

## Service Quality in Penang Hotels: A Gap Score Analysis

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**Abstract:** Service quality has emerged an important area in the hotel industry for decades. Thus, it is essential that service providers understand customer expectations and perceptions as well as the factors that influence their evaluation and satisfaction with the provided service. Therefore, this paper examines and measures the quality of services provided by hoteliers in Penang (Malaysia). Empirical research is used to determine guests' expectations and perceptions of the quality of service, and a comprehensive scale adopted from "SERVQUAL" is empirically evaluated for its usefulness in the Penang hotel industry. The findings of this research based on the mean differences between expectation and perception of hotels' guests represent positive and negative numerical scores. Two items reported positive scores, while the remaining items scores negative values which is the result of shortfalls in offering service quality and the guests' perceived value of the services less than their expectations based on measured variables. The paper findings help Penang hoteliers to improve their service quality to fulfill shortcomings.

**Key words:** SERVQUAL • Gap Scores • Hotel Performance • Customer Satisfaction

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### INTRODUCTION

For the last few decades, the tourism industry has been identified as a key driver in the growth of the service industry, which in turn, is one of the three main industrial components of a developed and/or developing economy [1]. In this increasingly competitive market, one of the most important tenets for a service organization is to maintain an ongoing relationship with their customers in order to protect their long term interest [2]. Considering this competitive environment, there is a need for service providers to plan strategies that will differentiate them from others. This can be achieved through the delivery of superior service quality [3]. Providing a satisfactory service quality is extremely important to capture and retain customers. In other words, the practice of excellent service quality has been proven to lead to increased customer satisfaction [4].

Among service industries, hospitality is the fastest-growing service sector throughout the world [5]. Therefore, making it an essential part of the service business enterprise. In the hospitality industry, different people have different perceptions of what is known as service. When asking customers to define service, many of them say something like: "get what I want, when I want it", "being greeted with smile", "getting my order right

at a restaurant" [4]. These expectations highlight the fact that service requires both tangible and intangible aspects in order to satisfy customers during the business transaction. For this reason, hotel marketers and managers must try to understand customers' expectations and perceptions regarding the quality of services and how it affects customer satisfaction. Hence, it suggests that because customers evaluate service quality in terms of their own expectations, customers' subjective perceptions have great impact on whether service is a success or failure [6].

Service quality is conceptualized and measured by a number of models. Among these numerous methods, the "SERVQUAL" model or "Gap" model is widely accepted by researchers [7]. There are five main dimensions of the "SERVQUAL model"; tangibles, reliability, responsiveness, assurance, and empathy [7].

The objective of this study is to measure and evaluate the service quality in Penang hotels based on the "Gap" model for the purpose of finding where hoteliers may fall short in meeting the needs of their customers. It is important for hoteliers and marketers to be able to define the importance of service quality dimensions (tangibility, reliability, responsiveness, assurance, and empathy) and their relative importance to guests' satisfaction. Having knowledge about guests'

expectations, will help hotel managers know what to improve upon and whether service quality has been met or exceeded in their hotels. This would provide the basis to assist managers in reducing the gap felt by guests between expectations and the actual service provided. Moreover, understanding a new concept in business is very important for developing an effective marketing strategy. Although it is generally accepted that quality of service and effective service management has a positive impact on customer satisfaction, the research still aims to gain more insight into these areas [8].

**Measuring Service Quality:** Service marketers need to be concerned with the four characteristics of service; intangibility, perish ability, inseparability and heterogeneity, as these are intrinsic to service as they lead to different consumer perceptions and behavior [1]. The four distinct characteristics of service makes it more difficult to evaluate quality of service rather than products, in turn making it more complicated to achieve customer satisfaction and establishing competitive advantage. Services managers must understand and cope with these challenges if they are to compete successfully in the complex service environment [9].

Although Service quality is important to performance in hospitality [1, 10, 11], there is a lack of agreement about what constitutes as service quality. Despite there being no general definition, researchers' views revolve around the idea that service quality is the result of comparing service expectations with actual performance perception [7, 12,13].

