ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATES STUDIES

THE EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION: IN THE CASE OF FOUR STAR HOTELS

A THESIS SUBMITTED TO THE SCHOOL OF POST-GRADUATE STUDIES OF ST.MARY UNIVERSITY (SMU) IN PARTIAL FULFILLMENT OF REQUIREMENT FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)

BY: BETELHEM TSEGAYE

JULY, 2023

ADDIS ABABA, ETHIOPIA

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CERTIFICATION

This is to certify that the thesis prepared by Betelhem Tsegaye, entitled "effect **of Service Quality on Customer Satisfaction"** and submitted in partial fulfillment of the requirements for the Degree of Masters of Arts in Business Administration complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

_____

Mesfin Tesfaye (PhD)

(Advisor)

 JULY, 2023

St. Mary's University

Addis Ababa, Ethiopia

JULY, 2023

DECLARATION

I, Betelhem Tsegaye, the under signed, declare that this thesis entitled: "the **Effect of Service Quality on Customer Satisfaction: In The Case Of Four Star Hotels**" is my original work. I have undertaken the research work independently with the guidance and support of the research advisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis has been duly acknowledged.

Declared by

Name_____

Signature: _____

Date _____

ACKNOWLEDGMENTS

LIST OF ABBREVIATIONS

MOCT   Ministry of culture and tourism

SPSS   Statistical packages for social science

HOLSERV   Holiday service

SERVQUAL   Service quality

CS   Customer Satisfaction

Abstract

The main objective of this study was to see effect of service quality on customer satisfaction: in the case of four star hotels by using performance only measure or SERVQUAL method. The study is quantitative in its approach and has been able to use descriptive and explanatory research deign. To achieve its objective data has been collected by dispatching self-administered questionnaires to 240 customer of the Hotel customers which comprises of attributes of the five service quality dimensions and underlying variables that are expected to measure their perception of the service quality as what the study has employed was SERVQUAL method. While selecting those respondents convenience sampling technique has been used. Thus based on the inputs obtained the data has been analyzed by using SPSS version 21 software. Accordingly, by using various statistical tools like mean, correlation and multiple regressions the required analysis has been made in order to identify the possible relationships and the real problems at hand. The finding of the study reveals that all the five service quality dimensions namely Tangibility, reliability, responsiveness, assurance and empathy have a positive and significant relationship with customer satisfaction among which responsiveness is the one which is positively and strongly correlated with customer satisfaction that any of the other explanatory variables. The findings has from 240 study participants 139 (57.9) were male and 101 (42.1) were females. The reliability and liability test of Cronbach alpha total .88 and R-Square of Tangibility, reliability, responsiveness, assurance and empathy explained by 71% and 29% not include or not in this study. Besides the service quality dimensions have significantly explained 71% of the variation on customer satisfaction where the remaining 29% of its variation may be explained by other factors that were not examined in this study is facing by identifying its areas of weaknesses and improvements based on which it enables them to take corrective measures. Finally a conclusion has been made and the recommendation has been forwarded to come up with a high quality service and which in turn has a direct influence on customer satisfaction.

Key Words: Service quality, Customer Satisfaction, Service quality dimension,

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CHAPTER ONE

1. INTRODUCTION

1.1.   Background of the study

In today's competitive environment delivering high quality service is the key for a sustainable competitive advantage. The service corporation identifies that in order to contest more successfully, hotels must prove their quality services to the customers. In hospitality industry, service quality is one of the greatest vital features of the top customer involvement. Most organizations display their services quality on a steady basis to safeguard maximum customer satisfaction and to advance customer preservation and faithfulness. The service quality provided by a service company can be assessed through the dimensions of service quality. Researchers have found that customer consider five dimensions in their assessment of service quality (Zeithaml and Bitner, 2000).Nowadays, the incredible growth of the globalization and especially liberalization of hospitality services, are changing the way hotels conduct business with customers who are increasingly expecting higher quality of services, becoming time saver and wanting more conveniences Felix, J(2017).

According to Demyana (2013) Customers all over the world have become more quality conscious; therefore customers" requirements for higher quality service have been increased (Lee, 2005). Service sector such as the hotels are obliged to provide excellent services to their customers in order to have sustainable competitive advantage. The service industry is among the highly dynamic industries as customers often demands change. These changes further drive the service provision and delivery forward with increasing demand for quality. Since, services are intangible in nature their success and failure is not easily measured or quantified. The success of any service providing organization can be measured in terms of its customers' attitude towards the service delivery practice; which means service quality was be the dominant element in customers' evaluations of a given service (Awoke, 2015). Customers' go to service providers expecting to get a quality service and the level of expectation among each individual is varies. Finding out what customers' expect is essential in providing a quality service. This can be done through marketing research focusing on issues such as what features are important to customers, what levels of these features customers expect and what customers think the company can and should do when problems occur in service delivery

(Clow and Kutz, 2003).According to Mahmoud Al-Azzam (2015) Service companies regard service quality an important tool to maintain their competitive advantage in the marketplace. Meeting customer expectations relative to service quality has a direct relationship with the profitability of a service firm. Because service quality drives customer satisfaction and satisfied customers are more likely to be retained as loyal customers of a firm, good service quality positively impacts profitability by increasing the customer base of a firm, allowing affirm to charge premium prices for their service products, and because of increased employee retention and productivity a concept referred to as the service-profit chain. (Rauch, 2015).The satisfaction and loyalty of consumers are a central concept of marketing science (Piligriene, & Kliukaite, 2015). Satisfaction and loyalty of customers have a direct and indirect impact on hotel industries. (Kandampully&Hu, 2007).

Brand management and branding have established it is important strategically for different companies (Post, 2008; Kapferer, 2008; Keller, 2008). Smith (2004) suggested that in-service industry "brand management requires brand managers to take a holistic view of the brand that transcends the marketing and service function and makes it a rallying cry for the firm". The brand has also been described as "the impressions received by consumers resulting in a distinctive position in their mind's eye based on perceived emotional and functional benefits" (Shoemaker, Lewis, Yesawich, 2007). Brand management and established its importance strategically for a sustainable market are very important. Brand managers in the hotel industry faced a bigger challenge of differentiating themselves in a competitive market (O'Neill, Mattila& Xiao, 2006).

According to the Ethiopian Ministry of Culture and Tourism quality standards to hotel grading requirement and classification evaluation criteria states that obtain higher star rating this area customer. Loyalty can be defined in two distinct ways. First, loyalty is an attitude the second is loyally is behavior have five key area cleanliness, service, food, rooms, bathrooms (Culture, 2015).

1.2. Statement of the problem

When customers are satisfied, organizations achieve higher sales, profit and market share and when customers are unsatisfied, organizations achieve lower sales, profit and market share. Customer satisfaction also leads organizations to gain loyalty and achieve the desired objectives (Lymperopoulos et al., 2006). On the other hand, a reason behind in most of service sectors failures was a negative variation of client perception and expectation towards service provision process (Akalu, 2015).As indicated in previous researches Dijale (2011), Sulieman (2011), Dawit (2015) and Asma (2012) in most developing countries including Ethiopia, service providers, Understood particular service quality dimensions different from what their customers expect. This is mainly true in the service sectors like hotels that regularly interface with customers.

Therefore, Service Quality improvement is a key issue that determines the survival of the hotel; because, unsatisfactory customer service leads to a drop in customer satisfaction and unwasingness to recommend the service to a friend (Lukmaan, 2013). Following the Ethiopian millennium in 2007 every sector of the country goes high particularly in tourism attraction and hotel accommodations. Though a great emphasis is given for the expansion of hotel industry since the early time, many service related problems are still visible. This would in turn lead to an increase the number of customers' shift to the competitors. In national perspective, a number of studies have been conducted in service quality dimensions and its impact on customer satisfaction. Andargie (2013) conducted a study on foreign customer satisfaction in Ethiopian five-star hotels Sheraton Addis and Hilton intercontinental   hotels reported that foreign customers are not satisfied by the services of the hotels, more over all services quality dimensions created a gap in their expectation and perception of guests. Besides Zeleke (2012) has examined a study about the impact of service quality on customer satisfaction at the public owned National Alcohol and Liquor Factory stated that the five service quality dimensions brought an impact on customer satisfaction was significant in all factors of service quality.

Collecting money with no progress in service quality is fact in different hotels in Ethiopia. The conducted preliminary survey through personal observation and unstructured interview before beginning the actual study indicates that, either private or public owned Hotels have

much serious quality and customer handling strategy problems. The major problems often observed were lack of Hotel service ethics.The quality of service in hotel industry is an important factor of successful business. The existing trend of complete quality management in hotel industry ensures the achievement of competitive advantage of hotel companies and is therefore the subject of contemporary research into service quality in hotel industry. It is essential to identify the service Quality & whether the customers are given what they need & expect. So this research is purposed to evaluate the service Quality and customer Satisfaction in hotel industry in hawassa . Therefore going through the very specific idea, the purpose of this study is to assessthe service quality and customer satisfaction in four star hotels in hawassa.Therefore,

1.3. Research Hypotheses

In directive to discourse the objectives of this study, literatures review of previous studies are conducted to drive the hypothesis based on existing knowledge and the following five hypotheses are developed for this research that are:

H1: Reliability has significant and positive impacts on customer's satisfaction.

H2: Responsiveness has significant and positive impacts on customer's satisfaction.

H3: Assurance has significant impact on customer's satisfaction.

H4: Empathy has significant and positive impacts on customer's satisfaction

H5: Tangibles has significant and positive impacts on customer's satisfaction

1.4. Objective of the study

The objective of the study is divided into general objective and specific objectives. The general objective focuses on the broad area the study seeks to confrontation; whereas, the specific objectives look at the specific areas the study addresses.

1.4.1. General Objective

The primary aim of this study is to identify the effects of service quality on customer Satisfaction in four star hotels

1.4.2. Specific Objectives

1. To inspect the effect of reliability provided on customer satisfaction four star hotels Hawassa

2. To examine the effect of tangibility provided on customer satisfaction.

3. To examine the effect of responsiveness provided on customer satisfaction.

4. To identify the effect of assurance provided on customer satisfaction.

5. To assess the level of effort made by managers try to improve the quality of service

1.5. Significance of the study

The significance of this study is that greatly important to the hotel effect of quality service. It enhances the level of customer satisfaction and identifies the position of service quality at the hotel, Identify the gap between what customers thinks about customer satisfaction and what actual customer satisfaction look likes in the hotel and it helps the identification of service dimensions in four star hotels. The main factor of hotel performance is customers' satisfaction; that leads to loyalty, repurchase intention, and even recommendation to others. Moreover, considering the high costs of acquiring new customers and the customer turnover in hotel, it is very important to study the effects of service quality on customer satisfaction. This study was enabled the four star hotels in Hawassa to know the relation between service quality delivery and customer satisfaction and helps them be acquainted with the most important dimensions use to satisfy customers. Also, it was show the extent of the gap between perceived performance and customers' expectations of service quality in four star hotels in the study area. Lastly this study is important to theoreticians, to practitioners and to policy makers.

1.6. Scope of the study

This study was delimited to the two hotels, Haile resort and south stars international hotel Hawassa; this study was focus on the relationship between service quality dimensions (tangibility, responsiveness, reliability, empathy and assurance) and customer satisfaction in relative term. The studies were also limited to two hotels, Haile resort and south star hotel Hawassa. Methodologically; this study was conduct based on cross sectional survey research design and also its sample survey research. Additionally, the main tools that was be used to collect data from customers was be questionnaires and interviews from branch managers. This study was also conducted based on SERVQUAL tools.

1.7. Organization of the study

The study was being organized in to five chapters. The first chapter presents the introduction part which contains background of the study, statement of the problem, research hypothesis, objective of the study, significance of the study, scope of the study. The second chapter insights literature review which is about a conceptual, theoretical and empirical aspect of the study. While the third chapter contains description of study area, brief description of the research design, as well as the methods that was be used in the data collection, presentation and analyzing.

The fourth chapter was be presenting analyzes and interpreting the data that are related to the objective of the study. Finally, the fifth chapter was being recommendation and suggestions of a possible solution for identified problems of service quality effect on customer satisfaction, limitation and further research.

1.8. Definition of key Terms

Customer satisfaction: defined satisfaction as "a person's feeling of pleasure or disappointment resulting from comparing a product or service perceived performance (or outcome) in relation to his or her expectations".

Reliability: The ability to perform the promised service both dependably and accurately. Reliable service performance is a customer expectation and means that the service is accomplished on time, in the same manner, and without errors every time.

Responsiveness: This dimension include the following features: was to serve customers, telling to customers exactly when services was be performed, management accessibility, providing prompt and honest responses to customers" inquiries

Assurance: The knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer, and the general attitude that the server has the customer's best interests at heart.

Empathy: The provision of caring, individualized attention to customers. Empathy includes the following: features: approachability, sensitivity, and effort to understand the customer's needs.

Tangibles: The appearance of physical facilities, equipment, personnel, and communication materials.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

2.1. Introduction

This chapter contracts with concepts and theories that are applicable to the issues in this study. The chapter stretches an impression of Theoretical, Empirical literature and Conceptual Framework of the study that is linked to the research problem obtained in the previous chapter.

