Quality Management in Tourism and Hospitality: an Exploratory Study among Tourism Stakeholders

by
Soultana (Tania) Kapiki
Alexander Technological Educational Institute of Thessaloniki
tkapiki@tour.teithe.gr

Abstract. Quality in the tourism and hospitality industry involves consistent delivery of products and guest services according to expected standards. Delivering quality service is one of the major challenges the hospitality managers will be facing in the following years as it is an essential condition for success in the emerging, keenly competitive, global hospitality markets. There are various tools that measure and improve quality service, as well as mechanisms for quality recognition in the tourism and hospitality industry. The managers should identify, record and weigh up the impacts of cost-profit and be in a position to prioritise towards a quality improvement process for their own property. The present study shows that tourism stakeholders perceive quality service in a hotel as value for money, a comfortable room, friendly staff and tasty food. Moreover, the survey shows that there is always room for further improvement of the hospitality services. Other results of the survey reveal that the most important factors for a hotel’s future are guest satisfaction, guest retention and word of mouth advertising. Aiming at excellence and profitability, the outcomes of the survey suggest focus on quality service; retention of existing guests by exceeding their expectations; continuous quality improvement; employment, regular training and empowerment of service-oriented staff; search for best practices through benchmarking; and, finally, pursuit of quality accreditation through the various schemes, such as the eco-labels, ISO and the EU Foundation for Quality Management.

Key words: hotel guests, quality, service, tourism and hospitality

JEL classification: L15, L84, L83

1 Introduction

A simple, customer-driven definition of quality that is popular today is: Quality is meeting or exceeding customer expectations. To meet or exceed customer expectations, organizations must fully understand all service attributes that contribute to customer value and lead to satisfaction and loyalty (Evans & Lindsay, 2010).

Quality Management is closely linked to the concept of continuous improvement, it does not take the form of capital -in the sense of an asset, but involves work to make something evolve, it is implemented within a reference framework, it uses tools and methods and involves repetition and evaluation (EU, 2000).

The International Organization for Standardization (ISO) defines quality management as “all activities of the overall management function that determine the quality policy, objectives and responsibilities and implement them by means such as quality planning, quality control, quality assurance and quality improvement within the quality system” (International Standard, Quality Management and Quality Assurance-Vocabulary, 1994).

As companies came to recognize the broad scope of quality, the concept of total quality (TQ) emerged. Total Quality is a people-focused management system that aims at continual increase of customer satisfaction at a continually lower real cost. TQ is a total system approach (not a separate area or program) and an integral part of a high-level strategy; it works horizontally across functions and departments, involves all employees, top to bottom and extends backwards and forwards to include the supply chain and the customer chain. TQ stresses learning and adaptation to continual change as keys to organizational success (Procter & Gamble, 1992).

In the area of hospitality, total quality management (TQM) is a participatory process that empowers all levels of employees to work in groups in order to establish guest service expectations and determine the best way to meet or exceed these expectations. A successful property will employ leader-managers who create a stimulating work environment in which
guests and employees become integral parts of the mission by participating in goal and objective setting (Walker, 2010). Through their organization and management process, the tourism accommodations are called to adjust to many changes in order to produce and offer products and services suitable to satisfy their guests. It is expected the TQM implementation in the tourism sector to inspire and motivate its human resources, as well as to create a competitive advantage that will enhance the property itself and the total tourism industry (Laloumis & Katsoni, 2010).

2 The importance of quality in tourism and hospitality

Quality service is a management tool that provides companies with a means of monitoring service from the customers’ perspective. Quality assurance refers to any planned and systematic activity directed towards providing consumers with goods and services of appropriate quality, along with the confidence that they meet consumers’ requirements. Quality assurance depends on excellence of two important focal points in business: the design of goods and services and the control of quality during execution of service delivery which is often aided by some form of measurement and inspection activity (Evans & Lindsay, 2010).

A quality service management system is a result oriented approach. It deals with the service characteristics that really matter to end-users; it addresses service providers who have tangible results to expose to end-users (consumers); it guarantees the customers the high quality of service they can receive during their stay in a lodging and it provides staff with methodology to show commitment to quality service (Reyad, 2005).

The concept of quality is widely discussed in the hospitality management. Quality in the hospitality industry is defined as “the consistent delivery of products and guest services according to expected standards”. Increasingly, guests are willing to pay more when they visit hospitality properties offering service that meets or exceeds their service expectations. The level of quality service is an important factor in the experience that guests receive during their visits to lodging operations (Hayes, Ninemeier & Miller, 2011).