Service quality is conceptualized by a number of models. Furthermore, there are also many factors that influence the quality of services directly and indirectly [7, 14, 15, 16]. Among numerous approaches to measuring service quality, "SERVQUAL" scale or "Gap Model" has attracted the greatest attention, regardless of the kind of service industry being considered [7]. In this scale an integrated model of service quality is proposed and explains why companies might fail to deliver the service customers expect. This model suggests that there are five gaps that can be used to examine the difference between service expected by the customer and the management's perception of customer expectation [7].

An important advantage of the "SERVQUAL" instrument is that it has been used and validated across different contexts in the service industry, e.g. hospitals [17], banks [18], higher education [19] and department stores [7]. For this reason, the "SERVQUAL" approach remains the best measure for cross-sectional research and industry benchmarking [13].

Generally, customer satisfaction or dissatisfaction with service providers is the result of a gap between prior expectations and actual performance [20]. Hence, an obvious way for service providers to keep their customers satisfied is by reducing the discrepancy between customers' expectations and the level of performance [21]. It is discussed that the "Gap Model" highlights the gap between customer expectation and customer perception of actual service delivered [7]. Generally, service quality gaps can be major cause of customer dissatisfaction. Low service quality is represented by a wider gap between customer expectations of service quality (what the customer expects of a service prior to experiencing the service), and the perception of quality of service actually delivered (post-consumption judgment) [7]. Hence, hospitality managers, who want to close the service quality gap and improve customer satisfaction, need to analyze the actual service delivery against customer expectations with reference to the gaps [22].

It is significant for each service provider to know how customer expectations develop [23]. Having knowledge about customers' expectations helps service providers know the appropriate definition of service quality by their customers [24]. Moreover, customer satisfaction will develop by knowing the customers' expectation of the service. It common knowledge that, most of the time, customers choose a service provider with certain expectations [3]. Guests without previous experience may have general expectations. For instance, first-time guest of a hotel expect nice beds, good mattresses, clean surroundings, satisfactory meals, and a reasonable price. But, experienced guests have more specific expectations based on past experience.

The term 'expectation' as used in service quality literature differs from the way it used in customer satisfaction literature. In customer satisfaction literature, expectation is viewed as predictions made by consumers about what is likely to happen in the transaction or exchange [25]. Whereas, in the service quality literature, expectations are viewed as needs and wants/desires of consumers, that is, what they feel a service provider *should* offer rather than *does* offer [7, 12].

A further review of literature reveals that perceived service quality has been described by various researchers as a form of attitude, but not equivalent to satisfaction, that results from a consumer comparing expectations of service with their perceptions of actual service performance [20]. Perception is fundamentally linked with the post purchase experience [26]. In the service marketing literature, perception is defined as a customer's belief concerning the service received or service

consumed during a service encounter [7]. It has been discussed that the perception of service is generated through an actual service experience and is shaped during or after the act of purchase and consumption [7].

It has been argued that good perceived quality is obtained when perception of customers meets the expectation of them, i.e. the expected quality [13]. Measuring perceived service quality, a comparison is made with what a consumer should expect. Whereas in measures of satisfaction, the comparison is made with what a customer actually expects [12]. Some other researchers believe that when there is a close interaction between a service employee and a customer, the perception of what is being delivered is as important as what is actually delivered [27]. Therefore, the employee's behavior and attitude can influence a customer's perception of quality for that service being offered [28].

**The Service Setting:** The service setting for this research is Penang hotels. Penang is known as the most established beach holiday destination in Malaysia; receiving 6.3 million tourist arrivals in 2009 [29]. For this reason, this rapid expansion of the tourism industry could soon become the top source of foreign exchange earnings for the nation. The rise in Penang visitors, leads to an increase need in accommodation. Earlier surveys in Penang showed that the highest expenditure for tourists is on accommodation, followed by transportation and food [8]. A total of 64 hotels have been built on this island [30]. Hence, the delivery of services with high quality in hotels; has become essential in portraying a good image and bringing satisfaction to customers.

