UNIVERSITI PUTRA MALAYSIA

THE EFFECT OF SERVICE PROCESS ON GUESTS ENCOUNTER SATISFACTION AT THREE-STAR HOTELS

HAIRUDDIN MOHD. ALI.

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By

HAIRUDDIN BIN MOHD ALI

Thesis Submitted to the Graduate School of Management, University Putra Malaysia, in Fulfillment of the Requirement for the Degree of Doctor of Philosophy

November 2006
DEDICATION

This thesis is dedicated to my late parents, Hj. Mohd. Ali and Hjh. Yang Nahar (Alfatihah), my beloved wife, Pn. Abidah Seman and all my children for their love, support, motivation and sacrifice for my achievements.
Abstract of thesis presented to the Senate of University Putra Malaysia in fulfillment of the requirement for the degree of Doctor of Philosophy

THE EFFECT OF SERVICE PROCESS ON GUESTS ENCOUNTER SATISFACTION AT THREE-STAR HOTELS

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HAIRUDDIN BIN MOHD ALI

November 2006

Chair: Associate Professor Jamil Bojei, PhD
Faculty: Graduate School of Management

Most studies on the hotel industry deal with customer satisfaction and service quality in general. However, this study focuses on encounter satisfaction during the check-in process at three-star hotels in Peninsular Malaysia. The objectives of the study are to examine the ten dimensions of perceptual filters (PF) of the service process that directly affect guests encounter satisfaction (GEST) at the check-in process and to evaluate whether these PF components are indirectly affecting GEST through mediators referred to as situational descriptors (SD) of the service process. In addition, this study develops and examines a hypothesized model for any causal relationships.

The Seven-point Likert scale survey instrument is used to collect data from 1,250 guests from thirty-five selected three-star hotels and the SPSS version 11.5 software is used to compute descriptive statistics, carry out factor analyses and reliability testing. AMOS 4.0 is employed for confirmatory factor analysis (CFA), model and hypotheses testing.
Analyses of the findings show an overall good-fit with the revised and competing models of the study. Confirmatory Factor Analysis (CFA) confirms the three-factor solution for both revised and competing models. In addition, CFA also confirms that five indicators measure the PF and SD, while three indicators measure the GEST. The causal direct and indirect effects of the structural model are also determined. Two (H3 & H5) out of five research hypotheses are supported by the findings of the study.

The findings of the study indicate that key attributes of frontline employees directly affect GEST at the check-in service process of three-star hotels covered in the study. The important attributes and qualities of front-line employees relevant for GEST are being knowledgeable of the required processes to ensure consistency of performance, possess empathy to inspire trust and confidence, being well groomed and possess the ability to articulate the guest’s active role in the service delivery process. In addition, guests encounter satisfactions are increased when frontline employees have knowledge of cross-cultural sensitivities to fulfill guests’ emotional satisfaction and when the safety of the guests is always ensured. An important finding of the study is that the cliché “value for money” does not always entice guests.

Although the scope of this study is limited to only three-star hotels in Peninsular Malaysia and the total number of PF and SD dimensions are limited to ten and eight respectively, nevertheless, the results are applicable to all hotels in general. In conclusion, this study establishes that in order to achieve the organization’s objective, the management of hotels has to ensure that the employees and customers are effectively managed.
Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

