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# Hotel Service Quality and Business Performance in five hotels belonging to a UK Hotel Chain

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**Title**

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**Abstract**

The study focuses on the nature of hotel service quality and performance in a UK Hotel chain. It examines managerial conceptualisations, implementation and measurement and contextual issues that affect decision-making. Although managers acknowledge the importance of service quality and performance monitoring, their efforts are impeded by flaws in implementation and contextual constraints. The results reveal the flaws as lack of policy on quality, non-implementation of action plans and biased reward schemes. The contextual constraints are identified as competition, budgetary, staff turnover and biased rewards. The results in this study seems to suggest that service and quality are sacrificed at the altar of profits as senior managers appear to hope for quality but reward financial performance. The results also identify a significant gap in UK literature and a consequent paucity in knowledge regarding the use of service guarantees as service quality strategy in hotels. It is concluded that hotel leaders should take responsibility for delivery on service quality and business performance.

## **Background to the Research**

The concept of service quality has emerged as a major strategic theme in services marketing research (Parasuraman et al., 1988; Harrington and Akehurst, 1996, Antony et al., 2004). Since its inception in the late 1970s the philosophy of service quality has been the subject of many conceptual and empirical studies (Harrington and Akehurst, 1996; Parasuraman et al., 1985; 1988).

The hotel industry is experiencing increased competitive pressures as a consequence of the combined effect of the worldwide economic recession, technological advancement and globalisation (Harrington and Akehurst, 2000). The intense competitive hotel environment has modified the service delivery ethos and has promoted the importance of adopting a quality ethic.

This development has triggered a considerable increase in research on the management of quality in recognition that service quality aspects have the greatest strategic differentiation potential for achieving sustainable competitive advantages (Harrington and Akehurst, 1996:2000 Morgan and Piercy, 1996; Ekinci and Riley, 2001). Service quality has become an important research topic because of its perceived relationship to costs (Crosby, 1984), profitability (Buzzel and Gale, 1987), customer satisfaction (Bolton and Drew, 1991), customer retention and positive word of mouth (Reichheld and Sasser, 1990)

Furthermore, the increasingly more knowledgeable and discerning guests are more eager than ever before to switch their allegiance to those companies perceived as providers of continuously improving products and service quality (Johns, 1999, O'Neill, 2001).

As a result of the competitive pressures, service quality has emerged as a fundamental organisational strategy for survival. This provides the impetus and justification for current investments in quality improvement initiatives (O'Neill, 2001). Thus, service quality is widely viewed as a major driver of marketing and financial performance (Buttle, 1996).

Indeed, quality is believed to have replaced price as the determining factor in consumer choice (Harrington and Akehurst, 2000). In that respect managing the quality dynamic is regarded as a comprehensive approach to improving the way of running a business (Rajagopal et. al, 1995). In support to those views the Malcolm Baldrige National Quality Award (1994) states that customer driven quality is a key strategic business issue that must be an integral part of overall strategic business planning. Thus, linking issues relating to service quality and strategy, this had previously been addressed as separate concerns (Harrington and Akehurst, 2000).

There is a suggestion in the reviewed literature that until in the mid 1990s strategy literature had not been concerned with service quality; and conversely service quality literature lacked a strategic dimension (Powel, 1995). Thus strategic management research and practice remain unclear and under examined while existing empirical studies lack rigour and theoretical support and thus remain a key area for extension of the quality concept (Powell, 1995; Pruett and Thomas, 1996; Harrington and Akehurst, 2000).

Industry commentators have thus emphasised the importance of examining the managerial perceptions of the strategic importance of quality to the organisation (Clark, Tynan and Money, 1994, Zairi et al., 1994). This approach is supported by Kerfoot and Knights (1995) on the premise that the pursuit for quality in recent years can be viewed as a search for competitive advantage through differentiation strategies.

