Analyzing Service Quality
A Study among Peruvian Resort Hotels

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This thesis was made during four months in the first half of 2007. Intense, difficult, stressing and adventurous are a fraction of words that barely can describe this adventure spent in Lima, Peru. Working with this thesis has opened doors to different languages and cultures not to mention all the amazing people who have kindly been helping me, which I am very grateful for.

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ABSTRACT

The study purpose is to identify which dimension that is the best predictor of overall service quality, in terms of generating an outcome that identifies dimensions regarding service quality. This was achieved through performing a theoretical and empirical study. The theoretical study provided by identifying relevant theories, determining and defining service quality for hospitality industries.

The empirical study comprised of 84 questionnaires with respondents opinions and views from their resort hospitality experiences. This was achieved through an examination of the dimensions in relation to hospitality service quality, by extending the SERQUAL scale with nine new items, subsequently referred to as RESQUAL.

Key findings of the study are that service quality is represented by six dimensions in the hospitality industry, relating to Reliability, Assurance, Tangibles, Employees, Exterior and Delivery of service. The best predictor of overall service quality is the dimensions referred to as “Reliability” followed by “Exterior”, “Tangibles” and “Assurance”.

SAMMANFATTNING

Denna studie har som syfte att identifiera de dimensioner som lämpligast förutspår den övergripliga service kvalitén genom att identifiera dimensioner i resultatet. Detta genomfördes genom att utföra teoretiska och empiriska studier. Den teoretiska studien bidrog med en identifiering av relevanta teorier, bestämmande och definiering av service kvalité inom hospitality-industrin.

Den empiriska studien omfattades av 84 enkäter med respondenters åsikter och ståndpunkter utifrån egna erfarenheter inom resort hospitality-industrin. Detta utfördes genom en analys av de dimensioner som kan relateras till hospitality service kvalité genom att utöka och förändra SERVQUAL skalan med nio nya aspekter. Den nya skalan namnges, RESQUAL.

Studien visar att hospitality-industrin i Peru består i huvudsak av sex dimensioner, tillförlitlighet, säkerhet, materiella tillgångar, anställda, utbud och leverans av service. Utifrån dessa sex dimensioner är ”tillförlitlighet” den som bäst förutspår service kvalitén följt av ”utbud”, ”materiella tillgångar” och ”säkerhet”.
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1 INTRODUCTION

This chapter introduces the reader to the background of the problem, and present arguments why the hospitality industry needs an investigation in terms of Service Quality. Derived from the problem discussion, the purpose and demarcations are presented. Further a brief presentation of the research design, which ends up with an overview of the thesis outline.

1.1 Background

The business environment is constantly changing and the demand for adaptability among organizations tends to increase. Demands from customers, technological development, change of value and globalization are factors that drive the need to change and develop an organization. (Bruzelius & Skärvad, 2004)

It is hard to get advantages by quickly adapting technology to products or by manage financial assets/debts in an efficient manner. The ability to handle organizations intangible assets is of greater importance to reach success, then the ability to invest and manage tangible assets. (Kaplan & Norton, 1997)

New techniques for organizing and managing companies have been introduced due to changes in the business environment during the past decade. These changes are mainly due to growing globalization and increased competition. Thus, increased interest in changing and improving management control. New performance models were therefore introduced and developed to fit market needs, both in the private and public sector. (Kald & Nilsson, 2000). The so-called multi-dimensional performance models were developed and introduced to organizations.

1.2 Multi-dimensional performance models

The traditional performance systems link to reliance on only financial measures, singular focused measurement systems. These systems are often criticized that they doesn’t give sufficient information on organizational progress, which can mislead the organization to make wrong decisions (Dinesh & Palmer, 1998). Other critics believe that financial measures only give short-term financial indications, that in many organizations been used for decades (Kaplan & Norton, 1993). In order to overcome “singular” focusing, a “multi” focused measurement system was introduced (Dinesh & Palmer, 1998). The multi-focused model does not only consider financial but also non-financial goals. These goals are integrated with performance measurements in one single model, a multi-dimensional performance model. (Kaplan & Norton, 1996). Financial measures are only for historical values while non-
financial measures can give indications about an organization in the present and/or the
development in the future (ibid). Kaplan and Norton (1993) believe that it is essential
for an organization to use non-financial measures, such as performance for customers,
internal processes, and innovation and improvement activities. However, problems
arise when an organization decide, which dimensions to measure for achieving set
goals.

Several different techniques can be used in a multi-dimensional performance model,
depending on type of value. One type of measurement that has been historically
viewed by hospitality organizations in terms of product and service efficiency is
quality. In the 1980s however, many of the hospitality organizations were forced to
move away from the idea of efficiency and put more importance on customer needs.
(Paraskevas, 2001). A well-known philosophy, which gives total overview on quality,
is Total Quality Management (TQM). TQM refers to a wide set of management and
control processes and was designed to focus an entire organization on satisfying the
customer, by providing products or services that provide the best possible job (Talha,
2004). The culture of an organization is defined by TQM, and supports the constant
attainment of customer satisfaction through different tools, techniques and training.
This includes continuous improvement of the processes in the organization, resulting
in high quality products and services. (Sashkin & Kiser, 1993).

Both nationally and internationally, the importance of services is increasing. Today,
economic conditions make it necessary for all organizations to review and tightly
control costs and expenditures. In order to achieve competitive advantage and
efficiency, organizations have to seek profitable ways to differentiate themselves
(Wong and Dean, 1999). There are many different strategies to reach success and the
delivery of high service quality is considered vital, especially during times of
intensive competition (nationally and internationally). (Ibid.). The intensified focus
has made quality as a business objective where service quality is a key success factor
that can bring significant strategic advantages. (Erstad, 2001). Many empirical and
conceptual studies have been made in terms of service quality. Through them, it has
been generally accepted that quality has positive implications for an organization’s
performance and competitive position. Although a high amount of research has been
done concerning service quality, the hospitality industry has only been receiving
modest attention (Harrington & Akehurst, 1996; Sila & Ebrahimpour, 2002). Oh and
Parks (1997) reflects that although the literature on service quality is increasing, many
methodological and theoretical problems remain. However, researchers agree upon
that the conceptualization of service quality is at an early stage in the hospitality
industry.
1.3 Defining the purpose

Service quality is a considerable part of business, which makes it important to properly and correctly measure and research its effectiveness. However, in order to measure, it is necessary to define service quality, which brings the first research question: What is service quality? To be able to correctly measure, after defining service quality evolves the next research question: What dimensions of service quality are significant in the hospitality industry? Furthermore for an establishment of the different dimensions that are significant in terms of service quality a determination of which dimensions that are best suited to predict overall service quality. Thereby evolves the purpose: Which dimension is the best predictor of overall service quality?

1.4 Demarcations and focus

This study was conducted in Peru, South America within the branch of hospitality. The purpose is to identify which dimension is the best predictor of overall service quality. Service quality is crucial, to be able to succeed in the hotel business. Proper maintenance of the building and comfortable indoor conditions for customers is essential (Parkan, 2005).

Mei, Dean & White (1999) made a research identifying dimensions of service quality in the hospitality business. Their study had its focus on three to five stars hotels in Australia. This makes it interesting whether the factor structure proposed in their study is valid in other classes of accommodation, such as bed and breakfast, motels resorts or caravan parks, whereas focus for this study was in three star resort accommodation class. In addition, this study will also look at whether the perceived service quality levels differ by countries.

1.5 Research questions

In order for the study to fulfill the study purpose of identifying which dimensions are the best predictors of overall service quality, the research questions require answering.

- What is service quality?
- What dimensions of service quality are significant in the hospitality industry?
- Which dimensions are the best predictors of overall service quality?

When all the proposed research questions are explained, the study will conclude in answering the purpose. The research questions are being systematically answered throughout the study and finally summed up to answer the purpose.
1.6 Research design

This section begins presenting an overview of the study process and it will continue explaining how the theoretical data was collected.

1.6.1 Study process

The study process contains both parallel and sequential working techniques. As visualized in Figure 1 – Study process (own illustration), the process was divided into three phases that has originally been named phase I, phase II and phase III.

**Figure 1 – Study process (own illustration)**

<table>
<thead>
<tr>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Choosing organization &amp; area to study</td>
<td>Literature study</td>
<td>Analysis</td>
</tr>
<tr>
<td>Introduction</td>
<td>Method</td>
<td>Empirical study</td>
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<tr>
<td>Theory</td>
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*Phase I* contains the process in identifying an organization to study. Furthermore it includes the interaction between the author and organization to fulfill both parties’ requirements and requests.

*Phase II* includes gathering adequate information and documentation from a literature review as well as an empirical study.

*Phase III* concerns analysis and discussion, comparing the literature study with the empirical study, which finally led to fulfilling the purpose.
1.6.2 Theoretical data

Several different methods were used to gather the theoretical data needed. Searching for relevant books, articles and reports in the university library at Universidad Peruana de Ciencias Aplicadas, Lima, Peru. Also, analyzing online resources such as Business Source Elite, Emerald Insight, Google and Google Scholar, Lucia (the online library search tool at Luleå University of Technology) and Wikipedia. The following keywords were used to gather needed information for both primary and secondary literature:

TQM, Total quality management, quality, hospitality, hotel, Service quality, SERVQUAL, SQ

Thereafter, the most suitable books, articles and reports were selected for further study. Furthermore, cross-references between articles were used in order to identify additional angles of research.

1.7 Outline of the thesis

The outline of the thesis is presented in Figure 2.

![Figure 2 – Thesis outline (own illustration)](image-url)
2 RESEARCH CONTEXT: HOSPITALITY SERVICES

This chapter gives a presentation to the hospitality services in general. To begin with it introduces the reader to what the resort service is all about whereas it continues with describing the nature of the resort customer.

2.1 The Resort Service

The resort service can be viewed as a cycle that goes round and round, and without any greater disturbance it will make another lap. A quotation from Arthur Hailey’s best-selling book expresses this cycle:

“Now it was night. With the resort, the cycle of another inn-keeping day had run its course. This had differed from most, but beneath unprecedented events, routines had continued. Reservations, reception, administration, housekeeping, garage, treasury, kitchens … all had combined in a single, simple function. To welcome the traveler, sustain him, provide him with rest and speed him on. Soon the cycle would begin again.” (Ingram, 2000)

Ingram (2000) implies that this simple quotation of explaining the nature in a resort system is highly suitable and concludes that resort life is cyclical, iterative and multifunctional in its complexity. The following illustration gives a conceptual overview of hand picked functions that need to work within the resort-cycle.

![Figure 3 – Resort-cycle (own illustration)](image-url)
A resort is a company that does not only sell services, but opportunities for services. In outcome, it is of most importance that a service provider (the owner, the management or the staff) assures the right and finest service preconditions for well-functioning processes and the equivalent outcomes desired by the customer. (Edvarsson, 1998)

2.2 The Customer

There are two ways of looking at the customer of the service: Recipient and the judge. Customers in the resort service business have needs and expectations. Vice versa, assessing resort service quality, particular the impact of each quality element on customer’s satisfaction should be considered. Erto and Vanacore (2002) list attributes, with regard to this impact:

*Must-be quality elements*, includes service attributes that are so fundamentally basic that the customer may fail to consider them, unless the service provider are unsuccessful in providing them. They also point out that an absence of the basic expectation is extremely dissatisfying for most customers. However, they often go unnoticed.

*One-dimensional quality elements* concerns to the customer, the generally mentioned desirables or determinants in their choice of a service. These service qualities satisfy differently, depending on the level of presence.

*Attractive quality elements* are attributes that exceed customer expectations. If these elements are present, they fulfill the customer’s needs pleasantly and absence would not cause customer dissatisfaction.

