Chapter-VII
SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

CHAPTER–I
INTRODUCTION AND DESIGN OF THE STUDY

INTRODUCTION

The Indian hotel sector has been selected as an object of analysis because, in the last three decades, the hotel sector has been consistently growing and contributing tremendously to India’s total economy. This growth can be attributed at some level to the social and economic changes which continue to take place in Indian society, but are largely due to the growth of the tourist sector, which in turn, created the demand for a greater number of hotels. Tourism is one of the
most important sectors of Indian economy, for it not only promises strong revenue growth, but also provides fertile opportunities for India to increase employment. In 2009, the World Tourist Organisation rated India as one of the top ten countries in the world in terms of visitors received and tourist dollars spent. While the Indian hotels have the capacity to accommodate the influx of visitors, for it is one of the top countries in Asia in terms of hotel per capita, these shifts and increases in India’s tourist market have forced hotels to function in a constant state of change. In addition to fulfilling the social need for fare outside the home, hotels need to anticipate the expectations of consumers and assess those that would be most profitable in the future.

The hotel sector is strongly influenced by developments in tourism as well as by other cyclical and contextual factors such as demography, lifestyle, national or regional customs and in general, the country’s economic situation. This has favoured the fast growth that the hotel business has maintained within the overall expansion of the Indian economy.

Tourism is the largest industry in the world in terms of earnings and is also the largest employer of people. Total revenue directly attributable to tourism, including travel and purchases by tourists is estimated at US $ 3.300 billion. It constitutes over 13 per cent of the global Gross Domestic Product. This industry provides direct employment to 262 million people, who constitute 10.5 per cent of
the global work force. Tourism also accounts for 8 per cent exports of the world making it the largest internationally traded product or service.

To day, in India, tourism is recognized as an industry generating a number of economic and social benefits. It creates employment opportunities, augments foreign exchange earnings, and promotes national integration and international understanding. But statistics show that India’s total share in the world tourism market is just 0.5 per cent. The Indian Government had set itself a target of atleast 1 per cent and atleast 5 million tourist arrivals by 2000 A.D. To meet the demand of incoming tourists, the industry has to increase the availability of hotels and rooms to story in India.

**Hotel Industry and Tourism**

Hotels are the vital and essential component of tourism industry. The relationship between hotels and tourism can be expressed in two ways:

a) Firstly hotel industry provides the basic ingredients of the total supply of the tourism sector and

b) Secondly the bulk of business demand of hotel industry comes from tourism.

Hotels are the keystones in the arch of global tourism. It brings people from all parts of the world and from all walks of life into a common fold. It is a
miniature country representing the tourists from distant, far off bounds, the feel and flavour of a country’s cuisine, culture and its way of life. Without adequate development of hotel resources, all the national scenery, all the climatic virtues and all the sporting and recreational facilities do not suffice to sustain a good volume of tourist trade.

**Hotel Industry and the Economy**

The contribution of any sector of economic activity to the economic system is measured by the value of its output or value added. Value added gives a measure of contribution made by the factors of production employed in the sector, which is a measure of value produced within the sector, excluding the purchase of inputs from other sectors. It shows the contribution to gross domestic product. In the context of the economy, two features of the hotel industry are worth emphasising:

a) Each unit of the demand for hotel’s product generates within the industry a high percentage of value added and

b) Each unit of value added produced by this industry demands a higher input of labour and raw-materials. Clearly these two inter-related features reflect the linkage effect and nature of hotel business as a service industry, which is relatively labour intensive.
Linkages

A demand for hotel services eventually generates activity in a number of industries and ancillary concerns involved in supplying products and raw products to hotels. In other words hotels have a backward linkage to the rest of the economy. The effects of the demand for hotel products in the economy can be of three types:

a) Direct effects: relating to the activity directly within the industry itself.

b) Indirect effects: relating to the activity generated in other industries and ancillary establishments, supplying to hotels and

c) Induced effects: relating to the secondary wave of activities. At every stage income is generated in the form of factor payments. Unless, these are saved, taxed away or spent on importables, it is in burn on the domestic products and thereby creates an induced effect. The real significance of hotel industry however, is thought to lie not so much in the overall size of its effect and contribution to the general economic activity of a backward economy but in the role it plays in three specific aspects namely employment, regional economic activity and balance of payments.