However, the reviewed literature reports that writers have been reluctant and thus have failed to address the challenges associated with service quality implementation particularly under harsh conditions of economic uncertainty (Wilkinson, 1992; Monks, Rust and Oliver, 1994; Sinnott and Buckley, 1996). Rust and Oliver (1994, p.13) in their study on the theory and practice of service quality management, concluded that

‘managing service quality requires developing a better understanding of how service quality works and capitalising on fundamental underlying trends that create new areas of emphasis’

Similarly, Wilkinson and Wilmott (1995) noted that few studies address the actual meaning of service quality or reflect upon its practical implementation or social significance. In the UK hotel industry there is also a reported lack of concern for understanding the role and importance of middle level (hotel unit) managers in the implementation of service quality (Harrington and Akehurst, 1996).

There is a consensus in the literature that hotel unit managers have an important influence on the success or failure of service quality implementation (Olian and Rynes, 1991; Nebel and Schaffer, 1992; Harrington and Akehurst, 2000). Thus, their support as critical implementers of quality is paramount particularly in today’s highly competitive hotel environment (Clark et al., 1994)

It is therefore, the intention of the authors to address the aforementioned disparity in literature and the consequent gap in knowledge by examining hotel unit managerial perceptions regarding the definition, implementation and measurement of service quality ethos. The intention is to develop a deep and rich understanding and highlight a contextual hotel unit managers’ perspective on the significance of service quality to a hotel’s competitiveness.

This study has identified a “gap” in knowledge between what UK hotel professionals conceptualise and what they practice in terms of service quality and business performance. This is the first work in this area and makes significant contributions to knowledge.

## **Service Quality**

Service quality derives from the field of marketing which values the human interaction between a business and its customers (Antony et al., 2004). It incorporates the concept of meeting and exceeding customer expectations and it is generally accepted that better service quality impacts positively on an organisation’s performance and competitive positioning (Parasuraman et al., 1985; 1988; Zeithaml et al, 1990; Harrington and Akehurst, 1996).

However, the definition of service quality is fraught with disagreements (Robinson, 1999; Presbury et al., 2005). As a consequent there are numerous definitions of quality. American quality gurus provided the earliest definitions for quality.

Juran (1982; 1988) defined quality as ‘fitness for purpose whereas Crosby (1984) defined it as ‘conformance to requirements’, whilst Garvin (1988), identified internal and external failures and measured quality by counting malfunctions.

However, these definitions derive from a goods manufacturing perspective and are not applicable to services (Gronroos, 1984; Parasuraman et al., 1985; 1988). The second series of definitions sought to define quality from a services perspective.

Gronroos (1984) divided service quality into three components: technical, functional and image and argued that functional quality as the most critical aspect.

Lewis and Booms (1983) defined quality as a measure of how well the service level delivered matches the customer's expectations.

Parasuraman et al. (1985) defined service quality as a gap between customers' expectations and the performance they actually receive whilst Asher (1996) suggest that quality is the degree to which a customer's perceived expectations are met based on a subjective judgement of the service transaction.

The review of service quality definitions is important to the study as accurate knowledge of what customers expect is the first and perhaps the most critical step in delivering service quality. Furthermore, the controversies that belie service quality implementation may stem from the difficulties that surround the definition of the quality concept (Robinson, 1999).

Given the multiplicity of definitions for quality available, the authors propose that the first step that quality researchers should carry out is to ascertain how middle level managers conceptualise the quality concept. This will enable the authors to make context informed judgements on the actions of managers.

## **Business Performance**

Business performance derives from the field of strategic management which is concerned with evaluating the efficiency and effectiveness of business actions towards the attainment of organisational goals (Neely, 1998).

There is consensus in the reviewed literature that performance management and improvement is at the 'heart' of strategic management (Harrington and Akehurst, 1996; 2000; Kaplan and Norton 1992; 1996). Indeed much of the thinking on strategy is concerned with defining and measuring performance (Atkinson and Brown, 2001).