Current study concerns the hospitality industry where a customer often refers as a guest. Throughout the literature review, different words are used (such as customer, and consumer), however all refers to the guest of a resort.
3 LITERATURE REVIEW

This chapter presents an overview of current literature in the frame of the presented research problem. Following sections of this chapter begins with a historical background of quality where after the reader is introduced to Service quality and relevant methods.

3.1 Historical background of quality

Quality thinking began with the rise of inspection in the early 1920s (Garvin, 1988). The next phase was statistical process control in the US industry; Shewhart’s methods date back to 1930s. During World War II, the military added standards to quality thinking. Discussions and empirical studies of quality related topics date back to the late 1950s where implementation of development tools mostly designed to assure the standard level of manufacturing. These development tools was designed in a customers point of view and aimed to eliminate the statistical inspection of industrial goods and to share responsibility of quality to all employees (Garvin, 1988, Juran, 1988).

Hewlett-Packard started to criticize US chip manufacturers for poor product quality in the early 1980s and shortly after TQM was introduced by W. Edward Deming. However, the Japanese that were known for their good quality adopted the philosophy while the USA rejected its principles. During the following years, the Japanese improved and successfully made progress with quality and production by adopting the TQM principles of Deming along with Josep M. Juran, Genichi Taguchi, and others. Yet even ten years after Hewlett-Packard introduced TQM in 1985, domestic companies in the US were still struggling with the theory and practical use of TQM. However, many companies did succeed with implementing TQM. A survey made by the magazine Electronic Business in 1992 showed that no companies contacted had ended their TQM program and 91 percent of 70 companies using TQM had indicated that their quality had improved when compared with their competitors. (Talha, 2004)

Many well known companies throughout the world have emphasized quality as an important strategic dimension, companies like Hewlett-Packard (Canada, USA), Ford Motor Company (Canada, USA), British Telecom (United Kingdom), Fujitsu (Japan), Toyota (Japan), Crysel (Mexico) and Samsung (South Korea). (Talha, 2004)
3.2 TQM definitions

Through the literature review, the TQM definitions and focus vary widely, thus it is not easy to distinguish the exact nature of total quality management.

- TQM seeks to improve product and service quality and increase customer satisfaction by restructuring traditional management practices (General Accounting Office, 1991).
- TQM is a management approach for an organization, centered on quality, based on participation of all its members and aiming at long-term success through customer satisfaction, and benefits all members of the organization and society. (International Organization for Standardization, 2007)
- Total quality is defined as the unrelenting pursuit of continuous improvement, which is realized by accessing and utilizing the concerted knowledge and experience of managers and employees at all levels (Kossoff, 1993).
- In the context of -total quality control (TQC) and company-wide quality control (CWQC): organized kaizen (ongoing improvement) activities improving everyone in a company, managers and workers alike (Imai, 1986).
- A philosophy and a set of concepts employed throughout an organization by individuals in concern with a view toward continually improving the product or service provided to customers (Melan 1993)

TQM is about developing a unique model, reflecting the business ethics and purpose of the organization. Where one organization focuses on employee empowerment, another on teamwork, while a third develops a strong process control. (Choppin, 1995). These attributes are further analyzed in section 3.2.1 General Principles of TQM.

3.2.1 General Principles of TQM

What exactly constitutes TQM can be a matter of controversy, depending upon which quality proponent one identifies with. The quality concepts and precepts have been summarized and characterized by a number of researchers. However there is little disagreement with the major characteristics of TQM. A fundamental characteristic of the TQM philosophy is that it emphasizes prevention, rather than a detection approach to the product or service. Sila and Ebrahimpour did an investigation of the total quality based research published between 1989 and 2000 in all different kinds of industries. They identify critical success factors for implementation from their investigation:

- **Customer focus** is when in an organization embracing the principles of TQM, both actions and functions are designed and performed with the aim of
meeting the needs of customers, who also determine their value. This way, they ensure long-term success, as customer satisfaction relates to customer keeping and market share gaining.

• **Customer satisfaction** is the degree to which customers or users of an organization’s products or services are pleased with those products or services. This is a fundamental aim of TQM, to continually increase the customer satisfaction.

• **Employee training** are important aspects of TQM, as they must provide employees with the necessary knowledge and skills the enable them to cope with problem solving, self-management and self-control in task accomplishment

• **Top management and leadership** must direct the entire Total Quality process at creating values, setting goals, and developing systems designed to meet customer expectations and to improve organizational performance.

• **Commitment and personnel involvement** is required from within; creating and deploying clear quality values and goals consistent with the objectives of the company.

• **Teamwork** is another important aspect for the company to be committed to learning and to the changes produced by quality improvement. Potential learning capabilities are greater in team environments than in individual ones. This involves the whole organization and goes hand in hand with leadership. Lack of teamwork between departments, supervisors and employees creates a burden on the whole TQM process

• **Employee involvement** regards the involvement of the employees and is considered as the bottom line in TQM processes. Employees assume responsibilities to achieve quality in accomplishing their tasks, and actively take part in the process of continuous improvement. Participation can improve the quality of products and services in different ways: by means of self-inspection, which decreases inspection costs and encourages employees to do things right at first; through problem-solving techniques, or by means of the employees’ motivation and creativity.

• **Continuous improvement and innovation** is one of the core concepts of TQM, which is based on a commitment to ongoing process revision, both administrative and technical, directed at continuously improving such processes.

• **Quality information and performance measurement** concerns the means of gathering data to co-ordinate and support the process of making decisions and taking action throughout the organization. It is crucial to use an appropriate measurement system to ensure the successful implementation and execution in TQM, since measurement provides the link between strategy and action.
TQM has evolved from years of practicing and refers to a wide set of management and control processes designed to focus all employees of an organization on providing services or products that do the best possible job of satisfying the customer (Talha, 2004). An interpretation of TQM, which is applicable in the service sector, is that no human is the other alike in an organization. Thus tend to be unpredictable. When systematic structure is not enough in unifying the organizations employees, the employees’ belief around some unifying values has to be unified. This will naturally make the employees use their intelligence and effort towards the best outcome within these self-managed boundaries. This view of TQM is commonly known as “empowerment” of the workforce. It is when the power rests in the individual, who is committed to “do the right thing” and while the internal control system is eased (Talha, 2004).

For a clear understanding, here is an example. There are two families staying at the same resort, the Minaya family and the Svensson family. Both have small children. The Svenssons’ child is happy and mellow, while the Minayas’ child is fractious during the whole stay. After a full day of nursing, comforting and taking care of the baby, the family needs to eat. Arriving at the resorts restaurant, the Svenssons’ family is eating and the child is cheerful and happy meanwhile the Minayas’ child still is fractious. Awhile into the dinner without having a calm moment, one of the waitresses offers to help in nursing the child while they eat. She picks up and carries the baby around and the baby seems to calm down. The Minayas’ calm down, finishing the dinner, and enjoy a few minutes of peace.

Rooms at the resort are clean, the beds are comfortable, the food is good and the pool was a delight. The Minayas look back on the stay as a high quality experience, and telling the story to their friends and recommend the resort to others. For the Svenssons, the resort was like any other resort with the normal and expected services. If the staff were operating in one hundred percent efficiency, the waitress would never have had time to nurse the fractious baby. She would have been busy working with work related activities. This is one of several identified principles of TQM.

The methods of TQM have been based on the quest for progress and continual improvement in the areas of reliability, cost, efficiency, innovation, business effectiveness and quality. Lakhe and Mohanty (1995) imply that TQM has been an approach for continuously improving the quality of services concerning all levels and functions within an organization.
The picture above illustrates the relation between TQM and service quality where service quality is one factor out of many, put up to serve the TQM model. Service quality refers to the quality of service, however, what defines a service and quality on this matter?

### 3.3 What is Service?

It is important to distinguish between a service and goods. Goods are most tangible (an object) while services are more of an act (a deed, performance or an effort). There are many definitions of services in the literature may depend on the author and focus of the research (Grönroos, 2001). However, one of the most important and unique characteristics of services is that services are processes, not things, which means that a service firm has no product, only interactive processes. Grönroos (2001) offer a comprehensive definition of services where service is “an activity or series of activities of a more or less intangible nature than normal, but not necessarily, take place in the interaction between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems”.

### 3.4 What is Quality?

Needs, wants, requirements and expectations are something that everyone has. Furthermore it is essential for services and products to fulfill the purpose for which they have been acquired and for life to have needs. Everyone has basic physiological needs. Food, water, clothing, and shelter are needs that are necessary to sustain life. After those needs are fulfilled, safety emerges followed by social needs and finally self-actualization or the need to realize ones full potential. Following figure shows the hierarchy of needs (Hoyle, 2001):
Individual needs are fulfilled by purchasing, renting or leasing products or services and corporate needs are not too dissimilar. An organization requires the physiological needs to sustain survival. Profit becomes first where the product or service must succeed its intentions, regardless if it is being obtained cheaply. Corporate safety concerns the safety of employees and the safety and security of assets. Social needs come next in terms of environmental issues as well as forming links with other organizations and developing contacts. Corporate esteem is represented in an organization as award winnings, badges such as ISO 9000, superior offices, and infrastructures and factors that possess power in the market place and government. Self-actualization is represented in a corporation by an organization’s preoccupation with growth. This involves factors such as bigger rather than better, taking risks and seeking challenges. An important notice is that it is not the specific product or service that is needed but the benefits that possession brings. This concept of benefits is the key to achievement of quality and of most importance. (Hoyle, 2001)

3.4.1 Definitions of quality

There are definitions of quality derived from uncountable authors. Juran’s definition “fitness for intended use” basically says that quality is “meeting or exceeding customer expectations.” (Juran, 1988). Deaming on the other hand states that the customer’s definition of quality is the only definition that matters. However, from reviewing articles on quality, it has been found that early research has been focusing on defining and measuring the quality of tangible goods and products (Garvin, 1988, Juran, 1988) while the more challenging service sector was disregarded. Crosby (1979) defined quality of goods as “conformance to requirements”; Garvin (1988) identified internal (those observed before a product left the factory) and external (those incurred in the field after a product had been delivered and installed) failures
and measured quality by counting the malfunctions. Parasuraman, Zeithami and Berry (1985) state that it may be inappropriate to use a product-based definition of quality when studying the service sector and therefore developed the expression, “service quality”.

Quality is an issue of increasing significance in recent years. International companies such as Four Seasons group and the Forte Hotel group recognize quality as a business objective. Furthermore, studies address that service quality as a key success factor that can bring significant strategic advantages. (Erstad, 2001).

For this particular study only one definition was chosen and used for it to fit the purpose. Considering the research questions and the branch studied, Parasuraman et al (1985) definition of quality has been used.

3.4.2 Characteristics of Service Quality

It is well known that service quality is based on multiple dimensions (Parasuraman et al, 1985). In 1982, Grönroos identified two service quality dimensions, the functional aspect and the technical aspect. The functional aspect concern “how” service is provided while the technical aspect concern “what” service is provided. The “what” is received by the customer as the outcome of the process in which the resources are used, i.e. the technical or outcome quality of the process. However the customer also perceives how the process itself functions, i.e. the functional or process quality dimension. (Grönroos, 1982)

Jarmo Lehtinen views service quality in terms of physical quality, corporate (image) quality and interactive quality. Physical quality refers to the tangible aspects of the service. Corporate quality refers to how current and potential customers, as well as other publics, view (image) the service provider. Interactive quality concerns the interactive nature of the service and refers to a two-way flow that occurs between service provider and the customer, or her/his representative, including both animated and automated interactions. (Lehtinen & Lehtinen, 1982).

