is proposed as an important dimension. Some small hotels are located at the outskirts of major cities and towns, while others are cited in rural settings. The location of these hotels makes it imperative that effective security arrangements be put in place. It is therefore suggested in this study that security is a key service quality dimension that impacts on guest perception of small hotel service quality. The physical security and safety of guests and their belongings in the hotel, as well as the confidentiality of the dealings of guests in the hotel are conceptualised as elements of security that influences customer perception of the quality of service.

The accessibility of an organisation has been said to impact on service quality perceptions of customers. Accessibility involves the approachability and the ease of contact of a facility (Parasuraman et al., 1985), and has emerged as service quality dimension in studies conducted in the hotel industry (see for example, Johns et al., 1997; Webster & Hung 1994). Accessibility also involves the location of a service firm that is, how conveniently cited the facility or service firm is. The accessibility of a firm also includes how easy it is for the firm to be reached or contacted via such communication tools as telephone or the internet and influences the quality perceptions of customers (Parasuraman et al., 1985).

Accessibility is particularly important for small hotels, majority of which do not have the same level of sophistication and range of facilities as the luxury hotels. Budget hotels in Ghana unlike the luxury hotels do not command the same level of market presence and visibility. Some small hotels are located in rural environments and so accessibility becomes a

critical service quality dimension. Ghobadian et al., (1994) for instance argued that consumers used accessibility as cues of quality service. It is therefore argued in this study that accessibility influences guest perception of service quality.

Accessibility in small hotels includes guests readily getting reliable transport services to and from the hotel as well as readily getting information about the hotel when required. The ability of guests to access the hotel by internet, telephone or e-mail are also conceptualised as elements of accessibility. Moreover, a functioning hotel website is also conceptualised as accessibility in the small hotel sector.

Security & access in this study is hypothesised as follows:

*H4a: Security & access positively affects guest satisfaction*

*H4b: Security & access positively influences guest behavioural intentions*

### **7.3.5 Price**

Price, known by a variety of names such as fees, rent, or rates, refers to the charge a customer bears for a product purchased or a service received. The amount of money that a firm charges for its offering is referred to as “price” and includes all the values that a consumer sacrifices for the benefit of having a product or experiencing a service (Kotler & Keller, 2009). Non-monetary costs such as effort invested in the identification and selection of an intended service can also be described as price. Non-monetary price may sometimes be more important than monetary price in the demand of a service (Zeithaml et al., 2009).

Price communicates and also acts as a cost of service (Kotler & Keller, 2009), but more importantly, as a quality cue (Monroe, 1989). This is especially so in circumstances where

for example, the service provider may not be an established or well known brand or the external communication about the service provider is inadequate. In such circumstances customers may consider price as the best indicator of quality. Again, customers use price as a service quality cue in the patronage of services that are associated with risk (Zeithaml et al., 2009). The lack of adequate external communication, as well as the fact that customers are not sure of the brand they are patronising produces a risk situation. The situation is compounded if the customer is experiencing the service for the first time. In these circumstances, customers would look to price as an indicator of Quality.

Generally, small hotels in Ghana find themselves in the circumstances as described in the preceding paragraphs. The small hotels have no established brand names and many of them do not have adequate external market communication tools. Again, small hotels are at the lower end of the hotel industry in Ghana, and so it is challenging for guests to establish the appropriate service levels to expect. Consequently, it is argued in this study that customers of the small hotels would rely on price as a surrogate of quality (Zethaml et al., 2009). The perception of guests of the quality they have received with respect to the price they paid for their stay and for the food and beverages they have consumed is conceptualised as elements of price as a dimension of service quality. Also, the price the guests pay for the use of various facilities in the hotel, and the perception of the quality of experience from the usage of these facilities impact on the perception of overall service quality. Consequently, it is hypothesised that:

*H5a: Price positively affects guest satisfaction*

*H5b: Price positively influences guest behavioural intentions*

#### **7.4 Customer (i.e. Guest) Satisfaction and Behavioural Intentions**

The framework posits that customer satisfaction with the services of small hotels affects their behavioural intentions. Customer satisfaction has been described as a customer's judgement that a service or a service feature provides a pleasurable level of consumption-related fulfilment (Oliver, 1997). Lovelock & Wirtz (2007) argued that satisfaction is an attitude-like evaluation following the purchase of a product or service. Satisfaction has also been described as a customer's evaluation of an offering as to whether it met his or her needs and expectations (Zeithaml et al., 2009). Other researchers have described customer satisfaction as: an emotional response to experience provided by or associated with a service experience (Westbrook & Reilly, 1983); a positive emotional response resulting from customers' subjective evaluations of their experience (Kondou, 1999); and being associated with a feeling of pleasure (Arnould et al., 2004).

Customer behavioural intention on the other hand, has been described as a measure of the strength of a customer's intention to perform a specific behaviour (Fishbein & Ajzen, 1975). Ajzen & Fishbein (1980) argued that behavioural intention is about one's beliefs about what one intends to do in a certain situation. Behavioural intention has also been argued to be a perceived relationship between oneself and some behaviour (Jaccard & King, 1977). Alexandris et al., (2002) suggested that behavioural intention is generally associated with customer retention and loyalty. Behavioural intentions are therefore indications of individual customer's intention. Several factors including service quality and customer satisfaction have been cited as significant determinants of behavioural intentions (Chen & Tsai, 2007; Gonzalez et al., 2007; Wu, 2009).

Guest behavioural intentions could either be favourable or unfavourable (Zeithaml et al., 1996). Favourable behavioural intentions are what hotels aim to achieve, as favourable customer behavioural intentions are associated with favourable behavioural outcomes, which help hotels retain customers (Wu, 2009), reduce cost of doing business and generally enhance company profitability (Gould, 1995; Zeithaml et al., 1996). Favourable behavioural outcomes include: customers saying positive things about the organisation; recommending the organisation to other customers; remaining loyal to the organisation; spending more with the said organisation; and paying premium price (Parasuraman et al., 1991; Rust & Zahorik, 1993; Lin & Hsieh, 2007).

Customer satisfaction in this study is conceptualised to include the following: good choice to lodge in a particular hotel; needs being met; and hotel having guest's best interest at heart. Satisfaction also included guests perceiving their experience in the hotel to be worthwhile and generally being happy with the services they have received. It is also suggested that customer behavioural intention is manifested in four different ways in small hotels as: 1) repeat patronage of service provider; 2) recommendation of service provider to other potential guests; 3) accepting to pay higher prices for the same service; 4) patronage of other services of the service provider previously not patronised.

It is conceptualised in this study that there is a direct and positive link between guest satisfaction and guest behavioural intentions. Consequently, it is hypothesised as follows:

*H6: Guest satisfaction positively influences guest behavioural intentions*

## 7.5 Control Variables

Control variables were introduced into the proposed conceptual framework to determine the impact of these variables on the relationships between the independent variable (i.e. service quality) and the dependent variables of customer satisfaction and customer behavioural intentions. From a review of the extant literature, several variables were identified that were hypothesised to be relevant to the relationship between the dependent and independent constructs in this study. The control variables consisted of the age and gender of the guests; the purpose of the customer's visit to the hotel; the number of times a customer has visited a particular hotel; how long the customer is staying in the hotel; and the nationality of the customer.

It is conceptualised in this study that age impacts customer perception of hotels service quality. For instance, Ananth et al., (1992) in an attempt to establish the lodging needs of mature travellers concluded that mature travellers required and preferred certain amenities over those preferred by younger travellers. Age was again an important factor in a study conducted by Wei et al., (1999) to analyse customer perceptions of attributes of 3 to 5 star hotels in Australia. Customer age was also found to affect service quality perceptions in a study by Ganesan-Lim et al., (2008) when the authors tried to determine the impact of demographic characteristics on service quality perceptions.

Gender was an important factor in a study of the impact of service contact type and demographic characteristics on service quality perceptions (Ganesan-Lim et al., 2008). McCleary et al., (1994) attempted to determine gender-based differences in business travellers' lodging preferences. It was established in the study that there were differences in hotel service quality perception based on the gender of the customer. It emerged in the study

that while women preferred in-room services and amenities such as hair dryers and mini-bars as important selection criteria of a hotel, their male counterparts valued business-related services and facilities such as fax machines and suites. This implies that gender differences will impact on quality evaluation of guests in small hotels in Ghana.

Again, the number of times a person has visited a particular hotel (i.e. repeat patronage) and the length of time a customer is staying in a hotel is conceptualised in this study to impact customer perception of hotel service quality. Liden & Skalen, (2003) for example, concluded from a study of a hotel chain that frequent guests were more content after a critical incident compared to customers staying more seldom. Chow et al., (2007) studying service quality in restaurant operations in China concluded that the frequency of a customer's visit to a hotel was influenced by the said customer's perception of the hotel's service quality performance. Choi & Chu (2001) in a study to determine the factors that influence guest satisfaction and repeat behaviour in the Hong Kong hotel industry, argued that, the needs of guest must be more effectively met in order for the guests to prolong their stay. This suggests that the length of stay of a customer in a hotel influences the customer's quality needs and perceptions.

The purpose of a customer's travel has also been identified in literature as a variable that impacts customer perception of hotel service quality. For instance, Knutson (1988), Weaver & Oh (1993), Lockyer (2002) and Callan & Kyndt (2001) have all identified the relevance of the purpose of travel in customer choice of a hotel. Callan & Kyndt (2001) argue that the needs of business travellers for instance are different from holiday makers and this requires management to understand these needs as a way of effectively satisfying the business traveller. Akbaba (2006) attempted to measure service quality in a business hotel in Turkey

and concluded that the “purpose of stay” is an important determining element in customer evaluation of hotel service quality. Purpose of travel was therefore identified as an important control variable in this study.

Expectations and perceptions of service quality can vary according to nationality. For instance, Armstrong et al., (1997) concluded in a study on the importance of cross-cultural expectations in the measurement of service quality perceptions in the hotel industry and found that, expectations of service differed from culture to culture. Again, in a study conducted by Poon & Low (2005) to determine customers’ satisfaction levels with Malaysian hotels, results from the study clearly indicated that there are significant differences between Asian and Western evaluations of hotel quality. The study established that satisfaction levels with Malaysian hotels were higher among Western travellers than the Asian travellers. Again, though “pricing” was the most significant among Asian travellers in the study, “security and safety” was of most concern for Western travellers. In other studies including Lee & Ulgado (1997), Winsted (1999), Sultan & Simpson (2000), and Mueller et al., (2003), service quality expectations differed by nationality. In this study, nationality is operationalised as either “Ghanaian” or “non-Ghanaian”.

## **7.6 Chapter Summary**

This chapter presented the conceptual framework that guides the empirical investigation of the study. Literature which was reviewed earlier on service and service quality, the GAPS Model and SERVQUAL, guest satisfaction and behavioural intentions, and internal marketing, provided the background for conceptualising the framework. The chapter discussed the service quality dimensions, guest satisfaction and behavioural intentions as well as their relationships. Hypotheses were derived from the discourse on guest satisfaction,

guest behavioural intentions, and the service quality dimensions. Service environment; employee actions; encounter outcome; security and access; and price, were conceptualised as the small hotel service quality dimensions.

This chapter marks the end of the first part of the study which involved review and discussions of literature and the conceptualisation of the study. The next set of chapters would handle the empirical part of the study. Those set of chapters would also include a concluding chapter that discusses the implications of the findings of the study.

## **CHAPTER EIGHT**

### **RESEARCH PARADIGM AND METHODOLOGY**

#### **8.1 Introduction**

This chapter discusses the research philosophy that underpins the study. Consequently, general philosophical assumptions underpinning research are first discussed. This is followed by a selection and justification of the research philosophy guiding the study. This is followed by a discussion of the research approaches described as deductive or inductive, and the approach employed in the current study identified and justified. The study population, the sampling and sampling frame, as well as the sampling design and sampling technique employed in the study are also discussed. The chapter discusses the design and development of the data collection instrument. The data collection process and preparation procedures are also discussed in the chapter. The method of data collection and the analysis employed to achieve the research objectives are all discussed.

#### **8.2 Research Paradigm**

Research paradigm refers to the research philosophy that guides a particular research effort. Research philosophy relates to the development of knowledge and the nature of that knowledge. The research philosophy employed in a study indicates how a researcher sees the world and underpins the research strategy and influences the research methodology employed (Saunders et al., 2009). The choice of research strategy impacts on what researchers do and their understanding of what it is they are investigating (Johnson & Clark, 2006).

A researcher's view of the relationship between knowledge and the process of developing that knowledge determines the research philosophy to adopt. No research philosophy can be considered superior to another. Each research philosophy might be better suited for a particular research question(s) being investigated, though research questions hardly fall neatly into one particular research philosophy (Saunders et al., 2009). Cuba & Lincoln (1994) argued that the importance of methods in a research project is secondary to the question of the type of research paradigm such as ontology or epistemology, applicable to a particular study. The study therefore discusses various research philosophies and indicates the research philosophy that best suits the study. The research philosophies, dominated mostly by ontology and epistemology are discussed in the next section.

### **8.3 Ontology**

Ontology as a research philosophy is concerned with the study of the nature of social being and reality (Schwandt, 2007; Sauders et al., 2009). Ontology explores the nature of social reality, and considers such questions as what existence is and what it means to say that an object exists. Ontology concerns itself with understanding how a given social reality came to be constituted as it appears (Given, 2008). Ontology is therefore concerned about the nature of what it is that the researcher seeks to learn. It is about the assumptions researchers hold about the way the world operates. Ontology can be described as objective or subjective.

#### **8.3.1 Objectivism**

Objectivism holds that social entities exist in reality external to the social actors who are interested in their existence. The phenomenon of service quality in a hotel for example, exists outside of the employee that performs the said service. The objectivist tend to view organisational culture as something the organisation "has" as opposed to "is", and so the

organisation can manipulate or otherwise direct this culture, or as in this instance “service quality” in a certain manner to achieve desired goals (Smircich, 1983). For the objectivists therefore, service quality in the small hotel would be a definite state that can be achieved through the manipulation of certain factors such as improving employee behaviour or enhancing the service environment.

### **8.3.2 Subjectivism**

Subjectivism on the other hand holds that social phenomenon is created from the perceptions and consequent actions of social actors. This is a continuous process as through the process of social interaction, the social phenomenon is in a constant state of revision (Saunders et al., 2009). A researcher may have to study “the details of the situation to understand the reality or perhaps a reality working behind them” (Remenyi et al., 1998: 35). Subjectivism is often associated with social constructionism which views reality as being socially constructed (Saunders et al., 2009). Subjectivism would suggest for example that, the level of service quality in the hotel for instance, is as a result of the interaction between the employees and customers. So at no time is there or would there be a definite state of service quality as it is constantly changing. For the subjectivists, culture is something the organisation “is” through a process of continual creation and re-creation, and so cannot be isolated, understood and manipulated as such (Saunders et al., 2009).

### **8.3.3 Ontological Considerations for the Study**

The study adopted objectivism in its ontological considerations. Objectivism as a perspective of ontology holds that social entities exist in reality independent of social actors who are concerned about those social entities. This study attempts to identify and measure the factors that influenced service quality, and determine the behavioural intentions of customers as a

result of their experience of the quality of service received and level of satisfaction. The nature of the research problem and objectives therefore suggest that the actions being investigated exist external to the researcher. Service quality has a reality different from the employees who deliver the service, customers who perceive the said reality, and the researcher interested in its existence. Consequently, objectivism as a category of ontology better suits this research project.

#### **8.4 Epistemology**

The term epistemology which was introduced by James Frederick Ferrier, a Scottish philosopher (Encyclopaedia Britannica online, 2007) is derived from two Greek words which means the study of knowledge, and refers to the branch of philosophy that deals with the nature and scope of knowledge. Epistemology therefore concerns itself with what constitutes acceptable knowledge in a field of study, and attempts to determine how we know what we know. Epistemology is related to the assumption about the acquisition of knowledge (Schwandt, 2007). There are several strands of epistemology which variously conceptualises what constitutes acceptable knowledge in a field of study. The different conceptualisation of epistemology discussed in this study includes positivism, realism and interpretivism.

##### **8.4.1 Positivism**

Positivism adopts the philosophical stance of the natural scientist, and considers reality to consist of discrete events that can be observed by human senses (Blaikie, 2010). Positivists believe in working with an observable social reality, the end result of which can be law-like generalisations similar to the physical sciences (Remenyi et al, 1998). These law-like generations are however not considered as causative (Blaikie, 2010). Adherents of positivism believe that research must be done in a value-free manner.

Positivism assumes that the researcher is independent of the subject of research, and that the researcher is not affected by the subject of research, neither does he affect the subject under study (Remenyi et al., 1998). In fact, for the positivist researcher, value judgement must be excluded from scientific enquiry since their validity cannot be tested (Blaikie, 2007). This is however debatable since the very act of deciding to employ a particular philosophical research approach suggests the existence of a certain value position.

#### **8.4.2 Realism**

Realism is a branch of epistemology similar to positivism as it assumes the development of knowledge is a scientific enquiry. Proponents of realism argue that objects have an existence independent of the human mind and that what the senses show as reality is indeed reality (Saunders et al., 2009). Realism can be subdivided into direct and critical realism. Direct realism believes that what we experience through our senses accurately reflects the world. Direct realism sees sensory experience as a good foundation for developing scientific theory. Critical realism on the other hand argues that we experience sensation, the images of the things in the world, not the things themselves. Critical realism postulates that experiences are illusions, a representation of the real world, not the world itself. For adherence of critical realism therefore, our knowledge of reality is as a result of social conditioning and cannot be understood independent of the “social actors” involved in the knowledge derivation process (Saunders et al., 2009). Critical realists believe that observations are made with certain expectations in mind and within a frame of reference. Observations are not therefore a satisfactory basis for developing scientific theories (Blaikie, 2010). Critical realists believe that theories are invented to account for, not derived from observations. A tentative theory accounting for what has been observed must be tested against reality for the theory to be accepted, rejected or modified to be retested (Blaikie, 2010).

### **8.4.3 Interpretivism**

Interpretivism holds that social reality is the product of its inhabitants, and so it is necessary for the researcher to understand differences between humans in our roles as social actors emphasising the difference between conducting research among humans and objects. The interpretivist argue that humans interpret everyday social roles in relation to the meaning they give to those roles and interpret the social role of others in accordance with their own set of meanings. The challenge for the interpretivists is to enter the social world of the research subject and understand the world from their view point (Saunders et al., 2009). Meanings used in social theory should be derived from the concepts and meanings of social actors. Social reality is interpreted by the meanings social actors produce and reproduce as a necessary part of their everyday activities together (Blaikie, 2010).

### **8.4.4 Epistemological Considerations for the Study**

One can argue that the positivist researcher is likely to use a highly structured methodology in order to facilitate a replication of the study (Gill & Johnson, 2002). The emphasis of the positivist researcher would lean towards quantifiable observations that lend itself to statistical analysis (Saunders et al., 2009). According to Remenyi et al., (1998) a positivist believes in working with an observable social reality, the end result of which can be a law-like generalisation similar to the physical sciences. This study designs and applies a structured methodological approach that would apply statistical analysis to quantifiable observations. The study hopes to make law-like generalisations to the wider population from the research output. A positivist approach would therefore be appropriate for this study.

## 8.5 Research Approaches

The extent, to which a researcher at the conceptualisation stage of the research project is clear about the theory or theories underlying the research, raises questions of deductive and inductive nature (Saunders et al., 2009).

Deduction can be described as a process of drawing logical conclusions by a process of reasoning. Deduction as a means of scientific enquiry could be referred to as the process of reasoning by which logical conclusions are drawn from a set of general premises, assumed or known (Hughes, 1990). Deduction is therefore an approach to data analysis that considers empirical research as being conducted on the basis of a hypothesis derived from social theory which is then tested against empirical observation and subsequently used to confirm or refute the original theoretical proposition (Miller & Brewer, 2003).

The objective of the deductive research approach is to determine an explanation for an association between two concepts by proposing and testing relevant theories (Blaikie, 2010). Deductive research has the aim of testing or verifying rather than developing theories. Theory is tested or verified by examining research questions and or hypothesis (Creswell, 2014). A deductive approach which owes more to the positivism philosophy means that a researcher develops a theory and hypotheses, and designs the study to test these hypotheses.

An inductive approach to research design on the other hand requires that a researcher adopts a research strategy that enables the collection and analysis of data and the development of theory as a consequence of the analysis of the data collected. The aim of inductive research is to establish generalisations about the distribution and patterns of association amongst observed social phenomenon (Blaikie, 2010). Induction as a research approach argues that

empirical generalisations should be derived from collected data. *Priori* assumptions and theoretical ideas should not be used to interpret data (Seale, 1999). The social meaning inherent in the collected data alone should be used as the basis for any empirical generalisations. Inductive research is therefore used to develop empirical generalisations from the collected data. Descriptions produced by inductive research approach are not universal laws. They are limited by time and space (Blaikie, 2010). The inductive approach owes more to the interpretivist philosophy of research (Strauss, 1987).

A deductive approach was adopted in this study. The epistemological stance underpinning the study is a positivist philosophy. As Saunders et al., (2009) observed, the deductive approach owes more to the positivist philosophy; hence, the adoption of the deductive approach in this study. Also, a deductive approach is in sync with the researcher's interest in developing and testing hypotheses based on known theories in the study.

## **8.6 Reliability and Validity of the Study**

Reliability and validity are two important concepts that researchers strive to achieve in any research effort in an attempt to enhance the acceptability and applicability of the study findings to the wider population. Preferably, any measurements used by a researcher should be both reliable and valid (Burns & Bush, 2006). Reliability refers to the extent to which the output of a study is an accurate reflection of the population of interest under study (Hair et al., 2006). Reliability also refers to the extent to which research findings are consistent overtime (Brians et al., 2011). Validity on the other hand refer to the extent a study has truly measured that which it sought to measure (Hair et al., 2006). Validity can also be described as the accuracy of the measurement used in a particular study. Validity is an assessment of how exact a measure is, relative to what actually exist (Bush & Burns, 2006). These concepts

guided the researcher in the sampling and questionnaire designs, and in the collection, analyses and interpretation of the data.

In this study, the relevant population was defined and the appropriate framework identified. Sample elements were statistically selected so that the study output can be generalized to the wider population. Probability sampling techniques were applied in the selection of the sampling units and elements. The application of these techniques enhanced the representative nature of the study sample. When a study is conducted on a representative sample, it improves the chances of the findings of the said study accurately reflecting the wider population of study (Malhotra, 2007).