2.1.1. Theoretical Review

A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product (Keller and Kotler, 2006). Similarly Zeithaml and Bitner (2004) also defined service as deeds, processes and performances. Both definitions and also other scholars' definitions agree on the intangibility, inseparability, perishable, and variability nature of a service. Moreover, many literatures explain the existence and importance of service in all kinds of organizations. In general Service organizations range in size from huge international corporations like airlines, banking, insurance, communications, hotel chains, and freight transportation to a vast array of locally owned and operated small businesses, including restaurants, laundries, taxis, optometrists, and numerous business-to-business ("B2B") (Lovelock and Wright, 1999).

According to Robert W.L. (2005) "customer service is defined as the ability of knowledgeable, capable and enthusiastic employees to deliver products and services to their internal and external customers in a manner that satisfies identified and unidentified needs and ultimately result in positive word-of-mouth publicity and return business."

Service can be defined in many ways depending on which area the term is being used. According to Kotler & Keller (2009) defines service as any intangible act or performance that one party offers to another that does not result in the ownership of anything. In all, service can also be defined as an intangible offer by one party to another in exchange of money for pleasure. Dictionary meaning of quality is characteristic. Characteristic is defined as a feature or quality belonging typically to a person, place, or thing and serving to identify them. There are many different definitions of quality in the literature. One reason for not being able to arrive at a standard definition of the quality concept is the fact that various definitions are

valid for various sectors such as services and manufacturing, for various groups such as producer/vendor, or for various situations such as production / consumption (Pirnar, 2007).Service industries are playing an increasingly important role in the overall economies of the countries of developed and developing countries.

The Services area continuous process of on-going interactions between customers and service providers comprising a number of intangible activities provided as premium solutions to the problems of customers and including the physical and financial resources and any other useful elements of the system involved in providing these services (Grönroos, 2004).According to Kotler and Keller (2009) define service as 'service is any act and performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything'. Define services as 'Services are deeds, processes and performances' (Zeithaml, 2006).Customers evaluates service by comparing perception of service received with expectation of serviced desired (Fitzimmons et al, 2001).

Service indicates performance expected by the customer service which is a function of personal needs, word of mouth communication, and past experience. While the service is perceived service is a performance based on customer perception. Thus, measurement of service quality by using SERQUAL is comparing the Perceived Service with Expected Service. According to Felix (2017) Service means a non-object that performances cannot be seen, felt, tasted, or touched before an exchange agreement is concluded. The service performance is vary and cannot be stored or reserved for the next use. Service cannot be separated from provider; it needs the interaction directly between provider and consumer.

2.1.2. Sympathetic of Service Quality

According to Chang et al. (2017); customer satisfaction is expected to result from good service efficiency, which will improve customer engagement and interrelationship. González et al. (2007) asserted that customer satisfaction is linked to high service quality, which makes businesses more competitive in the marketplace. This study uses the SERVQUAL framework to define service quality. This framework uses five dimensions to account for service quality, namely, tangibles, reliability, responsiveness, assurance, and empathy. Identifying issues in service and customer satisfaction can lead to high service quality.

Service quality is one of the most important factors of success for each service industry, whether retail stores, banks, restaurants, hotels and others. A high level of service quality results in the increase in the number of loyal customers creates a favorable image of the

company that, in turn, leads to the increase in the financial performance (Yana Guterman, 2015).According to Felix (2017) the customers generally use certain criteria to evaluate service quality by examining: reliability, responsiveness, and assurance, empathy and physical aspects: **Reliability** means that the firm performs the service right the first time and the firm honors its promise. This includes punctual service delivery and ability to keep to agreements made with the customer. **Responsiveness** It requires minimizing the waiting duration for all interactions between the customer and the service provider (Nambisan et al., 2016). Nambisan et al. (2016) explained that responsiveness is crucial for enhancing the customers' perception of service quality. Rather, the institution should provide a fast and professional response as to the failure and recommend alternative actions to address the customer's needs (Lee et al., 2000).**Assurance**refers to the skills and competencies used in delivering services to the customers. Wu et al. (2015)explains that employee skills and competencies help to inspire trust and confidence in the customer, which in turn stirs feelings of safety and comfort in the process of service delivery.**Empathy**refers to the quality of individualized attention given to the customers. The service providers go an extra mile to make the customer feel special and valued during the interaction (Bahadur et al., 2018). Murray et al. (2019) explains that empathy requires visualizing the needs of the customer by assuming their position. Murray et al. (2019)

TangiblesThe key aspects of tangibility include price, ranking relative to competitors, marketing communication and actualization, and word-of-mouth effects (Ismagilova et al., 2019), which enhance the perception of service quality of customers

are appearance of physical facilities, equipment, personnel, and communication materials. Positive Word of Mouth Communication means the informal conversation between customers about service provided by a bank. Service quality has been the difference between customer expectations and perceptions of a service (experience) of the service received (Akbar and Parvez, 2009), (Gronroos, 2001).Service quality is also considered to mean the outcome of an evaluation process, where the customers compare their expectations with the service they have received (Gronroos, 1984).Service quality is a key factor for customer satisfaction. It is an important tool for banks for augmenting their income and market share (Muyeed, 2012).Service quality has lined relationship with achievement and effectiveness of corporate.

According to Nitecki et al. (2000) defined service quality in terms of meeting or exceeding customer expectations, or as the difference between customer perceptions and expectations of

service. Service quality and customer satisfaction highly related (Sureshchandar et al, 2002).According to Hansemark and Albinson (2004) satisfaction is an overall customer attitude towards a service provider, or an emotional reaction to the difference between what customers anticipate and what they receive, regarding the fulfillment of some needs, goals or desire. Customers can gain a wealth of information about a bank simply by communicating with a friend, family member, or acquaintance. It also shows that you certainly feel pleased with the service at the point you can advocate for it. (Haksever et al, 2000) defines: "Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy given needs." While (Zeithaml&Britner, 1996) defines: "Service quality is excellent delivery or with superior customer service is comparison's expectation. SERVQUAL enables service and retailing companies to evaluate consumer perceptions of service quality and helps to identify areas requiring managerial action (Parasuraman et al. 1988) and also the approach divides the notion of a service into five factors that address a customer's perception of quality. The factors are:

Tangibles – physical facilities, equipment, staff appearance, etc.

Reliability – ability to perform service dependably and accurately

Responsiveness –to help and respond to customer need

Assurance – ability of staff to inspire confidence and trust

Empathy – the extent to which caring individualized service is given.

Kuo (2003) conducted a research on service quality of virtual community websites with the purpose of constructing an instrument to evaluate service quality of virtual community websites and to have a further discussion of the relationship between service quality dimensions and overall service quality, customer satisfaction and loyalty. The researcher used Factor analysis, t- test, and Pearson correlation analysis to analyse the data collected from college students of three major universities in Taiwan. One of the results was that" on-line quality and information safety is positively related to the overall service quality, customer satisfaction, and loyalty, but the service quality level of this dimension was the poorest. " (Kuo, 2003).In contrast to the above studies; Bennett &Barkensjo (2005) studied relationship quality, relationship marketing, and client perceptions of the levels of service quality of charitable organisations. Questions were asked to 100 people on their perceptions of service quality of the organisations that had given them assistance, their satisfaction with a charity service etc. they constructed a model and estimated using the method of partial least square. Also, perceived service quality was measured via adaptations of the SERVQUAL instrument but without any assessments of the respondents' prior expectations concerning the services

they would receive from an organisation. In their results, relationship marketing was found to represent an effective weapon for improving both relationship quality and beneficiaries' satisfaction with service provision. They stated that "relationship quality and actual service quality induced beneficiaries to want to recommend a charity to other people and to engage in positive word-of-mouth." (Bennett &Barkensjo, 2005). Meaning the beneficiaries who stood as the customers were satisfied since recommendation is signal of satisfaction, confirming the idea that service quality is related to customer satisfaction.

They were not directly conducting a research on the relationship between customer satisfaction and service quality, but because when talking about client perceptions, one must think of their satisfaction, and when talking about service quality there is a link between these two as has been proven by many researchers (Baker-Prewitt, 2000; Kuo-YF, 2003,; Gera, 2011) This means it could be useful to test these three variables (Customer satisfaction, service quality and Service quality dimensions). The study of Bennett &Barkensjo (2005) stated that "the hypothesis elements of SERVQUAL model (Tangible, assurance etc.) were scientifically associated with the service quality construct". It could be interesting to test SERVQUAL model with the five dimensions and service quality assuming that expectations is included to see if it will be significantly associated.

In support of the use of SERVQUAL in the relationship between customer satisfaction and service quality, Ahmed et al., (2010) conducted a mediation of customer satisfaction relationship between service quality and repurchase intentions for the telecom sector among university students, with SERVQUAL model's 5 dimension(tangibles, responsiveness, empathy, assurance and reliability) by Parasuraman et al. to measure service quality.

2.2. Hypothesis formulation

The study postulates that the quality of the services provided by the hotels determines the satisfaction level of customers with the hotel. To measure the service quality of the hotels , the SERVQUAL model used. The SERVQUAL model made up of five variables: tangibility, responsiveness, reliability, assurance, and empathy. Customer satisfaction is a dependent variable that occurs when the service provided by the hotel is rated by customers as high quality and satisfactory and vice versa. Therefore, the SERVQUAL model has applied for this purpose of the study. Hence, the following hypothesis has developed under the service quality dimension for this conceptual framework.

1. Reliability: Reliability is the ability to perform services dependably and accurately in a consistent manner. Reliability is very important determinant of product quality besides good

personal service, staff attitude, knowledge and skills (Walker, 1990). Berry and Parasuraman (1991) reported that reliable service is the outcome of continuous improvement. Similarly, in another study, it found that service reliability is the service "core" to most customers. Therefore, managers should use every opportunity to build a "do-it-right-first" attitude (Berry, 1990).

H1 Reliability has a positive and significant effect on customer satisfaction.

2. Tangibility: This dimension shows the physical aspects of the services as physical facilities, the appearance of personnel, and tools used for the provision of services. It translates to the restaurant's interiors, the appearance and condition of the cutlery, tableware, and uniform of the staff, the appearance and design of the menu, restaurant signage, and advertisements. Firms to convey image and signal quality (Zeithaml et al., 2006) use tangibles.

H2: Tangibility has a positive and significant effect on customer satisfaction

3. Responsiveness: This dimension reflects the willingness or readiness of employees to provide quick services to customers. Customers are very keen on employees' behavior in the services industry, especially in the hotel industry. It reported that customers are very sensitive to employees' working environment in service organizations (Brown and Mitchell, 1993). The correct match between staff skills and customers' expectation result in better service quality towards customers. Service recovery and problem solving have recognized as important parts of services quality (Nelson and Chan, 2005).

H3: Responsiveness has a positive and significant effect on customer satisfaction.

4 Assurance: This dimension indicates the employees' knowledge, courtesy, and their ability to convey trust and confidence. Service quality also linked to customer satisfaction as how employees use their knowledge & courtesy and their ability to incorporate trust and confidence. Parasuramanetal. (1988) reported assurance as an essential dimension of service quality after reliability and responsiveness towards satisfaction. It is found that a hotel can create customer satisfaction by ensuring trustworthy behavior and reflection of genuine commitments to service provision (Nelson and Chan, 2005).The trust and commitment are important factors for customer satisfaction regarding relationship quality (Nelson, 2006).

H4: Assurance has a positive and significant effect on customer satisfaction.

5. Empathy: This dimension shows the magnitude of caring and individual attention given to customers. In the hotel sector, customer care and individual attention are indispensable for better performance due to stiff competition. The employees' commitment to delivering quality services, skillfully handling of conflicts and efficient delivery of services resulted in

satisfied customers for long-term benefits (Nelson and Chan, 2005). Malhotra, (2005) examined the difference in perceptions service quality dimensions between developing and developed countries.

H5: Empathy has a positive and significant effect on customer satisfaction

2.3. The service quality model

The SERVQUAL model has been developed in a rather high number of versions applied in assorted industries. It was designed to evaluate customers` perceptions of service quality with the aim to examine the degree of implementation of an effective and reliable business (Hill and Alexander, 2006).

The SERVQUAL model has been chosen over other models as one that has been well used in assorted industries and also as one that could bring a status of research validity (Heung et al, 2000). Apart from seeing the level of service quality, it also assists firms to take some other advantages such as tracking customer expectations and perceptions over time (Weitz and Wensley, 2006). Opinions from employees with respect to customer expectations and satisfaction can also be gained (Fedoroff, 2009).The main purpose of model is to apply its dimensions in identifying the gap between customer expectations and perceptions (Peters and Pikkemaat, 2006; Zeithaml et al, 2006).Service quality is considered as a critical dimension of competitiveness (Lewis, 1989). Providing excellent service quality and high customer satisfaction is the important issue and challenge facing the contemporary service industry (Hung et al., 2003). Service Quality is an important subject in both public and private sectors, in business and service industries (Zahari et al., 2008).The rapid development and competition of service quality, in both developed and developing countries has made it important for companies to measure and evaluate the quality of service encounters (Brown and Bitner, 2007).