Grönroos (2001) has also presented, similar to what Lehtien and Lehtinen (1982) proposed on service quality, the importance of corporate image and the experience of service quality. Customers often have contact with the same service firm, which implies that they bring their earlier experiences and overall perceptions of a service form to each encounter. Hence, the image concept was introduced as yet another important attribute. Image has an impact on customer perceptions of the firm’s communication and operations in many aspects, which makes it favorable to have a well-known positive image. If for example a hotel’s image is negative, the impact of any mistake will often be magnified in the guest’s mind. On the other hand, a positive
image will probably make the guest neglect minor mistakes and oversee them. However if minor mistakes occur often, the image will be damaged. Grönroos (2001) express that image can be viewed as a filter in terms of a customer’s perception of quality.

Parasuraman et al (1985) derived ten dimensions that influence service quality from what they suggested that quality evaluations are not made exclusively on the outcome of service. Moreover they also involved evaluations of the service delivery process. The first dimension, when evaluation happens after service performance, focuses on “what” service is delivered and called outcome quality. The second dimension, process quality is when the evaluation occurs while the service is being performed. In 1988 they presented a definition of service quality which is “the degree of discrepancy between customers’ normative expectations for the service and their perceptions of the service performance” (Parasuraman et al, 1988).

Brandy and Cronin (2001) presented a three-factor model describing service quality, ambient conditions, facility design and social factors. They define that service environment are elements of the service delivery process and it seems best to include them as components of the functional dimension.

These are some of the dimensions that have been in focus, however there is no general agreement on the content or nature of quality. (Parasuraman et al, 1985; Grönroos, 2001).

3.4.3 Service quality in the hospitality industry

The general attributes are only an abstract overview and does not cover all industries completely. (Parasuraman et al, 1985) In the hospitality industry, there are other attributes that are of importance such as imprecise standards and fluctuating demands have been identified and further complicate the task of defining, delivering and measuring service quality. Many factors of service quality are not standardized where quality aspects such as “helpfulness”, “friendliness” and “politeness” are likely to be interpreted differently depending on each guest and therefore assessed subjectively. Another aspect to consider is the seasonal factor of the hospitality industry where it is commonly clustered around peak periods of the day or year, such as checkout time or holiday season. These peaks make it more difficult to measure for a consistent service quality. (Sasser, Olsen and Wyckoff, 1978)
3.5 Service quality model

An organization can gain competitive advantage by the use of technology for the purpose of enhancing the service quality by gathering information on marked demand. Conceptual models in service quality enable management to identify quality problems. By preventing the identified problems enables the possibility of improving the profitability, efficiency and overall performance. (Parasuraman et al, 1988)

3.5.1 The GAP model

Service quality is a function of the differences between expectation and performance along the quality dimension. Unlike goods quality, which can be easily measured objectively in terms of number of defects and durability, service quality is an elusive construct that may be difficult to measure. (Parasuraman et al, 1988). Parasuraman et al (1985) research revealed that service quality stems from a comparison of the customers expectations or desires from the service provider with their perceptions of the actual service performance. Ten dimensions (tangibles, reliability, responsiveness, communication, credibility, security, competence, courtesy, understanding/knowing the customer, and access)\(^1\) were extracted from their research in terms of customer perceived service quality. Based on their findings they developed a service quality model based on gap analysis which is illustrated in Figure 6 – GAP model illustration (Parasuraman et al, 1985)

GAP1: The Knowledge GAP is the difference between guest’s expectation and management’s perceptions of those expectations, i.e. not knowing what consumers expect.

GAP2: The Standards GAP is the difference between management’s perceptions of guest’s expectations and service quality specifications, i.e. improper service-quality standards.

GAP3: The Delivery GAP is the difference between service quality specifications and service actually delivered i.e. the service performance gap.

GAP4: The Communications GAP is the difference between service delivery and the communications to guests about service delivery i.e. whether promised match delivery?

\(^1\) Appendix A: Parasuraman et al’s ten dimensions in detail
GAP5: The Overall GAP is the difference between guest’s expectation and perceived service. This gap depends on size and directions of the four previous mentioned gaps associated with the delivery of service quality on the marketer’s side.

Parasuraman *et al* (1985) argue that perceived service quality is the degree and direction of discrepancy between consumers’ perceptions and expectations. According to Brown and Bond (1995), “the GAP model is one of the best received and most heuristically valuable contribution to the service literature”. The first four gaps (GAP1, GAP2, GAP3, GAP4) are identified as functions of the way in which service is delivered, whereas GAP5 pertains to the customer and as such is considered to be the true measure of service quality (Parasuraman *et al*, 1985). The latter, GAP5 is the GAP that SERQUAL instrument influence.
3.5.2 SERVQUAL

SERVQUAL is a multi-item scale developed to assess customer perceptions of service quality in service and retail businesses. Originally developed from the GAP model, SERVQUAL took shape and was developed during the 80s. The scale containing twenty-two items that was grouped into two statements, one to measure expectations concerning general factors about the company while the other measure perception about the particular firm whose service quality was being evaluated. Furthermore these items were grouped into following five distinct dimensions: (Zeithaml et al, 1988)

- **Tangibles:** Encompasses physical facilities, equipment, and appearance of personnel etcetera
- **Reliability:** Ability to perform the promised service dependably and accurately
- **Responsiveness:** Reflects the willingness to help customers and provide prompt service
- **Assurance:** Involves knowledge and courtesy of employees and their ability to inspire trust and confidence
- **Empathy:** Which is caring, individualized or customized attention the organization provides its customers

Assurance and empathy contain items representing seven original dimensions, (communication, credibility, security, competence, courtesy, understanding/knowing customers, and access) did not remain distinct throughout the several refinements over the years. This led to the extended service quality model illustrated in Figure 7 – Extended model of service quality (Zeithaml et al, 1988)
SERVQUAL stand for service quality as the discrepancy between a customer’s expectations for a service offering and the customer’s perceptions of the service received, requiring respondents to answer questions about both their expectations and their perceptions.³ (Parasuraman et al, 1988)

The purpose of SERVQUAL is to serve as a diagnostic methodology for uncovering wide areas of an organization’s service quality weaknesses and strengths. The SERVQUAL instrument produces a systematic, multi-stage, and interactive process that evolves from the identified dimensions and items within that correspond to the specific companies and industries. (Zeithaml et al, 1988). The SERVQUAL instrument is designed for use in any kind of service business and provides a basic skeleton though its expectations/perceptions format, encompassing statement for each of the five dimensions. (Parasuramant et al, 1988).

Uncountable different companies and industries have been adapting the SERVQUAL instrument to their organization throughout the years with success, although problems with the method have been identified. The difficulties associated with the SERVQUAL instrument, may be grouped into five main categories:

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² An in-debt view the different GAP’s is presented in 10.2. Appendix B: GAP explanation of the extended model of service quality
³ An overview of the identified items sorted into expectations and perceptions is presented in 10.3 Appendix C: SERVQUAL instrument.
1) GAP score problem and the use of them;
2) Reliability problems with the GAP scores;
3) Poor predictive and convergent validity;
4) Ambiguity of the expectations construct; and
5) Unstable dimensionality of the SERVQUAL instrument

These categories can be split up based on operational and theoretical grounds. (Buttle, 1996; Asubonteng. Kettinger & Lee (1995) and Van Dyke, Kappelman & Prybutok (1997) made extensive reviews of such difficulties and the references cited therein.

It is important to point out that SERVQUAL is only one of the instruments used in service quality analysis and there are different approaches, which might be stronger in closing the gaps. As mentioned, SERVQUAL has been criticized on both theoretical and operational grounds, although Ausbonteng et al (1996) concludes that: “Until a better but equally simple model emerges, SERVQUAL will predominate as a service quality measure”.

For this particular research, GAP 5 is studied. The methodology that is presented in the next coming chapter will present and further explain how this gap is studied in this research.
4 RESEARCH METHODOLOGY

The concept of research methodology is extensive. It can be classified as a tool for problem solving or a way to conduct and gather new knowledge. Everything that can contribute to this is research methodology. However, all methods are not as bearable or suitable for its purpose (Holme & Solvang, 1997). This chapter will begin to present the research strategy with its different approaches. Continuing with presenting the methods used for the empirical data analysis and to finish up with an overall presentation of the research model and methodological constraints.

4.1 Research strategy

According to Björklund and Paulsson (2003), academic work can be signified by the voyage between different abstraction levels, between the general, commonly known methods and theories. There are several strategies to approach research whereas Holme and Solvang (1997) present two approaches, inductive and deductive methods. Inductive approach is initialized by specific observations in a data material from which generalizations are made without conducting literature reviews. Thus, creating new theory from observation, pattern identification and hypothesis. A deductive approach is the opposite, initiating by reviewing and gather theory from where collection and conclusions are based upon. (Holme & Solvang, 1997)

![Diagram of research strategy approaches](Eriksson & Wiederheim-Paul, 1997)

These mentioned methods of reasoning are different, while an inductive reasoning, by its very nature, is more open-ended and exploratory; a deductive reasoning is narrower in nature and is concerned with testing or confirming hypotheses. (Holme & Solvang, 1997). Even though this study may look like a pure deductive approach, this
research involves both inductive and deductive reasoning processes at some time in the thesis. A detailed overview of the research model is illustrated in section 4.3 Research Model.

4.1.1 Qualitative and quantitative methods
There are two different ways to distinguish distinctive method while doing research; qualitative and quantitative methods. The main difference between the two methods concerns the use of numbers and statistics. Both methods have advantages and disadvantages where selection should be based on the purpose of the study. (Holme & Solvang, 1997). A quantitative method is formalized and structured by surround information that can be measured and valued numerically. A quantitative approach is usually applied when the purpose is to verify existing theories or test hypotheses developed based on previous research. Qualitative methods are on the other hand more deep to create understanding in a specific subject, occurrence or situation. The central is to get a deeper understanding of the studied problem, collecting, analyzing and interpreting data that cannot be expressed in numbers. (Björklund & Paulsson, 2003)

To understand the full potential of the different methods, it is necessary to understand their possibilities and constraints. One method is not better then the other, it depends on the situation, whether the qualitative or the quantitative method is more suitable. Qualitative measures are good at providing the possibility of exploring the phenomenon, going into greater depth in studying the research problem. However its main disadvantage includes the subjectivity and narrative nature of the argument, which feeds into the belief that validity and reliability are difficult to address. A quantitative method on the other hand has its main advantage for gaining an objective and precise assessment of the social phenomenon or human behavior. Whether such complex phenomenon as human behavior can correctly be measured using numbers is unclear. Both methods have week sides, which is why Holme and Solvang (1997) recommend combining the two methods.

Due to time constraints both types of research were not applied. To identify non-financial measurements would require a method that is designed to recognize human deceptions and to get a wide range of data, thus a quantitative research method was conducted.

4.1.2 Primary and secondary data sources
There are two different types of sources when collecting data; primary and secondary data sources (Arbnor & Bjerke, 1994) Primary sources are directly related to the study purpose. Primary data consists of all the data collected throughout the study that
directly can be related to the study purpose, both personally gathered as well as data from a third party that has been collected with equivalent purpose. Secondary data on the other hand, contains relevant data that has been collected with a different purpose, but from which conclusions is valuable for the purpose.

Throughout the study, the author used both primary and secondary data sources. The primary data, directly relating to the purpose, was collected through an empirical study. The empirical study was made through conducting a questionnaire regarding service quality. The secondary data, indirectly relating to the study purpose, was collected through a theoretical study. The theoretical study comprised of books and articles that not directly were related to the study purpose.

4.2 Empirical data
This section will describe the nature of the empirical data collection in term of main characteristics of the questionnaire and to whom it was focusing on. Furthermore there will be a presentation of how the data was later analyzed.

