Service Quality on Budgeted Hotel in Tamil Nadu

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Abstract: *The importance of service quality has been recognized in this article, there are many researchers have addressed the structure and antecedents of the concept for the hotel industry. The dimensions of service quality are inevitable for the managers in the hotel industry as these identify the bundles of service attributes consumers find important. Therefore, this article aims to measure the dimensions of service quality from the customers' perspective of budgeted hotels in Tamil Nadu based on the SERVQUAL model. The sample size is divided on the basis of citied which has International airport in Tamil Nadu. As a result of it Chennai, Coimbatore, Madurai and Trichy has been selected for this study. Out if 123 top rated budgeted hotels in Tamil Nadu, 20 hotels has been i.e. five budgeted hotels from each cites were selected for the purpose of the study. The study is based on the primary data collected from the respondents with the help of a questionnaire to measure the expectation and perception of service quality dimensions of budgeted hotels. Data analysis has been done using SPSS software and factor analysis has been conducted to measure the differences among the factors affecting service quality expectations and perceptions. To measure the service quality gap, five dimensions related to hotel industry were identified. The analysis shows that the service quality of the budgeted hotels is highly dependent on the physical appearance, interior design, quality of food, behavior of the employees, security system, and customized services given to individual customers.*

Keywords: Service Quality, Service Gap, Budgeted Hotels, Expectations, Perception

1. Introduction

The hotel industry has a few peculiar features. Today's hotel industry is complex and diverse. It is facing cut throat competition. The survival and success of the hotel industry rest on the adoption of appropriate management strategy to maintain service quality. It is not only a service industry with high dependence on customer service, but is also an industry which has multiple segments and sectors. In the Indian Hotel Industry, apart from the Indian Private Sector, the Government of India, the State Governments and foreign private sector are all present. It has a wide ranging operational scale from the smallest hotel to the five starred posh hotels. As a highly capital intensive industry, its employment potentials cannot be over-emphasized. The hotel industry in the country as a whole and in Tamil Nadu particularly, has been beset with a multiplicity of problems. Further the hotel industry has not been placed on par with other export/ manufacturing industries. All these burden the Hotel industry and distort the tariff structure and working results. To cap all these, there is a heavy incidence of taxation. In view of the regional diversities, the problems and prospects of the industry are likely to vary from region to region. Hence a series of micro-level studies shall provide vital input to the planners and policy makers. The proposed study is an attempt in this direction. It is also observed that comprehensive and intensive studies touching upon various aspects of the hotel industry are limited. However, with regard to other industries in territory sector, different researchers and institutions have undertaken a lot of scientific and detailed studies.

Budget hotel is the hotel that focuses on customers who are middle and small enterprise business people, leisure and self-help tourists, house prices moderate, small and medium-sized hotel. There are many well-known budget hotel has been built surround Tamil Nadu. Budget means cost and worth. In simple words, it means it is not expensive and worth staying at this hotel. There are five essential dimensions of service quality which is tangible, reliability, responsiveness, assurance and empathy. This five dimensions aid to improve the service quality. In addition, customer satisfaction is the service provided where the customer's needs are fulfilled.

The development of service quality measurement of hotel industry, ten original dimensions of SERVQUAL was used in order to reveal any potential dimensions, especially the unique ones to this industry. They are Responsiveness, Competence, Courtesy, Credibility, Security, Access, Communication, Understanding, Reliability, Tangibles. Based on Parasuraman et al. (1985) model, built the SERVQUAL scale. The SERVQUAL scale includes desirable characteristics of services with ten dimensions and then it is summed up into five in 1988- Tangibility, Reliability, Responsiveness, Assurance and Empathy and these final five dimensions is used for the present study.