Hotel and Ancillary Industries
Hotels have a direct impact on rural development. The industry has encouraged and used thousands of meters of the cottage industry’s handlooms, thousands of cottage industry’s handicraft artifacts. The industry encourages very substantial investment in shops and arcades in each of the hotels. There are many ancillary industries, which are benefited by the construction of hotels. Textiles, furnishings, furniture, machinery, air-conditioning equipments, food shift, perishable goods, erochery, handicrafts, beweries, construction materials etc. are some of the industries which are directly benefited due to the construction and development of hotel industry. The industry also requires the services of professionals, namely, architects, accountants, contractors, interior decorators, and the like. The operation of hotel in a particular locality leads to the general improvement of the standard of living of the people in its vicinity.

**Hotel Industry in India**

The real beginning of the hotel industry was made in the early 1900s. Before that, the hotels were unprofessionally managed. In India, there were 186 star hotels in 1963. But the industry witnessed to a growth of 3.59 times during 2002. The hotel industry in India consists of approved and unapproved hotels. The approved hotels consist of different star classifications and also unclassified hotels whereas the unapproved hotels are not coming under the purview of any organized body. But the unapproved hotels are dominating over the approved
hotels in India. The details of the working of approved hotels may be easily exhibited with the help of the issues from the FHRAI but the working of approved hotels have no secondary data base.

**Problems of the Hotel Industry in India**

The hotel industry today is a diverse composite of ownership patterns, varying management structures which offer a variety of services. The hotel industry has been facing many problems due to global slow down and poor management. The major problems confronting the hotel industry, are declining occupancy rates, increasing competition from budget hotels, over supply, decreasing profitability, increasing taxes, exorbitant interest rates, increasing cost of light, heat and power, fuel shortage, reduced company standing, non-availability of mortgage and equity funds. The problems of the hotel industry occur due to the following reasons:

i) Since it is a capital intensive industry, high proportion of its capital is locked up in the form of fixed assets like land, buildings, fixed charges.

ii) Long gestation period causes financial problem which is not encountered by any other industry.

iii) Since it is a seasonal business, the industry suffers from low occupancy rate in the off-season times. Even in case of most successful hotels, cent
per cent occupancy throughout the year is just not possible as it happens in other territory sectors.

iv) A hotel fails to meet the demand, as it can not readily vary its operation, or the product or its services. Supply of its services is very inelastic. Hotel needs considerable amount of information for guidance in operations. In order to exploit the market potentiality, it needs guest history file and information about purchases and stock of thousands of items and much more required information to enhance its productivity. These are in very few hotels, which can afford a very sophisticated data processing system, but most of the hotels are reluctant to do so because of fear of bringing the confidential matters into limelight.

v) Hotel industry is affected by the unfavourable taxation by the Government.

vi) Hotel industry suffers from an acute shortage of skilled workers at various levels and trained experts for managing the hotels.

vii) The hotel tariff in India is reported to be far higher than many South East Asian countries.

viii) The hotel industry suffers from the lack of proper safety measures of fire protection and alarming system.
ix) The satisfaction of consumers towards the hotel products is a highly subjective affair. Satisfying the consumers is the most difficult thing since service is highly personalized.

x) Hotel having its own economic problems has never been as profitable as most other industries. The huge amount of capital once invested can not be diverted for any other purpose.

xi) The hotel industry also lacks proper advertisement net work in both domestic and foreign markets due to high cost of publicity.

xii) The industry suffers from the severe competition between the public sector and private sector hotels.

