

## Development of a Comprehensive Model to Improve Service Quality and Delivery for the Malaysian Hotel Industry

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**Abstract:** This paper is presented as to introduce a model that can improve service quality within the lodging industry in Malaysia. It was known that there are many strategies that had been developed over the years to improve service delivery in the Lodging Industry. The industry by norm is known to highly require the existence of human to deliver services. It is worth noting that seeking the best method to increase the quality of service among employees is vital. From the review of the literature it was found that there are many strategies that have been developed to improve service quality and delivery among lodging employees. Within them many strategies have been presented that were designed to enhance both products and services in a variety of contexts. Among the better known of these are Total Quality Management (TQM), Six Sigma (SS), SERVQUAL (SQ), the Relationship Marketing paradigm (RM), Internal Marketing (IM) and Internal Market Orientation (IMO). As consequences of this study a strong foundation that could improve service quality and delivery has been developed through scrutiny of expert's remarkable thoughts and therefore, this study has the capacity building role to assist the Malaysian Government to attract more international tourist and as a catalyst of improving the economy of the country.

**Key words:** Service Quality • Service Delivery • Total Quality Management • Six Sigma • SERVQUAL • Relationship Marketing • Internal Marketing • Internal Market Orientation

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### INTRODUCTION

Tourism is an important industry that contributes at least 9 per cent of the world's GDP, employs over 255 million people worldwide and represents 8 % of the global workforce [1]. The industry makes a significant contribution to the economic development of many countries, with some countries reliant on tourism as a catalyst for growth and development [2]. This is the case in Malaysia where the tourism industry has been hosting large numbers of tourists arriving for business or vacation purposes as well as transient passengers' en-route to other destinations. In 2016, the hospitality and tourism sector contributed MYR 82.1 billion (approximately – USD 20 billion) with 26.8 million tourists and it was ranked second, after the manufacturing sector, in terms of overall economic contribution [3]. Intense competition has been a feature of the tourism industry for some time and this has led to the development of sophisticated business operation strategies. However, the Malaysian Hotel

Industry has traditionally been slow to adopt these innovations [4,5]. O'Mahony [6] notes, for example, that instead of improving service and developing distinctive products that satisfy the needs of their customers, hotels tend to concentrate on improving revenue through increased sales, generally by lowering prices. Some of the antecedents that have a direct impact on service quality and delivery are working environment (culture, belief), physical environment (facilities, equipment), rules and regulations (policies, procedures) and Human Resources Management practices [7]. Proper handling of those antecedents could alter employee's efficiency and effectiveness and therefore, increase the degree of service delivery and quality of a job. Next a review of literature on product and service improvement frameworks will be further explained.

### Literature Review

**Total Quality Management (TQM):** Prior to embarking on any quality improvement program, it is important for

businesses to analyse the suitability of such programs before adoption. The reason why businesses should adopt the right quality improvement method is that the methodology should be tailored to the core business of the firm. In the manufacturing sector, several methodologies could be used as a means of improving product quality. However, service firms may adopt different approaches to improve the quality of service delivery. Several quality management approaches have been found to be useful and one of the most well-known strategies is Total Quality Management (TQM). TQM is known for its capacity to improve the quality of products; however, the dimensions of TQM could also be used to assist this study as a means of developing a service delivery improvement model for the Malaysian Hotel Sector. Ho [8] summaries TQM as follows:

*...Total - everyone associated with the company is involved in continuous improvement (including its customers and suppliers if feasible), Quality - customer's expressed and implied requirements are met fully, Management - executives are fully committed ... (p.276)*

TQM practice in the service sector, particularly in the hospitality industry, has not been fully embraced, however, a number of hospitality companies have introduced it [9]. A number of issues have been highlighted in terms of the implementation of TQM practice, which has been found to pose some challenges in the Hospitality and Tourism sectors [10]. Breiter and Bloomquist [10] suggested that top management should examine the suitability of TQM elements and practices to their establishment. This was done because previous reviews of the literature have shown that TQM practices were widely utilized in the manufacturing sector. They added that, to assess the state of mind and the level of acceptance of service employees, it is vital to adapt TQM practices.

