



# Service Quality and Customer Satisfaction in Hospitality Industry: The Case of Selected Hotels in Jimma Town, Ethiopia

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**GJMBR-E Classification:** *JEL Code: M39, M20*



*Strictly as per the compliance and regulations of:*



# Service Quality and Customer Satisfaction in Hospitality Industry: The Case of Selected Hotels in Jimma Town, Ethiopia

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## I. INTRODUCTION

Despite the vast amount of research done in the area of service quality, quality related issues have received little research attention within the hospitality context especially in Ethiopia. The hotel industry consists of many different services, including accommodation, restaurants, cafes, and catering. The market for the hotel industry, especially classified hotels in a developing country like Ethiopia, is closely linked to the tourism industry, because a majority of consumers for the sector come from international tourists (G/egziabher, 2015).

Even though Ethiopia is in development path in different service sectors, still the country suffered from having world class hotel chains in number and providing international service standards. The country also suffered attracting more private hotel owners due to different reasons and the existed hotels do not perform well as per the international hotel standards and these clearly show that the country does not enjoy economic contribution from hospitality industry as expected (Mitiku, 2015).

According to Ethiopian ministry of culture and tourism quality standards to the hotels grading requirements and classification evaluation criteria states

that to obtain a higher Star rating a progressively higher quality and range of services and physical facilities should be provided across all areas with particular emphasis in five key areas: cleanliness, service, food, bedrooms and bathrooms (Culture, 2015).

For the reason that Ethiopia initially overlooked the hotel sector by not paying attention to the hospitality industry, authorities likewise failed to monitor the code of ethics governing hoteliers. The hotels handling of customer related issues are not scientific still it is following traditional way for example throwing the food in front of the guest, insulting the guests, cheat the guest or failure to give the change back as fast as possible, chewing gum while serving the guests, pasting finger into the nose while serving, touching hair and other bodies, failure to keep their neatness and the poor quality of food and lack of complaint handling. In addition they were simply collecting money with no progress in service quality and with no applicable practical SERVQUAL model (G/egziabher, 2015). These problems likewise have been seen currently in Jimma town hotels service.

The research results showed that most of the hotels in Jimma town did not meet the standards those are expected in terms of service delivery such as adequate facilities, excellent customer relationship, and knowledge of product or service offerings, trained personnel, provision of confidence and trust of services offered. These have led to customers complaining of poor quality of service, loss of confidence and dissatisfaction.

Moreover, managers of the observed hotels sometimes act as if today's profits are primary and customer satisfaction is secondary. They have lost sight of the idea that customers are their most important priority. Many of them have no idea who their customers are, or what their customers want and have no idea how to find out. This attitude leads to fewer repeat customers and negative word of mouth.

Even if few studies were conducted on hospitality industry for example by G/egziabher (2015) and Andargie (2013) assessed hotel related services in Addis Ababa, deep reviewed of these research result showed that there is a gap in way of measuring customers satisfactions. As different writers stated that customers' satisfactions should be measured based on

computing the actual service and expected service results. 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 (Parasuraman et al, 1988).

The objective of the study is to show the gap between provided services and expected services and relationships in terms of five dimensions: tangibility, reliability, responsiveness, confidences and communications and customers' satisfactions the case of selected hotels in Jimma town, Ethiopia.

Providing high standard of service quality can result in high level of customer satisfaction Suki (2013) and based on the widely common service quality measurement model LODGING QUALITY INDEX developed by Getty and Thompson (1995) and to see the relationship of these five dimensions with customer satisfaction hypotheses were done.

## II. LITERATURE REVIEW

### a) Service Quality and Customer Satisfaction

Quality in a service business has become a measure of the extent to which the service provided meets the customer's expectations. Companies have found that in order to increase profits and market share, they should pay much attention to service quality. Service quality has become a key strategic factor for companies to differentiate their products and services from other competitors by using service quality. Many researchers recommend that customers assess service quality by comparing what they feel a seller should offer and compare it against the seller's actual service performance (Gronroos, 1982) and the importance of quality to firms and customers is unequivocal because of its benefits contributing to market share and return on investment (Parasuraman et al, 1988).

According to Henning-Thurau et al (2001), the service quality is considered essential for the success and survival in a competitive environment and this influence the consumer behavior in a decision making process, and also the level of relationship between customer and company and can impact customer's loyalty. Measuring service quality is a better way to dictate whether the services are good or bad and whether the customers will or are satisfied with it.

Likewise Murasiranwa et al (2010), the hospitality industry has been facing increased number of competitors and a pressure environment, as a consequence of the combined effect of the current worldwide economic situation, technological advancement and globalization. The competitive environment in a hospitality industry has modified the way the companies' delivery the quality of service to customers and has made them adopting new

approaches to maximize the customer satisfaction based in a service quality.

Furthermore, the players in the hospitality industry, precisely the hotel has been directed the efforts to change the way they act in this industry, focusing in understand customer's needs and set out strategies to meet or exceed these needs. The way they have found to achieve this strategy is to raise the attention to service quality from the customer's perspective (Al Khattab & Aldehayyat, 2011).