2. Literature Review

Ala`a Nimer Abukhalifeh, Ahmad Puad Mat Som (2014) in their research studies "Customer Perceptions of Service Quality in Luxury Hotels in Petra and Aqaba, Jordan: An Exploratory Study" the study aims to assess the customers perception of service quality in luxury hotels, in both, Petra (The iconic tourist attraction), and Aqaba (The commercial capital) The study sample consists of 271 participants of hotel guests at four- and five-star hotels in Petra and Aqaba. Factor analysis was undertaken as it identifies underlying dimensions. The study cannot claim to be wholly conclusive as it is limited to a small sample size from only two cities of Jordan. From the perspective of the practitioner's this study attempts in providing an opportunity to recognize, in ranking order, features that are considered important by the guests staying in luxury hotels of Petra and Aqaba, as well as to

identify the areas of disparity in service quality. In further studies an additional study with a larger sample size can accumulated from different cities of Jordan is suggested. **Md. Nur-E-Alam Siddiqu, Mst. Momena Akhter, Abdullah Al Masum (2013)** in their article entitled "Service Quality of Five Star Hotels in Bangladesh: An Empirical Assessment" the importance of service quality and service quality measurement is been recognized and there are limited researches which have addressed the structure and antecedents of the concept for the hotel industry in Bangladesh. Data analysis has been done for factor analysis has to measure the differences among the factors affecting service quality perceptions. In this study the researchers have measured the service quality to identify the problems but no solution has been given to solve the problems. The Further researchers should focus on the quality improvement and customer satisfaction of the five star hotels in Bangladesh.

Paula de Souza, Rogério João Lunkes (2015) in their research article entitled "Budgeting practices: a study on Brazilian hotel companies" This study aims to explore the budgeting practices in the hotel companies of Brazil's main tourist centers. Descriptive statistics were applied to the results, in order to improve the basis for discussions. The results indicate that most of the hotels adopt corporate budgeting with bottom-up as main budgeting process. Thus, research shows that budgets are more frequently prepared using the results from previous years and economic indicators. The survey results denote that the budget in hotel companies in Brazil is still un-derutilized, with partial implementation of many of its features and techniques. For further research, it is suggested that budgetary practices from other countries and continents are observed. Additionally, it is recommended to analyze questions about the practices of the capital budget and the environmental performance of hotel companies.

Almutairi, (2010) "The impact of service quality and relationship marketing on customer loyalty: An Analytical study on a sample of passengers on AL-Jazeera Airways in Kuwait state". The study aimed in detecting the impact of relationship marketing and service quality on customer loyalty, the study showed the following results: the quality dimensions of a provided service (tangibility, reliability, response, security and sympathy) has a positive and direct impact on the customer loyalty, and the quality Dimensions a provided service has a positive and direct impact on the relationship marketing, and there is a positive and direct impact of the relationship marketing on customer loyalty.

Azzawi, et al, (2010) "Measuring recognize quality hotel services from the viewpoint of Customers, An Empirical Study of the hotels five star in Amman". The study aims in measurinf the client's sense of services quality presented by five stars hotels in Amman, and the demographic factors effect on realization. The researcher has concluded that most opinions show satisfaction about service quality. The suggestions and recommendation were given; that they asked for more follow up of modern development in the technology of hotel service and facilities. The above suggestions will make the service quality of the hotel better and better. The present study is to analyze the service quality of budgeted

hotels in Tamil Nadu. For the purpose of measuring service quality dimensions of budgeted hotels, SERVQUAL model of Parasuraman et al. (1985) has been used in this study.

3. Methodology

The study measures the service quality of budgeted hotels in Tamil Nadu, the population includes budgeted hotels of the cities which is having International Airport. So Chennai, Coimbatore, Madurai and Trichy have been selected for this study. The total sample size is 60 i.e. five budgeted hotels from each cities, and for which 15 customers have be selected by using convenience sampling approach which is based on easy accessibility to the sample. A tested questionnaire was applied to measure the perception of SERVQUAL dimensions based on the review of the literature on SERVQUAL. Statistical SPSS software was used to analyze the customer perception of service quality and to classify the factors affecting service quality perception of budgeted hotel in Tamil Nadu. The secondary data were collected from various documents, case studies, reports, books, articles, and internet. The collected data were analyzed keeping in mind the objective of the study.

