

A STUDY ON SERVICE RECOVERY IN HOTEL INDUSTRY

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ABSTRACT

The hospitality industry is a comprehensive group of fields within the service industry that includes accommodation, food and drink, event planning, theme parks, transport, traveling and additional fields within the hotel industry. The article aims to deliver the values of the service recovery process in the hotel industry. Handling of complaints, determining problems, retaining the customers and to circumvent unwanted consequences such as undesirable thinks of the customers for the services rendered. Fortuitously, substantial progress has been made in the hotel industry to service recovery in the preceding few years. This article centered on the literature view, environment and management strategies to identify what are the changes have been made in the topical year of the hotel industry to achieved maximum customer satisfaction level. We adopt descriptive research in the service recovery and univariate and bivariate analysis for what changes has been made in to diminish the service failure in the hotel industry. The assenting result shows that the scale service processes to improved reliability and validity levels and the rudimentary need of the customer services recovery expectancy comprise recovery attributes, service failure attributes and empowering workforces for the problem solution in the hotel industry.

Keywords: Service Failure, Service Recovery, Recovery Process, Hotel Industry

1. INTRODUCTION

Hotel industry one of the firmest growing industries in the present global scenario. The needs of the hotel industry have been accelerating in current time and now a day's holidaymakers want and demands extremely specialized and customized services from the hotel industry. It has been observed that a heavy competition in the Hotel Industry and tourism has always been on the apex and it is extremely cumbersome for the newcomers to adapt the new emerging trends and demands their own market share. The professionals working in the Hotel industry need to aim on giving better quality of services at a convenient prices to the customers.

The prime goal of the Hotel industry is to receive the customer satisfaction in lieu to the services rendered, money and to maintain a strong and trustworthy relationship with the customers on a long term. Services recovery is the act that the services benefactor should adopt for the failure of the service (Ramseook Munhurrun, P., Naidoo, P., & Lukea-Bhiwajee, S. D. 2010) Researches designated that the service recovery might improve customers' insightful value, reasonable feeling, loyalty, credit and the pleasing service recovery is encouraging to reduce customers' adaptation intention and fluidity (Bitner, 1990, Lewis, 2004, & Cong, 2007). Mc Collough's service recovery paradox showed that customer's satisfaction later to the service recovery would surpass customer's satisfaction deprived of service failure, which more showed the prominence

of service recovery (Boshoff, 1999, P.236-249). Nevertheless, sustaining the customers is a very tough job for any industry particularly, when it comes to the hotel services industry. Previous studies have shown that customers "level of satisfaction is normally inferior for the services of the product (Andreasen & Best,1977).

When it originates to the hotel industry where, the customer needs a extraordinary level of services and personal communication with several departments and services failure is occasionally hard to evade by the industry. Services recovery is a significant promoting tool which delivers additional chance for the hotel industry to please the customer and their demands. The upshots of services recovery will sturdily influence the customer's view of the hotel industry. This article focuses to recognise and evaluate services recovery process with the existing process in the hotel industry. It is exposed that services recovery in the hotel industry has an influence on various predominant factors. Besides, the article will throw light on how the services recovery experience affects consumer's behavior to the hotel industry.

2. LITERATURE REVIEW

Best use of resources is the major attentiveness of hotels to improve the output and performance in this extremely competitive epoch of today's market. Services recovery is the predominant factor of these resources as one of the significant driving forces in hotel industry. Previously for a hotel service recovery was presumed to be as cost, but with the movement of time the style and inclination has changed and today service recovery is deliberated as one of the supreme effective tool for success and affluence of the hotel industry, and as well as one of the most valuable marketing tool (Ozuem, W., & Lancaster, G., 2014). The services industry is unswervingly equivalent to hospitality industry in a sense of development as experimental in the modern years. The prime focus of this article is service recovery in hotel industry. The studies form the past ten years show that the average industry growth rate of Hotel sector was about 6.5%. As hotel industry is mounting, competition is also getting stronger. Every Hotels is proposing better services to get customer satisfaction and upholding unchanging and stable relationships with them.

Researchers believe that it is very challenging to please a customer in service industry precisely when it comes to hotels. In hotel industry customers have straight interaction and connection with dissimilar departments of hotel. Service failures are unceasingly occurring notwithstanding best efforts of hotels being compensated. But recovery of any failure is a coincidental act for hotel to gratify its customers who have faced any disappointments. Service recovery has sturdy influence on customer's insight about a hotel (Hassan, S. T., Azhar, T., & Farooq, A., 2014). Over the modern years statistics Bengaluru in India has been one of the encouraging places to do investments especially in the hotel & services industries. Hotels industry should wait for a lengthier duration of time to show its real growth as associated to the current years; moreover the tendency is increasing in hoteling industry. Service providers' needs to satisfy their customers through tenacity of their grievances.