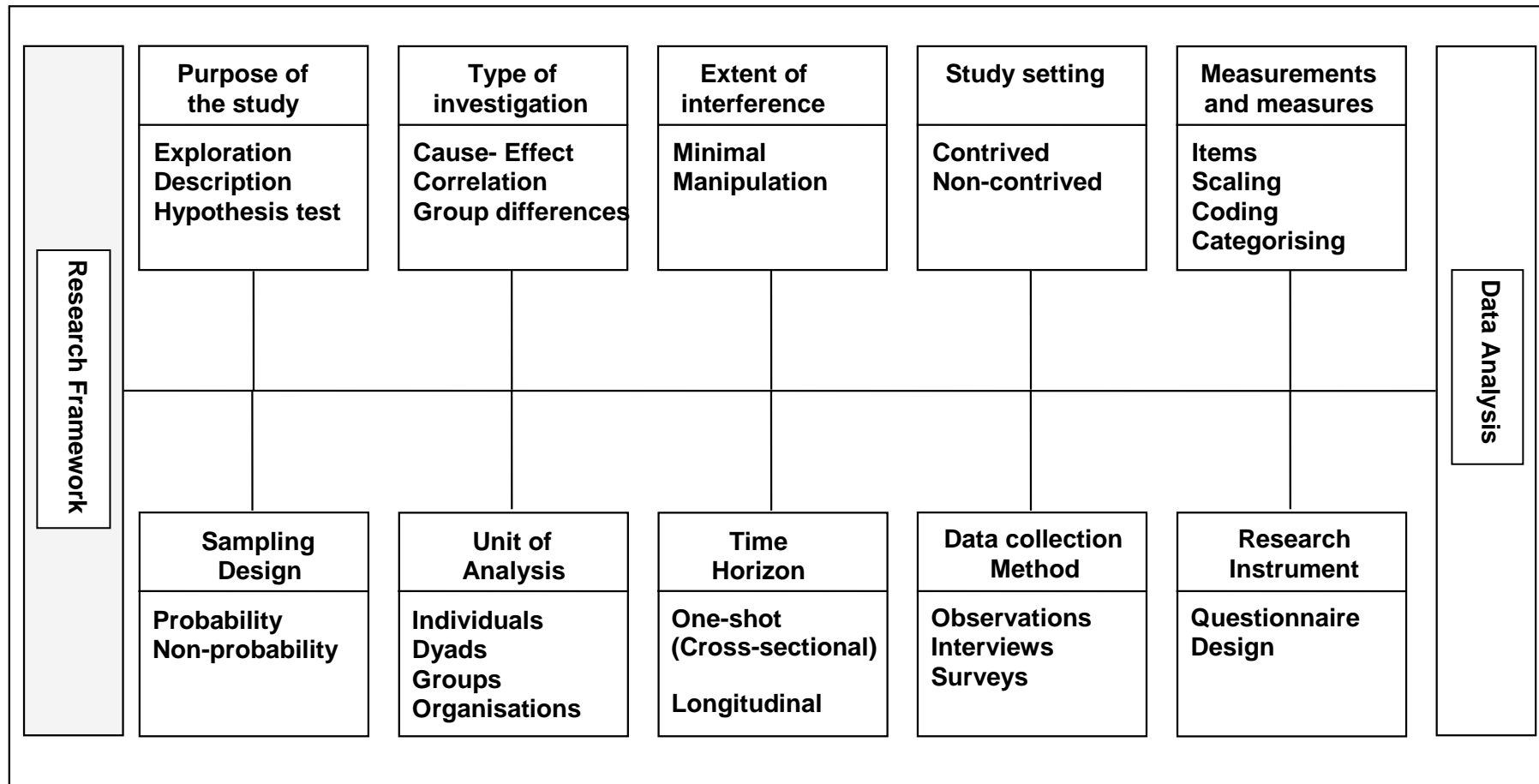
The questionnaires were pilot tested (after they were reviewed by three professors) to improve their reliability and validity as measuring instruments. The items applied in the questionnaires were derived from the review of extant literature and personal interviews to further enhance the relevance of the questionnaires. Various statistical tools (in SPSS version 20) were applied in the analyses of the collected data. Exploratory factor analysis, multiple regression analysis and scale reliability test, were all applied to the data. These statistical tools enabled a rigorous analysis of the data, ensuring that the results from the study adequately reflected the import of the gathered data. Analyses and interpretation of the findings were done in line with accepted standardized statistical interpretations.

## **8.7 The Research Process and Methodology of the Study**

The structure of the research process follows the research design framework suggested by Sekaran (1992) and is presented in figure 8.1 below. The research design framework has been adopted to ensure that the study remained relevant to the research problem and employed

efficient procedures in achieving its objectives (Churchill, 1995). Each cell as indicated in the model represents a set of activities in the research process. Although these research processes are presented sequentially, they should be considered as an iterative process (Tull & Hawkins, 1993). The alternatives that could be chosen in each process are presented in the model. However, the thesis only discusses the alternatives that are employed in the study.

Figure 8.1 Research Process



Source: Sekaran, U. (1992 pp.93)

### **8.7.1 Purpose of the Study**

The main purpose of this study was to answer the research question “what are the dimensions of service quality in the small hotel sector in Ghana.” The study also sought to determine the most significant small hotel service quality dimension, and establish the nature of relationships between the small hotel service quality construct, customer satisfaction and customer behavioural intentions. Hypotheses were formulated after an extensive review of relevant literature covered in chapters three through to six in an attempt to answer the research question. The literature review culminated in a conceptual framework which delineated the hypothesised relationships in a diagrammatic form. These hypotheses are presented in chapter seven (see figure 7.1). The hypotheses are designed to test the relationship between the various small hotel service quality dimensions and customer behavioural intentions and satisfaction, as well as the relationship between customer satisfaction and behavioural intentions.

### **8.7.2 Type of Investigation**

Sekaran (1992) suggested that cause-effect relationship; correlation; and differences in groups can be used to investigate marketing research phenomenon. Similarly, Churchill (1995) identified three types of research that can be employed to study research issues namely: exploratory, descriptive, and cause-effect relationship. This study does not however fall neatly into any of the types of research described above. The study investigated the effect of five service quality dimensions namely: service environment; employee actions; encounter outcome; security & access; and price. These service quality dimensions serve as “predictor variables” (i.e. independent variables), while the service quality perception is the “outcome variable” (i.e. dependent variables). This study can therefore be classified as a hypothetico-deductive approach, since it is deductive in nature and relies on the development

of hypotheses to establish and predict the relationships. Deduction is an approach to data analysis that considers empirical research as being conducted on the basis of hypotheses derived from social theory, tested against empirical observation, and used to confirm or refute the original theoretical proposition (Miller & Brewer, 2003).

### **8.7.3 Extent of Interference**

The positivist approach to research design was adopted in this study. This approach calls for the researcher to be independent of the subject of research, and to work with an observable social reality in a value free manner, the end result of which can be law-like generalisations similar to the physical sciences (Remenyi, et al., 1998). The manipulation or interference of the subject of study is discouraged. This study therefore had the least possible interference from the researcher. Consequently, the study investigated events as they normally occur.

### **8.7.4 Study Setting**

The study aimed at investigating the research subjects as they normally occur. The researcher therefore considered the non-contrived environment to be the setting that best enhanced the realisation of this objective. In the non-contrived environment, research subjects are usually observed in the natural environment that they exhibit the “behaviour” of interest (Malhotra & Dash, 2011). In this study therefore, the natural environment was the setting of the small hotel in Ghana. Consequently, the views of respondents in this study are obtained from guests of small hotels as they experience the services of these hotels in their (hotels’) natural setting.

### 8.7.5 Measurement and Measure

Items used in this study to measure service quality were derived from extant literature. Notably, items were derived from the works of Parasuraman, Zeithaml & Berry (1985 & 1988) which produced the GAPS Model and the SERVQUAL measuring instrument. Items were also derived from other works focused on the hospitality industry, and already discussed in the extant literature. These studies included: Webster & Hung, (1994); Akan (1995); Getty & Thompson, (1995); Johns et al., (1997); Lockyer, 2002; Min et al., (2002); Juwaheer, (2004); Poon & Low, (2005); Akbaba (2006); Briggs et al., (2007); Wilkins et al., (2007); Mohsin & Lockyer, (2010); Dortyol et al., (2014). The constructs and their measurement sources are indicated in table 8.1 below.

**Table 8.1 Measurement Sources of Service Quality Dimensions**

Item	Service Quality Dimensions	Measurement Sources
1	Service Environment	Parasuraman et al., 1985; Parasuramn et al., 1988; Webster & Hung, 1994; Johns et al., 1997; Getty & Thompson, 1995; Akan (1995); Min et al., 2002; Akbaba, 2006; Briggs et al., (2007); Poon & Low, 2005; Juwaheer, 2004; Mohsin & Lockyer, 2010; Dortyol et al., 2014.
2	Employee Actions	Parasuraman et al., 1985; Parasuramn et al., 1988; Webster & Hung, 1994; Getty & Thompson, 1995; Akan, 1995; Johns et al., 1997; Min et al., 2002; Juwaheer, 2004; Akbaba, 2006; Briggs et al., (2007); Mohsin & Lockyer, 2010; Dortyol et al., 2014.
3	Outcome Quality	Johns et al., 1997; Min et al., 2002; Juwaheer, 2004; Poon & Low, 2005; Wilkins et al., 2007; Mohsin & Lockyer, 2010; Dortyol et al., 2014.
4	Security & Access	Parasuraman et al., 1985; Parasuramn et al., 1988; Webster & Hung, 1994; Getty & Thompson, 1995; Johns et al., 1997; Lockyer, 2002; Poon & Low, 2005; Wilkins et al., 2007; Dortyol et al., 2014.
5	Price	Getty & Thompson, 1995; Poon & Low, 2005; Briggs et al., (2007); Mohsin & Lockyer, 2010; Dortyol et al., 2014.

Furthermore, items that were employed to measure behavioural intentions and customer satisfaction were derived from various studies that included the following: Zeithaml, Berry & Parasuraman (1996); Oliver, (1997); Wong et al., 1999; Choi & Chu (2001); Arnould et al., (2004); Chen & Tsai (2007); Briggs et al., 2007; Gonzalez, Comesaña & Brea (2007); Lin & Hsieh, 2007; del Bosque & San Matins, 2008; Zeithaml, Bitner & Gremler (2009); Wu (2009); Raftopoulos (2010); Nam, Ekinci & Whyatt (2011). Table 8.2 below identifies the constructs and their measurement sources.

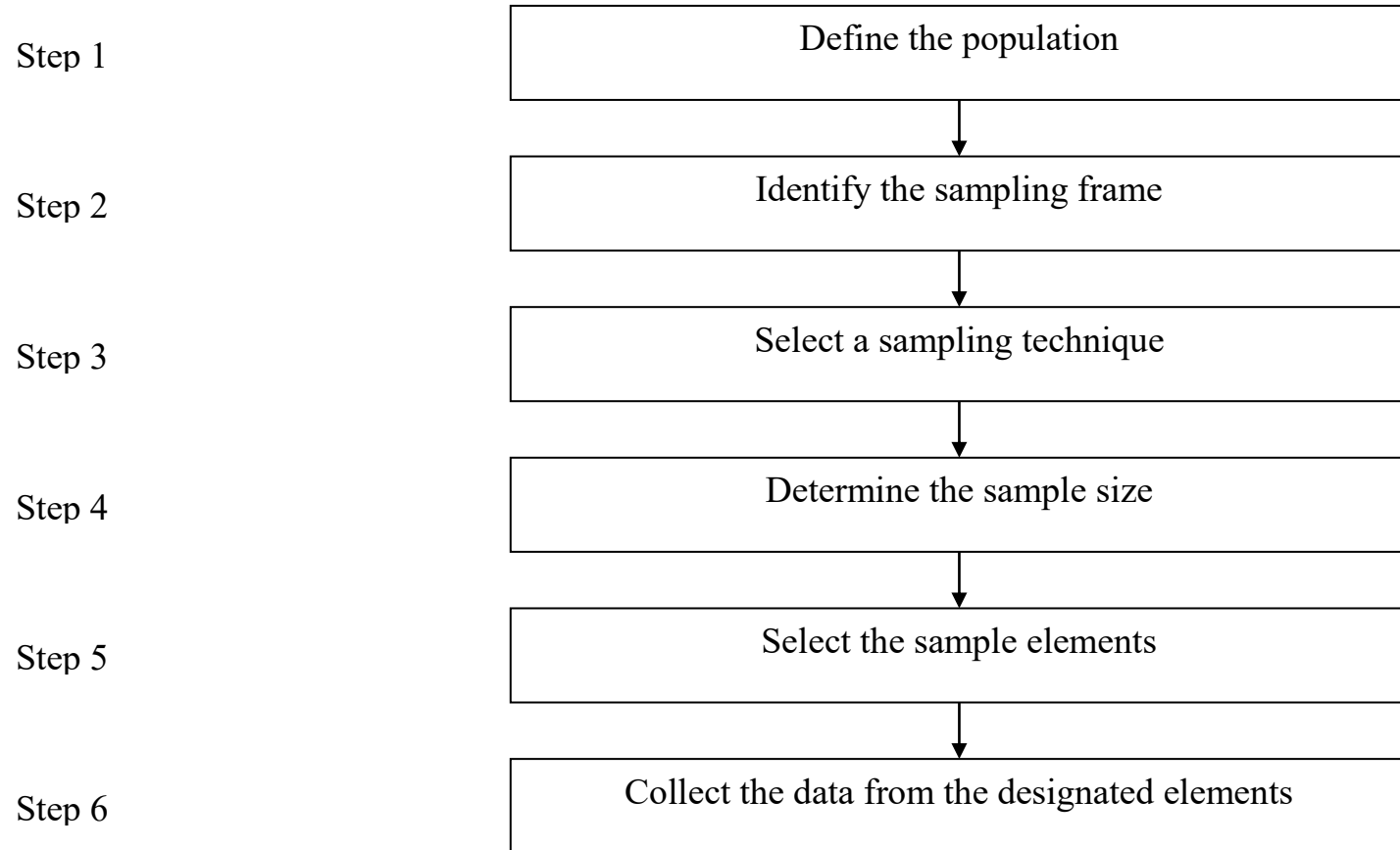
**Table 8.2 Measurement Sources of Service Quality Outcomes**

<b>Item</b>	<b>Construct</b>	<b>Measurement Sources</b>
1	Customer Satisfaction	Oliver, 1997; Kondou, 1999; Arnould et al., 2004; Briggs et al., 2007; del Bosque & San Matins, 2008; Zeithaml et al., 2009; Raftopoulos 2010
2	Behavioural Intentions	Zeithaml et al., 1996; Choi & Chu, 2001; Chen & Tsai, 2007; Lin & Hsieh, 2007; Gonzalez et al., 2007; Wu, 2009; Nam et al., 2011

### 8.7.6 Sampling Design

Conducting a census of the population of interest in a research project is an effective way of obtaining results that are representative of the population of study. However, considering the population of the study which covered the guests of small hotels across Ghana, as well as the time and financial resources available, it is not practical to conduct a census. Selecting a sample for the study is therefore appropriate. A sample can be described as a subgroup of the elements of a population that have been selected to participate in a study (Malhotra, 2007; Saunders et al., 2009). A sample is usually reflective of the population of study. The sampling design process follows the six-step process suggested by Churchill (1995). See figure 8.2 below.

**Figure 8.2: A Six-Step Procedure for Drawing a Sample**



Source: Adapted from Churchill, G. Jnr. (1995 pp. 575).

#### **8.7.6.1 Define the Population**

A population refers to an identifiable aggregation of elements that are of interest to a researcher and pertinent to the identified research problem (Hair et al., 2003). Malhotra (2007) described population as the totality of all the elements that share some common set of characteristics for the purposes of a research project. This is usually referred to as the “universe.” A target population for a study therefore consists of all the elements that are specifically identified that are relevant for the study taking into consideration the specific objectives of the research project (Hair et al., 2003). In this respect therefore, the relevant population for a study can be described as the totality of the elements that possess the attribute or information the researcher is interested in and about which (the elements) inferences are to be made (Malhotra, 2007). The population for this study comprises all patrons of small hotels in Ghana.

#### **8.7.6.2 Identify the Sampling Frame**

To properly identify and select the sample, the sampling frame for the study must be clearly established. A sampling frame is a representation of the elements of the target population (Malhotra, 2007). The sampling frame can therefore be described as a list of all eligible sampling units (Malhotra, 2007; Hair et al., 2003), or a list of all the sampling elements. A sampling frame can also be said to consist of a set of directions for identifying the targeted sampling units and elements (Malhotra, 2007). In this study, the sampling frame consists of a register of small hotels that the Ghana Tourism Authority (GTA) maintains. Due to time and financial considerations, the study was limited to five regions of Ghana. Through a simple random sampling procedure, the Greater Accra, Central, Northern, Eastern and Ashanti regions were selected for the study. The register of small hotels of these five regions were obtained and compiled into one sample frame.

### **8.7.6.3 Select a Sampling Technique**

In designing a study, the question as to how to obtain a sample that reflects the targeted population is very important (Hair et al., 2003). A sample should be representative of the population of study as inferences are usually drawn for the population from the sample. To obtain a representative sample of the targeted population therefore, the appropriate sampling technique must be adopted. A sampling technique describes the procedure for the effective identification and selection of elements from the sampling frame for inclusion in the study. A sampling technique could either be a probability or non-probability sampling technique (Hair et al., 2003; Malhotra, 2007; Saunders et al., 2009).

A probability sampling technique refers to sampling procedures in which each element in the population has a known non-zero and equal chance of being selected (Malhotra, 2007). In probability sampling procedures, each element is selected independent of every other element. A non-probability sampling technique on the other hand, refers to sampling procedures where the probability of a sample unit or element being selected into the sample is not known (Hair et al., 2003). Non-probability sampling techniques rely on the personal judgement of the researcher other than chance to select respondents for study (Malhotra, 2007). A probability sampling technique has a greater potential of producing a representative sample of the population of interest compared to a non-probability sampling technique. The probability sampling technique is therefore employed in this thesis.

### **8.7.6.4 Determine the Sample Size**

Sample size describes the total number of elements or units to be included in a research project. Though there are statistical methods that can be applied in determining the sample size for a study, limits on time, purpose of study, financial considerations and other resource

requirements can have an overriding influence on the determination of sample size (Malhotra, 2007). Hair et al., (2006) argued that as a general rule, there should be at least five times as many observations as there are items to be analysed. The authors however note that the sample size could be varied upward to a ratio of 10 observations to one item. This study has a set of 62 items to be analysed. Consequently, a sample size of between 310 (minimum) and 620 (maximum) was deemed appropriate for the study. However, due to the potential of some completed questionnaires being rejected at the data preparation stage or some questionnaires not being returned, a sample size of 750 was targeted for the study.

#### **8.7.6.5 Select the Sample Elements**

The sampling units that participated in this study were drawn from the identified sampling frame through a simple random sampling procedure. A total of 125 hotels were selected. It was anticipated that adequate sample elements can be drawn from the selected hotels. An element can be described as an object or a person about which or from which information is sought (Malhotra, 2007; Hair et al., 2003). An element can be selected directly or through a sampling unit. A sampling unit contains the population element which is to be selected for a study (Malhotra, 2007). The small hotels served as a sampling unit for the study from which the elements or respondents were identified and selected. The researcher visited each hotel and personally obtained permission from the management of each hotel who then provided a list of guests who were visiting the hotel at the time, to the researcher. A simple random sampling procedure was adopted to select a sample of the guests to participate in the study. Management identified each guest by an alphabet starting from "A." Each alphabet representing a guest in the hotel was written on a separate piece of paper. Each piece of paper was then "crumpled" and all put into an empty dry bowl. The researcher randomly

picked six alphabets (which represented six guests) from the bowl. The guests that were selected from each hotel were the study sample.

#### **8.7.6.6 Collect the Data from the Designated Elements**

The collection of data from the selected sample is the last step in the six-step procedure for drawing a sample as suggested by Churchill (1995). After respondents were selected, the questionnaires, which were self administered, were given to participants to complete. Researcher waited for respondents to fill-out the questionnaires and then returned the completed questionnaires to the researcher.

#### **8.7.7 Unit of Analysis**

The targeted population for this study is the guests of small hotels in Ghana. The guests of the small hotels are the appropriate target population for this study as this group is in a position to provide insights into how they perceive service quality and the impact of that perception on their (guests) satisfaction and behavioural intentions. The guests of the small hotel are the elements of the study. The identified elements are the unit of analyses in this study. The unit of analysis refers to the level of aggregation of data during subsequent analyses (Sekaran, 1992). In this study, the research questions are focused on the individual's perception of the quality of service received. The study is therefore focused on the factors that shape the guests' perception of quality and the outcome of that perception. The individual is therefore the appropriate unit of analyses for this study.

#### **8.7.8 Time Horizon**

The study adopted a single cross-sectional (i.e. one-shot) approach to collect primary data for analyses. Cross-sectional survey provides a snap-shot of the research variables at a single

point in time, where only one sample is drawn from the target population and information is obtained from this sample only once (Malhotra, 2007). Selected sample elements are typically representative of the whole population (Churchill, 1995). Cross-sectional studies are however said to be weak in detecting changes over time as compared to other survey methods such as longitudinal studies (Malhotra & Dash, 2011). However, the single cross-sectional survey is suitable for this study as such factors as time and finance would not make the adoption of other research designs such as longitudinal studies possible. Furthermore, cross-sectional studies produce samples that are relatively more representative of the study population (Malhotra, 2007), and this is critical for purposes of generalisation.

#### **8.7.9 Data Collection Method**

The study relied on primary data to measure the relationships hypothesised in the conceptual framework. Primary data collection methods frequently used in marketing research are survey, observation and experimentation (McDaniel & Gates, 1998). Survey is identified as the most suitable method for collecting data for this study due to the obvious advantages it presents. The survey method of gathering data is based upon the structured questioning of respondents. “Structured” as used in this context refers to the degree of standardisation imposed on the data collection process (Churchill, 1995; Malhotra & Dash, 2011). In structured data collection, a formal questionnaire is prepared and the questions are asked in a pre-determined order.

Malhotra (2007) has noted several advantages that the survey method using structured questionnaire has. First of all, the questionnaire is simple to administer, and secondly, the data obtained are reliable because the responses are limited to the alternatives stated. Also, coding, analysis and interpretation of data are relatively simple. This notwithstanding

however, sometimes respondents may be unable or unwilling to provide the desired information due to a poorly constructed questionnaire for instance, and this is a challenge with the survey method. The questionnaire for this study was developed and pre-tested in an attempt to overcome these challenges.

