

Comparative Study on Service Quality of Star-Rated and Non-Rated Hotels in Quezon, Province

John Kirby Miranda

(Colegio de Santo Cristo de Burgos, Corp.; Philippines)

Abstract:

Background: *The Philippines was able to keep its tourist arrival growth momentum this year which has a growth rate of 10.61%. This continuing growth in tourist arrival means growth of demand in hospitality and tourism facilities. The National Accommodations Standard is tasked with rating accommodation facilities from 1 star to 5 stars. This standard is being used by hotels in the Philippines as the basis of the quality of services they can offer to their customers. However, the ratings of these facilities cannot solely determine the levels of satisfaction of its customers. Tools like comment cards and LODGSERV can be used to evaluate the quality of services that accommodation facilities offer to their customers (Keith & Simmers, 2013). Souca (2012) argued that evaluating perceptions of service performance is not enough to measure service quality.*

Materials and Methods: *184 customers participated in the research wherein 92 are coming from the star-rated resorts and 94 are from non-rated resorts in Quezon, Province. Each of the respondents was given a choice to answer either a printed version of the questionnaire or an online one. The modified version of the LODGSERV questionnaire was designed to assess the perceived service quality of the customers. To test the hypothesis, the data gathered was analyzed using Independent Samples t-Test in SPSS v.25*

Results: *The null hypothesis for tangibles and responsiveness are accepted while the null hypothesis for reliability, assurance, empathy, and overall service quality is rejected.*

Conclusion: *The tangibles and responsiveness dimensions of service quality for star-rated and non-rated resorts are not significantly different while the reliability, assurance, and empathy dimensions are significantly different. In conclusion, the overall service quality of star-rated and non-rated resorts in Quezon Province is significantly different.*

Key Word: *SERVQUAL; LODGSERV; Star-rated resorts; Non-rated resorts; Service Quality*

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I. Introduction

Many countries around the globe have considered tourism as a means of generating more travelers and tourists in their countries and as a result, more hospitality and tourism businesses emerged to serve the growing tourist market. Countries and their tourist destinations are competing with each other on attracting as many tourists as they can, thus the accommodation sector grew at a faster pace. The developed countries or even developing countries are engaged in doing marketing for their accommodation sector by improving continuously their services in striving to offer excellent experiences for their guests.

The hospitality and tourism industry is said to be one of the important industries which cover 9% of the global Gross Domestic Product or GDP (Keith & Simmers, 2013). In the Philippine setting, the Department of Tourism (DOT) had released their annual report for tourist arrivals last August of the year 2017. In their report, the Philippines was able to welcome 4, 470, 880 tourists compared which shows an evident growth compared to the figure last year that is 4, 042, 049. The Philippines was able to keep its tourist arrival growth momentum this year which has a growth rate of 10.61%. This continuing growth in tourist arrival means growth of demand in hospitality and tourism facilities.

Quezon Province is geographically located in the south of the National Capital Region. A province with thirty-nine towns and two cities, it was able to accept 642,117 tourists in 2017 (Provincial Tourism Office, 2017). Quezon Province was also hailed by the Department of Tourism as the Destination of the Year. This achievement has proven that Quezon has a growing demand for tourism supply. The province currently has 192 registered accommodation establishments in 2017.

In Quezon Province, as published by the Department of Tourism (2016), seven accommodation facilities were granted one (1) to three (3) stars in which, compared to neighboring provinces, is quite low. Only Laguna and the Quezon Province in the CALABARZON Region failed to have a four (4) star accommodation facility. However, Keith & Simmers (2013) believe that star ratings alone are not enough to measure the service quality of hotels and resorts.

In this research, the researcher specifically aims to investigate the following:

- To identify the significant differences in the service quality of star-rated and non-rated hotels in Quezon province in terms of:
 - Reliability
 - Assurance
 - Tangibles
 - Empathy
 - Responsiveness
- To draw conclusions based on the results
- To formulate recommendations based on the conclusions.

II. Literature Review

2.1 Defining Quality

In the modern business environment, quality is by no means a new concept (Evans & Lindsay, 2014). High-quality goods and services provide a competitive edge to the organization. Organizations with a reputation for high-quality products and services generate satisfied and loyal customers (Evans & Lindsay, 2014). According to Keith & Simmers (2013), an important measure for the success of a hotel is service quality. The higher the service quality, the more favorable spread of word-of-mouth, and the increase in brand loyalty shall be experienced by the hotel (Keith & Simmers, 2013). However, failing to meet the standards of quality will result in devastating effects to the organization (Evans & Lindsay, 2014).