**Specific Problems of the Hotel Industry in Tamil Nadu**

The nature and magnitude of problems in the hotel industry differ from one state to another. Tamil Nadu has its coastal belt of Rameswaram, Cuddalore, Chennai, Vedaranyam, Tuticorin and Kanniyakumari which are best suited to foreign tourists for the climatic attraction. The international chain hotels are having their hotels in Tamil Nadu. Besides all, the Tamil Nadu Tourism Development Corporation Ltd. (TTDC) is also serving the tourists with its operated chain of hotels. Evenafter, the hotel industry in Tamil Nadu is struggling for survival. It suffers from some of the lacunas as follows:
i) The industry suffers from the problem of low occupancy. Some times, the rate of occupancy is less than the dangerous level.

ii) In the industry, most of the hotels have not been able to keep up their commitments with the financial institutions. It leads to the failure of repaying term loans also which ultimately ends with the closure or disposal of the hotel units.

iii) The hotel industry suffers from sickness due to high tax rates and the general apathy of the state authorities. Further the double tax system is another lacuna of the industry.

iv) The Luxury Tax is charged on published tariff, which is ten per cent for the room rates below rupees one thousand and twelve and a half per cent for room rates above rupees one thousand.

v) The sales tax imposed on the foreign liquor is at seventy per cent and at fifty per cent on the liquor from the other states. All these reflect in the menu price on liquors which reduces the consumption and ultimately leads to low sales.

vi) The industry also lacks some tax benefits and non-availability of electricity facilities at concessional rate. In some cases, it bears the burden of paying for electricity which is about ten per cent of the total expenditure of the hotel.
NEED FOR THE STUDY

Today’s hotel industry is complex and diverse. The modern hotel industry is facing cut throat competition. The success and survival of the hotel industry rest on the adoption of appropriate management, strategy to maintain its service quality up to the expectation of customers’ needs. It is observed that there are no adequate, comprehensive and intensive studies touching upon the various aspects of the hotel industry especially the service quality, service fairness and service loyalty. However, in regards to other industries in territory sector, different researchers and institutions have undertaken a lot of scientific and detailed studies. Very few descriptive studies have been made on this aspect in the western countries but not in India. Most of the hotel associations and institutions are drumming up their problems before their customers and competitors since there is a globalization and liberalization in all sectors.

The customers’ expectation from the hotels are at par with the foreign tourists. The hotel industry today is a diverse composite of ownership patterns and varying management structures which offer a variety of services. Hence, the present study focuses on the various issues related to the service quality, service fairness and service loyalty as per the view of the customers.

STATEMENT OF THE PROBLEM

The hotel industry has been facing challenging times to-day. Given the current industry scenario, it is becoming imperative that each of the players
consciously work towards achieving and maintaining differential positioning based on service standards. The hotels have to implement innovative ideas on one hand and on the other hand they have to re-look at their business strategy itself. The hoteliers have to satisfy their customers by providing better services and have to plan appropriate service mix to their customers. The professional management and competent employees are highly essential to implement the plan designed by the hoteliers. Since the expectation of the customers are highly dynamic, the hoteliers have to cope with the changes. At the same time, the hotel is a business which consumes more fixed capital also. Hence, the hoteliers have to estimate their customers expectation and perception on their services in order to generate service loyalty. Since the cost of retaining existing customer is lower than the cost of acquiring new customers, the hoteliers are trying to generate loyalty among the customers. But the service loyalty is not upto their level of expectation. Apart from this, there are so many modern hotels coming up with modern facilities to attract the customers. Hence the occupancy rate in the existing hotels is declining. It is time to think and act on the improvement of occupancy rate in the hotel. Otherwise, it will incur heavy loss.

REVIEW OF PREVIOUS STUDIES

The hotel industry plays an important role in service sector of the economy. The hotel industry has achieved a lot and also is facing with many problems since it is completely based on the customers’ expectation and perceptions, products and services offered by the hotel industry, as also service quality attached with
the services. The performance of the hotels rests not only on the profit but also on several other variables. In order to analyse the problems and prospects in hotel industry, many works related to hotel industry, its market orientation, its performance, its problems and the relationship among them are reviewed. The review of the previous studies are summarized below:
Service Quality in Hotels

Asad and Hussain (2011)\(^1\) examined the service quality in luxury hotels at Pakistan with the help of five service quality factors namely room related service comfort, cleanliness, food and beverage quality, complaint handling, value for money overall and restaurant staff service and knowledge. They identified that there is a significant difference among the male and the female regarding the perception on the service quality in hotels.

Claver et al., (2006)\(^2\) revealed that the quality management systems tend to have positive effect on service quality, employee morale and customer satisfaction.