Despite the importance attached to it, like service quality, the concept of business performance is fraught with definitional problems (Andersen et al., 2006). The Institute of Personnel Management (1992) provided one of the most widely used definitions:

‘A philosophy rather than a clearly defined process or set of policies... An approach to achieving a shared vision of the purpose and aims of the organisation, helping each individual employee to understand and recognise their part in contributing to those aims and in so doing, manage and enhance the performance of the organisation’

Cokins (2006:2) defined performance as the framework for managing the execution of an organisation’s strategy. In other words it describes the process of how an organisation translates plans into results. Thus business performance is related to success and the construct of ‘excellence’ as proposed by Peters and Waterman in the 1980s.

In the hotel industry business performance could be viewed in terms of how well stakeholders’ expectations are fulfilled (Phillips, 1999). However, given the multiplicity of stakeholders, the role of the divergent and often conflicting interests and motives of the various stakeholders should be borne in mind when measuring performance (Phillips, 1999).

As with service quality, the authors propose to start by exploring middle management perceptions of business performance before examining the implementation

## **Service Quality and Business Performance**

The services literature and research suggest a direct link between service quality and business performance (Buzzel and Gale, 1987; Jacob and Aaker, 1987; Parasuraman et al., 1988; Zeithaml et al, 1990; Parasuraman, 2002).



The link is perceived to be either through offensive marketing by attracting new customers or defensive marketing by retaining the existing customer base (Soteriou and Zenios, 2000). This has led to an increasing popularity of quality improvement programmes and service quality becoming a strategic issue in services (Soteriou and Zenios, 2000). However, very few of the studies to date have focused on the conceptualisation of service quality and business performance from UK hotel practitioners' perspective.

### **The Research Question**

The question being addressed in this paper is:

**How and why do UK hotel middle managers conceptualise service quality and business performance?**

### **Research Objectives**

The research objectives arising from the research problem are:

- 1) To discover how hotel unit managers conceptualise service quality and business performance and how those conceptualisations compare with the relevant academic discourses?
- 2) To explore how and why hotel managers implement and measure the service quality and business performance
- 3) To discover the contextual issues managers have to deal with and how they affect implementation and measurement decisions.

### **Importance of Research Question**

The research question is important in that it will establish whether hotel managers are in the right mind-set to effectively implement the constructs being studied.

Effective implementation requires that managers must have a clear understanding of the concepts and more importantly they must believe in and live them. Furthermore, the research question will unveil contextual constraints and hotel managers' perceptions of having to deal with issues that impede on continuous improvement.

## **Methodology**

The study adopted a qualitative, field-based multiple case study research design across five hotel units belonging to the same chain. The study employed a mixed method approach using semi-structured interviews, documentary evidence and participant observation (Creswell, 2003; Yin, 2008). This approach corresponds to data collection methods used in social sciences to provide construct validity, rigour and reliability (Patton, 1990; Yin, 2008).

A purposeful sampling approach was applied as the goal of the research was to understand the phenomena under study rather than representing a population (Patton, 2002). Thus, depth of information took priority over breadth. Sampling involved the selection of five information-rich hotel units belonging to the same hotel chain.

Interview data was collected from 20 hotel managers at three levels i.e. General Managers, Heads of departments and Duty Managers. A standard interview schedule containing the same set of questions was used to outline research themes.

The schedule kept the interviews focussed, but allowed individual perspectives and experiences to emerge. Interview questions were drawn from service quality and business performance theories and personal experiences in the field. On average each interview lasted approximately one and half hours. The interviews were audio recorded and transcribed verbatim to provide accurate accounts.

Documentary evidence was collected at interview stage in order to corroborate and augment evidence from other sources (Perry, 2001; Yin, 2008). Thus, providing a window through which the researcher could discover the organisation's strategic vision language on service quality and performance, which in turn provides useful indications of the importance the organisation attaches to these concepts.