2.2 Hotel Service Quality in the Philippine Setting

In the Philippines, the National Accommodations Standard, accommodation facilities are rated from 1 star to 5 stars. These facilities have to reach a minimum of 251 points and a maximum of 1000 points to be rated for the quality of their services and facilities. Each level has its descriptive ratings which are assigned to hotels if they were able to comply with the requirement of the association (DOT, 2012). This standard is being used by hotels in the Philippines as the basis of the quality of services they can offer to their customers. However, the ratings of these facilities cannot solely determine the levels of satisfaction of its customers. Tools like comment cards and LODGSERV can be used to evaluate the quality of services that accommodation facilities offer to their customers (Keith & Simmers, 2013). Souca (2012) argued that evaluating perceptions of service performance is not enough to measure service quality. Souca (2012) also stressed that service expectations should be measured as well.

2.3 Measuring Service Quality

The SERVQUAL which was popularized in 1988 by Parasuraman, was meant to measure the service quality of service facilities. It has five (5) dimensions of service quality in which twenty-two (22) items were used as performance indicators. The dimensions include tangibles, reliability, responsiveness, assurance, and empathy (Keith & Simmers, 2013). The items were presented in either five, seven, or nine-point response format anchored with a description from “strongly agree” to “strongly disagree”, in which the instrument is actually in Likert-scale format (Stefano et al., 2015).

Table 1: The SERVQUAL Dimensions of Service and its description

SERVQUAL Dimensions of Service	
Dimensions	Descriptions
Tangibles	This includes equipment, tools, accommodation amenities, and appearance of personnel
Reliability	Refers to the ability of the accommodation facility and its personnel to accurately and dependably deliver services
Responsiveness	Refers to the inclination to help customers and provide prompt service to customers
Assurance	Refers to the courtesy and the knowledge of employees. This also includes the ability to stimulate trust and confidence in customers.
Empathy	Caring, individualized attention the firm provide its customers

III. Theoretical Framework

In measuring the service quality of an accommodation facility, the industry-specific version of SERVQUAL, the LODGSERV instrument, is a ready-to-use instrument that is proven to provide a better understanding of the customer expectation and perception of service quality of hotels (Keith & Simmers, 2013). The LODGSERV items are presented in a manner that the respondents and the researcher will have ease in understanding each item. The instrument was also validated by most of the researchers making it a strong tool in measuring service quality (Keith & Simmers, 2013). In this research, the SERVQUAL, specifically the LODGSERV, dimensions will be used in building the conceptual framework. The LODGSERV Scale was

developed for measuring service quality expectations of the customers in the lodging industry which includes hotels and resorts (Keith & Simmers, 2013).