Service quality dimensions refer to the psychological dimensions that form the basis of a customer's perceived quality of a service. While numerous marketing researchers have attempted to define the specific dimensions of service quality, Parasuraman, Berry, and Zeithaml (1985) introduced the definition in their presentation of the Gap Model of Service Quality. SERVQUAL, as it is called, emphasizes measuring service quality based on the concept of service quality gap (SQG) (Parasuraman et al. 1988) between an organization's service quality performance and customer service quality needs (Expectations–Perceptions).Parasuraman et al. (1988) originally developed a service quality model based on five SQGs (measured after service is given).

The original SERVQUAL consists of five dimensions: Tangibles: including the appearance of physical facilities, equipment, personnel, and communication material. Reliability is the ability to perform the promised service dependably and accurately. Responsiveness is to help customers and provide prompt service. Assurance is the knowledge and courtesy of employees and their ability to inspire trust and confidence and Empathy is caring and individualized attention that the firm provides its customers.

2.4. Service quality gap models

Service quality gap is defined as the difference between customer expectations and perceptions of service. If expectations are greater than performance, then perceived quality is less than satisfactory and customer dissatisfactions occurs (Parasuraman et al., 1985; Lewis and Mitchell, 1990). Service quality gaps model by (Parasuraman et al. 1985) the most well-known model is the model of (Parasuraman et al. 1985) which is widely utilized in the literature. The model attempts to show the salient activities of the service organization that influence the perception of quality. Moreover, the model shows the interaction between these activities and identifies the linkages between the key activities of the service organization or marketer which are pertinent to the delivery of a satisfactory level of service quality. The links are described as gaps or discrepancies: that is to say, a gap represents a significant hurdle to achieving a satisfactory level of service quality (Ghobadian et al., 1994). (Parasuraman et al. 1985) proposed that service quality is a function of the differences between expectation and performance along the quality dimensions. They developed a service quality model. The gaps include (Seth and Deshmaukh, 2005):

Gap: 1 Customer expectation & management gap. This gap addresses the difference between consumers' expectations and management's perceptions of service quality.

Gap: 2 Management perception & service quality specifications gap. This gap addresses the difference between management's perceptions of consumer's expectations and service quality specifications, i.e. improper service-quality standards.

Gap: 3 Service quality specification & service delivery gap. This gap addresses the difference between service quality specifications and service actually delivered, i.e. the service performance gap.

Gap: 4 Service delivery & external communication gap. This gap addresses the difference between service delivery and the communications to consumers about service delivery, i.e. whether promises match delivery.

Gap: 5 Expected service & perceived service gap. This gap addresses the difference between consumer's expectation and perceived service. This gap depends on size and direction of the four gaps associated with the delivery of service quality on the marketer's side.

2.4.1. Service quality in hotels

For hotel industry, service quality is an important consideration, so companies striving to attain maximum customer satisfaction by providing quality services. According to Min, H. and H. Min, 1996 service quality is the life blood for hotel industry and service quality is further linked with customer satisfaction, customer satisfaction is related with customer loyalty. Service quality is considered and evaluation between service prospect and what actually has been received. The survival of hotels in the current competitive environment where most hotels have quite similar luxurious physical facilities much depends on delivery of service quality aiming to result in customer delight. Pallet et al. (2003) suggests that quality has to be envisioned, initiated, planned, delivered, monitored and sustained. They propose that quality problems and key staff issues in hotels often can be solved with a common "People and Quality" strategy which involves placing customer needs in the heart of the whole process; seeking suggestions form staff; developing corporate quality and people philosophy; training and empowering staff; benchmarking and reviewing (Saleem& Raja, 2014)

2.4.2. Customer satisfaction

Customer satisfaction refers to the level of fulfillment expressed by the customer after the service delivery process. This is a subjective assessment of the service based on the five dimensions of service quality. Customer satisfaction is important due to its direct impact on customer retention (Hansemark and Albinsson, 2004; Cao et al., 2018; Zhou et al., 2019), level of spending (Fornell et al., 2010), and long-term competitiveness of the organization (Suchánek and Králová, 2019). Susskind et al. (2003) describes that service quality has a direct impact on customer satisfaction. For this reason, this research considers that five dimensions of service quality are the important antecedents of customer satisfaction.

Service quality refers to the ability of the service to address the needs of the customers (Atef, 2011). Customers have their own perception of quality before interacting with the organization. Satisfaction was be encouraging when the actual level of services or products is better than the anticipated (positive disconfirmation), whereas (negative disconfirmation) when the product or services level is lower than expected. (Saleem, Raja 2014)

2.4.3. Customer Loyalty

Customers are who repurchase from the same service provider whenever possible and who continues to recommend or maintains a positive attitude towards the service provider." Julander et al., (1997) explained that customer loyalty has two magnitudes: the first one is behavioral and the other is attitudinal. The behavior loyalty means the customer is intend to repurchase the brand or services from the service provider over time, whereas, attitudinal loyalty means the customer intend to repurchase and also recommend others which is the good sign of customer loyalty (Saleem, Raja 2014).

2.4.4. Brand Image

The brand is one of the important assets of the customer's through questionnaire. "Brand is reflected by the brand links held by in consumer memory". In simple words brand image is basically what comes into the consumers mind when brand placed in front of him. Consequently, these associations are building up into the consumers mind from the direct experience of service they have, after those experiences they make conclusion by contrasting their previous experiences with the company and the set associations. There are many empirical evidences that proved customer loyalty and brand image have positive correlation with each other .Whereas, other researches proved positive contact on brand image by that service quality and customer satisfaction comprise positive relationship with brand image. Another study found that image is positively related with customer satisfaction and customer preference in luxury hotels. This showed that pleasing image leads towards customer preferences and customer satisfaction whereas; unpleasing image can lead towards customer dissatisfaction (Saleem, Raja 2014)

2.4.5. Service quality in Ethiopia

Nowadays, the business environment has become highly competitive and dynamic. Success in this situation demands firms to develop improved products and design appropriate marketing programs. Hotel industry in Ethiopia sooner or later was also face the challenges of globalization in terms of competition which demand improvements in services delivery and level of customer satisfaction. In the last decades, customer retention is not considered as important as in these days in our country, Ethiopia. Today, there is high competition in the market in almost every sector. Currently, business organizations are faced with competition both from local and international firms, because of globalization. The environment in which they are operating has been consistently undergoing changes. But most organizations are using marketing strategies that they have been using in the past with no modifications, especially in retaining customers and making them lifetime partners. Rethinking of their

marketing strategy on customers" handling seems a long overdue activity of most Ethiopian hotels. (Urge, 2017)

2.4.6. Measuring customer satisfaction

Asking each and every customer is advantageous in as much as the company was known everyone's feelings, and disadvantageous because the company was have to collect this information from each customer (NBRI, 2009). The National Business Research Institute (NBRI) suggested possible dimensions that one can use in measuring customer satisfaction, e.g.: Quality of service, Innocently, Speed of service, Pricing, Complaints or problems, Trust in your employees. According to Parasuraman, Zeithaml, and Berry (1985, 1988) conceived that SQ is the difference between customers' expectation and their perceived performance of a service. Based on this concept, (Parasuraman et al. 1988) developed the SERVQUAL model (including five dimensions, namely tangible, responsiveness, reliability, assurance, and empathy) to measure service quality. However, many researchers have questioned about the conceptual framework and measurement method of this model.   For instance, (Cronin and Taylor, 1992) pointed out that using service quality performance (SERVPERF, i.e. the perceived service in SERVUQAL) to measure service quality produces better results of reliability, validity, and predictive power than using SERVQUAL.

2.4.7. Relationship between Customer satisfaction and service quality

Satisfaction can be defined as a person's feeling of pleasure or disappointment resulting from comparing one's perception of a performance received (an outcome) and one's initial expectations (Reddy and Abay, 2018). If performance falls short of expectations, the client is dissatisfied. On the contrary, if performance matches expectations, the client is satisfied. If performance exceeds expectations, the client is highly satisfied or delighted (Kotler, 2012).

Satisfaction is a customer's post purchase evaluation of the overall service experience. It is an affective state of feeling reaction in which the consumer's needs desires and expectations during the course of the service experiences have been met or exceeded (Hunt, 1977). Satisfaction is a post choice evaluation judgment concerning a specific purchase decision, on the other way it can be approximated by the equation: satisfaction = perception of performance – expectations (Oliver, 1980 as cited on Chulle, 2016).Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service. (Wilson et al. 2008). Although it is stated that other factors such as price and product quality can affect customer satisfaction, perceived service quality is a component of customer satisfaction (Zeithaml et al. 2006). (Parasuraman et al., 1985) proposed that when perceived service quality is high, then it

was lead to increase in customer satisfaction. Some other researchers prepared comprehend with the idea brought up by (Parasuraman, 1995) and they acknowledged that "Customer satisfaction is based upon the level of service quality that is provided by the service providers" (Saravana& Rao, 2007, Lee et al., 2000).

In support of the use of SERVQUAL in the relationship between customer satisfaction and service quality, (Ahmed et al., 2010) conducted a mediation of customer satisfaction relationship between service quality and repurchase intentions for the telecom sector among university students, with SERVQUAL model's 5 dimensions (tangibles, responsiveness, empathy, assurance and reliability) by Parasuraman et al. to measure service quality. According to Chavanand Ahmad (2013) state the eight most important attributes of customer satisfaction: Individual attention to every customer, Staff behavior leading to trust, Attractive environment in a bank branch, Outstation cheese free of charge, Error-free records, Online banking possibilities and Safety of transactions. Ages and Piercy (2012) argue that customers require a high level of acceptance of their own needs and accurate provision of services from the bank employees.

2.5. Factors that Influence Customer Satisfaction

There are many factors that affect customer satisfaction. Such factors include friendly employees, courteous employees, knowledgeable employees, helpful employees, accuracy of billing, billing timeliness, competitive pricing, service quality, good value, billing clarity and quick service (Hokanson, 1995).

2.6. EMPIRICAL LITERATURE

Wong et al. (1999) who used the extended version of SERVQUAL scale referred to as HOLSERV, found that service quality in the hospitality industry was represented by three dimensions: They were dimensions that were related to employees (behavior and appearance), tangibles and reliability. The best predictor of overall service quality was the employee dimension, and the most important attributes in this dimension were employee gives individual attention to the customers. It ought to be highlighted that this study was conducted only in Australia's three to five star hotels, and the findings differed from that conducted in other countries. By using a modified SERVQUAL model, Juwaheer and Ross (2003) found that an overall evaluation of service quality in Mauritian hotels was determined largely by firstly 'assurance factors' — such as security and safety of guests, and effective handling of complaints and problems by hotel staff, and secondly 'reliability factors' — such as hotels perform tasks that have been promised to guests and resolving problems encountered by

guests. They found that by focusing on only these factors, hotels in Mauritius would be able to achieve high levels of satisfaction and service quality.

Different models have been advanced concerning service quality in the service organizations with an aim of establishing the relationship between service quality and customer satisfaction. From the earlier research work, Parasuraman et al., (1988), five determinants of service quality were identified as reliability, responsiveness, assurance empathy and tangibles. Ten studies carried out using the SERVQUAL model revealed that Reliability is the most critical dimension when measuring the relative importance of the five dimensions followed by Responsiveness, Assurance, Empathy and finally Tangibles (Parasuraman et al., 1991)

Stromgren (2007) studied the factors influencing service quality in the hotel industry in Peru and established that the customers were more interested in the dimensions of reliability exterior, tangibles and assurance. The best predictor of overall service quality was identified as the dimension of reliability. The researcher, however, noted that a different context would give different results. This is due to different social, demographic variables such as culture and religion which might impact on customer expectations. Harr (2008) on the other hand studied service dimensions that leads to higher levels of customer satisfaction in restaurants in Singapore and found out that assurance, empathy and tangibles are the most important to customers' evaluation of service quality, and thus, may have a positive influence on customer satisfaction.

Kangogo et al,. (2013) investigated the managers' perception of customer expectations in the dining restaurants in Singapore. The results showed that assurance, empathy and tangibles were regarded as the most important factors affecting service quality. This research was, however limited, to the managers' perception of customer expectations and failed to take into account customer's expectations. The result of the study, therefore, does not represent the voice of the customer. More study, therefore needs to be carried out to establish whether the manager's perception of customer expectations matches customers' expectations. Christine, M. (2009) studied the effect of customer satisfaction on the performance of the hotel industry in the western tourism circuit of Kenya. The customers reported to be satisfied with reservation, reception, food quality and beverage quality. Costs, security and hotel amenities on the other hand registered fair ratings while provision of personalized services registered dissatisfaction. The researcher also noted that customer satisfaction has positive impacts on market share, service quality, hotel image, sales turnover, and that lack of customer satisfaction results in customer and employee turnover. Abraham (2015) examined the service quality and customers' satisfaction in the hotel Industry in Addis Ababa, Ethiopia on three

star hotels stated that the combination of tangibility, reliability, responsiveness, confidence and communication together has a significant and positive effect on customer satisfaction. And also the hotel guests' perceptions of service quality provided by the hotel industry were lower than their expectations. Andargie (2013) conducted a study on foreign customer satisfaction in Ethiopian five star hotels Sheraton Addis and Hilton intercontinental hotels reported that foreign customers are not satisfied with the services of the hotels, more over all services quality dimensions created a gap in their expectation and perception of guests. Most studies confirm that there is a relationship between service quality and customer satisfaction. For instance, Parasuraman et al. (1988) and Caruana (2002) found a positive relationship between service quality and customer satisfaction. Likewise, Linier (2013) also found that perceived service quality influences customer satisfaction. Similarly, (Nathan, and Elsaghier, 2012) assured that service quality has a positive effect on customer satisfaction which means that the higher quality of service attracts more customers who have bought back the desire and intention to recommend.