The documents collected include company policy documents, brand operating manuals, performance records, reward schemes, computer intranet files, quality and performance measurement instruments and staff training manuals.

Participant observation was used to get closer to the research situation and observing what was happening, listening to what was said and questioning people (Blumer, 1969; Carson *et al.*, 2001). Thus in the process aiding the triangulation of interview and documentary evidence (Carson *et al.*, 2001).

The main desirable strength of observation in the study is that what actually happened was recorded. Compared with the limitations of interviews where questioning approaches that recognise that the nature of question wording and interviewing can be restrictive must be used, observation generates actual data as per researcher's observation (Carson *et al.*, 2001).

To overcome criticism of researcher perspective or stimulus bias, observations were compared with responses to interviews, documentary evidence and verbatim records of the customer satisfaction surveys over the period. In addition, to facilitate the development of ideas and reflections, the researcher kept a chain of evidence.

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Data analysis was primarily inductive with some deductive input. While the analysis process upheld the integrity of individual perspectives (Blaikie, 2000), an attempt was made at theoretical (analytic) generalisation in order to confirm/disconfirm theory (Kvale, 1996).

The data was integrated with progressive within-case comparative analysis to allow for personal critique, subject-content critique and development of a general summary of themes and theoretical implications (Blaikie, 2000). Across-case constant comparative technique was then applied whereby the data collected was coded into preconceived and emerging themes (Glaser, 1999; Grbich, 1999). The data were then repeatedly revised until there were no new themes emerging. The themes were then grouped into conclusions.

In order to validate the findings and observations, the results were presented and discussed with respondents. The analysis revealed a number of themes that provide answers to the research question. These are presented and discussed in the results section that follows.

## **Results and Discussion**

The discussion is divided into three based on the three research questions; Management conceptualisations, Implementation and measurement, contextual issues. The section will then draw implications to practice and theory and highlight research limitations and conclusions,

### **1. Management Conceptualisations**

Management perception of both service quality and business performance were found to be consistent with and confirmed the service quality and business performance discourses. This indicates that management may be in the right mind-set for implementing the concepts.

In terms of service quality, definitions echoed notions of 'conformance to requirements' (Crosby, 1984), 'fitness for purpose' (Juran, 1982), 'meeting and exceeding customer expectations' (Asher, 1996; Juran, 1988; Parasuraman et al., 1988) and 'continuous improvement' (Getty and Getty, 2003).

Service quality was perceived as a critical differentiation strategy that offers competitive advantages for the hotel sector. Managers conceptualised business performance in terms of how an organisation utilises its resources in order to achieve organisational goals.

## 2. Implementation and Measurement

Table 1 summarises the implementation strategies adopted by the managers for both service quality and business performance. The measurement approaches adopted by the hotel chain are shown in table 2. Analysis of the data revealed several implementation and measurement flaws and a gap in literature. The flaws include: lack of policy on quality; management failure to implement action plans drawn from measurement system and improper implementation of the performance reward system

<b>Table 1: Implementation of Service Quality and Business Performance</b>	
<b>Service quality</b>	<b>Business Performance</b>
<ul style="list-style-type: none"> <li>▪ Branding               <ul style="list-style-type: none"> <li>➤ Branding guest experience through research.</li> <li>➤ Sustaining service consistency through brand standards</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Balanced Scorecard               <ul style="list-style-type: none"> <li>➤ Tracks performance over 7 key Indicators (see table 2)</li> <li>➤ Provides balance between financial and non-financial measures</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>▪ Unconditional Service Guarantee -critical differentiation strategy               <ul style="list-style-type: none"> <li>➤ Introduces tangibility to service</li> <li>➤ Reduces purchase risks</li> <li>➤ Forces managers to focus on quality</li> <li>➤ Empowers staff to act proactively</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Performance Incentive Scheme               <ul style="list-style-type: none"> <li>➤ Encourages and rewards appropriate behaviours and actions</li> </ul> </li> </ul>