Malaysian Association of Hotels is making strides in improving the quality of the hotel sector and has described its vision in an annual secretariat report [30];

*“To build a workforce of highly skilled, innovative and disciplined individuals who will operate as one to enhance the efficiency of the hotel industry in its efforts to achieve the goals of vision 2020 and beyond.”*

To achieve this goal, the study of service quality in the service industry must be realized. Unfortunately, however, in practice it is still being overlooked. In recording behavioral patterns of service quality occurrences, preliminary observations have shown that, although Penang receives a considerable amount of tourists, it still experiences many shortages in terms of providing and delivering service quality. This is emphasized by the results of previous research that pointed out Malaysia especially Penang is good at

building hotels, resorts and restaurants, but fall short when it comes to the actual delivering of service quality [31]. Acquiring satisfied customers so that they have a preference or emotional attachment to a particular hotel and are willing to return, or recommend that particular hotel to others, is still in question.

To sum up, providing an excellent and satisfactory service quality is extremely important to capture and retain customers. For this reason, this study utilized the “SERVQUAL” Model and gap scores to investigate the hotel visitors' expectation and perception. Assessing and comparing the perceptions of the hotel visitors with actual served service quality will help hoteliers and managements to find shortfalls and subsequently, improve their quality of services.

**Methodology:** The preliminary investigation and observation is conducted. It involves exploring some ideas about the existing situation regarding service quality in Penang hotels. It also involves investigating possible issues and problems related to service quality and its dimensions (reliability, responsiveness, assurance, empathy and tangibility).

The current research uses a questionnaire as a tool to collect data from the sample group whom are international tourists who were visiting Penang and staying at hotels during the time the survey was conducted. The samples for this survey were selected regardless of their nationality, age and gender, and included all types of tourists from those wanting luxury to backpackers, etc.

In the questionnaire, the questions are divided into two sections (expected service quality and perceived service quality). Those questions were adopted from previous research [9]. It measures service quality by implementing the five dimensions of the “SERVQUAL” instrument: each dimensions followed by four questions. The 5-point Likert-scale is used for all responses with according labels (1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree).

## RESULT

This research targeted 230 respondents. However, only 202 questionnaires were returned. Since the respondents did not properly complete the questionnaires, only 200 questionnaires were analyzed and 2 questionnaires were eliminated so these were not included in this study and were therefore deleted from the data sheet. As a result, the final sample size used for data analysis was 200. In this research, 54.5% were male, while females contributed 44.5% to the total number of

Table 1: Goodness of Measure and Gap Scores among Respondents

Service Quality	Factor Loading	Cronbach's Alpha		Scores		Gap scores
		E	P	E	P	
Empathy		0.90	0.90			
Friendliness and courtesy of staffs				3.99	3.92	-0.07
Providing a menu for diet	0.837-0.876			3.69	3.85	+0.16
Understands specific needs of guests				3.98	3.90	-0.08
Special attention given by staff to know each guest				3.97	3.89	-0.08
Reliability		0.98	0.89			
Well-trained and knowledgeable staff				4.55	4.18	-0.37
Handled complaints and problems graciously	0.824-0.865			4.56	4.16	-0.4
Provides services as promised				4.56	4.21	-0.35
Performs services right at the first time				4.54	4.08	-0.46
Assurance		0.97	0.88			
Instilling confidence in guests				4.54	4.12	-0.42
convenience of service availability	0.787-0.889			4.59	4.24	-0.35
Occupational knowledge of employees				4.59	4.12	-0.47
Provides a safe and secure place for guests				4.56	4.15	-0.41
Responsiveness		0.97	0.88			
Gives individual attention to guests				4.41	3.97	-0.44
Provides prompt services	0.826-0.881			4.48	4.04	-0.44
Willingness of staffs to help guests				4.47	4.00	-0.47
Availability of employees when needed				4.49	4.04	-0.45
Tangibles		0.94	0.82			
Attractiveness of the hotel decorate and design				4.44	4.58	+0.14
Neat and professional appearance of staffs	0.659-0.932			4.50	4.50	0
Modern-looking and well-maintain hotel equipments				4.47	4.25	-0.22
Quietness of the hotel environment for purpose of stay				4.46	4.46	0

respondents. It was found that the different percentage between male and female was slightly different. This is because male tourists normally travelled with their spouse. 63% of the survey's respondents chose were first time guests at the hotel they were staying, whereas 18.5% were staying at their chosen hotel for the second time, 7.5% for the third time and 10.5% for the fourth time. 47.5% of respondents had finished high school and 43.3% of them had a university degree. Moreover, only 9% of them were elementary educational level.