4.2.1 Model development
The original SERVQUAL model that Parasuraman et al (1991) refined was modified in this research to suit the hospitality setting. This resulted in changes in some of the original items (Appendix C: SERVQUAL instrument (Parasuraman et al, 1988)) Mai et al (1999) adjusted the SERVQUAL with the insertion of new and deletion of items that did not suit the purpose in the hotel business (HOLSERV). Further refinements were done to better suit the resort business (see Appendix D: Modifications of the SERVQUAL scale). Changes that was made from the original SERVQUAL instrument is for example, an original tangible item: “Customers should be able to feel safe in their transactions with these firms’ employees”, an item that can cause confusion with the word “transactions”. Thus the item was replaced by “Guests feel safe and secure in their stay”. In addition to the previous HOLSERV model, a new item, “Variety of surrounding activities meet guests’ needs” was included in the questionnaire, as tangibles are regarded as an important issue in a resort stay. In total, nine items has been either modified or added to the original SERVQUAL scale, and three items were deleted, leaving twenty-eight items in the final scale.

In addition to these twenty-eight items in the questionnaire, another question was presented in order to get the respondents opinion about the overall impression of Service Quality. This question was set apart and used another scale in order to differentiate itself from the rest of the questionnaire, which enables the opportunity to identify the best predictor of overall service quality.
In order to distinguish between the revised SERVQUAL (Parasuraman et al., 1991), HOLSERV (Mai et al., 1999) and the version customized for this study, the latter will now be referred to as RESQUAL.

### 4.2.2 Questionnaire development

The theoretical research has presented several different service quality definitions. However, to be able to continue with the empirical data research, only one definition can be applied. Thus Parasuraman et al.’s (1988) definition of service quality, which has been used in other hospitality industry studies before (Mei et al., 1999) was adopted, “the degree of discrepancy between customers’ normative expectations for the service and their perceptions of the service performance”. Accordingly the study pursues resort hotel guests’ perceptions of the quality they receive, compared to their expectations in a one-column format.

<table>
<thead>
<tr>
<th>Completely failed to meet expected service level</th>
<th>Far exceeded my expected service level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 When resort XYZ promises to provide a service they do so</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

Table 1 – An example of the one column format questionnaire

Table 1 illustrates an example of the questionnaire that was developed to gather necessary information in the empirical data collection. The items in the questionnaire were measured on a seven-point scale ranging from “completely failed to meet expected service level” to “far exceeded my expected service level”, consistent with the earlier studies (Mei et al., 1999).

### 4.2.2.1 Survey target

As suggested by Deming, consumers determine quality; consequently, service quality should be researched studying consumers’ preferences and needs. Thus, the unit of analysis of the present study is consumers’ needs in the hotel resort industry.

The population of the current survey is tourists with both national (Peruvians) and of international origin, i.e., consumers that experienced resort services in Peru. This population were targeted both on place at resorts as well as through e-mail. Eventually, consumers at three resorts throughout the country Peru were participating in the study. The respondents answered the survey anonymously.
4.2.2.2 Survey duration

The survey was sent out by e-mail and handed out directly to hotel research guests for approximately four weeks, from the end of May 2007 until the end of June 2007. Due to the fact that no incentive was offered to the respondents, their decision to participate in the survey was of pure interest.

4.2.3 Empirical data analysis

Following section will give a presentation of how the empirical data was analyzed throughout the research process. In detail, this section will first present how data was analyzed in concern of reliability followed by factor analysis, analysis of variance and finishing with regression analysis.

4.2.3.1 Reliability Data Analysis

The purpose of the reliability analysis is to determine whether data are trustworthy or not. Testing reliability is to measure consistency in the data that is defined as “an assessment of the degree of consistency between multiple measurements of a variable” (Hair, Andersson, Tatham, Black & William, 1998). A commonly accepted type of measuring reliability is internal consistency, which applies to the consistency between the variables in a summated scale. The concept for internal consistency is that the individual items or indicators of the scale should all be measuring the same construct and thus be highly correlated. Furthermore Hair et al (1998) suggest that a series of diagnostic measures are to be used to assess internal consistency:

1. Inter-item correlation (correlation should exceed 0.30), which measure correlation among items. Another method is the item-to-total correlation (correlation should exceed 0.40) that measures the correlation of the items to the summated scale score. Both these measures are relating to each separate item.
2. Reliability investigation through Cronbach’s Alpha as a method that is frequently used that assessing the consistency of the entire scale. Due to its heavily usage it is generally agreed that Cronbach’s Alpha should exceed 0.70 to have reliability.

4.2.3.2 Factor analysis

Factor analysis (FA) is the permutation of multivariate statistical methods primarily used to identify the underlying structure in data (i.e., determine the correlations among a large number of variables). Factor analysis refers to the cluster of interdependence techniques whereas it summarizes the information from a large number of variables into factors, depending on their relationships (Hair et al, 1998).
The purpose of factor analysis is to simplify the understanding of the data, which can be achieved from either an exploratory or confirmatory perspective (Hair et al., 1998). Confirmatory factor analysis and exploratory factor analysis (EFA) are two statistical approaches used to examine the internal reliability of a measure. The latter is generally used to discover the factor structure of a measure and to examine its internal reliability. EFA is often recommended when researchers have no hypothesis about the nature of the underlying factor structure of their measure. Whereas in the present study, an EFA was used since the aim was to “discover” the dimensions of quality in the hospitality industry.

### 4.2.3.3 Regression analysis

A regression analysis examines the relation of the dependent variable (response variables) to specified independent variables. The objective is to identify whether relationship between variables exists, which is usually based on a study of the correlation between the variables. (Hair et al, 1998)

Linear Regression estimates the coefficients of the linear equation, involving one or more independent variables that best predict the value of the dependent variable. For each value of the independent variables, the distribution of the dependent variable must be normal. The variance of the distribution of the dependent variable should be constant for all values of the independent variable. The relationship between the dependent variable and each independent variable should be linear, and all observation should be independent.

All variables must pass the tolerance criterion to be entered in the equation, regardless of the entry method specified. The default tolerance level is 0.0001. Also, a variable is not entered if it would cause the tolerance of another variable already in the model to drop below the tolerance criterion.

*Regression Coefficients.* Estimates displays Regression coefficient $B$, standard error of $B$, standardized coefficient beta, $t$ value for $B$, and two-tailed significance level of $t$. Confidence intervals displays 95% confidence intervals for each regression coefficient or a covariance matrix. Covariance matrix displays a variance-covariance matrix of regression coefficients with covariances off the diagonal and variances on the diagonal.

*Model fit.* The variables entered and removed from the model are listed, and the following goodness-of-fit statistics are displayed: multiple $R$, $R^2$ and adjusted $R^2$, standard error of the estimate, and an analysis-of-variance table.
**R squared change** is the change in the $R^2$ statistic that is produced by adding or deleting an independent variable. If the $R^2$ change associated with a variable is large, that means that the variable is a good predictor of the dependent variable.

**Descriptives.** Provides the number of valid cases, the mean, and the standard deviation for each variable in the analysis. A correlation matrix with a one-tailed significance level and the number of cases for each correlation are also displayed.

**Partial Correlation.** The correlation that remains between two variables after removing the correlation that is due to their mutual association with the other variables. The correlation between the dependent variable and an independent variable when the linear effects of the other independent variables in the model have been removed from both.

**Part Correlation.** The correlation between the dependent variable and an independent variable when the linear effects of the other independent variables in the model have been removed from the independent variable. It is related to the change in R squared when a variable is added to an equation. Sometimes called the semi partial correlation.
4.3 Research model

Figure 9 – Research model illustrates the model of research where the different stages of the research process are presented.

The first stage of research involved observation and several discussions with staff, guests and managers in the hospitality industry. The purpose on these discussions was to get an understanding on what area to focus. The literature review was made to present relevant theory from out a questionnaire was extracted.

The second stage, the questionnaire stage with guests’ perception of quality within the hospitality industry. These questionnaires were gathered later to justify the next stage, the analysis stage. The analysis stage is represented in the model, by the different methods used to verify reliability and validity of the research. For a more detailed view for greater understanding of the analysis stage is presented in chapter 4.3.1 Analysis stage.

Finally in the concluding fourth stage, all gathered information in the different stages was compared and analyzed to answer the research purpose.
4.3.1 Analysis stage

The analysis stage consists of several steps of analyzing. This chapter will present the four steps involved in analyzing the data collected from the questionnaire. Statistical terms with explanations used for this analysis can be viewed in 10.7 APPENDIX G: Statistical Glossary.

The first step of the analysis presents item statistics by mean and standard deviation of the twenty-eight items.

The purpose of the second step in the analysis was to confirm the reliability of the RESQUAL scale by Cronbach’s alpha analysis, inter-item correlation and item-to-total correlation, with earlier mentioned cut-off values.

The third step was to identify relevant dimensions in the RESQUAL scale, which was done by a factor analysis. Each item belong to the factor that has the highest factor value where 1 is the highest and -1 as the lowest. The cut-off for the scale is +/- 0.5 where a value that does not exceed 0.5 is neglected.

The fourth step consists of identifying the best predictors of overall service quality. This step was done through linear regression. The analysis will begin analyzing the ANOVA table, which determines the acceptability and ability to explain variations in the dependent variable. It will continue analyzing the strength of the relationship between the model and the dependent variable through the multiple correlation coefficient and the coefficient of determination. The fourth step will also examine a histogram and P-P plot to determine the residuals control the assumption of normality of the error term through studying the shapes of the curves. The analysis will finish up with analyzing each factors standardized coefficients and significance in order to determine the predictor order of service quality in the Peruvian hospitality industry.

4.4 Methodological constraints

There are many different techniques and methods to approach a problem where the choice of a method usually means accepting its limitations (Holme & Solvang, 1997). Thus the overall study design and methods related to this choice resulted in several methodological constraints.

The quantitative approach for addressing the research problem implies limitations to the personal contact whereas limiting the researcher to investigate the problem in-depth. In addition, an argument exists as to whether quantitative measures are able to adequately reflect the complex phenomena of human behavior or social life. (Hair et al, 1998). Although they do present in the form of easily comparable numbers or counts that simplify our understanding by objectively expressing of the social phenomena.

As mentioned earlier in this methodological chapter, this study was conducted in Peru, South America, where the knowledge of foreign languages is very narrow. The
official language in Peru is Spanish and the author’s knowledge of Spanish limited, raised limitations. The chosen quantitative approach addresses the population by writing thus, giving the “benefit” not to interact directly with the respondents. The questionnaire was presented in multiple languages, English and Spanish in order to solve language differences. To avoid losing information in translation, numerous native Peruvians were used who were all well educated and who can write and speak English fluently.

The sample representing only the respondents of the population that have or are visiting a resort is another limitation of the present study. Thus, it can be argued whether the result of such study sample can be generalized to other populations. The approach that respondents were targeted raises a question of whether the sample and targeted population would differ if other resorts and medias were used. Thereby the choice of different medias to target the respondents for the study that could bring different groups of respondents and thus, affecting the final results. Another limitation to consider is the sample size of the study. The sample of 64 responses is rather small, although it satisfies the quality requirements of the statistical method used. In factor analysis, the number of observations should be at least twice as many as the number of tested variables.
5 Empirical data

The focus of this chapter is to present the empirical data gathered during the handout and e-mail survey that was provided throughout Peru. First, the data of the survey are presented. The duration and context is discussed, followed by the respondents’ demographic properties, item statistics, and to finish up with the item statistics of overall service quality.

5.1 Duration and Context

The survey duration was approximately four weeks from the end of May until end of June. In total, the number of usable respondents was 84, distributed both directly on sight at resorts but also by e-mail.