KESAN PROSES PERKhidMATAN KE ATAS PERTEMBUNGAN KEPUASAN PARA TETAMU DI HOTEL BERTARAF TIGA BINTANG

Oleh

HAIRUDDIN BIN MOHD ALI

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Umumnya, kebanyakan kajian dalam industri perhotelan adalah berkaitan kepuasan pelanggan dan kualiti perkhidmatan. Walau bagaimanapun, kajian ini berfokus kepada pertembungan kepuasan (encounter satisfaction) sewaktu proses daftar masuk hotel tiga bintang di Semenanjung Malaysia. Objektif kajian adalah untuk memeriksa (examine) sepuluh dimensi tapisan persepsi (perceptual filters, PF) proses perkhidmatan yang memberi kesan langsung terhadap pertembungan kepuasan tetamu hotel (guests encounter satisfaction, GEST) sewaktu proses daftar masuk dan juga untuk menilai sama ada komponen-komponen PF memberi kesan langsung ke atas GEST melalui pembolehubah perantara (mediators) yang dirujuk sebagai pemberi keterangan situasi (situational descriptors, SD) proses perkhidmatan. Sebagai tambahan, kajian ini juga telah membina serta memeriksa model yang dihipotesiskan bagi menentukan sama ada terdapatnya perhubungan kausal (causal relationships).
Instrumen tinjauan berskala Likert tujuh-mata (seven-point Likert scale) digunakan untuk mengutip data daripada 1,250 tetamu hotel di tigapuluhlima hotel tiga bintang terpilih dan aplikasi Pakej Statistik untuk Sains Sosial (SPSS) versi 11.5 telah digunakan untuk pengiraan statistik deskriptif, melaksanakan analisis faktor dan penentuan kebolehpercayaan (reliability). Aplikasi AMOS 4.0 (Analysis of Moment Structures) juga digunakan untuk analisis pengesahan faktor (confirmatory factor analysis, CFA), ujian ke atas model dan hipotesis.

Umumnya analisis dapatan kajian menunjukkan wujudnya kesepadanan sempurna (good-fit) untuk model semak semula (revised model) dan model perbandingan (competing model). Analisis pengesahan faktor mengesahkan solusi tiga faktor (three-factor solution) bagi kedua-dua model di atas. Tambahana pula analisis pengesahan faktor juga telah mengesahkan lima indikator masing-masing yang mengukur PF dan SD, dan pada masa yang sama tiga indikator didapati mengukur GEST. Kesan kausal langsung dan tidak langsung model struktur (structural model) juga telah ditentukan di samping hasil kajian telah menyokong dua (H3 dan H5) daripada lima hipotesis kajian.

Dapatan kajian juga menunjukkan, atribut staf barisan hadapan (frontline employees attributes) memberi kesan langsung terhadap GEST sewaktu proses daftar masuk di hotel tiga bintang yang dikaji. Antara atribut penting dan cirri kualiti staf barisan hadapan adalah berpengetahuan bagi menentukan ketekalan prestasi, mempunyai empati bagi menginspirasi kepercayaan dan keyakinan, berpakaian segak dan kemas serta memiliki keupayaan menggunakan peranan aktif tetamu hotel sewaktu proses penyampaian perkhidmatan. Tambahana pula, kadar pertembungan kepuasan tetamu
meningkat apabila staf barisan hadapan memiliki pengetahuan sensitiviti silang budaya bagi tujuan memenuhi kepuasan emosi tetamu di samping sentiasa memastikan keselamatan mereka. Satu lagi dapatan kajian menunjukkan kenyataan “menguntungkan daripada segi kewangan” (value for money) tidak selalunya mampu menarik tetamu.

Walaupun skop kajian ini hanya terbatas kepada hotel bertaraf tiga bintang di Semenanjung Malaysia sahaja dan jumlah dimensi PF serta SD terbatas kepada masing-masing sepuluh dan lapan sahaja, tetapi hasil kajian ini umumnya boleh digunakan bagi semua kategori hotel. Kesimpulannya kajian ini menunjukkan, bagi mencapai objektif sebuah organisasi pihak pengurusan hotel perlu memastikan pengurusan staf dan pelanggan dilakukan dengan efektif.
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I certify that an Examination Committee met on 25th May 2006 to conduct the final examination of Hairuddin bin Mohd Ali on his Doctor of Philosophy thesis entitled “The effect of Service Process on Guests Encounter Satisfaction at Three Star Hotels” in accordance with Universiti Pertanian Malaysia (Higher Degree) Act 1980 and Universiti Pertanian Malaysia (Higher Degree) Regulations 1981. The Committee recommends that the candidate be awarded the relevant degree. Members of the Examination Committee are as follows:

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Date: **14/6/2007**
DECLARATION

I hereby declare that the thesis is based on my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at UPM or any other institutions.