**Six Sigma (SS):** The review of the literature found that the Six Sigma methodology has also been widely used in manufacturing businesses. The manufacturing sector uses Six Sigma primarily to improve product quality [11]. However, there are number of service organizations that have embraced the product improvement methodology [12]. Kivela and Kagi [13] stated that Six Sigma is a product improvement approach that is also well accepted by service oriented businesses. Although the methodology is designed specifically to improve

productivity, the concept gained serious interest from service organizations as a method to improve the quality of services. This was due to the effectiveness of the methodology in improving products and services as well as work systems [12, 14, 15]. According to Pande, *et al.* [16], Six Sigma methods were derived from three basic fundamental tenets and they are: i) statistical measures on the process or product, ii) zero defects in employee performance and iii) top management commitment. Six Sigma was developed and named by Dr. Mikel Harry a Senior Engineer from the Motorola Corporation, in 1975. He designed the approach after his search for ways to reduce defects and improve production [12]. Linderman, *et al.* [17] offered the following definition of Six Sigma:

*... Six Sigma is an organized and systematic method for strategic process improvement and new product and service development that relies on statistical methods and the scientific method to make dramatic reductions in customer defined defects rates... (p.195).*

**Servqual (SQ):** The effort to attain quality in products and services has been a key concern for some time [18]. Since, the quality of a product is relatively easily measured and the quality of services is hard to define [19,20], Parasuraman, Zeithmal and Berry [21] initiated an extensive investigation to develop a methodology to improve service quality. The study (SERVQUAL) conducted by Parasuraman, *et al.* [21], based on the idea that service quality is related to the difference between what the customer expects and what the customer experiences in the course of service delivery has inspired many researchers to embark on research to improve service delivery and service quality. The dimensions of SERVQUAL are tangibles, reliability, responsiveness, assurance and empathy. Berry [22] postulated that quality is intangible and indistinguishable. Takeuchi and Quelch [23] further affirmed that quality is hard to measure and its characteristics are not easily understood.

**Relationship Marketing (RM):** The researcher identified a further quality improvement methodology known as the Relationship Marketing paradigm. Relationship marketing is a philosophy that engages with several business strategies. As such, it is not a service improvement model *per se*, however, Berry [22] proposed that there are five components that need to be taken into consideration that can be used to improve service. These are: i) core service strategy, ii) relationship customization, iii) service

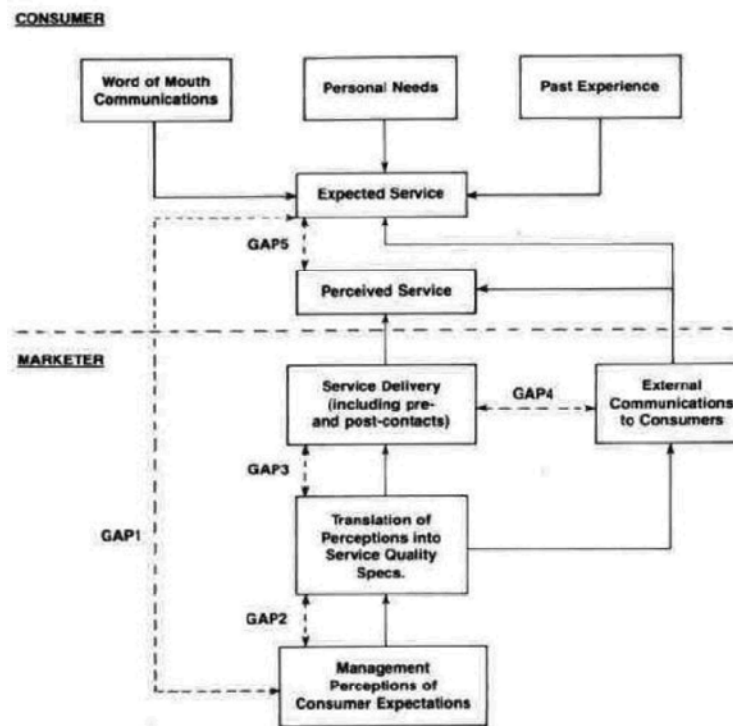


Exhibit 1: The SERVQUAL framework developed by Parasuraman, Zeithaml and Berry (1985, pp.41-50)

augmentation, iv) relationship pricing and v) internal marketing. Some of these dimensions can improve service delivery and, thus, the philosophy was included in this review. Key to our understanding of the relationship marketing paradigm is the notion of core services. Berry and Thompson [24, p.65] explained that ‘the ideal core service is one that attracts new customers through its need-meeting character, cements the business through its quality, multiple parts and long term nature and provides a base for the selling of additional services over time’.