3.1 Research Hypotheses

Hypotheses 1: There is no Gap between perceived services and expected services of budgeted hotels in Tamil Nadu.

Hypotheses 2: There is no difference between the factors affecting service quality perceptions.

4. Theoretical Framework

For the purpose of measuring SERVQUAL dimensions of budgeted hotels in Tamil Nadu. Authors have used research model of Parasuraman et al. (1985). Among various contemporary instruments for measuring service quality, SERVQUAL has got attracted by the researchers in various fields such as education, insurance, bank, and Information Technology (IT), etc. Since it deals with the users views regarding services. This model is mainly based on the comparison between the customers' expectations and customers' perception. The SERVQUAL model attempts to show the salient activities and features of the service in the organization that influences the perception of quality. Moreover, this model shows an interaction between these activities and it identifies the linkage between key activities of the service organization or marketer, which are pertinent to the delivery of a satisfactory level of service quality. The major links are described gaps or discrepancies; which means, a gap represents a significant hurdle to achieving a satisfactory level of service quality (Ghobadian et al., 1994). The five dimensions of SERVQUAL are as follows: **Tangibles:** physical facilities, equipment and appearance of personnel. **Reliability**: The Ability to perform promised service dependably and accurately **Responsiveness:** Willingness to help customers and provide prompt service **Assurance:** Knowledge and courtesy of employees and their ability to inspire trust and confidence. **Empathy:** Caring and individualized attention that the firm provides to its

customers. In this present study 15 statements were used to measure the service quality of budgeted hotels across the above mentioned five dimensions by using five point likert scales.

5. Findings

5.1 Analysis of customers' perception of service quality and overall service quality gap

The overall customer perception of service quality is presented in Table 1

Table 1: Customer's perception of service quality of budgeted hotels in Tamil Nadu

Dimensions	Mean	Std. Deviation	Covariance
Tangibility	3.8613	.86422	22.3815813
Assurance	3.1040	.81466	26.2454897
Reliability	2.6521	.57911	21.8359036
Responsiveness	3.1029	.87822	28.3032002
Empathy	2.9620	1.01174	34.1573261

From the above table 1 it is resulted that, customer are highly satisfied with the physical appearance, interior decoration and different classes of room facility of the budgeted hotels and the customers are moderately satisfied with the behavior of the employees, quality of foods, category of service standards. In contrast the customers' satisfaction is low regarding the security, payment system, customized service and focusing on the customer needs.

Table 2 reports the overall service quality gap of the five star hotels in Bangladesh. The gap score indicates the extent of gap in service. The larger the gap score is having more dissatisfaction.

Table 2: Service quality gap of budgeted hotels

Dimensions	Mean	Std. Deviation
Tangibility	1.1387	.86422
Assurance	1.8960	.81466
Reliability	2.3479	.57911
Responsiveness	1.8971	.87822
Empathy	2.0380	1.01174

As indicated in the above table 2, the lowest gap is in the tangibility factors and reliability shows the highest gap. Which means the interior decoration, physical appearance, room facility are good in budgeted hotels in Tamil Nadu but problem exists in the reliability of the customers' on the service of the hotels. The hotels should give more attention to give customized service to individual customers' by focusing on the needs of the customers'.