Service recovery system is an indispensable element for service providers to mollify their customers. To ascertain new customers cognisant of services is far difficult than to keep the ones who are existing and devoted. Recovery system is considered more effectual way to preserve and

satisfy customers (Sigala, M, 2005). There are the set of actions, which in the hotel or service industry are being taken by the providers, in contradiction of an disagreeable act or against the any displeasure which ascended in customer due to the unfitting services being provided by the service providers, such that they can guarantee the same or improved level of satisfaction for them and keeping them loyal”(Kim, T. T., Kim, W. G., & Kim, H. B.,2009).

3. RESEARCH DESIGN

In this article Exploratory research design was used for Review of Literature and pilot study. Descriptive and casual research design was employed for data collection, data analysis and testing of research model.

4. SAMPLING DESIGN

The population consisted customers of 3 Plus star Hotels at Bengaluru. The frame consisted customers of 3 plus star Hotels at Bengaluru.

5. SAMPLING METHOD & SIZE

Proportionate Stratified Sampling was engaged. In statistical surveys when sub-populations within an overall population vary it is advantageous to sample each subpopulation (stratum) independently. In the current study the population at Bengaluru is not known. In such a case, the standard deviation value needs to be ascertained from the pilot study. The ascertained standard deviations value will be used for computing the estimated sample size using the formula,

$n = (\sigma^2 z^2) / D^2$ where n = estimated sample size; σ = standard deviation; D = level of acceptable error (Level of significance); and z = standard variate. The actual sample size was arrived at after discounting for refusals (be respondents) and rejections (by author).

In order to compute the standard deviation value, the average standard deviation values was calculated and it was found to be 0.701. The level of significance was taken as 5% level and corresponding z value was 1.96. The estimated sample size was calculated thus:

$\Sigma = 0.701$ (value obtained from the pilot study)

$D = \alpha = 5\%$ level of significance – 0.05

$Z =$ standard variate corresponding with D value = 1.96

$$n = \frac{[(0.701)^2 \times (1.96)^2]}{(0.05)^2} = 755.106 = 755 \text{ customers}$$

The sample size of 151 i.e, 20% of 755 customers were taken as estimated sample size and were presented in Table 1

Table 1: Proportionate Stratified Sampling

| Hotels | Sample taken for No. of Hotels in Bengaluru | Number of Respondents |
|--------|---|-----------------------|
| 3 Star | 3 | 50 |
| 4 Star | 3 | 50 |
| 5Star | 3 | 51 |
| Total | 9 | 151 |

6. DATA COLLECTION DESIGN

6.1 Primary Data Collection Method

Survey method was employed for customers of Hotels. Unstructured interviews conducted with Hotel Managers / Supervisors / Senior Executives.

6.2 Primary Data Collection Instrument

Undisguised structured questionnaire was used for survey.

7. RELIABILITY

It can be seen from Table 2 that the Cronbach alpha values for service and food quality, Room Ambience, and Brand Loyalty is greater than 0.7 thereby indicating good reliability. Values above 0.7 are acceptable as espoused by Nunnally.

Table 2: Reliability Coefficient

| Variable | Number of Items | Cronbach Alpha |
|--------------------------|-----------------|----------------|
| Service and Food Quality | 23 | 0.892 |
| Room Ambience | 6 | 0.914 |
| Brand Loyalty | 3 | 0.797 |

8. STATISTICAL TOOLS AND TECHNIQUES

Univariate, Bivariate, Multivariate and Structural Equation Modelling (SEM) analysis was employed using statistical packages.

9. STRUCTURAL EQUATION MODELLING (SEM)

CFA is distinguished from structural Equation Modelling (SEM) by the fact that in CFA, there are no directed arrows between latent factors. In other words, while in CFA factors are not presumed to directly cause one another. SEM often does specify particular factors and variables to be casual in nature. In the context of SEM (Malhotra, 2009), the CFA is often called 'the

measurement model' while the relations between the latent variables (with derived arrows) are called the "the structural model" and the SEM output using SPSS AMOS is presented in the Fig 1.