Mohsin and Ryan (2005)\(^3\) pointed out that most luxury hotels are able to compete when it comes to product but service makes the difference in creating a long lasting effect on customers.


Gandolgo (2010)\textsuperscript{4} analysed the customer satisfaction in hotel industry with the help of guests attitude towards the transfer service, reception service, room quality, restaurant service, trips and excursion service, seaside service and entertainment. He found that the customer satisfaction is good in the case of entertainment and restaurant services. Regarding others, it is only at moderate level.

Enz and Signaw (2000)\textsuperscript{5} examined the test practices in service quality among the US hospitality industry. Only a small number of hotel operations focused specially on service excellence which they did extremely well for one or more service issues: creating a service culture building an empowered service-delivery system facilitating a customer listening orientation and developing responsive service guarantees.

Shahin et al., (2006)\textsuperscript{6} addressed more service quality gaps that can result in unsuccessful service delivery in hotel industry.


Mei et al., (1999)\(^7\) examined the dimensions of service quality in hotel industry in Australia. They used the SERVQUAL approach as a foundation and developed a new scale called the HOLSERV scale as a new instrument to measure service quality in hotel industry.

Ashok Kumar et al. (2003)\(^8\) identified the views of employees on the hotel industry in their study. They revealed that the employees in the hotel industry were not satisfied with the basic amenities offered by their hotels. The employees opined that the hotels were not run professionally and the management did not give any importance to the hotel employees in any decision-making regarding the hotel services.

Panda (2003)\(^9\) found that the hotel entrepreneurs locate their hotels in conveniently approachable locations, provide the service at a reasonable rate. They followed the market-based pricing policy. But due to poor sanitation

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facility, security arrangement and service quality, they are unable to satisfy their customers.

Rabindra Nath and Rajat Raheja (2001)\textsuperscript{10} identified five important factors for improving the competencies in the hotel industry. They are compensation, selection, performance management, training and career and succession planning. He also identified the competency models to improve the productivity in hotel industry. He mentioned that the good competency model is featured by simple structure, unique language, tied to core vision and values, attention, and observable indicators of the competencies.

Raja Rajeshwari (2004)\textsuperscript{11} pointed out that the entry of new participants in the luxury segment of hotel industry would change the rules of the game. This increasing entry of international chairs would force domestic players to raise their service quality. The star classifications of the hotels are a function of the services provided by them. The adaptability of domestic players to new competition would provide them the edge to retain existing customers and attract new ones.

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Biju (2003)\(^{12}\) identified the techniques to attract more customers in hotel industry. They are welcoming arriving guests, completing the hotel register, recording reservations, compiling guest’s bills, providing information, dealing with complaints, room forecasts and reception desk.

Rajesh Advani (2000)\(^{13}\) found that the success of the hotels rest on the data base to meet out the changing preferences of the customers. The greater attention is essential to analyse the likes and dislikes of the guests. The consistency in hospitality is also expected from the management approach towards its stakeholders.

Anju and Bhatia (2001)\(^{14}\) identified the strength and weakness in Indian hotel industry. The quality of services like accommodation, food and beverage and room service are identified as strengths whereas the weaknesses are lack of technical personnel and consistency in service quality.


\(^{13}\) Rajesh Advani, “Hotel with Heart”, \textit{Fortune India}, 18(6), January 31, 2000, p.72.

Biju (2003)\(^{15}\) mentioned the role of hotel manager in the midst of hotel operations which consist of close contact with the employees and the guests as well as the top management. He also identified the techniques to satisfy the guests as welcoming the guests, completing the hotel register, recording reservations, compiling guests’ bills, providing information, dealing with complaints and room forecasts.

**Service Quality in Restaurant**

Dube et al., (1994)\(^{16}\) studied the connection between specific attributes and return patronage among the consumers in restaurant industry. They identified that the food tastiness, consistent food and menu varieties are the important factors for the return patronage. It follows the service quality in the area of waiting time, attentive server and helpful server.


Kit and Ka (2001)\(^{17}\) evaluated the service quality attributes for restaurant operations with the help of ten elements, that might promote quality culture change and encourage organizational-wide commitment and involvement.