By creating value for the guest, the lodging establishment can manage successfully to retain its guests. Managers must recognise the importance of client retention, since the attraction of a new customer is regarded to be more expensive and time consuming (Reyad, 2005).

In an increasingly competitive market, the issue of quality has grown in significance for hotel businesses. This has been influenced by a number of factors, such as the expansion of consumer rights and the alleged emergence of ‘new’, quality conscious tourists. In addition, greater competitiveness has caused hotel companies to be increasingly aware of the importance of quality as a source of competitive advantage (Soteriadis & Varvaressos, 2006).

The components of quality in the hospitality industry that can be used to develop and implement a quality service system are the following:

1. Consider the guests being served
2. Determine what the guests desire
3. Develop procedures to deliver what guests want
4. Train and empower staff
5. Implement revised systems
6. Evaluate and modify service delivery systems.


Quality self-evaluation by the hotel industry (usually through comment cards in the guest rooms or online questionnaires) is very important so that the hoteliers can identify and solve problems.

Regular and systematic analysis of the evaluation results may lead to a wide range of advantages, amongst them:

- Measuring the matching degree of customers’ needs and expectations, and comparing the results with perceived quality,
- Acting as a basis for the strategic process, identifying improvement activities; and
- Controlling competitiveness in quality with the help of benchmarking (Soteriadis, 2006).
The definition of benchmarking is given further below under the heading “Other tools for improvement”.

Delivering quality service is one of the major challenges the hospitality managers will be facing in the following years. It will be an essential condition for success in the emerging, keenly competitive, global hospitality markets. While the future importance of delivering quality hospitality service is easy to discern and to agree on, doing so presents some difficult and intriguing management issues (Lazer & Layton, 1999).

3 Tools measuring quality service in the hospitality industry

Despite the continuous efforts of hospitality properties to deliver high level services, sometimes gaps between the perceived and the offered quality may occur. The reference that is to follow includes some of the most well-known models that measure quality service in the hospitality industry.

▪ Perceived quality service model. Gronroos’ (1990) Perceived Quality Service Model is a helpful tool to understand factors that affect customer perceived quality in a company’s service. The expected quality is directly influenced by the methods of marketing total tourism experience within an enterprise, the image created for a tourism product, the influence of the “word-of-mouth” advertisement and the customer requirements and needs. Key questions for establishing an image are: what kind of services have been provided? How these services were delivered to guests? If the experienced quality is equal to the expected one, then total perceived quality has been managed holistically in the most successful way.

▪ The five gap model. Parasuraman, Zeithaml & Berry’s (1994) Quality Service Model is a helpful instrument to define the objectives of quality management. It is basically customer-oriented and it helps to explain the co-service process. According to this model, consumers’ quality assessment will be influenced by a series of five distinct “gaps” in this co-service process.

Quality Management Systems must attempt to close the five gaps in the model and to improve the quality of service as experienced by means of comparison between expected and perceived quality after the customer has received the service.

▪ The SERVQUAL instrument. According to Postma & Jenkins (1997), the perceived quality needs to be measured, both internally and externally. Internal measurement refers to the measurement of objective criteria developed and/or posed by the destination organisation (technical quality, process quality, functional quality and relational quality - Total Quality Management/ TQM). The research methods that can be applied must also be objective - Attribute-based Methods. Parasuraman, Zeithaml & Berry’s (Edvardsson et al, 1994) SERVQUAL Technique attempts to measure the five main characteristics of tangibles, reliability, responsiveness, assurance, empathy, corresponding with the gaps 1 to 5 in the gap model respectively. With SERVQUAL, the organisations are able to permanently monitor the internal routine quality service. External measurement refers to the subjective expectations, needs, wants and experiences of the customer (expected quality, experienced quality, perceived quality). The research methods that can be applied must also be subjective Incident-based Methods.

▪ The Critical Incident Technique (CRIT) attempts to understand what is happening in the various “moments of truth” and the results are collected from small samples investigated in depth over time. It attempts to provide useful information for the development and the interpretation of the product, the widening of the domain of marketing and the quest for quality improvement. With CRIT, the organisations are able to understand customer problems and resolve them in a flexible way.