**Internal Marketing (IM):** A service provider’s internal customers are among the most important factors in any marketing strategy because a human presence is a vital component of services [25, 26]. In most circumstances, a service provider cannot be separated (inseparability) from the service [18] and, in reality, the customer buys human interaction, not a product [27]. Service is a performance and the performance is often labour intensive [28]. Service provided by service employees influences the outcome of the service, which, in turn, influences the effectiveness of internal and external marketing activities [29]. To put services marketing into practice, service organizations have been advised to examine and understand what is ‘Internal Marketing’ [30].

**Internal Marketing Orientation (IMO):** The search for the most effective service improvement method has been ongoing since Berry, *et al* [31], Sasser, *et al*[32] and Gronroos [33] pioneered the movement for improving service quality for almost 40 years. More recently, Lings [34] introduced the Internal Market Orientation (IMO) framework in which he proposed a construct and a measure to complement the Internal Marketing framework developed by Berry and Parasuraman [18]. Lings [34] introduced the concept of IMO as a model to focus on balancing employees’ and customer’s needs and wants by developing constructs which he termed Internal Market Orientation. However, the model was further improved by Lings and Greenley [35]. More recently, Gounaris [36] adopted the model and tested it to examine the level of job performance and job satisfaction among hotel employees in Greece. The results of his study were conclusive and Gounaris [37] asserted that the framework was highly applicable and effective in assessing employee job performance and satisfaction in hotels.

**The Process of Developing a Service Quality and Delivery Improvement Model:** The process of developing a service delivery improvement model for the Malaysian Lodging Sector involved several stages. Firstly, a number

of product and service improvement frameworks and models were examined within the literature. It was found that there was an abundance of models and frameworks that have been used to improve products and services, however, studies on improving service delivery for Hospitality and Tourism were scant, particularly in relation to developing industries such as the Malaysian Hotel Sector. Therefore, the aim of this section was to review the relevant dimensions of the models from various non-hospitality and tourism sectors and to consider the most important dimensions of each of these models for potential use within the Malaysian Hotel Sector and then modify, where appropriate, those dimensions that could be used to improve service quality in the Malaysian Hotel Industry. The examination of previous literature has concluded that there are a number of previously developed product and service improvement frameworks and various dimensions within them that could be adopted to assist in producing a preliminary service delivery improvement model. Moreover, within those models that have previously been used to improve delivery in the service sector, there was an emphasis on the “people dimension”. This was important because of the interaction between customers and service personnel in the hospitality industry is extremely important, as compared, to employees that works in the manufacturing sectors.

**Stage 1:** Terms and definitions and the explanation of the relevant dimensions.

**Stage 2:** Terminology and subheadings – In this section, those dimensions from product and service improvement models and frameworks are rewritten into common terminology.

**Stage 3:** Categorization of Dimensions – In this stage, those dimensions are categorized into dimensions of a preliminary model. Three new dimensions were created, they are: i) Management and Employee Relationship, ii) Management and Customer Relationship and iii) Firms (Organization) and Supplier Relationship.

**Stage 4:** Rearrangement of Dimensions – In this process, a pilot study was conducted and, as a result, two dimensions were retained, however, the relationship between firms and suppliers was omitted because the dimension was seen to have less ability to improve service delivery in a hotel context.

**Stage 5:** Refinement of the Preliminary Model – In this, a proposed model was created and it consisted of two dimensions, they are: i) Management and Employee Relationship (15 sub-dimensions) and ii) Management and Customer Relationship (2 sub-dimensions).