Domingo Ribeiro Soriano (2002)\(^{18}\), revealed that the male customers did not rate attributes of restaurant differently from the female customers. Quality of food was rated as the most important attribute followed by quality of service, cost/value of the meal, and place/ambience of the restaurant.

Morgan and Rao (2000)\(^{19}\) suggested that restaurant must offer quality food to attract and retain customers. To gain a competitive advantage in today’s market, restaurants must also offer quality service, meals of food value and favourable ambience.

Young and Jang (2008)\(^{20}\) showed that appealing food presentation, tasty food, spatial seating arrangement, fascinating interior design, pleasing background

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music, reliable service, responsive service and competent employees are important attributes in contributing to the high satisfaction of diners.

Hong et al., (2010)\textsuperscript{21} identified that reliability, reasonability, tangibles and responsiveness were all significant dimensions of perceived service quality. Food quality, perceived value and service quality all had a direct and positive relationship with satisfaction, which in turn influenced behavioural intentions.

Buttle (1986)\textsuperscript{22} opines that for hotels and restaurants, advertisement appropriations, are very small compared to the major fast-moving consumer goods manufactures who may budget over 30 per cent of their annual turnover. Some of the entrepreneurs chose multiple media in order to popularize their hotels. Majority of the entrepreneurs had gone for print media and within print media, for magazines, printed calendars, and in local newspapers.

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Kastigris and Thomas (1999)\textsuperscript{23} found the factors contributing to success of a restaurant. These factors are location, food, service quality, menu, price, atmosphere and management. The internal factors response on the success of the restaurant are, supplier management, control of variable expenses, nature of fixed expenses and management attitude towards stakeholders.

Marta and Guillen (2004)\textsuperscript{24} found that the important antecedents that determine the level of customers satisfaction in restaurant industry are perceived quality and total perceived price. The findings showed that perceived quality has a direct and positive impact on the level of customer satisfaction while contrary to what was expected, total perceived price does not influence that satisfaction.

Venkatesh (1999)\textsuperscript{25} identified that the Asian crisis and general slow down in the economy have affected the hotel industry. Hotels derive their income mainly from food and beverages. Room occupancy plays an important role in determining the pre-tax profits of hotels. The income derived from the restaurants and the rooms in metros like Kolkota and Chennai are in the ratio of 0.8 to 1.0.

\textbf{Customer Satisfaction}

Caruna et al., (2000)\textsuperscript{26} supported a positive relationship between service quality and consumer satisfaction. The better service equates to better

\begin{itemize}
\item\textsuperscript{25} Venkatesh, B., “Hotel Industry”, \textit{Business Line}, ICFAI Reader, 1(7), May 16, pp.54-58.
\end{itemize}
performance. An increased likelihood of fulfilled expectations lead to higher level of satisfaction.

Barry et al, (2005)\(^{27}\), found the ability of the customer service value scale to account for utilization and hedonic value, the role of functional and affective service environment components in shaping consumer satisfaction and future patronage intentions and the relative diagnosticity of positive affect.

Kotler and Armstrong (1996)\(^{28}\) revealed that the customers become loyal when they are satisfied with the quality of service provided by the hotels. The satisfaction on the quality of service is measured by the level of satisfaction on room at reasonable price, convenient location, sanitation, safety and security.

Naveen Das (2004)\(^{29}\) pointed out the delivery of better service rests on proper diagnose of customer expectation, satisfaction and employees’ behaviour in the service industry. Monitoring customer perception by surveys should be an integral part of the firms activities. By providing proper training to their employees, the hotels can deliver better service according to their customers expectations.


Rosa and Dominic (2010)\textsuperscript{30} revealed that the level of customer satisfaction on hotel services is good. Human resource management results to be specially effective in entertainment and restaurant service. The perception gaps are identified in the case of room services. There is no customer relationship management system at the hotels.

Naveen Das (2004)\textsuperscript{31} concluded for providing exceptional customer service, companies must do two things for their employees. Train them adequately, and treat them well, as internal customers. By doing so, they will reap the rewards of increased customer and employee loyalty. In order to enjoy internal customer service and repeat business, customer service has to start at the top and percolate down to the frontline staff.

