

# Service Quality: A Comparative Analysis of Hotels in Northern India

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## ABSTRACT

One of the biggest contemporary challenges of management in service industries is providing and maintaining service quality. It has been increasingly identified as a key factor in the battle for competitive differentiation, customer retention and financial performance of a company. In view of the strategic and growing importance of service quality for corporate success and growth, an attempt has been made in the present paper to measure service quality variance between the two states of northern India. Based on data gathered, with the help of a statistically-tested research instrument, from six hundred and sixty three (663) respondents, the study concludes that respondents are overall satisfied with the hotel services of northern India but overall improvement is needed in the hotels of Jammu and Kashmir state to influence customer satisfaction so as to make accommodation services more effective and efficient.

**Keywords:** Hotels, Jammu and Kashmir, Punjab Service quality, SERVPERF.

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## INTRODUCTION

Service quality and customer satisfaction are critical factors for success of any business (i.e., [10]; [22]). As the researcher (i.e., [28]) points out those enterprises exist because they have a customer to serve. The key to achieve sustainable advantage lies in delivering high quality service that results in satisfied customers (i.e., [27]). Service quality is a key factor in the battle to obtain competitive advantage and customer retention. Customer satisfaction is the outcome of customer's perception of the value received in a transaction or relationship, where value equals perceived service quality, compared to the value expected from transactions or relationships with competing vendors (i.e., [3]; [15]; [30]). Enterprises which are able to rapidly understand and satisfy customers' needs, make greater profits than those which fail to understand and satisfy them (i.e., [1]). Since the cost of attracting new customers is higher than the cost of retaining the existing ones, successful managers, therefore, concentrate on retaining existing customers implementing effective policies of customer satisfaction and loyalty. This holds true in the hotel industry as well. Customer requirements for quality products and service in the hotel industry have become increasingly evident to professionals (i.e., [20]; [29]; [26]). Guest relationships are a strategic asset of the organization (i.e., [12]) and customer satisfaction is the starting point to define business objectives. In this context, positive relationships can create customer's higher commitment and increase their return rate. Long-term and reciprocally advantageous relationships between customers and the hotel is becoming progressively important because of the highly positive correlation between guests' overall satisfaction levels and the probability of their return to the same hotel (i.e., [6]). Hotels are increasing their investments to improve service quality and the perceived value for guests so as to achieve better customer satisfaction and loyalty, thus resulting in better relationships with each customer (i.e., [16]). Relationship quality has a remarkable positive effect on hotel guests' behavior and creates positive word of mouth (WOM) and increments repeated guest rates (i.e., [19]).

### Objectives of the Study

1. To study service quality in hotels between Jammu & Kashmir and Punjab on critical service quality dimensions.
2. To suggest ways and means for improving hotel services with a view to make overall accommodation service more effective and efficient.

## REVIEW OF LITERATURE

### Service Quality

Much of the initial work in defining and assessing service quality has been conducted by (i.e., [23]; [24]). (i.e., [24]) asserted that service quality can be assessed by measuring the discrepancies or gaps between what the customer expects and what the consumer perceives he receives. In other words they write that service quality as perceived by customers stems from a comparison of what they feel services firms should offer (i.e., from their expectations) with their perception of the performance of the firm providing the services. In line with the above research, Reseaecher (i.e., [11]) developed a model in which he contended that consumers compare the service they expect with perception of the service they receive in evaluating service quality. Similarly, researcher (i.e., [16]) defined service quality as customers overall impressions of an organisation's service in terms of relative superiority or inferiority. Researcher (i.e., [21]) asserted that service quality should not only meet but also exceed customers expectation, and include continuous improvement process. As argued by (i.e., [11]) customers evaluate service quality mainly on the process of their interpersonal contacts and interactions. Service quality arises from a comparison of the difference between service expectations developed before an encounter with the service establishment and the performance perceptions gained from the service delivery process (i.e., [4]).