### b) Customer satisfaction

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 (W.H.D.P.U.G, 2014).

In order to achieve customer satisfaction, it is important to recognize and to anticipate customers' needs and to be able to satisfy them. Companies which are able to rapidly understand and satisfy customers' needs, make greater profits than those which fail to understand and satisfy them (Almsalam, 2014).

Commitment towards quality improves the guest's level of satisfaction and increases profits and consequently the benefits gained by the guest and the employee. On the opposite, mistakes in service provision cost the hotel money and its reputation may suffer. This is the "non-quality cost" concept. The scenario created by non-quality service can be daunting for any hotel manager. An unhappy guest does not usually express his/her unhappiness to the management of a hotel, but will on average, inform at least nine other people about poor service experiences. A happy guest will, by contrast, only inform three people about his/her good service experiences in a hotel (W.H.D.P.U.G, 2014).

Moreover based on (Oliver 1980), customer satisfaction is stated based on the expectation disconfirmation point of view. Before purchasing or using the product or service, customers always have their personal expectation about its performance. After buying or using product or service, if the result is equal or better than expectation, it means the expectation has positive confirmation. In the opposite case, if the result is lower than expectation, we have negative confirmation. Customers are said to be satisfied only if there are positive confirmations of expectation. Customer satisfaction leads to repeat purchases, loyalty and to retain customers. Satisfied customers are more likely to repeat buying products or services. They will also tend to say good things and to recommend the product or service to others. On the other hand dissatisfied customers respond differently. Dissatisfied customers may try to reduce the dissonance by abandoning or returning the product, or they may try to

reduce the dissonance by seeking information that might confirm its high value (Kotler, 2000).

The SERVQUAL instrument is used to assess consumer perceptions and expectations regarding the quality of a service. The original service dimensions used by consumers to judge the quality of a service include:

*Assurance*– knowledge and courtesy of all employees and their ability to inspire trust and confidence in hotel guests.

*Empathy*– consideration, individualized attention the hotel provides to its guests.

*Reliability*– the ability to perform the promised service dependably and accurately.

*Responsiveness*– a sincere willingness to assist guests and provide timely service.

*Tangibles*– The ambience and general appearance of the physical facilities, rooms, restaurants, equipment, personnel, and communication materials (Na, 2010).

For each dimension, the SERVQUAL scale provides a score for customer expectations (E) and as core for customer perceptions (P) of service providers' performances. Customer expectations are wants or desires of customer, what they feel from the providers or it can be the prediction of future events. While customer perceptions are measured directly within and after their experience in using service. They reveal the evaluations of customers about what they gain from service (Na, 2010).

According to Parasuraman et al (1988), the difference between the two scores is service quality (Q).

$$Q = P - E$$

The key to optimizing service quality is to maximize this positive gap score. The negative value of this gap score reveals the dissatisfaction of customers. The input to calculate this score is customers' feedbacks.

#### c) *Lodging Quality Index*

The lodging quality index (LQI) is a multidimensional scale developed on the basis of SERVQUAL model. The process of the LQI scale began with ten dimensions that were originally in the first version of SERVQUAL (Parasuraman et al, 1988). The authors claimed that the LQI is a generic measure of hotel service quality (Na, 2010).

#### d) *Previous Studies on Hotel Industry*

According to the study by Hasan (2014), on the measuring service quality and customer satisfaction of the Hotels guests in Bangladesh, guest states that the hotel guests' perceptions of service quality provided by the hotel industry were lower than their expectations. The lowest expectations and perceptions were given by Bangladesh guests towards the hotels and domestic

and international hotel guests the results showed that the overall customer satisfaction levels towards the hotel stay is not satisfactory. Likewise, Kariru (2014) has made a research on the customers' perceptions and expectations of service quality in hotels in Western tourism circuit, in Kenya indicated that the hotels have room to improve their service quality and adapt to customers' expectations, so as to generate increased customer satisfaction and the resultant competitiveness. It is evident that a gap exists between customers' perceived and expected service quality standards of hotels.

Furthermore, G/egziabher  $\frac{\pi}{2}$ (2015) examined the service quality and customers satisfaction in hotel industry in Addis Ababa, Ethiopia on three star hotels stated that the combination of tangibility, reliability, responsiveness, confidence and communication together has significant and positive effect on customer satisfaction. And also the hotel guests' perceptions of service quality provided by the hotel industry were lower than their expectations.

Andargie (2013) conducted a study on foreign customer satisfaction in Ethiopian five star hotels Sheraton Addis and Hilton intercontinental hotels reported that foreign customers are not satisfied by the services of the hotels, more over all services quality dimensions created a gap in their expectation and perception of guests. Besides Zeleke (2012) has examined a study about the impact of service quality on customer satisfaction at the public owned National Alcohol and Liquor Factory stated that the five service quality dimensions brought an impact on customer satisfaction was significant in all factors of service quality.