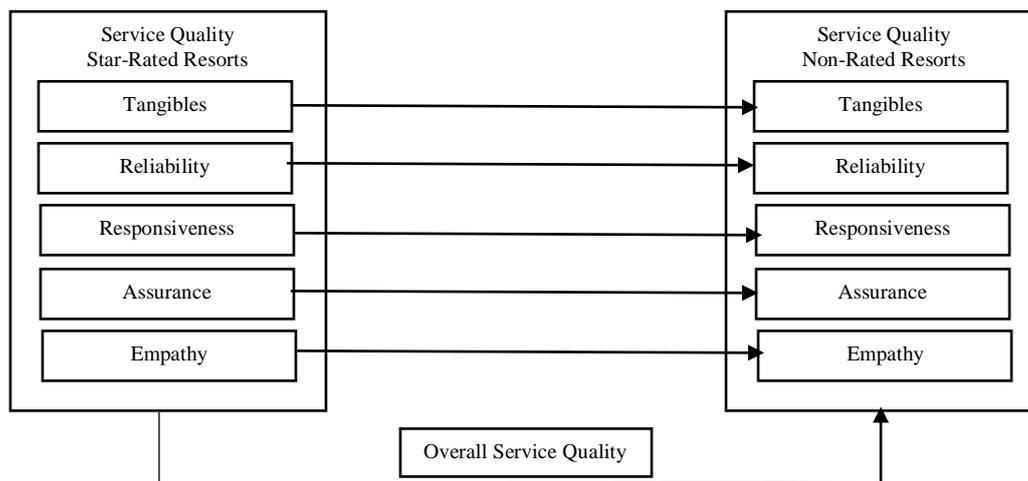


Figure 1: The Theoretical Framework of the Research

IV. Methodology

Study Design

Descriptive research will be used as the research design. Descriptive researches are intended to find answers to current issues or problems through data collection, then analyze and explain the situation comprehensively (Saunders, Lewis, & Thornhill, 2012). In this research, the situation can be described as the service quality of hotels and resorts in Quezon Province. To gather the needed data and information relevant to the objectives of the study, the researcher will employ quantitative methods. In this method, the data to be gathered will be measured in quantities

Study Location:

The research was conducted in the Province of Quezon in the Philippines with twelve (12) participating resorts.

Study Duration:

May 2018 to May 2019

Sample size:

186 customers (94 from Non-Rated Resorts and 92 from Star-rated Resorts.)

Sampling Method:

Purposive sampling was employed in this research. Through this method, quantitative data will be gathered. The criteria for the purposive sampling is stated as follows:

- customers from either a Star-Rated or a Non-Rated Resort
- spent at least a night experiencing the room amenities and services of the resort
- availed the services of the resort of not later-than January of 2018.

Research Instrument

In this research, a questionnaire was prepared and used in two forms: 1) a printed form, and 2) an online form. The questionnaire includes the five (5) SERVQUAL Dimensions with items coming from the LODGSERV. The modified version of the questionnaire has a total of twenty-nine (29) items.

Procedure methodology

A letter of consent was drafted explaining the purpose of the research and assuring the respondents of the confidentiality of the research. Once the approval was given, the respondents may opt to take an online survey or the written survey.

Statistical analysis

Inferential statistics will be used in this research to test the hypotheses, an independent samples t-test was used in which SPSS version 25 was utilized for the processing of data. The data collected from the respondents were grouped into two (2): 1) Customers of Star-rated resorts and 2) Customers of Non-Rated resorts. The response of the customers was then grouped into six (6) which are the following:

1. Tangibles
2. Reliability
3. Responsiveness
4. Assurance
5. Empathy
6. Overall Response

The hypotheses of the research are as follows:

- Ho1: The tangibles dimension of star-rated resorts and non-rated resorts have no significant differences.
 Ho2: The reliability dimension of star-rated resorts and non-rated resorts have no significant differences.
 Ho3: The responsiveness dimension of star-rated resorts and non-rated resorts have no significant differences.
 Ho4: The assurance dimension of star-rated resorts and non-rated resorts have no significant differences.
 Ho5: The empathy dimension of star-rated resorts and non-rated resorts have no significant differences.
 Ho6: The overall service quality of star-rated resorts and non-rated resorts have no significant differences.
 To test the hypotheses, a significance level of 0.05 will be used.

V. Results

After the data needed for the research had been collected, using the SPSS and inferential statistics, the hypotheses will be tested. The results are shown in the table below:

Table 2: Summary of the group statistics of the variables

Group Statistics					
	Group	N	Mean	Std. Deviation	Std. Error Mean
Tangibles	Rated Resorts	92	4.3650	.54052	.05635
	Non-Rated Resorts	94	4.2219	.58474	.06031
Reliability	Rated Resorts	92	4.3098	.66441	.06927
	Non-Rated Resorts	94	4.0559	.70153	.07236
Responsiveness	Rated Resorts	92	4.2650	.73396	.07652
	Non-Rated Resorts	94	4.1246	.68092	.07023
Assurance	Rated Resorts	92	4.3935	.60507	.06308
	Non-Rated Resorts	94	4.1638	.65383	.06744
Empathy	Rated Resorts	92	4.3342	.61156	.06376
	Non-Rated Resorts	94	4.1170	.64205	.06622
Overall	Rated Resorts	92	4.2770	.58918	.06143
	Non-Rated Resorts	94	3.9713	.67477	.06960

Table 3: The differences in service quality between Star-Rated Resorts and Non-Rated Resorts.