**Stage 1 - Terms and Definitions of Each Dimension:** In this stage, each of the dimensions of previous product and service delivery improvement models and frameworks will be explained. The

**Stage 2 (Terminology and Subheadings):** In stage 2, the dimensions of the product and service improvement models that were examined thus far are presented using a common terminology. For example, the concept of empowerment exists in the Total Quality Management philosophy and in the Internal Marketing framework. This study has identified a total of 48 dimensions from various product and service improvement models and frameworks. During this process, however, the researcher identified various dimensions found in previous product and service improvement approaches that are similar in definition and intent, but the terminology, in many cases, differs.

**The Quality Improvement Subheadings:** In this study, those dimensions that are collapsed or grouped are given a common terminology referred to as ‘the quality improvement subheadings’. It is worth noting that, these subheadings are rearranged into; r) management and employee relationships, s) management and customer relationships and t) firm to supplier relationship. Those quality improvement sub-headings were regrouped into a section called ‘the important dimensions’. These dimensions were deemed important on the basis of the emphasis of these dimensions in the review of literature relative to their impact on improving quality within services. The important dimensions were further categorized into: a) management and employee, b) management and supplier and c) management and customer.

### **Stage 3 Categorization**

**Management and Employee Relationship:** In this stage, 48 dimensions from various product and service improvement models and frameworks were classified into three categories. The first category is ‘management and employee relationship’ and dimensions that relate to the relationship between management and employees.

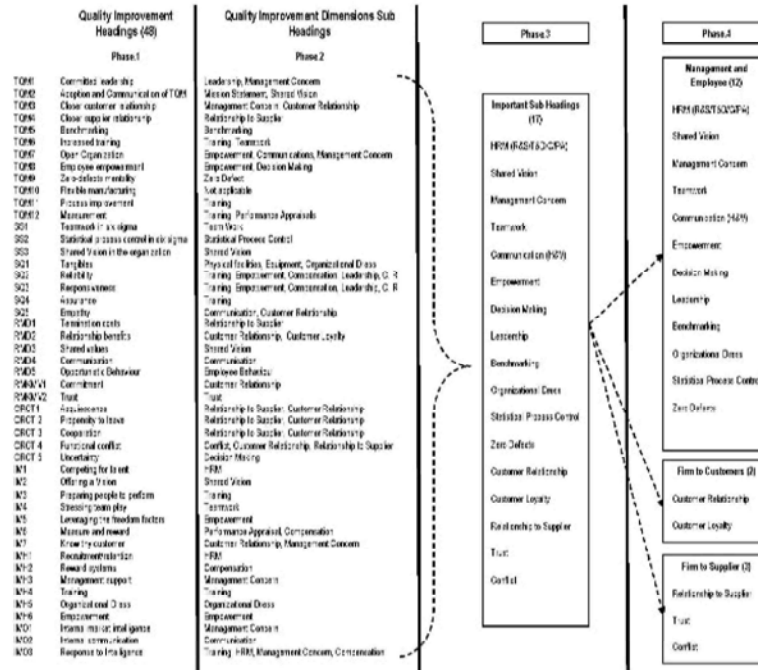


Exhibit 2: Categorization of Various Product and Service Improvement Models and Frameworks into Three Main Dimensions

**Management and Customer Relationship:** The second category is management and customer relationship. It is made up of dimensions such as: a) customer relationship and b) customer loyalty. Within the literature, the relationship between the organization and the customer was seen as among the most important dimensions of any quality or service improvement model because services are ultimately produced to be sold or rendered to customers. Moreover, by understanding the importance of such relationships, customers will not only be onetime users, they also can be encouraged to become repeat customers, thus benefiting service organizations.

**Firm (Organization) and Supplier Relationship:** The third categorization is the firm (organization) and supplier relationship. The dimensions of this category are: a) relationship to supplier, b) trust and c) conflict. The relationship between an organization and their supplier is important because hotel operations depend on the supply of high quality raw materials. For example, the success of a restaurant not only depends on waiters/ waitresses or the chef's job performance, but also on high quality ingredients and raw materials. Exhibit 2 depicts the process, presenting key constructs that allowed the researcher to ensure that the antecedents of service improvement are represented and that variables that can

be used to examine these constructs can be included in the data collection phase.