In order to achieve a high level of customer satisfaction, majority of researchers suggest that a high level of service quality should be delivered by the service provider as service quality is normally considered an antecedent of customer satisfaction (Cronin & Taylor, 2002). Parasuraman et al (1994) as cited by Chulle (2016) concluded that the confusion surrounding the distinction between the two constructs was partly attributed to practitioners and the popular press using the terms interchangeable, which make theoretical distinctions difficult. Wilson et al. (2008) as cited in Amanfi (2012) stated that other than service quality such as price or compliance cost, product quality, complaint handling and employee satisfaction can determine customer satisfaction. Satisfaction and service quality have certain things in common, but satisfaction generally is a broader concept, whereas service quality focuses specifically on dimensions of service (Wilson et al., 2008, as cited in Reddy and Abay, 2018).

Maroundas et al (2009) measured customer satisfaction and service quality in the Greek tax administration system by using SERVPERF as the main measuring instrument. The finding showed that service quality and satisfaction were seen as one-dimensional variables that center on the human factor. More specifically, as regards service quality, the general factor that emerged according to the study includes elements of responsiveness, emotional understanding (empathy) and assurance. As regards to satisfaction, the factor that emerged incorporates elements of responsiveness, empathy, assurance and reliability.

Krishna, et al. (2010) in their study assessed the effect of Service Quality (SERVQUAL) on Customer Satisfaction in Retailing. They utilized SERVQUAL dimension such as tangibility, reliability, responsiveness, empathy, and assurance; to analyze the gap between perceptions and expectations of the customer, concerning with the service at retail units in the South Indian state of Andhra Pradesh in the city of Hyderabad. The result of their study showed that services offered by retail units have positive impact and are significant in building customer satisfaction.

2.7. Conceptual Frame work

The conceptual framework shows the crucial process, which is useful to show the direction of the study. Based on the overall review of the related literatures, the following conceptual frame work for this study was developed. The purpose of this study is to examine the effect service quality on customer satisfaction in four star hotels in hawassa with special reference in south star international hotel and Haile resort hawassa . To this end, the aim of this section is to summarize the idea gained from previous literature and to bring out the contributions for this study area. Thus this part starts with the idea generated and the contribution follows.

The conceptual framework specifies the vital process, which is valuable to display the path of the study. Source: adapted from Parasuraman et al., (1994) and Caruana (2002),The conceptual framework in this study shows the link between the variables of study; service quality dimension (tangibility, reliability, responsiveness, assurance and empathy) and customer satisfaction.After a thorough review of different literatures, the conceptual framework of the study is adapted from Parasuraman et al., (1994) and Caruana (2002). Also, this study investigates five variables of service quality namely: tangibles, reliability, responsiveness, empathy, security and customer satisfaction. Based on the previous study the following framework is developed.

Independent variable   **Dependent Variable**
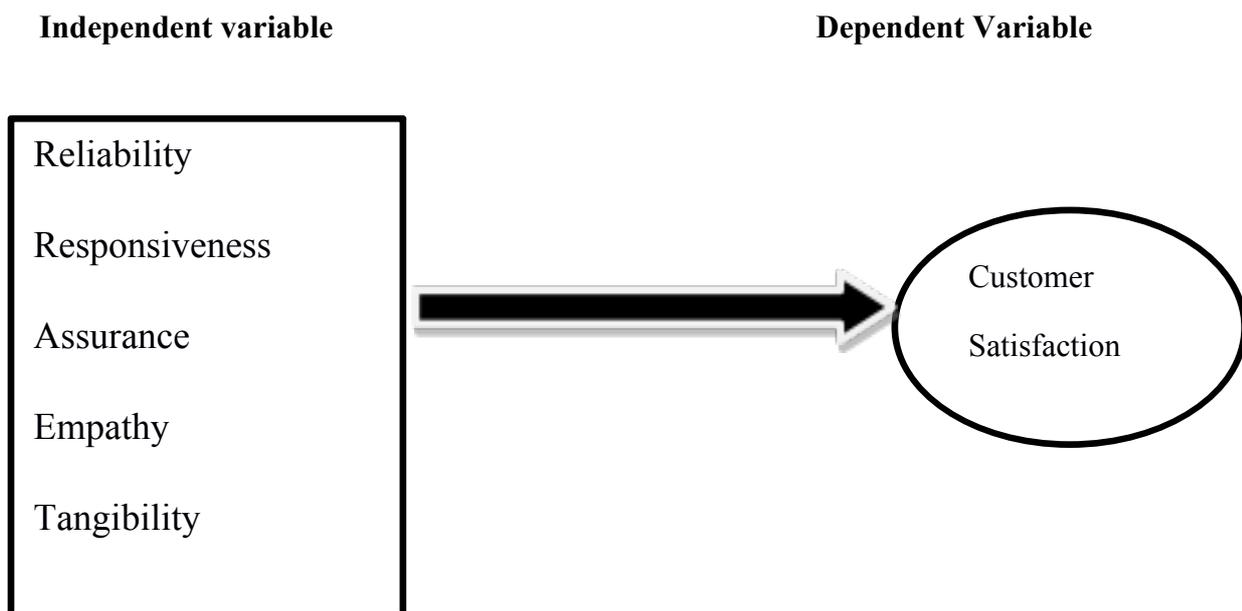
Figure 1 Conceptual Frame Work. Source, 2023

Source: adapted from Parasuraman et al., (1994) and Caruana (2002)

CHAPTER THREE

3. RESEARCH METHODOLOGY

3.1. Introduction

This chapter stretches an outline of the research design and methodology that was be used in the study. Therefore, Description of the study area, research design, target population of the study and sampling procedure and sample size determination, data source and collection method, method of data analysis, model specification, and reliability of the instrument and description of study variable was be discussed respectively.

3.2. Research approach

In order to examine the determinant affecting customer retention practices in the hotel industry and to what extent these factors customer retention, the researcher conducted quantitative research because it is suitable for descriptive and explanatory research (Bhattacherjee, 2012) whose phenomena can expressed in terms of quantity or amount.

It also placed heavy emphasis on using formalized standard questions and predetermined response options in questionnaires or surveys administered to large numbers of respondents. The main goal of quantitative research is to observe situations or events that affects people,it's also easier to produces objective data that can be clearly communicated through statistics and numbers and makes the finding more accurate.

3.3. Research Design

The design of the thesis was be both descriptive and explanatory research design. Both descriptive and explanatory research design was used to achieve the objectives of the research, because descriptive research design is more suitable to detail description of the findings showed in tables and percentages as well as, explanatory research design to help develop insinuations on the relationship between service quality and customer satisfaction that means association between independent and dependent variables and effect of service quality on customer satisfaction. Descriptive approaches were employed for the data that the researcher collects from respondents through questionnaire. Detail a description of the findings was be displayed in tables and percentages. Although, inferential method was be used to determine each service quality dimensions impact on customer satisfaction.

3.4. Source & Type of Data

According to Kothari (2004) cited by Endalkachew Abebe (2013) Primary data are fresh data that are gathered for the first time and thus happened to be original in character. Primary data of the study was the information that was gathered from customers and managers of the hotels in study area. Questionnaire was have both open ended and closed ended question that was adopted from Fever Berkeley, the effect of service quality on customer satisfaction in case of Hyatt regency(august2020) that was prepared and delivered to customers in order to gather the primary data. Semi-structured Interview was prepared in order to gather information from Haile resort and south star international hotel managers and used as a conclusion of the thesis. Secondary sources of data was be collected from different books, journals, Haile resort websites, south star international hotel web, articles and previous researches that related to service quality and customer satisfaction.

3.5. Sampling Design

3.5.1. Target Population of the Study

The target populations of this study were select from south star international hotel and haile resort Hawassa Customers and hotel managers. Target population of the study is customers who use room accommodation and beverage and food. A weekly average in both hotels was 650 customers in accommodation and restaurants.

3.5.2. Sampling Techniques

According to Douglas et al (2006) cited by Asmamawu Abera (2016) a sample is a tool to infer something about a population or sample is a portion or part of the population of interest. With respect to sampling techniques, the researcher used probability sampling technique, because chance selection eliminates the bias sampling procedure and this process is random sampled. Since the large sample size have the probability of minimizing the population parameters and increases likelihood of the sample to be true representative of the population. This reduces chance errors. (Gupta, et.al. 2009). The researcher decided to employ simple random sampling method that means; each element in the population has an equal chance of being included in the sample; selected customers randomly for questionnaire in study area. This was done to strengthen the data that were collected from customers. Along with this technique, simple random sampling techniques were used to give each and every population an equal chance to be respondent. So, to accomplish this research was mainly used lottery method based on this, the researcher was Selected random sample made in such a way that; the researcher was assigned a number 0 and 1. The number was written on separate pieces of paper and properly mixed. The sample size of this study was 250 and then the selection

procedure was repeated 250 times. The one who pick 1 was my respondent and the one who pick 0 not my respondent. Therefore, simple random sampling method was the technique that has been designed to be used by researcher throughout the data collection dates.

3.5.3. Sample Size Determination

As it can be noted from (Creswell,2009) in most cases dealing with each and every single element of the population is impractical due to the reason that it could not be manageable an practically sound once while the process of gathering data becomes operational. As a result dealing with a part of the population that could best represent the entire population is the most economical and desirable which enables the researcher to find out the issue or figure out the problems that could lead us to the solution in a manageable fashion. In this particular research Yeka sub city clients of the respective agency who are receiving the services before are those from whom the study took a sample which is assumed of being the representative of the population has been selected. Adopting proportional allocation, then the sample sizes as under the different strata was identified by the using Taro Yamane (1967) formula.

The formula for estimating the sample size based on 95% confidence level needed from a given population was provided by Taro Yamane (1967), (For managerial and non-managerial employees).

Sample Size Formula:

$$n = \frac{N}{1+N(e)^2}$$

$$n = \frac{650}{1+650(0.05)^2}$$

$$n = \underline{250} \text{ sample size}$$

Where

n = the sample size

N = the population size

1 = designates the probability of the event occurring.

e= acceptable error (i.e. with 95 confidence level, 5% margin of error. Then estimate the numbers of samples for each by using Total number of clerical staff of each stratum divided by the target population by the sample size.

3.6. Method of Data Analysis

To analyze the data, descriptive statistics and inferential statistics (multiple regressions) was be used. Furthermore, The analysis and interpretation was based on the respondent's responses and was stated by simple and clear sentences to express the qualitative data and quantitative data .The quantitative data was mainly expressed by using table and chart, for percentage, mean values and rank order whereas the data that was collected through interviews and documents was analyze qualitatively and used concurrently to strengthen the analysis of the questionnaires. According to Malhotra (2007) using descriptive survey method helped the study in picturing the existing situation and allowed relevant information using appropriate data collecting instrument.

3.7. Description of variables

For this analysis the important variables investigated in the research are dependent and independent variables. Dependent variable is a variable that is affected or explained by another variable. An independent variable is a variable that causes change in another (Sarantakos, 1998).

Dependent variable:-Customer satisfaction: Kotler (2006) defined satisfaction as "a person's feeling of pleasure or disappointment resulting from comparing a product or service perceived performance (or outcome) in relation to his or her expectations".

Independent variables:-There are five dimensions of service quality. According to Sulieman (2013) those service quality dimensions with its unique features are given below:

Reliability: The ability to perform the promised service both dependably and accurately. Reliable service performance is a customer expectation and means that the service is accomplished on time, in the same manner, and without errors every time.

Responsiveness: This dimension include the following features: was to serve customers, telling to customers exactly when services was be performed, management accessibility, providing prompt and honest responses to customers" inquiries

Assurance: The knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features: competence to

perform the service, politeness and respect for the customer, effective communication with the customer, and the general attitude that the server has the customer's best interests at heart.

Empathy: The provision of caring, individualized attention to customers. Empathy includes the following: features: approachability, sensitivity, and effort to understand the customer's needs.

Tangibles: The appearance of physical facilities, equipment, personnel, and communication materials.

3.8. Ethical consideration

The study considered the rights of respondents and organizations as well as the ethical principles that have to be followed by conducting research. Generally, the researcher gives a great attention and respects to the dignity of respondent's organizations without any and preconditions. Hence, the study carries out in line with research ethics that manly included providing adequate information and explanation to all participants about the research, its objectives, Methodologies, actual and potential benefits to various bodies, ensure there right and promised to all participants, in order to kept their confidentiality of the personal information they gave during the interview and the information they were give insure by using a code system to refers to the data specific Participants, and not personal names and finally the researcher expects to that participants has the right to be inform on the research findings.

