

# How can Service Quality effect on Customer Satisfaction in kerman pars hotel?

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## **Abstract**

The purpose of this study is to examine the relationship between service quality and customer satisfaction in kermanpars hotel. The population included the customers of kerman hotels from whom 186 people were selected using simple random and Keerjy and Morgan tables. Method of research was descriptive correlation survey. For data collection, standard SERVQUAL questionnaires were used for service quality and customer satisfaction and the gathered data were analyzed using Pearson's correlation test and results demonstrated that a significant relationship exists between service quality dimensions and customer satisfaction in kermanpars hotel.

**Key words:**Quality, Service Quality, Customer Satisfaction, kermanpars hotel

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## **1. Introduction**

Service quality and customer satisfaction are today considered among the most vital issues in most service industries. Outdoing in providing services for customers requires total commitment to them. One of the many ways through which companies may make their services distinct from their competitors is to continuously provide higher-quality services. Continually producing high-quality services and products brings about competitive advantages, increased loyalty of customers, production and supply of distinctive products, reduction of marketing expenses and setting higher prices for the company(Arasli et al .,2005).Hence, many companies and service providing organizations have accepted new marketing concepts and act according to them. They have understood that focusing on the needs of the customers means observing quality and providing services for the customers because quality starts with customer need and ends with

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customer satisfaction. Product quality is increasingly changing into the most important competitive factor in the world of business and that is the reason this business age is called the age of quality. Satisfying customers and caring for their demands, needs and interests is a fundamental element in profitability, growth and development of the company (Anderson, 2004). If goods and services meet the expectations of the customers, it will generate a feeling of satisfaction in them which will encourage them to continue buying and introduce services and products to others which will in return contribute to the existence of the company. Contrariwise, if customers' expectations about service quality are not fulfilled, it will result in their dissatisfaction and continuation of this dissatisfaction will lead to them to cut their purchases and advertise adversely which will eventually bring about bankruptcy to the company (Brady & Joseph, 2009). Therefore, finding needful strategies, from research level to identifying needs and after-sale services, for attracting customers and satisfying them will in long term bring stability and durability to the company. In today's intensely competitive world, high-quality services play a crucial role in the success of an organization. But it should be noted that providing high-quality services is not a competitive strategy adopted by an organization to make itself distinct from its competitors, but today service quality is a vital element in survival and profitability of an organization. Commercial success in the present economic world depends on the ability to create distinct values in products by high-quality designing and production and to convey those values to customers in an effective way for service quality, unlike quality of products which is often measured against certain standards, is measured through its performance. The quality level of services shows how much a service has fulfilled or surpassed the expectations of customers. In other words, service quality is the extent to which customers are satisfied with the meeting of their needs, requirements and expectations and it is essential for establishing trust and loyalty in customers (Carauna, 2003).

Many service providing companies are concerned with achieving customer satisfaction through improvement of service quality. In attempting to improve quality, successful companies direct their efforts toward different dimensions of quality and analysis of quality deficiencies which may result in dissatisfaction, based on their recognition of customer expectations. When things are not working properly, they look for fundamental causes and try to prevent its recurring. Their attempts for innovation focus on new methods that simultaneously increase both service quality and customer satisfaction.

## **2.Literature Review**

Service quality is a complicated subject because its definition includes 5 dimensions: reliability, responsiveness, assurance, empathy and tangibility. We use these dimensions to introduce the concept of gap in service quality. This gap rests upon the difference between customers' expectations from a service and their perceptions of what they actually receive. One survey instrument that evaluates service quality is SERVQUAL which is based upon the concept of gap in service quality. We will define service quality with respect to the content, process, structure,