Even though, there are so many studies related to the service quality of hotel, service quality of restaurant, customer’s satisfaction in hotel industry, there is no exclusive study which links the relationship between the service quality, service fairness, customer satisfaction and service loyalty in hotel industry. Hence

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the present study has made an attempt to fill up the research gap with proposed research model.

PROPOSED RESEARCH MODEL

The proposed research model of the study is illustrated in Figure 1.1.

FIGURE 1.1
Proposed Research Model

OBJECTIVES OF THE STUDY

Based on the proposed research model, the objectives of the study are confined

i) To reveal the profile of the respondents;

ii) To exhibit their nature of stay at hotels;
iii) To analyse the HOLSERV, internal and external service qualities in hotels;

iv) To examine the service quality of restaurants and service fairness at hotels;

v) To measure the service loyalty in the hotel industry;

vi) To evaluate the linkage between service quality, service fairness and service loyalty in the hotel industry; and

vii) To identify the important critical factors for the success of hotel.

RESEARCH AND METHODOLOGY

Research refers to a search for knowledge. One can also define research as a scientific and systematic search for the pertinent information of a specific topic. The Advanced Learner’s Dictionary of Current English lays down the meaning of research as “a careful investigation or inquiry specially through search for new facts in any branch of knowledge.”

Redman and Mary define research as a “systematized effort to gain new knowledge.” D.Slesinger and M.Stephenson defined research as “the manipulation of things, concepts or symbols for the

purpose of generalizing to extend, correct or verify knowledge, whether that knowledge aids in construction of theory or in the practice of an art.”\textsuperscript{34} Research methodology is a way to systematically solve the research problem. The research methodology is a science of studying how research is done scientifically. It includes the research redesign, locale of research, sample size, sampling procedure, methods of data collection and framework of analysis.

\textbf{RESEARCH DESIGN}

Research design is a framework or blue print for conducting the research projects. It details the procedures necessary for obtaining the information needed to structure or solve research problems. It lays the foundation for conducting the project. Research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure.\textsuperscript{35}

Since the present study focuses on the characteristics of hoteliers and customers, customers expectation and perception on the services offered by hoteliers, and the relationship between the profile of hotelier and their business performance, it is descriptive in nature. Apart from that the research is

\textsuperscript{33} Redman, L.V. and Mary, A.V.H., (1923), \textit{The Romance of Research}, p.10.
\textsuperscript{34} The Encyclopedia of Social Sciences, Vol.IX, Macmillan, 1930.
characterized by prior formulation of specific hypotheses and the needed information is clearly defined. As a result, this research is preplanned and structured. It is typically based on large representative samples. A formal research design specifies the methods for selecting the sources of information and for collecting data from those sources. Hence, the applied research design in the present study is the descriptive research in nature.

**LOCALE OF RESEARCH**

The study on hotel industry leads to select hotels and the customers stayed in those hotels for the study. The registered hotels of the Tamil Nadu Tourism Development Corporation, Tamil Nadu have been selected for the study. The hotels and the customers in those hotels are selected through sampling techniques.

**SELECTION OF THE STUDY AREA**

Madurai was purposively selected for the present study since it is an important ancient city in Tamil Nadu. Apart from this, there are some other reasons to select Madurai as the study area. These are given below:

1. There were no exclusive studies about the hotel industry in the Madurai.
2. Familiarity to the local dialect and infrastructural facilities available would help the researcher to develop a good rapport with the hoteliers and customers.

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3. Variety income classes are occupying the rooms at the various hotels in Madurai City. Hence the researcher is interested to focus on the hotel industry at Madurai.

**SAMPLING PROCEDURE**

The applied sampling procedure of the study is purposive sampling since the population of guests details at the registered hotels were not disclosed by the registered hotels at Madurai district. The number of registered hotels including star hotels at Madurai is 94 hotels (6 star hotels and 88 registered hotels). Out of the 94 hotels, only 51 hotels are having restaurant facilities in them. All the 51 hotels have been included for the study. From each hotel, 20 guests who were staying at the time of interview had been selected for the study as sampled respondents. Hence the sample size came to 1020 respondents. Out of them, the response rate on the interview schedule prepared for the study is only 57.75 per cent. Hence the sample size came to 589 respondents.