**Stage 4 - Rearrangement of Dimensions:** In this stage of the study the model was rearranged to fully reflect the dimensions of the preliminary model. Here, those dimensions are divided into three distinct primary dimensions that consist of: a) relationship between organization and employees, b) relationship between organization and customers and c) relationship between organization and suppliers. At this point, the preliminary model had not undergone the process of a pilot study. The pilot study was conducted that involved a review by academic researchers from the hospitality and tourism disciplines. Exhibit 3 depicts the model's dimensions or constructs. The refinement of the preliminary model is explained next.

**Stage 5 - Refinement of the Model - Proposed Model:** Within this stage a pilot study was conducted. After an analysis of the findings and pilot study, two primary dimensions of the proposed model were retained, they are: a) the relationship between organization and employee and b) the relationship between organization and customer. The third primary dimension, that is, the relationship between hotels and suppliers, was deleted for

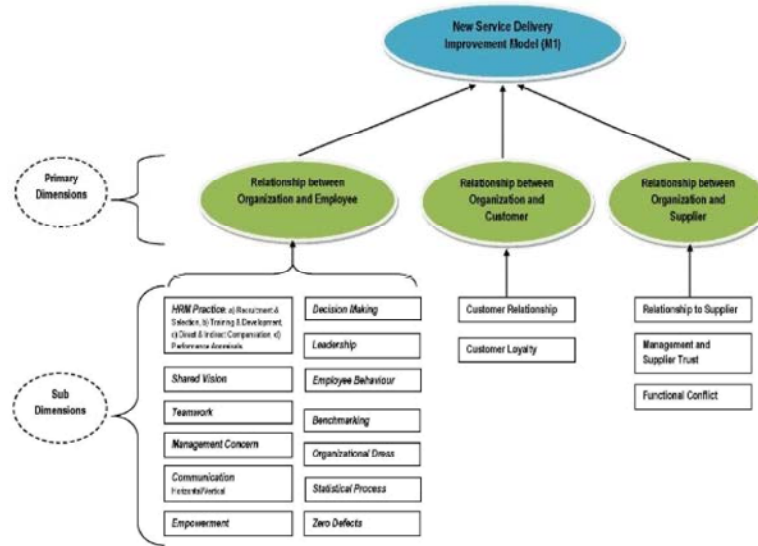


Exhibit 3: New Service Delivery Improvement Model (Preliminary Model)

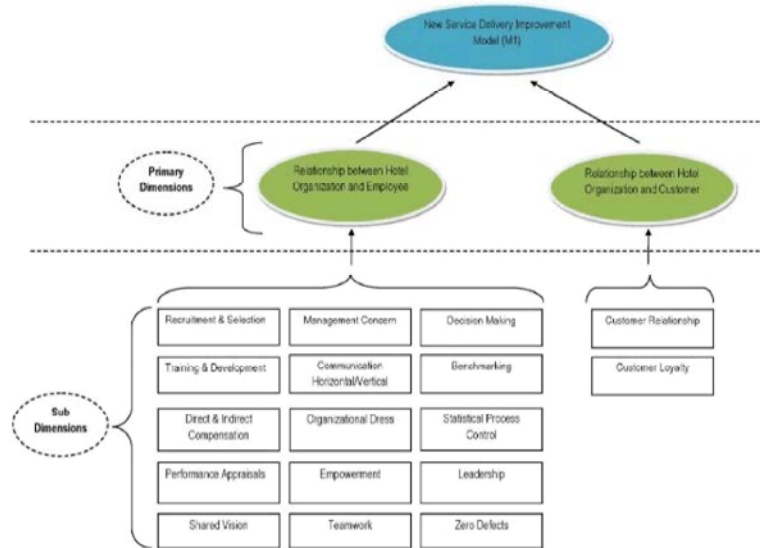


Exhibit 4: Refinement of the Model (Proposed Model)