consequences and effect of services. Quality begins with service supply and provision system design (Crosby, 2004). Concepts are, then, taken from production and methods of Taguchi and Poka-yoke and quality function development is used for analyzing the design of service provision system. Evaluation of quality costs confirms the importance of preventing failures. Quality control diagrams show how statistical process control is employed in services. But service failures occur in any case and using unconditional guarantee of services may be similar to after-sale warranty. Since customers are present during the process of service provision, service compensation strategies may be designed and planned to prevent failures in services. Service quality is important in all industries and all companies recognize its importance for it affects customers' satisfaction and trust. Therefore, using a reliable instrument for measuring the service quality is indispensable (Granoos, 2000). Understanding service quality has been comprehensively discussed in the last three decades. Due to the intangible, heterogeneous, and irresolvable nature of services, service quality is defined as customers' opinion about being satisfied or dissatisfied about a certain service (Guo et al., 2008). In service section, evaluation of its quality is done during the process of providing services. Every contact customers make can be considered as a chance to establish trust and opportunity to make them satisfied or dissatisfied. Customer satisfaction of a service can be defined by comparing customers' expectations of services with their perception of the services provided. If the provided services surpass customers' expectations, that service is regarded delightful and a surprise. When the expectations of customers match with their perception of the services provided, the quality of provided services is satisfactory. The tendency to provide high-quality services plays an important role in such industries as insurance services, banking services, etc for service quality is vital for the survival and profitability of the organization. Particularly important is service quality in financial services in which distinctiveness is generally difficult (Hollis & Xiaoni, 2007).

In their study, Philip et al found out that service quality and products in strategic commercial units is an important factor influencing the performance of these units. They maintain that superior quality generates more profit through higher prices and it is also a way for the growth of units. In addition, Bazzel and Gaul insist that because of the effect of quality on customers' perception of value, not only is service quality related to the profitability of an organization, but also to the growth of the organization. Rust et al have proposed a model for the profitability high-quality services in which it is shown that service quality increases satisfaction and consequently the rate of customer preservation hence higher revenues and market share. Zeithaml et al found out in their studies that leading American service providing companies are extremely meticulous about high quality. In fact, high quality is the key to distinctiveness, efficiency, and productivity.

### **3. Service Quality Dimensions**

Parasuraman et al concluded that service quality is the difference between customers' expectations and the service performance they perceive. Parasuraman et al (1998) expanded

SERVQUAL model based on this concept to measure service qualities (Ying-FengKuo et al, 2009). SERVQUAL service quality consists of 5 dimensions and 22 parameters.

#### Tangibles

1. Modern equipments
2. Physical facilities
3. Neat-appearing employees
4. Organized documents (such as pamphlets, folders, etc.)

#### Reliability

1. Performing the promised service at the expected time
2. Showing a sincere interest in solving customers' problems
3. Performing services right at the first time
4. Performing services in the promised time
5. Providing errorless reports

#### Responsiveness

1. Employees tell customers exactly what services they will provide
2. Employees provide prompt services for customers (in shortest time)
3. Employees are always willing to help the customers
4. Employees are always ready to respond to the requests of the customers

#### Assurance

1. The behavior of employees instills confidence in the customers
2. Customers feel safe in their interactions with the organization
3. Employees are consistently courteous with the customers
4. Employees have the required knowledge to answer customers' questions

#### Empathy

1. Individual attention to the customers
2. Working hours suitable for all customers
3. Employees give personal attention to the customers
4. Employees have the best interests of the customers in mind
5. Employees understand specific needs of the customers (Jose & Laura, 2010).

## **4. Customer Satisfaction**

Every transaction is a relatively important event for a customer; but the same transaction is an ordinary thing for the supplier of services. Emotional engagements in such an everyday process as buying gas in a gas station is not an important matter, but consider the personal and dramatic roles a customer involves herself in to find an attractive place to spend her vacation or to find a distinguished doctor. Unfortunately, for the tired employees who have to deal with hundreds of customers weekly understanding the feelings of customers in the process of purchasing is truly difficult. Service customers have more time to spend on finding high quality services than goods customers do, therefore, their expectations affect their buying behavior and opinion (Jaime,

2009). Customer satisfaction influences an organization's current and future performance considerably. Researches indicate that customer satisfaction is an important resource for competitive advantage and is considered as the key determining factor in organizational success (Jamal & Kamal, 2002). After every service experience, customers undergo different levels of satisfaction or dissatisfaction based on the extent to which their expectations are fulfilled or surpassed. Since satisfaction is an emotional state, customers' reactions after a purchase may include rage, disappointment, excitement, indifference, delight or relish. Even though satisfaction and service quality have some overlapping, satisfaction is generally a more extended concept than quality because quality focuses on aspects of services. From this view, service quality is considered as one part of satisfaction] (Jeffrey, 2009).