Independent Samples Test										
		Levene's Test for Equality of Variances					t-Test for Equality of Means		95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Tangibles	Equal	.231	.632	1.732	184	.085	.14309	.14309	-.01990	.30607

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	variances assumed									
	Equal variances not assumed			1.733	183.406	.085	.14309	.14309	-.01977	.30594
Reliability	Equal variances assumed	.026	.873	2.534	184	.012	.25393	.25393	.05619	.45168
	Equal variances not assumed			2.535	183.803	.012	.25393	.25393	.05630	.45156
Responsive ness	Equal variances assumed	.286	.594	1.353	184	.178	.14043	.14043	-.06433	.34518
	Equal variances not assumed			1.352	182.305	.178	.14043	.14043	-.06451	.34536
Assurance	Equal variances assumed	.155	.695	2.485	184	.014	.22965	.22965	.04731	.41199
	Equal variances not assumed			2.487	183.429	.014	.22965	.22965	.04746	.41184
Empathy	Equal variances assumed	.016	.899	2.362	184	.019	.21722	.21722	.03575	.39868
	Equal variances not assumed			2.363	183.866	.019	.21722	.21722	.03585	.39859
Overall	Equal variances assumed	.144	.705	3.288	184	.001	.30568	.30568	.12227	.48909
	Equal variances not assumed			3.293	181.665	.001	.30568	.30568	.12252	.48884

As shown in the table above, the variances of tangibles, reliability, responsiveness, assurance, empathy, and the overall service quality of star-rated resorts and non-rated resorts are equal. This means that the variances of the variables are homogenous. Since Levene's Test revealed that equal variances were assumed, the top row of each dimension of service quality will be interpreted.

Hypotheses Testing

Ho1: Accepted

The *tangibles* dimension has a significance value of 0.85 which means that the first null hypothesis will be accepted. There are no significant differences between the tangibles of the star-rated resort and non-rated resort.

Ho2: Rejected

In the *reliability* dimension, it has a significant value of 0.012 which means the second null hypothesis will be rejected. This means that the reliability of star-rated and non-rated resorts is significantly different from each other.

Ho3: Accepted

The *responsiveness* dimension has a significant value of 0.178 meaning there is no significant difference between the responsiveness of a star-rated resort and a non-rated resort.

Ho4: Rejected

The *assurance* dimension has a significant value of 0.014 which means that the null hypothesis will be rejected because there are significant differences between the assurance of a star-rated resort and a non-rated resort.

Ho5: Rejected

The table above shows that the *empathy* dimension has a significance value of 0.019 which means that there are significant differences in the empathy of star-rated resorts and non-rated resorts.

Ho6: Rejected

The overall service quality has a significant value of 0.001 which means the null hypothesis will be rejected. The overall service quality of star-rated resorts and non-rated resorts is significantly different.

VI. Conclusion

Based on the results and the interpretation of data collected, the following conclusions were drawn:

1. The tangibles dimension of the star-rated resort and non-rated resorts are not significantly different from each other. This means that the probability of having the same quality of physical facilities, equipment, and personnel of star-rated resorts and non-rated resorts is high.
2. The ability of the star-rated and non-rated resorts to accurately and dependably deliver services to their customers is significantly different as shown in the reliability dimension.
3. Both the star-rated resorts and non-rated resorts have no significant differences in responsiveness meaning both groups can deliver prompt services to customer requests.
4. The assurance dimension of star-rated and non-rated hotels are significantly different which means that the customers from both groups have different experiences on the knowledge and courtesy of the staff as well as their ability to inspire trust and confidence in customers.
5. The empathy dimensions of star-rated and non-rated resorts are significantly different which means that their customers had experienced different levels of care and individualized attention.
6. The overall service quality of the star-rated and non-rated resorts is significantly different from one another. This is further reinforced by the fact that three (3) out of five dimensions of service quality are significantly different among the two groups. The results imply that the customers from the star-rated resorts and non-rated resorts in Quezon Province had experienced different levels of service quality.

VII. Recommendations

The conclusions presented above are used to draw the following recommendations:

- A thorough investigation of the demographic profile of the respondents is needed to precisely understand the differences in the service quality of star-rated and non-rated resorts.
- Using mixed-methods research would further expand the scope of this study because it will be able to explore the unquantifiable characteristics of service quality.

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