Table 1 shows the comparison of mean responses (tested for the goodness of service quality measure), expectation, perception and gap scores among respondents. A factor analysis was conducted for this study to ensure the current study followed the five dimensions of service quality theory respectively. The 20-item measurement of service quality was subjected to principal component analysis with Varimax rotation. Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is ranging from 0.797 (expectation) to 0.723 (perception). KMO is indicating sufficient inter-

correlations while the Bartlett's test of sphericity is significant (expectation → Chi-Square= 2.5763,  $p < 0.001$ ; perception → Chi-Square= 2.350,  $p < 0.001$ ). A reliability test showed that the coefficient for each study variable ranged from 0.82 to 0.98.

Customer satisfaction and dissatisfaction in service providers is the result of a gap between prior expectations and actual performance. The SERVQUAL method was used to calculate the difference in the score among all of the items. The negative scores indicated the existence of a service quality gap, whereby the tourists were not having their expectations met by the actual service performance. The results show that almost all of the statements (questions in the questionnaire) in this survey indicate that the quality of service fell under tourist's expectation. The biggest gap, related to perceived reliability, was in the performance of the service experienced for the first time (-0.46). The wider gap shows more dissatisfaction with service quality performance. Therefore, more attention by managers is required to improve on this area of service.

On the other hand, tourists were very happy with the food and interior attractiveness of the hotel surpassing their expectations (based on the gap analysis results). This was indicated by positive sign in the gap score column. The positive scores suggest that managers have a good understanding of customer expectations regarding positive points. Generally, it is hard to say tourists are satisfied with the hotel service quality in Penang since the negative scores exceed the positives.

Furthermore, two items of tangibility had a score of zero. This means that, the quietness of the hotel environment for the purpose of staying met the tourists' expectation and neat and professional appearances of staff also met tourists' expectation.

### **DISCUSSION**

The literature on service quality argues that the assessment of service quality should be based on five factors namely: tangibility, responsiveness, reliability, assurance and empathy. These factors have potential of being a suitable measuring tool of service quality and consequently customer satisfaction. This study was conducted to identify some factors that may influence customer satisfaction in the hotel industry. Despite the significant research, interest in service quality, understanding of the antecedents of successful service quality, is still incomplete. Thus, it is essential that hospitality managers understand the factors that affect customers' expectations, perceptions and satisfaction with services.

In order to find shortfalls in providing service quality in Penang hotels, the comparison between customer expectation and perception was conducted. The negative scores were found to exceed than positive score. This means that generally, perceived service quality did not meet expectations of the hotel guests. Therefore, many gaps and shortfalls are needed to be addressed by hoteliers and service providers for service improvement. Priority and attention should be given based on the bigger discrepancy between expectations and perceptions. The bigger the gap score, the more serious the service quality shortfall from the consumer's viewpoint. Thus, the delivery of quality services remains essential to the success of the hospitality industry. Furthermore, the results of this research will benefit hotel managers in understanding why the guest goes to their particular organization, and what their guest expects, and how to meet that expectation. A good management must exist to create quality of service. Moreover, this study

helps to provide feedback to the hotel industry in Penang to further enhance the offering and improve the quality of offered services.

### **CONCLUSION**

The perceived quality of a given service is the outcome of an evaluation process during which customers compare their prior expectations of the service with that they have actually received. That is, having perceived service against the expected service. Service organizations can achieve a strong reputation for quality service only when they consistently meet or exceed customer service expectations. Having knowledge about these areas can help managers improve service quality of their firms.

Generally speaking, this study has conducted a survey in hotel industry by identifying five service quality dimensions that represent the evaluative criteria which guests use to assess service quality of Penang hotels. The findings show that our emphasis on the service quality antecedents is vital because the dimensions of service quality play a significant role in the performance of a hotel as a service sector. It is thus necessary to continuously measure customer satisfaction in order to assess the service providers' performance. This paper has helped better understanding of these performance drivers' nature that potentially can be used by hotel managers in a practical sense.

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