CHAPTER FOUR

4. RESULT AND DISCUSSIONS

4.1. Introduction

This chapter presents the results of the study on the empirical analysis of the data collected from the research respondents and discussion of results with respect to previous research finding and literature. Here descriptive on the data analysis and procedures are presented, as stated on the methodology part, the data was collected from current customers south star international hotel and Haile resort hawassa. The questionnaires were prepared to complete by customers in the hotels who were voluntarily. Moreover, out of 650 customers 250 were selected for the study. Out of this category of respondents 92(%) responded. Since the return rate of the questionnaires distributed is 92%, the researcher was confident that the data obtained from the respondents were be sufficient enough to come up with realistic conclusions. The data analysis was made with the help of statistical package for social science (SPSS) version 21.

4.2. Demographics of Respondents Rate

Table 1respondent's rate by demographics

Sex		Frequency	Percent
	Male	139	57.9
	female	101	42.1
	Total	240	100.0
Age		Frequency	Percent
	Less than 20 years	68	28.3
	21-30 years	168	70.0
	31-40 years	4	1.7
	Total	240	100.0
occupation		Frequency	Percent
	private	169	70.4
	Government	34	14.2
	Retired	21	8.8
	other	16	6.7

		Frequency	Percent
	Total	240	100.0
Qualificati **on**		**Frequency**	**Percent**
	Below grade 8	46	19.2
	9-12	68	28.3
	Certificate	26	10.8
	Degree and Above	79	32.9
	other	21	8.8
	Total	240	100.0
frequency **of location**		**Frequency**	**Percent**
	Daily	41	17.1
	weakly	52	21.7
	monthly	82	34.2
	yearly	36	15.0
	on time customer	29	12.1
	Total	240	100.0

Source: Own Survey result, (2023)

This section discussed the results of the general information about the respondents, including, sex, age, occupation, qualification, and frequency of the location field of study and work experiences in the organization. Tables 4.2 shows the above table that out of the 250 questionnaires which were distributed, the quaternaries returned were 240(92%). at the remain 8% not respond. The overall respondent rate was thus found to be 92% and was more sufficient to proceed the data analysis. The demographic respondents Sex 57.9% of the participants covered all in the questionnaire, participated actively the highest response in the quaternaries, gives positive replies for the male. Whereas the highest or majority response of the effect of service quality on customer satisfaction: in the case of four star hotels, the demographic respondent of age the Hotel customer 21-30 years 70% it replies highest participant or enjoy in the Hotel, of in this organization and the lowest respondent of 31-40 years 1.7% lowest respondent of this customer enjoy. The respondent of occupation in the Hotel of in this organization in the highest respondent participation of the Hotel private occupation 70.4% of the respondents in the hotel customer, and as well as the lowest customer in others the work of occupation respondent of quaternaries in hotel 6.7%that not enjoy in the hotel because not sufficient money. The respondent of demographic variable qualification or education respondents .whereas the highest respondents of the hotel customer

degree and above in the hotel enjoy 32.9% is majority in enjoy off in Hotel of Haile Resort participation as well as the lowest respondents of in the qualification of the hotel enjoy of guests' ages other qualification participation 8.8% is the lowest respondents. The participation or enjoy of the going to the Resort Hotel of Haile come to in maximum in the hotel frequency of location is High or majorities of respondents 34.2% monthly enjoye.as well as the lowest enjoy of the location frequency in the hotel resort is on time customer 12.1% not comfortable money or not comfortable place in the Hotel.

4.3. Result of measures of Descriptive statistics (mean and SD) of sample respondents

This study the statement on the effect of service quality on customer satisfaction: in the case of four star hotels. The descriptive statistics of the variables are presented here after; revealing the mean and standard division, of the attributes in each predictor variables. This study mainly focuses on Tangibility, Reliability, responsiveness, and Assurance, Empathy and customer satisfaction. For the variables the highest value that describes a higher to leave the organization is or strongly agrees 5 whereas the lowest value to describe quit is 1 or strongly disagree.

Table 2 Reliability

Reliability	Usability implication choice	Frequency	Percentage
Hotel fulfill its promise at the time indicated	Strongly Disagree	41	17.1
	Disagree	52	21.7
	Neutral	82	34.2
	Agree	36	15.0
	Strongly Agree	29	12.1
	Total	**240**	**100.0**
Is the staff performing according to the brand standard	Strongly Disagree	51	21.7
	Disagree	42	17.1
	Neutral	36	15.0
	Agree	82	34.2

	Strongly Agree	29	12.1
	Total	**240**	**100.0**
Hotel show a keen interest in solving your Problems	Strongly Disagree	29	12.1
	Disagree	36	15.0
	Neutral	82	34.2
	Agree	52	21.7
	Strongly Agree	41	17.1
	Total	240	100.0
Was the customers handling convenient	Strongly Disagree	12	5.8
	Disagree	88	36.7
	Neutral	30	12.5
	Agree	100	40.0
	Strongly Agree	10	5.0
	Total	**240**	**100.0**

Source: Own Survey result,   (2023)

As indicate the above table of Reliability is connected to the consistency of performance and dependability, Grönroos (1983). This dimension includes keeping promises, showing a sincere interest in solving the problem, give right service the first time, providing the service at the time the hotel promise to do so and trying to keep an error free record. Reliability of service designates the hotel capability to provide the promised service at the stated level. Accordingly the mean value of the Aggregate reliability is 2.5.and the SD 0.9.and the highest mean score is obtained on question number 1, 2 and 3 thus respondents agree that they feel secure and secure by stay in the hotel.

Table 3 Responsiveness

Responsiveness	Usability implication choice	Frequency	Percentage

Do you feel the amount you pay is suitable with the service you know by the brand	Strongly Disagree	36	15.5
	Disagree	25	12.2
	Neutral	40	16.1
	Agree	94	37.4
	Strongly Agree	45	19.0
	Total	**240**	**100.0**
Is the staff performing according to the brand standard	Strongly Disagree	13	5.4
	Disagree	32	13.3
	Neutral	74	30.8
	Agree	56	23.3
	Strongly Agree	65	27.1
	Total	**240**	**100.0**
Hotel staff are courteous with me	Strongly Disagree	44	18.3
	Disagree	30	12.5
	Neutral	84	35.0
	Agree	52	21.7
	Strongly Agree	30	12.5
	Total	240	100.0
Hotel staff have the knowledge to answer all my Question	Strongly Disagree	23	9.6
	Disagree	38	15.8
	Neutral	92	38.3
	Agree	63	26.3
	Strongly Agree	24	10.0
	Total	**240**	**100.0**

Source: Own Survey result,   (2023)

As indicate the above table of responsiveness is connected to the customer satisfaction. This dimension includes keeping promises, showing a sincere interest in solving the problem, give right service of the Gust first time, providing the service at the time the hotel promise to do so and trying to keep an error free record. Responsiveness of service designates the hotel capability to provide the promised service at the stated level. Accordingly the mean value of the Aggregate responsiveness is 2.7.and the SD 0.7.and the highest mean score is obtained on question number 3 thus respondents agree that they feel secure and secure by stay in the hotel.

Table 4 Assurance

Assurance	Usability implication choice	Frequency	Percentage
Do you feel the amount you pay is suitable with the service you know by the brand	Strongly Disagree	35	14.6
	Disagree	52	21.7
	Neutral	57	23.8
	Agree	73	30.4
	Strongly Agree	23	9.6
	Total	**240**	**100.0**
I feel safe in my stay in this hotel	Strongly Disagree	66	27.5
	Disagree	45	18.8
	Neutral	52	21.7
	Agree	42	17.5
	Strongly Agree	35	14.6
	Total	**240**	**100.0**
Hotel staff are courteous with me	Strongly Disagree	31	12.9
	Disagree	42	17.5
	Neutral	94	39.2

	Agree	59	24.6
	Strongly Agree	14	5.8
	Total	**240**	**100.0**
Hotel staff have the knowledge to answer all my Question	Strongly Disagree	27	11.3
	Disagree	60	25.0
	Neutral	64	26.7
	Agree	74	30.8
	Strongly Agree	15	6.3
	Total	**240**	**100.0**

Source: Own Survey result,   (2023)

In summary based on the above table the mean and standard deviation of each service quality dimensions is represented in the table above. The service quality dimension with the highest mean score is Assurance of the Aggregate 2.9010, and SD 0.89621, with this we can infer that the service provided by three and four star hotel in Hawassa is somewhat satisfactory. The result can indicate the service quality dimension had an effect on customer satisfaction on hotels above study.

Table 5 Empathy

Empathy	Usability implication choice	Frequency	Percentage
The hotel give me individual attention	Strongly Disagree	33	13.8
	Disagree	43	17.9
	Neutral	94	39.2
	Agree	51	21.3
	Strongly Agree	19	7.9
	Total	**240**	**100.0**
	Strongly Disagree	43	17.9
	Disagree	33	13.8

Do you get recognition as their gust	Neutral	94	39.2
	Agree	51	21.3
	Strongly Agree	19	7.9
	Total	**240**	**100.0**
Was their personalized service for each guest	Strongly Disagree	13	5.4
	Disagree	31	12.9
	Neutral	72	30.0
	Agree	57	23.8
	Strongly Agree	67	27.9
	Total	**240**	**100.0**
Do employees of the hotel deals with the customer with hospitality care and respect	Strongly Disagree	44	18.3
	Disagree	30	12.5
	Neutral	84	35.0
	Agree	52	21.7
	Strongly Agree	30	12.5
	Total	**240**	**100.0**

Source own, 2023

As indicate the above table of mean and standard deviation of each service quality dimensions is represented in the table above. question number 4 is the highest mean and standard division of in Do employees of the hotel deals with the customer with hospitality care and respect The service quality dimension with the highest mean score is empathy of the Aggregate 3.0, and SD 0.9, with this we can infer that the service provided by three and four star hotel in Hawassa is somewhat satisfactory. The result can indicate the service quality dimension had an effect on customer satisfaction.

Table 6 Tangibility

Tangibility	Usability implication choice	Frequency	Percentage
Were the Wi-Fi and broadband connection fast as expected	Strongly Disagree	20	8.3
	Disagree	36	15.0
	Neutral	94	39.2
	Agree	59	24.6
	Strongly Agree	31	12.9
	Total	**240**	**100.0**
Breakfast varieties were satisfactory as per your brand experience	Strongly Disagree	37	15.4
	Disagree	54	22.5
	Neutral	58	24.2
	Agree	66	27.5
	Strongly Agree	25	10.4
	Total	**240**	**100.0**
Are the meeting and events venue facility and cleanliness good enough as the brand requires	Strongly Disagree	63	26.3
	Disagree	51	21.3
	Neutral	52	21.7
	Agree	43	17.9
	Strongly Agree	31	12.9
	Total	**240**	**100.0**
Is the location of the hotel is convenient for you purpose	Strongly Disagree	35	14.6
	Disagree	65	27.1

of travel	Neutral	89	37.1
	Agree	28	11.7
	Strongly Agree	23	9.6
	Total	**240**	**100.0**

Source own, 2023

Tangibility refers to the appearance of physical facilities, equipment, personnel and communication materials. Accordingly the mean value of tangibility is 3.1 and as it can be seen from the table, 4:8 questions asked under tangibility the highest mean score are obtained on Variety of Were the Wi-Fi and broadband connection fast as expected, which show that the majority of the respondent's agree that the hotel provide Variety of food and beverages that meet guests' needs. The lowest mean score is obtained in the statement which asks whether the hotels are the meeting and events venue facility and cleanliness good enough as the brand requires.

Table 7 Customer satisfaction

Customer satisfaction	Usability implication choice	Frequency	Percentage
I am satisfied with the hotel complete range of services	Strongly Disagree	31	12.9
	Disagree	44	18.3
	Neutral	91	37.9
	Agree	56	23.3
	Strongly Agree	18	7.5
	Total	**240**	**100.0**
I am satisfied with the performance of the employees of this hotel	Strongly Disagree	26	10.8
	Disagree	60	25.0
	Neutral	76	31.7
	Agree	60	25.0
	Strongly Agree	18	7.5
	Total	**240**	**100.0**
I am satisfied of being a customer this hotel	Strongly Disagree	34	14.2
	Disagree	43	17.9
	Neutral	92	38.3

	Agree	50	20.8
	Strongly Agree	21	8.8
	Total	**240**	**100.0**
I am satisfied with the hotel employees' professional Competence	Strongly Disagree	38	15.8
	Disagree	46	19.2
	Neutral	81	33.8
	Agree	56	23.3
	Strongly Agree	19	7.9
	Total	**240**	**100.0**
I am satisfied with the quick service of this hotel	Strongly Disagree	34	14.2
	Disagree	52	21.7
	Neutral	94	39.2
	Agree	22	9.2
	Strongly Agree	38	15.8
	Total	**240**	**100.0**
I am satisfied with the respectful behavior of hotel employees	Strongly Disagree	41	17.1
	Disagree	52	21.7
	Neutral	82	34.2
	Agree	36	15.0
	Strongly Agree	29	12.1
	Total	**240**	**100.0**

Source own, 2023

As explained in the literature review, in the hospitality industry provide a high standard of quality and improve customer satisfaction has been recognized as a crucial factor responsible to push up the performances of players in this industry and also can improve their profitability. Customer satisfaction involves the fulfillment of customers' anticipation of the goods and services. Accordingly identifying the satisfaction level of customers is one interest of this study. The satisfaction level in this study is also categorized and it ranges from strongly dissatisfied, Dissatisfied, Neutral, Satisfied and strongly Satisfied.