Further, (i.e., [11]) it is suggested that the quality of service as perceived by customers is the result of an evaluation process in which they compare their perspective of service outcome against what they expected. On the other hand, service quality means zero defection service (i.e., [25]). (i.e., [8]) defined service quality as a global judgement or attitude relating to a particular service, the customer's overall impression of the relative inferiority or the superiority of the organisation and its services. Similarly, (i.e., [5]) described service quality as a form of attitude that results from the comparison of expectations with performance. In the same way, (i.e., [2]) pointed out that since customers are the sole judge of service quality, and an organization can build strong reputation for quality service when it can constantly meet customer service expectations. Likewise, (i.e., [13]) defined that service quality is about meeting customer's needs satisfactorily by matching to his expectations. (i.e., [13]), defined the service quality as the difference between the actual performances of service with the customer's expectation about it. The customers' perception of quality of service is based on the degree of agreement between expectations and experiences (i.e., [18]). Similarly, Lewis and Booms (i.e., [20]) stated that service quality is a measure of how well the service level delivered matches customer expectation. Delivering quality service means confirming to customer expectation on a consistent basis. Previous researches on service quality support this notion that perceived service quality stems from customers comparison of what they wish to receive from firms and what they perceive actual service performance to be which are formed on the basis of previous experience with a company, its competitors, and marketing mix inputs (i.e., [11]; [21]; [23]; [26]).

From the above discussion, it is clear that service quality revolves around customer expectation and their perception of service performance. Hence, it is characterized by the customer perception of service and the customers are the sole judges of the quality. (i.e., [23]) rightly explained that consistent conformity to expectation begins with identifying and understanding customer perception. Only then, the effective service quality strategies can be developed. Customers' perception of performance is what they experienced (i.e., [24]). Literature maintains that customers total perception of services is based on their perception of the outcome and the process where the outcome is either value added or quality and the process is the role undertaken by the customer (i.e., [7])). On the other side customer expectations are beliefs about a service delivery that serve as standards or reference point against which service performance is judged (i.e., [30]); which customer thinks a service provider should offer, rather than on what might be on offer (i.e., [22]). This is influenced by their personal needs, past experience, word-of-mouth and service provider's communications. The result of their comparison (i.e., perception and expectation) is service quality (i.e., [11]); [22];[23]). Customers will remain loyal to a service organisation if the value of what they receive is determined to be relatively greater than what is expected from (i.e., [30]; [3]). While service quality has proved to be essential ingredients to convince customers to choose one organisation over another, many organisations have realized that maintaining excellence on a consistent basis is essential, if they have to gain customer loyalty. This long-term perspective has created a strong shift in orienting service strategy towards a service promise (i.e., [15];[28]; [14]). Moreover, in the present setting, if an organisation has to understand the lifetime value of a customer (i.e., [30]; [1]) then developing a long-term customer relationship is essential (i.e., [11]; [12]; [24]) for survival.

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are the sole judges of the quality. Researcher (i.e., [22]) rightly explained that consistent conformance to expectations begins with identifying and understanding customer expectation, only then the effective service quality strategies can be developed.

### Sample Design

Keeping in the view the paucity of time, the present study was limited to hotels of Jammu and Kashmir, Chandigarh and Amritsar. The size of the sample was limited to six hundred sixty three (663). The size of the sample (663) was calculated using (i.e., [24]) formulae after determining the sample population (5,19,000). This represents a proportionate sample of 207 (two hundred seven) respondents selected from Jammu and Kashmir and 456 (four hundred fifty six) from Punjab (Chandigarh and Amritsar). The study has been carried out in five categories of hotels viz., A, B, C, D and E (classification of hotels). These two states have been selected for the present study because J&K is a tourist destination which on an average provides accommodation to 13,11,000 tourists annually (J&K Tourism Department, 2016). The state of Punjab (Chandigarh and Amritsar) was selected for its religious diversity and is one of the largest state in terms of geographical area in northern India. Stratified random sampling was, however, followed for the present study. All important demographic characteristics like age, gender, level of education, length of stay, nationality, purpose of visit, number of visits and category of hotel was taken into consideration while seeking the response from the customers regarding service quality variance in hotels. All these aspects have an important bearing on the user's evaluation of variance in hotel services. The effort was made to give a balanced representation to above demographic characteristics to make the sample representative. Majority respondents (36.60%) belonged to the age group of 31-40 years followed by the age group of 20-30 years (30.87%) where as the respondents belonging to the age group of above 51 years of age were the least participants followed by the age group of 41-50 years (24.30%). The sample includes (57.75 %) male respondents. Highest numbers of the respondents (50.50%) were graduates followed by post graduates (27.75%) and the remaining was under graduates. Respondents (47.00%) had their stay in between 1-6 days, (27.00%) in between 7-12 days, (14.50%) had stayed in between 13-18 days and the remaining (11.50%) had stayed more than 19 days. Majority of respondents (60.48%) were Indians and the remaining were foreigners (39.52). Leisure/Holiday seekers were heavy participants (42.50%) followed by business tourists (16.75%) and the tourist who came for visiting friends and relatives were the least (7.38%). Heavy number of respondents (29.62%) were first time visitors followed by (29.25%) 2<sup>nd</sup> time, and (21.01%) for 3<sup>rd</sup> time and remaining for the 4<sup>th</sup> time.