Churchill (1995) and Aaker et al., (1998) have both identified personal interview, phone interview and mail survey as various ways surveys can be administered. Surveys can also be administered through an electronic means (Malhotra, 2007). In this study, the personal interview method was adopted in collecting the data. Respondents were therefore contacted personally by the researcher for the administration of the questionnaire. Personal interview suited this study because respondents had to be randomly selected at the premises of the small hotels. See “select the sample elements” under item 8.5.6 (sampling design) for a discussion on how respondents were selected.

#### **8.7.10 Research Instrument**

A questionnaire was designed to capture data from the field for the study. A questionnaire is a data collection technique which requires respondents to answer the same set of questions in a predetermined order (Saunders et al. 2009). Malhotra (2007) described a questionnaire as a structured technique for collecting data consisting of a series of questions that sample elements respond to. A questionnaire is therefore a data collection instrument that requires all sample elements to respond to the same set of questions and answer alternatives presented in a predetermined order.

After a review of extant literature on the various theoretical areas that underpin the study, various variables were identified that informed the design of the questionnaire. A personal

interview was conducted with guests of 15 small hotels in Accra. A total of 30 guests, two respondents from each of these 15 hotels were interviewed. The hotels were selected using simple random sampling procedures from a list of small hotels in the Accra metropolis, obtained from the Ghana Tourism Authority (GTA). The guests were also selected using simple random sampling procedure from a list representing guests visiting the hotel at the time, provided by the manager.

Variables identified from the personal interview were incorporated into the variables from extant literature. These items were then used to design the questionnaire which was presented to three experienced professors of marketing for their study and comments. The professors' comments resulted in the re-wording of some of the questions and a restructuring of the questionnaire. The re-worked instrument was then pilot-tested with 30 customers of small hotels in Accra. These respondents were selected on a simple random sampling basis from 10 small hotels which were themselves selected on a simple random sampling basis. The pilot-test focused on hotels in the Accra-Tema metropolis. Minor adjustments were made to a few statements after pilot testing the instrument. The questionnaire was then rolled out for the main survey.

The questionnaire was structured and divided into three sections. Section one was designed to measure the impact of five composite service quality factors that was hypothesised in the study to influence service quality perception. Section two on the other hand, was designed to measure the impact of service quality on customer satisfaction and customer behavioural intentions, and the impact of customer satisfaction on customer behavioural intentions. The third section captured information on biographic data of respondents such as the purpose of

their travel and length of stay as well as the number of times a guest had visited a particular hotel. This section also captured data on the gender, age and nationality of respondents.

The questionnaire had a total of 69 questions; 53 questions in section one; nine questions in section two and seven questions in section three. Section three contained multiple-choice questions that gave respondents the opportunity to choose responses that best represented their answers. Sections one and two were Likert-type scales that measured respondents' level of agreement or disagreement with a series of statements posed in the questionnaire. The scales categories ranged from 1 to 7; 1 being highly disagree to 7 being highly agree (Copy of questionnaire attached for ease of reference). The Likert scale assumes that the intensity of one's response, for example, the agreement or disagreement with a statement, is in a continuum and is linear.

### **8.8 Data Preparation and Analyses**

The completed questionnaires were first checked for their completeness to ensure all questions were responded to and that each returned questionnaire was complete in terms of the number of pages it contained. The questionnaires were also checked to identify any responses that might not be clearly written, incomplete, or ambiguous. The main objective of this exercise was to increase precision and accuracy and to enhance the quality of the data that was used for the analysis (Malhotra, 2007; Hair et al., 2003).

Data was analysed quantitatively by means of exploratory factor analysis and multiple regression analysis which are statistical tools in the Statistical Package for Social Sciences (SPSS) version 20. Hair et al., (2003) maintained that applying both factor analysis and multiple regression analysis on a given set of data is very useful especially when factor

analysis is employed to reduce a large number of variables into a smaller number, before regression analysis is applied.

Factor analysis refers to a set of procedures that is primarily used for data reduction and summarisation (Malhotra, 2007; Hair et al., 2003). Factor analysis is an interdependent statistical technique that defines the underlying structure among the variables in an analysis (Pallant, 2010; Hair et al., 2006). It provides the tools necessary for analysing the structure of the interrelationships among a large number of variables (Pallant, 2010; Malhotra, 2007; Hair et al., 2006). Factor analysis is used extensively by researchers for the development and evaluation of tests and scales (Pallant, 2005).

Factor analysis could either be exploratory or confirmatory. Confirmatory factor analysis is a sophisticated set of techniques that is used to test or confirm specific theories or hypothesis concerning the structure underlying a set of variables in a study (Pallant, 2005). Exploratory factor analysis on the other hand is useful in searching for structure among a set of variables, or as a data reduction technique (Hair et al., 2006). In this study, a large set of variables have been identified as influencing service quality in the small hotel sector. It is relevant therefore to identify the underlying structure and interrelationships among these variables, and reduce the data to a more meaningful and manageable data set. An exploratory factor analysis was therefore employed for analysis in this study.

Tabachnick & Fidell (2007) have suggested a minimum of 300 cases for factor analysis. The authors however concede that a sample size of 150 would be adequate for factor analysis if solutions have several high loading items (above .80). Recommending a sample size to be applied across board for every research effort appear rather unrealistic as research situations

differ from one to another. In this direction, Nunnally (1978) recommends 10 observations to 1 item under investigation. Tabachnick & Fidell (2007) were more conservative in their estimates, suggesting 5 cases for every item under study. This study investigated 53 items using a sample size of 595, which translates to more than 11 cases per item. Drawing from the above arguments therefore, the sample size is sufficient for the application of factor analysis.

Prior to the extraction of the factors, it is important to determine whether the strength of the inter-correlations among the items is adequate for factor analysis. The Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (Pallant, 2010)) are two statistical measures that are relevant in assessing the factorability of the data. The Bartlett's test of sphericity must be significant for the factor analysis to be considered appropriate. The Bartlett's test of sphericity is significant where the test statistic is less than .05 ( $p < .05$ ). The KMO index ranges from 0 to 1, with 0.6 suggested as the minimum value for a good factor analysis (Tabachnick & Fidell, 2007; Hair et al., 2006). A correlation matrix must also demonstrate a large proportion of the items to have a correlation score of .3 or above for a data set to be considered suitable for exploratory factor analysis (Pallant, 2010).

It is also important to conduct a scale reliability test to determine the internal consistency of the items that constituted each of the components for both the independent and dependent factors. For an item to be retained in the scale it should have a minimum factor loading threshold of 0.5 (Hair et al., 2006), register an item-total-correlation greater than 0.3 (Blankson & Stokes, 2002) while the variables that make up a factor must have a reliability (Cronbach Alpha) score of at least 0.7 (Pallant, 2010).

Multiple regression analysis on the other hand is a statistical technique employed to analyse the relationship between a criterion or dependent variable and an independent or predictor variable (Malhotra, 2007; Hair et al. 2006). Multiple regression analysis therefore measures the linear relationship between a dependent variable and multiple independent variables (Pallant, 2010; Hair et al., 2003). Multiple regression analysis is a dependent technique and can only be employed to analyse a data set if the said data contains a dependent variable and a set of independent variables. This study contains both dependent and independent variables. Multiple regression analysis is therefore suitable for analysing the interrelationship that exists between the predictor and criterion variables in the study.

However, to enhance the “generalisability” of research findings, scholars have argued that the sample size for conducting a multiple regression analyses must be large. Stevens (1996) for example contends that a sample size of 15 observations per predictor is needed for a reliable equation. Other scholars suggest a formula for determining the relevant sample size. For example, it is suggested that an adequate sampling size can be arrived at by applying the formula “ $50 + 8m$ ”; where “ $m$ ” refers to the number of independent variables (Tabachnick & Fidell, 2007). Applying this formula therefore, the targeted sample size of 750 is adequate for the regression analysis.

Before multiple regression analysis is applied, the data must be checked for potential outliers as regression is sensitive to them. Outliers are observations that have standardised residual of either less than -3.3 or more than 3.3 as can be observed from the scatter plot in a regression analysis (Tabachnick & Fidell, 2007). Again, there is a potential impact of outliers on the results of a regression analysis when the maximum Cook’s Distance has a value of 1 or

higher (Pallant, 2010). Outliers are common in large sample sizes but should not exceed 1% of the sample size (Pallant, 2010).

Again, issues of multicollinearity have to be investigated before applying multiple regression analysis. The tolerance and variance inflation factor (VIF) values must be checked to determine whether or not there are probable multicollinearity issues with the data set. If the tolerance and VIF values are less than .10 or above 10 respectively, it would indicate possible multicollinearity (Hair et al. 2003; Pallant, 2010). A correlation matrix must also be constructed to establish the relationship between the independent and dependent variables. The relationship between the independent and dependent variables should preferably register values of .3 and above, and the relationship between the independent variables should register values not higher than .7 (Pallant, 2010).

## **8.9 Chapter Summary**

The chapter discussed research philosophies (research paradigms) that guided the study, that is, ontology and epistemology. Ontology refers to the study of reality and can be either objective or subjective. Epistemology, which on the other hand is concerned with what constitutes acceptable knowledge in a field of study, was described as being conceptualised as either positivism; realism or interpretivism.

The study also discussed deductive and inductive approaches to research. Deductive approach was described as the development of theory and hypothesis in a research effort, and designing the research to test the developed hypothesis. An inductive approach on the other hand refers to a research situation where theory is developed in a research project as a

consequence of the analysis of collected data. The study adopted an objective ontological perspective, a positivist perspective of epistemology, and a deductive approach.

The research process adopted in the study was explored. Consequently, the study population was defined in the chapter, and the sampling design and techniques adopted for the study discussed. Guests of small hotels in Ghana were identified as the study population. Simple random sampling which is a probability sampling technique was adopted for the selection of the sample units and elements of the study. The determination of the sampling size was also discussed. The design and development of the data collection instrument as well as the data collection process were discussed. Exploratory factor analysis and linear multiple regression analysis were identified as the techniques employed in analysing the data.

## CHAPTER NINE

### PRESENTATION OF FINDINGS

#### 9.1 Introduction

This chapter presents the findings of the study. It is divided into two distinct parts that focus on two statistical techniques used in analysing the data. The profile of the respondents is first discussed followed by the descriptive statistics and then the exploratory factor analysis in the first section. The section ends with the scale reliabilities of the factors in order to ascertain their internal consistencies. In the second part, the findings of the regression analyses are presented, followed by the results of the controlled test carried out on the data. The chapter then ends with a summary of the main issues in the analyses.

#### 9.2 Demographic Characteristics of Respondents

615 questionnaires, representing 82% of questionnaires sent out were received. 20 questionnaires were found unsuitable to be used for the analysis and so were discarded. Consequently, 595 questionnaires, representing 79.33% of targeted sample were used for the data analysis.

The total number of Ghanaians interviewed for this study was 495, constituting 83.2%, while non-Ghanaian citizens were 100, constituting 16.8%. 66.9% (398) of respondents were males, while 33.1% (197) were females. There was no bias in the skewness of the sample with respect to gender. The skewness however suggests that more males patronise budget hotel services than females. Majority of respondents were aged between 18 and 39 years, constituting a total of 66.4% of the sample. Specifically, respondents between 18 and 29

years of age were 32.6%, while those between 30 and 39 years of age constituted 33.8%. Only 0.8% of respondents were 70 years and above. From table 9.1 below, it is apparent that respondents with ages ranging between 18 and 49 are those that actively patronise the budget hotels, as this age bracket constituted 88.6% of the respondents.

Most respondents interviewed had either travelled for business purposes (27.2%), conferences (19.2%), pleasure/ tourism purposes (16.8%), or for meetings (16.3%). These four items together accounted for 79.5% of the reasons for staying in the hotels by the respondents. Respondents who had visited various hotels for dining/ recreation purposes were the lowest, accounting for only 5.4%. See table 9.1 below. Respondents were requested to indicate the number of times they had visited various hotels. First and second time visitors were in the majority, accounting for 34.5% and 23.2%, respectively. Respondents who had visited the respective hotels for the fourth time were the smallest (10.9%). See table 9.1 below.

A large proportion of respondents (207) making 34.8% of the total respondents stayed in their respective hotels for a period of 2-3 days. Respondents who stayed for only one night in their respective hotels were the second largest group; that is, 122 respondents, accounting for 20.5%. Respondents who had checked-in for a period of 6-7 days were the group that stayed the least number of days in the hotel. The study recorded only 36 (6.1%) of such respondents. See table 9.1 below.

**Table 9.1 Demographic Characteristics of Respondents**

	<i>Frequency</i>	<i>Percent</i>
<b><i>Gender</i></b>		
Male	398	66.9
Female	197	33.1
<b>Total</b>	<b>595</b>	<b>100</b>
<b><i>Nationality</i></b>		
Ghanaian	495	83.2
Non-Ghanaian	100	16.8
<b>Total</b>	<b>595</b>	<b>100</b>
<b><i>Age</i></b>		
18-29	194	32.6
30-39	201	33.8
40-49	132	22.2
50-59	52	8.7
60-69	11	1.8
70 and above	5	0.8
<b>Total</b>	<b>595</b>	<b>100</b>
<b><i>Purpose of Visit</i></b>		
Conference	114	19.2
Business	162	27.2
Meeting	97	16.3
Pleasure/ Tourist	100	16.8
Funeral	46	7.7
Visiting Home	44	7.4
Dinning/ Recreation	32	5.4
<b>Total</b>	<b>595</b>	<b>100</b>
<b><i>Number of Visits</i></b>		
First Visit	205	34.5
Second Visit	138	23.2
Third Visit	111	18.7
Fourth Visit	65	10.9
Five Visits and Above	76	12.8
<b>Total</b>	<b>595</b>	<b>100</b>
<b><i>Length of Stay</i></b>		
Over Night	122	20.5
2-3 Days	207	34.8
4-5 Days	84	14.1
6-7 Days	36	6.1
8 Days and Above	67	11.3
Just for the Day	79	13.3
<b>Total</b>	<b>595</b>	<b>100</b>

Source: Constructed from Field Data

### 9.3 Descriptive Statistics

Researchers such as Pallant (2010) have suggested that data should first be subjected to descriptive analysis (especially data relating to variables measuring independent constructs) before any further data validation and analyses. According to Gaur and Gaur (2006), descriptive statistics are numerical and graphical methods used to summarize data. Table 9.2 below captures the results for the descriptive statistics relating to all the variables in the constructs to determine the relative mean and standard deviations. The results in this table indicate the extent to which respondents considered the various variables as important to them in evaluating the quality of service. The mean results of the variables demonstrate how each statement performed from the view point of the 595 respondents. The results reveal high mean score (on a scale of 1 to 7) ranging from 3.54 to 6.69. This reflects good fit to the data set (see table 9.2 below). From the results, the highest mean was 6.69 recorded by 2 variables; “food and beverage variety” and “functioning gym.” These were followed closely by “functioning swimming pool” which recorded a mean value of 6.66. The variable, “dealings with the hotel remain confidential” recorded the lowest mean value of 3.54. The single lowest mean score of 3.54 gives an indication that overall, all the variables of service quality were perceived well by the respondents.

**Table 9.2: Descriptive Statistics – Means, Standard Deviations and “t” Statistics**

Variables	Mean	Std. Deviation	T	Df	Sig. (2-tailed)
Hotel has Functioning Swimming Pool	6.66	.566	286.768	594	.000
Hotel has a Functioning Gym	6.69	.539	303.155	594	.000
Food & Beverage Variety	6.69	.603	270.600	594	.000
Belongings are Safe in the Hotel	4.50	2.285	48.088	594	.000
Reliable Transportation to and from Hotel	4.48	2.228	49.002	594	.000
Service Performed Right First Time	5.42	1.669	79.208	594	.000
Conducive Atmosphere and Ambience	5.52	1.489	90.403	594	.000
Right Price Given Quality of Food & Beverages	6.05	1.137	129.793	594	.000
Right Price Given Quality of Facilities	5.96	1.184	122.917	594	.000
I Feel Physically Safe	5.61	1.461	93.571	594	.000
Easy to Reach Hotel by Phone	5.84	1.249	114.137	594	.000
Right Price Given Quality of Stay	5.92	1.243	116.138	594	.000
Safety & Security Tips	5.38	1.706	76.917	594	.000
Hotel has Functioning Website	5.19	1.741	72.744	594	.000
Employees are Approachable and Friendly	5.45	1.550	85.721	594	.000
Adequate Compensation for any Inconvenience	4.99	1.728	70.429	594	.000
Access to Emergency Medical Attention	5.77	1.369	102.778	594	.000
Hotel has Interactive Website	5.92	1.456	99.089	594	.000
Satellite TV in Hotel Room	5.60	1.422	96.074	594	.000
Dealings With the Hotel Remain Confidential	3.54	2.380	36.316	594	.000
Hotel Equipment Appear Modern	4.85	1.732	68.315	594	.000
Employees are Competent	5.17	1.713	73.588	594	.000
Employees Recognise me by Name	5.67	1.330	104.013	594	.000
Employees Understand Specific Guest Needs	5.54	1.280	105.641	594	.000
Accurate Reservation	5.82	1.223	116.129	594	.000
Attractive Outdoor Surroundings	5.44	1.489	89.134	594	.000
Visually Appealing Hotel Furniture	5.03	1.838	66.785	594	.000
Employees have Integrity	5.01	1.973	61.953	594	.000
Employees Give Personalise Attention	5.55	1.391	97.353	594	.000
Food and Beverages Taste Well	5.91	1.117	129.089	594	.000
Hotel Shows Respect in Resolving Conflict	5.73	1.356	103.059	594	.000
Informed when Services would be Performed	5.93	1.131	127.888	594	.000
Hotel Exhibits Honesty in Resolving Complaint	5.87	1.236	115.803	594	.000
Services Provided at Times Promised	5.70	1.280	108.665	594	.000
Employee Clean and Neat	5.68	1.332	104.057	594	.000
Bills are Accurate	5.79	1.365	103.545	594	.000
Easy to Reach Hotel by E-mail	5.85	1.204	118.377	594	.000
Functioning Internet in the Hotel	5.69	1.231	112.760	594	.000
Well Lit Hotel	5.97	1.124	129.584	594	.000
Functioning Telephone in the Hotel	5.93	1.143	126.613	594	.000
Hotel Assures Problem Will not Occur Again	5.74	1.206	116.174	594	.000
Quick Resolution of Complaints	5.42	1.805	73.254	594	.000
Hotel Apologises for Problem Encountered	5.17	1.730	72.901	594	.000
Uninterrupted Water Supply	5.64	1.343	102.416	594	.000
Consistent Power Supply	4.17	2.223	45.764	594	.000
Quality Food and Beverages	5.86	1.227	116.593	594	.000
Clean Beddings and Towels	5.65	1.311	105.077	594	.000
Hotel Explains why a Problems Occurred	5.53	1.368	98.535	594	.000
Convenient Restaurant Operating Time	5.55	1.503	90.115	594	.000
Similar Compensation for Similar Complaints	5.25	1.555	82.286	594	.000
Comfortable Bed	5.65	1.356	101.638	594	.000
Employees Respond Promptly to Demands	5.51	1.717	78.253	594	.000
Employee Behaviour Instils Confidence in me	5.88	1.221	117.466	594	.000

Source: Constructed from Field Data

#### **9.4 Exploratory Factor Analysis**

The Bartlett Test of Sphericity in this study recorded an approximate Chi-Square value of 19541.237 (df. 1378; Sig. 0.000). The KMO measure of sampling adequacy recorded a value of .957. The recorded values of the KMO and Bartlett's test confirmed that there was significant correlation among the items to allow the application of exploratory factor analysis. A correlation matrix was generated from the data set and it indicated a large proportion of items with correlations of .3 and greater, thus establishing the suitability of the data set for factor analyses.

The study contained 53 items which were subjected to exploratory factor analysis using Principal Component analysis in SPSS Version 20 for windows. Only items with eigenvalues exceeding 1 were extracted (Malhotra & Birks, 2007; Pallant, 2010), and this resulted in 10 factors which explained 64% of the variance (see appendix 7). To aid in the interpretation of these 10 components, Varimax rotation was performed. This resulted in 45 items loading unto 10 factors (see appendix 8). To achieve conceptual fitness however, factors were re-specified into the originally and theoretically conceptualised factors. See table 9.3 below. These factors were tested to determine their reliability and internal consistency, and they registered high alpha values as indicated in table 9.3 below.

#### **9.5 Scale Reliability**

When scale reliability test was conducted, four variables of the independent components had an Item Total Correlation (ITC) score of less than .3. These were: hotel has a functioning swimming pool; hotel has a functioning gym; hotel has interactive website; and food & beverage variety. Consequently, "hotel has a functioning swimming pool" and the hotel having a "functioning gym" were eliminated from the sub-scale for the service environment

factor. “Hotel has interactive website” was also dropped from the security and access sub-scale. In the encounter outcome sub-scale, “food and beverage variety” was dropped from further analysis. All variables under “employee actions” and “price” were retained for further analysis. In all, 41 of the 45 variables were considered for further analysis (see table 9.3 below). A scale reliability test was also conducted to assess the internal consistency of the overall scale. The scale registered a cronbach’s alpha score of .951, meaning that the scale has a very high degree of reliability.