Table 8: Mean score measurements of service quality dimension

Reliability

No	Variable	N	Mean	Std. Deviation
1	Hotel fulfill its promise at the time indicated	240	2.83	0.230
2	Is the staff performing according to the brand standard	240	2.83	1.230
3	Hotel show a keen interest in solving your Problems	240	2.83	0.230
4	Was the customers handling convenient	240	1.77	.856
	The aggregate of reliability	240	2.5667	.93134

Responsiveness

No	Variable	N	Mean	Std. Deviation
1	Do you feel the amount you pay is suitable with the service you know by the brand	240	1.43	.497
2	I feel safe in my stay in this hotel	240	3.53	1.178
3	Hotel staff are courteous with me	240	2.98	1.257
4	Hotel staff have the knowledge to answer all my Question	240	3.11	1.094
	The aggregate of Responsiveness	240	2.7635	.75855

5 Assurances

No	Variable	N	Mean	Std. Deviation
1	Do you feel the amount you pay is suitable with the service you know by the brand	240	2.99	1.222
2	I feel safe in my stay in this hotel	240	2.73	1.407
3	Hotel staff are courteous with me	240	2.93	1.082
4	Hotel staff have the knowledge to answer all my Question	240	2.96	1.123
	The aggregate of Assurance	240	2.9010	.896

6 Empathy

No	Variable	N	Mean	Std. Deviation
1	The hotel give me individual attention	240	2.92	1.121
2	Do you get recognition as their gust	240	2.92	1.121
3	Was their personalized service for each guest	240	3.56	1.181
4	Do employees of the hotel deals with the customer with hospitality care and respect	240	2.98	1.257
	The aggregate of empathy	240	3.0917	.96699

Tangibility

No	Variable	N	Mean	Std. Deviation
1	Were the Wi-Fi and broadband connection fast as expected	240	3.19	1.103
2	Breakfast varieties were satisfactory as per your brand experience	240	2.95	1.240
3	Are the meeting and events venue facility and cleanliness good enough as the brand requires	240	2.70	1.370
4	Is the location of the hotel is convenient for you purpose of travel	240	2.75	1.138
	The aggregate of Tangibility	240	2.8958	.91024

Source: own field survey, 2023

This above table 8; shows that frequent usage or application of mean score measurement of independent variables at haile resort and south star international hotel levels in studied area are as expressed with high and low priority to use it: empathy 3.0917 (moderate), assurance 2.901(moderate), tangibility 2.895 (moderate), responsiveness 2.7635 (moderate) and reliability 2.5667 (moderate).This findings are in line with Sajo (2006) and Ayichew (2011) in commercial bank branches in Nepal and Addis Ababa respectively. This mean value also explains effectiveness of independent variables in studied areas according to Nartey.et, al, (2014) in Ghanan banks (Mean of 0.00-1.49 = very ineffective; 1.50-2.49 =ineffective; 2.50-3.49 = moderate; 3.50-4.49 = effective; 4.50-5.00 = very effective). Therefore the above table 8 shows that grand mean of all independent variables in studied areas in both hotels are 2.74615 (moderate).

4.4. Reliability and Validity of Instruments

Validity: Refers to the extent to which the concept one wishes to measure is being measured by a particular scale or index. According to Kothari (2004), validity aims at establishing the results which are linked with the condition. It is concerned with the extent to which the scale accurately represents the construct of interest. To assure the validity of the measurement instrument, the study was conducted based on the accepted conceptual framework that indicates that the theoretical construct was associated with the measurements that are valid to effect of service quality on customer satisfaction: in the case of four star hotels, where possible this should be supported and consideration given to practical things. So, pre-questionnaires were distributed to check the validity of questions to further the data collection process. As per the comments and the discussion with the hospital employees the questions prepared for primary data collection for the research objectives were found valid by the researcher.

Reliability: Aimed at the point that even if the research was repeated they would end up with similar results, showing the consistency or dependability of the measurement technique. It is concerned with the consistency or stability of the score obtained from a measure or assessment overtime and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained scores are due to random factors and measurement error (Marczyh et al., 2005).

Table 9 : Cronbach's Alpha reliability and liability test for each field of the Questionnaire

No	Items	Cronbach's alpha	Number of items

1	reliability	.827	4
2	responsiveness	.694	4
3	assurance	.720	4
4	empathy	.844	4
5	Tangibility	.737	4
6	Customer satisfaction	.553	6
The overall variables		.883	26

Source: Own Survey result, July (2023)

Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates that the extent to which the items in a questionnaire are related to each other. It also indicates that whether a scale is one dimensional or multidimensional. The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency. Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.883 as it should be equal to or higher than to reach internal reliability (Hair *et al.,* 2003).The Cronbach's coefficient alpha was calculated for each field of the questionnaire. The table 4.1 shows the values of Cronbach's Alpha for each field of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's Alpha ranged from 0.553 and 0.883. This range is considered high as the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals was the entire questionnaire which indicates very good reliability of the entire questionnaire. Therefore, based on the test, the results for the items are reliable and acceptable.

4.5. Correlation analysis

Like the descriptive statistical methods, i.e. demographic factories, and the scale typed questionnaire entered to the SPSS software version 21.0 to process inferential statistics methods employed such as: simple correlation and multiple regression to test the hypothesis. Pearson correlation test was conducted to know the degree of relationship between the independent variable i.e. Tangibility, assurance, empathy, responsiveness 'and reliability and the dependent variable (customer satisfaction). According to Berndt ET. Al (2005), the level of association as measured by Pearson's coefficient falls between -1.0 and +1.0, which indicates the strength and direction of association between the two variables. The interpretation of the result is as follows; a correlation result between 0 to 1 implies positive relationship, 0 (zero) for no relationship, 1 for perfect positive relationship, -1 for perfect negative relationship and between - 1 to 0 indicate the existence of negative relationship.

Though it indicates the existence of a positive or negative relationship, the strength of such a relationship is not high when the results fall below ±0.61 (Oogarah-Hanuman et. al, 2011). It is also supported by According to Berndt ET. Al (2005), the rules of thumb proposed by Burns & Bush (in van Heerden, 2001) suggests that "moderate" ends at ±0.60, and "strong" starts at ± 0.61.Since all variables are interval, the relationship between the independent variables i.e. Tangibility, assurance,empathy, responsiveness 'and reliability and the dependent variable customer satisfaction was investigated using Pearson product –moment correlation coefficient. The results of correlation analysis in all the independent variables were positively except one variable's such tangibility significantly correlated with the dependent variable i.e. compensation and package style at 95 percent confidence level (P<0.05).Correlation coefficient is a very use full means to summarize the relationship between two variables with single number that falls between -1 and +1 (Field 2005).a correlation analysis with Pearson's correlation coefficient was conducted in this study. According to godliness suggested by field (2005) to interpret the strength of relationship between variables, the correlation coefficient (r) is as follows: correlation coefficient falls between; 0.1to 0.29 weak relationships,0.3 to 0.49 moderate relationship And >0.5 strong relationship. in this study, Pearson correlation was used to identify the relationship between each of the independent variables and the dependent variable's using a two tailed test of statistical significance at the level of 95%confidence and significance >0.05error.

Table 10correlation

		Customer.sat	responsiveness	Assurance	Empathy	Tangibility	Reliability
R	Pearson Correlation	1	.047	.109	.131*	.144*	.272**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	240	240	240	240	240	240
RE	Pearson Correlation	.047	1	.693**	.829**	.528**	.384**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	240	240	240	240	240	240
A	Pearson Correlation	.109	.693**	1	.719**	.725**	.531**
	Sig. (2-tailed)	.091	.000		.000	.000	.000
	N	240	240	240	240	240	240
E	Pearson Correlation	-.131*	.829**	.719**	1	.498**	.604**
	Sig. (2-tailed)	.043	.000	.000		.000	.000
	N	240	240	240	240	240	240
T	Pearson Correlation	-.144*	.528**	.725**	.498**	1	.553**
	Sig. (2-tailed)	.026	.000	.000	.000		.000
	N	240	240	240	240	240	240
CS	Pearson Correlation	.272**	.384**	.531**	.604**	.553**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	240	240	240	240	240	240

*. Correlation is statically significant at the 0.05 level (2-tailed).

**. Correlation is statically significant at the 0.01 level (2-tailed).

Where

Reliability (R),   Empathy (E),

Responsiveness (RE),

Assurance (A)

Tangibility (T)   customer satisfaction (CS)

As can be observed from the above table among all service quality dimensions responsiveness is highly correlated with customers satisfaction followed by reliability, tangibility , empathy and assurance. So we can deduce that there is a statistically positive and significant relationship between service quality measuring constructs and customer satisfaction. Table 4:10 above illustrates the correlation coefficients of the five factors measuring the effect of service quality on customer satisfaction   each dimension were positively related to the overall customer satisfaction within the range of 0.272 to 0.553. The result indicates that there is a moderate positive significant correlation between Reliability and overall Satisfaction (r=0.0.272,p=.000 <0.05), while Assurance (r=0.693,p.000<0.01) had strong and positive correlation with   overall Satisfaction. Finally, Tangibility shows a moderate positive significant relationship with the overall Satisfaction (r=0.553, p. 000< 0.01) respectively. According to the above Pearson correlation coefficient result among the five dimensions of service quality used in this paper, there is a moderate positive and significant relationship between all variables (r= 0.693, 0.553, 0.227,0.131,0.109 p. 000<0.01). Thus, the relations that exist between the dimensions of service quality might affect overall customer satisfaction by influencing each other. In general, it is possible to deduce that the relationship between the service quality dimensions and the customer satisfaction is statistically significant.

4.6. Linear Regression Analysis

Regression model was applied to test how far the effect of service quality on customer satisfaction: in the case of four star hotels". Coefficient of determination R is the measure of proportion of the variance of dependent variables about its mean that is explained by the independent or predictor variables. It is conducted to investigate the factors of independent variables on the dependent variable and identify the relative significant influence; i.e. independent variables (tangibility, empathy, assurance, reliability and assurance performance. And the dependent variable; customer satisfaction in four star hotels. Higher value of R

represents greater explanatory power of the regression equation. The proposed hypotheses were tested using multiple regression analysis.

4.7. Assumptions of Linear Regression Model

4.7.1. Test for Normality

Test of normality is determining whether the data is well modeled by normal distribution or not. This test of normal distribution could be checked by graphical (histogram and dot plot) method of tests. The normality assumption assumes a critical role when a study is dealing with a small sample size, data less than 100 observation. (Gujarati, D. 2004). Even though the normality assumption is not a treat since the observation or sample size of the study is large enough, more than 100 observations, the researcher tested it using normal probability plot (NPP).
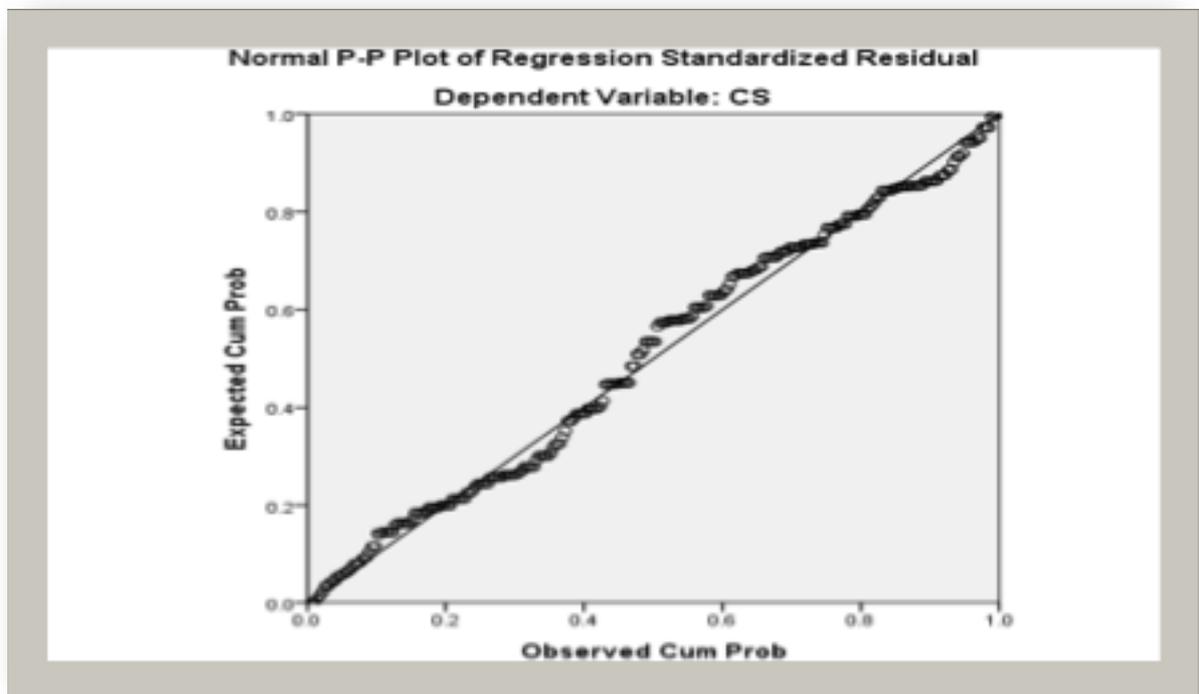
Figure 2 Test of normality Source: own survey SPSS result