several reasons. According to experts (in the pilot study), those two primary dimensions (relationship between organization and employee/relationship between organization and customer) have a greater impact on an organization’s efficiency and the quality and effectiveness of service delivery than the relationship between organizations and suppliers. Furthermore, experts concluded that the four dimensions of Human Resource Management Practice should be examined separately as each dimension is considered as one distinct dimension in itself. Having taken into account the views expressed within the literature and the views expressed by the expert

researchers in the pilot study, the researcher was able to establish those dimensions that were likely to have the most impact on improving service delivery in the Malaysian Hotel Sector. The emerging model was comprehensive in its scope, but still manageable in terms of its potential implementation within the hotel sector. Exhibit 4 depicts the final proposed model.

**The Modified Model:** A series of interviews with eight experts were analysed. This analysis yielded two major findings. Firstly, through the qualitative analysis, 9 out of 17 dimensions of the proposed model were highlighted by

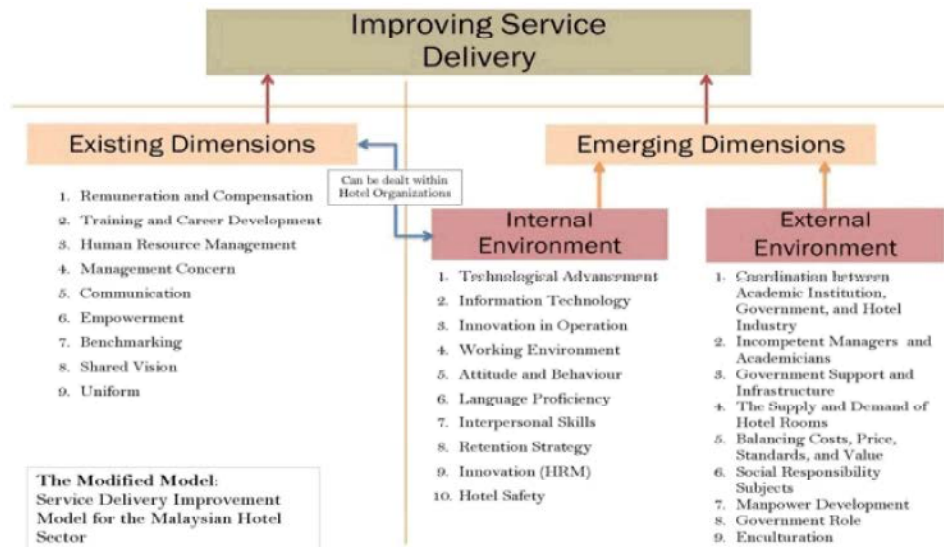


Exhibit 5: The Modified Model

the experts as significant with the capacity to improve service delivery. Those dimensions, are referred to as ‘*the existing dimensions*’. In addition to the existing dimensions, other dimensions emerged beyond those in the proposed model that was ‘*the emerging dimensions*’. They are further divided into two sub-dimensions because the dynamics of each dimension that can be used to improve service delivery varied. The first sub-dimension is referred to as ‘*the internal environment*’ and second sub-dimension is referred to as ‘*the external environment*’. These titles are in keeping with the discussion in qualitative data analysis and discussion) where it was revealed that some of the issues regarding how to improve service delivery were related to hotel operators, the government, institutes of higher learning, primary/secondary schools and the society. Therefore, ‘**The Modified Model**’ is now presented in Exhibit 5.

Consequently, the model could be extremely valuable for (i) the government’s future planning for tourism and tourism development, (ii) future manpower development, (iii) assisting future economic growth and (iv) aiding in long-term planning by the Malaysian government.

### CONCLUSION

Malaysia, as a tourism destination, has many strengths such as, hotel safety, an enviable Halal certification system and a genuinely hospitable culture. These strengths can now be built upon through the introduction of this model. Indeed, one of the benefits of

improved service is the ability to balance the supply and demand for hotel rooms by increasing the attractiveness of Malaysia as a tourist destination [38]. As a result, this model has much to offer the industry and the study has ascertained how the benefits of service quality can best be realized and, as such, it will extend our understanding of service improvement in Malaysia and provide a strong academic base for future studies.

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