**Table 2: Measurement of Service Quality and Business Performance**

Service quality	Business Performance
<ul style="list-style-type: none"><li>▪ Measured through process and outcome measures:<ol style="list-style-type: none"><li>1. Brand audit-evaluates staff competency and the entire guest journey.</li><li>2. Guest recommendation surveys-informed by a Harvard study that suggests recommendation is best predictor of repeat business</li><li>3. Guest Comment cards</li></ol></li></ul>	<ul style="list-style-type: none"><li>▪ Balanced Scorecard tracks performance over:<ol style="list-style-type: none"><li>1. Team turnover</li><li>2. Health and Safety</li><li>3. Brand standards</li><li>4. Guest recommendation</li><li>5. Like for like sales growth</li><li>6. Occupancy versus Budget</li><li>7. Hotel Profit</li></ol></li></ul>

### **Lack of policy on service quality**

Although respondent managers recognised the over-arching differentiation power of service quality, their organisation lacked an explicit policy on quality. The managers argued that quality issues were inherent in the service satisfaction guarantee and brand standards. This observation raises concern about the nature of service quality at both corporate and unit level.

For a highly branded hotel company, operating in a highly competitive environment, it is expected that an explicit policy on quality that provides generic guidance should be in place. Building quality expectations in to brand standards and a service guarantee without expressing these in explicit terms may not be adequate in promoting service excellence. The power of an explicit quality policy on promoting brand visibility and recognition is of paramount importance.

The results point to a major weakness in the marketing strategy of the hotels and an apparent gap between management conceptualisations and practical reality. The evidence reveals sharp contradictions between the quality discourse, which advocates for strong policies on quality and practice.

This may be indicative of inherent problems in implementing the quality concept. It may also be indicative of hotel managers using the quality discourse rhetorically because they know it is expected and remains highly attractive to the underlying profit motive of hotels.

### **Management failure to implement action plans**

Observations at the case studies revealed that managers were not implementing action plans drawn from the performance measurement system. Although action plans were generated on paper, these were never implemented but served to fulfil brand audit requirements.

This implies that managers are failing to realise the real value of the measurement systems. As Neely (1998) argued, unless action plans are implemented based on the information supplied by the measurement system, its impact on performance will be non-existent no matter how good the system is. This evidence is indicative of managers acting to manage or manipulate the measures to protect their own interests, in this case, performance incentives.

### **Improper implementation of the performance reward scheme**

The hotel company operates a reward scheme as shown in table 1 to encourage good behaviour amongst managers towards better hotel business performance monitored through the balanced scorecard. Interview results and company documents revealed that the main reason for implementing the balanced scorecard was to strike a balance between financial and non-financial measures.

However, on the contrary, the reward scheme provides evidence of biased implementation as it reveals that corporate managers reward financial achievements more handsomely than non-financial. For instance a general manager can earn up to 90% of his salary for delivering on the profit measure alone compared to 10% on the combined non-financial measures.

Thus, the reward scheme is highly instructive on what aspects managers should focus their attention and is indicative of the prevalence of the over-focus on financial measures at the expense of non-financial drivers of future performance. This evidence is in sharp contrast to the organisation's intentions to strike a balance between the two and is counterproductive to the promotion of continuous improvement ethos.

More importantly, the reward scheme excludes non-management team members whose actions impacts more directly on guest experiences. This does not reflect well on a company that believes in caring for its people and is in direct contrast to the performance discourses which prescribes that reward schemes should permeate the whole organisation.

Such "double standards" are counter to the company's core principles and expose the company to accusations of paying lip service to quality issues as a ploy to charging high premiums. This evidence points to the rhetoric use of performance and quality discourses.

### **3. Contextual Factors affecting service quality and performance improvements**

Analysis of the data revealed several factors that affect the implementation of service quality and business performance. These include: competition, budgetary constraints, staff turnover, lack of training and unfair reward scheme. These are now discussed below.