4.7.2. Test for Linearity

Multiple linear regression models assume there must be a linear relationship between the independent variables and the dependent variables. Homoscedasticity assumption means the range of variance for the dependent variable is uniform for all values of the independent variables. Both assumptions can be checked by scatter plot diagram stated below.
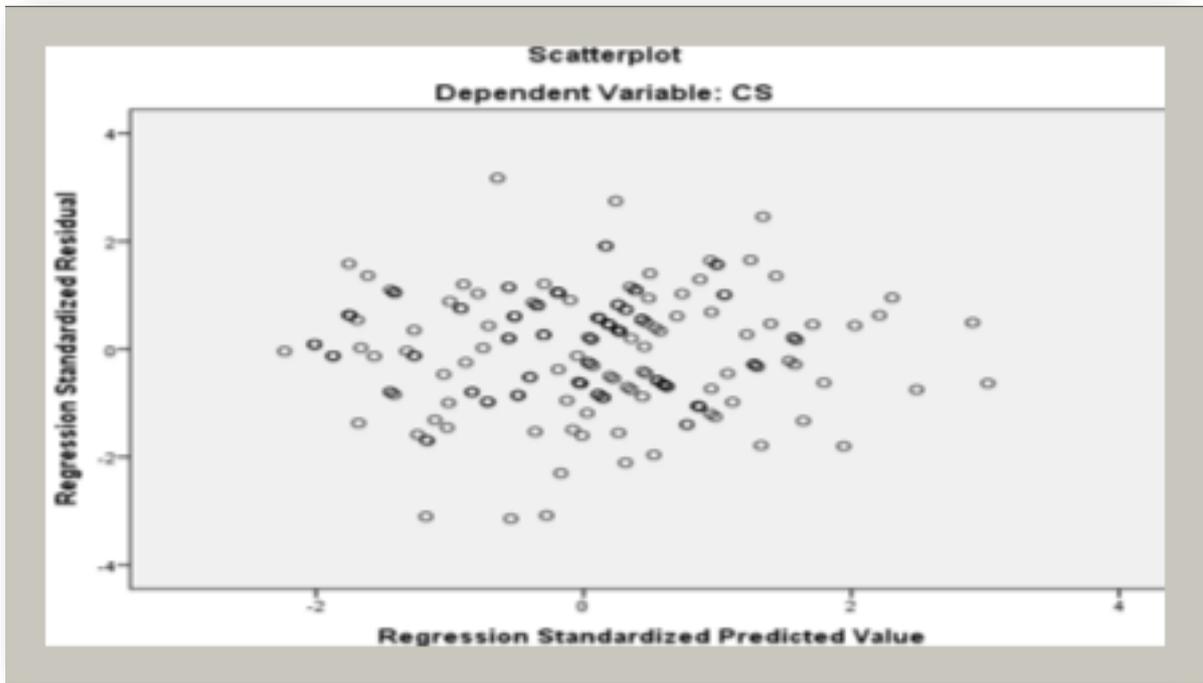
Figure3 Test for Linearity

Source: own survey SPSS result
Source: own survey SPSS result 2023

As we can see from the above diagram, both assumption are not serious threat to the study since one can draw one straight line to approximate the observations for all independent variables against the dependent variable. Scatter plot diagram shows the variance for the dependent variable is uniform and also the variance between the upper and lower cases of the observations are reasonably similar.

Histogram

Dependent Variable: CS

Mean = -4.27E-16
Std. Dev. = 0.989
N = 240
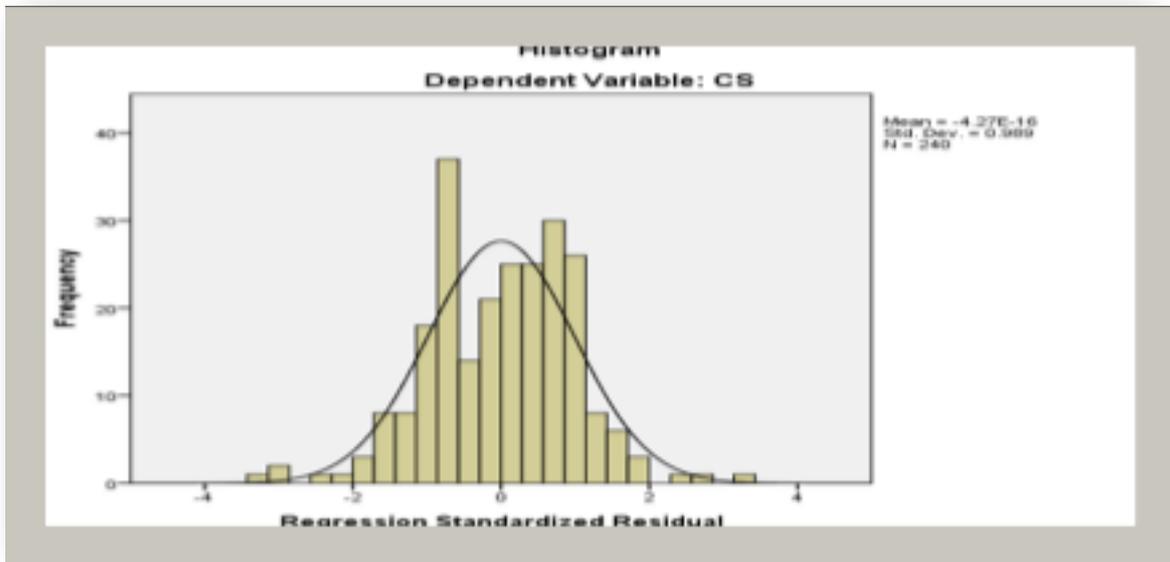
4.7.3. Homoscedasticity test of the plot

This enables to check for violation of the assumptions of linearity and Homoscedasticity. Inspection of the scatter plots also gives a better idea of the nature the relationship between the variables. This, Refers to the degree to which the change in the dependent variable is related to the change in the independent variables. The mean values of the performance variable for each increment of the predictor(s) lie along a straight line. If the model is a non-linear relationship of using a linear model then this obviously limits the generalizability of the finding.to determine whether the relationship between the dependent variables and the independent variables is linear, scatter plots of the regression residuals for each model through SPSS 21 software had been used. The scatter plot of residuals showed that the points lie in a reasonably straight line from bottom left to top right. This therefore, can show that the assumption of linearity is not violated. The plot is shown below. The P-P plot compares the observed cumulative distribution function (CDF) of the standardized residual to the expected cumulative distribution function of the normal distribution

Figure 4 Test for Linearity

Source: own survey SPSS result

Table 11Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.844[a]	.712	.706	.35174

a. Predictors: (Constant), T, R, E, A, RE

On model summery box there is value given under the heading adjusted R square. This tells how much of the variance in the dependent variable (customer satisfaction) is explained by the model by tangibility, empathy, assurance, reliability and assurance). In this case, the adjusted value R square highlights that R-0.72 of the variability in the customer satisfaction can be explained by independent variables. The standard regression analysis model degree of predicted the dependent variable was found to be R=0.71 and the remaining 29% of the variance in customer satisfaction may be explained by other factors which are not included in this study, because they are beyond the scope of study. R square as it can be depicted from the above table, there is a positive and statistically significant relationship between the independent variables (employee behavior and appearance, tangibility, and reliability) and the dependent variable (customer satisfaction). Thus 84% (R^2=.712) variation on customer satisfaction is explained by the independent variables.

Table 12 analysis of variance

Model		Sum of Squares	DF	Mean Square	F	Sig.
1	Regression	71.563	5	14.313	115.685	.000[b]
	Residual	28.951	234	.124		
	Total	100.514	239			

a. Dependent Variable: CS

b. Predictors: (Constant), T, R, E, A, RE

In the table 4:12 the above show that the analysis of variance. It also identified as model fit marks. The interest in this table are the F-statistics and its associated sig, value. The result show that the F-statistics is significant at sig=0.000.the questions of the model was that model has no power to predict. However, the result pronounced that the questions can Four star hotel and accept the alternative hypothesis like, model has power to predict of customer satisfaction of scores significantly.

Table 13Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.674	.118		5.711	.000
	Reliability	.503	.025	.435	12.124	.000
	Responsiveness	.638	.056	.629	9.562	.000
	Assurance	.504	.046	.033	.518	.005
	Empathy	.645	.046	.962	14.065	.000
	Tangibility	.350	.037	.492	9.532	.000

a. Dependent Variable: CS

P-value (dig): As indicated in the above table, the significance level (p-value) of tangibility, reliability, responsiveness, assurance and empathy are.0.0, 0.0, 0.0, 0.0, and0.0 thus, their p-values are below 0.05. This implies that all independent variables have a significant relationship with the customer satisfaction in the context of south star international hotel and Haile resort hawassa.

Beta value: is useful, because it allows us to compare the relative strength of each independent variables effect on the dependent variable. As indicated in the above table, the intercept is 0.674 indicates when all independent variables have a value of zero.

According to the result of the regression analysis the most important dimension that contributes most to customer satisfaction is empathy (Beta= 0.962) carries the heaviest weight in explaining customer satisfaction. This result shows that one unit increase in empathy would lead to 0.962 units increase in customer satisfaction if other variables were held constant. Similarly, one unit increase in assurance would lead to 0.033 increase in customer satisfaction if other variables were held constant. With related to reliability dimensions, one unit increase in tangibly would lead to 0.435 unit increase in customer satisfaction provided that other variables being held constant. Responsiveness dimensions contribute 0.629 to customer satisfaction.

Therefore, in both hotels the assurance, empathy, reliability and responsiveness have a significant influence on customer satisfaction.

4.8. Hypothesis Testing

Table 14: Summary of Research Hypotheses based on Multi linear Regression analysis

Hypothesis	Reason	Result
H1: Reliability has significant and positive impacts on customer's satisfaction	$\beta=0.503,p<0.05$	H1:Accepted
H2: Responsiveness has significant and positive impacts on customer's satisfaction	$\beta=0.638,p<0.05$	H1:Accepted
H3: Assurance has significant effect on customer's satisfaction.	$\beta=0.504,p>0.05$	H1:Accepted
H4: Empathy has significant and positive impacts on customer's satisfaction	$\beta=0.645,p<0.05$	H1:Accepted
H5: Tangibles has significant and positive impacts on customer's satisfaction	$\beta=0.350 p<0.05$	H1:Accepted

Source: own survey SPSS result 2023

Hypothesis test result

The Five hypotheses have been tested to answer the research questions based on the research problem and objectives. The hypotheses address each service quality dimension such as; reliability, responsiveness, assurance, empathy and tangibles, impacts on customer satisfaction. The hypothesis test results were presented as bellows:

Hypothesis 1

H1: Reliability has a positive and significant effect on customer satisfaction at p value of ≤ 0.05 and β value 0.435

In the above coefficient table14, the $p \leq 0.05$ with contribution of $\beta=0.435$ showed that reliability has a significant effect on customer satisfaction. So, the null hypothesis was rejected. Although, beta value of 0.435 indicates that reliability has positive effect on customers" satisfaction of study area. Moreover, the beta value implies that an increase in the effectiveness of reliability by one unit leads to an increase in customer satisfaction level by 0.435 units. Therefore, both hotels should improve the attributes of reliability and keeping promises to increase the satisfaction level of customers. This finding is consistent with the previous study by Mesay (2012), Dawit (2015), Akalu (2015) and Asma (2012) who reported that reliability positively and significantly influenced the level of customer satisfaction.

Hypothesis 2

H2: Responsiveness has a positive and significant effect on customer satisfaction in study area; at p value of 0.05 and β value 0.629

Based on above coefficient; p ≤ 0.05 with contribution of β=0.629 revealed that responsiveness has significant effect on customer satisfaction. Therefore, the null hypothesis was rejected. Also, beta value of 0.171 indicates that responsiveness has positive effect on customers" satisfaction of study area. Moreover, the beta value of 0.629 implies that an increase in the effectiveness of responsiveness by one unit leads to an increase in customer satisfaction by 0.629 units. Hereafter, in order to satisfy customers additional, the study area haile resort hawassa and south star international hotel should improve attributes responsiveness such as the concerned staffs telling customers exactly when services will be delivered, both hotel staffs in study area willingness to help customers, and answer customer questions .This finding is similar to the previous research work conducted by Akalu (2015), Dijale (2011), Mesay (2012) and Dawit (2015), who reported that responsiveness positively and significantly influence the level of customer satisfaction. But, it is contrary to the study by Endalkachew (2012) who found there is no significant influence of reliability on customer satisfaction.