## METHODOLOGY

Two widely used service quality instruments (SERVQUAL, SERVPERF) are used for assessing quality services. However, the use of the SERVQUAL instrument developed by Parasuraman, (1985, 1988) has been criticized by many researchers. (i.e., [6]) objected on measurement of quality of services in terms of expectation and perception. Several other authors were in line with (i.e., [6]) about the use of SERVQUAL instrument (i.e., [25];[24]). As such service performance (SERVPERF) model has been used in present study. The questionnaire was divided into two parts. The first part was designed to measure the guests' perceptions regarding service quality in two states. The second part of the questionnaire contained questions relating to socio-demographic data about the respondents. The researchers introduced the tool of measurement in such a way that it briefly illustrated the topic of the study and procedures of response. The measurement grades were placed according to the 5-point Likert scale (i.e., [22]) where (1) was strongly disagree and (5) was strongly agree.

The study was conducted in the hotels of northern India (Jammu, Kashmir, Chandigarh and Amritsar) for four months during the summer of 2016. The target population selected for this study was hotel guests belonging to A, B, C, D and E category of hotels. A stratified sampling approach (Getz, et.al., 2006) was employed, in which 663 questionnaires were distributed to the guests who agreed to participate in the survey. The guests completed the questionnaire in the presence of the researcher. The statistical package for the social sciences (SPSS) and (Amos) was used to analyze the data. Descriptive statistics were used to measure service quality perception scores. To explore dimensionality of the (26) item scale, confirmatory factor analysis was performed. Factor loading of all the service quality elements ranged from .52 to .91. All the factor loadings were above the minimum criteria of .50. Therefore, magnitude and significance of the loading estimates supports convergent validity of all the five dimensions of service quality. The fit of CFA for service quality model was examined. The indices were as: value of  $\chi^2/df = 1.773$ , GFI = .994, AGFI = .932, NFI = .902, TLI = .949, CFI

= .954, RMSEA = .034. Collectively, the result of CFA fit indices reveal that the model fits the data well. Thus the CFA model is accepted.