The e-mail handout was sent out to a known selection that was told to spread it further to relatives and friends. The respondents answered the survey questions in the context of Service Quality. They were asked to give the most appropriate answer from their experience.

5.2 Respondents Demographics

The majority of the respondents were in the age group of 36-50 years old followed by the age groups 51-65 year olds and those between 20-35 years old respectively. The nationalities were over-represented by the Peruvians 81% followed by British (9,5%), Paraguayans (6%), Argentineans (2,5%) and Americans (1%). This is due to the fact that the survey was conducted in Peru and the e-mail survey was only handed out to Peruvians. The purpose of the stay varied, but the main group was “business” followed by “vacation”. The demographic data of the respondents is presented in Table 2 and continues in Table 3.

<table>
<thead>
<tr>
<th>AGE</th>
<th>Respondents count</th>
<th>Percentage of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20</td>
<td>2</td>
<td>3,13%</td>
</tr>
<tr>
<td>20-35</td>
<td>21</td>
<td>32,81%</td>
</tr>
<tr>
<td>36-50</td>
<td>36</td>
<td>56,25%</td>
</tr>
<tr>
<td>51-65</td>
<td>21</td>
<td>32,81%</td>
</tr>
<tr>
<td>&gt;66</td>
<td>4</td>
<td>6,25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GENDER</th>
<th>Respondents count</th>
<th>Percentage of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>53</td>
<td>63,10%</td>
</tr>
<tr>
<td>Female</td>
<td>31</td>
<td>36,90%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PURPOSE OF TRIP</th>
<th>Respondents count</th>
<th>Percentage of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacation</td>
<td>38</td>
<td>45,24%</td>
</tr>
<tr>
<td>Business</td>
<td>41</td>
<td>48,81%</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>5,95%</td>
</tr>
</tbody>
</table>

Table 2 – Demographic data
5.3 Respondents responses of the proposed items

The average expectations (on the scale from 1 to 7) of the proposed twenty-eight Service Quality issues as rated by the respondents. Table 4 presents the item statistics, which is sorted by occurrence in the questionnaire.

<table>
<thead>
<tr>
<th>Question number</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>5.76</td>
<td>1.128</td>
</tr>
<tr>
<td>Q2</td>
<td>5.93</td>
<td>1.052</td>
</tr>
<tr>
<td>Q3</td>
<td>5.60</td>
<td>1.041</td>
</tr>
<tr>
<td>Q4</td>
<td>6.13</td>
<td>0.798</td>
</tr>
<tr>
<td>Q5</td>
<td>5.68</td>
<td>1.099</td>
</tr>
<tr>
<td>Q6</td>
<td>5.94</td>
<td>0.759</td>
</tr>
<tr>
<td>Q7</td>
<td>6.40</td>
<td>0.783</td>
</tr>
<tr>
<td>Q8</td>
<td>6.11</td>
<td>0.903</td>
</tr>
<tr>
<td>Q9</td>
<td>6.28</td>
<td>0.790</td>
</tr>
<tr>
<td>Q10</td>
<td>6.15</td>
<td>0.848</td>
</tr>
<tr>
<td>Q11</td>
<td>6.39</td>
<td>0.716</td>
</tr>
<tr>
<td>Q12</td>
<td>6.30</td>
<td>0.679</td>
</tr>
<tr>
<td>Q13</td>
<td>5.85</td>
<td>0.931</td>
</tr>
<tr>
<td>Q14</td>
<td>5.98</td>
<td>0.801</td>
</tr>
<tr>
<td>Q15</td>
<td>5.91</td>
<td>0.849</td>
</tr>
<tr>
<td>Q16</td>
<td>6.05</td>
<td>0.768</td>
</tr>
<tr>
<td>Q17</td>
<td>6.01</td>
<td>0.762</td>
</tr>
<tr>
<td>Q18</td>
<td>5.74</td>
<td>0.991</td>
</tr>
<tr>
<td>Q19</td>
<td>5.45</td>
<td>1.102</td>
</tr>
<tr>
<td>Q20</td>
<td>5.65</td>
<td>1.115</td>
</tr>
<tr>
<td>Q21</td>
<td>6.00</td>
<td>0.801</td>
</tr>
<tr>
<td>Q22</td>
<td>5.50</td>
<td>1.021</td>
</tr>
<tr>
<td>Q23</td>
<td>5.49</td>
<td>0.920</td>
</tr>
<tr>
<td>Q24</td>
<td>5.78</td>
<td>0.786</td>
</tr>
<tr>
<td>Q25</td>
<td>5.77</td>
<td>0.790</td>
</tr>
<tr>
<td>Q26</td>
<td>5.72</td>
<td>1.451</td>
</tr>
<tr>
<td>Q27</td>
<td>5.74</td>
<td>1.120</td>
</tr>
<tr>
<td>Q28</td>
<td>5.79</td>
<td>0.991</td>
</tr>
</tbody>
</table>
5.4 Respondents response of overall Service Quality

The questionnaire ended up with a ten scale question about their view of the overall service quality they have experienced throughout their stay. This question was sorted out from all the other questions since it was not part of the RESQUAL scale.

<table>
<thead>
<tr>
<th>Item Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Question number</td>
</tr>
<tr>
<td>Q29</td>
</tr>
</tbody>
</table>

Table 5 – Overall Service Quality statistics
6 ANALYSIS

The following chapter presents the analysis of the data collected by the questionnaire made for this study. The survey data was analyzed according to the steps outlined in the methodology. First, the results of the reliability analysis are discussed, followed by the discussion of the exploratory factor analysis results and the linear regression analysis.

6.1 Reliability Analysis of the RESQUAL scale

As aforesaid, the main purpose for the reliability analysis of the data is to determine the trustworthiness of the data. The reliability analysis is measured by the consistency of the survey data where the indicators are the inter-item correlation and reliability coefficient Cronbach’s Alpha.

Table 6 presents the mean and standard deviation for the twenty-eight items of the seven-point scale. The last item concerning the overall service quality consisted of a ten-point scale, which statistics is presented in Table 7. The item statistics of these two tables describe the perceptions of the respondents regarding each quality of service.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Item</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Always willing to help</td>
<td>6.40</td>
<td>0.783</td>
</tr>
<tr>
<td>2</td>
<td>Guests feel safe and secure in their stay</td>
<td>6.39</td>
<td>0.716</td>
</tr>
<tr>
<td>3</td>
<td>Polite and courteous employees</td>
<td>6.30</td>
<td>0.679</td>
</tr>
<tr>
<td>4</td>
<td>Instills confidence in guests</td>
<td>6.28</td>
<td>0.790</td>
</tr>
<tr>
<td>5</td>
<td>Guests feel safe in the delivery of services</td>
<td>6.15</td>
<td>0.848</td>
</tr>
<tr>
<td>6</td>
<td>Provides services at the time it promises to do so</td>
<td>6.13</td>
<td>0.798</td>
</tr>
<tr>
<td>7</td>
<td>Never too busy to respond to guests’ requests</td>
<td>6.11</td>
<td>0.903</td>
</tr>
<tr>
<td>8</td>
<td>Deals with guests in a caring fashion</td>
<td>6.05</td>
<td>0.768</td>
</tr>
<tr>
<td>9</td>
<td>Have guests’ best interest at heart</td>
<td>6.01</td>
<td>0.762</td>
</tr>
<tr>
<td>10</td>
<td>Neat and professional employees</td>
<td>6.00</td>
<td>0.801</td>
</tr>
<tr>
<td>11</td>
<td>Have the skill to perform the service</td>
<td>5.98</td>
<td>0.801</td>
</tr>
<tr>
<td>12</td>
<td>Gives prompt service</td>
<td>5.94</td>
<td>0.759</td>
</tr>
<tr>
<td>13</td>
<td>Shows dependability in handling service problems</td>
<td>5.93</td>
<td>1.052</td>
</tr>
<tr>
<td>14</td>
<td>Gives individual attention</td>
<td>5.91</td>
<td>0.849</td>
</tr>
<tr>
<td>15</td>
<td>Have the knowledge to answer questions</td>
<td>5.85</td>
<td>0.931</td>
</tr>
<tr>
<td>16</td>
<td>Services are operated at a convenient time</td>
<td>5.79</td>
<td>0.991</td>
</tr>
<tr>
<td>17</td>
<td>Equipment and facilities are easy to use</td>
<td>5.78</td>
<td>0.786</td>
</tr>
<tr>
<td>18</td>
<td>Equipment and facilities are generally clean</td>
<td>5.77</td>
<td>0.790</td>
</tr>
<tr>
<td>19</td>
<td>Promises to provide a service and does so</td>
<td>5.76</td>
<td>1.128</td>
</tr>
<tr>
<td>20</td>
<td>Understands guests’ specific needs</td>
<td>5.74</td>
<td>0.991</td>
</tr>
<tr>
<td>21</td>
<td>Variety of surrounding activities meet guests’ needs</td>
<td>5.74</td>
<td>1.120</td>
</tr>
<tr>
<td>22</td>
<td>Variety of food and beverages meet guests’ needs</td>
<td>5.72</td>
<td>1.451</td>
</tr>
<tr>
<td>23</td>
<td>Tells guests exactly when the services will be performed</td>
<td>5.68</td>
<td>1.099</td>
</tr>
<tr>
<td>24</td>
<td>Facilities are visually appealing</td>
<td>5.65</td>
<td>1.115</td>
</tr>
<tr>
<td>25</td>
<td>Performs the service right the first time</td>
<td>5.60</td>
<td>1.041</td>
</tr>
<tr>
<td>26</td>
<td>Materials are visually appealing</td>
<td>5.50</td>
<td>1.021</td>
</tr>
<tr>
<td>27</td>
<td>Fixture and fittings are comfortable</td>
<td>5.49</td>
<td>0.920</td>
</tr>
<tr>
<td>28</td>
<td>Equipment, fixtures and fittings are modern looking</td>
<td>5.45</td>
<td>1.102</td>
</tr>
</tbody>
</table>

Table 6 – Item statistics (sorted by mean)
The reliability coefficient Cronbach’s Alpha for the scale is 0.943, which is well over the acceptable limit 0.70. Table 8 illustrates what would happen to the Alpha-value if an item were to be deleted.

As can be seen in the reliability statistics table, all items seem to be contributing reasonably well to the scale’s reliability and a deletion of any item does not reflect much on the Cronbach’s alpha value (reliability).
Another method to decide the reliability of the RESQUAL scale is to analyze the inter-item correlations. Hair et al (1998) suggest that the Inter-item correlation should exceed 0.30 for the data to be reliable. Table 9 – Summary Item Statistics presents current study statistics where the Inter-item correlation is 0.395.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Number of items</th>
<th>Reliability (alpha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>4</td>
<td>0.784</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>4</td>
<td>0.750</td>
</tr>
<tr>
<td>Assurance</td>
<td>6</td>
<td>0.828</td>
</tr>
<tr>
<td>Empathy</td>
<td>4</td>
<td>0.866</td>
</tr>
<tr>
<td>Tangibles</td>
<td>10</td>
<td>0.892</td>
</tr>
<tr>
<td>Combined scale</td>
<td>28</td>
<td>0.943</td>
</tr>
</tbody>
</table>

Table 10 – Reliability statistics of the RESQUAL scale

Items are grouped into the item-dimension correlations for each of the five original dimensions shown in Table 10. These alpha values for the overall instrument is high, while the reliability coefficients for the five original dimensions exceed the 0.70 cut-off recommended by Hair et al (1998).