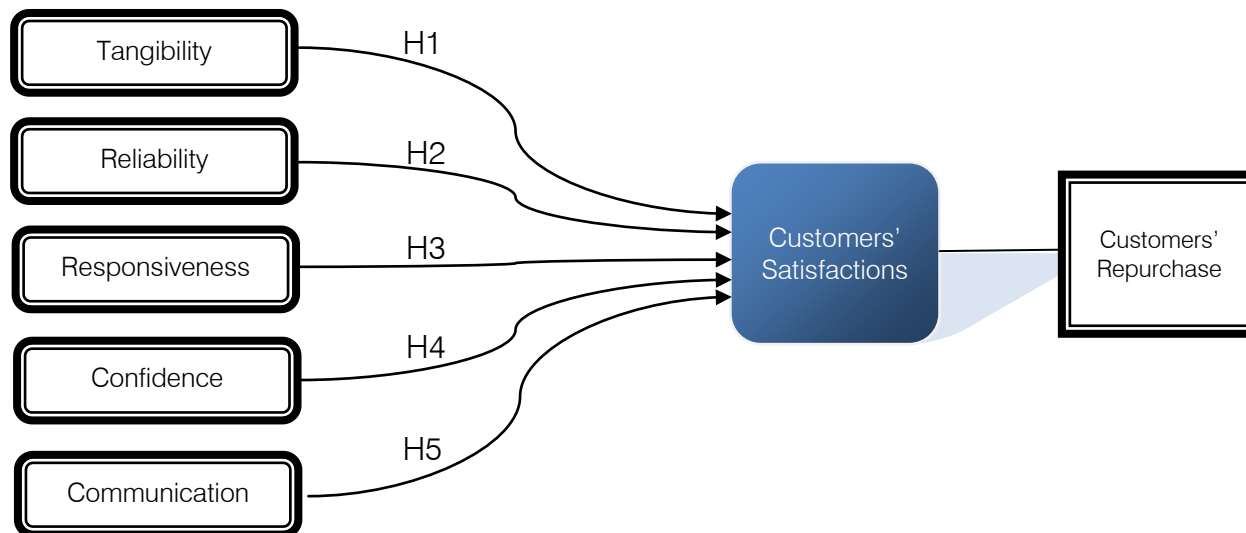
#### e) *Conceptual Frame work*

Conceptual framework was developed to identify the capability to predict the customer satisfaction based on the dimensions of service quality.

The conceptual frame work depicts the relationship between the independent and the dependent variables.

Currently the LODGING QUALITY INDEX model has been proven to be the best model to measure service quality in service sectors especially with the customer perspective. This idea generates an assumption that the five dimensions of LODGING QUALITY INDEX model could have a direct relationship with customer satisfaction. To see the relationship between customer satisfaction and service quality dimensions it is better to use the model (G/egziabher, 2015 and Na, 2010).

Predicted Model of Customer Satisfaction based on Service Quality dimensions (LQI)



Source: extracted from review of related literature

Figure 1

If customers agree that they are satisfied and give the reasons for satisfaction as service quality; service quality dimension has significant relationship with service quality and customer satisfaction, then a conclusion could be drawn that service quality has a significant relationship with customer satisfaction and with service quality dimensions.

To know about the impact of the individual dimensions of hotel service quality on overall customer satisfaction, multiple regressions using the following model can predict:

We allow for independent variables five to potentially be related to the dependent variable one.

- Let: x1=tangibility
- X2= reliability
- X3=responsiveness
- X4=confidence
- X5=communications

$$\text{Overall Customer Satisfaction}(y) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + e$$

Where:

- $\beta_0$  is the intercept
- $\beta_1, \dots, \beta_5$  are coefficients/parameters associated with  $X_1, X_2, \dots, X_5$
- y – Response variable
- $X_1, X_2, \dots, X_5$  are known constants/explanatory variables
- e –is random error

### III. RESEARCH METHODOLOGY

The study was descriptive in nature and employed explanatory research method which was aimed at establishing the cause and effect relationship between variables. The researcher used the facts or information already available to analyze and make a critical evaluation of the data/information.

#### a) Sampling Technique and Sample Size

In this study, both non probability and probability sampling were employed. Purposive/ judgment type of non-probability sampling was used for selecting the hotels and probability sampling was used. The sample size of this research was 172 guests from population of approximately 1428 guests based on ratio of customers in the specified days. The sample size from the guests is calculated as follows;

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

n- Adjusted sample size

N - The population size.

$$n = 196 / 1 + (195 / 1428)$$

$$n = 172$$

The sample break down of hotels based on ratio: Central hotel, Syf hotel, Honey Land hotel and W/abegaze hotel based on the ratio of (8:5:3:7) respectively.

Table 3.1: Sample break down

No.	Name of hotels selected	No. of estimated Customers per day	Percentage (%)	No. of questionnaire proposed to distributed
1	Central hotel	400	34.8	60
2	Seyf hotel	250	21.5	37
3	Hanyland hotel	150	13.4	23
4	W/Abegaze hotel	350	30.2	52
		1428	100	172

b) Data Collection Instrument

For the purpose of gathering primary data, structured questionnaire were developed and administered with the selected sample respondents/guests. In this survey, self-completion questionnaire with closed questions were developed.