HAIRUDDIN BIN MOHD ALI

Date: 24.11.2006
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LIST OF ABBREVIATIONS

MAH  Malaysian Association of Hotels
TQM  Total Quality Management
ISO  Organization for Standardization
PF   Perceptual Filters of Service Process
      A set of cognitive beliefs or affective states that influence a consumer's perception of a service (Mayer, 1999)
SD   Situational Descriptors of Service Process
      The elements of service process which are primarily variable in the delivery of a service (Mayer, 1999).
PSD  Process of Service Delivery
MD  Image & Mood Factor
     Image was an overall impression made in the minds of the customers (Dichter, 1985; LeBlanc & Nguyen, 1996).
     Mood reflected mild, pervasive and generalized affective states that were induced by a variety of factors (Clark & Isen, 1982)
SGUR (SG)  Service Guarantees
PRFUNC (FT)  Functional Risk
PRFIN*  Financial Risk
PRSOC*  Social Risk
PRTEM  Temporal Risk
PRPHY (PY)  Physical Risk
PRPSY (PT)  Psychological Risk
PRSEN (SY)  Sensory Risk
FS*  Financial & Social Risk Factor
Reliability
Ability to deliver the right service as promised on every service encounters.

Assurance
Assurance (ASSUR) comprised employee’s knowledge, courtesy, and the ability of the firm and its employees to inspire trust and confidence.

Empathy
Parasuraman and Zeithaml defined empathy as an ability to provide the customer with caring, individualized attention.

Employee Effort
Presbury, Fitzgerald and Chapman (2005) suggested that employee effort (EMEFF) as a commitment to service quality by the employees.

Employee Appearance
Employee Appearance are the personal aspects of a customer-contact employee’s presence.

Work Area Appearance
Work area appearance covered the variable aspects of ‘look and feel’ of the service location such as cleanliness, tidiness (neatness), smartness, minimal noise levels, attractive, ambience, suitable lighting and others.

Customer Participation
Customer participation (CUPART) generally referred to the customer’s active role in the production and delivery of services.

Duration
Moulton (2003) defined ‘duration’ as the total time involved in completing service encounters including both pre-process and in-process periods.

Empathy & Employee Effort Factor

Guests (check-in) Encounter Satisfaction
A guest’s satisfaction or dissatisfaction with a discrete service encounters (Mayer, 1999).

Social Science Citation Index
PCA  Principal Component Analysis
PCA is a statistical technique applied to a single set of variables when the researcher is interested in discovering which variables in the set form coherent subsets that are relatively independent of one another (Tabachnick & Fidell, 2001). PCA produces components while FA produces factors.

FA  Factor Analysis (refer to PCA).

CFA  Confirmatory Factor Analysis
Use of multivariate technique to test (confirm) a prespecified relationship (Hair, Anderson, Tatham & Black, 1995).

ST/DV  Standard Deviation

KMO  Kaiser-Meyer-Olkin

DF  Degrees of Freedom

PRATIO  Parsimony ratio

CMIN/DF  The minimum discrepancy divided by its degrees of freedom

RMSEA (or RMS)  Root mean square error of approximation

NFI  Bentler-Bonett (1980) normed fit index

RFI  Bollen’s (1986) relative fit index

IFI  Bollen’s (1989) incremental fit index

TLI  Tucker-Lewis coefficient

CFI  Comparative fit index

GFI  Goodness-of-fit index

AGFI  Adjusted Goodness-of-fit index

PGFI  Parsimony goodness-of-fit index

RMR  Root mean square residual