**COLLECTION OF DATA**

Since the present study is completely based on primary data, a well structured interview schedule was prepared with high care. The interview schedule consists of four important parts. The first part of the schedule covers the profile of the respondents and their nature of stay at the hotel whereas the second part of the schedule includes the aspects of the HOLSERV, internal and external service quality in the hotel. The third part of the schedule consists of variables related to
service quality of restaurant, service fairness and customer satisfaction. The final part of the schedule includes the service loyalty and critical success factors in the hotel industry. The related variables on the above said aspects had been collected from the review of the previous studies and also from the views of the experts. A pretest was conducted among 50 respondents at various registered hotels in Madurai City. Based on the feedback of the pre-test, certain modification, additions, deletions and simplifications were carried out. The final draft of the schedule was prepared to collect the data.

**FRAMEWORK OF ANALYSIS**

The data after collection have to be processed and analysed in accordance with the outline laid down for the purpose at the time of developing the research plan. The collected data were analysed with the help of appropriate statistical tools according the relevance of information required and the nature of the scale of data. The applied statistical tools and tests are shown below:

1. **Exploratory Factor Analysis**

   Factor analysis is a very useful method of reducing data complexity by reducing the number of variables being studied. It is good way of resolving the confusion and identifying latent or underlying factors from an array of seemingly important variables. In a more general way, factor analysis is a set of techniques
which, by analysing correlations between variables, reduces their number into fewer factors which explain much of the original data, more economically.\textsuperscript{36}

In the present study, the factor analysis has been administered to narrate the variables in the components of hotel services.

2. Confirmatory Factor Analysis (CFA)

The Confirmatory Factor Analysis is one of multivariate statistical tools which is applied to confirm the extracted variables in the factor by the exploratory factor analysis which explains the factor in a reliable manner or not (Segars and Grover, 1993\textsuperscript{37}). It is mentioned by the reliability and validity of variables in each construct developed in the present study (Fornel and Larcker, 1981\textsuperscript{38}). The content validity, convergent validity and discriminant validity have been tested through the Confirmatory Factor Analysis (Chan, 1997\textsuperscript{39}; Li et al., 2007\textsuperscript{40}). In the


present study, the CFA had been administered to examine the reliability and validity of variables related to each concept developed in the present study namely the HOLSERV, internal and external service quality, service quality of restaurant, service fairness, customer satisfaction and service loyalty.

3. Discriminant Analysis

Discriminant analysis is a technique for analysing data when the criterion or dependent variable is categorical and the predictor or independent variables are interval in number.41 Discriminant analysis techniques are described by the number of categories possessed by the criterion variable. When the criterion variable has two categories, the technique is known as two-group discriminant analysis.42

The discriminant analysis model linear combinations of the following form:

\[ Z = b_0 + b_1 X_1 + b_2 X_2 + \ldots + b_n X_n \]

Where \( Z \) = Discriminant Score


\[X_1, X_2, \ldots, X_n = \text{Independent Variables}\]

\[b_1, b_2, \ldots, b_n = \text{Discriminant co-efficients}\]

The relative contribution of the independent variables in the total discriminant function was calculated by

\[I_j = b_j (X_{j1} + X_{j2})\]

Where \(I_j\) = The important value of the \(j^{th}\) variable

\(b_j\) = Independent Variables

\(X_{jk}\) = Mean of the \(j^{th}\) variable for the \(k^{th}\) group

The relative importance weights were computed by

\[R_j = \frac{I_j}{\sum_{j=1}^{n} I_j}\]

The Wilks Lambda was calculated as a multi-variant measure of group difference over discriminating variables. Its value varies between 0 and 1. Large values of Wilks Lambda indicate that group means do not seem to be different. Small values of Lambda indicate that the group means seem to be different. The confusion or prediction matrix contains the number of correctly classified cases and misclassified cases by the estimated discriminant function.

In the present study, the two group discriminant analysis has been administered to identify the important discriminant variables among the three income groups of respondents regarding various aspects related to the service quality, service fairness and service loyalty towards the hotels.