5.2 Factor analysis

From the above literature reviews, the authors find out various variables which have significant influence on the perception of service quality of a budgeted hotel. Factor analysis is conducted for variables of SERVQUAL dimensions. The respondent ratings are subject to principal axis factoring with varimax rotation to reduce potential multicolinearity among the items and to improve reliability on the data. Fifteen items are reduced to five orthogonal factor dimensions which explained 86.328% of the overall variance indicating that the variance of original values is well captured by these five factors.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.708
Bartlett's Test of Sphericity	Approx. Chi-Square	4767.754
	Df	105
	Sig.	.000

From the above mentioned table 3, observes that KMO is 0.708 is more than the required value of 0.50. It indicates that there are no error in 70.80% of the sample and in the remaining 29.20%, there may be some sort of error. Bartlett"s test of sphericity indicates that the strength of relationship among the variables is highly strong. It presents good idea to proceed with factor analysis for the data. The value of Chi-square test (4767.754 with significance level 0.000) signifies the rejection of null hypothesis. It means there is a significant difference between the factors affecting service quality perceptions. Communality of each statement refers to the variance being shared or common by other statements. The communality for each variable is V1 to V15 is denoted as one.

Component	Initial Eigen values		Extraction sums of squared loadings		Rotation sums of squared loadings	
	% of Variance	Cumulative %	% of Variance	Cumulative %	% of Variance	Cumulative %
1	28.999	28.999	28.999	28.999	19.598	19.598
2	21.256	50.255	21.256	50.255	17.831	37.430
3	14.452	64.707	14.452	64.707	16.776	54.205
4	12.624	77.331	12.624	77.331	16.442	70.648
5	8.997	86.328	8.997	86.328	15.680	86.328
6	3.856	90.183				
7	2.910	93.093				
8	28.999	95.332				
9	1.772	97.104				
10	.978	98.081				
11	.607	98.688				
12	.488	99.175				
13	.433	99.608				
14	.279	99.888				
15	.112	100.000				

Extraction Method: Principal Component Analysis.

Table 4 indicates that the Eigen values for the factors are, as expected, in decreasing order of magnitude as going from factor or component 1 to factor or component 15. Eigen value for a factor indicates the total variance attributed to that factor. Total variance for by all 15 factors is denoted as 15, which is equal to the number of variables. The Eigen value of factor 1, factor 2, factor 3, factor 4, and factor 5 are sequentially 4.350, 3.188, 2.168, 1.894, and 1.350, which is more than the required level of 1. Factor 1 account for a variance of 4.350 which is 28.999% of the total variance. Factor 2 accounts for a variance of 3.188 which is 21.256% of total variance. Factor 3 accounts for a variance of 2.168 which is 14.452% of total variance. Factor 4 accounts for a variance of 1.894 which is 12.624% of total variance. Factor 5 accounts for a variance of 1.350 which is 8.997% of total variance. It can be interpreted that 15 variables are now reduced to 5 components or factors contributing 86.328% of the total variance, which defines that these five factors do have more variance considering the required level of 60% cumulative variance.

Table 5: Component Matrix (a)

	Component				
	1	2	3	4	5
The physical appearance of the hotel is visually appealing	.691	-.328	-.117	.277	-.418
The hotel has modern interior decoration	.691	-.288	-.165	.403	-.382
The hotel provides different classes of room facility	.592	-.053	.100	.556	-.334
The hotel serves tasty food	.245	.605	.248	.574	.272
The hotel provides errorless payment system	.335	-.427	.777	-.08	.092
The hotel has international standard security system	.437	-.176	.536	.345	.210
The hotel provides five star category service to the customers	.142	.620	.335	.584	.257
The behavior of the employees are satisfactory	.738	-.334	-.402	.030	.356
The hotel provides hassle free service to the customers	.371	-.364	.778	.063	.104
The hotel provides customized service to individual customer	.642	.591	.037	.383	-.222
The hotel provide prompt service to the customers	.643	-.121	-.322	.102	.478
Clients can trust employees of the hotel	.048	.722	-.106	.182	.290
Hoteliers should try knowing what your needs are	.624	.603	.030	.408	-.164
Hotelier should reply in any query of the customers	.711	-.316	-.411	.029	.377
The hotel has operating hours convenient to all their customers.	.505	.661	.006	.430	-.239

Extraction Method: Principal Component Analysis.
a. 5 components extracted.