▪ Other tools for improvement

Apart from the internal and external measurement, there are some other tools to monitor quality of products or services and achieve continuous improvement in the tourism industry:

- Surveys of satisfaction (questionnaires).
Mystery guest/Mystery shopper (a technique of secretly visiting companies/organisations in question, to check the quality of services provided and to prepare and submit feedback reports to management.

- **Market evaluations** (market reports analysing critical issues, such as competition and pricing policy, useful for defining the company’s strategic policies and marketing).
- **Audit reports** (inspection, correction and verification of business accounts audits, conducted by independent auditors).
- **Complaints and incidences** are oral or written complaints in specific forms, indicating incidents in “moments of truth” that led to guest’s dissatisfaction.
- **Self-assessments** are the moments that managers, staff or other stakeholders evaluate the present situation, taking into consideration the market reports, complaint forms, “moments of truth” etc., for identifying the main source of malfunction, in order for a solution to be found (Reyad, 2005).
- **Benchmarking**. It is a process of comparing and measuring an organisation's business processes against best-in-class operations to inspire improvement in the organisation’s performance. The insights gained from benchmarking provide organisations with a foundation for building operational plans to meet and surpass industry best practices (Global Environmental Management Initiative, 1994).

Measuring quality service and quality assurance is a long-term consistency, which also represents a cost, but a welcomed and a lower one than that of non-quality. The managers should identify, record and weigh up the impacts of quality cost-profit.

The main categories of quality costs are: prevention (setting up) costs; assurance (staff time and administrative) costs; external costs (or failure costs). (Johns, 1997).

Considering all the above each manager will be in a position to prioritise towards a quality improvement process. The Cost-Benefit ratio of quality could be achieved through an equation of non-quality costs and of quality assurance towards the benefits of operational cost savings, as well as guest return rate and word of mouth recommendation (Kapiki & Tatari, 2006).

### 4 Mechanisms for quality recognition in the tourism and hospitality services

#### 4.1. Quality labels

There are various mechanisms aimed at delivering quality in tourism services. The two main reasons for establishing quality labels for accommodation via some form of classification scheme are to: inform consumers, enabling an informed choice to be made that is based on some measure of quality; encourage investment and quality improvement by setting a standard that owners seek to reach and maintain. Two forms of measurement are commonly used: physical measures (e.g. size of rooms) and quality of service (European Parliament, 2007).

The existing quality standards and labels include:

- The star classification system (hotels are rated from one to five stars). Another hotel rating process is that of the American Automobile Association-the AAA Diamond program (hotels and restaurants are rated from 1 to 5 diamonds).
- The tripadvisor.com, a travel website with accommodation ratings that are based on consumer opinions as submitted to the site.
- The International Standards Organisation (ISO). There are several series of standards and some of them can be applied to the tourism sector.
- Eco-labels have increasingly been established. The first labels to be developed were originally “green labels”, aimed at improving the environmental management of hotel establishments but have since extended to other sectors of the tourism and travel industry (European Parliament, 2007).

#### 4.2. The European foundation for quality management (EFQM)

The European foundation for quality management was created to promote a standard approach to management for all organisations
operating in Europe to contribute to ensuring sustainable, quality practices. In 1991, EFQM introduced the “EFQM Excellence Model” (figure 1) based on a set of eight fundamental concepts as a framework for organisation self-assessment (Go & Govers, 2000).

<table>
<thead>
<tr>
<th>Leadership 10%</th>
<th>Process 14%</th>
<th>Operational results 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>People Management 9%</td>
<td>Policy &amp; Strategy 8%</td>
<td>Customer Satisfaction 20%</td>
</tr>
<tr>
<td>Resources 9%</td>
<td></td>
<td>Impact on Society 6%</td>
</tr>
</tbody>
</table>

Enabling Factors 50% | Results 50%

Source: Go & Govers, 2000
Figure 1. The EFQM model

The main characteristics of EFQM are that it expresses a facilitator and advisor role, it does not deliver certification to companies and organisations, but it awards prizes to best companies. The enabling factors (leadership, people management, policy and strategy, resources and process) are calculated based on introduced, systematic, measurable and on-going improvement system, while the results (people satisfaction, customer satisfaction, impact on society and operational results) are evaluated based on trends, achieved objectives and comparison with other companies in the sector.

4.3. The Malcolm Baldrige National Quality Award

It is the highest level of national recognition for quality that a U.S. company can receive. It is administered by the federal government (National Institute of Standards and Technology, Commerce Department). The award promotes an understanding of quality excellence, greater awareness of quality as a critical competitive element and the sharing of quality information and strategies (Walker, 2010), conducted to assess the performance of the different departments within an organization.