4. Multiple Regression Analysis

Multiple regression analysis is a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval scaled dependent variable. The general form of the multiple regression model is as follows:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_k X_k + e \]

which is estimated by the following equation:

\[ Y = a + b_1 X_1 + b_2 X_2 + \ldots + b_k X_k + \]

The $R^2$, co-efficient of multiple determination is adjusted for the number of independent variables and the sample size to account for diminishing returns. After the first few variables, the additional independent variables do not make such contribution.

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The F-test is used to test the null hypothesis that the co-efficient of multiple determination in the population, $R^2_{\text{pop}}$, is zero. This is equivalent to testing the null hypothesis $H_0 = \beta_1 = \beta_2 = \beta_3 = \ldots = \beta_k + 0$. The test statistic has an F distribution with ‘k’ and (n-k-1) degree of freedom.

In the present study, the multiple regression analysis was used to evaluate the impact of the HOLSERV factors on customer satisfaction and their service loyalty; and internal and external service qualities on the customers satisfaction and their service loyalty.
5. Oneway Analysis of Variance

Analysis of Variance is used for examining the differences in the mean values of the dependent variable associated with the effect of the controlled independent variables, after taking into account the influence of the uncontrolled independent variables. Essentially, the ANOVA is used as a test of means for two or more populations.44 One Way Analysis of Variance involves only one categorical variable, or a single factor.

The one way ANOVA has been applied to find out the significant difference among the respondents with different classifications of each profile variables and their views on the HOLSERV factors, internal and external service quality, service qualities of restaurant, service fairness, customers’ satisfaction and service loyalty towards their hotel.

6. ‘T’ Test

The ‘t’ test has been used to analyse the significant difference between the two groups of respondents regarding their views on so many aspects related to service quality in hotel industry.

7. Reliability Test

The reliability of the variables included in each construct had been computed with the help of Cronbach Alpha. The minimum threshold of Cronbach Alpha is 0.60 (Nunnally, 1978\textsuperscript{45}). In the present study, the cronbach have been applied to test the overall reliability of variables included in each construct related to the hotel industry.

LIMITATIONS OF THE STUDY

The present study is subjected to the following limitations:

1. No scientific sampling procedure has been applied in the present study since the hotels were not ready to disclose the details of population stayed at their hotel;

2. The scope of the study is confined to only Madurai district;

3. The variables related to the various constructs developed in the present study is based on the review of previous studies;

4. The descriptive variables used in the present study are converted into quantitative variables with the help of five point Likert Scale;

5. The linear relationship between the dependent and independent variables have been assumed;

6. The study examines only the direct effect of independent and dependent variables but not the role of mediator variables in between the two.

CHAPTERISATION OF THE STUDY

The present study is classified into seven important chapters for its neat and clear presentation.

Chapter-I includes the introduction, need for the study, statement of the problem, related reviews, research gap, proposed research model, objectives, methodology, limitations and chapterisation.

Chapter-II covers the meaning, definitions, components and measurement of various concepts developed to study the service quality, service fairness and service loyalty in hotel industry.

Chapter-III explains the background of the respondents and their nature of stay at the hotel.

Chapter-IV examines the HOLSERV, internal and external service qualities in hotel industry, association between the profile of the respondents and their
views on the various service qualities and discriminant service quality factors among the three income groups.

Chapter-V discusses the service quality of restaurant, service fairness and customer satisfaction, in hotel industry, the association between the profile of respondents and their views on the above said three aspects and the discriminant service quality of restaurant service fairness and customer satisfaction among the different income classes.

Chapter-VI deals with the service loyalty, linkage between service quality, service fairness on the customers satisfaction and service loyalty, and the critical success factors in the hotel industry.

Chapter-VII summarises the findings, conclusion, recommendations and scope for future research.

CHAPTER–II
CONCEPTUAL FRAMEWORK OF THE STUDY

In today’s business context, managing the ever increasing customer expectations and need is a key to survival and growth. Considering the people-centric nature of the service industry, particularly the hotel industry, realizing and managing the significance of managerial proficiency in the industry has made possible innovation in the marketing decisions. Today, the services are planned, controlled, automated, audited for maintaining and controlling the quality. The