6.2 Dimensions of Service Quality in the Hospitality Industry

The next stage of the data analysis was to explore the dimensions of quality in the hospitality industry. Thus doing a factor analysis and the results subjected to Varimax rotation with Kaiser Normalization, to retain factors with Eigenvalues greater then one. The general pattern of loadings is shown in Table 11, which suggests that six factors emerge as dimensions of service quality for this study, in the hospitality industry.
The dispersion of the six dimensions accounts for 72.06% with Factor 1 accounting for exclusion of two items (Q6 and Q25).

Table 11 – Rotated component matrix

The highlights illustrate each item's relation to the six dimensions where the approach was to include loads that exceeded 0.5 onto a factor (Hair et al., 1998), which meant exclusion of two items (Q6 and Q25).

Table 12 – Dimensions of service quality in the hospitality industry

The dispersion of the six dimensions accounts for 72.06% with Factor 1 accounting for...
for largest contribution of 42.21% of the total variance. A summary of the essential content of the dimensions of service quality in the hospitality industry is illustrated in dimensions of service quality in the hospitality industry table, where the emerged factors also been named.

6.2.1 Perception of the New Factors

The new variables extracted from the factor analysis consisting of the six dimensions and its related items create new loads. Adding the means of each item in the respectively and dividing this by the number of items results in the new factor values.

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>6.159</td>
<td>0.804</td>
</tr>
<tr>
<td>Tangibles</td>
<td>5.667</td>
<td>1.148</td>
</tr>
<tr>
<td>Employees</td>
<td>6.024</td>
<td>0.868</td>
</tr>
<tr>
<td>Exterior</td>
<td>5.710</td>
<td>0.942</td>
</tr>
<tr>
<td>Assurance</td>
<td>5.923</td>
<td>0.783</td>
</tr>
<tr>
<td>Delivery of Service</td>
<td>6.073</td>
<td>0.825</td>
</tr>
</tbody>
</table>

Table 13 – Dimension statistics

The Dimension statistics show the importance of the dimensions as perceived by the respondents where the maximum scale score is seven on the scale. Reliability such as understandable, knowledgeable and dependable seems to be very important but also getting the right service. This gives an indication based on the factor analysis that these elements appear to be particularly important contributors to service quality evaluation in the hospitality industry. However, to further explore this assumption, regression analysis was used to investigate the best predictor.

6.3 Predictors of overall service quality

The regression used service quality dimensions as independent variables against a separate measure of overall service quality. The items were summed up to reproduce the six original dimensions was analyzed separately against the overall service quality.

Table 14 - Variables Entered/Removed (b), presents the entered/removed variables used in the regression. All the dimensions requested for the analysis has been approved and thus entered the regression analysis.
The ANOVA table tests the acceptability of the model from a statistical perspective. The regression row displays information about the variation accounted for by the model. The residual row displays information about the variation that is not accounted for by the model. The regression and residual sums of squares are approximately 40/60, which indicates that about 40% of the dimension variation is explained by the model. The significance value of the F statistic is less than 0.05, which means that the variation explained by the model is not due to chance. While the ANOVA table is a useful test of the model’s ability to explain any variation in the dependent variable, it does not directly address the strength of that relationship.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>63,825</td>
<td>6</td>
<td>10,638</td>
<td>8,697</td>
<td>.000(a)</td>
</tr>
<tr>
<td>Residual</td>
<td>91,736</td>
<td>75</td>
<td>1,223</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>155,561</td>
<td>81</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Delivery of Service, Assurance, Exterior, Employees, Tangibles, Reliability
b. Dependent Variable: Overall service quality

Table 15 – ANOVA (b)

The model summary table (following page) reports the strength of the relationship between the model and the dependent variable, overall service quality. R, the multiple correlation coefficient, is the linear correlation between the observed and model-predicted values of the dependent variable. Its large value indicates a strong relationship. R Square, the coefficient of determination, is the squared value of the multiple correlation coefficient. It shows that about two fifths of the variation is explained by the model.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.641(a)</td>
<td>0.410</td>
<td>0.363</td>
<td>1.106</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Delivery of Service, Assurance, Exterior, Employees, Tangibles, Reliability
b. Dependent Variable: Overall service quality

Table 16 – Model summary (b)
As a further measure of the strength of the model fit, the standard error of the estimate in the model summary table compared to the standard deviation reported in the descriptive dimension statistics, Table 13 – Dimension statistics on page 38. The error of the estimate is in the same range, about 1.11 compared with the standard deviation, which vary from 0.804 – 1.148 depending on dimension.

A residual is the difference between the observed and model-predicted values of the dependent variable. The residual for a given dimension is the observed value of the error term for that dimension. A histogram or P-P plot for the residuals control the assumption of normality of the error term. The shape of the histogram does approximately follow the shape of the normal curve and is acceptably close to the normal curve.

The P-P plotted residuals should follow the 45-degree line illustrated on following page. Neither the histogram nor the P-P plot indicates that the normality assumption is violated.
Even though the model fit looks positive, the coefficient table shows that there are too many predictors in the model. There are two non-significant coefficients, (Delivery of service and employees) since these significances exceed 0.05 indicating that these variables do not contribute much to the model.

The relative importance of the significant predictors is determined by looking at the standardized coefficients. Reliability has the highest standardized coefficient and the lowest significance, which means that Reliability is the best predictor. Analyzing the whole table results, the order of significance for predictors of overall service quality is reliability, exterior, tangibles, assurance, employees and delivery of service.
## Overall Service Quality Predictor Order

<table>
<thead>
<tr>
<th>Rank</th>
<th>Dimension</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reliability</td>
<td>The employees are understandable, knowledgeable and dependable and the service is delivered as promised and right the first time</td>
</tr>
<tr>
<td>2</td>
<td>Exterior</td>
<td>Variety of surrounding activities, food and beverages, the employees care, gives their whole attention and skilled.</td>
</tr>
<tr>
<td>3</td>
<td>Tangibles</td>
<td>Fixtures and fittings are comfortable, Equipment, fixtures and fittings are modern looking, comrotable and easy to use, Materials are visually appealing and services are operated at convenient times</td>
</tr>
<tr>
<td>4</td>
<td>Assurance</td>
<td>The employees are confident and have the best interest at heart. It is safe and secure.</td>
</tr>
<tr>
<td>5</td>
<td>Employees</td>
<td>The employees are never to busy, helpful, professional and courteous. The service is provided at the time promised</td>
</tr>
<tr>
<td>6</td>
<td>Delivery of service</td>
<td>Exact and safe delivery of service</td>
</tr>
</tbody>
</table>

Table 18 – Predictors of Overall Service Quality
7 CONCLUSIONS

This chapter will present the author’s conclusions from the research and the research questions will be answered. The chapter ends with recommendations for future research.

7.1 What is Service Quality?

The first research question was answered through the conducted literature review. There are numerous of different definitions of Service Quality depending on the nature of the organization and related industries. Another important issue of Service Quality is that it is not to be compared with quality of goods. (Parasuraman et al, 1985). Many different dimensions have been identified throughout the years of research, however, no general agreement on the content or nature of quality has been set. (Parasuraman, et al, 1985; Grönroos, 2001)

After reviewing several definitions, Parasuraman et al’s (1988) definition of service quality, “the degree of discrepancy between customers’ normative expectations for the service and their perceptions of the service performance” was used for this particular study. This definition is only a statement of the essential properties of Service Quality and therefore a more detailed analysis is essential to solve the study purpose.

7.2 Identified dimensions

The reliability of the RESQUAL scale was determined by studying the alpha values both of the separate dimensions but also the overall scale. The high alpha values indicate good internal consistency among the items, and the item-total correlation also exceed 0.4 which Hair et al (1998), and the high alpha value for the overall scale indicates that the convergent validity of RESQUAL is met (Parasuraman et al, 1988). The item-total correlation does also to seem exceed the limit, however, the Cronbach’s Alpha values seem to be more stable. The total alpha value of the model exceeds 0.7, which is the cut-off and therefore is the reliability of the scale accepted.

Furthermore, to investigate the dimensions of service quality in the hospitality industry, a factor analysis was performed using the varimax rotation. The factor analysis identified six dimensions out from the twenty-eight items used for the study wherefrom two items (Provides service the time it promises to do so and performs the service right the first time) was neglected due to low reliability. The dimensions and belonging items are illustrated in

Figure 10 – Dimension properties.
The best predictor of overall service quality

The findings of the regression analysis reveal that the guests’ perceived service quality provided by resorts of Peru and where the overall evaluation of service quality was determined largely by four factors; namely, “reliability” like understandable, knowledgeable, dependable, accurate and right service; “exterior” factors like variety of activities, food and beverages and caring skilled employees; “tangibles” like modern looking, visually appealing, easy to use and comfortable equipment, fixtures.
and fittings and proper time service. The remaining two identified dimensions are also relevant but less significant (Employees and delivery of service). The four significant dimensions have significance levels that do not exceed 0.05. The identified predictors table shows the ranking, beta and significance levels for each dimension.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Dimension</th>
<th>Beta</th>
<th>t</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Reliability</td>
<td>0.395</td>
<td>4.456</td>
<td>0.000</td>
</tr>
<tr>
<td>2</td>
<td>Exterior</td>
<td>0.328</td>
<td>3.698</td>
<td>0.000</td>
</tr>
<tr>
<td>3</td>
<td>Tangibles</td>
<td>0.272</td>
<td>3.073</td>
<td>0.003</td>
</tr>
<tr>
<td>4</td>
<td>Assurance</td>
<td>0.243</td>
<td>2.739</td>
<td>0.008</td>
</tr>
<tr>
<td>5</td>
<td>Employees</td>
<td>0.116</td>
<td>1.303</td>
<td>0.196</td>
</tr>
<tr>
<td>6</td>
<td>Delivery of service</td>
<td>-0.007</td>
<td>-0.080</td>
<td>0.936</td>
</tr>
</tbody>
</table>

Table 19 – Identified predictors of service quality

The final conclusion is that the Reliability dimension describes service quality best of the identified dimensions followed by exterior, tangibles and assurance.

7.4 Recommendations for future research

There are many different opportunities to extend this study. For example, further studies on service quality measurements can focus on issues on how different socio-demographic variables impact on service quality dimension (e.g. cultural, religion). Another opportunity may also look out whether the perceived quality levels differ by countries in the South American region.

A further avenue to extend this research is to study different higher or lower rated resorts to enhance the understanding of guests’ perceptions of expectation domestically or internationally.
8 DISCUSSION

For the resorts that are consistent with the sample of this study, following recommendations are proposed. The implications of the result of this study suggests that managers of the resorts should concentrate their efforts on improving reliability which consists more of attitude aspects of service quality rather than technical aspects. Thus allocate resources to the training of employees, so that employees will feel professional and confident taking care of the guests. In addition, in order to help and be polite, employees should be empowered to operate outside standard procedures of the resort. Finally, another important aspect is the safety of the guests, which is especially important in an insecure country like Peru. The main guests consist of business men/women of higher social class that expects their safety.

The appearance dimension is also highly significant predictor of overall service quality, which implies that managers of resorts should focus on comfortable and modern looking equipment that are up-to-date, which should reflect the image and price range of the property. The findings also suggest that it is only by focusing on these factors, that resorts can achieve high levels of satisfaction and service quality. In the light of these findings, managers should aim equally at reaching the “good enough” level of quality for the non-significant aspects and concentrate attention and resources on those areas that have the highest importance for overall satisfaction and service quality ratings in resorts of Peru.

The use of the RESQUAL scale is recommended where its one-column customized format of SERVQUAL proved to be reliable and robust instrument specifically for the hospitality industry. However during the data collection, it occurred occasionally that especially the Peruvian people neglected to answer the questionnaire due to its length and complexity. The RESQUAL scale is shorter, user-friendlier than SERVQUAL but further adjustments should be in order if management of resorts wants to improve its response rate.