The questionnaire were a complete survey of 40 questions covering mostly hotel services including the first division with 4 items based on general information second part with 30 items based LODGING QUALITY INDEX.

c) Data Analysis

Quantitative analysis techniques were employed to show processed data in absolute terms through the

use of descriptive statistical tools such as frequency, valid percentages, minimum and maximum value, mean and standard deviation of results with the help of SPSS version 16 by employing descriptive and inferential analysis techniques.

IV. DATA ANALYSIS AND DISCUSSIONS

All items shows strong consistency and its constructs indicated by values of Cronbach's alpha higher than 0.70. This suggests that the items concerned adequately measure a single construct for each tested variable (tangibility, empathy, responsiveness, reliability, assurance). Reliability measurements for each construct are shown in Table 4.1.

Table 4.1: Reliability Statistics

Variables	No. of items	Alpha( Perceptions)	Alphas (expectation)
Tangibility	6	0.780	0.803
Reliability	6	0.761	0.803
Responsiveness	6	0.853	0.841
Confidences	6	0.882	0.892
Communications	6	0.813	0.879

1. How many times have you previously visit at the studied hotels within a month?

Table 4.2: Frequency and percentage of customers visiting the studied hotels

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 times	14	8.1	8.1	8.1
2 times	28	16.3	16.3	24.4
3 times	32	18.6	18.6	43.0
four times	40	23.3	23.3	66.3
more than 4 times	58	33.7	33.7	100.0
Total	172	100.0	100.0	

As the table 4.2 shows that most of the studied hotels visit the hotels approximately more than four times within a month. So the customers have enough

information's to judge or evaluate level of service quality to studied hotels.

2. Education level

Table 4.3: Education level

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-8	18	10.5	10.5	10.5
9-12	14	8.1	8.1	18.6
diploma	27	15.7	15.7	34.3
degree	54	31.4	31.4	65.7
MA and above	59	34.3	34.3	100.0
Total	172	100.0	100.0	

As the table 4.3 depicts that more numbers of the respondent were higher in educational level. So they have enough knowledge to judge whether the service delivered by studied hotels have quality or not or met their expectations or not.

a) *Level of customers' expectation and perception towards service quality of hotels*

This section presents the customers expectation and perception towards service quality of Hotels. As the researcher tried to states on the literature

i. *Tangibility*

review service quality is composed of tangibility, reliability, responsiveness, confidence, and communication. The 172 respondents were asked to rate each statement concerning their expectation and perception of service quality delivered by the selected hotels in Jimma town.

The following table below gives a breakdown of the descriptive measures of the five dimensions of service quality(LQI) that were answered by respondents.

Table 4.4: Customer satisfaction concerning service Quality tangibility dimensions

No.	LODGING QUALITY INDEX	N	Customers' expectation		Customers' Perceptions		Cust.sat. Level P-E=Q
			mean	S.D	mean	S.D	
1	TQ1:The front desk was visually appealing	172	3.80	.74094	3.24	1.16284	-0.56
2	TQ2:The employees had clean, neat uniforms	172	3.88	.81533	3.20	1.14421	-0.68
3	TQ3:The restaurant's atmosphere was inviting	172	3.82	.84038	3.20	1.20366	-0.62
4	TQ4:The outdoor surroundings were visually attractive	172	3.72	.88722	2.98	.95191	-0.74
5	TQ5:The hotel was bright and well lighted	172	3.78	.81305	3.17	1.16671	-0.61
6	TQ6:The hotel's interior and exterior were well maintained	172	3.70	.75811	2.96	.99917	-0.74
Cumulative/aggregate/ level			3.78		3.12		<b>Dissatisfied (-0.65)</b>

First, the results in the table 4.4 in the dimension Tangibility showed that customers had high expectations for an excellent hotel to have modern functionality and appearance of the property. However, when their perceptions of studied hotels functionality and appearance were compared to their expectation levels a gap of -0.65 was found.

The data shows that customer perceptions' on actually having modern looking functionality and appearance of the property were lower than what they

expected. That is provided services by the studied hotels had not been met customers' expectations based on all Tangibility dimension.

All the tangibility dimensions such as visually appealing front desk, the neatness of employees, the restaurant's atmosphere, attractiveness of outdoor surroundings, brightness of the hotel, well maintaining interior and exterior of the hotel are not appealing as the customers' expectations. As a result negative difference between perceptions and expectations of the customers

related to the Tangibility dimension was recorded. Accordingly, customers were dissatisfied with the Tangibility dimension of the studied Hotel.