**Table 9.3 Factor Loadings, Reliability of Scales- Independent Variables**

Variables	No. of Items	Item Loadings	Item-Total Correlation (ITC)	Cronbach's Alpha	Cronbach's Alpha if Item Deleted
<b>Service Environment</b>	<b>12</b>			<b>.905</b>	
Conducive Atmosphere and Ambience		.533	.691		.895
Satellite TV in Hotel Room		.609	.639		.897
Hotel Equipment Appear Modern		.657	.628		.898
Attractive Outdoor Surroundings		.728	.738		.892
Visually Appealing Hotel Furniture		.787	.647		.897
Employees are Clean and Neat		.674	.663		.896
Functioning Internet in the Hotel		.742	.715		.895
Well Lit Hotel		.693	.639		.898
Functioning Telephone in the Hotel		.685	.595		.900
Uninterrupted Water Supply		.694	.613		.898
Consistent Power Supply		.637	.521		.909
Convenient Restaurant Operating Time		.570	.713		.893
<b>Employee Actions</b>	<b>16</b>			<b>.896</b>	
Service Performed Right First Time		.665	.524		.891
Employees are Approachable and Friendly		.617	.453		.893
Adequately Compensated for Errors Suffered		.527	.532		.891
Employees are Competent		.629	.617		.887
Accurate Reservation		.534	.604		.888
Employees have Integrity		.718	.506		.893
Informed when Services would be Performed		.592	.647		.888
Hotel Exhibits Honesty in Resolving Complaint		.592	.692		.886
Services Provided at Times Promised		.550	.602		.888
Bills are Accurate		.569	.510		.891
Hotel Assures that Problem Will not Occur Again		.585	.596		.889
Quick Resolution of Complaints		.740	.474		.893
Hotel Apologises for Problem Encountered		.548	.688		.884
Hotel Explains why a Problem Occurred		.521	.640		.887
Employees Respond Promptly to Demands		.753	.475		.893
Employee Behaviour Instils Confidence in me		.573	.608		.888
<b>Security &amp; Access</b>	<b>7</b>			<b>.710</b>	
Belongings are Safe in the Hotel		.716	.492		.657
Reliable Transportation to and from Hotel		.782	.512		.651
I Feel Physically Safe at the Hotel		.599	.366		.690
Easy to Reach Hotel by Phone		.563	.369		.692
Hotel has Functioning Website		.567	.466		.666
Dealings with the Hotel Remain Confidential		.669	.446		.674
Easy to Reach Hotel by E-mail		.714	.343		.697
<b>Encounter Outcome</b>	<b>3</b>			<b>.790</b>	
Quality Food and Beverages		.666	.624		.725
Clean Beddings and Towels		.637	.656		.688
Comfortable Bed		.599	.617		.733
<b>Price</b>	<b>3</b>			<b>.769</b>	
Right Price Given Quality of Stay		.529	.626		.663
Right Price Given Quality of Facilities		.635	.638		.651
Right Price Given Quality of Food & Beverages		.627	.548		.747

Source: Constructed from Field Data

## 9.6 Extracted Factors and Variables

Five small hotel service quality dimensions, comprising 41 variables, emerged from the factor analyses and scale reliability test, and were subjected to further analyses, through the application of multiple regression techniques. The factors that emerged in the study were service environment; employee actions; security & access; encounter outcome; and price. See table 9.3 for a full list of the service quality variables. Service environment which was made up of 12 items registered a cronbach's alpha score of .905. Employee actions and security & access which were made up of 16 and seven items respectively, also respectively registered a cronbach's alpha score of .896 and .710 respectively. Encounter outcome and price each had three items and registered a cronbach's alpha of .790 and .769 respectively. Service environment registered the highest cronbach's alpha score of .905, while security & access had the lowest score of .710 (table 9.3).

A functioning internet facility and visually appealing furniture in the hotel had the highest item loadings of .742 and .728 respectively in the service environment factor. Again, in the service environment factor, conducive atmosphere & ambience, and convenient restaurant operating time, recorded the lowest item loadings, recording .533 and .570 respectively. Among the items in the employees actions factor, employees responding promptly to demands, and the quick resolution of complaints, recorded the highest item loadings of .753 and .740 respectively. The hotel explaining why a problem occurred had an item loading of .521, while a guest being adequately compensated for problems suffered, scored an item loading of .527; thus making them the items with the lowest loadings among the employee actions factor. Available transportation, to and from the hotel registered the highest item loadings of .782 in the security and access factor. In this same factor, the ease with which the hotel is reached scored the lowest item loading of .563. Quality food and beverages

registered the highest item loading of .666 in the encounter outcome factor. In the factor “price”, right price given the quality of the facilities of the hotel, had the highest score, registering an item loading of .635 (table 9.3).

Table 9.4 revealed that all items in the dependent component had factor loadings greater than 0.5, ITC scores greater than 0.3, and cronbach alpha scores higher than 0.7. Consequently, all items were retained for further analysis.

**Table 9.4 Factor Loadings, Reliability of Scales- Dependent Variables**

Variables	No. of Items	Item Loadings	Item-total correlation (ITC)	Cronbach's Alpha	Cronbach's Alpha if item is deleted
<b>Behavioural Intentions</b>	<b>4</b>			<b>.846</b>	
Repeat visit		.862	.711		.797
Recommend hotel		.877	.737		.789
Pay premium prices		.793	.650		.835
Patronise other services		.814	.684		.805
<b>Customer Satisfaction</b>	<b>5</b>			<b>.887</b>	
Good choice to lodge here		.852	.753		.857
Needs are met		.883	.784		.850
Hotel has my best interest		.888	.795		.849
Experience was worthwhile		.758	.643		.887
Happy with service received		.793	.689		.871

Source: Constructed from Field Data

The study had two dependent factors (behavioural intentions and customer satisfaction) which comprised a total of 9 variables, and were subjected to further analyses applying multiple regression techniques in SPSS version 20. Behavioural intentions had four variables and registered a cronbach's alpha score of .846. Guest satisfaction had five elements and registered a cronbah's alpha score of .887. In the behavioural intentions factor, recommending the hotel to other potential guest registered the highest variable loading of .877, while paying premium prices registered the lowest variable loading of .793. In the

customer satisfaction factor, guest perceiving the hotel to have his/ her best interest at heart registered the highest variable loading of .888. On the hand, experience of the guest being worthwhile registered comparatively lowest variable loading score of .758.

### **9.7 Multiple Regression Analysis**

In order to assess the propositions made earlier in this research, a series of multiple regression analyses were performed. These were done to test and validate the stated hypotheses of the study. Results from the multiple regressions were used to analyze the relationship between dimensions of small hotels service quality, customer satisfaction and behavioural intentions among hotel clients. This was done to extract the independent variables that can better explain the dependent variables. In the first regression, the quality dimensions were used as the independent variables whilst behavioural intention was the dependent variable. However in the second regression, customer satisfaction was the dependent variable whilst the service quality dimensions were still maintained as the independent variable. The final regression had customer satisfaction as the independent variable and behavioural intentions as the dependent variable.

The data was checked to determine whether it satisfied the conditions necessary for regression analysis as indicated in item 8.7 above. The final sample size of 595 used in the study is adequate for regression analysis (Tabachnick & Fidell, 2007). Outliers were also checked for. Three cases were observed to be outside the range of -3 and 3, and constitute 0.5%; well below the 1% suggested cut-off point. Furthermore, these cases did not impact the results as the maximum Cook's Distance, observed from the Residual Statistics registered scores of .056 and .066 when the predictor variables were regressed against guest satisfaction and behavioural intentions respectively.

Issues of multicollinearity were investigated and non was observed in the data set as the lowest tolerance value (.239) and highest VIF value (4.186) registered were higher than the “.10” and lower than the suggested “10” cut off points, respectively (see table 9.5 below). Correlation matrix was constructed and they recorded high correlation values between the independent and dependent variables, registering values ranging from .469 to .606 (see appendix 9a and 9b). Also, the correlation between the independent variables registered values below .7.

**Table 9.5: Collinearity Statistics**

	Tolerance	VIF
Service Environment	.263	3.802
Employee Actions	.239	4.186
Security & Access	.611	1.636
Encounter Outcome	.389	2.570
Price	.518	1.929

Source: Constructed from Field Data

As shown in table 9.6, the results from the regression statistics indicated that there is a strong and significant relationship between variables used for the model to represent the three main constructs. The first model had ( $F = 78.599$ , Prob.  $F$ -stats = .000); the second had ( $F = 92.470$ , Prob.  $F$ -stats = .000) and the third had ( $F = 3401.143$ , Prob.  $F$ -stats = .000), all confirming significant reliabilities of constructs (table 9.6). Research scholars such as Costello & Osborn, 2005, and Hair et al., 2010, argued that the model reaches statistical significance at  $\text{Sig} < .05$ . In the present study the  $\text{Sig} = .000$  of the  $F$ -statistics depicts that the model is statistically significant. The R-Square value in the model summary depicts the degree of variance in the dependent variable which is explained by the model. From the first regression model, the R-squared of .400 indicated that the service quality dimensions (Service Environment, Employee Actions, Security & Access, Encounter Outcome, and Price) explained 40% of the variance in guest behavioural intentions. In the second model the same

elements explained 44% of variance in customer satisfaction with hotel services. In the final regression model, customer satisfaction explained 85.2% of the variance in guests' behavioural intentions. The respective adjusted R-squares in the three models were satisfactory.

**Table 9.6 - Multiple Regression Analyses Results**

		<b>S. E</b>	<b>B</b>	<b>t</b>	<b>Sig.</b>
<b>Model 1</b> (Behaviour Intention)	(Constant) <sup>a</sup>	.230		6.438	.000
	Service Environment	.062	.187	3.004	.003
	Employee Actions	.073	.157	2.399	.017
	Security & Access	.039	.136	3.342	.001
	Encounter Outcome	.050	.144	2.809	.005
	Price	.048	.122	2.758	.006
	<b>R</b>	.633		<b>S. E of estimate</b>	.82766
<b>R-Square</b>	<u>.400</u>		<b>F-statistics</b>	78.599	
<b>Adj. R-Square</b>	.395		<b>Prob. (F-stats.)</b>	.000	
					<b>N=595</b>
		<b>S. E</b>	<b>B</b>	<b>t</b>	<b>Sig.</b>
<b>Model 2</b> (Customer Satisfaction)	(Constant) <sup>b</sup>	.224		5.754	.000
	Service Environment	.061	.199	3.307	.001
	Employee Actions	.071	.133	2.115	.035
	Security & Access	.038	.169	4.286	.000
	Encounter Outcome	.049	.160	3.246	.001
	Price	.047	.125	2.910	.004
	<b>R</b>	.663		<b>S. E of estimate</b>	.80477
<b>R-Square</b>	<u>.440</u>		<b>F-statistics</b>	92.470	
<b>Adj. R-Square</b>	.435		<b>Prob. (F-stats.)</b>	.000	
					<b>N=595</b>
		<b>S. E</b>	<b>B</b>	<b>t</b>	<b>Sig.</b>
<b>Model 3</b> (Behaviour Intention)	(Constant) <sup>c</sup>	.092		4.982	.000
	Customer Satisfaction	.016	.923	58.319	.000
	<b>R</b>	.923		<b>S.E of estimate</b>	.41039
	<b>R-Square</b>	<u>.852</u>		<b>F-statistics</b>	3401.143
<b>Adj. R-Square</b>	.851		<b>Prob. (F-stats.)</b>	.000	
					<b>N=595</b>

Model 1 Dependent variable: Behaviour Intention

Model 2 Dependent variable: Customer Satisfaction

Model 3 Dependent variable: Behaviour Intention

Table 9.6 revealed that results in model 1 indicated that in reference to the individual factors, security & access was found to be the highest contributor towards guest behavioural intentions ( $\beta=0.136$ ,  $t=3.342$ ,  $\text{Sig.}=0.001 < 0.05$ ); the second was service environment ( $\beta=0.187$ ,  $t=3.004$ ,  $\text{Sig.}=0.003 < 0.05$ ), while the third was encounter outcome ( $\beta=0.144$ ,  $t=2.809$ ,  $\text{Sig.}=0.005 < 0.05$ ). From model 1 above, the fourth factor was price ( $\beta=0.122$ ,  $t=2.758$ ,  $\text{Sig.}=0.006 < 0.05$ ); and last factor was employee actions ( $\beta=0.157$ ,  $t=2.399$ ,  $\text{Sig.}=0.017 < 0.05$ ). All results are significant at 0.05 ( $P < 0.05$ ).

Results in the second model 2 indicate that security & access made the highest contributor towards guest customer satisfaction ( $\beta=0.169$ ,  $t=4.286$ ,  $\text{Sig.}=0.000 < 0.05$ ); the second was service environment ( $\beta=0.199$ ,  $t=3.307$ ,  $\text{Sig.}=0.001 < 0.05$ ) whilst the third was encounter outcome ( $\beta=0.160$ ,  $t=3.246$ ,  $\text{Sig.}=0.000 < 0.05$ ). In addition, model 2 shows that the fourth factor was price ( $\beta=0.125$ ,  $t=2.910$ ,  $\text{Sig.}=0.001 < 0.05$ ); and last factor was employee actions ( $\beta=0.133$ ,  $t=2.115$ ,  $\text{Sig.}=0.035 < 0.05$ ). In the third model, results indicated that customer satisfaction contributed significantly towards behavioural intention registering the following scores; ( $\beta=0.923$ ,  $t=58.319$ ,  $\text{Sig.}=0.000 < 0.05$ ). All results are significant at 0.05 ( $P < 0.05$ ) (Table 9.6).

## **9.8 Controlling for the Effect of Demographic Variables**

In line with discussions in 7.5, a hierarchical regression was performed to determine the impact of various variables including demographic variables on the relationship between service quality and behavioural intentions on one hand, and service quality and customer satisfaction on the other. These variables which were made up of age; gender; purpose of visit; number of visits; length of stay; and nationality, were added to the initial model to determine their impact on the relationship between the dependent and independent variables.

The results indicated that though customer's age and gender have an impact on the relationship between service quality and behavioural intentions, i.e. changing the R-Square from .400 to .403, the impact is not statistically significant (see table 9.7 below). The results further indicated that customer age, gender and nationality had a minimal impact (i.e. not statistically significant impact) on the relationship between service quality and customer satisfaction; changing the R-Square from .440 to .445 (see table 9.8 below). The rest of the control variables had no effect on the relationship between the independent factor (service quality) and the dependent factors of behavioural intentions and customer satisfaction.

**Table 9.7 Hierarchical Regression (Service Quality and Behavioural Intentions)...**

<b>Model</b>	<b>Variable</b>	<b><i>t</i>-statistic</b>	<b>Prob&gt; <i>T</i></b>	<b>R Square</b>	<b><i>F</i>-Statistic</b>	<b>Prob&gt; <i>F</i></b>
<b>1</b>	<b>(Constant)</b>	<b>6.438</b>	<b>.000</b>	<b>.400</b>	<b>78.599</b>	<b>.000</b>
	Service Environment	3.004	.003			
	Employee Action	2.399	.017			
	Security & Access	3.342	.001			
	Encounter Outcome	2.809	.005			
	Price	2.758	.006			
<b>2.</b>	<b>(Constant)</b>	<b>6.370</b>	<b>.000</b>	<b>.401</b>	<b>65.484</b>	<b>.000</b>
	Service Environment	3.015	.003			
	Employee Action	2.403	.017			
	Security & Access	3.167	.002			
	Encounter Outcome	2.829	.005			
	Price	2.794	.005			
	Age	-.588	.577			
<b>3</b>	<b>(Constant)</b>	<b>6.392</b>	<b>.000</b>	<b>.403</b>	<b>56.570</b>	<b>.000</b>
	Service Environment	3.176	.002			
	Employee Action	2.260	.024			
	Security & Access	3.140	.002			
	Encounter Outcome	2.766	.006			
	Price	2.809	.005			
	Age	-.764	.445			
	Gender	-1.501	.134			
<b>4</b>	<b>(Constant)</b>	<b>6.296</b>	<b>.000</b>	<b>.403</b>	<b>49.416</b>	<b>.000</b>
	Service Environment	3.127	.002			
	Employee Action	2.258	.024			
	Security & Access	3.137	.002			
	Encounter Outcome	2.763	.006			
	Price	2.807	.005			
	Age	-.754	.451			
	Gender	-1.501	.134			
	Purpose of Visit	.082	.935			
<b>5</b>	<b>(Constant)</b>	<b>6.202</b>	<b>.000</b>	<b>.403</b>	<b>43.853</b>	<b>.000</b>
	Service Environment	3.113	.002			
	Employee Action	2.233	.026			
	Security & Access	3.097	.002			
	Encounter Outcome	2.761	.006			
	Price	2.806	.005			
	Age	-.745	.456			
	Gender	-1.501	.134			
	Purpose of Visit	.079	.937			
	Number of Visits	-.111	.911			

**Table 9.7 Hierarchical Regression (Service Quality and Behavioural Intention)  
Continued**

<b>Model</b>	<b>Variable</b>	<b>t-statistic</b>	<b>Prob&gt; T</b>	<b>R Square</b>	<b>F-Statistic</b>	<b>Prob&gt; F</b>
<b>6</b>	<b>(Constant)</b>	<b>6.167</b>	<b>.000</b>	<b>.403</b>	<b>39.403</b>	<b>.000</b>
	Service Environment	3.110	.002			
	Employee Action	2.221	.027			
	Security & Access	3.078	.002			
	Encounter Outcome	2.760	.006			
	Price	2.805	.005			
	Age	-.748	.455			
	Gender	-1.469	.142			
	Purpose of Visit	.069	.945			
	Number of Visits	-.099	.921			
Length of Stay	-.129	.987				
<b>7</b>	<b>(Constant)</b>	<b>5.418</b>	<b>.000</b>	<b>.403</b>	<b>35.825</b>	<b>.000</b>
	Service Environment	3.081	.002			
	Employee Action	2.232	.026			
	Security & Access	3.142	.002			
	Encounter Outcome	2.771	.006			
	Price	2.720	.007			
	Age	-.750	.453			
	Gender	-1.519	.129			
	Purpose of Visit	.054	.957			
	Number of Visits	.004	.997			
	Length of Stay	-.101	.919			
	Nationality	.658	.511			

Source: Constructed from Field Data

**Table 9.8: Hierarchical Regression (Service Quality and Customer Satisfaction)...**

Model	Variable	<i>t</i> -statistic	Prob> <i>T</i>	R Square	<i>F</i> -Statistic	Prob> <i>F</i>
<b>1</b>	<b>(Constant)</b>	<b>5.754</b>	<b>.000</b>	<b>.440</b>	<b>92.470</b>	<b>.000</b>
	Service Environment	3.307	.001			
	Employee Action	2.115	.035			
	Security & Access	4.286	.000			
	Encounter Outcome	3.246	.001			
	Price	2.910	.004			
<b>2</b>	<b>(Constant)</b>	<b>5.848</b>	<b>.000</b>	<b>.441</b>	<b>77.295</b>	<b>.000</b>
	Service Environment	3.333	.001			
	Employee Action	2.127	.034			
	Security & Access	3.995	.000			
	Encounter Outcome	3.287	.001			
	Price	2.988	.003			
	Age	-1.112	.267			
<b>3</b>	<b>(Constant)</b>	<b>5.986</b>	<b>.000</b>	<b>.444</b>	<b>66.832</b>	<b>.000</b>
	Service Environment	3.510	.000			
	Employee Action	1.972	.049			
	Security & Access	3.968	.000			
	Encounter Outcome	3.220	.001			
	Price	3.006	.003			
	Age	-1.302	.193			
	Gender	-1.645	.101			
<b>4</b>	<b>(Constant)</b>	<b>5.842</b>	<b>.000</b>	<b>.444</b>	<b>58.420</b>	<b>.000</b>
	Service Environment	3.406	.001			
	Employee Action	1.998	.046			
	Security & Access	3.964	.000			
	Encounter Outcome	3.216	.001			
	Price	3.004	.003			
	Age	-1.262	.208			
	Gender	-1.668	.096			
	Purpose of Visit	.430	.667			
<b>5</b>	<b>(Constant)</b>	<b>5.664</b>	<b>.000</b>	<b>.444</b>	<b>51.870</b>	<b>.000</b>
	Service Environment	3.450	.001			
	Employee Action	2.026	.043			
	Security & Access	3.813	.000			
	Encounter Outcome	3.117	.002			
	Price	2.993	.003			
	Age	-1.281	.201			
	Gender	-1.669	.096			
	Purpose of Visit	.439	.661			
	Number of Visits	.387	.699			

**Table 9.8: Hierarchical Regression (Service Quality and Customer Satisfaction)  
Continued**

Model	Variable	t-statistic	Prob> T	R Square	F-Statistic	Prob> F
6	<b>(Constant)</b>	<b>5.572</b>	<b>.000</b>	<b>.444</b>	<b>46.630</b>	<b>.000</b>
	Service Environment	3.420	.001			
	Employee Action	2.042	.042			
	Security & Access	3.705	.000			
	Encounter Outcome	3.162	.002			
	Price	2.987	.003			
	Age	-1.269	.205			
	Gender	-1.703	.089			
	Purpose of Visit	.465	.642			
	Number of Visit	.350	.726			
	Length of Stay	.385	.700			
7	<b>(Constant)</b>	<b>4.668</b>	<b>.000</b>	<b>.445</b>	<b>42.549</b>	<b>.000</b>
	Service Environment	3.375	.001			
	Employee Action	2.064	.039			
	Security & Access	3.851	.000			
	Encounter Outcome	3.186	.002			
	Price	2.847	.005			
	Age	-1.273	.203			
	Gender	-1.799	.073			
	Purpose of Visit	.437	.662			
	Number of Visit	.531	.596			
	Length of Stay	.434	.664			
	Nationality	1.189	.235			

Source: Constructed from Field Data

## 9.9 Hypothesis

Table 9.9 below shows the hypotheses and results.

**Table 9.9: Outcome of Hypotheses**

Hypothesised link	Beta	t-value	Sig.	Findings
Service Environment ----> Behavioural Intention	.187	3.004	.003	Supported
Service Environment ----> Customer Satisfaction	.199	3.307	.001	Supported
Employee Actions ----> Behavioural Intention	.157	2.399	.017	Supported
Employee Actions ----> Customer Satisfaction	.133	2.115	.035	Supported
Security & Access ----> Behavioural Intention	.136	3.342	.001	Supported
Security & Access ----> Customer Satisfaction	.169	4.286	.000	Supported
Encounter Outcome ----> Behavioural Intention	.144	2.809	.005	Supported
Encounter Outcome ----> Customer Satisfaction	.160	3.246	.001	Supported
Price ----> Behavioural Intention	.122	2.758	.006	Supported
Price ----> Customer Satisfaction	.125	2.910	.004	Supported
Customer Satisfaction ----> Behavioural Intention	.923	58.319	.000	Supported

Source: Constructed from Regression Analyses

Note: Output is significant at 0.05 (i.e. 5%)

All the 11 hypotheses, that is, H1- H5 (both “a” and “b”), and H6, were supported by the regression analysis as can be observed from table 9.9 above. This implies that the five small hotel service quality dimensions hypothesised in this study have positive and significant relationship on guest satisfaction and behavioural intentions. Customer satisfaction also has a positive and significant impact on guest behavioural intentions, explaining 82.5% of the variance in customer behavioural intention.

The support of the hypotheses in the study indicates that service quality in small hotels is made up of five dimensions namely; security and access, service environment, outcome quality, price and employee actions. This fulfils the first research question and objective which sought to determine what service quality in the small hotel service quality was, and the dimensions of small hotel service quality respectively. The hypotheses also indicated the relative significance of the service quality dimensions, with security and access emerging as the most significant quality dimension, and this confirms the second research question and objective. The hypotheses also confirmed that guest satisfaction has a positive and significant impact on guest behavioural intentions.