The RESQUAL scale should only be applied as appropriate. This study used generalized questions meaning that it should be adjusted if it should be applied in an organization. That is, managers should bare in mind the type of resort and the range of facilities available and from that origin, construct a suitable model. Hence, managers of other types of resorts might consider modification or deletion of items in order to customize the questionnaire for their needs of evaluation.
9 LIST OF REFERENCE

Accenture, 2007, Executive Summary, Travel & Tourism Navigating the Oath Ahead, www.wttc.org


Mei, A.W.O, Dean, A.M, White, C.J. (1999), Analysing service quality in the hospitality industry, Managing Service Quality, Vol. 9, No. 2, pp. 136–143


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10 APPENDIX

In contrast to the presented theory is the appendix only an addition source which brings the reader extra information that is not necessary to understand the context. This chapter is sorted in chronological order as they appear in the document.

10.1 Appendix A: Parasuraman et al’s (1985) ten dimensions

This appendix provides additional information about Parasuraman et al (1985) identified dimensions. Parasuraman et al (1985) derived out from focus group interviews, ten dimensions of service quality. Virtually all comments customers made during these interviews fall into these ten categories. Although these key dimensions may not all be applicable in all customer service industries, they imply that they represent the majority. The consumer’s view of service quality is shown below:

• **Reliability** involves consistency of performance and dependability. It means that the firm performs the service right the first time. It also means that the firm honors its promises. Specifically, it involves:
  - Accuracy in billing;
  - keeping records correctly; and
  - performing the service at the designated time.

• **Responsiveness** is about the willingness or readiness of employees to provide service. It involves timeliness of service:
  - Mailing a transaction slip immediately;
  - calling the customer back quickly; and
  - giving prompt service (e.g., setting up appointments quickly)

• **Competence** concern possession of the required skills and knowledge to perform the service. It involves:
  - Knowledge and skills of the contact personnel;
  - knowledge and skill of operational support personnel; and
  - research capability of the organization, (e.g., securities brokerage firms.)

• **Access** means approachability and ease of contact. It means:
  - The service is easily accessible by telephone (lines are not busy and they don’t put you on hold);
  - waiting time to receive service (e.g., at a bank) is not extensive;
  - convenient hours of operation; and
  - convenient location of service facility.
• **Courtesy** concern politeness, friendliness, respect, consideration of personnel (including receptionist, telephone operator, et cetera.). It involves:
  - Clean and neat appearance of public contact personnel;
  - consideration for the customer’s property (e.g., no muddy shoes on the carpet).

• **Communication** involves keeping customers informed in language they can understand and listening to them. It means that the company has to adjust its language for different consumers. – Increasing the level of sophistication with a well-educated customer and speaking simply and plainly with a novice. It involves:
  - explaining how much the service will cost; and
  - explaining the service itself.

• **Credibility** is about trustworthiness, honestly and believability. It involves having the customers best interests at heart. Contributing to credibility are:
  - Company name;
  - company reputation;
  - personal characteristics of the contact personnel; and
  - the degree of hard sell involved in interactions with the customers.

• **Security** is the freedom from danger, doubt or risk both financially and physically. It involves:
  - Physical safety (will I get mugged at when I am sleeping in my hotel room);
  - financial security (does the company know where my stock certificates is?); and
  - confidentiality (are my dealings with the company private?).

• **Understanding/knowing the customer** involves making the effort to understand the customer’s needs. It involves:
  - Learning the customer’s specific requirements;
  - providing individualized attention; and
  - recognizing the regular customer.

• **Tangibles** concern the physical evidence of the service and includes:
  - Physical facilities;
  - appearance of personnel;
  - tools or equipment used to provide the service;
  - physical representations of the service, such as a plastic credit card or bank statement; and

These ten dimensions were the foundation for development of the SERVQUAL instrument. (Parasuraman *et al* 1988)
10.2 Appendix B: GAP explanation of the extended model of service quality (Zeithaml et al, 1988)

GAP 1: Difference between consumer expectations and management perceptions of consumer expectations

The size of GAP1 is dependent to be a function of marketing research orientation, upward communication, and levels of management.

- Marketing research orientation:
  - Amount of marketing research
  - Usage of marketing research
  - Degree to which marketing research focuses on service quality issues
  - Extent of direct interaction between managers and customers

- Upward communication:
  - Extent of employee-to-manager communication
  - Extent to which inputs from contact personnel are sought
  - Quality of contact between top managers and contact personnel

- Levels of management:
  - Number of layers between; customer contact; personal and top managers.

GAP 2: Management perception – Service quality specification GAP

Regularly, managers in service firms experience difficulty in attempting to match or exceed customer expectations. The size of GAP2 in any service firm is proposed to be a function of management commitment to service quality, goal setting, task standardization and perception of feasibility as shown below:

- Management commitment to service quality:
  - Resource commitment to quality
  - Existence of internal quality programs
  - Management perceptions of recognition for quality commitment

- Goal-setting:
  - Existence of a formal process for setting quality of service goals
| **Task standardization** | - Use of hard technology to standardize operations  
- Use of soft technology to standardize operations |
| **Perception of feasibility** | - Capabilities/systems for meeting specifications  
- Extent to which managers believe consumer expectations can be met |

**GAP 3: Service quality specification – Service delivery GAP**

This gap concerns the specifications for the service and the actual delivery of the service so called the service performance gap. It can also be explained on the extent to which service providers do not perform at the level expected by managers. GAP 3 occurs when an employee(s) are unable and/or unwilling to carry out the service he/she is meant to perform. The size of GAP 3 is dependent on *teamwork*, *employee-job fit*, *technology-job fit*, *perceived control*, *supervisory control systems*, *role conflict*, and *role ambiguity*. These factors are explained further below:

| **Teamwork** | - Extent to which employees view other employees as customers  
- Extent to which contact personnel feel upper level managers genuinely care of them |
| **Employee-job fit** | - Ability of employees to perform job  
- Importance and effectiveness of selection processes |
| **Technology-job fit** | - Appropriateness of tools and technology for performing job |
**Perceived control**
- Extent to which employees perceive they are in control of their jobs
- Extent to which customer-contact personnel feel they flexibility in dealing with customers
- Predictability of demand

**Supervisory control systems**
- Extent to which employees are evaluated on what they do (behaviors) rather than solely on output quantity

**Role conflict**
- Perceived conflict between expectations of customers and expectations of organization
  * Amount of paperwork needed to complete service transactions
  * Number of internal contacts that customer-contact people must make to complete service transaction or answer customer queries
- Extence of management policy that conflicts with specifications

**Role ambiguity**
Perceived clarity of goals and expectations
  * Frequency and quality of downward communication
  * Extent of constructive feedback given to contact personnel
Perceived level of competence and confidence
  * Product knowledge of contact personnel
  * Product-specific training provided to contact personnel
  * Training in communication skills provided to contact personnel
GAP 4: Difference between service delivery and external communications

Communications in different way by a firm can affect consumer expectations such as media advertising or other events. The difference between external communications and service delivery can occur when the promises and/or the absence of information about service delivery aspects intended to serve consumers in a good way. The size of GAP 4 is affected by two factors, *horizontal communication* and *propensity to overpromise* within an organization.

*Horizontal communication*
- Extent of input by operations people in advertising planning and execution
- Extent to which contact personnel are aware of external communications to customers before they occur
- Communication between sales and operations people
- Similarity of procedures across departments and branches

*Propensity to overpromise*
- Extent to which firm feels pressure to generate new business
- Extent to which firm perceives that competitors overpromise

As shown in Figure 6 – GAP model illustration (Parasuraman *et al*, 1985), service quality as perceived by consumers depends on the size and direction of an additional gap (GAP 5 in Figure 6 – GAP model illustration (Parasuraman *et al*, 1985)), which in turn relies on the character of gaps associated with the delivery of service quality on the marketer’s side.
10.3 Appendix C: SERVQUAL instrument (Parasuraman et al, 1988)

These following statements relates to expectations that the firm is offering. These statements are answered of which extent the person filling the form agrees to the statement. Seven on the scale is when agreeing strongly while one on the scale is when he/she strongly disagrees. And if neither, one of the numbers in between are closer at hand.

E1. They should have up-to-date equipment.
E2. Their physical facilities should be visually appealing.
E3. Their employees should be well dressed and appear neat.
E4. The appearance of the physical facilities of these firms should be in keeping with the type of services provided.
E5. When these firms promise to do something by a certain time, they should do so.
E6. When customers have problems these firms should be sympathetic and reassuring
E7. These firms should be dependable.
E8. They should provide their services at the time they promise to do so.
E9. They should keep their records accurately.
E10. They should not be expected to tell customers exactly when services will be performed. (–)4
E11. It is not realistic for customers to expect prompt service from employees of these firms. (–)
E12. Their employees do not always have to be willing to help customers. (–)
E13. It is okay if they are too busy to respond to customer requests promptly. (–)
E14. Customers should be able to trust employees of these firms.
E15. Customers should be able to feel safe in their transactions with these firms’ employees.
E16. Their employees should be polite
E17. Their employees should get adequate support from these firms to do their jobs well.
E18. These firms should not be expected to give customers individual attention. (–)
E19. Employees of these firms cannot be expected to give customers personal attention. (–)
E20. It is unrealistic to expect employees to know what the needs of their customers are. (–)
E21. It is unrealistic to expect these firms to have their customers’ best interests at heart. (–)

4 Ratings on statements marked with (–) are inverted prior to data analysis.
E22. They should not be expected to have operating hours convenient to all their customers. (–)

The following set of statements relates to the customers feelings about XYZ\(^5\). For each statement, the customer indicates the extent to which she/he believes XYZ has the future described by the statement.

P1. XYZ has up-to-date equipment.
P2. XYZ’s physical facilities should be visually appealing.
P3. XYZ’s employees should be well dressed and appear neat.
P4. The appearance of the physical facilities of XYZ is keeping with the type of services provided.
P5. When XYZ promise to do something by a certain time, they should do so.
P6. When customers have problems XYZ is sympathetic and reassuring
P7. XYZ is dependable.
P8. XYZ provide their services at the time they promise to do so.
P9. XYZ keep their records accurately.
P10. XYZ not be expected to tell customers exactly when services will be performed. (–)
P11. You do not receive prompt service from XYZ’s employees. (–)
P12. Employees of XYZ are not always willing to help customers. (–)
P13. Employees of XYZ are too busy to respond to customer requests promptly. (–)
P14. You can trust employees of XYZ.
P15. You feel safe in their transactions with XYZ’s employees.
P16. Employees of XYZ are polite
P17. Employees get adequate support from XYZ to do their jobs well.
P18. XYZ does not give you individual attention. (–)
P19. Employees of XYZ do not give you personal attention. (–)
P20. Employees of XYZ do not know what your needs are. (–)
P21. XYZ does not have your best interests at heart. (–)
P22. XYZ does not have operating hours convenient to all their customers. (–)

\(^5\) XYZ is referring to the firm that is being evaluated
### 10.4 Appendix D: Modifications of the SERVQUAL scale (RESQUAL)