## 5. MATERIALS AND METHODS

The present study is practical in terms of nature and purpose, and in terms of methodology and collection of descriptive data, it is a correlation survey. Research population included the customers of Kerman Pars Hotel from whom 186 people were selected using simple random and Keerjy and Morgan tables. For data collection, standard SERVQUAL questionnaires were used for service quality and customer satisfaction. Validity of both questionnaires was confirmed by experts. To make sure of the validity of the questionnaires, Cronbach's alpha was used and validity coefficient for service quality and customer satisfaction questionnaires were obtained 0.78, 0.82, 0.89, 0.87 and 0.82 for service qualities of, respectively, tangibles, reliability, responsiveness, assurance and empathy. According to the research topic and hypothesis, inferential statistics of Pearson's correlation using SPSS software was applied for data analysis.

## 6. Findings

- H0:** There is no significant relationship between tangibles and customer satisfaction.
- H1:** There is a significant relationship between tangibles and customer satisfaction.

**Table 1:** Pearson's Correlation Coefficient

		Tangibles	Customer Satisfaction
Tangibles	Pearson Correlation	1	.625
	Sig. (2-tailed)		.000
	N	186	186
Customer Satisfaction	Pearson Correlation	.625	1
	Sig. (2-tailed)	.000	
	N	186	186

According to the table, numerical value obtained for the first hypothesis's correlation degree is 0.625 and since the numerical value of the degree of significance in this test is sig=0.000 and because (sig <  $\alpha$ ) and  $\alpha=0.05$ , we can infer that there is a relationship between the two variables and hypothesis H0 is rejected and hypothesis H1 is confirmed, and finally since it is positive, we can conclude that there is a direct relationship between the two variables.

- H0:** There is no significant relationship between reliability and customer satisfaction.
- H1:** There is a significant relationship between reliability and customer satisfaction.

**Table 2:** Pearson's Correlation Coefficient

		Reliability	Customer Satisfaction
Reliability	Pearson Correlation	1	.695
	Sig. (2-tailed)		.000
	N	186	186
Customer Satisfaction	Pearson Correlation	.695	1
	Sig. (2-tailed)	.000	
	N	186	186

According to the table, numerical value obtained for the first hypothesis's correlation degree is 0.695 and since the numerical value of the degree of significance in this test is sig=0.000 and because (sig <  $\alpha$ ) and  $\alpha=0.05$ , we can infer that there is a relationship between the two variables and hypothesis H0 is rejected and hypothesis H1 is confirmed, and finally since it is positive, we can conclude that there is a direct relationship between the two variables.

- H0:** There is no significant relationship between responsiveness and customer satisfaction.
- H1:** There is a significant relationship between responsiveness and customer satisfaction.

**Table 3:** Pearson's Correlation Coefficient

		Responsiveness	Customer Satisfaction
Responsiveness	Pearson Correlation	1	.674
	Sig. (2-tailed)		.000
	N	186	186
Customer Satisfaction	Pearson Correlation	.674	1
	Sig. (2-tailed)	.000	
	N	186	186

According to the table, numerical value obtained for the first hypothesis's correlation degree is 0.674 and since the numerical value of the degree of significance in this test is sig=0.000 and because (sig <  $\alpha$ ) and  $\alpha=0.05$ , we can infer that there is a relationship between the two variables and hypothesis H0 is rejected and hypothesis H1 is confirmed, and finally since it is positive, we can conclude that there is a direct relationship between the two variables.

- H1:** There is no significant relationship between assurance and customer satisfaction.  
**H2:** There is a significant relationship between assurance and customer satisfaction

**Table 4:** Pearson's Correlation Coefficient

		Assurance	Customer Satisfaction
Assurance	Pearson Correlation	1	.744
	Sig. (2-tailed)		.000
	N	186	186
Customer Satisfaction	Pearson Correlation	.744	1
	Sig. (2-tailed)	.000	
	N	186	186

According to the table, numerical value obtained for the first hypothesis's correlation degree is 0.744 and since the numerical value of the degree of significance in this test is  $\text{sig}=0.000$  and because ( $\text{sig} < \alpha$ ) and  $\alpha=0.05$ , we can infer that there is a relationship between the two variables and hypothesis H0 is rejected and hypothesis H1 is confirmed, and finally since it is positive, we can conclude that there is a direct relationship between the two variables.

- H1:** There is no significant relationship between empathy and customer satisfaction.  
**H2:** There is a significant relationship between empathy and customer satisfaction.