### **9.10 Chapter Summary**

This chapter presented the findings from the study. The profile of respondents and descriptive statistics were presented prior to the analyses of data. Data were analysed using data reduction and multiple linear regression analyses tools in the SPSS V20 statistical package. Factor analysis was undertaken and 10 factors emerged that explained 64% of the variance. A varimax rotation was performed on the data and 45 variables out of the original 53 variables which loaded at a minimum factor loading of .5 were considered for further analyses.

A scale reliability test was undertaken to determine the internal consistency of the sub-scales of the five independent factors that were identified: thus; service environment, employee actions, security & access, encounter outcome and price. Four variables had an item total correlation (ITC) score of less than .3 and were therefore not included in the data for further analysis. A scale reliability test was also performed on the dependent variables and all of them were considered for further analyses.

Multiple linear regression analysis was performed on the variables that were considered for further analyses. The independent variables explained 40% and 44% of the variance in behavioural intentions and customer satisfaction, respectively. Customer satisfaction explained about 85% of the variance in behavioural intentions. Security & access and service environment registered the first and second highest “t-values” with respect to both behavioural intentions and customer satisfaction. Encounter outcome and price scored the third and fourth highest “t-values”, with employee actions registering the lowest “t-value” with respect to both behavioural intentions and customer satisfaction. All 11 hypotheses conceptualised in this study were supported by the findings from the study.

## CHAPTER TEN

### DISCUSSION OF FINDINGS

#### 10.1 Introduction

Chapter 10 discusses the findings of the study which was presented in chapter nine. Discussions are done with respect to the study objectives and research questions as captured in chapter one and the hypotheses as formulated in chapter seven. These discussions are done in the light of existing literature in service quality, especially service quality in the hotel industry, and customer satisfaction and behavioural intentions. To recapitulate, a brief statement of the study's objectives, research questions and the results are first provided. A summary of the discussions is presented at the end of the chapter. It is however important to note that, the study controlled for the effect of demographic variables on the hypothesised relationships, and none was found to have any statistically significant impact on the observed relationships. In the context of this thesis therefore, these elements are not relevant for the small hotel in the planning and execution of their quality service delivery efforts.

The study was designed to achieve the following objectives:

1. Propose a multi-item scale for evaluating the dimensions of service quality in small hotels
2. Establish the relative importance of the dimensions of small hotel service quality
3. Determine the relationship between service quality, customer satisfaction and behavioural intentions in small hotels

In an attempt to achieve these objectives, the study sought answers to the following research questions:

1. What are the dimensions of service quality in the small hotel sector in Ghana?
2. What is the relative importance of the dimensions of small hotel service quality?
3. How do service quality, customer satisfaction and behavioural intentions relate in the small hotel sector in Ghana?

Following the above stated study objectives and research questions; the following hypotheses were formulated for the purpose of the study.

- H1a: Service environment positively affects guest satisfaction
- H1b: Service environment positively influences guest behavioural intention
- H2a: Employee Actions positively affect guest satisfaction
- H2b: Employee Actions positively influence guest behavioural intentions
- H3a: Encounter Outcome positively affects guest satisfaction
- H3b: Encounter Outcome positively influences behavioural intention
- H4a: Security & Access has a positive impact on guest satisfaction
- H4b: Security & Access positively influences behavioural intentions
- H5a: Price positively affects guest satisfaction
- H5b: Price positively influences behavioural intentions
- H6: Guest satisfaction positively influences behavioural intentions

## **10.2 Dimensions of Small Hotel Service Quality**

In an effort to identify the relevant dimensions of service quality in the small hotel sector, the study identified five service quality factors made up of 41 items that positively influenced guest satisfaction and behavioural intentions. These service quality factors emerged in a descending order as follows: security & access; service environment; encounter outcome; price; and employee actions. Security & access is made up of 7 items; service environment is made up of 12 elements; 3 elements each made up the encounter outcome and price; while there were 16 items in the employee actions factor. Table 10.1 below delineates the service quality dimensions and their respective service quality items. These factors respond to research question 1 and objective 1.

**Table 10.1 Small Hotel Service Quality Dimensions and Elements**

<b>Factor</b>	<b>Items</b>	<b>Total Number of Items</b>
Service Environment	Conducive Atmosphere and Ambience	12
	Satellite TV in Hotel Room	
	Hotel Equipment Appear Modern	
	Attractive Outdoor Surroundings	
	Visually Appealing Hotel Furniture	
	Employees are Clean and Neat	
	Functioning Internet in the Hotel	
	Well Lit Hotel	
	Functioning Telephone in the Hotel	
	Uninterrupted Water Supply	
Employee Actions	Consistent Power Supply	16
	Convenient Restaurant Operating Time	
	Service Performed Right First Time	
	Employees are Approachable and Friendly	
	Adequately Compensated for Errors Suffered	
	Employees are Competent	
	Accurate Reservation	
	Employees have Integrity	
	Informed when Services would be Performed	
	Hotel Exhibits Honesty in Resolving Complaint	
Security & Access	Services Provided at Times Promised	7
	Bills are Accurate	
	Hotel Assures that Problem Will not Occur Again	
	Quick Resolution of Complaints	
	Hotel Apologises for Problem Encountered	
	Hotel Explains why a Problem Occurred	
	Employees Respond Promptly to Demands	
Employee Behaviour Instils Confidence in me		
Encounter Outcome	Belongings are Safe in the Hotel	3
	Reliable Transportation to and from Hotel	
	I Feel Physically Safe at the Hotel	
	Easy to Reach Hotel by Phone	
	Hotel has Functioning Website	
Price	Dealings with the Hotel Remain Confidential	3
	Easy to Reach Hotel by E-mail	
	Quality Food and Beverages	
Price	Clean Beddings and Towels	3
	Comfortable Bed	
	Right Price Given Quality of Stay	
Price	Right Price Given Quality of Facilities	3
	Right Price Given Quality of Food & Beverages	

Source: Constructed from Field Data

The relative importance of the service quality dimensions has relevance for the management of service quality in small hotels. Guests consider their security and access to the hotel as paramount, compared to any other service quality variable. Also, the environment in which service is provided is critical if a guest is to experience quality service. Management of these

hotels must therefore pay particular attention to security, access and service environment if they are to deliver quality service. Even though the quality of food, clean beddings and comfortable bed is ranked third, management has to ensure that they are delivered, to enhance guest experience. Price is the fourth most important dimension, but it has the tendency to mar guest experience of quality if they consider the facilities, food and stay, as not worth the price they had to pay for them. Employee actions, though ranked fifth in this study, are important for a successful interaction and consistent delivery of service in a service encounter in small hotels. A poor encounter between a guest and a service employee would negatively affect guest experience.

Though the small hotel service quality dimensions have different levels of significance to the customer, they re-enforce each other. Customers perceive the totality of the service experience and not individual segmented parts. Therefore, a shortfall in the performance of any of the service quality dimensions that emerged in this study would adversely impact on guest's overall perception of the quality of service received. Consequently, management should ensure that their hotels deliver on all five service quality dimension. The small hotel service quality dimensions are more fully discussed in the following sections.

### **10.2.1 Security & Access**

Security & access were identified as a service quality dimension in small hotels in the current study. Three service quality elements related directly to security issues thus: guests feel physically safe at the hotel, belongings are safe in the hotel, and the dealings and transactions of the guests remain confidential at the hotel. The other four variables concerned the ability of guests to access the hotel. For instance, the ability of guests to reach the hotel by telephone and e-mail were two critical access service quality elements identified. A hotel

having a functioning website that can provide readily available information also emerged as a relevant service quality element. The issue of transportation also came up as an access service quality variable. Transportation had to do with the ease with which guests are able to move to and from their respective hotels of interest. Hypothesis H4a and H4b which respectively hypothesised that security & access had positive and significant impact on guest satisfaction and behavioural intentions were confirmed in this study.

Confidentiality of the customers' interactions and dealings with the service organisation, the physical safety the customer experiences, as well as "access" were identified by Parasuraman et al. (1985) as service quality elements. "It is easy to reach hotel by phone" is a service quality element that emerged in this study. Easy access to the service provider by phone was emphasised by Pararsuraman et al., (1985) as a necessary service quality element. Security & access were also identified by Webster & Hung (1994) as relevant service quality dimensions that impacted service quality perceptions. However, the authors saw "access" more in terms of the convenience of the operating hours of a hotel, as against the convenience and ease of accessing and contacting the hotel itself as emerged in this study.

Security of property was identified by travellers as important when Greathouse et al., (1996) attempted to establish what was important to travellers in hotel accommodation. "Safe and secure" stay were service quality elements in Min et al., (2002) study of luxury hotels in Seoul. "Hotel provided a safe environment" emerged as a service quality element in Getty & Getty's (2003) scale of Lodging Quality Index (LQI), and confirmed by Ladhari's (2012) study of Canadian travellers. Akbaba (2006) identified the provision of a secure and safe place for guests as a service quality element. The author also identified "ease of access to the

hotel” as a hotel service quality element though the author did not indicate how the “ease of access” was to be conceptualised.

A review of the literature suggests that the conceptualisation of “easy access to the hotel” does not factor in the use of the internet and the worldwide web to gain access. There is a continuous growth of the use of the internet, both in its traditional form and the “mobile internet” even in developing countries such as Ghana (Kim et al., 2007; Frempong, 2009; Moller, 2014). It is curious therefore that this medium of accessing the hotel appears not to be receiving the much needed attention in the hotel service quality literature. In this study, reaching the hotel by means of e-mail emerged as an important service quality variable.

Again, the website of a hotel is a rich source of information that guests can access anytime, anywhere. In addition to informing and educating guests, the website can also serve as an advertising platform. A hotel’s website therefore performs the dual function of informing the guests on one hand, and advertising the service provider on the other hand. A functioning hotel website emerged as a service quality variable in this study, though not much attention has been paid to it in the hotel service quality literature.

It is also interesting to note that, though issues of transportation emerged as a service quality element in Wilkins et al., (2007) study of luxury hotels in Istanbul, there is little discourse on the issue of “transportation” in the extant hotel service quality literature. Generally, the location of luxury and first class hotels, and the range of services these hotels provide (such as shuttle services) might have given rise to “reliable transportation” being considered as “given” in those segments of the hotel industry. Having reliable transportation emerged in the current study as a small hotel service quality variable. This is not surprising considering

the fact that small hotels can be found in remote parts and outskirts of big towns and cities, or in small towns where transportation may be a challenge, especially in a developing country context.

“Security & access” in this study emerged as the most important small hotel service quality dimension. Security & safety emerged as the most significant factor among Western respondents in a study designed by Poon & Low (2005) in an attempt to assess respondents’ (Asians and Westerners) satisfaction levels with Malaysian hotels. The authors put the heightened sense of security and safety among the Western respondents to security concerns around the world.

Again, security & access are significant quality dimensions because several small hotels are located in parts of towns and cities where accessibility could pose a major challenge. Reports from the popular press in Ghana indicate that armed robbery attacks are a major security threat to the nation at large. This has an added challenge to guest safety. Furthermore, anecdotal reports from the international media indicate that there have been several terrorist activities across the globe including the bombing of several facilities and activities such as: the World Trade Centre in New York City and the Boston marathon event in the United States of America, transport facilities in Spain, and a shopping mall and hotel in Kenya. Even sports enthusiasts watching football matches in Uganda have been bombed.

In recent times, the West African sub-region has not been spared the brutal activities of some of these terrorist organisations, with several bombs and “suicide bombers” going off in Nigerian cities particularly. Attacks have been carried out in places as diverse as military compounds, bus terminals and sports enthusiasts watching football matches in Nigeria.

Several people, including children and women have been abducted in recent times in West Africa. The Ivory Coast, a country sharing a border with Ghana, has just been through a “civil war”. It is therefore not surprising that security & access emerged as the most significant service quality dimension in this study.

### **10.2.2 Service Environment**

The “service environment” factor significantly and positively impacted on both guest satisfaction and behavioural intention, confirming hypothesis H1a and H1b in the study. The “service environment” factor was made up of service quality variables that mainly had to do with the tangibles of the hotel. For instance, the appearance of employees and their dresses, furniture and equipment, ambience, and the attractiveness of the surroundings related to the physical appearance of the hotel. Some variables are however related to certain critical facilities in the hotel such as the consistent supply of water and electricity. Other facilities such as a telephone and a satellite television in the room, and an internet facility in the hotel were also part of the service environmental variables found in the current study. The restaurant operating at convenient periods was also identified as a key environmental service quality element. This is particularly interesting as some small hotels in Ghana are known to operate their restaurant services at limited times.

Parasuraman et al., (1985 & 1988) considered the state of a service organisation’s physical facilities and equipment, and the appearance of personnel as key service quality elements, confirming findings in this study. The state of the facilities of the hotel and the neatness and dress of service employees were also confirmed by Webster & Hung (1994) as hotel service quality dimensions. Similarly, Akan (1995) identified the appearance of furniture and the interior and exterior of the hotel as key service quality elements. Modern looking equipment

and appealing facilities were identified by Min et al., (2002) in their study of 3-5 star hotels in South Korea as hotel service quality dimension. These findings collaborate with elements of the “service environment” dimension in the current study.

In Getty & Getty’s (2003) attempted to assess customer perception of service quality delivery in the hotel sector, they developed what they termed Lodging Quality Index (LQI) where they identified five service quality dimensions including “tangibles”. Ladhari (2012) used this instrument and administered it on a convenient sample of Canadian travellers to determine the instrument’s reliability. Ladhari’s (2012) results confirmed the original LQI items. “Tangibility” and “communication” were identified as the most important quality dimensions. The “tangibility” dimension of the LQI instrument identified various items such as visually appealing front desk; employees having clean and neat uniform; attractive outdoor surrounding; bright and well lighted hotel; and a good restaurant atmosphere as important service quality elements. These service quality elements confirm findings in the current study conceptualised as elements of service environment which emerged as the second most important small hotel service quality dimension.

“Tangibles” was again identified as the most important service quality dimension in a study conducted in Turkey in an effort to measure service quality in a business hotel (Akbaba, 2006). In the said study, modern looking and appropriate equipment, and comfortable atmosphere emerged as elements of tangibles, confirming elements of the “service environment” dimension in this study. Johns et al., (1997) confirmed “aesthetics” as a service quality element. This is particularly interesting because their study focused on small hotels and budget houses in the United Kingdom. “Aesthetics” as a service element confirms

the “modern looking equipment”, “appealing furniture” and “attractive outdoor surroundings” that emerged as service quality variables in this study.

In a study of service quality in small, medium and large Scottish hotels, Briggs et al., (2007) identified tangibles as an element of service quality that was common to all the categories of hotels they studied. In another study of hotel service quality in Istanbul, Wilkins et al., (2007) identified the atmosphere and ambience of the hotel, and the hotel having a grand lobby among others as service quality elements. These service quality variables (as in Briggs et al., 2007; and Wilkins et al., 2007) confirm findings in the “service environment” dimension of service quality in this study.

The consistent and uninterrupted supply of running water and electricity appear not to have been given much attention in the discourse of service quality in the hotel industry, especially in the advanced economies. Most of these studies discussed above are focused on luxury and first class hotels, and this might account for the type of elements that emerged as service quality variables in those studies. For instance, the adequate supply of water and electricity are a matter of course and taken for granted in the first class hotels. However, in this study, water and electricity are critical components of service quality dimensions, the supply of which, especially in a developing country context such as Ghana cannot be absolutely guaranteed.

The provision of internet facilities in the hotel as well as fitting the rooms with functioning telephones are two other variables that emerged in the “service environment” factor of service quality in this study. These facilities appear not to have received much attention in literature as service quality elements, especially in the large hotels. It is expected that these

facilities are “a given” in luxury and first class hotels, hence the apparent silence of the hotel service quality literature in discussing them. In small hotels, the need for these facilities has also been heightened. This study has demonstrated that the availability of these facilities in small hotels is critically important for their guests and influences the guests’ perception of service quality.

### **10.2.3 Encounter Outcome**

Gronroos (1984) described the output of a service encounter as “technical quality”. Technical quality, as observed earlier in this study referred to the outcome of a service encounter. Though encounter outcome (technical quality) was referred to by Parasuraman et al. (1985 and 1988), it was not conceptualised in their SERVQUAL instrument. Three elements emerged in this study that represented encounter outcome. These service quality variables include the quality of the food and beverages offered to guests; the comfort of the bed; and the cleanliness of the beddings and towels provided to guests. These three encounter outcome variables influenced guests’ perception of service quality in small hotels as captured in this study and confirms hypotheses H4a and H4b.

Webster & Hung (1994) identified “variety in food and beverage” as a service quality element. In this study however, guests were more interested in the quality of the food than in its variety. Food quality was also identified as a factor of service quality by several authors including Juwaheer, (2004) who studied service quality issues in Beach hotels in Mauritius; and Poon & Low, (2005) who investigated service quality issues in Malaysian hotels. Similarly, food quality was identified as an important service quality dimension when Narayan et al., (2009) and Mohsin & Lockyer, (2010) investigated service quality issues in the tourism industry in India, and in Luxury hotels in New Delhi, India respectively. Again

food quality was confirmed as a service quality factor in Dortyol et al., (2014) study of tourist perceptions of hotels, motels and holiday inns in Antalya, Turkey. In a study of luxury hotels in Seoul, Min et al., (2002) identified “comfortable beds and pillows” as a service quality variable. The authors also identified the cleanliness of guest rooms as an element of service quality, though in the current study, cleanliness was associated with beddings and towels.

The cleanliness of the hotel was also identified as service quality variable by Getty & Getty (2003) and confirmed by Ladhari (2012) in a study of Canadian travellers. Again cleanliness, and also comfort was identified by Johns et al., (1997) as service quality elements, though once again, these elements did not specifically focus on the cleanliness of beddings and comfort of beds. In a study of a business hotel in Turkey, Akbaba (2006) also identified “food and beverage served” as a variable of service quality. “Exquisite food presentation” emerged as an element of service quality in a study of 4 and 5 star hotels in Istanbul (Wilkins et al., 2007). These findings confirm the importance of offering quality food and beverages to guests, as observed in the current study.

Though comfortable bed and clean beddings and towels emerged as service quality elements in small hotels, it is not so in several of the studies discussed above. For instance, “cleanliness” has been variously conceptualised, sometimes as cleanliness of the hotel and sometimes, of the room. In fact, not very many studies have conceptualised these variables as service quality elements. This situation is not surprising. The provision of a comfortable bed and clean beddings would appear to be taken for granted in first class hotels. In fact, in a study of 4 and 5 star hotels by Wilkins et al., (2007) “lots of large fluffy towels”, was rather the element that was important as a service quality variable with respect to towels, and not the cleanliness of the towels.

In a similar vein, quality food and beverages appear not to have been vigorously discussed in the hotel service quality literature. In this study, the provision of quality food and beverages emerged as a variable of small hotel service quality. In first class and luxury hotels, it is reasonable to suppose that the meals and beverages provided would meet certain quality standards. This might account for the apparent lack of sufficient discussions in the quality of food and beverages as service quality elements in the extant literature especially in luxury hotels. However, this must not be overlooked or downplayed in the small hotels such as used in the current study as they emerged as critical service quality elements.

#### **10.2.4 Price**

Price was made up of three service quality elements. These service quality variables related to the guest perception of the relationship between the prices they pay for the services they received. The price guests pay for food and beverages they patronise in the hotel as well as the price for the facilities they use in the hotel emerged as critical service quality elements. The price guests pay for their stay in the hotel on allied services like gyms, swimming pools and games also emerged as an important service quality variable. Hypothesis H5a and H5b which respectively hypothesised that price had positive and significant impact on guest satisfaction and behavioural intentions were confirmed in the study.

Guests considered “value for money” as a service quality element in Briggs et al., (2007) study of Scottish hotels. Their study covered small, medium and large hotels, and “value for money” was a common quality variable to all the categories of hotels studied. The price guests pay and the value they received also influenced quality perception in Johns et al. (1997) study of small hotels and guest houses in the United Kingdom. Value for price was

also identified by Greathouse et al., (1996) in a study where they sought to determine what was important to travellers in hotel accommodation.

Using over 43,000 online reviews covering 774 star-rated hotels in Beijing (China), Ye et al., (2012) empirically investigated the influence of price on customers' perceptions of service quality and value in the hotel industry. Their results indicated that price had a positive impact on perceived quality, especially for business. Interestingly, findings from Ye et al. (2012) study indicated that the impact of price as a service quality element was more significant on perceived quality for higher-star, luxury hotels than lower-star, economy establishments. However, in the current study, price emerged as a significant service quality variable though the study was focused on small hotels. This indicates that customers irrespective of the star of the hotel will always compare the price being charged against the services offered in order to determine the value of their decisions.

Price again was identified as a significant hotel service quality factor in several studies (see for example: Ananth et al., (1992); Poon & Low (2005); Narayan et al., (2009); and Mohsin & Lockyer (2010). Though these studies were not particularly focused on the small hotel segment, nonetheless, findings in these studies corroborates with findings in the current study, confirming "price" as a relevant and significant hotel service quality dimension. Price emerged as the most important factor among Asian respondents in a study conducted by Poon & Low (2005) designed to assess respondents' (Asians and Westerners) satisfaction levels with Malaysian hotels. In the current study however, price ranked as the fourth most significant small hotel service quality dimension. Though price may be critical in determining the quality of service, the environment in which the service is delivered and the outcome of the service encounter were clearly more important to guests in this study.

### **10.2.5 Employee Actions**

“Employee actions” significantly and positively influenced both guest satisfaction and behavioural intention, confirming hypothesis H2a and H2b. Employee actions included such quality elements as services being performed right at the first time; reservation being accurately done; the accurate capture and presentation of bills; as well as guests being informed when services would be delivered and delivering the said services at times so promised. These service quality elements demonstrate the need for competent employees to deliver reliable and consistent services to guests.

Other service quality elements that related to employee actions had to do with employees being approachable, friendly and competent. Employees should always demonstrate honesty and sincerity that allow guests to perceive them as staff with high degree of integrity. The integrity of employees therefore emerged as a necessary small hotel service quality variable. The speed with which employees respond to guest requests and the ability of the service employee to engender confidence in the guests also emerged as service quality elements that had to do with the behaviour of service staff in small hotels.

In the event of service challenges, the actions of employees to recover these failed services and keep the customer satisfied are considered critical service quality variables. Employees need to resolve guest complaints in an honest manner in order to win their trust and confidence. There is also the need to apologise for the failure and explain why it occurred in the first place, and also assure guests that it will not occur again. All these emerged as relevant service quality variables. The need to compensate guests for any problem encountered was also considered a critical service quality element. Compensation should reflect the degree of inconvenience suffered by guests. This perspective of the “employee

actions” factor of small hotel service quality dimension aptly describes processes involved in failed service recovery.