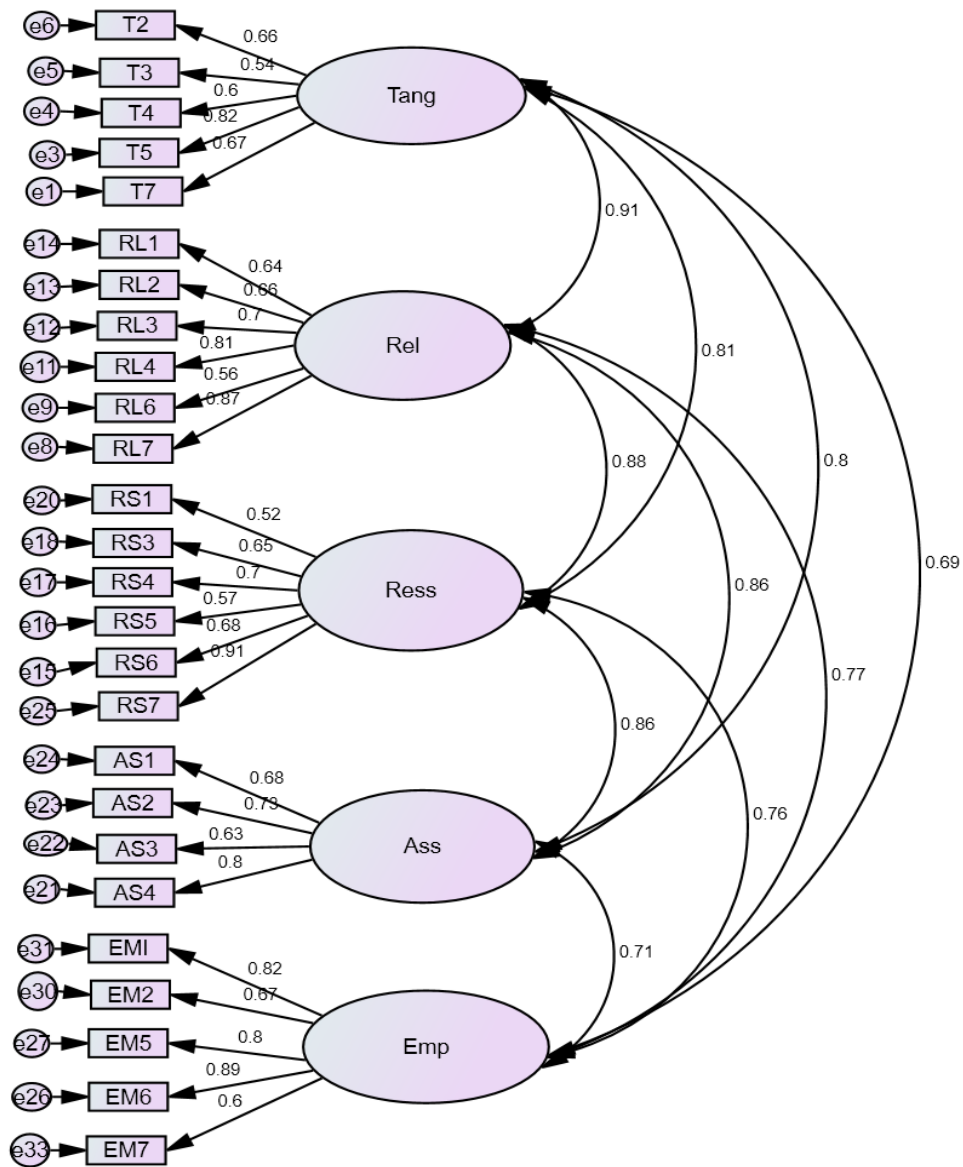


Figure 1.1 Measurement Model for Service Quality

Table 1: Average Variance Extracted (AVE) and Construct Reliability (CR)

Dimension	AVE	CR
Tangibility	0.542	0.72
Reliability	0.538	0.75
Responsiveness	0.540	0.79
Assurance	0.579	0.73
Empathy	0.560	0.76
<b>Service Quality</b>	<b>0.551</b>	<b>0.75</b>

**Table 2: Discriminant validity**

Conatructs	Tangibility	Reliability	Responsiveness	Assurance	Empathy
<b>Tangibility</b>	<b>.542</b>	.378	.423	.492	.409
<b>Reliability</b>	.378	<b>.538</b>	.469	.289	.331
<b>Responsiveness</b>	.423	.469	<b>.540</b>	.467	.512
<b>Assurance</b>	.492	.289	.467	<b>.579</b>	.494
<b>Empathy</b>	.409	.331	.512	.494	<b>.560</b>

### RESULTS OF THE STUDY

To study service quality between two states, mean value and standard deviation for both the two states were calculated separately followed by the t-test to determine significant differences, if any, in the sample organization. The results obtained from this computation are presented in Table: 4.

Table 4 summarizes data regarding overall and dimension-wise service quality variances in two states i.e., Jammu and Kashmir and the state of Punjab and brings to light that there is a significant variance ( $p < 0.05$ ) in service quality between two states. The overall mean score of Punjab is relatively higher (3.56) as compared to Jammu and Kashmir (3.13). The above result reveals significant variance ( $t$  value = 7.94;  $p = 0.00$ ) in the quality of services offered by two states, While as effect size (0.613) signifies these observed differences are large (see Table 3 for Threshold limits).

**Table 3: Threshold Limits for the Effect size**

Small	0.20
Medium	0.50
Large	0.80
Very Large	1.30

Source: Rosnow and Rosenthal (1989),

Dimension-wise analysis reveals significant differences ( $p < 0.05$ ,  $t = 4.12$ ) on tangibility dimension as reported by the two states. However, service quality scores of hotels in Punjab is comparatively higher (3.50) as compared to the hotels of Jammu and Kashmir (3.19) and the effect size (0.119) signifies observed differences is small. Reliability dimension also shows significant difference ( $p < 0.05$ ,  $t = 2.99$ ) in the quality of service as reported by the respondents of both the two states. However, respondents belonging to state of Punjab have comparatively higher (3.68) service quality scores as compared to the state of Jammu and Kashmir (3.12) and the effect size signifies small (0.008) differences. On responsiveness dimension data shows significant differences ( $p < 0.05$ ,  $t = 1.97$ ) in the quality of hotel services. However, service quality scores are again high for Punjab (3.51) as compared to Jammu and Kashmir (3.11) with effect size signifies small differences (0.098). Respondents of both the states i.e., state of Punjab and Jammu and Kashmir for assurance dimension shows significant variances ( $p < 0.05$ ,  $t = 3.44$ ) in the quality of hotel services. The respondents belonging to Punjab have reported relatively higher (3.73) service quality scores. While as relatively low service quality scores have been reported by the respondents of Jammu and Kashmir state (3.20). Further, effect size signifies that the difference is small (0.112). Data on Table 4 for empathy dimension also shows significant variances ( $p < 0.05$ ,  $t = 3.32$ ). However, relatively better service quality scores have been observed in Punjab (3.40) and relatively low scores have been observed for Jammu and Kashmir (3.03) and the effect size signifies that the significant differences is large (0.531).