Table 4.5: Customer satisfaction concerning service Quality Reliability dimensions

LODGING QUALITY INDEX		N	Customers' expectation		Customers' Perceptions		Cust.sat. Level P-E=Q
RELIABILITY							
1	RLQ1:My reservation was handled efficiently	172	3.80	.83576	3.20	1.13953	-0.6
2	RLQ2:My guest room was ready as promised	172	3.80	.7468	3.22	1.09652	-0.58
3	RLQ3:TV, radio, A/C, lights, and other mechanical equipment worked properly	172	3.81	.91341	3.03	1.16191	-0.78
4	RLQ4:I got what I paid for	172	3.78	.88866	2.60	1.17460	-1.18
5	RLQ5:Hotel Provides services at the time it promises to do so	172	3.92	.70924	2.91	.91929	-1.01
6	RLQ6:Employees were able to accurately answer my questions	172	3.94	.72313	3.10	1.07921	-0.84
Aggregate mean			3.84		3.01		<b>Dissatisfied (-0.83)</b>

Second, Customers' expectations and perceptions on the Reliability dimension of the Hotel were sought based on six dummy variables (Table 4.5) above. Reliability dimension mean score perceptions ranges from (mean 2.60 to 3.22) and expectations (mean 3.78to 3.80);

The data shows that Customers' expectation levels vary in this dimension according to which service

attribute was being evaluated. However, on all the statements in this dimension customers' expectations exceeded their perceptions of the service quality at the studied hotels (-0.83)

These finding indicates that Overall satisfactions on studied hotels promised service dependably and accurately was below customer expectations.

Table 4.6: Customer satisfaction concerning service Quality Responsiveness dimensions

No.	LODGING QUALITY INDEX	N	Customers' expectation		Customers' Perceptions		Cust.sat. Level P-E=Q
	RESPONSIVENESS		mean	S.D	mean	S.D	
1	RQ1:Employees responded promptly to my requests	172	3.90	.77731	2.85	1.30981	-1.05
2	RQ2:Informative literature about the hotel was provided	172	3.89	.71784	3.05	1.33449	-0.84
3	RQ3:Employees were willing to answer my questions	172	3.85	.88973	3.02	1.08942	-0.83
4	RQ4:Employees responded quickly to solve my problems	172	3.87	.83043	3.03	.95162	-0.84
5	RQ5:Room service was prompt	172	3.96	.69160	3.05	1.15604	-0.91
6	RQ6:Check-in and check-out procedures were fast and efficient	172	3.99	.67967	2.95	1.11771	-1.04
AGREGATE MEAN			3.91		2.99		<b>Dissatisfied (-0.92)</b>

Third, Customers' expectations and perceptions were sought on four variables coming under the Responsiveness dimension (Table4.6) above. Customers were asked six questions to ascertain their level of expectations and perceptions on the above variables. In the statement of responsiveness dimension customers' perceptions range from (mean 2.85 to 3.05) and expectations (mean 3.85 to 3.99) results -0.92.

In all items of responsiveness such as employee's willingness to promptly respond the customers' request, availability of informative literature about the hotel, employee's willingness to solve the guest problem quick availability of room service, fast check-in check-out procedure are a negative results to customers satisfactions.



It showed that the customers' perception was lower than their expectations.

Table 4.7: Customer satisfaction concerning service Quality confidence dimensions

LODGING QUALITY INDEX		N	Customers' expectation		Customers' Perceptions		Cust.sat. Level P-E=Q
<b>CONFIDENCE</b>							
1	CQ1:Employees knew about local places of interest	172	3.68	.92215	3.13	1.14943	-0.5465
2	CQ2:Employees treated me with respect	172	3.75	.85925	3.03	1.17923	-0.7151
3	CQ3:I felt safe in the delivery of services	172	4.01	.78724	3.10	1.00093	-0.913
4	CQ4:Employees were polite when answering my questions	172	3.80	.91088	2.99	1.18464	-0.8081
5	CQ5:The hotel provided a safe environment	172	3.74	.88768	2.96	1.21826	-0.7791
6	CQ6:The facilities were conveniently located	172	3.78	.88392	3.05	1.21787	-0.73
AGREGATE MEAN GAP			3.79		3.04		<b>Dissatisfied (-0.75)</b>

Fourth, Customers' expectations and perceptions on confidence dimension of the Hotel were sought on six variables (Table 4.7) above. They were examined through six questions to verify their level of expectations and perceptions on the above variables. The result perceptions mean's score range from (mean 2.96 to 3.13) and expectations (3.60 to 4.00);

In all items includes: knowledge of employees about local place, treatments' of guest, secured

environment delivered by the hotels, politeness of staffs and facilities located suitable place are a negative results when we compare customers' expatiations.

A negative difference (-0.75) was observed with regard to the customers' perceptions and expectations of the all confidence dimension. It confirmed that customers' expectations had not been met and they were dissatisfied about the confidence dimension of Hotel services.

Table 4.8: Customer satisfaction concerning service Quality communication dimensions

LODGING QUALITY INDEX		N	Customers' expectation		Customers' Perceptions		Cust.sat. Level P-E=Q
<b>COMMUNICATIONS</b>							
1	CNQ1:Charges on my account were clearly explained	172	3.53	.89461	2.95	1.18600	-0.5814
2	CNQ2:Hotels employees have the customer's best interest at heart	172	3.77	.89409	2.99	1.16226	-0.7732
3	CNQ4:I received undivided attention at the front desk	172	3.73	.78620	2.98	1.21623	-0.75
4	CNQ5:Reservationists tried to find out my particular needs	172	3.74	.94041	3.21	1.01585	-0.5291
5	CNQ6: Managers of the hotel was supervising and friendly welcoming me.	172	3.68	.86319	2.91	1.02173	-0.7732
6	CNQ3:Hotels employees deals with guests in a caring fashion	172	3.89	.89872	2.92	1.13132	
Aggregate mean gap			3.72		2.99		<b>Dissatisfied (-0.72)</b>

Finally, Customers were asked six questions to ascertain their level of expectations and perceptions on the communications variables (Table 4.8) above. Dimension of communications perceptions range from (mean 2.9 to 3.2) and expectations (mean 3.5 to 3.8).