Hypothesis 3

H0: Assurance has positive and significant effect on customer satisfaction commercial in haile resort hawassa and south star international hotel; at p value of ≤ 0.05 and β value 0.504 it is contrary to the study This finding is consistent with the previous study by Akalu (2015), Endalkachew (2012), Meron (2015), Dawit (2015) and Hirut (2015) who reported that assurance has positive and significant effect on customer satisfaction.

Hypothesis 4

H4: Empathy has a positive and significant effect on customer satisfaction; at p value of ≤ 0.05 and β value 0.962.Based on coefficient table, p ≤ 0.05 with contribution of β= 0.962 revealed that empathy has a significant effect on customer satisfaction. Therefore, the null hypothesis was rejected. Also, beta value of 0.962 indicates that empathy has a positive effect on customers" satisfaction of study area. Furthermore, the beta value of 0.962 implies that an increase in the effectiveness of empathy by one unit leads to an increase in customer satisfaction by 0.962 units. So, to increase satisfaction level of customers, both hotels should invest more in attributes of empathy dimensions such as: satisfying customer's heart interest, giving customers individual attention, representative integrity, honesty, dealing with customers and employees commitment to ethics and promote ethical behavior in the workplace. This finding is consistent with the previous study by Dijale (2011); Dawit (2015)

and Akalu (2015) who reported that customer satisfaction was directly and significantly affected by empathy.

Hypothesis 5

H5: Tangibility has a positive and significant effect on customer satisfaction in study area; at p value of ≤ 0.05 and β value 0.492.

The value of $p \leq 0.05$ with contribution of $\beta = 0.492$ revealed that, tangibility has a significant effect on customer satisfaction. So that, null hypothesis was rejected. Although, beta value of 0.492 indicates that tangibility has positive effect on customers" satisfaction of study area. Besides, the beta value of 0.492 implies that an increase in the effectiveness of tangibility by one unit leads to an increase in customer satisfaction by 0.492 units. Therefore, more investment in; physical facilities, convenience of location, modern equipment, technology and appearance of personnel results more customer's satisfaction.

The Standardized Beta values for each of the different variables have been converted to the same scale; so that, it is better compete them (Pallant and Julie, 2005). Therefore, researcher was used the standardized Beta coefficients, to compare or prioritize the effects of independent variables(reliability, responsiveness, assurance, empathy andtangibility) on dependent variable(customer satisfaction) in selected four starhotels. So that, based on the abovetable, empathy had a relatively strong and direct effect on customer satisfaction at β value of 0.962 and followed by atresponsiveness β value of 0.629, tangibles at β value of 0.492, reliability at β value of 0.435, and assurance at β value of 0.033 respectively.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary of Findings

The gathered data was analyzed by using both descriptive statistics (like mean, frequency, percentage) and inferential statistics (correlation and multiple linear regressions) via SPSS version 21. Accordingly, based on the gathered data this research examined the relationships that exist between the five dimensions of service quality (empathy, assurance, responsiveness, reliability and tangibility) with the overall customer satisfaction of the study area. The data obtained from the respondents were analyzed using various statistical tools.

➢ Most of the respondents agreed the service provided by a certain brand is as per promised.

➢ most of the guests were happy by the hospitality services

➢ most respondents strongly agreed with the staff shows willingness to help customers,

➢ number of respondents agreed that the staff of the hotel were. Professional as per the brand name

➢ both of the hotels make a follow up and make courtesy call is done with makes both hotels guests feels like family

➢ both hotels employees and managers give great care and respect for their customers

➢ compliance in wi-if was higher by both hotels customers

➢ Guests truly trust and feel safe to stay in Haile resort and south star international hotel

➢ the respondent replies professional appearance and neatness are convenient

➢ both locations of the hotels are convenient for customers who travels for different purpose

The findings has from 240 study participants 139 (57.9) were male and 101 (42.1) were females. The reliability and liability test of Cronbach alpha total 88 and R-Square of Tangibility, reliability, responsiveness, assurance and empathy explained by 71% and 29% not include or not in this study. Besides the service quality dimensions have significantly explained 71% of the variation on customer satisfaction where the remaining 29% of its variation may be explained by other factors that were not examined in this study.

The result of the background information of respondents indicated that the majority of the respondents are male (55.02) aged in the range of 30 to 40 (40.5%). Regarding the educational

background, 44.7% of the respondents are a degree holder. The analysis of descriptive results showed, the mean value of   all dimensions is above 3.79 expressing the respondents have a positive attitude towards the service quality offered three and four star rated hotel under this study area. The finding from the correlation result reveals that there is a positive and significant relationship between the service quality dimensions and customer satisfaction.

 The Pearson coefficients indicated that the variables have different magnitudes of correlation with the dependent variable. To the overall customer satisfaction within the range of 0.272 to 0.553. The result indicates that there is a moderate positive significant correlation between Reliability and overall Satisfaction . According to the above Pearson correlation coefficient result among the five dimensions of service quality used in this paper, there is a moderate positive and significant relationship between all variables (r= 0.693, 0.553, 0.227, p. 000<0.01). Thus, the relations that exist between the dimensions of service quality might affect overall customer satisfaction by influencing each other. In general, it is possible to deduce that the relationship between the service quality dimensions and the customer satisfaction is statistically significant.

The quaternaries returned were 240(92%). at the remained 8% not respond. The overall respondent rate was thus found to be 92% and was more sufficient to proceed the data analysis. The demographic respondents Sex 57.9% of the participants covered all in the questionnaire, participated actively the highest response in the quaternaries, gives positive replies for the male. Whereas the highest or majority response of the effect of service quality on customer satisfaction: in the case of four star hotels, the demographic respondent of age the Hotel customer 21-30 years 70% it replies highest participant or enjoy in the Hotel, of in this organization and the lowest respondent of 31-40 years 1.7% lowest respondent of this customer enjoy.

5.2. Conclusion

The basic interest of this study is to find out the effect of service quality on customer satisfaction: in the case of four star hotels. The altered form of SERVQUAL, which is called HOLSERV model that were customized specifically for the hotel industry consist 26 items used to investigate the relationship between the service quality dimensions and customer satisfaction. The researcher used quantitative research design and convenience sampling technique to collect data from 240 sample size of 4 star rated hotel service users. As per theoretical framework and objectives of the study 26 items were provided in a 5 point Likert scale to the respondents. The gathered data was analyzed by using both descriptive statistics (like mean, frequency, percentage) and inferential statistics (correlation and multiple linear regressions) via SPSS version 21. Accordingly, based on the gathered data this research examined the relationships that exist between the five dimensions of service quality (empathy, assurance, responsiveness, reliability and tangibility) with the overall customer satisfaction of the study area. The data obtained from the respondents were analyzed using various statistical tools. From this, we can conclude that, the three and four star rated hotel service user's perception about the quality of services provided by the studied three and four star rated hotels has a strong influence on the level of customer satisfaction in the studied area. On the other hand, there is a positive inter- correlations among the five service quality dimensions that means moderate and positive interrelationship between service quality dimensions brings competitively and attractive service rendering presses which generate a pleasant environment towards the customer's perception that secure client satisfaction. The Four star rated hotels, indicating attention should be given primarily to this dimension while to achieve maximum level of customer satisfaction.

5.3. Recommendation

Depending on the findings of the study and the conclusions made, the following possible recommendations were forwarded for the body concerned:

The hotel owns and managers recommended allocating abundant budget and training schedule to enhance its employee's knowledge and behavior and also realize that the improvement of all dimensions to, which in turn results in better performance of the hotel increase customer satisfaction at their stay in the hotels.

Hotels are customer oriented organizations, so to provide quality services and make customers satisfied top management or the owners recommended to hire professional, self-motivated, passionate employees who are capable to deal with customer and solve customer complaints and other issues in an effective manner.

➢ motivating employees and creating sense of belongingness on their employees is a must to increase service quality

➢ For achieving the confidence dimension of quality service, employees satisfaction must be there so that customer satisfaction is realized

➢ hotel owners should maintain the service attributes of tangibility at the acceptance level to appeal customers

➢ the hotel should conduct regular customer survey to identify the level of customer satisfaction and acts according to the outcome of the survey and take a corrective action if any

➢ the hotel managers should give attention to the speed if the Wi-Fi

➢ the hotel managers specially the front office manager should prepare and collect daily customer feedback to improve the hospitality service

➢ the hotels should increase empathy to reliability by providing consistencies services to their customers

➢ employees should be more professional and give a complete information to the customer

➢ It is recommended that the hotel managers exerts their maximum efforts to improve quality of products and services through periodical quality assessment and evaluations. Because quality as well as customers' needs and preferences are dynamic in their nature.

➢ the hotels managers should pay much attention to the customer complaints,

➢ To win the competitive environment hotels must give undivided attention to keeping promises, providing accurate and timely service, guaranteeing safe and secure stay of customers based on their specific needs.

5.4. Limitation and future study area

The study had the following limitations. First, the study was conducted in four star Hotels Hawassa City only hence its findings might not be generalized to all hotels in Ethiopia. Therefore, future researcher could consider the other star category as well as star rated hotel found in Ethiopia to make the research more statistically significant and to infer generalization from the finding accordingly. The other possible area of further investigation could be a comparative study of the level of service expectation and perception of customers before and after being served. In other words, the questionnaire need to be administered at the gate to measure the real expectation of the customer about that specific hotel service and finally the questionnaire designed to assess the perception of the customers could be administered after they are exactly served to value unbiased service expectation of guests.

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MASTER OF BUSINESS ADMINISTRATION (MBA) PROGRAM EFFECTS OF SERVICE QUALITY ON CUSTOMER SATISFACTION IN THE CASE OF FOUR STAR INTERNATIONAL HOTELS

 Dear respondent:

The purpose of this study is to investigate the effects of Service Quality on Customer Satisfaction in four star international hotels. To this end, questionnaire is prepared to gather pertinent data. The study is conducted for the fulfillment of the partial requirements of the master of Business Administration there is no right or wrong responses only the expression of your real thoughts and feelings is important. Please respond each question by indicating the extent to which you regard the statements. Your participation is of great value for the success of this study, and therefore, I would like to thank you in advance for your kind cooperation in responding to this questionnaire. The information you provide was be kept confidential. Hence it is not necessary to write your name. Please attempt all the questions.

Yours faithfully,

BETELHEM ``TSEGAYE Mobile no: -0939535845

Instruction a Please, put "√" mark on the box the answer that you think best suits.

General Profile of the Respondent

1. Sex: Male ☐   Female ☐

2. Age group: Less than 20 ☐   21-30 ☐   31- 40 ☐   41-50 ☐
garter than 51

3. Educational Background: below grade 8 completed ☐   9-12 grade completed ☐
Certificate ☐   Diploma ☐   Degree and above ☐   other

4. Occupation: Private ☐   Government employer ☐   Retired ☐
Other

5. Frequency of using the hotel: ☐ / ☐ weekly ☐ monthly
yearly ☐   one time customer ☐

Instruction ''2'' Service Quality dimensions Questionnaires

Customer satisfaction with relation to service quality dimensions. Please rank your Rate the following statements by putting in the Likert scale put "√" mark where 1=strongly Disagree (SD), 2=Disagree (D), 3=Neutral (N) 4=Agree (A), 5=Strongly Agree (SA).

No		SD	D	N	A	SA
A.	**Reliability**					
1	Hotel fulfill its promise at the time indicated					
2	Is the staff performing according to the brand standard					
3	Hotel show a keen interest in solving your Problems					
4	Was the customers handling convenient					
B	**Responsiveness**					
5	Are the luggage handling delivery method as per the brand standards					
6	Hotel staff give your prompt services					
7	Hotel staff are not too busy to respond to your Question					
8	Employees are happy to serve customers					
	Assurance					
9	Do you feel the amount you pay is suitable with the service you know by the brand					
10	I feel safe in my stay in this hotel					
11	Hotel staff are courteous with me					
12	Hotel staff have the knowledge to answer all my Question					
C	**Empathy**					

13	The hotel give me individual attention					
14	Do you get recognition as their gust					
15	Was their personalized service for each guest					
16	Do employees of the hotel deals with the customer with hospitality care and respect					
	Tangibility					
17	Were the Wi-Fi and broadband connection fast as expected					
18	Breakfast varieties were satisfactory as per your brand experience					
19	Are the meeting and events venue facility and cleanliness good enough as the brand requires					
20	Is the location of the hotel is convenient for you purpose of travel					
	Customer satisfaction (dependent variable)					
21	I am satisfied with the hotel complete range of services					
22	I am satisfied with the performance of the employees of this hotel					
23	I am satisfied of being a customer this hotel					
24	I am satisfied with the hotel employees' professional Competence					
25	I am satisfied with the quick service of this hotel					
26	I am satisfied with the respectful behavior of hotel employees					

Source: adopted from;Feven Bekele the effects of Service Quality on Customer Satisfaction: in the case of Hyatt regency (august 2020).