Various studies have identified several service quality elements that relate to the action and behaviour of the service employee. Findings from several of these studies resonate with results of this study. For instance, accuracy in billing, delivering service promptly and at the appointed time, and knowledge and skill of service staff were identified by Parasuraman et al., (1985, 1988) as service quality variables. The authors also confirmed the politeness and friendliness of employees as service quality variables, describing them as elements of the “courtesy” dimension of service quality.

Again, promptness in service delivery, accuracy of reservation, politeness of employees, ensuring accurate records, and delivering services as promised and at times promised were identified by Webster & Hung (1994) as elements of service quality in the hotel industry. Courtesy of service staff was one of the five service quality variables that Min et al., (2002) identified in their study of luxury hotels in South Korea. HOLSERV, a hotel service quality model developed by Mei et al., (1999) also identified promptness in service delivery, delivering service as promised and politeness of employees as service quality elements. The HOLSERV model also identified the competence of the employee in terms of knowledge and skill as service quality variables, collaborating findings in this study.

Ladhari (2012) studied the Lodging Quality Index (LQI) developed by Getty & Getty (2003). Ladhari’s (2012) study of Canadian travellers, concluded that the effective handling of reservation, prompt service delivery, services being performed as promised, service staff responding quickly to guests demands, and staff being polite emerged as hotel service quality

elements. Ladhari's study retained all the original LQI items. Friendliness of employees also emerged as an important element in Greathouse et al., (1996) study, when they established the variables that travellers' considered important in hotel accommodation. Quality of employees was confirmed as a service quality dimension in Wilkins, et al. (2007) study of luxury and first class hotels in Istanbul. Employees who are friendly, approachable, well trained and respond promptly to demands were identified as elements of "quality employees" confirming findings in this current study.

In a study of a business hotel in Turkey, Akbaba (2006) identified a service quality dimension he referred to as "adequacy in service". Adequacy in service was made up of such variables as prompt delivery of service; providing services at promised times; performing services right the first time and in the manner they are promised; and consistency in service delivery. These service quality elements collaborates findings in the current study. Akbaba (2006) also identified the treatment of guests in a friendly manner, service employees being knowledgeable and able to instil confidence in guests as service quality variables; again confirming findings in the current study. Treating guests in a friendly manner was identified as a service quality element in Johns et al., (1997) study of small hotels and guests houses in the United Kingdom. Friendliness confirms the service quality element "employees are approachable and friendly" as emerged in this study.

When consistency in service performance breaks down, service failure is said to have occurred. Service failure therefore describes a flawed outcome of a service encounter (Berry & Parasuraman, 1991). Consequently, when service performance fails, steps must be taken to quickly rectify the situation. Service failure and recovery has therefore been described as a critical service quality variable (Gronroos, 1988). The Lodging Quality Index (LQI)

developed by Getty & Getty (2003) and tested in Canada by Ladhari (2012) confirmed “employees respond quickly to resolve guests problems” as a service quality element which the authors conceptualised as part of the responsiveness dimension of hotel service quality. In a similar manner, “resolving guests’ complains” emerged as a service quality element in Briggs, et al. (2007) study of a business hotel in turkey. The “handling of complaints” and the “solution to problems” were respectively identified by Min et al., (2002) and Akan (1995) as service quality variables in their studies of luxury hotels in Seoul, and 4 and 5 stars hotels in Istanbul.

The above mentioned instances are examples of studies that factored service recovery as an element of hotel service quality. However, in these instances, recovery of failed service is treated as a one item activity. This can hardly be the case. Received wisdom from the extant literature reveals that effective service recovery involves a series of steps (Miller, et al. 2000: Karatepe, 2006). In the current study, several employee actions emerged as components of service recovery but appear not to have received much attention in the hotel service quality literature. As can be observed in table 10.1 shown earlier, six items related to the service employee initiating actions to remedy a failed service delivery situation. In addition to attending to and quickly resolving complaints, offering explanation as to the cause of the failure, apologising for it, ensuring that it does not happen again, and where appropriate, offer relevant compensation, emerged as part of the critical service quality elements of small hotels that constituted the “employee actions” quality dimension.

In a study involving large, medium and small hotels, Briggs et al., (2007) identified “high standards” as the most significant factor that impacted on guests’ perception of service quality across the hotels. However, beyond “high standards”, each hotel category

emphasised a different quality factor as critically important. For large hotels, “personal service” was the next most important service quality factor, while “value for money” was the most important factor for medium size hotels. Friendliness/warmth was the next most important service quality factor for small hotels. In the current study, friendliness/warmth is conceptualised as part of the “employee actions” quality dimension which emerged as the fifth most important small hotel service quality. These findings also emphasise the point that different hotel quality dimensions are relevant for different segments of the hotel industry.

In Akan’s (1995) study of 4 and 5 star hotels in Istanbul, courtesy and competence emerged as the most significant dimension influencing service quality perception which in this study is part of the “employee actions” dimension. Friendliness was again the most mentioned attribute in a study of small hotels and guest house in the United Kingdom conducted by Johns et al., (1997). In another study to determine how tourists perceived hotel quality, “friendly, courteous and helpful employees” dimension emerged as the best predictor of customer value perceptions (Dortyol et al., 2014). Friendliness appears to suggest a high level of interpersonal interactions in small hotels (Johns et al., 1997).

In 1999, Mei and others developed a hotel service quality model they referred to as HOLSERV. The authors attempted to analyse service quality in the hospitality industry among 3 to 5 star hotels in Australia. “Employee factor” was one of three main service quality dimensions that emerged in the study and was established as the best predictor of overall service quality in the hotel industry. Again, ambience and the courtesy of staff emerged as the most significant service quality dimension in a study of customer perceptions of service quality in luxury hotels in New Delhi, India (Mohsin & Lockyer, 2010). However,

in this study, the employee factor (employee actions) emerged as the fifth element in the study.

Reliability was established as the most important service quality factor in a study designed by Knutson et al., (1990) in an attempt to measure service quality in the hotel industry. The output of the study was dubbed LODGSERV. Reliability was again the most significant service quality factor in Juwaheer's (2004) study of hotel operations in Mauritius. Employee actions was conceptualised in this study to contain variables that can be described as elements of reliability. "Employee actions" was however ranked fifth in this study.

### **10.3 Relationship between Service Quality, Guest Satisfaction and Behavioural Intentions in the Small Hotel Sector**

This section discusses the relationships between the service quality construct, guest satisfaction and behavioural intentions that emerged in the study.

#### **10.3.1 Service Quality and Behavioural Intentions**

In the small hotels which mostly do not spend much money on advertising compared to the big hotels, the behaviour and intentions of the guest could prove crucial for their survival and growth. In this direction, several studies have investigated the relationship between quality and behavioural intentions. Parasuraman et al., (1991) for example found a positive relationship between service quality and customer willingness to recommend the company. Similarly, Zeithaml et al., (1996) found that overall service quality was negatively related to complaining and switching behaviours, but was positively related to customer loyalty and a willingness to pay more. Chow et al., (2007) reported that service quality was related to

customers frequently visiting restaurants, while Dagger & Sweeney (2006) reported that quality significantly influenced behavioural intentions.

The service quality construct explained 40% of the variance in guest behavioural intentions in this study, and it was also found to be significant. It means therefore that service quality is a significant predictor of guest behavioural intentions in small hotels in Ghana. It has been argued that not many studies have examined the relationship between service quality and behavioural intentions in the hotel industry (Ladhari, 2009). Nonetheless, several of the rather limited studies that have examined this relationship have found that service quality significantly and positively influenced guest behavioural intentions.

Tangibles emerged as a major predictor of customer behavioural intentions in Ladhari (2012) attempt to examine the validity of the Lodging Quality Index, originally proposed by Getty & Getty (2003). Again, Baker & Crompton (2000) found service quality to be positively related to customer loyalty and a willingness to pay premium price. Alexandris et al., (2002) also found that service quality had a significant effect on positive word-of-mouth communication and repurchase intentions corroborating findings from the current study.

Also, Olorunniwo et al., (2006) found that service quality was an important driver of behavioural intentions in a study of the lodging industry. Again, in a study to evaluate tourist perception of hotel service quality in Antalya (Turkey), tangibles; interactions with Turkish culture; friendly, courteous and helpful employees; and price; significantly impacted on guest behavioural intentions (Dortyol et al., 2014). These studies therefore confirm the findings from this study that service quality positively and significantly influenced guest behavioural intentions.

### 10.3.2 Service Quality and Guest Satisfaction

Researchers generally agree that a positive relationship exists between service quality and customer satisfaction (Bei & Chiao, 2006; Olorunniwo et al., 2006). For example, Lam & Zhang (1999), Cronin et al., (2000) and Wong (2004) found that a positive relationship existed between service quality and customer satisfaction. Similarly, various researchers such as Brady et al., (2005), Bei & Chiao (2006), and De Rojas & Camarero (2008), found service quality had a significant impact on customer satisfaction in different sectors.

Several studies specifically in the hospitality industry, have also established the positive link between service quality and guest satisfaction (Olorunniwo et al., 2006; Ladhari 2012; Dortyol et al., 2014). The “tangibility” dimension of service quality was a significant predictor of customer satisfaction in a study conducted by Ladhari (2012) to assess the validity of the Lodging Quality Index originally developed by Getty & Getty (2003). Again, in a study of the lodging industry, the service quality construct was found to be a significant predictor of customer satisfaction (Olorunniwo et al., 2006). Similarly, in a study to determine how tourists perceive hotel quality in Antalya (Turkey), Dortyol et al., (2014) found that the tangibles and food quality and reliability dimensions of the service quality construct, influenced customer satisfaction.

The foregoing findings are not different in this study. In the current study for example, 44% of the variance in guest satisfaction was accounted for by service quality, and this relationship was found to be significant. This study therefore established that service quality is a significant predictor of guest satisfaction in the small hotel sector in Ghana. In fact in this study, service quality was slightly a better predictor of guest satisfaction than behavioural intentions, which accounted for 40% of the variance.

### 10.3.3 Guest Satisfaction and Behavioural Intentions

Literature has shown that customer satisfaction has a significant impact on behavioural intentions. Yu & Dean (2001) found that significant relationship existed between satisfaction and behavioural intentions. Similarly, Wong (2004) found that a feeling of enjoyment or frustration was an important predictor of customer loyalty or otherwise to a firm. Customer satisfaction with a tourist destination has been shown to result in tourists returning to the destination and recommending same to others (Fyall et al., 2003). Customer satisfaction is said to affect post-purchase behaviour such as good word of mouth publicity and a repurchase of the product (Choi & Chu, 2001; Lee et al., 2006; Villanueva et al., 2008).

Studies in the hotel industry specifically have also demonstrated that a relationship exist between guest satisfaction and behavioural intentions. For instance, Barsky (1992) found that customer satisfaction was positively related to customers' intention to come again. Getty & Thompson (1995) studied the relationship between the quality of lodging, guest satisfaction with the lodging experience, and the resulting impact of guest experience on their intention to recommend the facility. Findings from Getty & Thompson (1995) suggested that guest intention to recommend a hotel is a function of the quality of service received and their satisfaction with the service experience.

In another study to determine the relationship between guest satisfaction and loyalty, Kandampully & Suhartanto (2000), using data from chain hotels in New Zealand, found that guest satisfaction positively influenced guest loyalty. The authors described loyalty to include a customer having a preference for a company's product, continually buying from the same company and recommending the company to others. Olorunniwo et al., (2006) again established guest satisfaction as an important driver of behavioural intentions in a study of the

hotel industry. Dominici & Guzzo (2010) also found that guest satisfaction translated into the consideration of whether or not customers will return to a hotel or recommend the hotel to other tourists.

In the current study, guest satisfaction emerged as a significant predictor of guest behavioural intentions in small hotels in Ghana. Guest satisfaction explained 85.2% of the variance in guest behavioural intentions in this study. This relationship was found to be significant and poses interesting challenges to the management of small hotels in Ghana. The study clearly demonstrates that service quality is a better driver of behavioural intentions when guests are satisfied.

Studies have established service quality as a good driver of behavioural intentions when mediated by customer satisfaction. For instance, Cronin et al., (2000) reported that though the impact of service quality was direct on behaviour, it was also indirect through customer satisfaction. Similarly, Bigne' et al. (2005) reported that visitor pleasure in a theme park environment directly influenced customer loyalty, but also influenced loyalty indirectly through satisfaction. For Choi & Chu (2001), though high levels of perceived service quality had a positive and significant impact on customer loyalty, the impact was only indirect, that is, through customer satisfaction. A similar situation was found in this study as it was clearly demonstrated that, service quality is a better driver of guest behavioural intentions when they are satisfaction with the service encounter.

#### **10.4 Chapter Summary**

The chapter discussed the findings of the study in the light of the objectives, research questions and hypothesis of the study as outlined in chapter one and reiterated in this chapter. A multi-item scale for the measurement of service quality in small hotels was discussed. The scale contained five dimensions which altogether had 41 items. The relative importance of these service quality dimensions was discussed. Security & access emerged as the most critical service quality dimension in the study.

The relationship between small hotel service quality, guest behavioural intentions and guest satisfaction were also discussed in the chapter. It was established in the study that service quality had a positive and significant impact on both guest behavioural intentions and satisfaction. However, the effect of service quality on guest satisfaction was slightly higher than on guest behavioural intentions. The impact of guest satisfaction on behavioural intentions was very high, scoring over 85%. This implies that management should aim at satisfying the customer as a means of obtaining more favourable behavioural intentions.

Chapter 11 concludes this research where the study and the findings would be summarised. The chapter would also highlight the contribution of the study to knowledge, and make recommendations for future research. A reflection on the entire thesis would be done with particular focus on the appropriateness of the methodological, theoretical and model employed for the study. Limitations in the study would be identified and discussed.

## **CHAPTER ELEVEN**

### **SUMMARY, CONTRIBUTIONS AND CONCLUSIONS**

#### **11.1 Introduction**

This is the last chapter of the thesis. The chapter outlines and briefly describes the background and motivation for the study, as well as the structure of the thesis. The theoretical areas that underpin the study are briefly recapped in the chapter. A summary of the main findings of the study is presented. The chapter discusses the theoretical, model, as well as the methodological fit for the dissertation. The thesis set out to achieve five objectives and seek answers to a number of questions. The contributions of the research output to both literature and practice are outlined and discussed. The chapter outlines and discusses the limitations of the study. The thesis has resulted in interesting findings which call for further studies. Consequently, the chapter outlines and discusses three potential research areas that might be of interest to future researchers and practitioners alike.

#### **11.2 Summary of the Study**

This section summarises the study under two themes thus; the main thrust of the study and the research findings.

##### **11.2.1 Main Thrust of the Thesis**

Customers are ever more demanding for the provision of quality service in their service encounters and experiences and the hospitality industry is no exception. The demand for quality service in the hospitality industry is even more pronounced because it is an industry in which the guest dictates the pace and type of service. The situation is further compounded by

the fact that, hotels provide their guests with an environment similar to a home setting but the guests have less control over the arrangements in a hotel than they would in a home setting. In fact, scholars have argued that while hotel service providers focus on specific service elements, guests see the service as a unified whole, thereby emphasising the totality of the experience (Crick & Spencer, 2011). Hospitality is therefore a dynamic and complex industry, and critically important to the economy of the world at large, and specifically contribute significantly to the economy of Ghana.

Studies in the hospitality sector have tended to focus more on the first class and luxury hotels segment. These studies have concentrated on the Western world. This thesis was therefore motivated to provide more insights into service quality in the small hotel sector which constitutes about 76% of the hotel industry in Ghana. The main objectives of the thesis were therefore to:

1. Determine the dimensions of service quality in the small hotel sector in Ghana
2. Establish the relative importance of the various dimensions of small hotel service quality
3. Determine the relationship between small hotel service quality, guest satisfaction, and guest behavioural intentions.

The thesis was conceptualised in two parts; a theoretical part and an empirical part. The first section was the theoretical part which focused on reviewing literature with respect to the objectives of the study. As a result therefore, literature was reviewed on SERVQUAL and service quality; service quality in the hospitality industry; internal marketing; customer satisfaction; and customer behavioural intentions. The review of literature culminated in the design of a conceptual framework to guide the second part of the dissertation, the empirical

part. The second part of the study involved the design of the research methodology. This encompassed structured questionnaire design, sampling design, data collection and data analyses.

The thesis was organised into 11 chapters. Chapter one served as the introductory chapter which discussed the background to the study that provided a general overview of the dissertation. The poor delivery of quality service by hotels was identified as the research problem. The study objectives and research questions were formulated and stated, and the theoretical framework that underpins the study identified and briefly discussed. The research gap was identified and the potential contributions the thesis was expected to make discussed. The scope of the study was identified and described and the structure of the study presented. Chapter two discussed the context in which the study was carried out. The chapter outlined the significance of the hospitality industry to the world at large and the Ghanaian economy in particular. The size and growth of the industry was explored, and the institutional regulatory framework governing the operations of the sector discussed.

Chapter three focused on the review of literature on service and service quality. The determinants of service quality were explored and several service quality models reviewed, including the SERVQUAL instrument and the GAPS Model. The extended marketing mix framework was also discussed. The uniqueness of service versus tangible products was identified and explored. The fourth chapter was dedicated to reviewing service quality literature in the hospitality industry. The chapter explored and discussed various studies that were conducted in the hotel industry in an attempt to determine the dimensions of hospitality service quality. The literature reviewed revealed several dimensions of hotel service quality critical to service quality measurement in the hospitality industry.

The concept of internal marketing was explored in chapter five with the objective of finding out how it could contribute to the realisation of service quality in small hotels. Internal marketing can generally be described as an effort at motivating and empowering employees to become customer conscious, and to effectively deliver quality service. Various scholars have different views on what constitute the elements of internal marketing. However, the literature indicates several elements that can be identified as key dimensions of internal marketing, such as management commitment, employee motivation; empowerment; and job satisfaction. The application of internal marketing practices in the hotel industry was also discussed.

Literature on customer satisfaction in general, and customer satisfaction in the hotel industry in particular were discussed in chapter six. Though satisfaction is not simple to define, it can be described as the level to which a service experience meets the needs of the customer. Customer satisfaction is influenced by several factors including the friendliness of employees, and the security of the hotel. It is believed that satisfaction positively predicts customer behavioural intentions and this was also discussed in this chapter. A customer's behavioural intention describes the measure of the strength of a customer's intention to execute a specific behaviour.

The review of literature as discussed above, resulted in the design of a conceptual framework that guided the empirical investigation of the study, and this was captured in chapter seven. The chapter discussed the framework and explored the relationship between small hotel service quality dimensions, guest satisfaction and behavioural intentions. Hypotheses derived from the discourse were stated. Chapter eight outlined the philosophical underpinnings and the methods employed in the study. An objective perspective of ontology, a positivist

consideration of epistemology, and a deductive approach were adopted in the study. The dissertation which was a single cross-sectional study, employed quantitative techniques in analysing the collected data; and this was discussed in chapter eight.

Chapter nine presented the findings from the study. Data were analysed using data reduction and multiple linear regression techniques in SPSS version 20. It emerged that five service quality dimensions were positively related to customer satisfaction and behavioural intentions. All 11 hypotheses conceptualised in this study were supported by the research findings. Chapter 10 discussed the findings of the study in the light of the research objectives and questions of the study as outlined in chapter one. Chapter 11 presented a summary of the main thrust of the thesis and the main findings and discussions of the research findings. A reflection on the study with respect to the methodological, theoretical and model fits was also done in this chapter. The implication of the research findings for the management of small hotels and future research were also discussed in chapter 11 which concludes the study. The rest of the chapter will be used to conclude the study

### **11.2.2 Main Findings of the Study**

The main findings established five factors as small hotel service quality dimensions. These factors included service environment; employee actions; security & access; encounter outcome and price. The five service quality dimensions comprised 41 service quality items. Employee actions had the largest number of elements with 16 items. Service environment had 12 items and security & access had 7 items. Encounter outcome and price had the smallest number of variables, registering only 3 elements each. The sub-scales of these dimensions showed a high degree of internal consistency. For instance, service environment had the highest internal consistency, registering a cronbach's alpha score of .905, while

employee actions registered the second highest cronbach alpha score of .896. Encounter outcome, price and security & access registered alpha scores of .790, .769 and .710, respectively. Cronbach's "Alpha" as a statistic is a measurement of the internal consistency of a scale or subscale, and is an indicator of the reliability of the scale. Alpha measures the extent to which the variables of a scale or subscale measure the same construct. An alpha score of at least 0.7 is considered adequate and indicates a reliable scale or subscale (Pallant, 2010).

The study also revealed that the five small hotel service quality dimensions were all positively and significantly related to customer satisfaction. However, security & access emerged as the small hotel service quality variable that had the strongest relationship with customer satisfaction. This was closely followed by service environment and encounter outcome which occupied the second and third positions respectively. Price and employee actions had the lowest relationship with customer but were also found to be significant. With respect to customer behavioural intentions, security & access had the highest score followed by service environment and encounter outcome. Price and employee actions again had the lowest relationship with customer behavioural intentions.

Research findings established the small hotel service quality construct to have a positive and significant relationship with both customer behavioural intentions and satisfaction. The relationship between service quality and customer satisfaction which registered an R-Square score of .44 (44%) was however slightly stronger than the relationship between service quality and behavioural intentions which registered an R-square score of .40 (40%). Customer satisfaction was also established to have a positive and significant relationship with customer behavioural intentions. The relationship was significantly high, registering an R-

square score of .852 (85.2%). This implies that small hotel service quality is a better driver of customer behavioural intentions when mediated by customer satisfaction.

It was hypothesised in the study that service environment; employee actions; security & access; encounter outcome; and price had a positive and significant impact on customer behavioural intentions and customer satisfaction. It was also hypothesised that customer satisfaction positively and significantly impacted on customer behavioural intentions. In all, 11 hypotheses were formulated in the study, which were all supported.

### **11.3 A Review of the Research Process**

This section reviews the research process with respect to the relevance of the theories used in the study; the methodology adopted; and the appropriateness of the model employed. The main objective of this review process is therefore to determine whether or not the theories, methodology, and model employed in the study were appropriate in achieving the stated objectives and research questions of the study; or where relevant, determine whether alternative arguments would have better achieved the research aims.