A negative difference (-0.72) on the dimension of communications was noted between the customers' expectations and perceptions.

It showed that the customers' perception was lower than their expectation and they had been dissatisfied with the communications dimension of the Hotel. Customers had expressed dissatisfaction with items includes Charges on customers' account were clearly explained, Hotels employees have the customer's best interest at heart, customers received undivided attention at the front desk, Reservationists tried to find

out guests' particular needs accessibility, managers of the hotel was supervising and friendly welcoming guest and Hotels employees deals with guests in a caring fashion.

These findings indicate that the customers still expect more in the quality of service given by the service providers. Because service delivered by Jimma Hotels are not match with their expectations.

b) Correlation Result of Service quality and Customer satisfaction

Table 4.2.1: Correlations matrix

		CUS. SAT.	TANG.	RELIAB.	RESPON.	CONF.	COMUN.
CUSTOMERS' SATISFACTION	Pearson Correlation	1	.345**	.419**	.543**	.474**	.402**
	Sig. (1-tailed)		.000	.000	.000	.000	.000
	N	172	172	172	172	172	172
TANGEBLITY	Pearson Correlation	.345**	1	.134*	.097	.213**	.104
	Sig. (1-tailed)	.000		.040	.103	.002	.088
	N	172	172	172	172	172	172
RELIABILITY	Pearson Correlation	.419**	.134*	1	.361**	.015	.035
	Sig. (1-tailed)	.000	.040		.000	.421	.325
	N	172	172	172	172	172	172
RESPONSIVENESS	Pearson Correlation	.543**	.097	.361**	1	.297**	.244**
	Sig. (1-tailed)	.000	.103	.000		.000	.001
	N	172	172	172	172	172	172
CONFIDENCES	Pearson Correlation	.474**	.213**	.015	.297**	1	.471**
	Sig. (1-tailed)	.000	.002	.421	.000		.000
	N	172	172	172	172	172	172
COMUNICATIONS	Pearson Correlation	.402**	.104	.035	.244**	.471**	1
	Sig. (1-tailed)	.000	.088	.325	.001	.000	
	N	172	172	172	172	172	172

\*\* . Correlation is significant at the 0.01 level (1tailed).

\*. Correlation is significant at the 0.05 level (1-tailed).

Table 4.2.1 shows that Correlation value between service quality dimensions and customer satisfaction. The results of correlation analysis supported the hypothesis H1, H2, H3, H4, & H5 and proved that there is a positive and strong significance relationship between the LODGING QUALITY INDEX dimensions and customer satisfaction.

Tangibility and customer satisfaction (r=0.345\*\*, p < 0.01), reliability and customer satisfaction (r =0.418\*\*, P < 0.01), responsiveness and customer satisfaction (r=0.545\*\*, P < 0.01), confidence and customer satisfaction (r = 0.474\*\*, p< 0.01), communications and customer Satisfaction (r=0.402\*\*, P < 0.01) are positively correlated respectively.

Reliability is positive relations with responsiveness(r=0.361\*\*, P<0.01).

Responsiveness is no correlations with confidence and communications (r=0.297\*\*, p< 0.01 and r=244\*\*, p<0.01 respectively).

Confidence is positive relations with communications (r= .471\*\*, p<0.01).

Tangibility is no correlations with reliability and confidence (r=0.134\*, p<0.05 and 0.213\*\*, p<0.01 respectively).

c) Regression Analysis

The researcher used multiple regression analysis to examine the independent variables:

Tangibility, Reliability, Responsiveness, Confidence, and Communications on the dependent variable customer's satisfaction.

Table 4.3.1: Regression model for Coefficients'

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-3.744	.228		-16.402	.000		
RESPON.	.238	.046	.308	5.149	.000	.772	1.295
CONFID.	.180	.045	.250	4.021	.000	.711	1.406
RELIAB.	.239	.051	.270	4.729	.000	.845	1.183
TANGEB.	.191	.050	.207	3.814	.000	.937	1.067
COMUN.	.135	.046	.178	2.963	.003	.766	1.305

a. Dependent Variable: CUSTOMERS' SATISFACTIONS

The results are as follows:

Estimated customers' satisfactions

$$(Y) = -3.744 + 0.308 * \text{Respo.} + 0.250 * \text{Conf.} + 0.270 * \text{Reliab.} + 0.207 * \text{Tang.} + 0.178 * \text{Comun.} + e$$

Where:

Constant a = -3.744

Responsiveness Coefficient = 0.308

Confidence Coefficient = 0.250

Reliability Coefficient = 0.270

Tangibility Coefficient = 0.207

Communications Coefficient = 0.178

e- Indicates random error.