The Baldrige Criteria apply equally to all business sectors, including service organizations, and are compatible with other performance improvement initiatives, such as ISO 9000 and Six Sigma. These organizations serve such diverse groups as luxury hotel patrons, the health care community, restaurant goers, financial customers, the oil industry, etc. (National Institute of Standards & Technology, 2011).

4.4. The Leading Hotels of the World.

The Leading Hotels of the World (LHW) is considered to be one of the most significant quality awards (Laloumis & Katsoni, 2010). The LHW is a prestigious luxury hospitality organization representing the world’s finest hotels and resorts. Headquartered in New York City, the company has more than 450 members in 80 countries and offers the largest collection of luxury hotels, resorts and spas.

Leading Quality Assurance is an affiliate quality inspection company providing assessment programs to improve the levels of operating performance of organizations in various industries. Incognito inspections are conducted to assess the performance of the different departments within an organization.

A comprehensive report that details the client’s fulfilment of over 1.200 standard points has proven to be an invaluable management tool for
improving overall performance of an organization, as well as measuring individual employee performance and the need for capital improvements. The report also benchmarks the individual clients’ performance against a database of 1,500 other organizations throughout the world. Information collected during the inspection process is then stored in a confidential database, and can provide some of the most comprehensive benchmarking data in the luxury worldwide market segment. In turn, clients of Leading Quality Assurance will be able to measure their service standards against other similar products in a particular destination, country, and region on a worldwide basis (The Leading Hotels of the World, 2011).

5 Study into the perception of tourism stakeholders about quality hospitality services

5.1. Methodology

The study intended to explore how the tourism stakeholders perceive the quality services in the hospitality sector, the ways of service improvement and the importance of quality for a hotel’s future. Based on the analysis of the findings, some recommendations for successful service delivery are suggested.

Data was collected by means of a questionnaire developed for the survey, as well as by structured interviews either in person or over the phone.

The sample consists of 60 people affiliated to tourism and hospitality and its main characteristics are:

- Status: Hotel executives [25]; tourism stakeholders (presidents of associations, committee members, etc.) [10]; tourism educators [10]; and tourism students [15], a total of 60 respondents
- Gender: 60% males and 40% females
- Age: 20-62
- Location: 50% in Thessaloniki and 50% in Chalkidiki, Greece.

A total of 130 questionnaires were sent by e-mail to the various recipients and 69 completed answers were received or were picked up (response rate 53%). From these answered questionnaires, nine were incomplete and, therefore, they were excluded from the sample. Wherever necessary, a telephone follow up took place for clarifications and additional data.

The method employed is the qualitative research, aiming to gather data from a small and focused sample (tourism stakeholders) and after having examined the answers to interpret them and form a subjective impression. The participants in the sample were selected because they are key players in the tourism sector (stakeholders, educators, executives and future employees) and consequently, their opinion and suggestions are considered important for the improvement of the industry.

5.2. Questions to the participants and main findings

1. What is considered for you quality service in a hotel?

The received answers are grouped in the following findings:

- Value for money, clean and comfortable room, friendly and well-trained staff, healthy and delicious food (60% of the respondents)
- Anticipation and satisfaction of the guests’ needs (30% of the respondents)
- Various other answers include: smile, politeness, timely service and communication (10% of the respondents).
2. Do you believe that the hotels in your area offer quality services?

The answers include the following opinions:

- Few hotels offer exceptional services. The majority of the hotels offer very good and good services and the quality of a small percentage is very low (75% of the respondents)
- It depends on the hotel class and room rates. There are very good four and five star hotels that charge high rates and offer quality services, yet some two or one star hotels charging low rates offer poor services (25% of the respondents).

3. What should be done by the hotels in order to improve their quality service?

We received several answers and we cite the most interesting ones:

- Apply total quality management process (35%)
- Take under consideration guests’ opinions and suggestions (30%)
- Assign the hotel’s management to an efficient manager (15%)
- Employ and continuous train competent staff (10%)
- Renovate the rooms and other facilities (5%)
- Various other answers (5%).

4. How important is the guest satisfaction for the hotel future?

Answers:

- There is future only for those hotels that meet guests’ needs, measure their satisfaction, analyse the results and make sure they proceed to improvements (45%)
- Guest retention is very important for the hotel’s future, therefore the hotel managers should do everything in their power to have their guests satisfied (30%)
- Satisfied guests return to the hotel in the future and they recommend it to others. In this way the hotel will not face any occupancy problems in the future (25%).