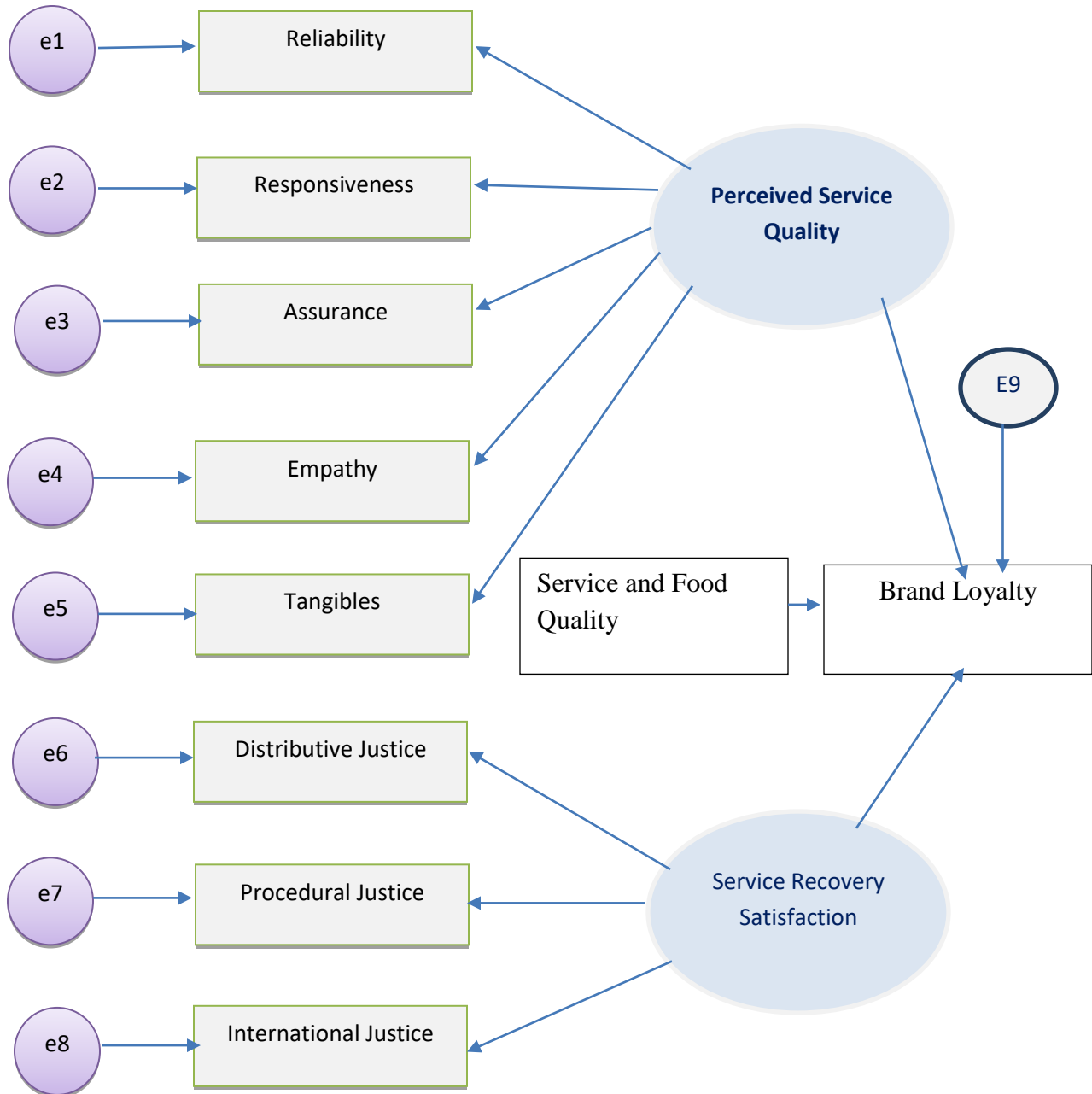


Fig.1: SEM Output using AMOS

In the above Fig.1 the observed endogenous variables are:

1. Reliability
2. Responsiveness
3. Assurance
4. Empathy
5. Tangibles
6. Brand Loyalty
7. Service and Food quality
8. Room Ambience
9. Justice

The observed exogenous variables are

1. Service and Food Quality

The unobserved exogenous variables are

1. Brand Loyalty
2. Service recovery satisfaction
3. e1: error term for Reliability
4. e2: error term for Responsiveness
5. e3: error term for Assurance
6. e4: error term for Empathy
7. e5: error term for Tangibles
8. e6: error term for Brand Loyalty
9. e7: error term for Service and Food quality
10. e8: error term for Room Ambience
11. e9: error term for Justice