The above results illustrated the highest impact of the Responsiveness on customer satisfaction, where an increase in Responsiveness by (beta= 0.308, t=5.149, p<0.01) could cause an increase in the customer satisfaction in hotel industry.

Similarly, Reliability has a positive and significant effect on the customer satisfaction with (beta coefficient = 0.270 t=4.729, and p<0.01).

Also, the customer satisfaction in Jimma studied hotels will be strongly affected by tangibility, where an increase in tangibility by (beta= 0.207, t-value=3.814, p < 0.01) will causes a direct increase in the customer satisfaction.

The coefficient beta and p value of Confidence were positive and significant (beta= 0.250, p < 0.01) effect on customers' satisfactions in Jimma studied hotels. Means the customer satisfaction in hotel is directly affected by the Confidence where an increase in Confidence by 0.250 will cause a direct increase in the customer satisfaction.

The value of communications contribution to the Customer Satisfaction is (beta=0.178, t-value of 2.963 and p-value less than 1% sig. level). That means communications on customer satisfaction, where an increase in communications by 0.178 will cause an increase in the customer satisfaction in hotel industry.

The Model summary table 4.3.2 and the ANOVA table 4.3.3, include the R Square value, which serves as the proportions of the variation in dependent variable (customers' satisfactions) being explained by the variation in independent variable service quality dimensions. In other words this means that the R Square depicts how good the regression model is at explaining the variance in Customer Satisfaction in hotels' industry.

It can be observed that the coefficient of determination (R<sup>2</sup>) was 0.542, representing that 54.2% of customer satisfaction can be explained by the five dimensions of service quality (LODGING QUALITY INDEX).

This is a good finding, but in order to find out if it is significant one must study the ANOVA table. The ANOVA table shows the results from the analysis of the variance and determines if the R Square value is significant or not. In this case the ANOVA table shows that the finding is significant because the p-value is less than significance level 0.1%. This indicates that the overall model was reasonable fit and there was a statistically significant association between service quality dimensions and customer satisfaction.

Table 4.3.2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.543 <sup>a</sup>	.295	.291	.45471
2	.634 <sup>b</sup>	.402	.395	.42000
3	.691 <sup>c</sup>	.478	.468	.39383
4	.720 <sup>d</sup>	.518	.506	.37950
5	.736 <sup>e</sup>	.542	.528	.37095

a. Predictors: (Constant), RESPONSIVENESS

b. Predictors: (Constant), RESPONSIVENESS, CONFIDENCES

c. Predictors: (Constant), RESPONSIVENESS, CONFIDENCES, RELIABILITY

d. Predictors: (Constant), RESPONSIVENESS, CONFIDENCES, RELIABILITY, TANGEBLITY

e. Predictors: (Constant), RESPONSIVENESS, CONFIDENCES, RELIABILITY, TANGEBLITY, COMUNICATIONS

Table 4.3.3: ANOVA<sup>b</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	27.032	5	5.406	39.289	.000 <sup>a</sup>
Residual	22.843	166	.138		
Total	49.875	171			

a. Predictors: (Constant), COMUNICATIONS, RELIABILITY, TANGEBLITY, RESPONSIVENESS, CONFIDENCES

b. Dependent Variable: CUSTOMERS' SATISFACTIONS

d) Test of the Hypotheses

The following hypotheses were tested to answer the problem statement and consequently address the objective of the study.

*H0*: There is no a significant relationship between the dimension tangibility of service quality and customer satisfaction.

*H1*: There is a significant relationship between the dimension tangibility of service quality and customer satisfaction.

The result of the multiple regression analysis found that the variable tangibility had a beta value of 0.207 and that it was significant at a 0.01% significance level, as shown in Table 4.15. These finding indicate that the researcher have very strong evidence to reject the null hypothesis and support the research hypothesis. The positive relationship between tangibility and customer satisfaction was strengthened by the strong correlation between the two variables, a Pearson coefficient of  $r=0.345^{**}$  with p- value less than 0.01 as shown in Table4.14. So, there is a significant and

positive relationship between the dimension tangibility of service quality and customer satisfaction.

*H0*: There is no significant relationship between the dimension reliability of service quality and customer satisfaction.

*H1*: There is a significant relationship between the dimension reliability of service quality and customer satisfaction

The finding in the data analysis presented in Table 4.15, shows that the variable Reliability had a beta value of 0.270 and the p- value was less than one percent (1%)level of significance. This means that the variable Reliability was the significant contributor to customer satisfaction. The data analysis also found that Reliability was strongly correlated to customer satisfaction with a significant Pearson coefficient of 0.419.

So, the alternative hypothesis (H2) can be supported by the data because contribution to the customer satisfaction has taken positive value and very strong evidence to reject null hypothesis with 99% confidence level.

Thus it can be concluded that there is a significant and positive relationship between Reliability and customer satisfaction.

*H0:* There is no significant relationship between the dimension responsiveness of service quality and customer satisfaction.

*H1:* There is a significant relationship between the dimension responsiveness of service quality and customer satisfaction.