With the help of Scree plot researchers can just visualize the five factors are reduced with Eigen value greater than 1.00. Table 5 reports the factor loadings for each variable on the unrotated components or factors. Each number represents the correlation between the item and the un-rotate factor. This correlation helps to formulate an interpretation of the factors or components. It is possible to see items with large loadings (more than the required level 0.30) on several of the un-rotated factors, which makes interpretation difficult. In these cases, it can be helpful to examine a rotated solution.

Table 6: Rotated Component Matrix (a)

	Component				
	1	2	3	4	5
The physical appearance of the hotel is visually appealing	.108	.261	.860	.103	-.142
The hotel has modern interior decoration	.054	.284	.900	.032	-.037
The hotel provides different classes of room facility	.058	.061	.828	.127	.275
The hotel serves tasty food	.113	.006	.122	.026	.928
The hotel provides errorless payment system	.071	.004	.139	.942	-.046
The hotel has international standard security system	.234	.209	.059	.753	-.048
The hotel provides five star category service to the customers	.071	.120	.072	.057	.946
The behavior of the employees are satisfactory	.062	.922	.282	.075	-.087
The hotel provides hassle free service to the customers	.032	.014	.151	.931	.018
The hotel provides customized service to individual customer	.954	.114	.130	.064	.129
The hotel provide prompt service to the customers	.151	.857	.063	.076	.057
Clients can trust employees of the hotel	.290	.061	.216	-.301	.654
Hoteliers should try knowing what your needs are	.948	.142	.070	.064	.141
Hotelier should reply in any query of the customers	.053	.918	.252	.056	-.072
The hotel has operating hours convenient to all their customers.	.960	.025	.024	-.023	.111

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

The rotated factor matrix (table 6) makes it simple for taking decisions. Factor 1 has a deep relationship with variable 10, 13, and 15; factor 2 has relationship with 8, 11, and 14; factor 3 has relationship with 1, 2, and 3; factor 4 has relationship with 5, 6, and 9; and factor 5 has relationship with variable 4, 7, and 12. The highest loading of each variable is categorized under each factor. Factor 1 includes customized service provided to individual guest, focusing on the need of the guest, and operating hours convenient to all the guests which can be broadly defined as empathy. Factor 2 includes promptness in providing service, behavior of the employees, and responsiveness in any query of the customers which can be broadly defined as responsiveness. Factor 3 includes the physical appearance, interior decoration, and different classes of room facilities and it can be categorized as tangibility of the service provided by budgeted hotels. Factor 4 includes the reliability factors in serving the guests and factor 5 includes the factors related to assurance of service quality by the budgeted hotels in Tamil Nadu.

6. Conclusion

Service firms in the developing country like other organizations are now realizing the significance of customer oriented philosophies and turning to quality management approaches to facilitate managing their business. The study on service quality of budgeted hotels in Tamil Nadu shows that the service providers of the budgeted hotels in Tamil Nadu are more or less aware about the quality of service. One of the primary causes of service quality design failure is the lack of understanding of the evolving need and preferences of the targeted customers. The budgeted hotels may attempt to move itself by reshuffle its service delivery system to enhance the service quality. The dimension of SERVQUAL variables such as providing customized service, service delivery on time, providing international standard security system, and modern interior decoration tasty food, quick response to customers' problems, personal attention and understanding of the needs of the guests appear to be fertile areas for future inquiry. From the findings of the study service quality of the budgeted hotels in Tamil Nadu is moderate. So, the budgeted hotels in Tamil Nadu should take proper steps to ensure the customers' satisfaction on their service through reliable service and giving assurance to fulfill their expected requirements. Finally, as a caveat, the results of this research should be interpreted with great caution since previous research differs substantially across different measurement procedures. In this study the researchers have measured the service quality to identify the problems but no solution has been given to solve the problems. Further study should focus on the customer satisfaction and quality improvement of the budgeted hotels in Tamil Nadu.

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