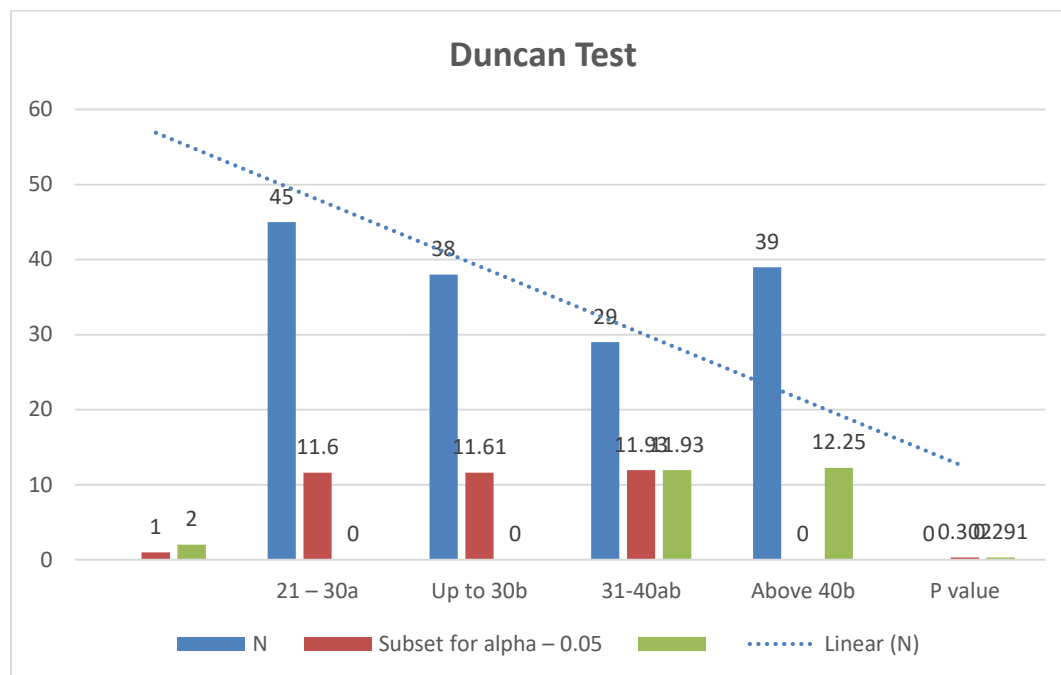
There is no significant between age group with respect to perception about reliability, responsiveness, tangibles, brand loyalty, service and food quality, room ambience and nustice. There is significant difference between age group with respect to perception about assurance, empathy and service and food quality. The Duncan test for Assurance is shown in Table 3.

Table 3: Duncan Test

| Age Group | N | Subset for alpha – 0.05 | |
|-----------------------|----|-------------------------|-------|
| | | 1 | 2 |
| 21 – 30 ^a | 45 | 11.60 | - |
| Up to 30 ^b | 38 | 11.61 | - |
| 31-40 ^{ab} | 29 | 11.93 | 11.93 |
| Above 40 ^b | 39 | - | 12.25 |
| P value | - | 0.302 | 0.291 |

a, b and ab denotes the homogenous subsets. The trend line of service recovery is shown in the trend line as shown in the Fig. 2

Fig. 2 : Duncan Test



It can be seen from the above Table 3 that under assurance variable age groups 21-30 and upto 30 years are homogenous (denoted by ‘a’) while those above 40 years are separate (denoted by b). Age group 31-40 years share characteristics with both these groups (denoted by ‘ab’). In the similar way Duncan test was carried out for the other two variables.

10. CONCLUSION

The factors affecting service recovery in various industries and hotels was compiled and documented through review and related literature and a conceptual framework and research model was proposed. It serves as a starting point where problem areas that need immediate attention by hotel service providers were identified. This study provides immense insights for service providers to suitably change their relationship marketing strategies to ensure gaps in service quality are nullified. There is a value in knowing how satisfaction and dissatisfaction is distributed and its impact on different groups. Thus the influence of demographic variable on behaviour intentions of customers are studied. From the above study of research the hotel service sector is facing stiff competition from within the city. This research goes a long way in ascertaining the system, its gaps and strategies for the future.

11. LIMITATIONS

The limitations of the study were the research were restricted to the selected hotels of Bengaluru in Karnataka due to time and cost constraints and hence findings cannot be extrapolated to other cities or regions of Karnataka. The study focused on service failure and recovery and other

dynamics of services marketing and management are not under its purview. There are many changes in the service sector environments in the future hotel industry which in turn may influence changes in expectations, perceptions and service quality levels.

12. FUTURE SCOPE

Research for the above and other issues may be undertaken in the areas of services cape management, Service experience and customer experience management, Hotel atmospheric management, Hotel supply chain management, Big data management in hotel industry, services transcendence in hotels, online hotel management, Trans-National hotel management and Innovations in Chain Hotels like OYO Rooms.

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