#### **11.3.1 Appropriateness of Methodology Adopted**

The study was underpinned by a positivist and a deductive approach. Quantitative techniques were employed in analysing collected data. A structured questionnaire was designed and used to collect data to enable a quantitative analysis. In a study of this nature however, it would be helpful to understand the stories behind the responses of the respondents. A qualitative research approach would make it possible for respondents to be interviewed in depth, and the narratives and motivation for their responses examined. Qualitative research approaches enhances the potential of a respondent being probed to uncover underlying

perceptions, beliefs, attitudes and feelings on the subject matter (Malhotra & Dash, 2011). Proponents of qualitative approaches to research argue that quantitative approaches yield only shallow results. Qualitative approach permits a relatively unlimited range of verbal consumer responses (Keller, 2008), and provides rich and deep insights into what guests think of a specific subject matter under investigation. Using a qualitative approach in a study like this could reveal the reasons underlying the answers respondents chose in the survey. Appreciating the narratives behind guest responses would enable an in-depth discussion and formulation of relevant recommendation for both future research and management application. However, for the purpose of this thesis, quantitative research approach was judge to be suitable in answering the research questions put forward in the study.

The above observations notwithstanding however, the research methodology adopted was informed by the objectives and research questions of the dissertation. A major objective of the study was to develop a scale for the measurement of service quality in small hotels. This involved the generation of a large number of variables based on extensive literature review. Moreover, a large sample size is needed to validate such a scale and therefore, a sample size of 595 was considered adequate for the purpose of this study. A quantitative approach is suitable for achieving such an objective as it allows for the development and evaluation of tests and scales (Pallant, 2005). The exploratory factor analysis employed in the dissertation therefore enabled a large set of variables the study generated to be effectively summarised into a smaller set of factors.

It was also important to determine the extent to which the elements in each factor achieved internal consistency. Internal consistency is critical as it is a pointer of how effectively the elements in a factor measure the same underlying construct, which in this thesis are the small

hotel service quality construct, customer satisfaction and customer behavioural intentions. The quantitative approach employed in the study enabled the measurement of the degree of internal consistency of each factor by means of “scale reliability test”. The degree of internal consistency was assessed and accepted at a minimum cronbach’s alpha score of .7.

The study was further interested in exploring the relationships among the independent and dependent variables that made up the small hotel service quality model. Again, the thesis set out to determine the relative contribution of each variable in the model. A quantitative approach is best suited to realise these objectives. For instance, multiple regression technique which is a quantitative tool can provide valuable insights as to how well a set of variables is able to predict a particular outcome (Hair et al., 2006). It also has the capacity to provide information about a model as a whole and the relative contribution of each of the variables that make up the model. Quantitative approach also allows for the exploration of the relationship between one continuous dependent variable and a number of independent predictors (Pallant, 2005). Multiple regression techniques employed in this study therefore enabled a sophisticated exploration of the relationship among the set of variables investigated in the study. Moreover, the quantitative approach adopted in this study is consistent with most service quality research in the literature (for example, Akan 1995; Mei et al., 1999; Min et al., 2002; Akbaba 2006; Briggs 2007; Dortyol et al., 2014) .

### **11.3.2 Relevance of Theoretical Foundations**

In order to address the research problem, realise the research objectives and answer the research questions, it became imperative to review relevant literature. Five theoretical areas were therefore chosen for review. These areas were selected because of their contemporary roles in helping to address the stated research problem, and the research objectives and

questions. The selected theoretical areas reviewed for the thesis included: service and service quality in general; service quality specifically in the hospitality industry; SERVQUAL; customer satisfaction; customer behavioural intentions; and internal marketing.

Researchers have studied service quality using literature from SERVQUAL and the extant service quality literature. Scholars interested in service quality in the hotel sector have delved into literature relevant to the hospitality industry. However, for a broader perspective into service quality issues, internal marketing was also reviewed as part of the theoretical areas. Taken together, these areas provide a rich platform that allows a deeper and broader insight into service quality issues in small hotels.

Literature on customer behavioural intentions and customer satisfaction provided insights into the customer satisfaction and behavioural intentions components of the conceptual framework. A discussion of customer satisfaction literature served to highlight the concept of customer satisfaction and to throw more light on the definition and determinants of customer satisfaction. The behavioural intentions literature provided a better appreciation of customer potential behaviour intentions after a service experience. These theoretical areas helped in broadening the understanding of customer satisfaction and potential behaviour; and enhanced the conceptualisation and design of the data collection instrument.

### **11.3.3 Suitability of Model Employed**

The literature review resulted in a small hotel service quality model. The model assumes that the small hotel service quality construct is made up of five service quality dimensions (i.e. factors/ variables) which together had 41 items; and that each of these quality dimensions have positive and significant relationship with customer behavioural intentions and customer

satisfaction. The model further conceptualised that the small hotel service quality construct directly, positively and significantly impacts on guest satisfaction and guest behavioural intentions. It is further assumed in the model that customer satisfaction also positively influences customer behavioural intentions and this relationship is significant. Hypothesis were formulated that captured the relationships between the small hotel service quality dimensions, the service quality construct, guest behavioural intentions and guest satisfaction. The tri-component nature of the model enabled the study to examine simultaneously the three important issues of service quality, customer satisfaction and behavioural intention which are dear to the managers and customers of small hotels.

The empirical evidence from the research findings largely supported the conceptualisation of the small hotel service quality model. The findings showed that the five service quality factors which were conceptualised as small hotel service quality dimensions were all supported by the empirical results as such. However, only 41 of the 53 elements initially postulated as items of small hotel service quality were supported by the empirical evidence. The hypothesised relationship between the small hotel service quality construct and guest behavioural intentions, was also supported by the research findings. The research findings again support the conceptualisation that there is a direct, significant and positive relationship between small hotel service quality construct and customer satisfaction. The hypothesised relationship between customer satisfaction and customer behavioural intentions was also supported by the empirical evidence.

All the hypothesised relationships were supported by the evidence from the empirical investigations. This means that service quality in small hotels is informed by five factors namely; service environment; employee action; security & access; encounter outcome; and

price; which comprises 41 service quality items. Results from the empirical investigation also demonstrated clearly that the small hotel service quality construct is a better driver of customer behavioural intentions when customers are first satisfied. This result provides a major pointer to both researchers and managers of small hotels. These pointers will be further discussed in the next two sections.

#### **11.4 Contributions of the Thesis**

Phillips & Pugh (2005) have suggested that the originality of a Ph.D. thesis and the contributions it makes can be looked at from various angles, namely:

- Carrying out empirical work that has not been done before
- Making a new synthesis that has not been tried before
- Making a new interpretation of existing material
- Trying out something in a geographical area, such as a country, that has previously not been carried out in that area before
- Applying a particular technique in a novel way
- Introducing substantial new evidence to an old issue
- Being cross-disciplinary and using different methodologies
- Adding to knowledge in a way that has not previously been tried before

In this respect, the findings of this thesis make several contributions relevant to both theory and practice.

### 11.4.1 Theoretical Contributions

The thesis made five contributions to theory as discussed below.

- **Making a new synthesis that has not been tried before**

The study reviewed contemporary literature on various conceptual areas including service and service quality and particularly, service quality in the hospitality industry; customer satisfaction; behavioural intentions; and internal marketing. The hotel sector is a high contact industry and guests consider employees as an integral part of the service. Internal marketing has been suggested as an effective means of harnessing employee effort for the delivery of high service quality; as it ultimately impacts on employee action, which is critical in the consistent delivery of quality service. The review of literature on internal marketing has particularly enabled the study to delineate the various elements of employee actions that impact on the quality of service.

The output of these reviews were synthesised and integrated into a theoretical framework of small hotel service quality. The framework identified dimensions that are relevant for small hotel service quality. Again, the framework conceptualised the relationship between the small hotel service quality construct and guest satisfaction and behavioural intentions. The strength of this framework lies in the fact that it is informed by the output of a comprehensive review of relevant theoretical and conceptual areas. Previous works on service quality in the hospitality industry have tended to rely on the SERVQUAL instrument and extant literature on service quality to inform their studies. This thesis therefore makes a contribution to knowledge in hospitality service quality as it synthesised literature in a manner that enabled an effective conceptualisation of small

hotel service quality dimensions and their impact on customer satisfaction and behaviour intentions. This does not appear to be the situation in earlier works.

- **Carrying out empirical work that has not been done before**

The thesis also empirically investigated the framework conceptualised in the study with data collected from customers of small hotels in a developing country context. Based on evidence of the empirical findings, relationships between various small hotel service quality dimensions and customer satisfaction and behavioural intentions were established. Previous studies on service quality in the hospitality industry have focused heavily on luxury and first class hotels. The significance of this study therefore lies in the fact that the thesis has carried out empirical work in the small hotel segment of the hospitality industry that has not attracted attention in previous studies.

- **Trying out something in a geographical area that has not been done there before**

Literature on service quality in the hospitality industry is dominated by studies contextualised in the developed world. Research in hospitality service quality in the developing world in general, and in Sub-Saharan Africa in particular, is rather limited. Ghana is no exception. There is a dearth of such comprehensive studies in the hospitality sector in Ghana, more so, in the small hotel sector. This thesis makes a contribution to literature on hospitality service quality by contextualising the study in Ghana where the work is the first of its kind in the country.

- **Adding to knowledge in a way that has not previously been tried before**

Among the small hotel service quality dimensions that emerged in this study were “service environment,” and “employee actions.” In the extant service quality literature,

service quality variables have generally not been categorised as service environment or employee actions factors. The conceptualisation of small hotel service quality in this manner therefore adds an interesting dimension to the hospitality literature. What is even more interesting is the service quality variables that constitute each service quality dimension. For instance, the “service environment” factor comprised elements that have been described as tangibles in the extant literature and other variables that have previously received little attention in service quality discourse. In a similar manner, the “employee actions” contained service quality variables that are described in extant literature under different concepts such as employee behaviour and service recovery, but the current study conceptualised it as a single service quality factor. The conceptualisation of these service quality variables into single service quality dimensions is therefore a critical addition to the literature on service quality in small hotels.

- **Introducing substantial new evidence to an old issue**

The thesis further contributed to knowledge by bringing to the fore several variables that hitherto had not received much scholarly attention in the hospitality service quality literature. For instance, the hotel having a functioning internet facility and a functioning website emerged as key variables of small hotel service quality factors. These variables have however received little attention in the extant hotel service quality literature, despite the computer and internet age. The importance of these elements in an information and communication technology dominated environment cannot be over-emphasised. Furthermore, the uninterrupted supply of water and electricity as hotel service quality variables are also limited in hospitality service quality discourse. Due to the preponderance of studies focusing on luxury and first class hotels in the developed societies, it is understandable that water and power would be considered as a given, and

their relevance in literature would not be obvious. However, in a small hotel situation and especially in a developing country context, constant supply of water and power cannot be taken for granted. They have been found to be critical service quality variables in this thesis.

It is envisaged that the research output of this thesis will be submitted for publication. Three journal articles have been targeted at internationally recognised peer reviewed journals. These papers, when accepted and published, would help disseminate the research findings to a wider global audience. It is expected that these publications would generate discussions and further studies, and further enrich the debate and literature on small hotels service quality, especially in developing economies.

#### **11.4.2 Managerial Contributions**

The thesis made several contributions to practice, and these contributions are discussed below.

The study clearly established five service quality dimensions which had significant and positive impact on customer satisfaction and behavioural intentions. These dimensions which were made up of 41 service quality items imply that service quality in small hotels is an amalgamation of a number of service quality dimensions and multiple quality items. Hospitality service providers tend to focus their attention on specific service quality elements in their service delivery effort; while guests on the other hand see the service delivery effort as a unified whole, focusing on the totality of the service experience (Crick & Spencer, 2011). Consequently, it is important that management of small hotels have a clear understanding of the multiplicity of factors and variables that impact on guest satisfaction and

behavioural intentions as identified in this study. Having appreciated these, management should develop strategies and systems that effectively address the myriad of variables that small hotels' guests employ to assess quality.

Again, contrary to anecdotal evidence that price is the main factor that influences guest perception of small hotel service quality, this study demonstrated otherwise as security & access emerged as the most critical service quality dimension in small hotels in Ghana. The environment in which the service is provided and the outcome of the service encounter also proved to be more important as a service quality factor than price. This finding is significant for service quality management and measurement in small hotels. Management of small hotels should ensure that the security needs of guests are adequately taken care of. Again, the ease with which guests are able to access the hotel, whether by phone, e-mail or transportation should be enhanced. The hotel should also maintain a functioning website for guests to access information. All these variables are important and satisfy guests' security & access needs.

Furthermore, the uninterrupted supply of water and electricity emerged as small hotel service quality variables, though there appear to be limited discourse on them in the hospitality service quality discourse. However, in a small hotel situation and especially in a developing country context, constant supply of water and power cannot be taken for granted. They are critical service quality variables. Management should therefore endeavour to establish or secure alternative power and water sources to ensure uninterrupted supply.

The retention of small hotels' guests, manifested by repeat patronage of services for example, and the attraction of potential customers to these hotels, exemplified by the spread of positive

word-of-mouth by existing customers, is critical for the survival of the small hotel. Management of these hotels must therefore develop effective strategies to induce favourable customer behavioural intentions. It is instructive to note in this study that, the findings established a positive and significant relationship between customer satisfaction and customer behavioural intentions, registering an R-Square score of .852. This result from the study indicates that service quality is a better driver of behaviour intentions when customers are first satisfied. Management of such hotels should first aim at identifying and satisfying the needs of their guests and the indirect result of that satisfaction would have a higher impact on guest behavioural intentions.

### **11.5 Conclusions**

The thesis was motivated by the apparent dearth of research in service quality issues in the small hotel segment of the hospitality industry, and especially so in the developing economy context such as Ghana. The study identified research problem and gaps which resulted in the formulation of several research objectives and questions that the study attempted to realise and seek answers to. A review of relevant literature culminated in the design of a conceptual framework that guided the empirical investigations. Hypotheses were formulated in the light of the conceptual framework, and empirically tested in an effort to establish relationships in the study. The study produced several significant research findings that fulfilled the main aims of this thesis, and supported all 11 hypotheses conceptualised in the thesis. The findings are further elaborated on below.

The study developed a theoretical framework of small hotel service quality, identified dimensions that are relevant for small hotel service quality, and the relationships between the small hotel service quality construct and guest satisfaction and behavioural intentions. The

framework was empirically investigated and the relationships between various small hotel service quality dimensions and customer satisfaction and behavioural intentions established. Following the operationalisation of the framework, it presented a pictorial view of service quality in the small hotel sector. This would give management of such enterprises a clearer perspective and a more comprehensive understanding of service quality issues.

The study established five small hotel service quality dimensions thus: security & access; service environment; encounter outcome; price; employee actions. These service quality factors which were outlined in chapter nine and chapter 10 answered the first research question of the study which sought to determine what the service quality dimensions for small hotels were. The study further established the five small hotel service quality dimensions to comprise 41 variables which were enumerated in both chapters nine and 10. These service quality dimensions and variables adequately respond to the first objective of the study. Objective one in the dissertation is to develop a multi-item scale for evaluating service quality in small hotels in Ghana. These findings are significant as they clearly point management of small hotels to areas of their service delivery efforts that guests consider important quality elements. Management would have to pay close attention to these variables if they are to meet the quality needs of their guests. These findings also enable management to effectively measure their service quality performance levels, and to take relevant remedial actions where necessary.

Different service quality dimensions attract different levels of significance from guests. Consequently, the study attempted to determine which service quality factor was the most significant. The second research question and objective two of the thesis sought to establish this. The study clearly established “security & access” as the most significant small hotel

service quality dimension. “Service environment” and “encounter outcome” were the second and third most significant small hotel service quality factors. “Employee actions” was the fifth in the ranking of the significance of service quality dimensions. Understanding the relative importance of the small hotel service quality factors would enable management appropriately emphasise their efforts.

The effect of the small hotel service quality construct on customer satisfaction and behavioural intentions, as well as the impact of customer satisfaction on customer behavioural intentions was also determined in the study. This was in response to the third research objective and question. The study clearly demonstrates that the small hotel service quality construct has a positive and significant impact on both customer behavioural intentions and satisfaction. It was also found that customer satisfaction had a positive and hugely significant impact on customer behavioural intentions. They clearly demonstrate that the small hotel service quality construct is a better driver of guest behavioural intentions when mediated by guest satisfaction. It is therefore critical that management of small hotels focus their service provision efforts at satisfying their guests as a more effective way of enhancing guest behavioural intentions.

This study has added to the service quality literature, especially the hospitality service quality literature. It has contributed significantly to the service quality literature in the small hotel segment in general, but more specifically, small hotels in developing countries and regions such as Ghana and the West African sub-region. These contributions to small hotel service quality literature have helped address the apparent limited studies in small hotels in general, and more specifically, small hotels in a developing country context. The study has therefore effectively addressed the research gaps identified earlier in the study. Again, the study has

given indications as to what guests consider critical service quality variables. The small hotel service quality factors and variables established in this study provide relevant literature to help address issues of poor service quality alluded to in the problem statement. The study hypothesised 11 relationships which were statistically tested. All 11 hypotheses were supported. The support of all the hypotheses confirmed the fact that the five small hotel service quality dimensions that emerged in this study have a positive and significant relationship with both guest satisfaction and behavioural intentions; and that guest satisfaction also has a positive and significant relationship with guest behavioural intentions.

### **11.6 Limitations of the Study**

This study has provided a number of critical contributions to marketing theory and small hotel service quality management. This notwithstanding, stakeholders interested in employing the research findings must note several issues in the thesis that might limit the applicability of the research output. For example, the study employed single cross-sectional quantitative survey techniques to collect and analyse data. However, the single cross-sectional survey is limited in its ability to detect any changes in individual sample elements over time.

The thesis is a “single country” study. This has implications for the generalisability of the research findings across geographical boundaries. The findings of this study which was contextualised in Ghana may not be wholly applicable in other African countries, let alone other emerging economies in other continents. For instance, because of the differences in practices and attitudes between the country where the study was contextualised and other environments, what is considered “quality,” might differ relative to other countries. Potential users of these research findings must therefore be conscious of the “context” factor.

The definition of what constitutes a “small hotel” must also be carefully considered in adopting and using the research results. The West African sub-region is adopting a common classification and standards systems for the categorisation and management of their hotels. Hotel classification systems differ from one country or region to another; so the West African categorisation of hotels might differ from other regions. Therefore, “small hotels” as employed in this study is fully described in chapter one to aid understanding and interpretation of the research findings; as a “small hotel” in Ghana might not be the same everywhere. Consequently, the results should be appreciated with this understanding.

### **11.7 Directions for Future Research**

This thesis threw up research findings that have implications for very interesting future research directions. Security & access emerged in this study as the most important small hotel service quality dimension. The study is contextualised in a country that is relatively peaceful and politically stable, but that is within a region that has witnessed political instability in recent times, and continues to see serious acts of terrorism. It is conceivable that these phenomena could have influenced respondents’ choices. It would be interesting for future research to determine whether security & access would be a critical factor in a less volatile and more secure environment.

It was emphasised in the thesis that the study was a single country study. Future research effort can investigate the general applicability of the identified service quality dimensions and variables in other developing countries, especially countries in the West African sub-region. This is relevant because the GTA has confirmed that the West African sub-region is developing common standards for the management of the hospitality industry across the

region. It is therefore important to determine whether what constitutes quality in a small hotel in Ghana would be the same in Nigeria or Gambia for instance.

This thesis was interested in establishing the relationship between small hotel service quality dimensions and the “guest satisfaction” and “behavioural intentions” construct. The study did not consider the impact of the small hotel service quality construct on the individual attributes of the “guest satisfaction” and “behavioural intentions” construct. Future researchers may focus their research effort at determining the impact of small hotel service quality dimensions on the attributes of customer satisfaction and behavioural intentions. Such a study would establish the relative impact of the service quality factors on these attributes. Finally, it may be worthy to replicate this study in other developing countries in Africa and other economies of the world.

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### **Webography**

<http://www.wttc.org/research/economic-impact-research/>

**Appendix 1: PhD Questionnaire**

**PhD Survey Questionnaire**  
**University of Ghana Business School**  
**P. O. Box LG78, Legon- Accra**

Dear Sir/ Madam,

I am a lecturer at the University of Ghana Business School, pursuing a PhD programme in Marketing. In partial fulfilment of the requirements for the award of a PhD Degree in marketing, I am required to submit a thesis. In this direction, I am conducting a study on *Service Quality in the small hotel sector in Ghana*. Guests of this hotel have been selected to participate in the survey. I would therefore be grateful if you could spare some moments of your time to complete this questionnaire for me.

Please, be assured that the information you supply is strictly for academic purposes only and would be treated with utmost confidentiality.

Thank you again for participating in this survey.

**Mahama Braimah**  
*PhD Candidate/ Lecturer*

## Service Quality in Small Hotels in Ghana

*Please kindly complete all three (3) sections of the questionnaire*

### Section 1

Issues relating to your opinion of what is important to you when you are assessing the quality of service in small hotels

(1) Please, carefully read the statement below and indicate ***to what extent you agree or disagree*** with each of the subsequent statements by ticking the boxes that most appropriately reflect your responses.

(2) Use a scale of 1 to 7, where:

1= I strongly disagree;    2= I disagree;    3= I somewhat disagree;    4= Neutral  
5= I somewhat agree;    6= I agree;    7= I strongly agree.

#### STATEMENT

In evaluating the ***Quality of Service*** in this hotel, it is important to me that...?