The regression analysis showed that responsiveness had a beta value of 0.308, which was the highest of all the variables and p-value less than 1% sig. level. The data analysis also found that Reliability was strongly correlated to customer satisfaction with a significant Pearson coefficient of 0.543\*\* with 1% sig. level. With this data we can support the developed alternative hypothesis (H3) and we have very strong evidence to reject the null hypothesis. So the finding concludes that there is a significant and positive relationship between Responsiveness and Customer satisfaction.

*H0:* There is no significant relationship between the dimension confidence of service quality and customer satisfaction.

*H1:* There is a significant relationship between the dimension confidence of service quality and customer satisfaction.

As shown in table 4.15 in the data analysis, Confidence had a significant beta value of 0.250 and p-value less than 1% sig. level. And the variable confidence was also positively correlated to customer satisfaction ( $r=0.474^{**}$  and  $p<0.001$ ) as depicted in table 4.14. With this data developed alternative hypothesis (H4) can be supported and the researcher has very strong evidence against the null hypothesis at 1% significance level.

So the finding concludes that there is a significant and positive relationship between Confidence and Customer satisfaction.

*H0:* There is a significant relationship between the dimension communication of service quality and customer satisfaction.

*H1:* There is no significant relationship between the dimension communication of service quality and customer satisfaction

As shown in table 4.15 in the data analysis, Communication had a significant beta value of 0.178 and p-value less than 1% sig. level. And the variable Communication was also positively correlated to customer satisfaction ( $r=0.407^{**}$  and  $p<0.001$ ) as depicted in table 4.14

So the constructed alternative hypothesis can be supported and the researcher has very strong evidence against the null hypothesis at 1% significance level. Finally it can conclude that there is a positive and

significant relationship between communications and Customer satisfaction.

To sum up the five dimensions of the lodging quality index (LQI) those generic measures of hotel industries' quality service have significant and positive relationships with customers' satisfactions at 99% confidence level.

## V. CONCLUSION AND RECOMMENDATIONS

### a) Conclusion

Customers are very crucial part of the success of any company. Their satisfaction with a purchased product or service influences their decision to purchase it again. This holds true for the companies in the hotels industry satisfied customers prefer to return to the same hotel or restaurant if they really liked it. Therefore, customer satisfaction plays a very important role in the hotel industry and should be seen as one of the first management's priorities at all hospitality companies. The findings of the study could be summed up:

1. The dimension of responsiveness has significant and positive relationships with the customers' satisfactions at more than 99% confidence level. And also all attributes of responsiveness were not match with customer expectations. The result leads to negative disconfirmation, where performance is deemed worse than standard, resulting in dissatisfaction of customers to the studied hotels.
2. Communications had a significant and positive relationship with the customer satisfaction in hotel services. All elements of communications were results a negative sign in each considered hotels. In other words, the studied hotels were not capable in fulfilling the guest satisfactions in any elements of communications.
3. Tangibility had a significant and positive relationship with the customer satisfaction in hotel services. And negative difference between perceptions and expectations of the customers related to the Tangibility dimension was recorded. So, customers were dissatisfied with the Tangibility dimension of the studied Hotel.
4. Reliability had a significant and positive relationship with the customer satisfaction in hotel services. And also the studied hotels failed in fulfilling in customers' expectations in all elements of reliability dimensions.
5. Confidence had a significant and positive relationship with the customer satisfaction in hotel services. All items includes: knowledge of employees about local place, treatments' of guest, secured environment delivered by the hotels, politeness of staffs and facilities located suitable place are a negative average score results when we compare customers' expatiations.

b) *Recommendations*

The following are the recommendations:

1. To curb the problem related to responsiveness dimensions, motivating employees are critical points to the managers and owners of the hotels. When hotel companies find great employees, train them, and incorporate them into their work team, they do not want to lose them. They need to motivate them so they stay and do their work well.
2. Communication is at the heart of all business relationships. Managers must give instructions, feedback, encouragement, carry-out discipline, and solve problems using interpersonal communication. There must be constant and clear communication down as well up within the company. Communication is probably the most important step to achieve improved satisfaction among employees that consequently leads to increased customer satisfaction.
3. The owners of the hotels or the top level of managers should maintain the service attribute of tangibility at the acceptable level, because different type of customer usually has a variety of their preference. The facilities' physical appearance like facilities at excellent hotels should be visually appealing, materials in excellent hotels should be neat in appearance and the front office area and restaurants must be attractive and appealing.
4. Be reliable one way for the firm to keep customers' expectations from rising is to perform the service properly at the first time. It is imperative to be a reliable service provider that can deliver consistently competitive performance.
5. To solve the problems regarding confidence of employees, attracting or recruiting staffs that have adequate knowledge in managing, especially in hotel management and tourism with appropriate short and long term training and orientations concerning customers handling should be provided. Well-trained employees can deliver quality service which helps the image of the company and attracts more customers to the company.
6. Managers should understand that profit is the result of doing things right rather, than only purpose of doing business. They know that the purpose of business is to create and maintain satisfied customers. Satisfied customers not only return to the same hotel or restaurant, but they also talk favorably to others about their satisfaction.
7. Concerned bodies like the government officials are seriously considering or supporting the hospitality business to make the hotel sectors more international brand and to give attentions to the hospitality sectors like other disciplines.

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