**Table: 4: Service Quality Variance between Two States**

Service Quality Dimensions	Mean		St. deviation		't' Value	'P' Value	Effect Size Cohens'D
	J& K	Punjab	J& K	Punjab			
Tangibility	3.19	3.50	1.39	1.58	4.12	0.021*	.119
Reliability	3.12	3.68	1.50	1.62	2.99	0.002*	.008
Responsiveness	3.11	3.51	1.70	2.63	1.97	0.004*	.098
Assurance	3.20	3.73	1.58	1.45	3.44	0.001*	.112
Empathy	3.03	3.40	1.44	1.58	3.32	0.000*	.531
<b>Total</b>	<b>3.13</b>	<b>3.56</b>	<b>1.52</b>	<b>1.78</b>	<b>7.94</b>	<b>0.000*</b>	<b>0.613</b>

\*Note: \* Significant  $p < 0.05$  at 5% level

### CONCLUSION AND SUGGESTIONS

Service businesses have been growing rapidly in recent decades, while customer demand for high quality service is increasing. To remain competitive, the hotel needs to analyze customers' perception towards the service quality. In this research, the SERVPERF instrument has been applied in designing the questionnaire by using five dimensions of service quality. The questionnaire aimed to determine the variations of customers' perception towards the service quality of hotels.

The findings of the study concluded that there is a significant variation ( $p < 0.05$ ) in the overall quality of services between the two states of northern India i.e., Jammu and Kashmir and the state of Punjab (Chandigarh and Amritsar) and across all dimensions. The study further concluded that hotels of Jammu and Kashmir reported relatively low service quality in comparison to hotels of Chandigarh and Amritsar. Therefore, hotels of Jammu and Kashmir should increase their quality of services by focusing on all the dimensions of service quality, particularly on responsiveness and empathy dimension, so as to increase the levels of satisfaction among guests and thereby influence their repurchase intentions. Along with the important finding obtained in this study, the questionnaire used for measuring the service quality variation in hotel industry of northern India itself is an important contribution. The questionnaire used for this study is suitable for measuring service quality variation among guests staying in hotels of Jammu and Kashmir, Chandigarh and Amritsar allowing them to confidently identify the service areas which require action. At the same time, the questionnaire could also provide indicators through which managers and planners can plan service policies that would result in satisfied customers.

Further, the study was conducted to understand the variation of service quality in hotels of northern India. The service quality and customer satisfaction is directly related as high quality enhances the satisfaction at the same time. The innovation in service quality or by improving the quality of service the hotels become more able to satisfy the customers. The satisfaction of customer leads toward loyalty. Customers when felt satisfied, they remain loyal with the hotel and hence it affects the purchasing behaviour. The service quality of the hotels also enhanced the loyalty of the customers. All the service oriented business specially the hotel industry focused on the service quality as it increases the customer satisfaction and the loyalty. The enhancement in the service quality comes from different ways by considering the convenience of the customers. The customer satisfaction is basically the objective of the hotels which make them to give maximum attention. The hotels focused on creating the clear image for the customers by attracting them by increasing the comfort level. These all paths help the business to flourish and also have a tremendous impact on the profitability of the organization. India being the developing country needs to invest in the hotel industry. The growth of hotel industry impacts the economy as

well. So for increasing the standards of life styles the service quality should be improved which will increase the customer satisfaction and loyalty of customers in hotel industry.

### RECOMMENDATIONS AND SUGGESTIONS

The finding of the above study helps the hotel industry to focus more on the research progress to increase the service quality and customer satisfaction by considering it as the hotel management objective. Moreover, the results help the academia to understand the variables which increase the loyalty of customers towards hotels. For further study the larger sample size should be considered to understand the service quality variation in hotels industry.

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