5. How can the quality service contribute to guest satisfaction?

- For some hotel guests perceived quality service is much different than the expected one, resulting in unsatisfied guests (50%)
- Major differences between the hotel’s services and the ones advertised on its website or brochure dissatisfy the guests (40%)
- I have no opinion (10%).

5.3. Analysis of the survey’s results

- For the majority of respondents (60%) quality service in a hotel means value for money, a comfortable room, friendly staff and tasty food.
- 75% of the sample believes that most hotels in Thessaloniki and Chalkidiki offer good services. Although this is an encouraging finding, low class hotels in the area still have to do a lot in order to be upgraded.
- Application of total quality management (35%), careful consideration of guests’ comments (30%), assignment of management to an efficient manager (15%), employment and training of competent staff (10%) and hotel renovation (5%) are the respondents’ suggestions for improvement of service quality. Given the fact that the sample consists of people affiliated to tourism, their suggestions should be taken under consideration and be applied by the hoteliers for bettering their position.
- According to 45% of the sample, guest satisfaction continuously measured, analysed and enhanced is the most important factor for a hotel’s future. Moreover, guest retention and word of mouth advertising are other elements to be seriously considered by the hotel managers.
- Finally, the respondents believe that the perceived quality service and the expected one should not be different, otherwise the guests will be dissatisfied. Therefore, hotels should not advertise attributes that they do not have or present them in an unrealistic way.

The above research results are in line with the theoretical concepts of the hospitality industry regarding quality service and confirm that quality plays an increasingly significant role in both attracting and retaining hotel guests. In-depth further research is required so as to explore what hotel guests want, like, need and expect, in order to suggest those mechanisms.
leading to excellence in the delivery of quality service in the tourism and hospitality sector.

6 Conclusions

- Quality and high level services are concepts indissolubly associated with the tourism and hospitality industry.
- Quality assurance is a long-term commitment which represents a cost, but a welcomed and a lower one than that of non-quality. The managers should identify, record and weigh up the impacts of quality cost-profit and be in a position to prioritise towards quality improvement processes. The cost-benefit ratio of quality could be achieved through an equation of non-quality costs and of quality assurance towards the benefits of operational cost savings, as well as guest return rate and word of mouth recommendation.
- There are various mechanisms aimed at delivering quality in tourism services. The two main reasons for establishing quality labels via some form of classification scheme are to properly inform consumers, enabling an informed choice to be made that is based on some measure of quality, as well as encourage investment and quality improvement by setting a standard that owners seek to reach and maintain.
- Our study has shown that people directly related to tourism (stakeholders, executives, educators and students) perceive quality service in a hotel as value for money, a comfortable room, friendly staff and tasty food. Moreover, the survey shows that the majority of hotels in Thessaloniki and Chalkidiki offer good services. Despite this fact, there is always room for further improvement and excellence of the hospitality services. Other results of the survey reveal that the most important factors for a hotel’s future are guest satisfaction, guest retention and word of mouth advertising. It is suggested that hotels not advertise attributes they do not possess or present their property in an embellishing way, because these methods might attract guests at the beginning, but when the guests are on site they get very disappointed, since the perceived quality service and the expected one is much different.
- Lodging managers should make quality service top priority both for them and their staff. Recommendations for superior guest services towards successful and profitable results include: focus on quality service and guest satisfaction; retention of existing guests by exceeding their expectations; continuous quality improvement; employment, regular training and empowerment of service-oriented staff; search for best practices through benchmarking; pursuit of quality accreditation through the various schemes, such as the eco-labels, ISO and the EFQM.

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Author description

Dr. Soultana (Tania) Kapiki is an Ass. Professor at the Tourism Management Department of the ATEI, Thessaloniki. She has been the coordinator of the ALFA project "SUTTI" and steering committee member of the LIFE-Environment project "ShMILE". Currently she is the coordinator of four Erasmus Mundus for Georgia, Armenia and Azerbaijan projects (2007–today), as well as project manager in three Erasmus Mundus Action 2 projects (for the Western Balkans, the Central Asian Republics and Palestine). She is also the Department’s academic coordinator for the EU Erasmus programme and head of the Hospitality Courses Sector. Her research interests include: green hotels and sustainable management of hospitality services.