**Table 5:** Pearson's Correlation Coefficient

		Empathy	Customer Satisfaction
Empathy	Pearson Correlation	1	.789
	Sig. (2-tailed)		.000
	N	186	186
Customer Satisfaction	Pearson Correlation	.789	1
	Sig. (2-tailed)	.000	
	N	186	186

According to the table, numerical value obtained for the first hypothesis's correlation degree is 0.789 and since the numerical value of the degree of significance in this test is  $\text{sig}=0.000$  and because ( $\text{sig} < \alpha$ ) and  $\alpha=0.05$ , we can infer that there is a relationship between the two variables and hypothesis H0 is rejected and hypothesis H1 is confirmed, and finally since it is positive, we can conclude that there is a direct relationship between the two variables.

#### 4. RESULTS AND DISCUSSION

As a significant relationship has been found between service quality dimensions and customer satisfaction of Kerman Pars Hotel and since SERVQUAL model is designed in western culture and often tested in the same context, when put to use in Iranian studies, cultural, economic and social concerns should be taken into considerations and data should be analyzed with respect to circumstances in Iran. Based on the results from the research, dimensions of service quality are directly related to customer satisfaction, but this relation is not the same for all dimensions: after prioritizing effective service quality dimensions in regression analysis, it was found the dimension

of responsiveness is most related to customer satisfaction. The next most effective variable was assurance while reliability, empathy and tangible factors stood in the next places. One of the manifestations of our contemporary world which is affected by rapid advancement and development is the complication of cultural, social and economic issues. Stability, survival, development and progress of these societies are possible only through solving problems in the best possible way. welfare services (such hotels) as a small, but important, part of the human society are not an exception. Thus, in order to survive and to overtake competitors in competition market and to develop, problems should be identified and actions taken to solve the problems in the shortest possible time. In the case of an organization, the best way is to identify interests, needs, requirements, and to hear comments, suggestion and criticisms, of the organization's employees (because the organization's services and activities are carried out by them and they are more and better aware of the existing problems and flaws in the organization for their direct relationship with its activities) and people (customers) who benefit from the services of the organization in some way or another and are the cause for the survival and profit-making of the organization through buying and using services. As said before, the role and importance of customers, because of their direct influence on the growth and survival of companies and organizations in competition market and the because of the benefits they bring for them, has now caused the necessity of customer satisfaction to be philosophically understood and accepted; it has also compelled all organizational units to turn to their customers and direct their activities to them and their satisfaction. In today's world, the principle of completion necessitates the attention of organization managers to increasing customers' satisfaction, decreasing production costs and providing high quality services. Identifying and investigating customer satisfaction factors and evaluating customer satisfaction are, therefore, important as it is the level of customer satisfaction that finally determines an organization's success or failure. Since customers play a crucial role in the process of organizational activities and affect the future of an organization by their thoughts and policies, not only identifying their obvious needs, but also predicting, determining and directing their latent needs and designing and implementing plans and providing services to satisfy those needs are fundamental, organizational elements. Respecting customers' opinions and beliefs generates in them a sense of belonging to the organization and not only creates some feeling of satisfaction in them, but makes them know themselves as part of the organization. The very same satisfaction is the key to the success of a hotel as a satisfied and happy customer is far more profiting for the hotel than a financial and investment plan and it pleases the employees better than a human resource plan does and it also produces better market for the hotel than a marketing system does. Hence, among many things that the managers of hotels should consider, nothing is more important the matter of customer satisfaction. Therefore, by employing different data collection methods and using information systems, organizational management should set upon identifying the inclinations, needs and requirements of customers and thereby satisfy their customers, especially their best and most efficient customers who happen to be the most sensitive ones who may discontinue their contact with the organization if they are not satisfied. Based on the results of the study regarding the existence of a significant relationship between different dimensions of service quality and customer satisfaction in kerman pars hotel, the significant relationship found between the two variables of reliability and empathy and customer satisfaction may conform to the finding by Hosseini (1388) in "Investigating the Relationship between Service Quality Dimensions of Maskan Bank and Customer Satisfaction." In addition, results of this study in the main hypothesis regarding the significant relationship between service quality and customer satisfaction agree with

Taleghani's study, "Analysis of the Relationship between Service Quality and Customer Satisfaction."

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