#### **Competition**

Managers considered intense hotel environment competition and high expectations of increasingly knowledgeable and discerning customers, compelling and non-negotiable survival contextual issues. They reported that search for competitive differentiation and advantage forced them to focus on quality and performance improvements. One manager observed that:



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'The cut-throat competition has made all hotels very similar, so we have to develop innovative strategies to differentiate ourselves from competition and guest demanding value for money do not make life easy for us as they take advantage of the competitive hotel environment.'

This is indicative of the pressure that hotel managers bear in efforts to deliver in the highly competitive hotel sector.

### **Budgetary constraints**

Managers revealed that they are under constant pressure from head office to operate within very tight budgets especially in cost centres. This creates tension between profit making and expenditure on quality and performance improvements. One manager commented:

"We bear the brunt of all the budgetary pressures imposed from above. This leaves us with no choice but to cut costs".

It was observed that more emphasis was put on implementing cost cutting action plans than on quality improvement. Managers claimed their work was already cut-out for them in very specific terms. One manager put it bluntly:

'It's either you carry out the instruction or you ship out. As simple as that'

The managers admitted that they could do better in terms of quality and performance but their hands were tied as budgets did not allow for such expenditure. Managers blamed corporate leadership for their failure to deliver on the quality and performance fronts. One manager commented:

"Head office creates this euphoria on quality and performance; allocates meagre budgets and expects you to deliver the best quality. It will never happen...and the casualties of all this will be quality and performance improvements which we are trying to champion"

It was also observed that all departments were operating below budgeted staff allocations as manager acted to cut costs by reducing staff. Service quality improvements became secondary issues.

These results confirm Parasuraman's (2002) observation that conflicts between financial performance especially cost considerations and customer service improvements are more often than not resolved in favour of the former, particularly when managers are predisposed to improve their bottom lines by cutting costs.

### **High staff turnover**

Analyses of the turnover ratios confirmed high turnover trends across the five case studies. The best performing unit among the case units had a staff turnover of 85% against a target budget of 45% whilst the worst performing unit had 120% turnover against a budget of 49%.

The managers attributed the high levels of turnover to staff attitudes that contributed to lack of commitment to the industry. Managers explained that most of the people who apply for hotel jobs are reluctant to pursue a career in the hotel industry. Commenting on the implications of employing such people one manager said:

“It is very difficult to get them to do the right thing; they do their jobs half heartedly paying minimal attention to service quality and performance issues. In short they simply do not care because this industry is not a career option for them”

When probed on the importance of a committed workforce another manager responded:

“The key success factor in this industry is having a stable, well trained, competent and committed team. Teams are the key players who can either delight or annoy guests through their attitude and behaviour. Most of our team members do not bother to socially engage the guest”.

The manager's comment finds support in the quality discourse which suggests that hospitality employees are part of the product and are ultimately responsible for the satisfaction or dissatisfaction of guests with the experiences they have had (Zeithaml *et al.*, 1993). Person to person interactions between customers and staff are an essential element in the marketing of services and building of loyalty (Crosby, 1984; Zeithaml *et al.*, 1993).

Indeed a general trend of unwillingness to interact with guests and indifference to guest complaints was observed across the five cases. Another manager added that:

“As a manager you are only as good as the weakest point in your workforce. Our weakest point at this unit is staff attitude and with that you get punished by guest for poor service... guests will never come back”

The managers' views confirm the notion that industries with high value services only develop as quickly as the skills and capabilities of their operating staff (Harrington and Akehurst, 1996). When asked to comment on the implications of high team turnover one General Manager reported that:

“High team turnover is costly to the hotel in that you find yourself continually hiring and training new teams which in turn triggers a vicious cycle of training costs which are not supported by the budget”

The managers attributed the negative staff attitude and lack of commitment to the poor image of the industry; anti-social working hours and inadequate remuneration. The findings are consistent with those of Horwath and Horwath (1988) who reported that the industry is not perceived as a compassionate and caring industry.