No	Description	1	2	3	4	5	6	7
1	The hotel always performs the service right the first time							
2	Beddings and towels in my room are always clean							
3	There is un-interrupted supply of running water							
4	I have access to emergency medical care in the hotel if needed							
5	Employees recognise me by name each time I visit the hotel							
6	There is reliable transportation to and from the hotel							
7	The hotel resolves any complain I make quickly							
8	The variety of food and beverages available meets my needs							
9	The price I pay is right given the quality of food and beverages							
10	I feel physically safe in the hotel							
11	Hotel's outdoor surroundings is well maintained and attractive							
12	I am kept informed about when services will be performed							
13	In resolving a complaint I make, the hotel treats me with respect							
14	The hotel is well lit							
15	I am given security and safety tips in the hotel							
16	Furniture in the hotel is visually appealing							
17	My dealings with the hotel remains confidential							

18	I can easily reach the hotel by telephone								
19	The food and beverages they serve taste well								
20	The employees appear clean and neat								
21	The hotel has a functioning swimming pool								
22	The hotel's equipments appear modern								
23	The hotel has conducive atmosphere ambience								
24	I can easily reach the hotel by e-mail								
25	Employees respond promptly to my demands								
26	Employees understand my specific requirements								
27	My hotel reservation is accurate								
28	I receive quality food and beverages								
29	The price I pay is right given the quality of stay								
30	The price I pay for facilities (conference rooms, gym, swimming pool etc) is right given the quality I experience								
31	The hotel has functioning internet facility								
32	Employees give me personalised attention								
33	My bed is comfortable								
34	The hotel apologises to me if I encounter problems								
35	The hotel provides services at the times it promises to do so								
36	Staff have knowledge, experience and skill to handle my needs								
37	There is un-interrupted power supply								
38	Employees appear honest, credible and trust worthy								
39	In resolving a complain I make, the hotel exhibits honesty								
40	Employees are approachable and friendly								
41	My bills are accurately presented								
42	Compensation should be similar for guests with similar problems								
43	There is satellite TV in my room								
44	The hotel has a functioning website								
45	The hotel has a well equipped and functioning gym								
46	I feel my belongings are safe in the hotel								
47	If a problem occurs, I am assured it will not happen again								
48	The hotel's website is interactive								
49	The hotel explains what went wrong to me when I encounter problems								

50	The restaurant's operating time is convenient							
51	I am compensated for any problems I encounter							
52	There is a functioning telephone in the hotel							
53	The behaviour of employees instil confidence in me							

### Section 2

This section deals with what your intentions are likely to be given your experiences in this hotel

(1) Please, carefully read the statements below and indicate **to what extent you agree or disagree** with each statement.

(2) Use a scale of 1 to 7, where:

1= I strongly disagree;    2= I disagree;    3= I somewhat disagree;    4= Neutral  
 5= I somewhat agree;    6= I agree;    7= I strongly agree.

No.	Description	1	2	3	4	5	6	7
54	I will come again to this hotel							
55	I will recommend this hotel to potential guests							
56	I will accept to pay higher prices for services of this hotel							
57	I will use other services/ facilities of this hotel I have not used before							
58	It was a good choice to lodge here							
59	The hotel has met my needs							
60	The hotel has my best interest at heart							
61	My experiences in this hotel are worthwhile							
62	I am happy with the services I receive in this hotel							

**Section 3**

This section deals with information that relates to your visit to this hotel

Please, read the questions below and choose the answer you consider most appropriate.

63. Age (years):  18-29     30-39     40-49     50-59     60-69  
 70 and above

64. Gender:     Male             Female

65. What is the purpose of your visit in this hotel?

Conference     Business             Meeting             Pleasure/ Tourist  
 Funeral             Visiting Home     Dinning/ Recreation

66. How many times have you visited this hotel?

1<sup>st</sup> Visit     2<sup>nd</sup> Visit     3<sup>rd</sup> Visit     4<sup>th</sup> Visit     5 Visits & Above

67. How long are you staying in this hotel during this visit?

Over Night             2-3 Days             4-5 Days             6-7 Days  
 8 Days and Above     Just for the Day (No Overnight Stay)

68. Kindly indicate your nationality.....

Thank you very much for your help in completing this questionnaire.

**Appendix 2: Tourist Arrivals in Ghana**

<b>Year</b>	<b>Arrivals</b>	<b>Receipts (US\$ 'M)</b>
1992	213,316	166.90
1993	256,680	205.62
1994	271,310	227.60
1995	286,000	233.20
1996	304,860	248.80
1997	325,438	265.59
1998	347,952	283.96
1999	372,653	304.12
2000	399,000	386.00
2001	438,833	447.83
2002	482,643	519.57
2003	530,827	602.80
2004	583,821	649.37
2005	428,533	836.09
2006	497,129	986.80
2007	586,612	1,172.00
2008	698,069	1,403.10
2009	802,779	1,615.20
2010	931,224	1,875.00

**Source:** Constructed from GTA Tourism Statistics Factsheet

**Appendix 3: Growth of Hotels**

<b>Years</b>	<b>Hotels</b>	<b>Rooms</b>	<b>Beds</b>
1992	509	7666	10902
1993	587	8569	12112
1994	624	8857	12393
1995	580	8518	11938
1996	703	10232	13791
1997	751	10921	14164
1998	730	10879	14299
1999	834	11384	16184
2000	992	13641	17558
2001	1053	15453	19648
2002	1169	16180	21442
2003	1250	17352	22909
2004	1315	18079	23538
2005	1345	18752	23924
2006	1427	22835	27839
2007	1432	20788	26057
2008	1595	24410	29645
2009	1775	26047	31702
2010	1797	28058	34288
2011	2136	34423	39934
2012	1806	18906	21965
2013	2228	36472	39752

**Source:** Constructed from GTA Tourism Factsheet (2013)

## **Appendix 4: Development Permits**

1. Business registration certificate, company regulations and certificate to commence business
2. Building permit, from City Engineer's Department or appropriate authority.
3. Development permit/change of use permit, from Town and Country Planning Department.
4. Site plan and basic building drawings.
5. Report from Ministry of Local Government (Environmental Health Division)
6. Police Permit (in respect of security of premises and criminal records of owner/proprietor and key personnel)
7. Fire Safety Certificate/Suitability from Ghana National Fire Service
8. Environmental impact permit from Environmental Protection Agency (EPA) if a hotel is located in ecologically sensitive area or forty (40) rooms and above
9. Feasibility study/business plan (optional)

## Appendix 5: Hotel Classification System and Standards

	<b>1 Star</b>	<b>2 Star</b>	<b>3 Star</b>	<b>4 Star</b>	<b>5 Star</b>
<b>General</b>	4 <sup>th</sup> class	3 <sup>rd</sup> class	2 <sup>nd</sup> class	1 <sup>st</sup> class	A luxury hotel
<b>Building</b>	Floor must be tiled, terrazzoed, woollen carpeted or any suitable combination.	Floor must be tiled, terrazzoed, woollen carpeted or any suitable combination.	Floor must be tiled, terrazzoed, woollen carpeted or any suitable combination.	Floor must be marble, ceramic or porcelain tiled, or woollen carpeted	Floor must be marble, ceramic or porcelain tiled, or woollen carpeted
<b>Guestroom</b>	Single room: 12m <sup>2</sup> Double room: 14m <sup>2</sup>	Single room: 14m <sup>2</sup> Double room: 16m <sup>2</sup>	Single room: 14m <sup>2</sup> Double room: 16m <sup>2</sup>	Single room: 16m <sup>2</sup> Double room: 18m <sup>2</sup>	Single room: 18m <sup>2</sup> Double room: 20m <sup>2</sup>
	1% fitted for Physically challenged	1% fitted for Physically challenged	3% fitted for Physically challenged	3% fitted for physically challenged	5% fitted for physically challenged
			Security lock with latch, chain and spy hole provided	Security lock with latch, chain and spy hole provided	Security lock with spy hole provided
	Single bed: 90x200cm Double bed: 140x200cm (minimum)	Single bed: 90x200cm Double bed: 140x200cm (minimum)	Single bed: 90x200cm Double bed: 160x200cm (minimum)	Single bed: 110x200cm Double bed: 180x200cm (minimum)	Single bed: 110x200cm Double bed: 180x200cm (minimum)
			An armchair, a writing desk, dressing table with mirror, full length mirror	Writing desk/ chair, an arm chair per occupant, dressing table with mirror, full length, mini bar, mirror, laundry bag, shoe cleaner, trouser press	Writing desk/ chair, an arm chair per occupant, dressing table with mirror, full length, mini bar, mirror, laundry bag, shoe cleaner, trouser press
			Emergency exit	Emergency exit	Emergency exit
<b>Public Area</b>	Reception area: 30m <sup>2</sup> (minimum), lift required if building is up to 4 floors, lunch and dinner is on request. Provide at least one bar	Reception area: 40m <sup>2</sup> (minimum), lift required if building is up to 3 floors. Full-service restaurant. Provide at least one bar	Reception area: 60m <sup>2</sup> (minimum), lift required if building is up to 2 floors. Full-service fully air-conditioned restaurant. Provide at least 2 bars and a mini bar	Reception area: 100m <sup>2</sup> (minimum), lift required if building is a storey. Fully air-conditioned first class restaurant. Provide at least 2 bars and a mini bar	Reception area: 150m <sup>2</sup> (minimum), lift required if building is a storey. At least 2 fully air-conditioned first class restaurant and a speciality restaurant. Provide at least 2 bars and a mini bar
		Standby generator, water tank capable of supplying water for 3 days	Standby automatic switch on generator, water tank capable of supplying water for 3 days	Standby automatic switch on generator, water tank capable of supplying water for 3 days	Standby automatic switch on generator, water tank capable of supplying water for 3 days
			At least a 30-seater conference room, at least 100-seater banquet hall, a swimming pool and either a gymnasium, health club, tennis, squash, badminton courts or golf course, air-conditioned lobby and corridors leading to guest room	At least a 30-seater conference room, at least 200-seater banquet hall, a swimming pool and either a gymnasium, health club, tennis, squash, badminton courts or golf course, and other games, air-conditioned lobby and corridors leading to guest room	At least a 50-seater conference room, at least 300-seater banquet hall, a swimming pool (both a paddle and full size adult pool) and either a gymnasium, health club, tennis, squash, badminton courts or golf course, and other games, air-conditioned lobby and corridors leading to guest room
				Must have internet café and internet modem points in all guestrooms	Must have internet café and internet modem points in all guestrooms

	<b>1 Star</b>	<b>2 Star</b>	<b>3 Star</b>	<b>4 Star</b>	<b>5 Star</b>
<b>Services</b>	Change bed linen and toilet accessories when a guest departs, or every other day while a guest is in occupancy	Change bed linen and toilet accessories when a guest departs, or every other day while a guest is in occupancy	Bed sheets and towels to be changed daily or after each guest's departure	Bed sheets and towels to be changed daily or after each guest's departure	Bed sheets and towels to be changed daily or after each guest's departure
	Bilingual (English required) at reception, switchboard and restaurant	Bilingual (English required) at reception, switchboard and restaurant	Bilingual (English required) at reception, switchboard and restaurant	At least Bilingual (English required) at reception, switchboard, bar and restaurant	Multilingual (English required) at reception, switchboard, restaurant, bar and night club
		A clinic with treatment room and sick bay if there is no clinic within 200m radius of the hotel	A clinic with treatment room, sick bay, a resident nurse if there is no clinic within 200m radius of the hotel	A clinic with treatment room, sick bay, a resident nurse	A clinic with treatment room, sick bay, a resident nurse
		Doctor on call	Doctor on call	Doctor on call	Doctor on call
		Accept at least one credit card	Accept at least 3 credit cards	Accept at least 3 credit cards	Accept at least 3 credit cards
		Hairdressing salon recommended	Hairdressing salon recommended	Hairdressing salon must be provided	Hairdressing salon must be provided
		Provide safe deposit facility	Provide safe deposit facility	Provide safe deposit facility	Provide safe deposit facility
		Provide a courtesy bus	Provide a courtesy bus	Provide a courtesy bus	Provide a courtesy bus
			Provide a news stand and gift shop	Provide a news stand and gift shop	Provide a news stand and gift shop
			Provides breakfast	Provides breakfast	Provides breakfast
			Provide business centre	Provide business centre	Provide business centre
				Car hire service shall be provided	Car hire service shall be provided
					Bureau de change is recommended
<b>Staff</b>			Staff must be medically fit	Staff must be medically fit	Staff must be medically fit
			Staff who handle food must be medically examined twice a year	Staff who handle food must be medically examined twice a year	Staff who handle food must be medically examined twice a year
			Regular training for staff at recognised hospitality training institute	Regular training for staff at recognised hospitality training institute	Regular training for staff at recognised hospitality training institute
			Managed by a trained and qualified hotel manager	Managed by a trained, qualified & experienced hotel manager	Managed by a trained, qualified and highly experienced hotel manager
<b>Enviorns</b>	Access to the hotel is by a properly maintained road	Access to the hotel is by a properly maintained road	Access to the hotel is by a tarred road	Access to the hotel is by tarred, paved or similar road	Access to the hotel is by tarred, paved or similar road
	Car park- 50% of guestrooms	Car park- 50% of guestrooms	Car park -75% of guestroom	Car park-75% of guestrooms	Car park- for all guestrooms
			Parking for coaches (1 space for 50 rooms)	Parking for coaches (1 space for 30 rooms)	Parking for coaches (1 space for 50 rooms)

**Appendix 6: Ghana Hotels Association Membership**

		5-Star	4-Star	3-Star	2-Star	1-Star	Budget	Guest House	Total
1	Number of Hotels	2	6	23	108	113	583	30	865
							613		
2	Percentage (%)	0.23	0.69	2.66	12.49	13.06	67.4	3.47	100
							70.87		

Source: Constructed from Ghana Hotels Associations Membership Directory (2013)

**Appendix 7: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	20.086	37.899	37.899	20.086	37.899	37.899
2	2.791	5.266	43.165	2.791	5.266	43.165
3	2.098	3.958	47.123	2.098	3.958	47.123
4	1.755	3.312	50.434	1.755	3.312	50.434
5	1.446	2.728	53.163	1.446	2.728	53.163
6	1.299	2.451	55.614	1.299	2.451	55.614
7	1.212	2.286	57.900	1.212	2.286	57.900
8	1.181	2.228	60.128	1.181	2.228	60.128
9	1.062	2.003	62.132	1.062	2.003	62.132
10	1.038	1.959	64.091	1.038	1.959	64.091
11	.980	1.849	65.940			
12	.887	1.674	67.614			
13	.852	1.608	69.222			
14	.794	1.499	70.721			
15	.781	1.474	72.195			
16	.747	1.410	73.605			
17	.739	1.394	74.999			
18	.695	1.312	76.311			
19	.681	1.286	77.597			
20	.630	1.189	78.786			
21	.587	1.108	79.894			
22	.558	1.052	80.946			
23	.536	1.012	81.958			
24	.525	.990	82.948			
25	.503	.948	83.896			
26	.488	.921	84.818			
27	.467	.881	85.698			
28	.453	.855	86.554			
29	.429	.809	87.363			
30	.410	.774	88.138			
31	.396	.747	88.885			
32	.386	.728	89.612			
33	.370	.697	90.310			
34	.366	.691	91.001			
35	.359	.677	91.678			
36	.334	.631	92.309			
37	.325	.614	92.923			
38	.312	.589	93.511			
39	.306	.577	94.089			
40	.303	.571	94.660			
41	.285	.537	95.198			
42	.276	.521	95.719			
43	.271	.511	96.230			
44	.247	.466	96.696			
45	.234	.441	97.137			
46	.219	.412	97.550			
47	.211	.397	97.947			
48	.203	.384	98.331			
49	.196	.369	98.701			
50	.187	.354	99.054			
51	.177	.334	99.388			
52	.171	.322	99.710			
53	.154	.290	100.000			

Extraction Method: Principal Component Analysis.

**Appendix 8: Rotated Component Matrix**

	Component									
	1	2	3	4	5	6	7	8	9	10
Functioning Internet in the Hotel	.742									
Easy to Reach Hotel by E-mail	.714									
Uninterrupted Water Supply	.694									
Well Lit Hotel	.693									
Functioning Telephone in the Hotel	.685									
Employees are Clean and Neat	.674									
Quality Food and Beverages	.666									
Clean Beddings and Towels	.637									
Comfortable Bed	.599									
Hotel Exhibits Honesty in Resolving Complaint	.592									
Informed when Services would be Performed	.592									
Hotel Assures that Problem Will not Occur Again	.585									
Employee Behaviour Instils Confidence in me	.573									
Bills are Accurate	.569									
Services Provided at Times Promised	.550									
Hotel Explains why a Problem Occurred	.521									
Visually Appealing Hotel Furniture		.787								
Attractive Outdoor Surroundings		.728								
Employees have Integrity		.718								
Service Performed Right First Time		.665								
Hotel Equipment Appear Modern		.657								
Consistent Power Supply		.637								
Satellite TV in Hotel Room		.609								
Convenient Restaurant Operating Time		.570								
Conducive Atmosphere and Ambience		.533								
I Feel Physically Safe at the hotel			.599							
Easy to Reach Hotel by Phone			.563							
Hotel has Interactive Website				.628						
Accurate Reservation				.534						
Right Price Given Quality of Facilities					.635					
Right Price Given Quality of Food and Beverages					.627					
Right Price Given Quality of Stay					.529					
Employees are Competent						.629				
Employees are Approachable and Friendly						.617				
Hotel Apologises for Problem Encountered						.548				
Adequately Compensated for Errors Suffered						.527				
Employees Respond Promptly to Demands							.753			
Quick Resolution of Complaints							.740			
Reliable Transportation to and from Hotel								.782		
Belongings are Safe in the Hotel								.716		
Dealings With the Hotel Remain Confidential								.669		
Hotel has Functioning Website								.567		
Hotel has a Functioning Gym									.705	
Food & Beverage Variety									.674	
Hotel has Functioning Swimming Pool										.895

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 11 iterations.

**Appendix 9a: Correlations Matrix (Service Quality Dimensions and Behavioural Intentions)**

	Behavioural Intention	Service Environment	Employee Action	Security and Access	Encounter Outcome	Price
Behavioural Intention	1.000					
Service Environment	.581	1.000				
Employee Action	.577	.527	1.000			
Security Access	.469	.603	.561	1.000		
Encounter Outcome	.534	.699	.468	.513	1.000	
Price	.495	.666	.644	.480	.571	1.000

Source: Constructed from Field Data

**Appendix 9b: Correlations Matrix (Service Quality Dimensions and Customer Satisfaction)**

	Customer Satisfaction	Service Environment	Employee Action	Security and Access	Encounter Outcome	Price
Customer Satisfaction	1.000					
Service Environment	.606	1.000				
Employee Action	.596	.527	1.000			
Security Access	.506	.603	.561	1.000		
Encounter Outcome	.560	.699	.468	.513	1.000	
Price	.516	.666	.644	.480	.571	1.000

Source: Constructed from Field Data

## DECLARATION

I do hereby declare that this work is the result of my own research and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged.

I bear sole responsibility for any shortcomings.

-----  
MAHAMA MOHAMMED BRAIMAH

-----  
DATE

## CERTIFICATION

I do hereby certify that this thesis was supervised in accordance with procedures laid down by the university.

-----  
DR. BEDMAN NARTEH  
(PRINCIPAL SUPERVISOR)

-----  
DATE

-----  
ASSOCIATE PROFESSOR CHARLES BLANKSON  
(CO-SUPERVISOR)

-----  
DATE

-----  
PROFESSOR ROBERT HINSON  
(CO-SUPERVISOR)

-----  
DATE

## **DEDICATION**

I dedicate this work to my sweet wife Janet, and to my lovely children, Danen and Delwin. I also dedicate this work to the loving care of my mother, Hawa and to the everlasting memory of my late father, Braimah.

## ACKNOWLEDGMENT

I wish to thank the Lord God Almighty for his abundant grace and favour that has given me the needed strength, health and capacity to go through this programme successfully.

My appreciation goes to my team of supervisors, (Professor Charles Blankson; Professor Robert Hinson), led by Dr. Bedman Narteh. The insightful and intellectual comments and contributions they made have undoubtedly enriched my work. The attention, support, encouragement and directions they provided me have improved my own perspectives and experience. This thesis would not have been possible without their guidance and encouragement. God bless you all for your efforts.

I wish to thank the University of Ghana and particularly the Business School (UGBS) for giving me the opportunity to pursue this programme. Also, I thank all those who in diverse ways contributed to the success of this project, especially colleagues and staff of UGBS in general, and the Department of Marketing and Customer Management in particular. I am grateful to you all for your support.

Again, I thank my dear wife Janet, for the support and encouragement she gave me throughout the programme; and for enduring my absence without complaining, when I had to keep long days and late nights. This study would not have been possible without her inspiration and support. May Jesus Christ and the Almighty God, richly bless and keep you. And finally to Danen and Delwin, thank you for bearing with me.

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**ABSTRACT**

Over the years, service quality has come to be seen as key to favourable customer behaviour and service firm profitability. This has led to a plethora of service quality studies in various service industries including the hotel industry. The hotel industry is a critical sector that significantly contributes to national economies the world over. Unfortunately, service quality studies in the hotel industry tend to focus more on luxury and first class hotels in developed countries. This study was therefore designed to determine the service quality dimensions that influence small hotel service quality; establish the factor that most significantly impacts small hotel service quality; and determine the relationship among small hotel service quality, customer satisfaction and behavioural intentions. The small hotel segment in Ghana is very significant as it constitutes 76% of the total number of hotels in Ghana. The study is a single cross-sectional quantitative study that adopted simple random sampling techniques to select the sampling units and elements for the study. Exploratory factor and multiple regression analyses in SPSS version 20 were applied to analyse the data. Five factors were established in this study as small hotel service quality dimensions which all had positive and significant relationship with both customer satisfaction and behavioural intentions. The service quality dimensions were service environment; employee actions; security & access; encounter outcome; and price. The service quality dimensions were made up of 41 variables, among which included consistent and uninterrupted power and water supply; functioning internet facility and website; competent, approachable and neat employees; quick resolution of complaints; reliable transportation; comfortable bed; and right price for facilities. Security & access emerged as the most significant small hotel service quality dimension. The service quality construct was found in this study to have a direct, positive and significant impact on both guest satisfaction and behavioural intentions. Customer satisfaction also had a positive and significant effect on customer behavioural intentions. The indirect effect of service quality on behavioural intentions was established in the study as a stronger driver of behavioural intentions, than the direct impact of service quality. The conclusion from the study is that managers who intend to achieve repeat patronage must ensure that guests are first satisfied. It is recommended that management of small hotels take a critical look at the five service quality dimensions and the related 41 service quality items identified in this study as a means of improving the quality of service of their respective hotels. The thesis makes several contributions to theory. For instance, the thesis has synthesised literature in a manner that has enabled an effective conceptualisation of small hotel service quality dimensions and their impact on customer satisfaction and behaviour intentions. The thesis has also empirically investigated and established the relationships between various small hotel service quality dimensions and customer satisfaction and behavioural intentions conceptualised in the framework. Several items such as the constant supply of water and electricity and a functioning internet facility and website have not received much discourse in the extant literature on hotel service quality. However, this study has established the relevance of these items in the small hotel situation, and especially so, in the developing country context. The thesis has also made managerial contributions. The thesis has for example established service quality in small hotels as an amalgamation of a number of service quality dimensions and multiple quality items. Again, in the study, service quality dimensions such as security & access, the environment in which the service is provided, and the outcome of the service encounter, are established as more critical service quality factors than price, contrary to anecdotal evidence. These findings have implications for the management of small hotels and would guide the actions of management of these hotels.