<table>
<thead>
<tr>
<th>General description</th>
<th>Grouping</th>
<th>Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Promises to provide a service and does so</td>
<td>Reliability</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>2 Shows dependability in handling service problems</td>
<td>Reliability</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>3 Performs the service right the first time</td>
<td>Reliability</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>4 Provides services at the time it promises to do so</td>
<td>Reliability</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>5 Tells guests exactly when the services will be performed</td>
<td>Responsiveness</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>6 Gives prompt service</td>
<td>Responsiveness</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>7 Always willing to help</td>
<td>Responsiveness</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>8 Never too busy to respond to guests' requests</td>
<td>Responsiveness</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>9 Instills confidence in guests</td>
<td>Assurance</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>10 Guests feel safe in the delivery of services</td>
<td>Assurance</td>
<td>HOLSERV</td>
</tr>
<tr>
<td>11 Guests feel safe and secure in their stay</td>
<td>Assurance</td>
<td>HOLSERV</td>
</tr>
<tr>
<td>12 Polite and courteous employees</td>
<td>Assurance</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>13 Have the knowledge to answer questions</td>
<td>Assurance</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>14 Have the skill to perform the service</td>
<td>Assurance</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>15 Gives individual attention</td>
<td>Empathy</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>16 Deals with guests in a caring fashion</td>
<td>Empathy</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>17 Have guests' best interest at heart</td>
<td>Empathy</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>18 Understands guests' specific needs</td>
<td>Empathy</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>19 Equipment, fixtures and fittings are modern looking</td>
<td>Tangibles</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>20 Facilities are visually appealing</td>
<td>Tangibles</td>
<td>HOLSERV</td>
</tr>
<tr>
<td>21 Neat and professional employees</td>
<td>Tangibles</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>22 Materials are visually appealing</td>
<td>Tangibles</td>
<td>SERVQUAL</td>
</tr>
<tr>
<td>23 Fixture and fittings are comfortable</td>
<td>Tangibles</td>
<td>HOLSERV</td>
</tr>
<tr>
<td>24 Equipment and facilities are easy to use</td>
<td>Tangibles</td>
<td>HOLSERV</td>
</tr>
<tr>
<td>25 Equipment and facilities are generally clean</td>
<td>Tangibles</td>
<td>HOLSERV</td>
</tr>
<tr>
<td>26 Variety of food and beverages meet guests' needs</td>
<td>Tangibles</td>
<td>HOLSERV</td>
</tr>
<tr>
<td>27 Variety of surrounding activities meet guests' needs</td>
<td>Tangibles</td>
<td>NEW</td>
</tr>
<tr>
<td>28 Services are operated at a convenient time</td>
<td>Tangibles</td>
<td>SERVQUAL</td>
</tr>
</tbody>
</table>

**Table 20 – RESQUAL scale**
10.5 Appendix E: Service Quality Questionnaire

Name of resort: _________________________
Nationality: _________________________
Age: _________________________
Gender: Male    Female
Purpose of trip: Business    Vacation
Other: _________________________

**DIRECTIONS:** This survey deals with your opinions of services. Please show the extent to which you think the firm is offering services should possess the features described by each statement. Do this by picking one of the seven numbers text toe each statement. If you strongly agree that this firm should possess a feature, circle the number 7. If you strongly disagree that this firm should possess a feature, circle 1. If your feelings are not strong, circle one of the numbers in the middle. There are no right or wrong answers. All we are interested in is a number that best shows your opinion about the resort concerning services.

<table>
<thead>
<tr>
<th></th>
<th>Completely failed to meet expected service level</th>
<th>Far exceeded my expected service level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>When resort XYZ promises to provide a service they do so</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2</td>
<td>The employees of resort XYZ show dependability in handling service problems</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3</td>
<td>Resort XYZ performs the service right the first time</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4</td>
<td>Resort XYZ provides their services at the time they promise to do so</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5</td>
<td>Resort XYZ inform you exactly when the services will be performed</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6</td>
<td>Resort XYZ gives prompt service</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>7</td>
<td>The employees of resort XYZ are always willing to help</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>8</td>
<td>The employees of resort XYZ are never too busy to respond to your requests</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>9</td>
<td>Resort XYZ instills confidence to you</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>10</td>
<td>Do you feel safe in the delivery of services</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>
11. Do you feel safe and secure in your stay at resort XYZ

12. The employees of resort XYZ are polite and courteous

13. The employees of resort XYZ have the knowledge to answer questions

14. The employees of resort XYZ have the skill to perform the service

15. The resort XYZ gives you individual attention

16. The employees of resort XYZ deals with you in a caring fashion

17. The employees of resort XYZ have your best interest at heart

18. The employees of resort XYZ understands your specific needs

19. The Equipment, fixtures and fittings at resort XYZ are modern looking (infrastructure)

20. The facilities of resort XYZ are appealing

21. The employees of resort XYZ are neat and professional

22. Materials at resort XYZ are visually appealing (e.g. decorations)

23. Fixture and fittings at resort XYZ are comfortable

24. Equipment and facilities at the resort XYZ are easy to use

25. Equipment and facilities at the resort XYZ are generally clean

26. The variety of food and beverages at the resort XYZ met your needs

27. The variety of surrounding activities at resort XYZ met your needs

28. The services at resort XYZ are operated at a convenient time

Finally in addition to this questionnaire we would like you to have your opinion of the overall Service Quality at the resort XYZ (1 = poor and 10 = excellent)

What is the overall service quality that you have experienced at resort XYZ

1 2 3 4 5 6 7 8 9 10
10.6 Appendix F: Encuesta de calidad de servicio

<table>
<thead>
<tr>
<th>Nombre de resort:</th>
<th>__________________________</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nacionalidad:</td>
<td>__________________________</td>
</tr>
<tr>
<td>Edad:</td>
<td>__________________________</td>
</tr>
<tr>
<td>Sexo:</td>
<td>Masculino Femenino</td>
</tr>
<tr>
<td>Motivo del viaje:</td>
<td>Negocios Vacaciones</td>
</tr>
<tr>
<td>Otros:</td>
<td>__________________________</td>
</tr>
</tbody>
</table>

**INSTRUCCIONES:** Esta encuesta evalúa su opinión acerca del servicio ofrecido. Por favor, determine la calidad de servicio que el Resort brinda según sus expectativas. Elija uno de los siete números en cada pregunta. Si usted está completamente de acuerdo que el Resort cuenta con esta característica, elija el número 7. Si usted está completamente en desacuerdo, elija el número 1. Si considera que los extremos no representan su opinión, elija alguno de los números en medio. Aquí no hay respuestas correctas ni incorrectas. Nosotros estamos interesados en conocer qué número, a su parecer, representa mejor el servicio que el Resort le ofrece.

<table>
<thead>
<tr>
<th></th>
<th>No logró en absoluto cubrir mis expectativas de servicio</th>
<th>Sobre pasó mis expectativas de servicio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cuando el resort XYZ ofrece algún servicio lo cumple</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>2</td>
<td>Los empleados del resort XYZ muestran capacidad para lidiar con algún problema de servicio</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>3</td>
<td>Resort XYZ ofrece un óptimo servicio sin equivocaciones</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>4</td>
<td>Resort XYZ cumple con el horario prometido</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>5</td>
<td>Resort XYZ brinda información exacta relacionada a las actividades que realiza</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>6</td>
<td>Resort XYZ brinda un servicio oportuno</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>7</td>
<td>Los empleados del resort XYZ siempre están dispuestos a ayudar</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>8</td>
<td>Los empleados del resort XYZ nunca están muy ocupados para responder sus inquietudes</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>9</td>
<td>Resort XYZ le inspira confianza</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>10</td>
<td>Se siente usted seguro al participar en las actividades ofrecidas por el resort</td>
<td>1 2 3 4 5 6 7</td>
</tr>
<tr>
<td>11</td>
<td>Se siente usted confiado y seguro durante su estadía en el resort XYZ</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>
12 Los empleados del resort XYZ muestran educación y cortesía

13 Los empleados del resort XYZ cuentan con la información necesaria para responder a sus inquietudes

14 Los empleados del resort XYZ cuentan con las habilidades para ofrecer los servicios

15 El resort XYZ le brinda atención personalizada

16 Los empleados del resort XYZ lo atienden con esmerada dedicación

17 Los empleados resort XYZ se preocupan por brindarle lo mejor

18 Los empleados del resort XYZ entienden sus necesidades específicas

19 Los infraestructura del hotel XYZ es moderna

20 Las habitaciones del resort XYZ son acogedoras

21 Los empleados del resort XYZ siempre brindan una buena imagen y demuestran habilidad en su trabajo

22 La artículos decorativos en el resort XYZ son visualmente atractivos

23 Los muebles en el resort XYZ son cómodos

24 En general los equipos del resort XYZ son fáciles de usar

25 Los equipos del resort XYZ están generalmente limpios

26 La variedad de comidas y bebidas en el resort XYZ cubren sus expectativas

27 La variedad de actividades ofrecidas en el resort XYZ cubren sus necesidades

28 Las actividades en el resort XYZ son realizadas en el horario oportuno

Finally para complementar esta encuesta, quisiéramos tener su opinión acerca de la Calidad de Servicio en general del resort XYZ (1 = deficiente y 10 = excelente)

Evalúe la Calidad de Servicio total experimentada en el resort XYZ

10.7 APPENDIX G: Statistical Glossary

This appendix presents statistical terms used throughout the analysis process for this study. These statistical terms are alphabetically ordered.
**Alpha (a)** is a value used in hypotheses testing. Researchers use this value to determine whether or not a certain treatment or variable has an effect.

**ANOVA.** Analysis of Variance. Researchers use this statistical procedure to test differences between means of two or more groups.

**Coefficient Alpha** is a statistic that represents reliability or internal consistency. Researchers use this statistic to determine how well items on questionnaires and scales "hang together." They also use this statistic to evaluate whether the items measure the same characteristic at different points in time and in different samples. Also known as Cronbach's alpha.

**Coefficient of determination** $R^2$ is measurement of the "goodness of fit" in the regression line and describes the percentage of variation in the dependent variable that is explained by the independent variable. The R-squared measure may vary from zero to one.

**Correlation** is a statistic that shows the degree of relationship between variables. The range of possible correlations is between -1 and +1. A result of -1 means a perfect negative correlation, +1 means a perfect positive correlation, and 0 means no correlation at all. A positive correlation means that high scores on one variable are associated with high scores on a second variable. A negative correlation means that high scores on one variable are associated with low scores on a second variable.

**Dependent Variable** is a variable that is not under the experimenter's control -- the data. It is the variable that is observed and measured in response to the independent variable.

**Eigenvalue** is a statistic that quantifies variation in a group of variables and its accountability by a particular factor.

**Independent Variable** is a variable that is manipulated, measured, or selected by the researcher as an antecedent condition to an observed behavior. In a hypothesized cause-and-effect relationship, the independent variable is the cause and the dependent variable is the outcome or effect.

**Mean** is known as the arithmetic average; to obtain the mean, the scores are added together and then divided by the number of respondents who took the questionnaire; the mean is a descriptive statistic.
**P value.** Probability value is the number that reflects the likelihood that statistical results have occurred by chance. Results with p values equal to or less than .05, .01 or .001 are labeled as statistically significant. Also known as level of significance.

**Range** is representing the difference between the highest and lowest scores in a set of scores.

**Reliability** is the accuracy of the scores of a measure. Reliability does not imply validity. That is, a reliable measure is measuring something accurately, but not necessarily what it is supposed to be measuring. For example, while there are many reliable tests, not all of them would validly predict job performance.

**Standard Deviation** is a measure of variation within a sample. Just as the average measures the expected middle position of a group of numbers, the standard deviation is a way of expressing how different the numbers are from the average. The standard deviation is (roughly) the amount by which the average person's score differs from the average of all scores.

**Statistical significance** is a conclusion that an intervention has a true effect, based upon observed differences in outcomes between the treatment and control groups that are sufficiently large so that these differences are unlikely to have occurred due to chance, as determined by a statistical test. Statistical significance indicates the probability that the observed difference was due to chance if the null hypothesis is true.

**Variance** represent the variance of a random variable is a measure of its statistical dispersion, indicating how far from the expected value its values typically are.