### **Unfair reward/incentive scheme**

The improper implementation of the reward scheme is a contentious issue causing tensions between management and team members. Consequently this is causing disquiet among team members who feel they are just being used to generate bonuses for the management.

These practices are counterproductive to the advancement of continuous improvement ethos and could explain the observed general indifference to guest care by teams, lack of commitment and high levels of staff turnover discussed above.

### **Implications to Practice**

This study has identified fundamental flaws in the implementation of service quality and business performance concepts. These flaws include lack of policy on quality, failure to implement action plans, and improper implementation of reward schemes. These flaws have significant consequences for the sustainability of competitive service differentiation.

These results have several practical implications:

1. Lack of policy on quality implies that the hotel managers' efforts to deliver on the quality front are inhibited by lack of an effective visible mechanism to communicate the company's commitment to distinctive quality ethos. The notion that a service guarantee replaces the need for a formal policy on quality, in the view of this researcher is misplaced and represents strange logic. A service guarantee, instead, should be viewed as a service failure mechanism that serves to buttress the policy on quality.
2. The failure to implement action plans by management implies that managers are resorting to managing or manipulating the measurement system for their own bonus interests at the expense of organisational goals. Consequently, due to the lucrative bonus scheme linked to budgets, managers may be predisposed to pursue courses of action that make budgets look good even if that could be detrimental to continuous improvement efforts.

3. The improper implementation of the incentive reward scheme linked to the balanced scorecard implies that the corporate leadership is not walking the talk.

Indeed the reward scheme provides evidence of managers rhetorically picking up the quality discourse because guests expect it and remains attractive the underlying profit motive of hotel companies. However, this all-talk and no-action approach is counterproductive and costly in the long-term.

Analysis of the data also revealed several contextual issues that could constrain the implementation of service quality and business performance. The constraints include competition, budgetary constraints, high staff turnover and unfair reward schemes. These results have industrial implications:

1. The results suggest that competition is a non-negotiable external contextual factor that is crucial to the survival of any hotel organisation. The fast-changing and highly competitive environment that hotels operate in demands that hotel managers search and implement strategies that improve the offer and create a unique and sustainable competitive advantage.
2. The results reveal that hotel managers, under pressure from corporate leadership, are forced to focus on short-term financial gains at the expense of customer satisfaction. Adherences to strict budgets force managers to cut expenditure on service quality improvements. While this approach may be desirable in the short term, it is unsustainable in the long term. The results imply that corporate managers are not allocating adequate resources for the implementation of continuous improvements.

3. The findings suggest that hotel managers are in this study failing to attract the right calibre of staff. This result is surprising given the fact that there are so many hospitality graduates in the UK.

By managers' admissions, remuneration remains very low. The results in this study imply that managers have to address the wage issues if they are to attract experienced and committed staff.

4. The findings on the reward scheme implementation suggest a disturbing trend whereby corporate leaders seem to be promoting unfair practices by rewarding profit achievements more handsomely than non-financial achievements such as service quality. Furthermore the reward scheme does not permeate the entire organisation as only managers are rewarded.

The present evidence imply a glaring gap between theory and practice and suggests managers may be using the quality and performance discourse in rhetoric fashion to make the company look good and attract guests whilst protecting the underlying profit maximisation motive.

### **Implications to theory**

In the course of analysing the research findings one unexpected issue that has implications for the wider body of knowledge emerged; the use of a service guarantee as a service quality strategy. Following a review of the UK hospitality literature, there was no reference to service guarantees being employed as differentiating strategies in the hotel sector.

This lack of coverage of service guarantees in UK literature implies a disparity in literature and paucity in knowledge which need to be addressed. This identified gap in literature suggests the study has made significant contribution to knowledge.



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